

Emerging Markets Bond Fund

Information as at: 30 September 2020

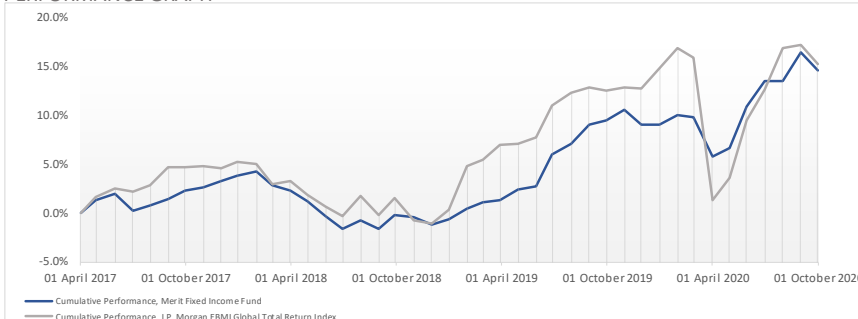
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$43,325,119
A USD class, USD	\$43,325,119
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	-1.61%	5.02%	14.54%
J.P. Morgan EMBI Global Total Return Index	-1.65%	0.37%	15.26%

Share Class performance of -1.61% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for September 2020 is -1.53%

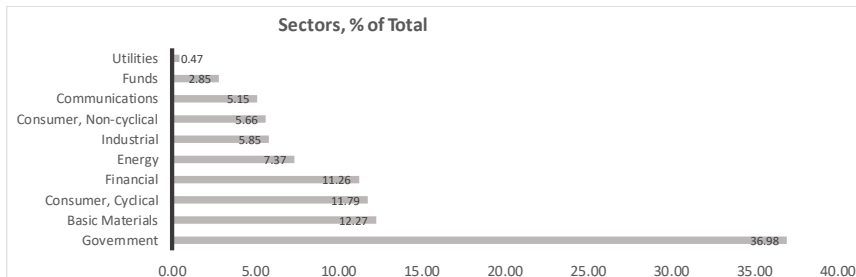
*The fund remained dormant between Sep 2016 and Mar 2017. The performance is presented from the date the investment strategy was implemented.

FUND COMMENTS

The fund returned -1.61% in the month of September taking year to date (YTD) returns lower to 5.02% as the risky asset component of the fund within bonds and equities sold off. The past month saw considerable volatility being re-ignited into the markets. With the summer lull coming to an end and the US elections creeping closer, investors began to price in related risks. US elections specifically bring added fears of a contested election or a split government. Additionally, the first round of US Covid related payout cheques came to an end and the markets have been awaiting for the next round of stimulus that has been caught up in a political stalemate. On the equities front the Nasdaq also experienced a major sell-off, due to valuations getting out of hand but additionally as the big driver higher had been Softbank's large purchases of tech options which came to an eventual halt; the respective sell off triggered profit taking across the remaining equity indices. Another looming risk on the horizon is the resurgence of COVID infections that took hold in Europe with the considerable summer month travel and with people loosening up their guard.

Our outlook for year end is positive for risk as we foresee that post US elections either Republican or Democratic party win would bring about the much-awaited stimulus package which would amount from either 1.3TR\$ to 3TR\$ in case of a "Blue wave" sweep. The most positive event for the markets would be the latter as a shift of the Senate back to the Democrats would translate into full ability there to push forward the larger package.

Our biggest losers in the fund were positions in oil majors BP and Shell. It seems investors are not convinced that their strategy to move away from carbon is sound given that similar historical moves were futile (BP specifically). As equity markets sold off so did the high beta fixed income pool of our portfolio which includes sovereign positions in Sub Sahara such as Nigeria, Angola. Come year end, we expect these to also perform once the US election risk subsides. Additionally, we also saw duration sell off with UST curve steepening as the markets began to price in a Biden win. We will look to shorten duration in the coming months as the US political landscape becomes clearer. The European periphery pool of our fund, positions in Cyprus and Greece, continues to perform well upon support of the ECB purchase program and the fact that net issuance for Q4 remains low.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB+
Modified Duration	8.58 years
Yield to Worst	3.88%
Fixed Income	57.61%
Equity	42.05%
Cash	2.08%
Repo Instruments	-1.74%
Reverse Repo Instruments	0.00%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	36.98
Basic Materials	12.27
Consumer, Cyclical	11.79
Financial	11.26
Energy	7.37
Industrial	5.85
Consumer, Non-cyclical	5.66
Communications	5.15
Funds	2.85
Utilities	0.47

Country	% of Total
United States	26.94
Greece	11.26
Russian Federation	10.76
Germany	6.49
Cyprus	5.61
United Kingdom	5.28
Saudi Arabia	4.72
Netherlands	3.41
Nigeria	3.16
Brazil	2.89
Other	19.14

