

Emerging Markets Bond Fund

Information as at: 30 June 2020

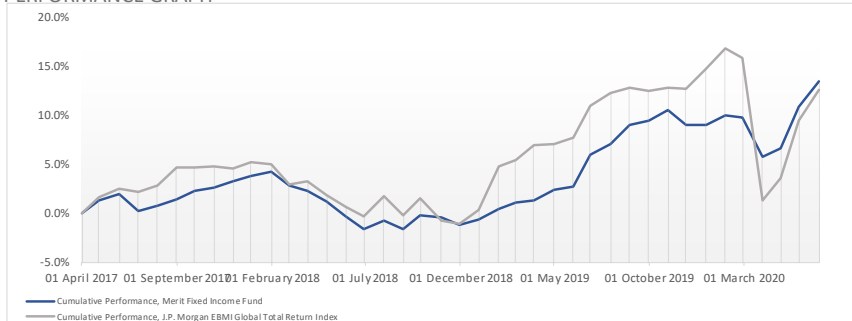
KEY FACTS

Asset Class	Fixed Income
Category	Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	\$42,937,285
A USD class, USD	\$42,937,285
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	2.33%	4.03%	13.46%
J.P. Morgan EMBI Global Total Return Index	2.91%	-3.55%	12.69%

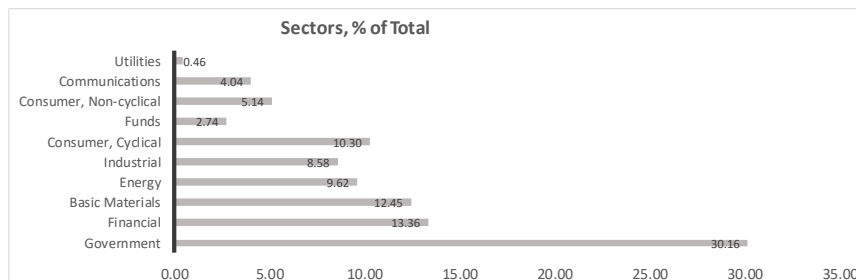
Share Class performance of 2.33% is calculated on a Net Asset Value (NAV) basis, net of fees.

Total gross performance for June 2020 is 2.42%

*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 2.33% in the month of June taking the year to date returns higher to positive 4.03% as the global economy continued reopening following the lockdown shock that was prevalent in March and April. A significant surprise that grasped global focus in the middle of June, however, was the surge of infection rates that took hold in the sun belt States, particularly in Florida, Arizona, Texas, and California. Although the latter initiated lockdown measures in line with NY State time frames, the remaining mentioned states were late to implement measures and too early to lift them which is cited as the reason as to the uncontrollable COVID19 virus spread. As a result, the profitable switch trade of value to growth i.e. in favor of recovery assets which took hold by most hedge funds beginning of the month turned sour as "W" shaped recovery fears grappled the markets. Oil continued its steady upward trend for the month of June despite at a much flatter gradient versus the month of May. The crucial OPEC+ members that comprise Saudi Arabia and Russia maintained their 9mm b/d cuts at their June 18th meeting but demanded that the non-abiding members such as Iraq, Nigeria, Angola, Kazakhstan amongst others would also comply. Consequently, commodity linked positions of the fund continued to perform. On the European front the next hurdle to watch closely is the agreement of the EU Recovery fund that will look to finalize on the proportionality and size of the grant to loan ratio for the impacted countries of the Eurozone. As the market largely expects this to come through notwithstanding some push-back from the "Frugal Four", peripheral bonds which the fund holds, are expected to perform well through the summer due to the seasonality effect and the underlying buying support of the ECB. On the US front, the stimulus checks expire in August while President Trump has indicated that his administration is gearing towards delivering another package following that. This development should be another supportive trigger for risk assets in the summer months. Looking forward to the months ahead, the COVID situation should be monitored very closely. Even if the much feared lockdown measures will not be reimposed a worsening virus situation will most definitely continue to impact economic activity which will in turn affect macro indicators and lead markets lower. Moreover, the US election period could create significant volatility as "market and stimulus friendly" President Trump loses popularity.



MINIMUM INVESTMENT

Share class	
A USD	\$50,000

FUND CHARACTERISTIC

Credit Rating	BB+
Modified Duration	7.37 years
Yield to Worst	4.12%
Fixed Income	57.60%
Equity	39.27%
Cash	0.91%
Repo Instruments	-1.91%
Reverse Repo Instruments	4.14%

COMPOSITION OF THE FUND

Sectors	% of Total
Government	30.16
Financial	13.36
Basic Materials	12.45
Energy	9.62
Industrial	8.58
Consumer, Cyclical	10.30
Funds	2.74
Consumer, Non-cyclical	5.14
Communications	4.04
Utilities	0.46

