

Emerging Markets Bond Fund

Information as at: 30 September 2021

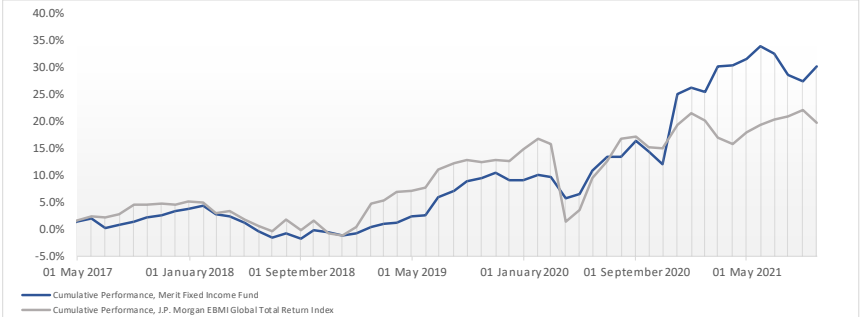
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$51,769,060
A USD class, USD	\$51,769,060
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	2.07%	3.10%	30.21%
J.P. Morgan EMBI Global Total Return Index	-1.96%	-1.53%	19.73%

Share Class performance of 2.07% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for September 2021 is 2.15%

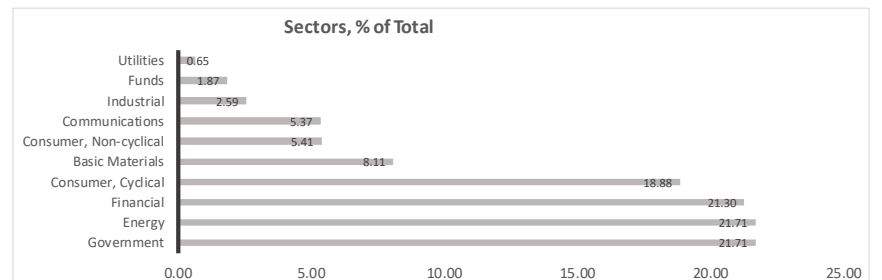
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FUND COMMENTS

The fund returned 2.07% for the month of September taking YTD returns to 3.10%. Amongst the biggest contributors to the said return was a steepening of core yield curves, as the fund was positioned for this, and the continued surge of oil prices. As noted in previous factsheets, the suppression of core yields for much of the summer months was largely a result of the narrative of the US Fed and other major Central banks that present, global inflation pressures are transitory. However, the said rhetoric in most recent FOMC meetings had been less pronounced on the transitory front. This shifted investors to an envisioned inflationary transitory period that stretches out for longer due to COVID-19 remnants that predominantly include the supply side shortages and the difficulty in attracting workers back to the labour force. OPEC+ sticking to the modest supply increases agreed in July, as well as supply shortages in the Gulf of Mexico also kept the upward pressure on oil prices. The fund is well positioned in oil linked bonds mainly in the Sub Sahara space and they too have been well bid in the current environment.

However, "re-opening" trades that include airlines, hotels, and some casino names with exposure to Macau traded lower month on month. Although global COVID cases have continued their downward trend in the month of September, fears of winter spikes are still cautioning investors. Moreover, the Chinese authorities' most recent bout has been on the Macau casino space with plans for the possible future implementation of stricter regulations.

Going forward the global economic, post-pandemic recovery seems well anchored as the vaccination deployment strides on and as the pandemic eventually shifts to an endemic, particularly in the developed world. The biggest risk to growth is an abrupt change in accommodative financing conditions due to premature tapering or rate hike moves of global Central Banks that aim to rein in inflationary pressures.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	B
Modified Duration	0.42 years
Yield to Worst	7.01%
Fixed Income	46.51%
Equity	61.09%
Cash	2.87%
Repo Instruments	-39.89%
Reverse Repo Instruments	29.42%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	21.71
Energy	21.71
Financial	21.30
Consumer, Cyclical	18.88
Basic Materials	8.11
Consumer, Non-cyclical	5.41
Communications	5.37
Industrial	2.59
Funds	1.87
Utilities	0.65

Country	% of Total
United States	36.06
United Kingdom	17.91
Nigeria	14.68
Russian Federation	9.17
Egypt	7.23
Cyprus	6.12
Netherlands	4.98
Spain	3.97
Angola	2.32
Ghana	2.11
Other	3.05

