

Emerging Markets Bond Fund

Information as at: 31 August 2023

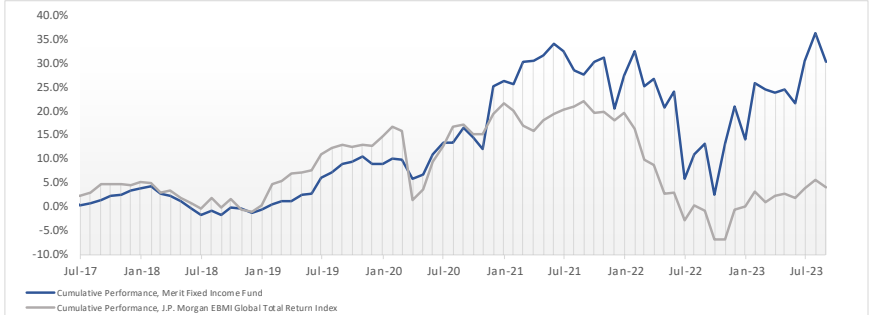
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$53,060,045
A USD class, USD	\$53,060,045
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	-4.40%	14.30%	30.41%
J.P. Morgan EMBI Global Total Return Index	-1.40%	5.48%	5.53%

Share Class performance of -4.40% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for August 2023 is -4.35%

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FUND COMMENTS

The fund decreased 4.40% percent for the month of August taking year to date returns to 14.30%.

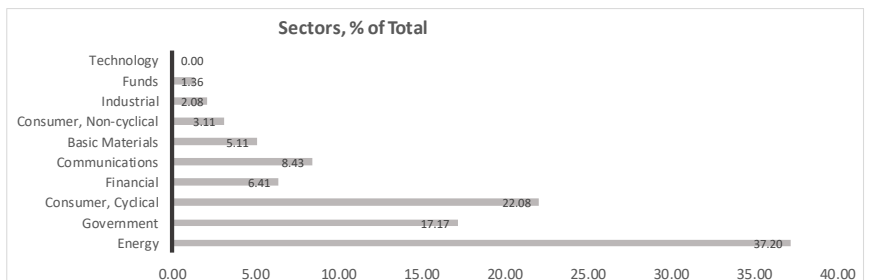
August was challenging for global markets with the summer rally coming to a halt amid a barrage of softening macroeconomic data and another brewing property crisis in China; Country Garden, the biggest developer in China, only managed to pay August coupon on September, at the end of a 30-day grace period. Bearish pressures on US treasuries – heavier-than-expected issuance, Fitch downgrade from AAA to AA+ - added to the weak market backdrop; US 10Y yield touched 4.34% (a post-GFC high) before closing at 4.11%, 15bps up from the end-July level. The earnings season also saw corporate profits narrow for a third straight quarter while the Fed's preferred inflation measure, PCE Core Deflator, inched higher to 4.2% YoY from June's 4.1% as base effects waned.

Equity holdings in turn suffered with such holdings as ABNB US (-13.6%) ending their runs of growth. Travel services sector stocks were not spared the reversal with fund holdings down 8.3% for the month. Holdings in hotel chain MGM US slid 13.4%, as one of the underperformers while IAG LN recorded a comparatively muted 6.60%. Holdings of RYA ID and AIRFP however managed to eke out gains of 1.6% and 0.6% respectively.

Oil had a similarly volatile month before the announcement of an extension to the combined 1.3million bpd cuts until year end. The ensuing rally provided a boost to energy stocks which bucked the negative trend elsewhere – Exxon Mobil Corp (XOM US, +3.6%), Chord Energy Corp (CHRD US, +3.7%), Royal Dutch Shell plc (SHELL NA, +0.6%).

Brent's strong showing however turned out insufficient to reverse the fortunes of holdings in SSA oilers. A coup in Niger and the ensuing threat of military intervention by ECOWAS ratcheted up political risk for the wider region resulting in reversals over r 6% - NIGERIA 33 -6.7%; GHANA 42 -6.3%. Non-oil holdings in corporates fared much better however with ACCESS PERP down 2%.