Country	% of Total
United States	23.89
Russian Federation	15.17
Greece	10.49
Germany	5.91
Cyprus	5.07
Saudi Arabia	4.40
Netherlands	4.31
Nigeria	3.89
United Kingdom	3.85
Brazil	2.68
Other	17.20

Currency Break-Down

Currency	% of Total
USD	88.53
EUR	6.23
GBP	5.24

MANAGEMENT TEAM

Portfolio Manager	MeritKapital Ltd
Investment Advisor	Persella Ioannides

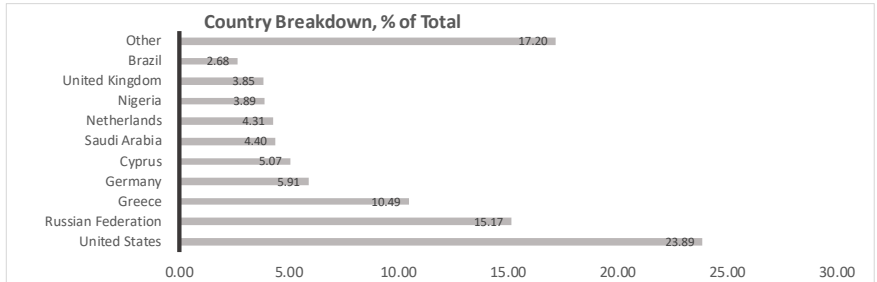
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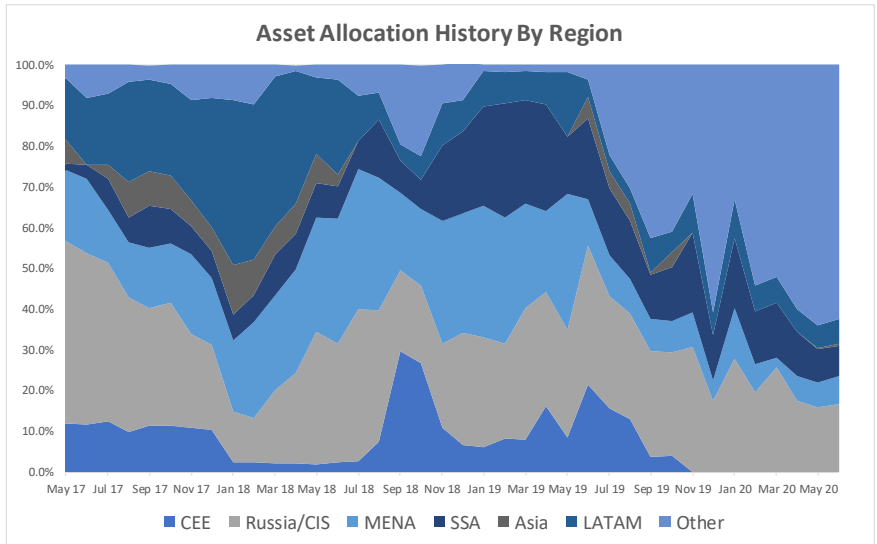
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Top 10 Holdings	% of Total
GGB 1 7/8 02/04/35	6.34
CYPRUS 1 1/4 01/21/40	5.07
T 2 3/8 05/15/29	4.65
TRUBRU 4.3 02/12/27	4.50
RDSA NA	4.31
ACCESS 10 1/2 10/19/21	3.89
BP/ LN	3.85
GGB 2 04/22/27	3.04
DD US	2.70
KSA 4 1/2 04/22/60	2.67



Duration Breakdown	% of Total
Cash	0.91
Repo Instruments	-1.91
Reverse Repo Instruments	4.14
Equity	39.27
0 - 1 years	4.15
1 - 3 years	10.59
3 - 5 years	6.41
5 - 7 years	10.51
7 - 10 years	9.78
10+ years	16.15



Rating Breakdown	% of Total
Cash	0.91
Repo Instruments	-1.91
Reverse Repo Instruments	4.14
AAA	4.65
AA	5.00
A	16.14
BBB	21.42
BB	23.73
B	19.66
CCC	1.11
CC	0.00
C	0.00
D	0.26
NR	4.88

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
CEE	15.8%	13.1%	3.8%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia/CIS	27.5%	25.9%	25.9%	25.4%	30.6%	17.5%	27.9%	19.7%	25.7%	17.6%	15.9%	16.8%
MENA	9.9%	8.5%	7.9%	7.8%	8.6%	4.9%	12.3%	6.8%	2.4%	6.1%	6.2%	6.7%
SSA	16.4%	14.4%	10.8%	13.2%	19.7%	11.3%	17.4%	12.9%	13.4%	10.9%	8.0%	7.5%
Asia	4.2%	4.1%	0.6%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.4%
LATAM	4.0%	3.8%	8.4%	4.9%	9.5%	5.6%	9.3%	6.4%	6.6%	5.6%	5.5%	6.0%
Other	22.2%	30.4%	42.6%	41.0%	31.6%	60.7%	33.1%	54.2%	51.9%	59.9%	64.0%	62.5%
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 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.