

# Emerging Markets Bond Fund

Information as at: 28 April 2023

## KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$54,531,798
A USD class, USD	\$54,531,798
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

## INVESTMENT OBJECTIVE

Merit Fund AIFLNP 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	0.90%	9.51%	24.95%
J.P. Morgan EMBI Global Total Return Index	0.51%	2.76%	2.81%

Share Class performance of 0.90% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for April 2023 is 0.97%

\*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 by 0.90% percent for the month of April taking year to date returns to 9.51%.

April has brought some positivity to the global market, with a rise in global shares combined with resilient economic data. PMI (Purchasing Managers Index) in the US, EU and UK all beat expectations, while inflation looked a bit more controlled due to lower energy prices, which also supported markets. S&P500 and NASDAQ indexes gained 1.46% and 0.49% correspondingly, while DAX Index in Germany increased by 1.88%. Uncertainty in the banking sector continued, as First Republic Bank remained in pre-collapse conditions since the middle of March, reigniting investors' fears on the conditions in the US banking sector, especially smaller banks. Nevertheless, big banks as Barclays (BARC LN) and HSBC (HSBA LN) are among top fund's performers in April, showing rebound after slump in March. In general, developed markets outperformed emerging markets, as a new wave on US-China tensions arose with new restrictions from the US on direct investment in China - with BIDU among worst performers in the fund; EM HY, thus, remained flat to weaker on the back of investor concerns - fund's Egypt and Petroleos de Venezuela bonds are in the bottom of the fund's performers list. As for fixed income, all major credit markets generated positive returns, after the March volatility on the back of the banking stress subsided, and spreads tightened after March sell-off on Silicon Valley Bank and Credit Suisse news. US 10Y Treasury yields remained roughly unchanged, down only 4.5bps MOM to 3.425%.

Nonetheless, these positive results should be still taken with caution, as inflation remains elevated and PMI data is improving from very weak basis figures, while First Republic Bank situation showed that consequences of Fed and Central Banks tightening have not yet fully realised.

## MINIMUM INVESTMENT

Share class	
A USD	\$50,000

## FUND CHARACTERISTIC

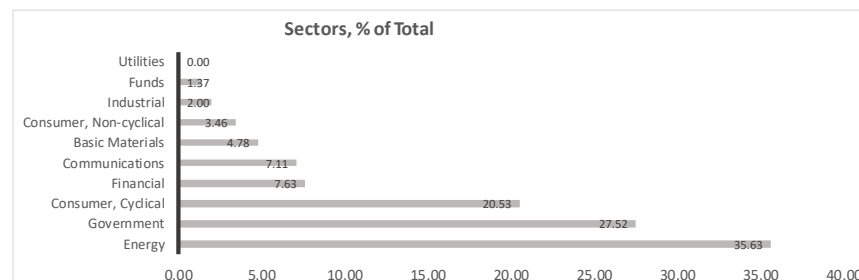
Credit Rating	B+
Modified Duration	2.61 years
Yield to Worst	634.70%
Fixed Income	37.56%
Equity	72.48%
Cash	5.75%
Repo Instruments	-19.32%
Reverse Repo Instruments	3.52%

## COMPOSITION OF THE FUND

Sectors	% of Total
Energy	35.63
Government	27.52
Consumer, Cyclical	20.53
Financial	7.63
Communications	7.11
Basic Materials	4.78
Consumer, Non-cyclical	3.46
Industrial	2.00
Funds	1.37
Utilities	0.00

Country	% of Total
United States	47.28
United Kingdom	18.27
Netherlands	8.11
Nigeria	7.16
Germany	6.38
Russian Federation	6.19
Egypt	4.53
Cyprus	2.81
France	2.61
Ghana	1.29
Other	5.41

Currency Break-Down	% of Total
USD	61.85
EUR	19.27
GBP	16.69
RUB	2.19



## MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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## Top 10 Holdings

