

Emerging Markets Bond Fund

information as at: 31-July-2017

KEY FACTS

Asset Class Category	Fixed Income Global Emerging Markets bond
Investment manager	MeritKapital
Total Fund Assets, USD	37,707,786
A USD class, USD	37,707,786
Inception Date	01/09/2016
Benchmark	J.P. Morgan EMBI Global Total Return Index CYF000000200
ISIN	Cyprus AIF
Fund Domicile	MERFXPT CY
Fund Type	USD
Bloomberg Ticker	0.75%
Base currency	15%
Management fee	3%
Performance fee	Monthly
Hurdle rate	
Liquidity	

MINIMUM INVESTMENT

Share class	
A USD	50,000

FUND CHARACTERISTIC

Credit Rating	BBB
Modified Duration	2.2
Yield to Worst	2.9

COMPOSITION OF THE FUND

Sectors	% of Total
Cash	28.3
Government	17.9
Financial	15.2
Basic Materials	15.0
Consumer, Non-cyclical	10.6
Energy	8.9
Communications	1.4
Utilities	1.4
Industrial	1.2

Country	% of Total
Cash	28.3
Russia	22.4
Turkey	9.3
Cyprus	8.9
Mexico	5.5
Ukraine	5.1
Brazil	4.3
SNAT	3.7
India	2.4
Azerbaijan	1.8

Currency Break-down	% of Total
USD	91.2
EUR	5.0
RUB	3.7
GBP	0.0

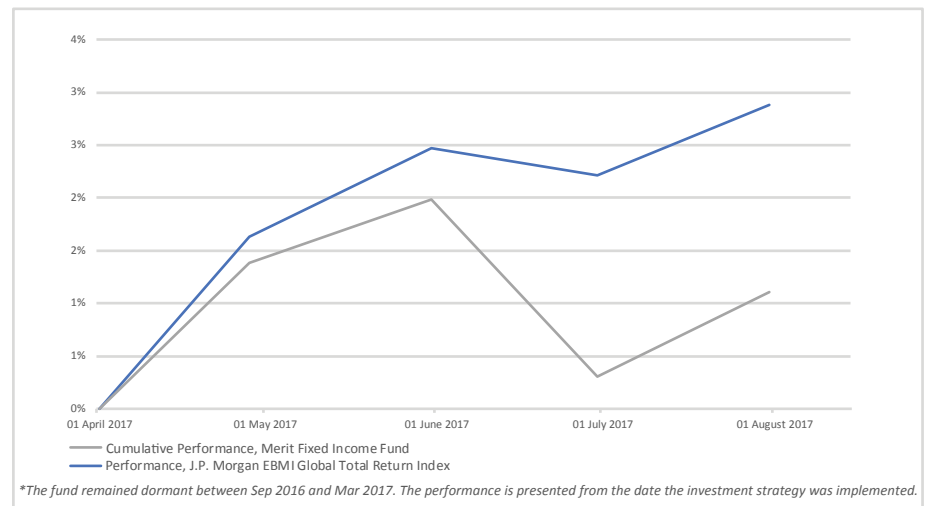
MANAGEMENT TEAM

Alexander Viner
Portfolio Manager
Persella Ioannides
Investment Advisor
Ladi Oluwo
Investment Advisor

INVESTMENT OBJECTIVE

Merit Fixed Income Fund aims to achieve attractive return through a combination of capital growth and income. The fund invests generally 90% of net assets, plus any leveraged amount utilized within the scope of investment purposes in sovereign or corporate debt securities of emerging market countries.

PERFORMANCE GRAPH*



Share Class performance displayed in USD. Benchmark performance displayed in USD.

PERFORMANCE*	MTD	YTD	SI
Merit Fixed Income Fund - A Shares USD	0.80%	1.11%	1.11%

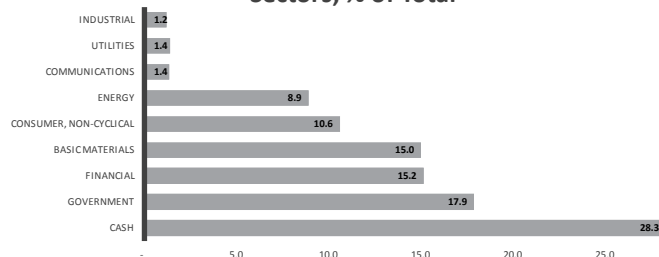
Share Class performance is calculated on a Net Asset Value (NAV) basis, net of fees.

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

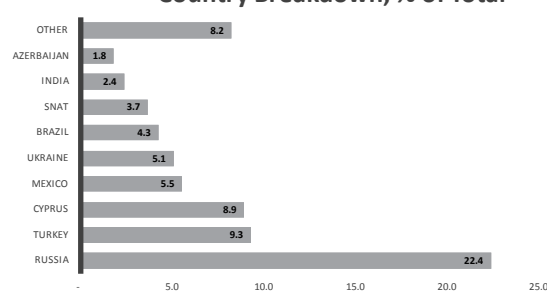
FUND COMMENTS

Fund has not changed much in its defensive positioning as at the end of July 2017 with cash allocation of 28.3% and 2.2 duration on the portfolio level. Weighted average rating of the portfolio is BBB, taking into account significant cash position. The fund has large allocation to Russia and Turkey but market risk is quite low for these countries as duration of Russia holdings is 2.3 and Turkey holdings have even shorter duration profile of 1.8 and fundamentals of invested short duration bonds in these countries are solid. Performance for the month was in line with the benchmark returns despite of defensive fund profile helped by positions in Cyprus government bonds, Mexican corporate bonds and Turkey.

Sectors, % of Total



Country Breakdown, % of Total



Emerging Markets Bond Fund

information as at: 30-June-2017

Top 10 holdings	% of Total	Duration Breakdown	% of Total	Rating Breakdown	% of Total
CYPRUS 3 ½ 07/26/23	5.39	0 - 1 yrs	48.07	Cash	28.33
MHPSA 8 ½ 04/02/20	2.91	1 - 3 yrs	16.37	BBB	14.85
CCOLAT 4 ½ 10/01/18	2.75	3 - 5 yrs	19.43	BB	37.71
CHMFRU 6.7 10/25/17	2.73	5 - 7 yrs	14.42	B	14.70
EVRAZ 5 ½ 03/20/23	2.73	7 - 10 yrs	1.71	CCC+	2.59
EUICHEM 5 ½ 12/12/17	2.70			Unrated	1.82
RSHB 5.298 12/27/17	2.70				
GMKNRM 4.1 04/11/23	2.68				
ISCTR 3 ½ 11/07/17	2.59				
CRBKMO 8 ½ PERP	2.59				

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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