Q1 | 2024

Emerging Markets Debt

Objective

The Emerging Markets Corporate Fixed Income strategy objective is to outperform the JP Morgan CEMBI Broad Diversified Index over the long term by targeting long-only credit opportunities across global Emerging Market Corporate Bonds, Emerging and Frontier Sovereigns and Provincial Debt Markets. By utilizing an active, top-down, fundamental, relative value approach to evaluate countries, sectors and companies RVX believes it can exploit the opportunities created by the positive fundamental change occurring in emerging markets around the globe.

Investment Team

Raymond Zucaro, CFA
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Economist/Strategist

Santiago Cuneo, CFA

Director of Fixed Income Operations

Felix Wong

Composite Inception Date

January 1, 2020

Strategy Profile

Benchmark… JPM CEMBI Brd Div Index
Style……………………………. Relative Value
Credit Quality…………. Ba2/BB min. avg.
Duration…………….. 85 to 115% of index
Security………………………………... 5% max
Country………………………………. 25% max
Industry………………………………. 30% max
Currency……………………………… USD only

PERFORMANCE:

RVX Emerging Markets Debt					
Total Return %					
as of 03/31/2024	QTD	YTD	1 yr	3 yr*	S.I.*
RVX EM Corp FI (Gross)	2.66%	2.66%	9.89%	0.34%	1.72%
RVX EM Corp FI (Net)	2.56%	2.56%	9.38%	-0.15%	1.22%
JPM CEMBI BD	2.32%	2.32%	9.17%	-0.13%	1.35%
Morningstar EM Corp Bond[3]	1.43%	1.43%	7.30%	-2.50%	-0.44%

* *Source: RVX Asset Mgmt, JPM CEMBI Br Div Index, and Morningstar EM Corp Bond Index Returns 1+ Years are Annualized, Inception Date: 1/1/2020*

* The performance data quoted represents past performance; Past performance does not guarantee future results

* Specific investments described herein do not represent all investment decisions made by RVX. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future. Please see DISCLOSURE at bottom of page 2 for further details.

COMMENTARY:

During the first quarter of 2024, the RVX Fixed Income Long Only Strategy outperformed the JPM CEMBI index by 34 bps for an aggregate return of 2.66 % to bring the year-to-date performance of 2.66%.

When dissecting performance from a country perspective, the largest contributors for the month were Argentina, Mexico, and Macau. In the headline-driven world of Emerging Markets, countries like Argentina are often placed in buckets where investors may overlook them (currently reminiscent of where we perceive China to be, but more on that in the detractors...). We are reminded of the cliché: there are no bad assets, just bad prices. Last year, we exchanged higher-priced corporate debt for (much) lower-priced sovereign debt during 2023. This serves as an illustrative example of what we believe RVX's "Edge" is: our ability to comprehend the macro top-down in a country and credit bottom-up. Argentina serves as an excellent example of our top-down analytical capabilities. Mexico, which is gearing up for presidential elections later this year, continues its path to becoming more integrated into the USMCA and is benefiting from "reshoring," predominantly from Asia but also notably from Europe, as energy costs have now risen meaningfully. Macau has been roaring back strong, see our comments below specifically on Macau but during the quarter we saw strong returns as cash flow has come back so strong that we are actively seeing credits term out debt, pay down credit lines and have seen upgrades. We continue to see Macau as very attractively priced and have recently added to our positioning post our trip.

On the flip side, the largest detractors to performance were China, Zambia, and Singapore. The property sector in China continues to drag down overall country performance, overshadowing the non-property sectors, which have actually performed well year-to-date. We will delve deeper into China shortly, but uncertainty and low consumer spending persistently weigh on the property sector, despite expanded government accommodation measures. We have no exposure to Zambia and the benchmark's performance was driven by the announced restructuring of a copper company. We do not have exposure to the credit as the restructuring process has been in the works for a long time and furthermore, we are sanguine on copper prices as we have seen large supply from Latin America and Australia meet current demand. Our final country of underperformance comes from Singapore, our last remaining exposure to Singapore matured during the quarter and we have yet to find risk that is attractively priced to replace it.

We recently traveled to Asia, visiting Beijing, Shanghai, Macau, and Hong Kong, and we'd like to share some of our thoughts. As we've mentioned before, many have placed China on a "no-fly list," and it feels like we've been swimming against the current by maintaining our investments in Chinese assets. We hadn't been in the region since 2017, and with the impact of Covid and political tensions, our visit was long overdue. Frankly, our findings were in line with our expectations and, in fact, only served to reinforce our views.

