

Emerging Markets Bond Fund

Information as at: 29 May 2020

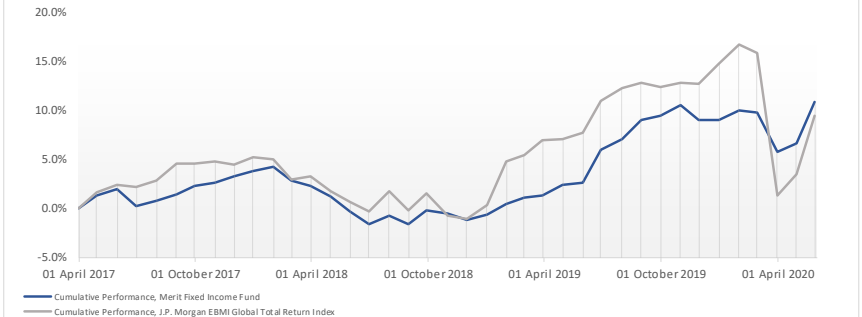
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$42,062,029
A USD class, USD	\$42,062,029
Fund Inception Date	01/09/2016
Strategy Inception Date	01/04/2017
Performance Benchmark	J.P. Morgan EMBI Global Total Return Index
ISIN	CYF000000200
Fund Domicile	Cyprus
Fund Type	AIF-LNP
Bloomberg Ticker	MERFXPT CY
Base currency	USD
Management fee	0.75%
Performance fee	15%
Hurdle rate	3%
Liquidity	Monthly

INVESTMENT OBJECTIVE

Merit Fixed Income Fund aims to achieve attractive returns through a combination of capital growth and income preservation. At any one time, 90% of net assets of the fund are invested plus any leveraged amount utilized within the scope of investment purposes in sovereign or corporate debt securities of predominantly emerging market countries.

PERFORMANCE GRAPH*



*The fund remained dormant between Sep 2016 and Mar 2017. The performance is presented from the date the investment strategy was implemented.

Share Class performance displayed in USD, Benchmark performance displayed in USD

PERFORMANCE*	MTD	YTD	SI
MeritKapital Fixed Income Fund - A Shares USD	3.97%	1.67%	10.88%
J.P. Morgan EMBI Global Total Return Index	5.74%	-6.27%	9.50%

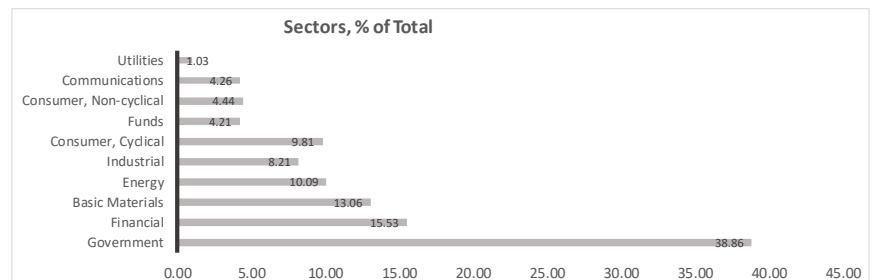
Share Class performance of 3.97% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for May 2020 is 4.07%

*The fund remained dormant between Sep 2016 and Mar 2017. The performance is presented from the date the investment strategy was implemented.

