

Emerging Markets Bond Fund

Information as at: 30 September 2019

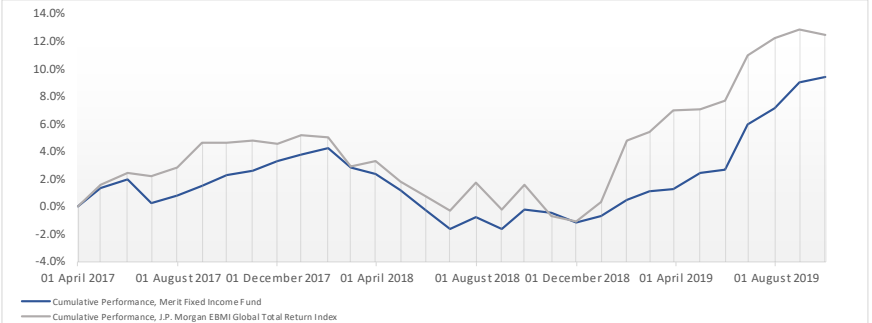
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$40,663,786
A USD class, USD	\$40,663,786
Fund Inception Date	01/09/2016
Strategy Inception Date	01/04/2017
Performance Benchmark	J.P. Morgan EMBI Global Total Return Index CYF000000200
ISIN	Cyprus AIF-LNP MERFXPT CY
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

MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BBB-
Modified Duration	8.84 years
Yield to Worst	2.98%
Cash	8.09%
Repo Instruments	-15.57%
Reverse Repo Instruments	0.00%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	74.90
Industrial	10.91
Basic Materials	10.44
Financial	7.90
Energy	2.13
Communications	1.19
Consumer, Non-cyclical	0.00
Utilities	0.00
Consumer, Cyclical	0.00

Country	% of Total
Russian Federation	27.28
Italy	11.75
United States	10.29
Cyprus	9.00
Greece	7.51
Indonesia	4.10
Romania	4.06
Spain	3.78
Brazil	3.67
South Africa	3.62
Other	22.42

Currency Break-Down	% of Total
USD	90.18
EUR	9.82
GBP	0.00

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

PERFORMANCE*

	MTD	YTD	SI
MeritKapital Fixed Income Fund - A Shares USD	0.41%	10.19%	9.46%
J.P. Morgan EMBI Global Total Return Index	-0.36%	12.08%	12.49%

Share Class performance of 0.41% is calculated on a Net Asset Value (NAV) basis, net of fees.

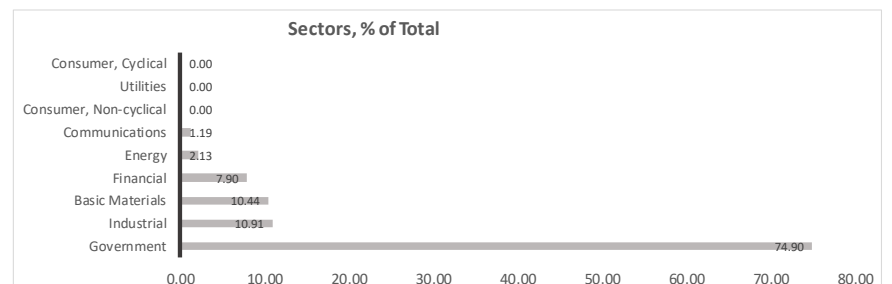
Total gross performance for September 2019 is 0.49%

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FUND COMMENTS

The month of September had commenced with considerable volatility as global DM sovereign yields spiked, reversing the one directional trend that consumed the summer months. We saw 30-year US treasury yields rising to 2.313% by mid-September, i.e. 40bps from the beginning of the month, to close back down to 2.108% by month end. As such, emerging market credit spreads widened in tandem. The volatility came as a result of several variables that comprised of meetings of global central banks (the ECB and the US Fed meetings on September 12th and 17th respectively) to a disparate ECB policy maker board on the anticipated monetary easing program to whipsawing US economic data. However, towards the end of the month, developments of a possible impeachment of US President Trump along with negative headlines news on the upcoming US-China trade negotiations roiled the market which reversed the correction.

