

Emerging Markets Bond Fund

Information as at: 31 January 2024

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$53,694,643
A USD class, USD	\$53,694,643
Fund Inception Date	9/1/2016
Strategy Inception Date	4/1/2017
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

MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB-
Modified Duration	3.71 years
Yield to Worst	20.70%
Fixed Income	25.69%
Equity	75.54%
Cash	4.08%
Repo Instruments	-9.90%
Reverse Repo Instruments	1.49%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	28.33
Government	20.13
Consumer, Cyclical	21.88
Financial	6.95
Communications	9.54
Basic Materials	4.93
Consumer, Non-cyclical	8.87
Industrial	2.34
Funds	1.36
Technology	0.00

Country

Country	% of Total
United States	40.30
United Kingdom	17.93
Netherlands	8.41
Nigeria	7.58
Russian Federation	6.22
Egypt	5.75
Germany	5.00
France	3.02
Côte d'Ivoire	1.86
Ghana	1.63
Other	6.62

Currency Break-Down

Currency	% of Total
USD	64.15
EUR	17.69
GBP	16.15
RUB	2.01

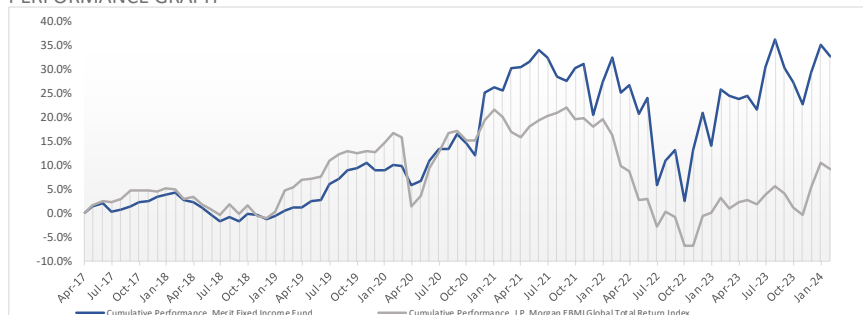
MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

INVESTMENT OBJECTIVE

Merit Fund AIFNP V.C.I.C Limited 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	-1.84%	-1.84%	32.77%
J.P. Morgan EMBI Global Total Return Index	-1.18%	-1.18%	9.20%

Share Class performance of -1.84% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for January 2024 is -1.71%

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

FUND COMMENTS

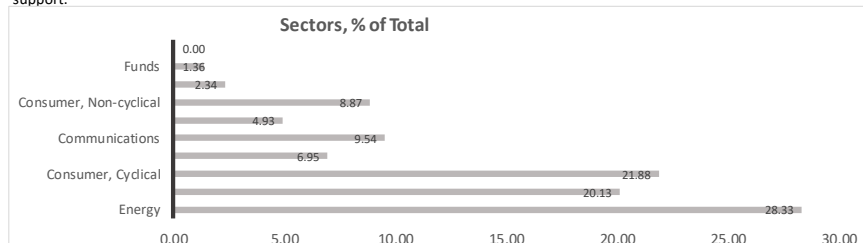
The Fund shed 1.84% for the month of January.

Following a global market rally throughout the last quarter of 2023, the markets in January exhibited mixed performance across different asset classes. On one side, robust US economic growth data contributed to the S&P Index closing in positive territory. Conversely major central banks – Fed, ECB, BOE – all left their interest rates unchanged with Chairman Powell indicating that a rate cut in March was not the base-case scenario. The resultant uncertainty among investors and corresponding increase in yields, coupled with growing geopolitical tensions in the Middle East as western nations carried out military operations ultimately weighed on fixed income.

In the equities sector, the S&P Index reached record highs, registering a 1.59% increase in the first month of 2024. The prevailing sentiment of a potential soft landing spurred outperformance on growth stocks; Paramount Global (PARAA US, +18.67%) and Netflix Inc (NFLX US, +15.86%) were among the top performers of the Fund with the former soaring following reports of an acquisition offer, while, the latter rose on strong subscriber growth in Q4. The Chinese market continued to struggle after weak retail sales and housing data: Tencent and Baidu DRs underperformed in Fund, with 7.81% and 11.57% drops respectively. The military attacks in the Red Sea and subsequent Suez canal shipping disruption resulted in oil prices rally. Nevertheless, oil companies experienced mixed trading amid general volatility in oil prices: Exxon Mobil (XOM US) saw a modest increase of 2.83%, while Occidental Petroleum (OXY US) experienced a 3.58% decrease in share price.

A repricing of fewer rate cuts for the year weighed on rates, and in turn the wider fixed income space. While the 10- year Treasury yield almost remained flat (+3bp MoM) closing 3.91%, UK Gilts were the main underperformers, gaining 26bp to 3.79%. The US Dollar strengthening affected particularly weighed on emerging market debt, with holdings of SSA sovereigns seeing price declines of 100-250bp in 5-10y duration.

