

Emerging Markets Bond Fund

Information as at: 29 December 2023

KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$54,648,041
A USD class, USD	\$54,648,041
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	3.64 years
Yield to Worst	19.54%
Fixed Income	26.09%
Equity	76.72%
Cash	4.88%
Repo Instruments	-9.78%
Reverse Repo Instruments	1.47%

COMPOSITION OF THE FUND

Sectors	% of Total
Energy	35.40
Government	18.88
Consumer, Cyclical	19.83
Financial	6.86
Communications	9.25
Basic Materials	5.00
Consumer, Non-cyclical	4.57
Industrial	2.23
Funds	1.36
Technology	0.06

Country

Country	% of Total
United States	39.45
United Kingdom	17.68
Nigeria	9.64
Netherlands	8.64
Russian Federation	5.91
Egypt	5.74
Germany	5.28
France	2.86
Ghana	1.59
Ireland	1.31
Other	5.33

Currency Break-Down

Currency	% of Total
USD	64.10
EUR	18.00
GBP	16.02
RUB	1.89

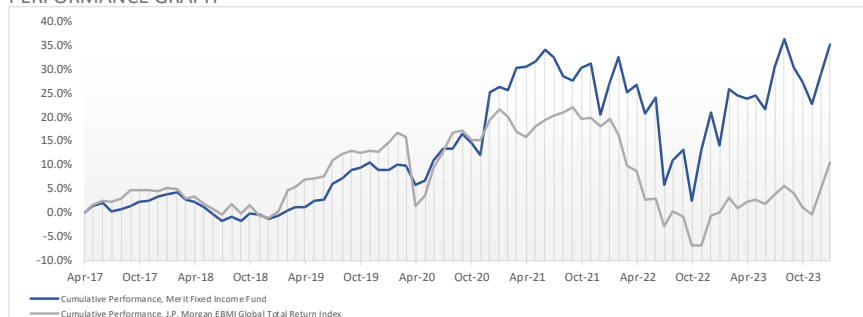
MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Adviser	Persella Ioannides

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	4.45%	18.55%	35.26%
J.P. Morgan EMBI Global Total Return Index	4.80%	10.45%	10.50%

Share Class performance of 4.45% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for December 2023 is 4.48%

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

FUND COMMENTS

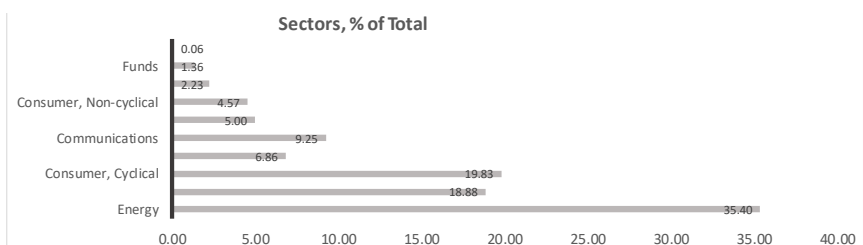
The fund increased by 4.45% percent for the month of December taking year 2023 returns to 18.55%.

Markets in December continued their rally as deeper and earlier rate cuts were priced in following the Fed's December meeting. Both fixed income and equity markets traded in the green; commodities traded lower however amid recession concerns, with recurring geopolitical tensions failing to even stem the underperformance for oil.

Equities extended their fourth quarter rally with the S&P ending the year just 0.56% shy of its record high. Rate-sensitive sectors – consumer discretionary, real estate, IT – were particularly buoyed with fund holdings such as Norwegian Cruise (NCLH US, +31.2%), Lyft Inc (LYFT US, +27.7%) outperforming for the month; real estate company Vornado Realty Trust (VNO US, +20%) and IT/consumer company 8x8 Inc (EGHT US, +22.3%) also recorded outsized gains. Chinese tech holdings remained depressed however as concerns over slower-than-expected growth and uncertainty over regulation dampened sentiment: Tencent Holdings (TCEHY US, -9.2%) and Baidu (BIDU US, +0.36%) closed in the red. The continuing downturn in oil prices, while providing tailwinds for global disinflation, weighed on such energy holdings as Exxon Mobil (XOM US, -2.6%), BP (BP/LN, -2.5%), and Shell (SHELL NA, -0.6%).

The rally in treasury yields – US 10Y compressed 44bps over the month to 3.88% - likewise spurred a strong ending to the year for fixed income. Sub-Saharan Africa sovereigns rallied some 4-7 percent points during the month with oilers ANGOL, NIGERIA outperforming even as oil underperformed.

