

Emerging Markets Bond Fund

Information as at: 31 May 2021

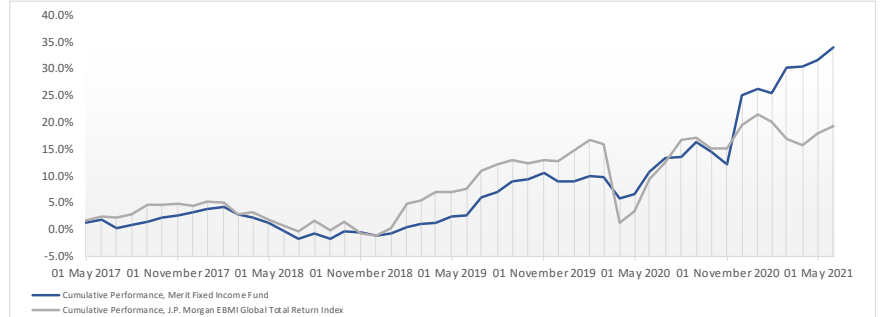
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$53,286,578
A USD class, USD	\$53,286,578
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	1.86%	6.10%	34.01%
J.P. Morgan EMBI Global Total Return Index	1.08%	-1.87%	19.31%

Share Class performance of 1.86% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for May 2021 is 2.19%

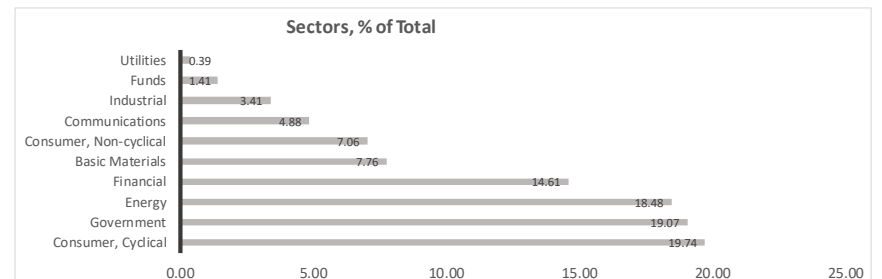
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FUND COMMENTS

The fund returned +1.86% for the month of May taking year to date returns to 6.10%. The fund's constituents almost all closed higher month-on-month (MOM) within both fixed income and equities as core rates consolidated with core bond benchmarks such as the 10-year Bunds and Treasuries ending flat for the month. Oil also held its year-to-date (YTD) gains and ended the month moderately higher as the COVID delta variant concerns and the possibility of Iran oil supply entering the market negated the positivity of the US reopening data and Biden's multi trillion infrastructure plans. Still, the reopening trade, which is a targeted trade of the fund, remained buoyant as most of Europe continued to both lift local restrictions and open travel corridors and as the US recovery pace caught speed. This was as, as of yet, the delta variant was prevalent largely in the Asia region.

Other news that dominated the market were the FOMC minutes that were released in the latter part of the month. They indicated that a number of participants were inclined to begin taper talks in the upcoming meetings which came as a surprise as Powell deflected the subject matter at past and most recent press conference. Most analysts see discussions commencing at the August Jackson Hole meeting with actual moves coming to fruition in Q4 of this year or Q1 of the next. Looking across to the ECB and the much-awaited June meeting, Bunds lost some of the momentum of the steepening trade and periphery spreads tightened as fears of tapering eased backed by Executive Board member Schnabel's warning against "a premature withdrawal of either fiscal or monetary support".

Oil stocks, airlines and financials were amongst the biggest gainers for the month while our periphery position in BTPS 51s also returned well MOM. Main risk to the global COVID-19 economic recovery is the evolving virus mutations that may lower the efficacies of vaccines and, as such, a speedier roll out of global vaccine efforts is deemed necessary.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B
Modified Duration	3.48 years
Yield to Worst	5.84%
Fixed Income	38.85%
Equity	57.95%
Cash	3.72%
Repo Instruments	9.57%
Reverse Repo Instruments	-10.09%

COMPOSITION OF THE FUND

Sectors	% of Total
Consumer, Cyclical	19.74
Government	19.07
Energy	18.48
Financial	14.61
Basic Materials	7.76
Consumer, Non-cyclical	7.06
Communications	4.88
Industrial	3.41
Funds	1.41
Utilities	0.39

Country	% of Total
United States	32.67
United Kingdom	18.39
Russian Federation	9.31
Italy	8.67
Nigeria	4.79
Netherlands	4.14
Brazil	4.10
Spain	3.94
Egypt	2.59
Angola	2.20
Other	6.01