Let's start with the macro perspective: the Chinese government imposed a brutal lockdown. Many retail establishments, including stores and restaurants, were closed, and we observed them only just beginning to reopen. Unlike developed markets, the government did not implement extensive financial aid measures (of helicopter money); instead, we heard stories of one-off distributions of basic food items like potatoes and vegetables. One particularly striking story involved a family where the husband, who works in IT, was reportedly forced to live in his office for six consecutive months, forbidden from visiting his wife or daughter. While we cannot independently verify this account, we encountered similar stories from multiple sources.

Many individuals who were not salaried employees were compelled to deplete their savings and take on debt to sustain themselves. We believe that this ongoing period of replenishment is contributing to a slower recovery in consumer spending. An interesting observation we made pertains to the impact of Covid on international travel: just as we had seen recoveries in other markets close the to United States for tourism, such as the Bahamas, Mexico, and the Caribbean. We noticed an influx of Chinese tourists, from smaller cities, to Beijing, Shanghai, Macau, and Hong Kong. However, we were informed that very few foreign tourists have returned thus far.

Overall, we were pleasantly surprised by the level of activity we witnessed, particularly noting the strong resurgence in Macau. During our visit to several gaming halls, we observed a 60% table occupancy rate at 11 a.m. on a Tuesday. Lastly, a noteworthy anecdote about Macau: during our previous visit, we took the ferry from Hong Kong, but this time, we utilized the new 20-plus-mile bridge to reach Macau and took the ferry back. Surprisingly, the bus ride took the same amount of time, cost half as much as the ferry, and offered a smoother journey, especially given the choppy weather during our return trip.

The primary markets have remained resilient throughout the year, demonstrating notable strength across all regions. We've observed intriguing placements from diverse geographic areas, which we've leveraged as we continue to witness vigorous activity. Companies are actively engaging in tender offers and redeeming outstanding issues to extend their maturity schedules. Furthermore, in March, we strategically augmented our portfolio with an investment in an oil and gas entity from Colombia. Given their recent placement, we perceive them as a potential target for mergers and acquisitions.

Currently, portfolio quality is at BB+, versus the benchmark BBB-. While the portfolio duration is at 4.39 versus the benchmark's 4.45. However, we have been trying to make larger reductions in our duration by swapping maturities of the same issuers but have been finding sellers of 2-5 year paper hard to come by. Our view on duration positing continues to bit torn here, we have been observing inflation be more stubborn than many participants had expected but at the same time we observe underlying economic sluggishness plus political pressures which could lead to an adjustment to lower short term rates.

<u>*Investment Process*</u>

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.*

<u>*Portfolio Characteristics*</u>

Average Coupon……………………	*5.59%*
Yield to Maturity……………………	*7.65%*
Yield to Worst…………………………	*7.60%*
Avg. Maturity…………………………	*11.94*
Effective Duration……………………	*4.39*
Average Quality………………………	*BB+*
Number of Holdings…………………	*186*
Number of Issuers……………………	*155*
Portfolio Turnover (TTM)………	*13.81%*

<u>*Contact Information*</u>

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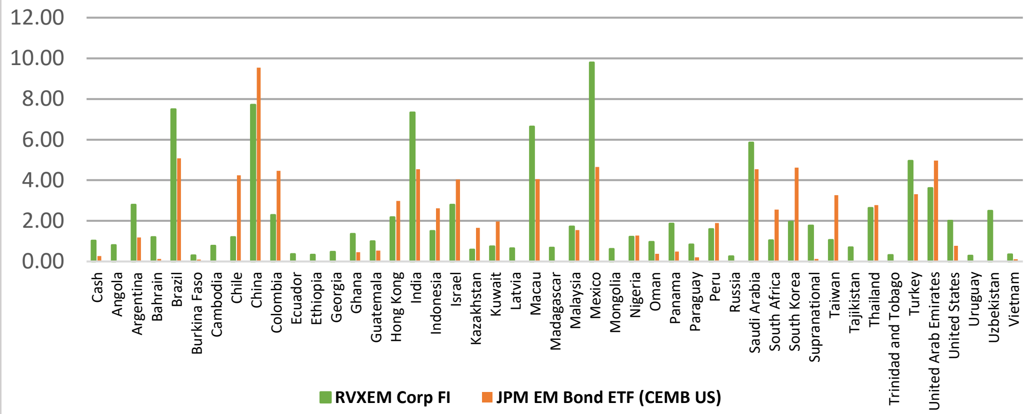
The Top Ten Holdings were selected based on objective, nonperformance-based criteria and the criteria used is applied consistently from period to period. Fund holdings and allocations are subject to change and should not be considered a recommendation to buy or sell a security

