

Emerging Markets Bond Fund

Information as at: 30 November 2018

KEY FACTS

Asset Class
Category

Investment manager
Total Fund Assets, USD
A USD class, USD
Fund Inception Date
Strategy Inception Date

Performance Benchmark

ISIN
Fund Domicile
Fund Type
Bloomberg Ticker
Base currency
Management fee
Performance fee
Hurdle rate
Liquidity

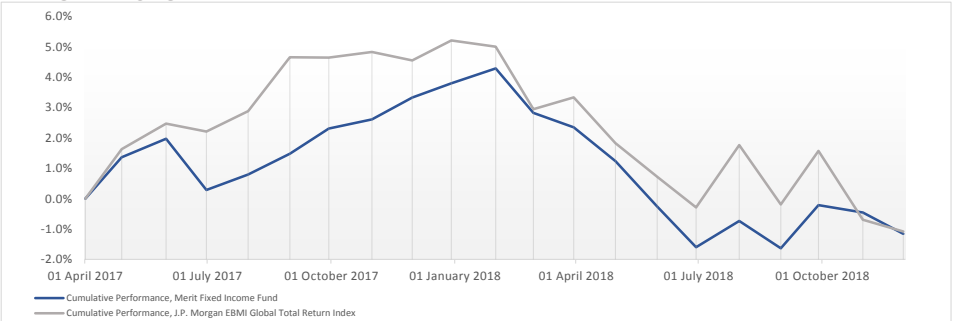
Fixed Income
Global Emerging Markets
bond
MeritKapital
\$36,857,348
\$36,857,348
01/09/2016
01/04/2017

J.P. Morgan EMBI Global
Total Return Index
CYF000000200
Cyprus
AIF-LNP
MERFXPT CY
USD
0.75%
15%
3%
Monthly

INVESTMENT OBJECTIVE

Merit Fixed Income Fund 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	-0.71%	-4.78%	-1.16%
J.P. Morgan EMBI Global Total Return Index	-0.39%	-5.98%	-1.08%

Share Class performance of -0.71% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for November 2018 is -0.63%

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

FUND COMMENTS

November was a very volatile month for credit and equity markets alike. Some factors leading to the volatility were the rise in the 10-year treasury yields above the 3% hurdle and the continuing fall of WTI to reach a low of 50 handle. Discussions on OPEC production cuts had yet to take effect in prices predominantly because such supply cuts would take time to have a fundamental impact. US-China trade war negotiations were anticipating the G-20 meeting in Argentina on December 1st whereby a mere non-escalation of disputes between Mr Xi and Mr Trump would be welcome by the markets. As this note went to print, Mr Xi had agreed to an increase of Chinese purchases of US agricultural products while Mr Trump agreed to postpone tariff increases on Chinese imports for after January. Lastly, another important factor to note was the US Fed's statement toward the end of the month that the central bank's benchmark interest rate is near a neutral level which was quite the change from two months prior where he deemed the level far. The change of rhetoric has since impacted the emerging fixed income markets positively by bringing stability and some spread tightening, as valuations were deemed oversold.

The fund was down -0.73% for the month of November. Major movers were few high duration, commodity linked paper such as OMAN 47 and GHANA 26 that have since moved higher. We took profit on positions in Ukraine and increased short term duration positions in HALKKB 19, ARGENT 19, ZENITH 19, BHRAIN 20 which are solid credits and on average yield above 6%

MINIMUM INVESTMENT

Share class
A USD

\$50,000

FUND CHARACTERISTIC

Credit Rating
Modified Duration
Yield to Worst
Cash
Repo Instruments
Reverse Repo Instruments

BB-
2.20 years
5.30%
25.46%
-12.96%
0.00%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	40.42
Financial	26.44
Energy	7.22
Consumer, Non-cyclical	4.85
Basic Materials	3.43
Communications	3.41
Industrial	1.72
Utilities	0.00
Consumer, Cyclical	0.00

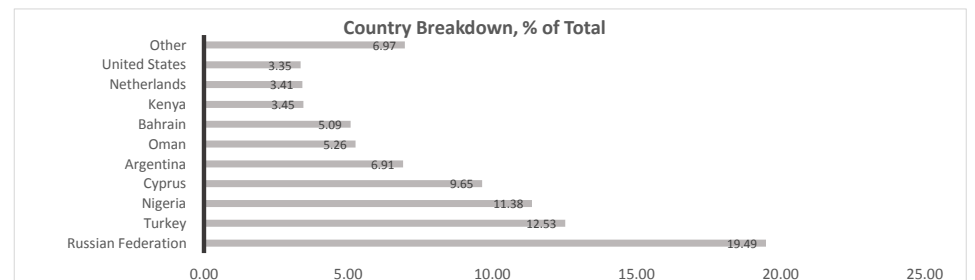
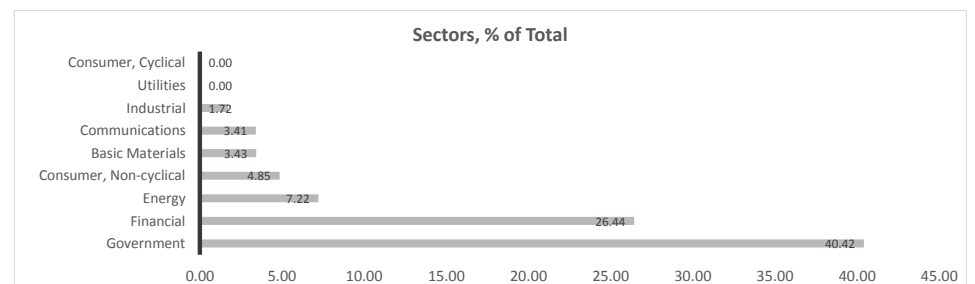
Country	% of Total
Russian Federation	19.49
Turkey	12.53
Nigeria	11.38
Cyprus	9.65
Argentina	6.91
Oman	5.26
Bahrain	5.09
Kenya	3.45
Netherlands	3.41
United States	3.35
Other	6.97

