

Emerging Markets Bond Fund

Information as at: 29 January 2021

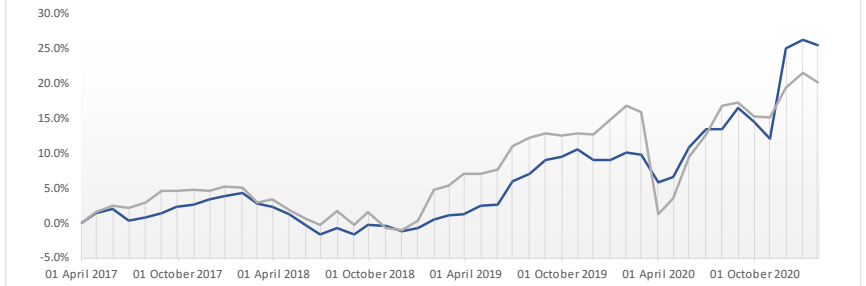
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$46,989,074
A USD class, USD	\$46,989,074
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 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	-0.60%	-0.60%	25.54%
J.P. Morgan EMBI Global Total Return Index	-1.21%	-1.21%	20.11%

Share Class performance of -0.60% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for January 2021 is -0.48%

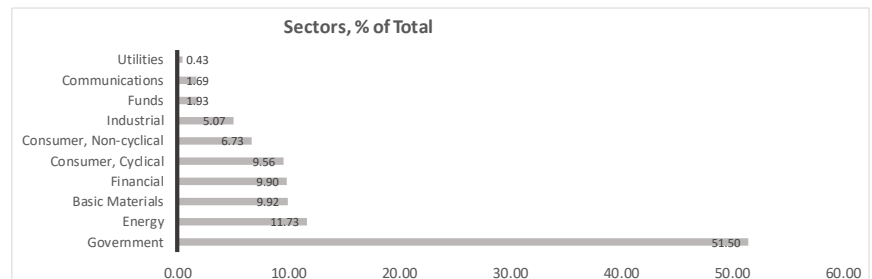
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FUND COMMENTS

The fund dedined by -0.60% for first month of 2021. January was an eventful month politically as the Democrats narrowly took control of the Senate to result in the "Blue Sweep" result that investment banks had been largely forecasting during the US prelection campaign. A democratic control of the US government would result in a higher fiscal stimulus (estimated at 1.9\$trillion) which would be a positive for the equity markets, but would add to steepening pressures for the core rate bonds as inflation expectations are priced in. The markets reacted positively to the Blue Sweep outcome and the forthcoming stimulus, but the rally came to a pause due to the GameStop share saga whereupon retail traders of the "Robinhood" platform used collective might to pump up shares which reputable hedge funds had publicly reported short positions in. This was an "anti-Wall Street establishment" expression. The rally in GameStop shares was so substantial that the underlying hedge funds had to liquidate substantial other long positions held to cover their losses. The losses incurred by some hedge funds were so significant that some had to receive capital infusions i.e. as an example Melvin Capital with 12.5BN\$ AUM at the start of the month lost 53% from this incident and received 2bn\$+ of bailout funds from Citadel.

As a result, main equity indices dosed lower for the month whilst investors saw the correction as an opportunity to re-enter risky assets as their outlook for year end is bullish. On the COVID front the US, UK and Israel are setting the example on vaccination targets and, effectively, hospitalization rates are on the decline. Oil continued to rally higher on the "reopening" trade and the subsequent effect this has on the supply side with OPEC+ quotas still in place. Turning to the global central banks, US Fed Chairman Powell quelled taper tantrum fears by maintaining the rhetoric that accommodation will remain in place as the global economic outlook, whilst still improving, largely remains fragile. Chairman Powell added that he is not even thinking about thinking of raising interest rates. ECB chairwoman Christine Lagarde remains equally dovish although upon the most recent ECB press conference she had become more optimistic on the outlook of Europe; please note however, that Europe lags the rest of the developed markets on vaccination targets.

Losing positions on the fund were mainly on the equity side for reasons explained while bonds, especially high beta, emerging market positions entered recently closed the month higher.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB+
Modified Duration	10.46 years
Yield to Worst	2.95%
Fixed Income	64.57%
Equity	31.59%
Cash	8.27%
Repo Instruments	-16.73%
Reverse Repo Instruments	0.00%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	51.50
Energy	11.73
Basic Materials	9.92
Financial	9.90
Consumer, Cyclical	9.56
Consumer, Non-cyclical	6.73
Industrial	5.07
Funds	1.93
Communications	1.69
Utilities	0.43

Country

Country	% of Total
United States	20.38
Russian Federation	14.98
Italy	13.13
Greece	10.80
United Kingdom	8.83
Cyprus	5.40
Brazil	4.65
Netherlands	4.48
Germany	3.65
Angola	2.39
Other	19.77

