

Emerging Markets Bond Fund

Information as at: 31 July 2020

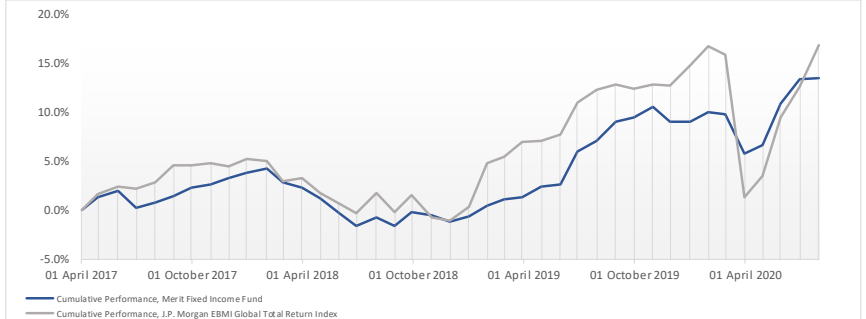
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$42,963,178
A USD class, USD	\$42,963,178
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	0.03%	4.07%	13.50%
J.P. Morgan EMBI Global Total Return Index	3.70%	1.76%	16.86%

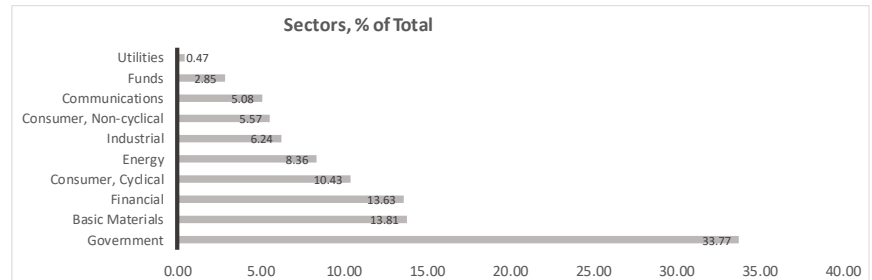
Share Class performance of 0.03% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for July 2020 is 0.12%

*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 0.03% in the month of July taking the year to date returns to positive 4.07% as the equity portion of the fund mostly posted negative returns while the fixed income allocation offset these with positive returns. The equity segment of the portfolio is largely allocated to value industry sectors which should be the next beneficiary of the equity rally should the vaccine 'Phase 3' trials unravel as expected. Our positions in Shell and BP have been laggards to the rest as BP also followed Shell's suit to cut dividends and as pandemic dynamics which call for a switch to low carbon economies puts their business models under pressure; however analysts are bullish and expect the dividend savings, deleveraging efforts and robust Q2 figures, mostly due to trading profits, to position the two oil majors well for the upcoming business model adjustments. On the fixed income part of the portfolio European government bonds continued to perform as investors were positioning for summer seasonality which typically bodes well for the hunt for yield and duration. The solidarity evidenced by the EU recovery fund also acts as a bullish pillar to the overall tone; Greece, Cyprus and Italy all contributed positively to the fund's returns this month. Separately the fund took an opportunistic position in Whiting Petroleum debt as the swap for equity post the bankruptcy process finalizes should result to some upside not currently reflected in valuations. There was an overall increase in our position in Angola as we expect the IMF funding to come through and as oil continues to stabilize with the travel industry recovery. Analysts are wary of the current 'risk-on' rally and where it took current valuations, but travel as well as oil majors, tourism, dining, and other related sectors which the fund is largely invested in are still trading at much discounted 'year to date' levels.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB+
Modified Duration	7.54 years
Yield to Worst	8.19%
Fixed Income	57.60%
Equity	39.27%
Cash	-0.84%
Repo Instruments	-3.76%
Reverse Repo Instruments	4.38%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	33.77
Basic Materials	13.81
Financial	13.63
Consumer, Cyclical	10.43
Energy	8.36
Industrial	6.24
Consumer, Non-cyclical	5.57
Communications	5.08
Funds	2.85
Utilities	0.47

Country	% of Total
United States	25.25
Russian Federation	13.05
Greece	11.16
Germany	5.89
Cyprus	5.37
Saudi Arabia	4.80
United Kingdom	4.15
Netherlands	4.02
Nigeria	3.95
Angola	2.92
Other	19.66