FUND COMMENTS

The fund returned 3.97% in the month of May taking year to date returns back to positive 1.67% as a number of factors shaped up the risk on tone. Primarily, the global lockdown measures commenced a series of liftings that began in Europe and were followed in sequential States in the US. As the infection rates portrayed signs of containment and as the timing of the second wave risk is perceived by epidemiologists to be in the fall, the markets started to price in an imminent recovery in business revenues. Second, oil prices saw a significant rally in the month of May as OPEC+ came to an agreement on supply cuts, as Saudi Arabia initiated beyond than committed reductions and as nations outside OPEC+ also narrowed supplies at their own will. Moreover, decent demand was illustrated by China which was backed by a profound bounce back in economic activity but also by strategic buying at such low oil valuations. Third, another driver to the market rally especially in the eurozone was the much-awaited solidarity move by Europe through a European Commission proposal supported by France and Germany. The specifics included 500bn (EUR) worth of grants and 250bn (EUR) of loans to EU countries that have been most affected by the COVID-19 pandemic. Moreover, the ECB has continued its 'do whatever it takes' rhetoric by increasing the PEPP program ahead of time and by more than expected to 600bn (EUR) till an extended period of June 2021. The US equity markets continue to outperform as the US Fed continues its bond buying program (not formally labeled QE just yet) and as the US fiscal stimulus measures are considerable with additional funding expected. A shift from the developed world to the emerging markets, Sub Saharan and other countries are negotiating debt relief through multilateral agreements such as the IMF and other large lenders such as China. As expected, and as noted in our previous fact sheet, the fixed income fund allocation contributed considerably to this month's performance as we have seen spreads to benchmarks narrow considerably. The global central bank stimulus measures and the global economic pick up on the pandemic containment have been key drivers of the fund's monthly performance.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB+
Modified Duration	6.59 years
Yield to Worst	4.16%
Fixed Income	70.19%
Equity	39.31%
Cash	2.63%
Repo Instruments	-12.69%
Reverse Repo Instruments	0.55%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	38.86
Financial	15.53
Basic Materials	13.06
Energy	10.09
Industrial	8.21
Consumer, Cyclical	9.81
Funds	4.21
Consumer, Non-cyclical	4.44
Communications	4.26
Utilities	1.03

Country	% of Total
United States	22.59
Russian Federation	16.25
Greece	10.79
Italy	9.62
United Kingdom	7.47
Nigeria	6.25
Germany	5.44
Cyprus	5.23
Saudi Arabia	4.58
Netherlands	4.57
Other	16.71

Currency Break-Down	% of Total
USD	85.59
EUR	7.54
GBP	6.87

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

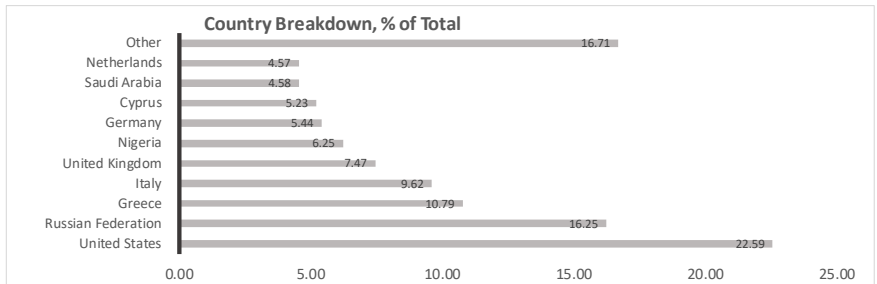
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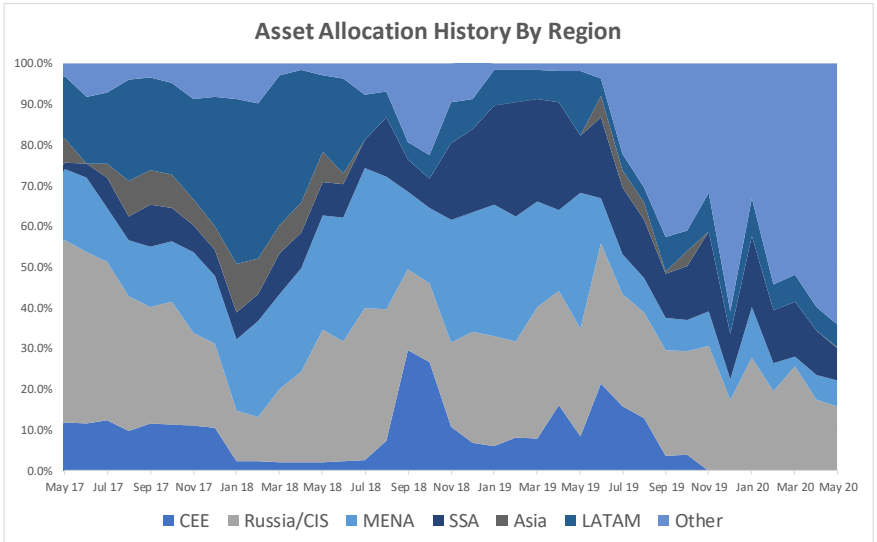
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Top 10 Holdings	% of Total
BTPS 2.15 12/15/21	8.34
GGB 1 7/8 02/04/35	6.53
CYPRUS 1 1/4 01/21/40	5.23
T 2 3/8 05/15/29	5.03
TRUBRU 4.3 02/12/27	4.76
RDSA NA	4.57
BP/ LN	4.18
ACCESS 10 1/2 10/19/21	3.99
ISF LN	3.29
GGB 2 04/22/27	3.19