Currency Break-Down

Currency	% of Total
USD	77.35
EUR	11.45
GBP	7.27
RUB	3.93

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

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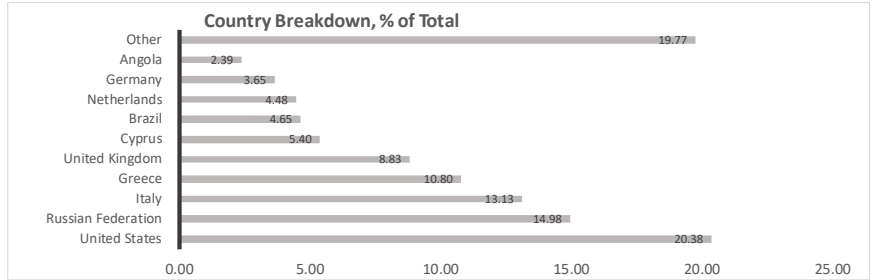
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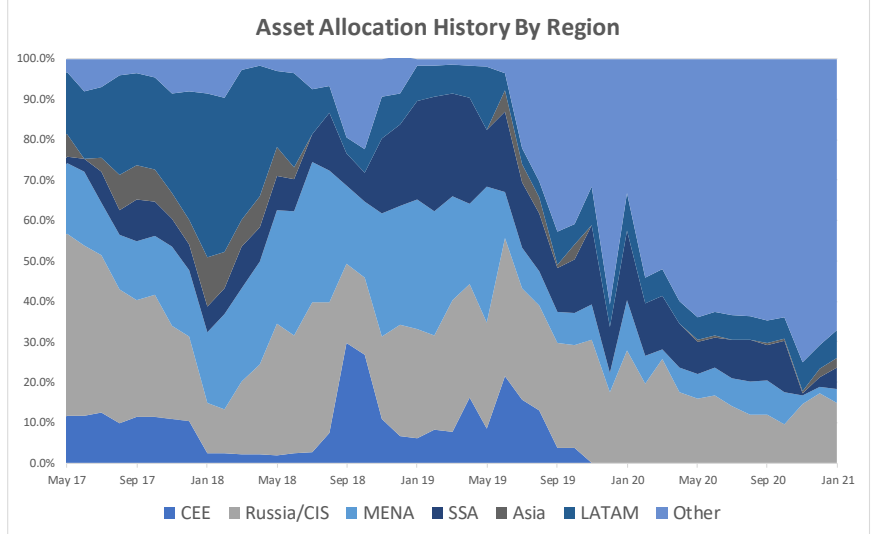
Top 10 Holdings

	% of Total
BTPS 1.7 09/01/51	10.55
GGB 1 7/8 02/04/35	6.48
CYPRUS 1 1/4 01/21/40	5.40
RDSA NA	4.48
T 2 3/8 05/15/29	4.07
EU 0 07/04/35	3.45
BP/ LN	3.44
GGB 2 04/22/27	3.10
RUSSIA 1.85 11/20/32	2.52
CREAL 5 02/01/27	2.23



Duration Breakdown

	% of Total
Cash	8.27
Repo Instruments	-16.73
Reverse Repo Instruments	0.00
Equity	35.21
0 - 1 years	2.77
1 - 3 years	3.24
3 - 5 years	12.70
5 - 7 years	5.95
7 - 10 years	17.88
10+ years	30.72



Rating Breakdown

	% of Total
Cash	8.27
Repo Instruments	-16.73
Reverse Repo Instruments	0.00
AAA	4.07
AA	9.33
A	9.06
BBB	26.50
BB	30.03
B	15.81
CCC	3.60
CC	0.00
C	0.00
D	0.00
NR	10.05

	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21
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	19.7%	25.7%	17.6%	15.9%	16.8%	14.2%	11.9%	12.0%	9.6%	14.7%	17.2%	14.9%
MENA	6.8%	2.4%	6.1%	6.2%	6.7%	6.9%	8.2%	8.6%	7.9%	2.1%	1.7%	3.4%
SSA	12.9%	13.4%	10.9%	8.0%	7.5%	9.4%	10.4%	8.6%	12.7%	0.4%	2.4%	5.3%
Asia	0.0%	0.0%	0.0%	0.5%	0.4%	0.0%	0.0%	0.6%	0.5%	0.7%	2.2%	2.5%
LATAM	6.4%	6.6%	5.6%	5.5%	6.0%	6.1%	5.9%	5.6%	5.3%	7.0%	5.9%	7.0%
Other	54.2%	51.9%	59.9%	64.0%	62.5%	63.4%	63.6%	64.7%	64.0%	75.1%	70.7%	67.0%
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 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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