Looking ahead, we anticipate that economic indicators, such as GDP growth and Consumer Price Index (CPI) figures, will be the primary drivers of market dynamics. For the fixed income portfolio, we expect to see further yield compression in our emerging market holdings. We remain optimistic about our exposure to China, as we foresee an increase in economic activity following rate cuts, which should stimulate both export and import growth, reinforcing China's role as a key player in the global economy. Additionally, we continue to hold a positive outlook on the fund's energy investments, believing that ongoing geopolitical risks will likely provide support.



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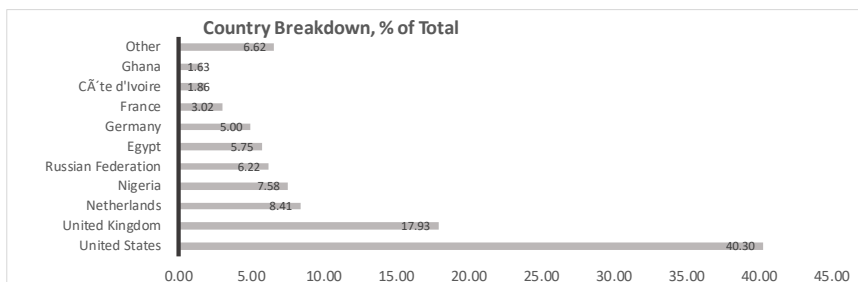
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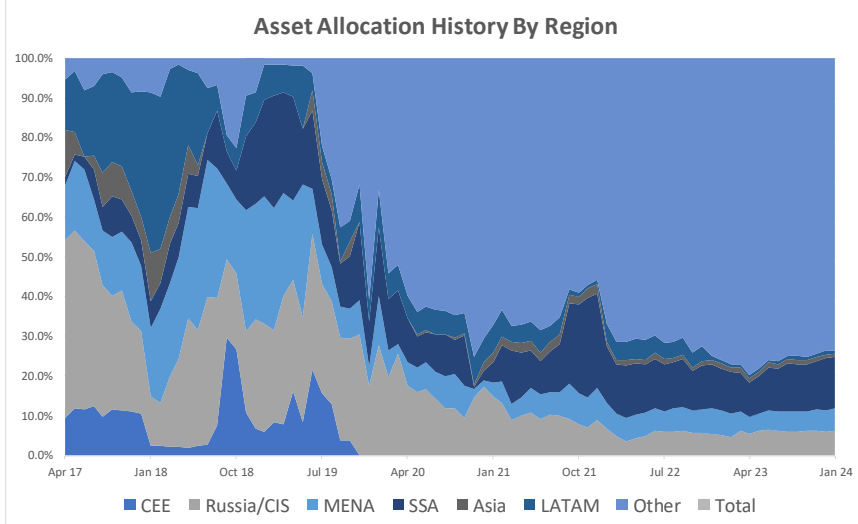
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Top 10 Holdings	% of Total
OXY US	11.18
SHELL NA	8.41
BP/ LN	7.33
CHRD US	6.33
NGERIA 7 3/8 09/28/33	4.75
EGYPT 5.8 09/30/27	3.58
AMZN US	2.89
RUALRU 5.3 05/03/23	2.79
UAL US	2.52
IAG LN	2.46



Duration Breakdown	% of Total
Cash	4.08
Repo Instruments	-9.90
Reverse Repo Instruments	1.49
Equity	75.01
0 - 1 years	1.94
1 - 3 years	10.75
3 - 5 years	1.29
5 - 7 years	8.69
7 - 10 years	3.38
10+ years	0.00



Rating Breakdown	% of Total
Cash	4.08
Repo Instruments	-9.90
Reverse Repo Instruments	1.49
AAA	0.00
AA	3.55
A	22.06
BBB	16.40
BB	30.23
B	4.25
CC	12.74
CC	0.00
C	0.00
D	0.00
NR	15.11

	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24
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	4.6%	6.1%	5.5%	6.2%	6.4%	6.3%	6.0%	6.0%	6.2%	6.1%	5.9%	6.2%
MENA	5.8%	5.0%	4.1%	4.4%	4.9%	4.9%	5.0%	5.1%	5.0%	5.5%	5.6%	5.6%
SSA	10.6%	9.7%	8.9%	9.5%	10.8%	10.7%	12.1%	11.9%	11.8%	12.1%	13.0%	12.9%
Asia	1.2%	1.3%	1.1%	1.0%	1.2%	1.2%	1.2%	1.1%	1.0%	1.1%	1.0%	0.9%
LATAM	0.8%	0.8%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%
Other	76.9%	77.1%	79.7%	78.2%	75.9%	76.2%	74.8%	75.0%	75.1%	74.3%	73.6%	73.4%
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 Fund AIFLNP V.C.I.C 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'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.