Looking ahead, we expect the positive sentiment to prevail in anticipation of global central bank easing. For fixed income, we expect further yield compression amidst net positive inflows in that space to balance out potential issuances from issuers who had been locked out of markets due to the higher yield environment. We remain constructive on our China exposure as we anticipate pick up on economic activity after rate cuts to spur export and import growth, which will support China as one of the main players in global economy. We also maintain our positive outlook on the Fund's energy holdings as we hold the view that ongoing geopolitical risks should remain supportive.



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Top 10 Holdings

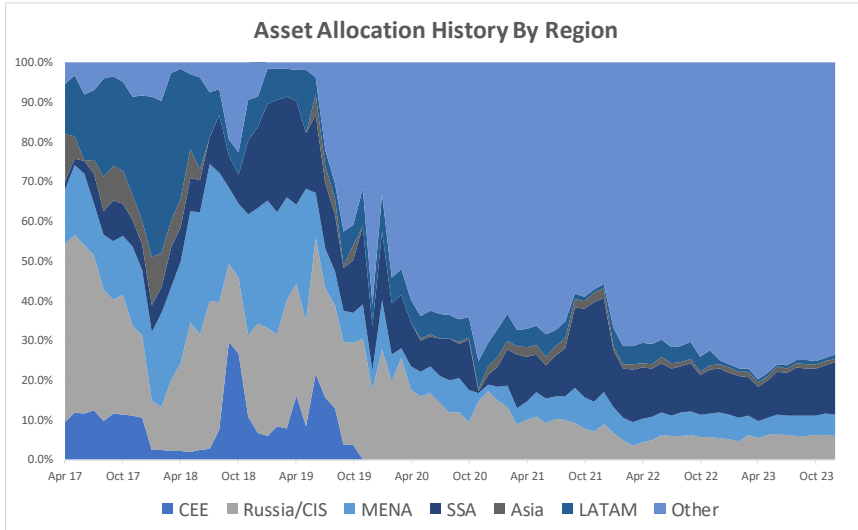
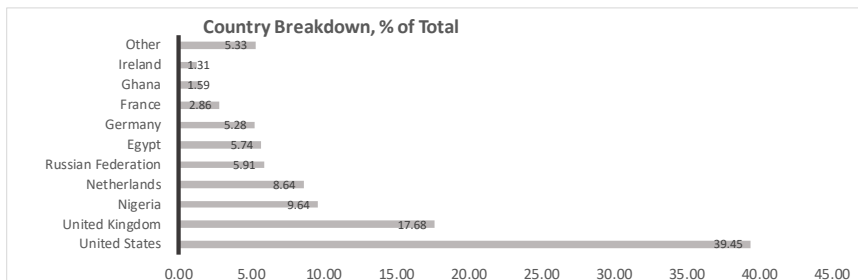
	% of Total
OXY US	11.39
SHELL NA	8.64
BP/ LN	7.27
CHRD US	6.72
NGERIA 7 3/8 09/28/33	4.80
EGYPT 5.8 09/30/27	3.61
AMZN US	2.78
RUALRU 5.3 05/03/23	2.74
IAG LN	2.53
UAL US	2.47

Duration Breakdown

	% of Total
Cash	4.88
Repo Instruments	-9.78
Reverse Repo Instruments	1.47
Equity	75.69
0 - 1 years	4.17
1 - 3 years	6.89
3 - 5 years	6.94
5 - 7 years	8.32
7 - 10 years	1.43
10+ years	0.00

Rating Breakdown

	% of Total
Cash	4.88
Repo Instruments	-9.78
Reverse Repo Instruments	1.47
AAA	0.00
AA	3.41
A	22.33
BBB	16.17
BB	28.91
B	4.25
CCC	14.81
CC	0.00
C	0.00
D	0.00
NR	13.55



	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 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	5.2%	4.6%	6.1%	5.5%	6.2%	6.4%	6.3%	6.0%	6.0%	6.2%	6.1%	5.9%
MENA	6.1%	5.8%	5.0%	4.1%	4.4%	4.9%	4.9%	5.0%	5.1%	5.0%	5.5%	5.6%
SSA	10.5%	10.6%	9.7%	8.9%	9.5%	10.8%	10.7%	12.1%	11.9%	11.8%	12.1%	13.0%
Asia	1.3%	1.2%	1.3%	1.1%	1.0%	1.2%	1.2%	1.2%	1.1%	1.0%	1.1%	1.0%
LATAM	0.9%	0.8%	0.8%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
Other	76.0%	76.9%	77.1%	79.7%	78.2%	75.9%	76.2%	74.8%	75.0%	75.1%	74.3%	73.6%
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 AIFLP 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.

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