

Emerging Markets Bond Fund

Information as at: 30 July 2021

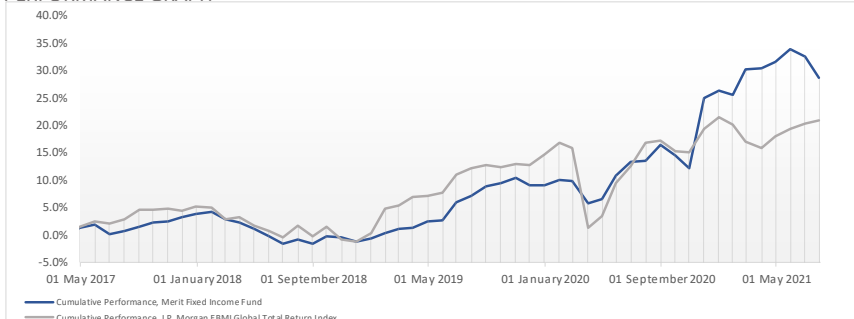
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$51,136,354
A USD class, USD	\$51,136,354
Fund Inception Date	01/09/2016
Strategy Inception Date	01/04/2017
Performance Benchmark	J.P. Morgan EMBI Global Total Return Index
ISIN	CYF00000200
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	-3.01%	1.85%	28.63%
J.P. Morgan EMBI Global Total Return Index	0.54%	-0.46%	21.02%

Share Class performance of -3.01% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for July 2021 is -2.93%

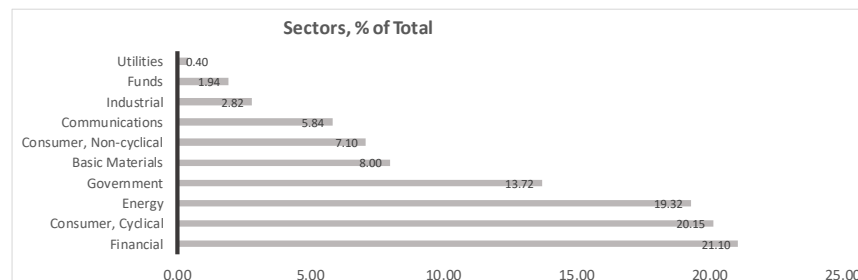
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FUND COMMENTS

The fund returned -3.01% for the month of July taking year to date returns to 1.85%. July may be characterized as a month when the Delta virus also ran its toll on the developed world, as the variant became a crisis of the unvaccinated. Although the US had continued its vaccine implementation process, the rate of increase had begun to plateau due to the political disparities of the Red and Blue States and the challenge faced on converting the unvaccinated. Meanwhile, the EU took an aggressive stance at tackling the unvaccinated by imposing certain controls on food and entertainment venues as well as on travel and other such platforms. The worrisome spread of the Delta variant continued to worsen in much of Asia whereby economies such as China and Vietnam were of particular concern to the global macroeconomic picture. The former, because of their zero-tolerance stance on even a small number of cases and the latter as it acts as a significant supplier of parts to production chains globally. Expectedly, China reacted by shutting down key ports and analysts revised quarterly GDP estimates downwards. Also specific to China, another risk that emerged that hit global financial markets had been the crackdown of their tech sector by the authorities that are finally embracing the importance of data and the need to govern how it is accumulated and thereafter shared. A series of clampdowns commenced with the first strike on "Didi", the world's largest ride-hailing firm Didi.

During the US Fed's July meeting, Jerome Powell expressed caution on the delta variant but deemed it a manageable situation and iterated that whilst the economic situation is improving it is not doing so at a rate that would warrant tapering. The ECB's rhetoric in July was dovish and pledged to keep rates lower for longer until inflation reaches its 2% target.

Core yields continued to creep lower for the month of July with 10-year Treasuries lower 20bps to 1.214 and corresponding Bunds by 25bps to -50bps. Both marked stretched valuation levels to mostly signify concerns on the Delta. Oil ended a choppy month relatively flat at 73\$/barrel whilst reaching almost 66\$/barrel mid-month. Although the major US indices closed higher for the month of July, the fund which has an end of year bet on the reflation trade closed 3% lower. Correspondingly, travel, banks and energy all suffered or traded flat.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B
Modified Duration	0.82 years
Yield to Worst	6.00%
Fixed Income	40.09%
Equity	60.31%
Cash	2.77%
Repo Instruments	-31.72%
Reverse Repo Instruments	28.55%

COMPOSITION OF THE FUND

Sectors	% of Total
Financial	21.10
Consumer, Cyclical	20.15
Energy	19.32
Government	13.72
Basic Materials	8.00
Consumer, Non-cyclical	7.10
Communications	5.84
Industrial	2.82
Funds	1.94
Utilities	0.40

