

Emerging Markets Bond Fund

Information as at: 30 June 2021

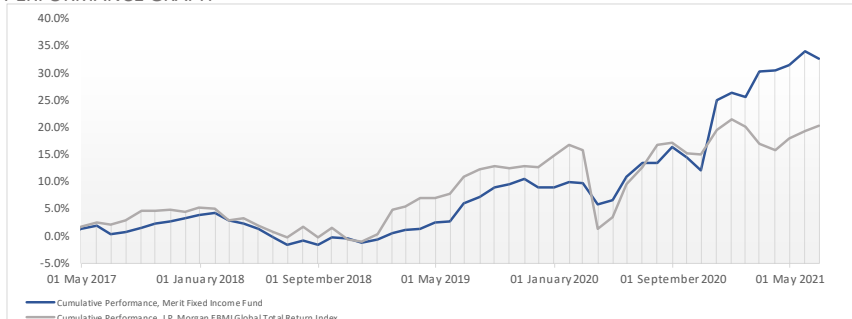
KEY FACTS

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	-1.03%	5.01%	32.62%
J.P. Morgan EMBI Global Total Return Index	0.89%	-1.00%	20.37%

Share Class performance of -1.03% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for June 2021 is -0.95%

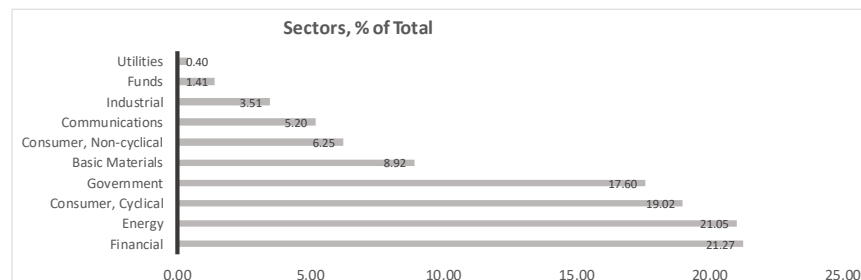
*The fund remained dormant between Sep 2016 and Mar 2017. The performance is presented from the date the investment strategy was implemented.

FUND COMMENTS

The fund returned -1.03% for the month of June taking year to date returns to 5.01% as fears of the delta variant stoking the global economic recovery grappled the financial markets. The benchmark 10-year US treasury yield saw a decline month on month of 15bps and the yield curve bear flattened (30-year yields decreased 20bps). Analysts perceived this move to be due to several factors such as the fear of a delayed and dented recovery due to the delta variant, that the US economy is not strong enough to sustain even minor taper moves by the US Fed and that the inflation fears that grappled markets for most of the Q2 were indeed transitory as iterated various times by the US Fed, the ECB and other major central banks. Similarly other core curve moves followed suit with 10-year bunds falling back to the -25bps lower bound range. Periphery traded largely unchanged to lower on the increased volatility of the benchmark rates.

As the fund is much placed in "recovery" and "economy reopening" assets, the pull back in many cyclical mostly affected travel, lodging and food linked assets. WTI rose 11% to reach one-year highs of 76.5 in the month of June and held its gains till the end of the month on the OPEC+ ministers' division on production policy as key members such as Russia backed an increase in output while Saudi carried a more vigilant stance due to the spread of the delta variant and its respective impact on global demand. Although investors' sentiment towards risky assets was generally strained supply demand dynamics remained bullish; The Energy Information Administration reported a drop on US crude oil stockpiles as refineries boosted operations to their highest level since January 2020 demonstrating a continued improvement in global demand.

Main gainers in the fund were oil linked bonds and stocks whilst losers were mostly airlines, cruise lines, and financials. The latter are negatively impacted by flatter yield curves. Although the Covid-19 variants were noted as the main risk to global growth outlook in our previous fund factsheet we remain constructive on our view on risky assets. Reputable analysts and economists perceive the impact of the current Covid-19 variants on growth forecasts to be manageable. The view is backed by the emphasis that developed countries' leaders are placing on the continuing vaccine rollout with convincing evidence that the vaccines help prevent serious illness.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B-
Modified Duration	3.33 years
Yield to Worst	5.22%
Fixed Income	59.05%
Equity	45.58%
Cash	4.24%
Repo Instruments	-35.42%
Reverse Repo Instruments	26.55%

COMPOSITION OF THE FUND

Sectors	% of Total
Financial	21.27
Energy	21.05
Consumer, Cyclical	19.02
Government	17.60
Basic Materials	8.92
Consumer, Non-cyclical	6.25
Communications	5.20
Industrial	3.51
Funds	1.41
Utilities	0.40
Country	% of Total
United States	33.84
United Kingdom	18.64
Russian Federation	9.67
Italy	8.87
Cyprus	6.26
Brazil	5.27
Nigeria	5.03
Netherlands	4.49
Spain	4.04
Egypt	2.68
Other	5.85

