

Emerging Markets Bond Fund

Information as at: 29 March 2024

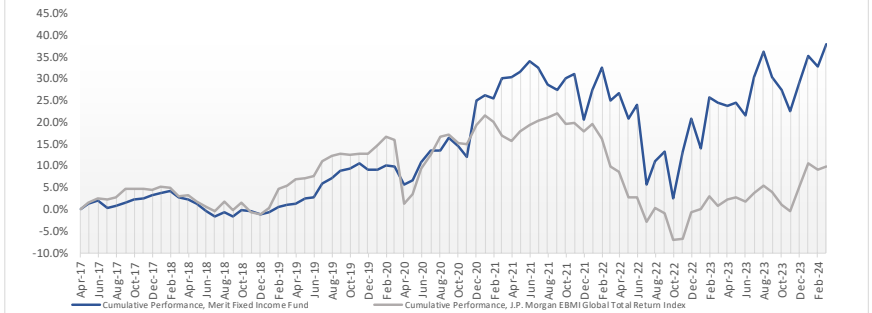
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$58,815,816
A USD class, USD	\$58,815,816
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 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	4.73%	6.80%	44.47%
J.P. Morgan EMBI Global Total Return Index	1.90%	1.40%	12.05%

Share Class performance of 4.73% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for March 2024 is 4.75%

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

FUND COMMENTS

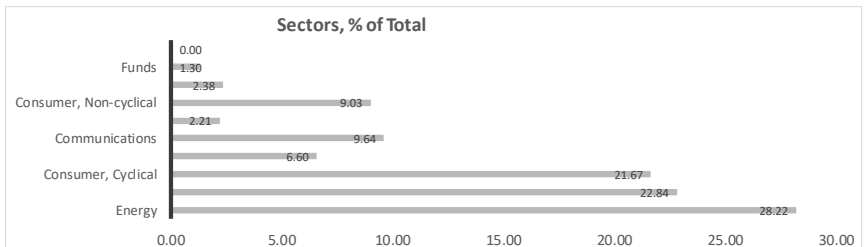
The Fund gained 4.73% percent for the month of March, taking the year to date returns to 6.80%.

Global markets in March extended the streak of robust economic growth and strong corporate earnings, in turn buoying equity markets. Conversely, the same economic robustness and sticky Consumer Price Index (CPI) data pushed pricing on interest rate cuts further out resulting in a comparatively subdued performance in the fixed income sector.

In the equity markets, March was another favourable month on a global scale. The MSCI World Index, the S&P 500, and the Stoxx 600 indices all posted gains, closing by +3.0%, +3.1%, and +3.7% respectively. Financial institutions outperformed, with notable returns on the Fund's holdings of Citigroup (C US) and Barclays PLC (BARC LN) which closed the month up 13.97% and 11.43% respectively. Oil prices surged following OPEC's agreement to reduce production, coupled with rising demand from China and a resurgence of geopolitical tensions. Consequently, shares in oil companies such as Chord Energy (CHRD US), Occidental Petroleum (OXY US), and Shell PLC (SHELL NA) contributed significantly to the Fund's overall growth, with respective gains of 11.42%, 7.23%, and 6.63%.

In the fixed income market, investor sentiment improved after the Federal Open Market Committee's (FOMC) median projection for the policy rate for Q4 2024 remained steady at 4.6%, despite revising growth forecasts for the subsequent three years. This implies an anticipation of three interest rate cuts of 25 basis points each before the end of 2024. The 10-Year Treasury yield fluctuated between 4.07% and 4.32% throughout the month on the back of weekly economic data releases and comments from Federal Reserve officials. The yield ultimately ended the month unchanged, just 5 basis points lower, to close at 4.2%. European bonds outperformed on more favourable inflation data, with the 10-Year German Bund yield closing 11 basis points lower at 2.3%. This environment was conducive for one of the Fund's recent acquisitions – the 12-Year Romanian bond (ROMANI 5 5/8 02/22/36) – which appreciated by 1.5 points in price terms. In the Sub-Saharan African market, Ghana's sovereign bonds rallied, gaining some 10 cash points for the Fund's 2042 and 2049 maturity holdings. This followed Zambia's debt restructuring plan presentation, which fuelled investor optimism for progress in the restructuring of Ghana's debt.

