



Emerging Markets Corporate Fixed Income

Objective

The investment objective of the Emerging Markets Corporate Fixed Income strategy is to achieve 1.5 to 2% over the Bloomberg Emerging Markets Corporate Bond Index over a market cycle by targeting long-only credit opportunities across global Emerging Market Corporate Bonds, Emerging and Frontier Sovereigns and Provincial Debt Markets.

“We believe having both in-house equity and debt expertise, augmented by the macroeconomic research of a classically trained economist on staff, gives us a competitive advantage in today’s investing landscape.”

Portfolio Manager
Raymond Zucaro, CFA

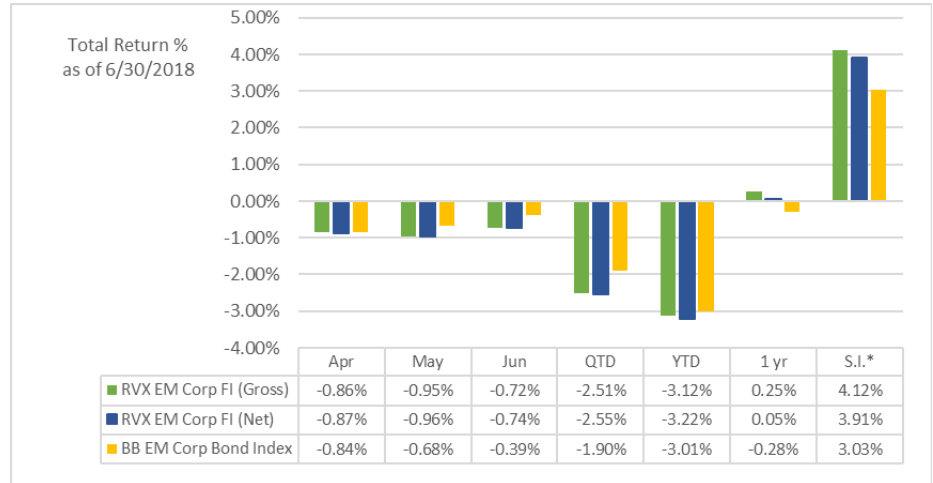
Economist/Strategist
Santiago Cuneo, CFA

Chief Risk Officer
Felix Wong

Inception Date
January 1, 2017

Strategy Profile
 Perf. Benchmark.....BB EM Corp Style.....Relative Value
 Credit Quality.....BB min. avg.
 Duration.....85 to 115% of index
 Security.....5% max
 Country.....25% max
 Sector.....20% max
 Currency.....USD only

PERFORMANCE:



SOURCE: RVX ASSET MANAGEMENT AND BLOOMBERG

1. THE PERFORMANCE REFERENCED ABOVE IS FOR THE RVX EMERGING MARKETS CORPORATE BOND HYPOTHETICAL MODEL PORTFOLIO, NOT A LIVE INVESTED PORTFOLIO. PLEASE REFER TO THE BACK PAGE FOR FURTHER VALUABLE INFORMATION REGARDING THE LIMITATIONS OF HYPOTHETICAL MODEL PERFORMANCE.
 2. NET PERFORMANCE IS NET OF HYPOTHETICAL MANAGEMENT FEES AND TRADING COSTS.

COMMENTARY:

The RVX Emerging Markets Corporate Fixed Income underperformed the second quarter and the first half of 2018 largely due to our duration positioning. Our longer than benchmark duration is based on a view that is anchored around a tame core PCE, lower interest rates globally, and a strong short treasury base ahead of an increase in expected US issuance occurring in a world where developed markets have aging populations and increased organization in their industrial production leading us to believe current rates are higher than they should be.

Our expectations for 10-year US Treasury yields to be between 2.6% to 2.9% has pushed us into an out of Consensus duration positioning which thus far has been the main performance detractor for the year.

Furthermore, intercountry issues in Argentina, Brazil, Mexico and Russia have caused weakness in those markets. Outside of Russia, which is mostly politically oriented, we feel these countries have already gone through or are close to bottoming out and create interesting entry points. We had been underweight many of the high Beta EM countries like Turkey, Mexico and Brazil while hiding in fundamentally sound positions like Russia and Peru.