We expect SSA sentiment to improve onwards given the easing of geopolitical tensions as ECOWAS has taken a conciliatory stance on the resolution of the Niger situation. We remain constructive on oil and gas into the close of the year which should provide tailwinds for our energy holdings which are prevailing in the Fund.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB
Modified Duration	3.90 years
Yield to Worst	16.67%
Fixed Income	26.33%
Equity	76.62%
Cash	5.56%
Repo Instruments	-10.02%
Reverse Repo Instruments	1.51%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	37.20
Government	17.17
Consumer, Cyclical	22.08
Financial	6.41
Communications	8.43
Basic Materials	5.11
Consumer, Non-cyclical	3.11
Industrial	2.08
Funds	1.36
Technology	0.00
Country	% of Total
United States	41.29
United Kingdom	16.66
Nigeria	9.67
Netherlands	8.39
Russian Federation	6.07
Germany	5.79
Egypt	5.17
France	2.79
Ghana	1.57
Ireland	1.13
Other	4.43

Currency Break-Down	% of Total
USD	63.99
EUR	17.75
GBP	16.41
RUB	1.84

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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Top 10 Holdings

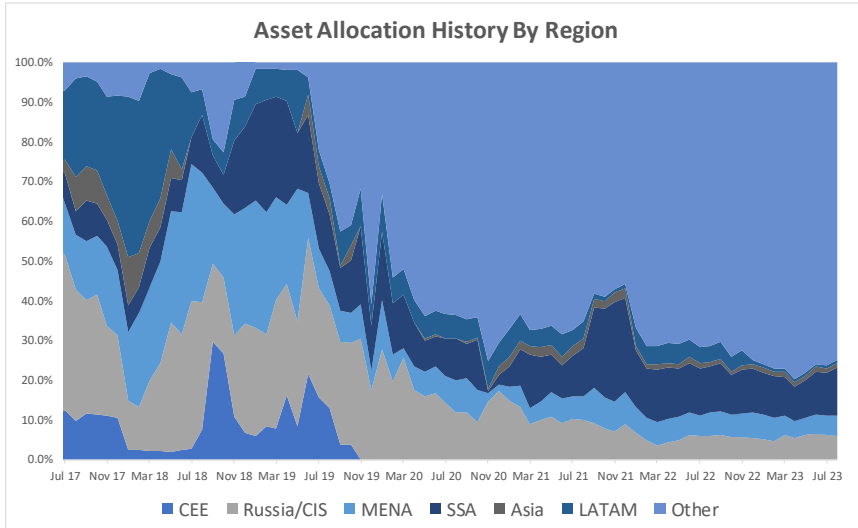
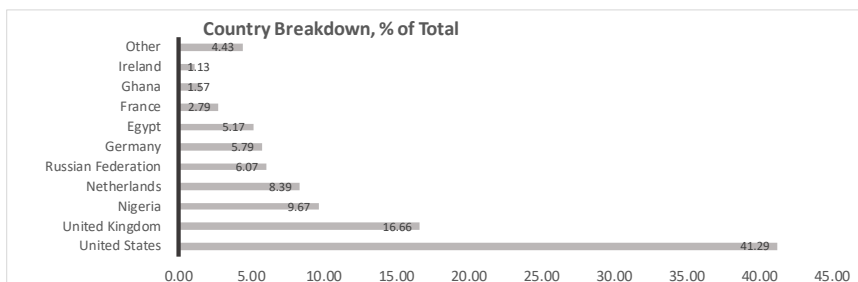
	% of Total
OXY US	12.34
SHELL NA	8.39
BP/ LN	7.81
CHRD US	6.73
NGERIA 7 3/8 09/28/33	4.52
EGYPT 5.8 09/30/27	3.26
UAL US	3.07
RUALRU 5.3 05/03/23	2.90
IAG LN	2.72
AMZN US	2.60

Duration Breakdown

	% of Total
Cash	5.56
Repo Instruments	-10.02
Reverse Repo Instruments	1.51
Equity	76.62
0 - 1 years	2.96
1 - 3 years	6.97
3 - 5 years	6.10
5 - 7 years	7.95
7 - 10 years	2.35
10+ years	0.00

Rating Breakdown

	% of Total
Cash	5.56
Repo Instruments	-10.02
Reverse Repo Instruments	1.51
AAA	0.00
AA	3.32
A	22.57
BBB	10.23
BB	32.13
B	12.66
CCC	8.26
CC	1.57
C	0.00
D	0.15
NR	12.07



	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23
CEE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	6.4%	5.8%	5.6%	5.3%	5.2%	4.6%	6.1%	5.5%	6.2%	6.4%
MENA	5.8%	5.6%	6.0%	6.4%	6.1%	5.8%	5.0%	4.1%	4.4%	4.9%
SSA	12.2%	10.0%	10.9%	11.1%	10.5%	10.6%	9.7%	8.9%	9.5%	10.8%
Asia	1.1%	0.8%	1.1%	1.3%	1.3%	1.2%	1.3%	1.1%	1.0%	1.2%
LATAM	4.2%	3.8%	4.0%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%	0.8%
Other	70.3%	74.0%	72.3%	75.0%	76.0%	76.9%	77.1%	79.7%	78.2%	75.9%
Total	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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