Duration Breakdown	% of Total
Cash	2.63
Repo Instruments	-12.69
Reverse Repo Instruments	0.55
Equity	39.31
0 - 1 years	4.48
1 - 3 years	21.39
3 - 5 years	6.70
5 - 7 years	10.01
7 - 10 years	10.33
10+ years	17.29



Rating Breakdown	% of Total
Cash	2.63
Repo Instruments	-12.69
Reverse Repo Instruments	0.55
AAA	5.03
AA	6.94
A	16.86
BBB	29.99
BB	22.86
B	21.80
CCC	1.08
CC	0.00
C	0.00
D	0.13
NR	4.82

	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20
CEE	21.5%	15.8%	13.1%	3.8%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	34.2%	27.5%	25.9%	25.9%	25.4%	30.6%	17.5%	27.9%	19.7%	25.7%	17.6%	15.9%
MENA	11.3%	9.9%	8.5%	7.9%	7.8%	8.6%	4.9%	12.3%	6.8%	2.4%	6.1%	6.2%
SSA	19.8%	16.4%	14.4%	10.8%	13.2%	19.7%	11.3%	17.4%	12.9%	13.4%	10.9%	8.0%
Asia	5.3%	4.2%	4.1%	0.6%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
LATAM	4.2%	4.0%	3.8%	8.4%	4.9%	9.5%	5.6%	9.3%	6.4%	6.6%	5.6%	5.5%
Other	3.7%	22.2%	30.4%	42.6%	41.0%	31.6%	60.7%	33.1%	54.2%	51.9%	59.9%	64.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

DISCLAIMER

Merit Fixed Income Fund Limited (the "Fund"), is reserved for professional and well-informed investors as defined by the Alternative Investment Funds Law n.131(I) of 2014 (the "Law") who, on the basis of the Offering Memorandum (the "Offering Memorandum") and the subscription agreement, should make their own assessment of the conditions of their participation in the Fund. It is the responsibility of participating investors, to determine whether the fund described in the Offering Memorandum is suitable to their expectations of performance and risk. The Fund operates as an Alternative Investment Fund with Limited Number of Persons according to the Law, regulated by the Cyprus Securities and Exchange Commission, license # LPAIF05/2014, in the legal form of a variable capital investment company. Prospective investors are not to construe the contents of the Offering Memorandum or any communication relating to this offering as investment, legal or tax advice. Each investor should, however, consult his own legal counsel, accountant and other professional adviser as to legal, tax and related matters concerning an investment in the Fund. The Offering Memorandum, the Memorandum & Articles of Association as well as the latest monthly report are available from the registered office of the Manager and from the Fund's administrator. An investment in the Fund involves financial risk and prospective investors are advised to read the Offering Memorandum carefully in its entirety. With respect to any quotation of expected returns throughout this Report or the Offering Memorandum, it must be noted that these are generated from past research and cannot be guaranteed. The value of an investment in the Fund may fluctuate. Forward looking statements by nature comprise risks and uncertainty since they are related to events and circumstances that may or may not occur or materialise in the future. Due to various risks and uncertainties, actual events or results, the actual performance of the Fund may differ materially from those reflected or contemplated in such forward looking statements. There can be no assurance that the Fund's investment objectives will be achieved and investment results may be achieved over time. Investment in the Fund is not intended on a complete investment program for any investor. Prospective investors should carefully consider if an investment in shares in the Fund is suitable for them in light of their circumstances and their resources. No application has been made to list the shares of the Fund on any stock exchange. Important: shares in the fund are offered solely on the basis of the information and representations contained in the Offering Memorandum and the documents specified therein, which are available for inspection at the Fund's registered office and no other information or representation relating thereto is authorised.