Finally, our overall constructive global perspective has given us confidence to lower the overall quality of the portfolio to BB to capture those credits best positioned in a stable to improving global economic background.

Investment Process

Macro View

- The team begins with an analysis of the global macroeconomic environment, the corresponding impact on Emerging Markets, and the market's overall risk appetite.

Sovereign View

- The team's objective is to analyze credit opportunities in countries benefitting from the global macroeconomic environment, identified as those exhibiting positive rates of change in their economic, political, and social outlook.

Industry & Company View

- The team reviews an assortment of measurements to assess the credit worthiness of particular issuers within the framework of the team's sovereign perspectives and also, the issuers industry outlook.
- Each potential security is analyzed through a variety of credit and valuation metrics

Portfolio Construction & Risk Management

- The team seeks to identify potential mispricing and alpha opportunities.
- Broad Diversification across countries, sectors, and credits.
- Risk management is integrated throughout the team's investment process. A designated Chief Risk Officer monitors portfolio adherence to guidelines, overall risk levels, and portfolio composition.

Portfolio Characteristics

Coupon (average).....	6.1%
Duration (effective) (years).....	4.6
Duration (modified) (years).....	4.6
Maturity (average) (years).....	10.8
Quality (average).....	BB
Yield to maturity.....	6.6
Yield to worst.....	6.5
Holdings.....	367
Issuers.....	273
Countries.....	45
Turnover (Trailing 12-mth).....	21.0%

Contact Information

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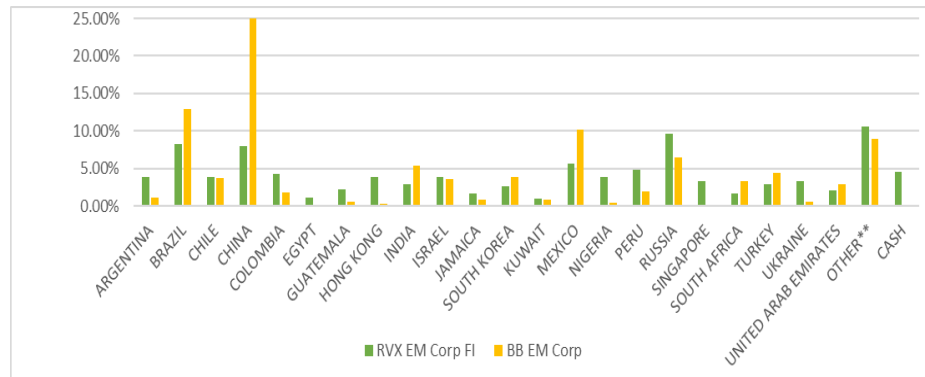
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TOP TEN HOLDINGS:

Security	Sector	Par Value	MV%	YTW	Eff Duration	Ratings
RUSSIA 11 07/24/18 REGS	Government	2,000,000	2.13%	1.9	0.07	BB+
RUSSIA 5.25 06/23/47 REGS	Government	1,200,000	1.18%	5.26	14.66	BBB-
FBNNL 8 07/23/21 REGS	Financial	1,000,000	1.04%	8.92	0.97	CCC
MEX 3.5 01/21/21 GMTN	Government	1,000,000	1.03%	3.51	2.39	BBB+
FIDBAN 10.5 10/16/22 REGS	Financial	1,000,000	1.03%	10.71	3.31	B-
TZA 8.25 08/09/24	Communications	1,000,000	1.02%	8.31	4.56	B+
MEXCAT 5.5 07/31/47 REGS	Industrial	1,000,000	0.92%	6.12	13.32	BBB+
RAILUA 9.875 09/15/21 REGS	Industrial	750,000	0.79%	9.48	1.36	CCC
ESKOM 7.125 02/11/25 REGS	Utilities	750,000	0.75%	8.2	5.01	CCC+
CARINC 6 02/11/21	Consumer, Non-cyclical	750,000	0.74%	10.33	2.29	BB-