Currency Break-Down	% of Total
USD	65.34
EUR	16.39
GBP	14.59
RUB	3.67

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

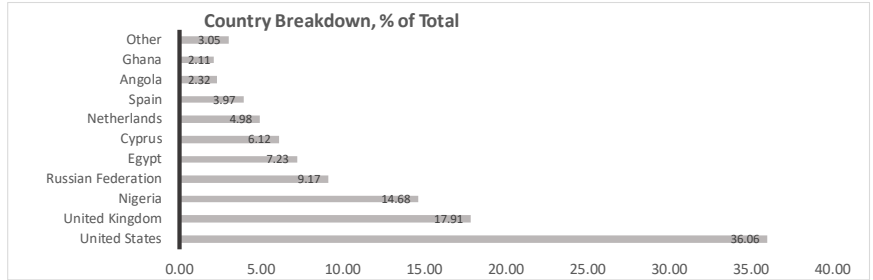
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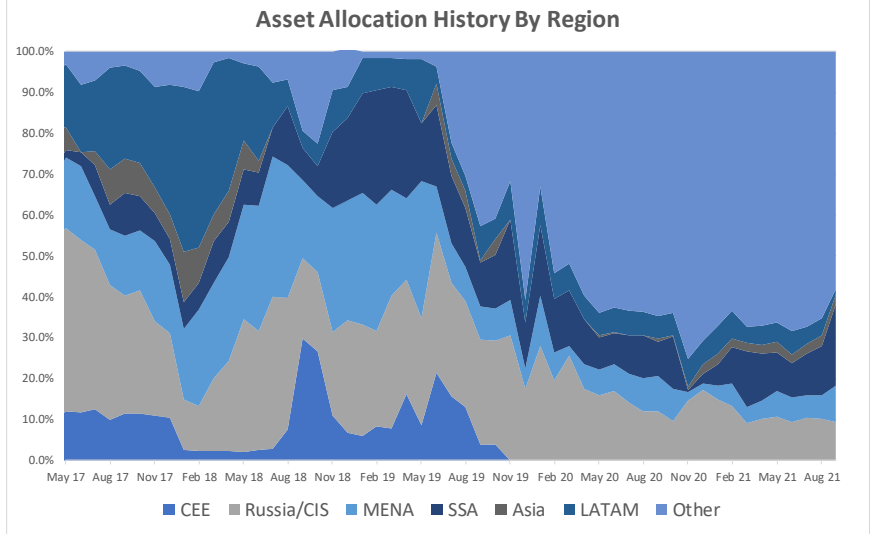
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Top 10 Holdings	% of Total
BOCYCY 2 1/2 06/24/27	6.12
NGERIA 7 3/8 09/28/33	5.77
OXY US	5.24
RDSA NA	4.98
EGYPT 5.8 09/30/27	4.70
BP/ LN	4.54
WLL US	4.01
SPGB 1.45 10/31/71	3.97
T 2 3/8 05/15/29	3.61
IAG LN	3.20



Duration Breakdown	% of Total
Cash	2.87
Repo Instruments	-39.89
Reverse Repo Instruments	29.42
Equity	61.09
0 - 1 years	1.02
1 - 3 years	6.58
3 - 5 years	23.52
5 - 7 years	7.25
7 - 10 years	15.85
10+ years	-7.73



Rating Breakdown	% of Total
Cash	2.87
Repo Instruments	-39.89
Reverse Repo Instruments	29.42
AAA	-12.68
AA	5.31
A	16.98
BBB	16.71
BB	17.72
B	43.28
CCC	2.00
CC	0.00
C	0.00
D	0.06
NR	18.23

	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 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	9.6%	14.7%	17.2%	14.9%	13.3%	9.0%	10.1%	10.7%	9.2%	10.4%	10.1%	9.2%
MENA	7.9%	2.1%	1.7%	3.4%	5.4%	4.0%	4.5%	6.3%	6.1%	5.6%	5.8%	8.9%
SSA	12.7%	0.4%	2.4%	5.3%	9.0%	13.6%	11.4%	9.5%	8.4%	10.2%	12.2%	20.1%
Asia	0.5%	0.7%	2.2%	2.5%	2.2%	2.1%	2.3%	2.5%	2.3%	2.4%	2.5%	2.3%
LATAM	5.3%	7.0%	5.9%	7.0%	6.8%	4.1%	4.6%	4.8%	5.6%	4.1%	4.3%	1.4%
Other	64.0%	75.1%	70.7%	67.0%	63.4%	67.2%	67.1%	66.2%	68.4%	67.4%	65.1%	58.1%
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

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 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 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; 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.