Currency Break-Down

Currency	% of Total
USD	73.21
EUR	12.72
GBP	14.26
RUB	-0.19

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

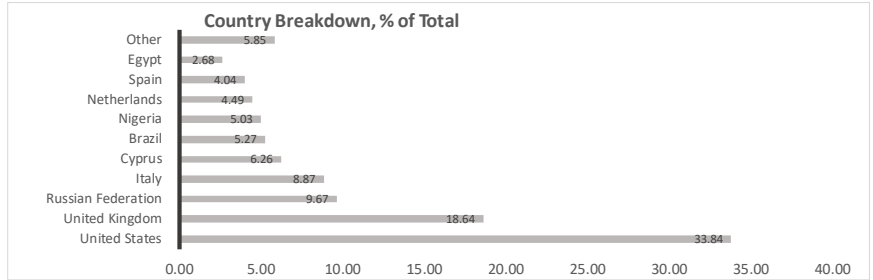
info@meritfixed.com
www.meritkapital.com

For Professional Client Use Only

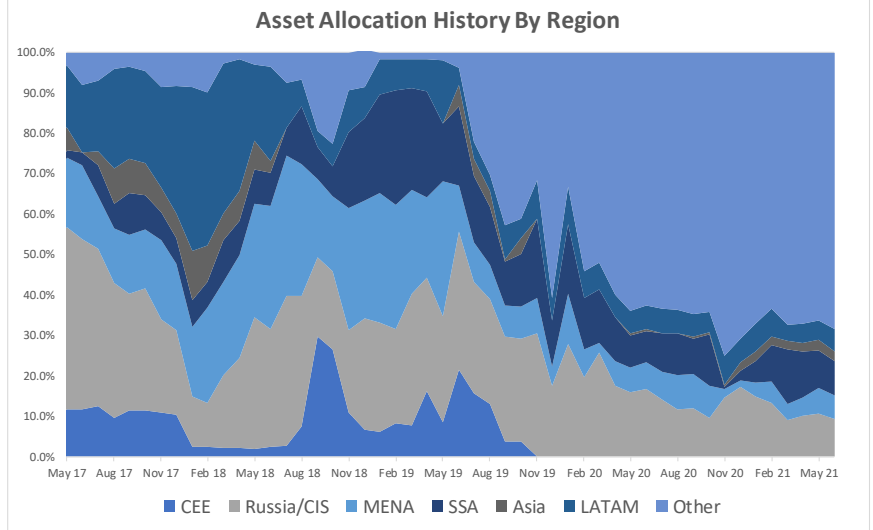
Emerging Markets Bond Fund

Information as at: 30 June 2021

Top 10 Holdings	% of Total
BTPS 1.7 09/01/51	8.87
BOCYCY 2 1/2 06/24/27	6.26
OXY US	5.56
RDSA NA	4.49
BP/ LN	4.34
SPGB 1.45 10/31/71	4.04
WLL US	3.76
T 2 3/8 05/15/29	3.62
EZJ LN	3.00
EU 0 07/04/35	2.93



Duration Breakdown	% of Total
Cash	4.24
Repo Instruments	-35.42
Reverse Repo Instruments	26.55
Equity	59.05
0 - 1 years	2.03
1 - 3 years	4.06
3 - 5 years	21.48
5 - 7 years	3.85
7 - 10 years	9.67
10+ years	4.48



Rating Breakdown	% of Total
Cash	4.24
Repo Instruments	-35.42
Reverse Repo Instruments	26.55
AAA	-16.72
AA	4.74
A	15.60
BBB	26.37
BB	21.11
B	26.68
CCC	1.98
CC	0.00
C	0.00
D	0.04
NR	24.82

	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 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	14.2%	11.9%	12.0%	9.6%	14.7%	17.2%	14.9%	13.3%	9.0%	10.1%	10.7%	9.2%
MENA	6.9%	8.2%	8.6%	7.9%	2.1%	1.7%	3.4%	5.4%	4.0%	4.5%	6.3%	6.1%
SSA	9.4%	10.4%	8.6%	12.7%	0.4%	2.4%	5.3%	9.0%	13.6%	11.4%	9.5%	8.4%
Asia	0.0%	0.0%	0.6%	0.5%	0.7%	2.2%	2.5%	2.2%	2.1%	2.3%	2.5%	2.3%
LATAM	6.1%	5.9%	5.6%	5.3%	7.0%	5.9%	7.0%	6.8%	4.1%	4.6%	4.8%	5.6%
Other	63.4%	63.6%	64.7%	64.0%	75.1%	70.7%	67.0%	63.4%	67.2%	67.1%	66.2%	68.4%
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 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; 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.