Currency Break-Down	% of Total
USD	89.42
EUR	6.13
GBP	4.45

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

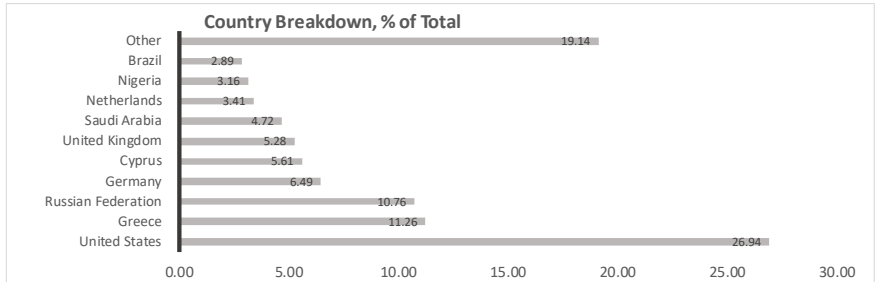
info@meritfixed.com
www.meritkapital.com

For Professional Client Use Only

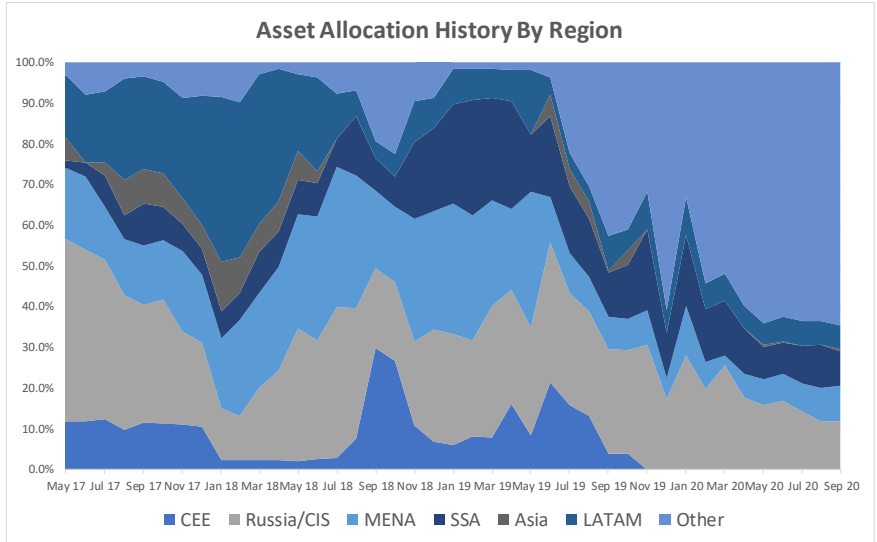
Emerging Markets Bond Fund

Information as at: 30 September 2020

Top 10 Holdings	% of Total
GGB 1 7/8 02/04/35	6.83
CYPRUS 1 1/4 01/21/40	5.61
T 2 3/8 05/15/29	4.72
RDSA NA	3.41
GGB 2 04/22/27	3.27
BP/ LN	2.99
KSA 4 1/2 04/22/60	2.94
DD US	2.85
AXP US	2.70
SBUX US	2.64



Duration Breakdown	% of Total
Cash	2.08
Repo Instruments	-1.74
Reverse Repo Instruments	0.00
Equity	42.05
0 - 1 years	5.38
1 - 3 years	5.45
3 - 5 years	8.69
5 - 7 years	8.55
7 - 10 years	9.02
10+ years	20.52



Rating Breakdown	% of Total
Cash	2.08
Repo Instruments	-1.74
Reverse Repo Instruments	0.00
AAA	4.72
AA	7.01
A	16.30
BBB	21.13
BB	25.01
B	16.64
CCC	3.06
CC	0.00
C	0.00
D	0.04
NR	5.74

	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
CEE	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	25.4%	30.6%	17.5%	27.9%	19.7%	25.7%	17.6%	15.9%	16.8%	14.2%	11.9%	12.0%
MENA	7.8%	8.6%	4.9%	12.3%	6.8%	2.4%	6.1%	6.2%	6.7%	6.9%	8.2%	8.6%
SSA	13.2%	19.7%	11.3%	17.4%	12.9%	13.4%	10.9%	8.0%	7.5%	9.4%	10.4%	8.6%
Asia	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.4%	0.0%	0.0%	0.6%
LATAM	4.9%	9.5%	5.6%	9.3%	6.4%	6.6%	5.6%	5.5%	6.0%	6.1%	5.9%	5.6%
Other	41.0%	31.6%	60.7%	33.1%	54.2%	51.9%	59.9%	64.0%	62.5%	63.4%	63.6%	64.7%
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.

Contact
 EFTAPATON COURT, 2nd Floor
 256 Makarios Ave., Limassol , Cyprus
 P.O Box 53180, CY-3301, Limassol, Cyprus
 Tel.: +357 25 857 900
 Fax: +357 25 340 327

info@meritfixed.com
www.meritkapital.com
 For Professional Client Use Only