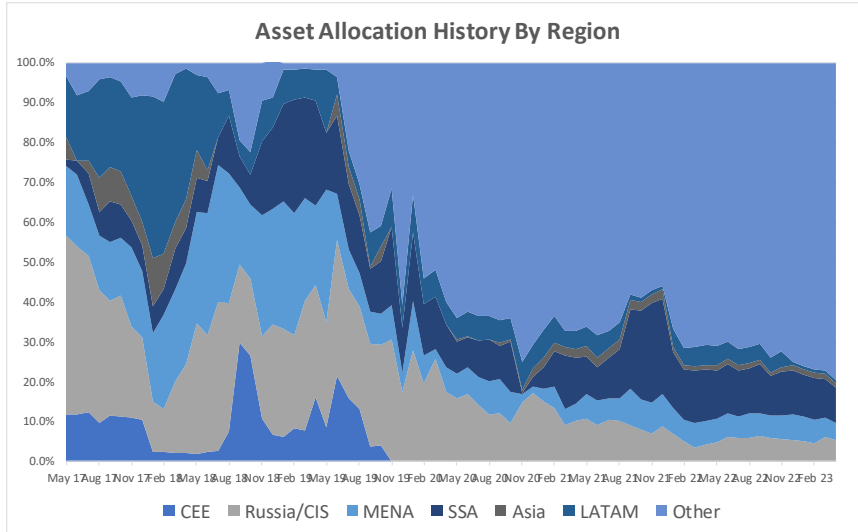
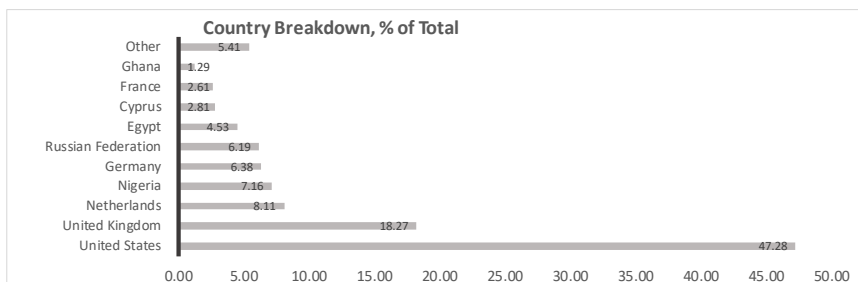
	% of Total
OXY US	11.77
B 05/04/23	10.99
BP/ LN	8.20
SHELL NA	8.11
CHRD US	5.77
NGERIA 7 3/8 09/28/33	3.86
EGYPT 5.8 09/30/27	2.85
BOCYCY 2 1/2 06/24/27	2.81
UAL US	2.63
RUALRU 5.3 05/03/23	2.60

## Duration Breakdown

	% of Total
Cash	5.75
Repo Instruments	-19.32
Reverse Repo Instruments	3.52
Equity	72.48
0 - 1 years	16.41
1 - 3 years	6.34
3 - 5 years	6.35
5 - 7 years	5.85
7 - 10 years	2.61
10+ years	0.00

## Rating Breakdown

	% of Total
Cash	5.75
Repo Instruments	-19.32
Reverse Repo Instruments	3.52
AAA	0.00
AA	2.68
A	22.61
BBB	10.24
BB	29.75
B	13.88
CCC	5.91
CC	1.29
C	0.00
D	0.13
NR	23.55



	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23
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	4.8%	6.2%	5.8%	6.0%	6.4%	5.8%	5.6%	5.3%	5.2%	4.6%	6.1%	5.5%
MENA	5.9%	5.8%	5.4%	6.0%	5.8%	5.6%	6.0%	6.4%	6.1%	5.8%	5.0%	4.1%
SSA	12.2%	12.4%	11.7%	11.4%	12.2%	10.0%	10.9%	11.1%	10.5%	10.6%	9.7%	8.9%
Asia	1.2%	1.4%	1.2%	1.2%	1.1%	0.8%	1.1%	1.3%	1.3%	1.2%	1.3%	1.1%
LATAM	4.9%	4.4%	4.1%	4.1%	4.2%	3.8%	4.0%	0.9%	0.9%	0.8%	0.8%	0.7%
Other	70.9%	69.8%	71.7%	71.3%	70.3%	74.0%	72.3%	75.0%	76.0%	76.9%	77.1%	79.7%
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%

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