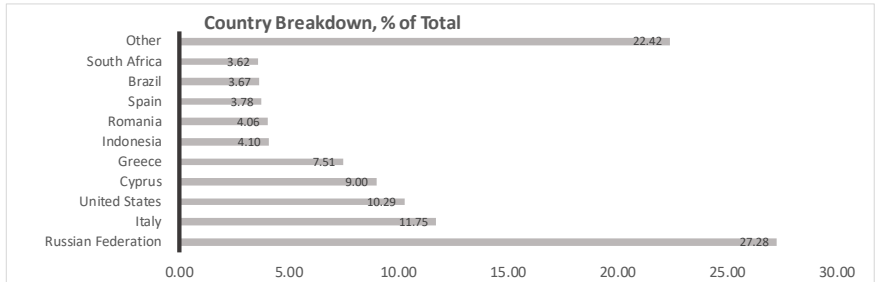
The fund returned 0.41% for the month of September. It outperformed the benchmark index by 0.77% to mark the second, consecutive monthly out-performance. Top gainers for the month are dominated by positions in Greece (sovereign and corporate) as well as positions in Sub Sahara Africa. BTPS (Italy sovereigns) continue to perform well. If the political situation in Italy remains stable then yields are expected to compress further given the planned QE purchases of the ECB; Italy and other European peripheral countries would be the main beneficiaries of the announced EUR 20bn monthly purchases commencing November 1st. The under-performers of the month have been positions in Cyprus sovereign bonds along with treasury positions which gave up some gains post the strong summer rally.



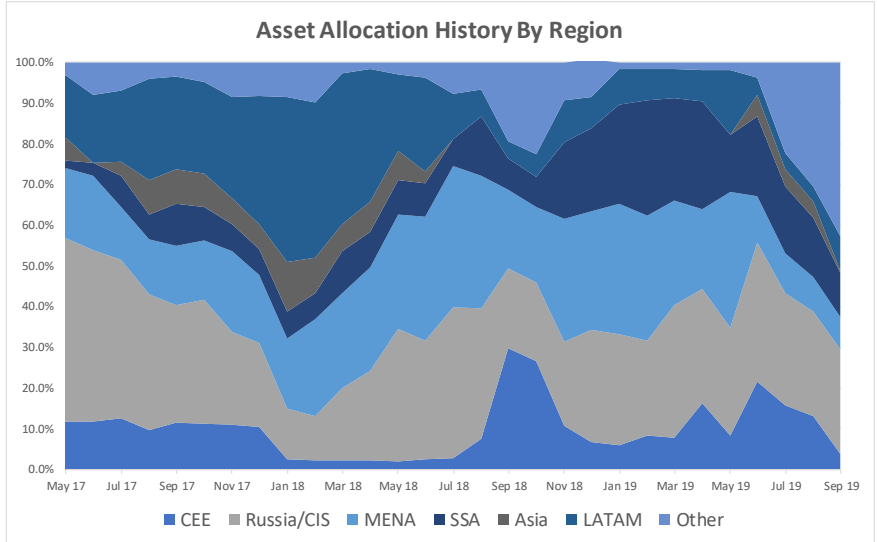
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Top 10 Holdings	% of Total
T 2 7/8 05/15/49	5.75
CYPRUS 2 3/4 02/26/34	5.49
GGB 1 7/8 07/23/26	5.39
RUSSIA 5 04/29/20	4.96
T 2 3/8 05/15/29	4.53
INDON 1.45 09/18/26	4.10
ROMANI 4 5/8 04/03/49	4.06
SPGB 2.7 10/31/48	3.78
RUSSIA 5.1 03/28/35	3.77
BTPS 3.85 09/01/49	3.67



Duration Breakdown	% of Total
Cash	8.09
Repo Instruments	-15.57
Reverse Repo Instruments	0.00
0 - 1 years	14.60
1 - 3 years	13.45
3 - 5 years	12.99
5 - 7 years	15.34
7 - 10 years	13.15
10+ years	37.95



Rating Breakdown	% of Total
Cash	8.09
Repo Instruments	-15.57
Reverse Repo Instruments	0.00
AAA	10.29
AA	0.00
A	7.90
BBB	43.97
BB	15.69
B	25.10
CCC	1.35
CC	0.00
C	0.00
D	0.00
NR	3.19

	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19
CEE	26.7%	10.9%	6.8%	6.1%	8.3%	7.9%	16.2%	8.5%	21.5%	15.8%	13.1%	3.8%
Russia/CIS	19.2%	20.6%	27.5%	27.1%	23.4%	32.4%	28.1%	26.4%	34.2%	27.5%	25.9%	25.9%
MENA	18.6%	30.2%	29.3%	32.1%	30.7%	25.8%	19.8%	33.4%	11.3%	9.9%	8.5%	7.9%
SSA	7.3%	18.7%	20.3%	24.3%	28.3%	25.3%	26.4%	14.1%	19.8%	16.4%	14.4%	10.8%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	4.2%	4.1%	0.6%
LATAM	5.7%	10.2%	7.6%	8.7%	7.7%	7.2%	7.8%	15.8%	4.2%	4.0%	3.8%	8.4%
Other	22.4%	9.4%	9.3%	1.6%	1.6%	1.5%	1.8%	1.8%	3.7%	22.2%	30.4%	42.6%
Total	100.0%	100.0%	100.7%	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 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.

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