Currency Break-Down	% of Total
USD	73.32
EUR	26.68
GBP	0.00

MANAGEMENT TEAM

Portfolio Manager
Investment Advisor

MeritKapital Ltd
Persella Ioannides



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Top 10 Holdings

	% of Total
OMAN 6 1/2 03/08/47	5.26
BHRAIN 5 1/2 03/31/20	5.09
BOCYCY 9 1/4 01/19/27	4.62
ACCESS 9 1/4 06/24/21	3.52
YFPDAR 8 7/8 12/19/18	3.50
KENINT 5 7/8 06/24/19	3.45
GAZPRU 9 1/4 04/23/19	3.45
SBERRU 5.18 06/28/19	3.45
RUSSIA 5 04/29/20	3.42
VIP 5.2 02/13/19	3.41

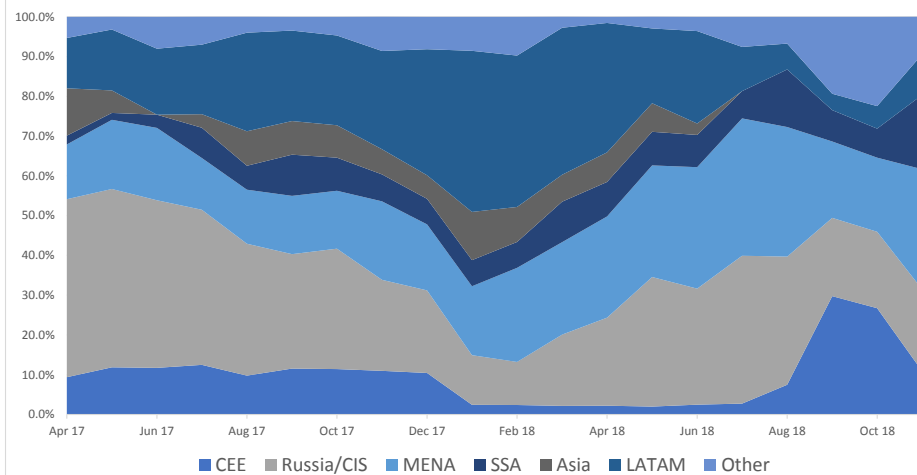
Duration Breakdown

	% of Total
Cash	25.46
Repo Instruments	-12.96
Reverse Repo Instruments	0.00
0 - 1 years	45.25
1 - 3 years	21.71
3 - 5 years	12.61
5 - 7 years	2.04
7 - 10 years	0.00
10+ years	5.89

Rating Breakdown

	% of Total
Cash	25.46
Repo Instruments	-12.96
Reverse Repo Instruments	0.00
AAA	3.35
AA	0.00
A	1.62
BBB	8.95
BB	36.14
B	27.29
CCC	9.86
CC	0.00
C	0.00
D	0.27

Asset Allocation History By Region



	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18
CEE	10.5%	2.4%	2.4%	2.2%	2.2%	2.0%	2.5%	2.7%	7.5%	29.8%	26.7%	10.9%
Russia/CIS	20.8%	12.5%	10.8%	17.9%	22.1%	32.6%	29.2%	37.2%	32.2%	19.7%	19.2%	20.6%
MENA	16.6%	17.4%	23.6%	23.3%	25.4%	28.1%	30.5%	34.5%	32.6%	19.2%	18.6%	30.2%
SSA	6.4%	6.6%	6.5%	10.2%	8.7%	8.4%	8.1%	6.9%	14.5%	7.9%	7.3%	18.7%
Asia	5.9%	12.1%	8.8%	6.8%	7.4%	7.2%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%
LATAM	31.7%	40.5%	38.1%	37.0%	32.6%	18.8%	23.2%	11.1%	6.5%	4.1%	5.7%	10.2%
Other	8.2%	8.5%	9.7%	2.8%	1.5%	2.9%	3.6%	7.6%	6.7%	19.3%	22.4%	9.4%
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 Fixed Income Fund 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 # LPAIF05/2014, 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 past 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 or 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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