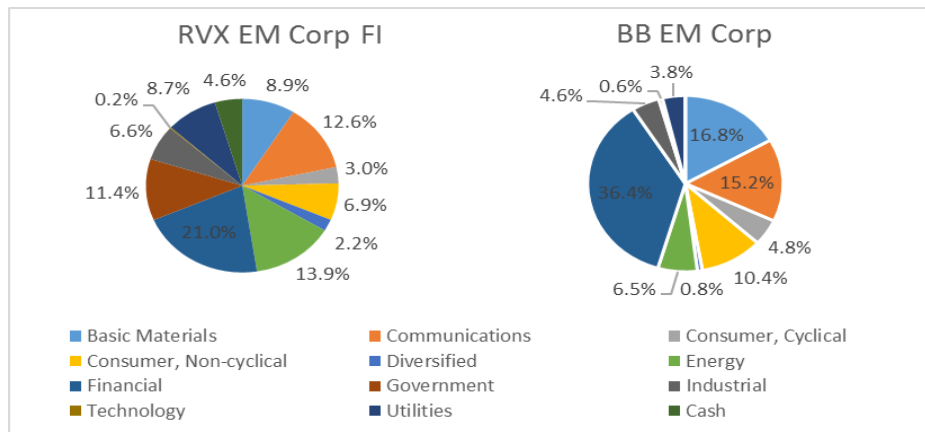
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

COUNTRY WEIGHTINGS:



SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

SECTOR WEIGHTINGS:



SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

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THE HYPOTHETICAL MODEL PERFORMANCE SHOWN HEREIN IS BASED ON SIMULATED OR HYPOTHETICAL TRADES MADE BY RVX FOR HYPOTHETICAL MODEL EMERGING MARKETS CORPORATE FIXED INCOME PORTFOLIOS CONTAINING INVESTMENTS OF THE TYPE RVX GENERALLY EXPECTS TO PURCHASE FOR ACCOUNTS UTILIZING EMERGING MARKETS CORPORATE FIXED INCOME STRATEGIES (ALTHOUGH THERE MAY BE POTENTIALLY SIGNIFICANT DIFFERENCES WHICH MAY AFFECT PERFORMANCE). THE ASSETS WHICH FORMED THE BASIS FOR THE HYPOTHETICAL PERFORMANCE WERE INVESTED IN A STYLE CURRENTLY EXPECTED TO BE SO SIMILAR TO A REAL PORTFOLIO UTILIZING RVX'S EMERGING MARKETS CORPORATE FIXED INCOME STRATEGIES THAT RVX BELIEVES THIS INFORMATION TO BE RELEVANT TO PROSPECTIVE CLIENTS. HOWEVER, THERE ARE CERTAIN MATERIAL INHERENT LIMITATIONS ON DATA DERIVED FROM THE APPLICATION OF THE EXPECTED EXPOSURE OF A CLIENT ACCOUNT TO A HYPOTHETICAL MODEL PORTFOLIO THAT, ALTHOUGH INVESTED SIMILARLY, IS NOT THAT OF A CLIENT ACCOUNT AND THERE ARE MANY REASONS WHY ACTUAL RESULTS MAY DIFFER. ONE OF THE LIMITATIONS IS THAT HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL AND TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING STRATEGY WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. FURTHERMORE, HYPOTHETICAL MODEL RESULTS MAY NOT REFLECT THE CORRECT IMPACT, IF ANY, THAT CERTAIN MARKET OR ECONOMIC FACTORS MIGHT HAVE HAD ON RVX'S DECISION MAKING IF RVX WERE ACTUALLY MANAGING A CLIENT'S MONEY. NO HYPOTHETICAL MODEL PERFORMANCE IS A GUARANTEE OF FUTURE RESULTS, AND NO REPRESENTATION IS BEING MADE THAT ANY FUND OR ACCOUNT OF RVX WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN OR DESCRIBED HEREIN. BEAR IN MIND THAT IF HYPOTHETICAL MODEL PERFORMANCE RESULTS WERE FOR A CLIENT'S ACTUAL PORTFOLIO, RVX'S ADVISORY FEES AND FUND TRADING COSTS WOULD DECREASE SUCH RETURNS. RVX'S INVESTMENT ADVISORY FEES ARE DESCRIBED IN THEIR FORM ADV, PART 2A. THE HYPOTHETICAL NET RETURNS SHOWN IN THIS PRESENTATION ASSUME A 0.25% ADVISORY FEE. ACTUALLY COSTS MAY VARY DEPENDING ON ACCOUNT SIZE AND MARKET ENVIRONMENT.

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