Currency Break-Down	% of Total
USD	73.11
EUR	13.06
GBP	14.03
RUB	-0.20

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

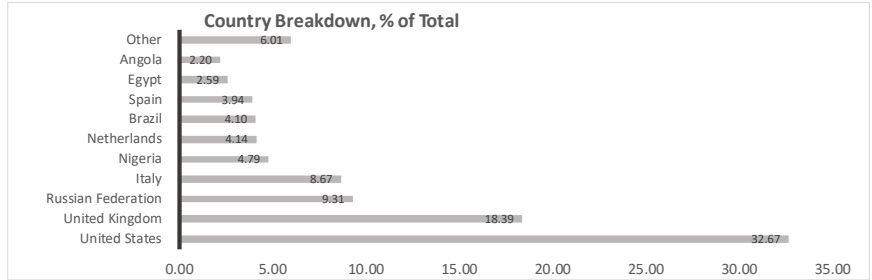
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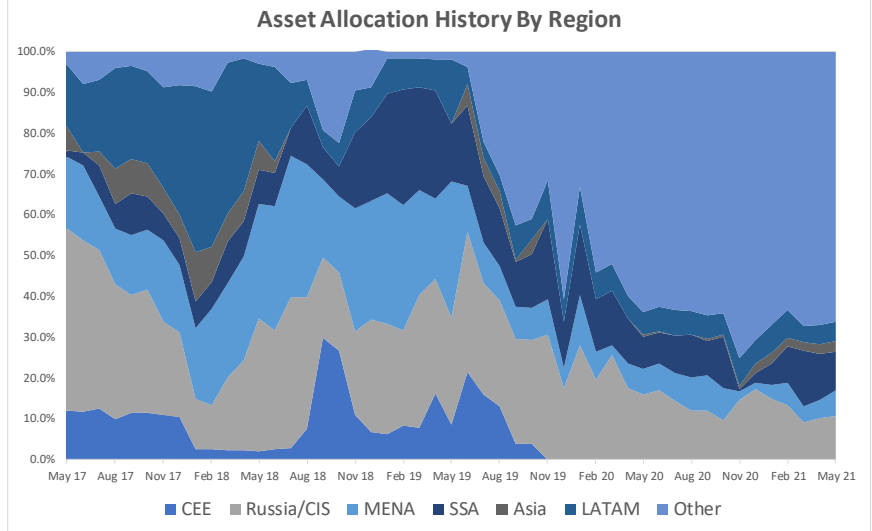
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Top 10 Holdings	% of Total
BTPS 1.7 09/01/51	8.67
OXY US	4.45
BP/ LN	4.16
RDSA NA	4.14
SPGB 1.45 10/31/71	3.94
T 2 3/8 05/15/29	3.46
IAG LN	3.14
WLL US	3.04
UAL US	3.03
EU 0 07/04/35	2.90



Duration Breakdown	% of Total
Cash	3.72
Repo Instruments	9.57
Reverse Repo Instruments	-10.09
Equity	57.95
0 - 1 years	1.98
1 - 3 years	3.95
3 - 5 years	13.31
5 - 7 years	4.51
7 - 10 years	11.59
10+ years	3.52



Rating Breakdown	% of Total
Cash	3.72
Repo Instruments	9.57
Reverse Repo Instruments	-10.09
AAA	-12.61
AA	4.55
A	15.16
BBB	25.47
BB	19.37
B	21.97
CCC	2.20
CC	0.00
C	0.00
D	0.04
NR	20.65

	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21
CEE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	16.8%	14.2%	11.9%	12.0%	9.6%	14.7%	17.2%	14.9%	13.3%	9.0%	10.1%	10.7%
MENA	6.7%	6.9%	8.2%	8.6%	7.9%	2.1%	1.7%	3.4%	5.4%	4.0%	4.5%	6.3%
SSA	7.5%	9.4%	10.4%	8.6%	12.7%	0.4%	2.4%	5.3%	9.0%	13.6%	11.4%	9.5%
Asia	0.4%	0.0%	0.0%	0.6%	0.5%	0.7%	2.2%	2.5%	2.2%	2.1%	2.3%	2.5%
LATAM	6.0%	6.1%	5.9%	5.6%	5.3%	7.0%	5.9%	7.0%	6.8%	4.1%	4.6%	4.8%
Other	62.5%	63.4%	63.6%	64.7%	64.0%	75.1%	70.7%	67.0%	63.4%	67.2%	67.1%	66.2%
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 # LPAlF05/2014, 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 part 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 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.