Currency Break-Down	% of Total
USD	89.09
EUR	5.78
GBP	5.13

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

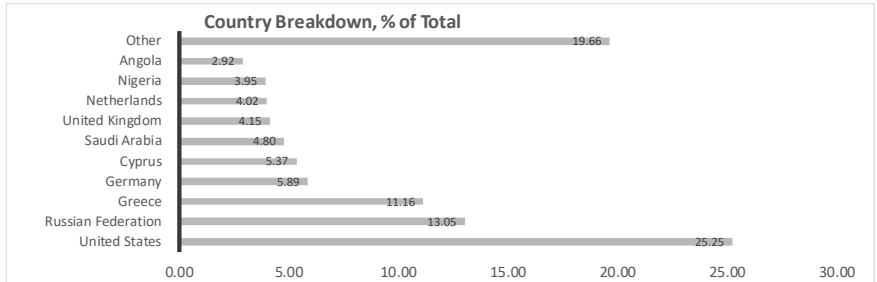
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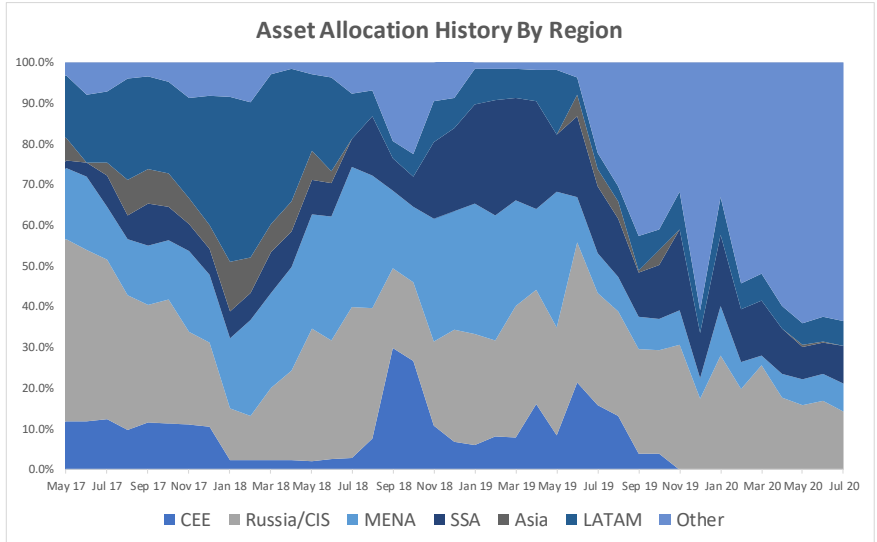
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Top 10 Holdings	% of Total
GGB 1 7/8 02/04/35	6.76
CYPRUS 1 1/4 01/21/40	5.37
T 2 3/8 05/15/29	4.70
RDSA NA	4.02
ACCESS 10 1/2 10/19/21	3.95
BP/ LN	3.70
GGB 2 04/22/27	3.25
KSA 4 1/2 04/22/60	3.05
DD US	2.72
AXP US	2.49



Duration Breakdown	% of Total
Cash	-0.84
Repo Instruments	-3.76
Reverse Repo Instruments	4.38
Equity	40.35
0 - 1 years	5.73
1 - 3 years	9.37
3 - 5 years	8.98
5 - 7 years	6.57
7 - 10 years	11.93
10+ years	17.28



Rating Breakdown	% of Total
Cash	-0.84
Repo Instruments	-3.76
Reverse Repo Instruments	4.38
AAA	4.70
AA	5.95
A	16.53
BBB	21.79
BB	24.77
B	17.85
CCC	3.08
CC	0.00
C	0.00
D	0.64
NR	4.90

	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
CEE	13.1%	3.8%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	25.9%	25.9%	25.4%	30.6%	17.5%	27.9%	19.7%	25.7%	17.6%	15.9%	16.8%	14.2%
MENA	8.5%	7.9%	7.8%	8.6%	4.9%	12.3%	6.8%	2.4%	6.1%	6.2%	6.7%	6.9%
SSA	14.4%	10.8%	13.2%	19.7%	11.3%	17.4%	12.9%	13.4%	10.9%	8.0%	7.5%	9.4%
Asia	4.1%	0.6%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.4%	0.0%
LATAM	3.8%	8.4%	4.9%	9.5%	5.6%	9.3%	6.4%	6.6%	5.6%	5.5%	6.0%	6.1%
Other	30.4%	42.6%	41.0%	31.6%	60.7%	33.1%	54.2%	51.9%	59.9%	64.0%	62.5%	63.4%
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 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.