Looking forward, the US inflation figures that generally surprise on the upside adjust the rate cutting stance of the US Fed. As a result, global pressure on rising core yields is likely to persist whilst other developed market Central Banks such as the ECB and BOE will also likely moderate their rhetoric on policy easing. The environment becomes challenging to navigate for the respective Central Banks given the dynamics of inflation are different between Europe and the UK, where inflation is falling more convincingly, versus the US which still experiences growth. As many developed market Central Bank officials iterate, monetary policy and respective financial



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB
Modified Duration	4.13 years
Yield to Worst	30.89%
Fixed Income	26.02%
Equity	74.68%
Cash	3.79%
Repo Instruments	-9.03%
Reverse Repo Instruments	1.36%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	28.22
Government	22.84
Consumer, Cyclical	21.67
Financial	6.60
Communications	9.64
Basic Materials	2.21
Consumer, Non-cyclical	9.03
Industrial	2.38
Funds	1.30
Technology	0.00

Country	% of Total
United States	58.81
United Kingdom	10.33
Nigeria	6.92
Egypt	6.17
Germany	4.70
Russian Federation	3.26
France	3.21
Ghana	1.73
Côte d'Ivoire	1.72
Italy	1.31
Other	5.71

Currency Break-Down

	% of Total
USD	64.43
EUR	18.03
GBP	15.86
RUB	1.68

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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Top 10 Holdings

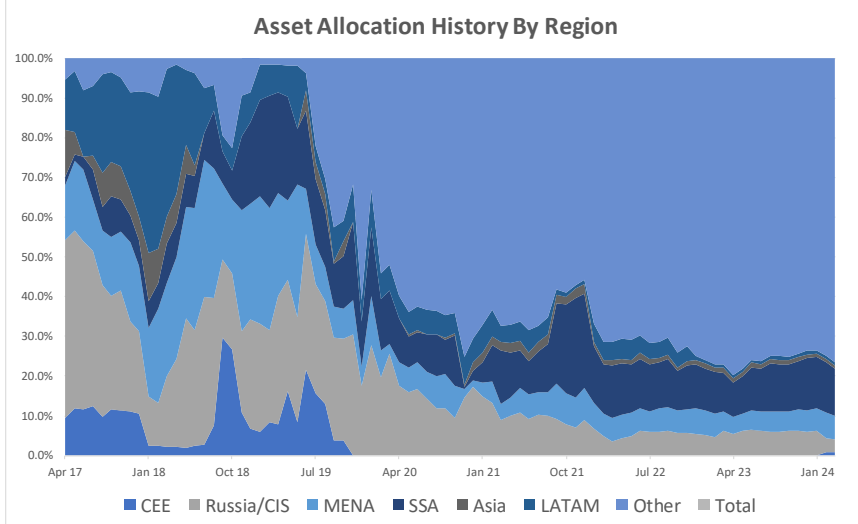
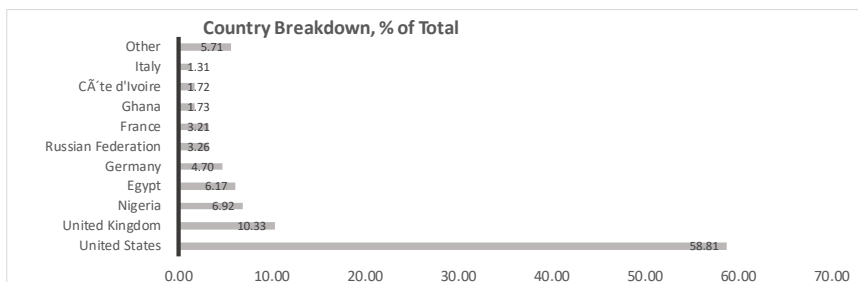
	% of Total
OXY US	11.52
SHELL NA	8.16
BP/ LN	7.15
CHRD US	6.70
NGERIA 7 3/8 09/28/33	4.37
EGYPT 5.8 09/30/27	3.96
B 04/25/24	3.39
AMZN US	3.07
IAG LN	2.67
UAL US	2.66

Duration Breakdown

	% of Total
Cash	3.79
Repo Instruments	-9.03
Reverse Repo Instruments	1.36
Equity	75.24
0 - 1 years	3.47
1 - 3 years	10.71
3 - 5 years	1.69
5 - 7 years	9.53
7 - 10 years	3.24
10+ years	0.00

Rating Breakdown

	% of Total
Cash	3.79
Repo Instruments	-9.03
Reverse Repo Instruments	1.36
AAA	0.00
AA	3.75
A	21.60
BBB	16.39
BB	31.08
B	4.15
CCC	12.52
CC	0.00
C	0.00
D	0.00
NR	14.39



	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; 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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