

# Emerging Markets Bond Fund

Information as at: 31 August 2021

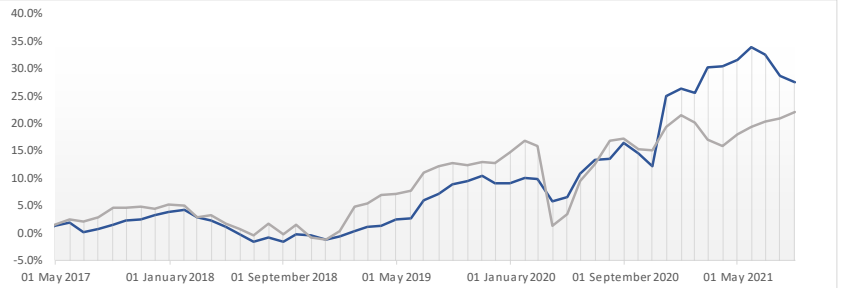
## KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$50,717,047
A USD class, USD	\$50,717,047
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	-0.82%	1.01%	27.58%
J.P. Morgan EMBI Global Total Return Index	0.91%	0.44%	22.13%

Share Class performance of -0.82% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for August 2021 is -0.74%

\*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 -0.82% for the month of August taking year to date returns to 1.00%. Although core yields traded higher for the month signifying an improving economic outlook as the Delta crisis plateaued in hard hit areas such as the States, the fund's constituents of the reopening trade were still under pressure. This was especially the case for airlines and particularly European players that much depend on the transatlantic route (IAG, LHA) or ones that need to shore up their capital base (EZY) and proceeded with a rights issue that leads to a dilution of shareholders. At the time of writing this note the Biden administration has lifted restrictions for vaccinated Europeans traveling to the US and eased restrictions from other countries as well including India. Simultaneously, the UK has also relaxed travel restrictions which should lift local airlines such as EZY. Separately, oil ended the month lower ahead of the OPEC meeting and the respective supply increase whilst the effects of hurricane Ida remained uncertain. However, as we write the note oil prices leaped back up mostly on supply disruptions in the US Gulf of Mexico resulting from the hurricane damage. The fund is largely oil focused and is set to gain on this positive momentum. As the global macro picture improves and if Delta and new variants remain in check, the consensus is for core yields to shift higher towards year end which should benefit financials as well as other reopening focused constituents on the fund.

## MINIMUM INVESTMENT

Share class	
A USD	\$50,000

## FUND CHARACTERISTIC

Credit Rating	B
Modified Duration	-1.52 years
Yield to Worst	6.34%
Fixed Income	38.21%
Equity	60.58%
Cash	5.11%
Repo Instruments	-34.06%
Reverse Repo Instruments	30.16%

## COMPOSITION OF THE FUND

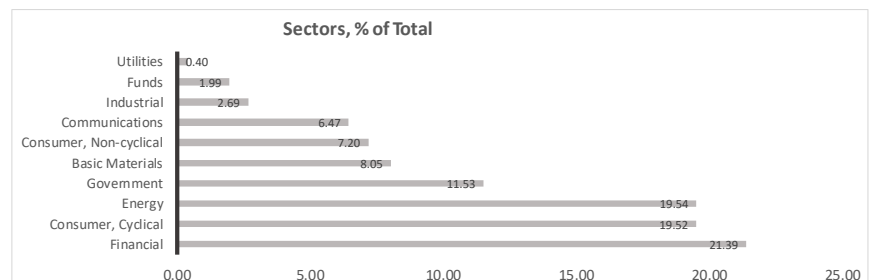
Sectors	% of Total
Financial	21.39
Consumer, Cyclical	19.52
Energy	19.54
Government	11.53
Basic Materials	8.05
Consumer, Non-cyclical	7.20
Communications	6.47
Industrial	2.69
Funds	1.99
Utilities	0.40

Country	% of Total
United States	34.59
United Kingdom	18.92
Russian Federation	9.88
Cyprus	6.39
Nigeria	5.15
Netherlands	4.52
Spain	4.27
Brazil	3.54
Rwanda	3.04
Egypt	2.68
Other	5.81