Country	% of Total
United States	33.83
United Kingdom	19.49
Russian Federation	10.44
Cyprus	6.29
Nigeria	5.09
Italy	4.68
Netherlands	4.53
Spain	4.37
Brazil	3.47
Egypt	2.68
Other	5.53

Currency Break-Down	% of Total
USD	73.32
EUR	12.16
GBP	14.65
RUB	-0.13

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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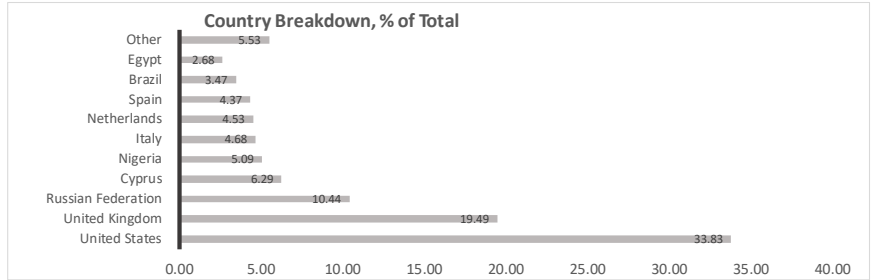
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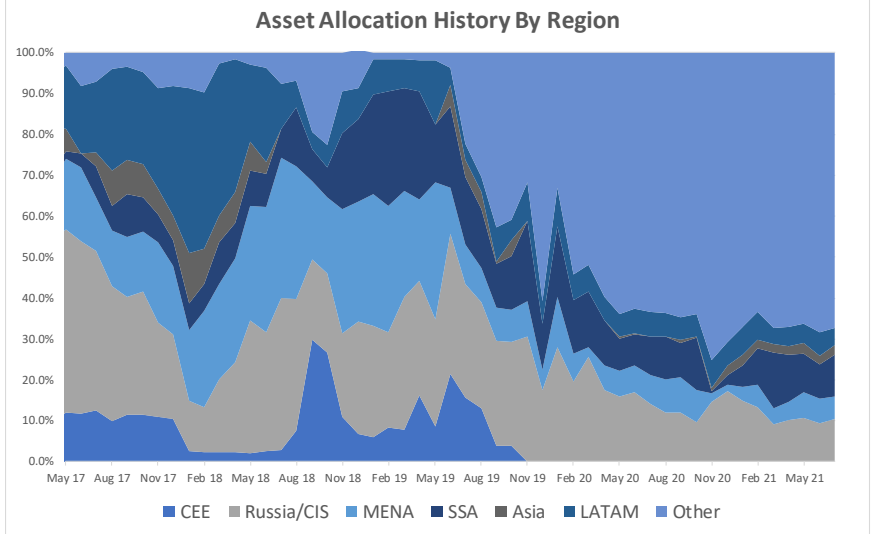
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Top 10 Holdings	% of Total
BOCYCY 2 1/2 06/24/27	6.29
BTPS 1.7 09/01/51	4.68
OXY US	4.66
RDSA NA	4.53
SPGB 1.45 10/31/71	4.37
BP/ LN	4.03
T 2 3/8 05/15/29	3.70
EZJ LN	3.30
WLL US	3.24
IAG LN	3.16



Duration Breakdown	% of Total
Cash	2.77
Repo Instruments	-31.72
Reverse Repo Instruments	28.55
Equity	60.31
0 - 1 years	1.04
1 - 3 years	4.08
3 - 5 years	20.98
5 - 7 years	4.04
7 - 10 years	14.02
10+ years	-4.06



Rating Breakdown	% of Total
Cash	2.77
Repo Instruments	-31.72
Reverse Repo Instruments	28.55
AAA	-14.46
AA	5.55
A	16.33
BBB	24.19
BB	19.36
B	27.29
CCC	2.33
CC	0.00
C	0.00
D	0.04
NR	19.76

	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 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	11.9%	12.0%	9.6%	14.7%	17.2%	14.9%	13.3%	9.0%	10.1%	10.7%	9.2%	10.4%
MENA	8.2%	8.6%	7.9%	2.1%	1.7%	3.4%	5.4%	4.0%	4.5%	6.3%	6.1%	5.6%
SSA	10.4%	8.6%	12.7%	0.4%	2.4%	5.3%	9.0%	13.6%	11.4%	9.5%	8.4%	10.2%
Asia	0.0%	0.6%	0.5%	0.7%	2.2%	2.5%	2.2%	2.1%	2.3%	2.5%	2.3%	2.4%
LATAM	5.9%	5.6%	5.3%	7.0%	5.9%	7.0%	6.8%	4.1%	4.6%	4.8%	5.6%	4.1%
Other	63.6%	64.7%	64.0%	75.1%	70.7%	67.0%	63.4%	67.2%	67.1%	66.2%	68.4%	67.4%
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 # 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 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 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.