Currency Break-Down	% of Total
USD	64.40
EUR	21.28
GBP	14.42
RUB	-0.11

## MANAGEMENT TEAM

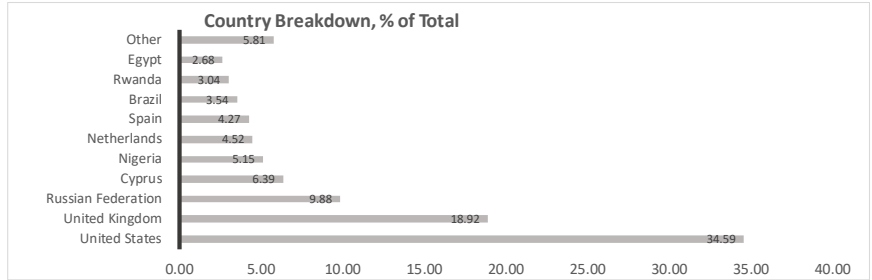
Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides



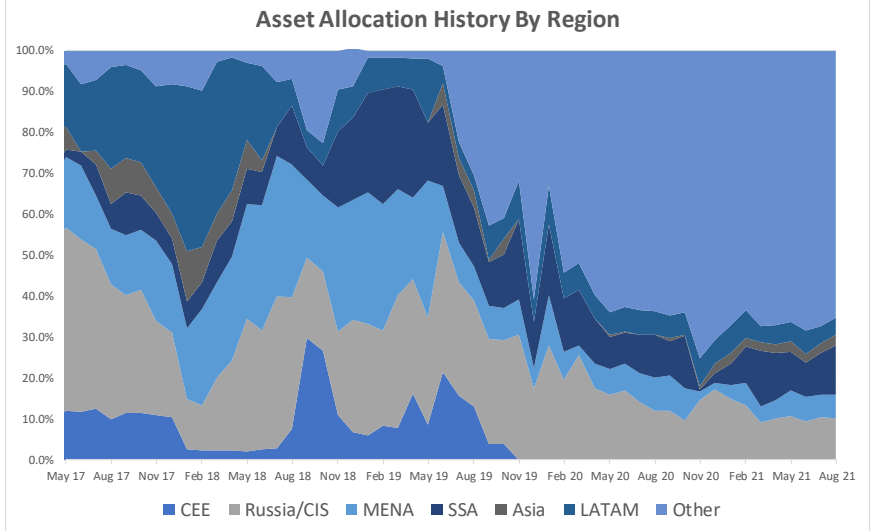
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Top 10 Holdings	% of Total
BOCYCY 2 1/2 06/24/27	6.39
OXY US	4.67
RDSA NA	4.52
SPGB 1.45 10/31/71	4.27
BP/ LN	4.16
T 2 3/8 05/15/29	3.75
WLL US	3.30
EU 0 07/04/35	3.07
RWANDA 5 1/2 08/09/31	3.04
TLGRAM 7 03/22/26	3.02



Duration Breakdown	% of Total
Cash	5.11
Repo Instruments	-34.06
Reverse Repo Instruments	30.16
Equity	60.58
0 - 1 years	1.04
1 - 3 years	4.14
3 - 5 years	21.18
5 - 7 years	3.93
7 - 10 years	16.50
10+ years	-8.58



Rating Breakdown	% of Total
Cash	5.11
Repo Instruments	-34.06
Reverse Repo Instruments	30.16
AAA	-14.26
AA	5.67
A	16.51
BBB	19.46
BB	19.18
B	30.83
CCC	2.09
CC	0.00
C	0.00
D	0.04
NR	19.27

	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 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	12.0%	9.6%	14.7%	17.2%	14.9%	13.3%	9.0%	10.1%	10.7%	9.2%	10.4%	10.1%
MENA	8.6%	7.9%	2.1%	1.7%	3.4%	5.4%	4.0%	4.5%	6.3%	6.1%	5.6%	5.8%
SSA	8.6%	12.7%	0.4%	2.4%	5.3%	9.0%	13.6%	11.4%	9.5%	8.4%	10.2%	12.2%
Asia	0.6%	0.5%	0.7%	2.2%	2.5%	2.2%	2.1%	2.3%	2.5%	2.3%	2.4%	2.5%
LATAM	5.6%	5.3%	7.0%	5.9%	7.0%	6.8%	4.1%	4.6%	4.8%	5.6%	4.1%	4.3%
Other	64.7%	64.0%	75.1%	70.7%	67.0%	63.4%	67.2%	67.1%	66.2%	68.4%	67.4%	65.1%
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

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