TOP TEN HOLDINGS:

Security	MV%	Sector	Country	Eff. Dur	YTW	Rating
ARAMCO 2 1/4 11/24/30	4.48%	Energy	SAUDI ARABIA	5.93	5.08	A+
MEXCAT 5 1/2 07/31/47	4.24%	Industrial	MEXICO	11.95	6.85	BBB-
SAMMIN 9 1/2 06/30/31	2.22%	Basic Materials	BRAZIL	2.74	11.41	B-
ADSEZ 4 3/8 07/03/29	2.07%	Consumer, Non-cyclical	INDIA	4.49	6.89	BBB-
BABA 4 12/06/37	1.89%	Communications	CHINA	9.93	5.35	A+
ARGENT 3 5/8 07/09/35	1.82%	Government	ARGENTINA	5.87	15.76	CCC
ADSEZ 3.1 02/02/31	1.47%	Consumer, Non-cyclical	INDIA	5.86	6.89	BBB-
STCITY 5 01/15/29	1.36%	Consumer, Cyclical	MACAU	4.05	8.06	B+
T 4 1/8 08/15/53	1.33%	Government	UNITED STATES	16.38	4.35	AAA
WESODA 9 1/2 10/06/28	1.32%	Basic Materials	TURKEY	2.74	8.30	BB-
	22.20%					

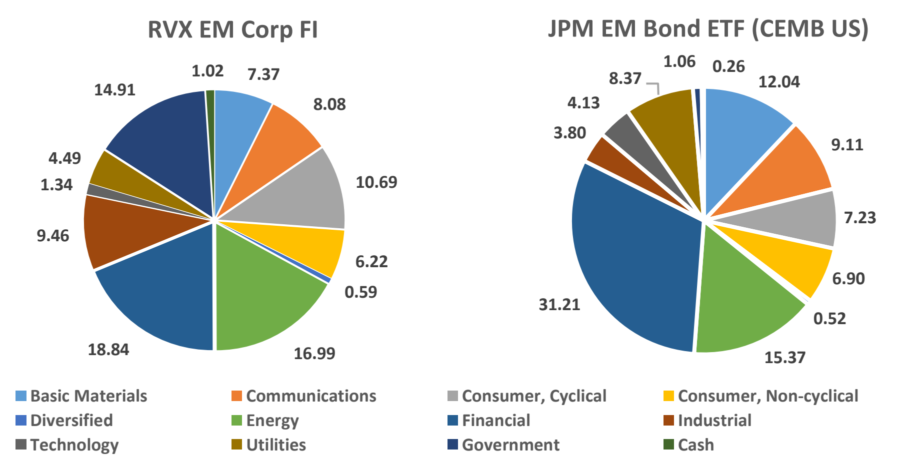
Source: RVX Asset Management Representative Account

COUNTRY WEIGHTINGS:



**Source: RVX Asset Management Representative Account and *JPM EM Bond ETF (CEMB US) used as a proxy for the JPM CEMBI Brd Div*

SECTOR WEIGHTINGS:



ETF (CEMB US) used as a proxy for the JPM CEMBI Brd Div

<u>*DISCLOSURES:*</u>

1. RVX Asset Management, LLC ("RVX" or the "Firm") claims compliance with the Global Investment Performance Standards ("GIPS"®), and has prepared and presented this report in compliance with the GIPS standards. RVX has been independently verified for the periods 1 November 2018 to 31 December 2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards.
2. RVX is an investment advisor registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. The Firm was founded in 2015, and initially registered with the SEC in 2016. RVX provides asset management services to institutions and other investment advisors (excluding pooled funds as a distinct business). The Firm invests client assets ("Accounts") primarily in emerging and frontier market equities, government and corporate debt, and currencies which are allocated among asset classes based on the client's risk and return requirements. RVX is an independent investment management firm that is not affiliated with any parent organization.
3. The Morningstar Emerging Markets Composite Bond index measures the performance of USD denominated, fixed-rate, investment-grade and high-yield sovereign and corporate bonds issued by emerging market entities. It is market-capitalization weighted with capping constraints.
4. The RVX Emerging Markets Corporate Debt Composite ("EMCorp Composite") consists of fully discretionary Accounts invested in its related investment strategy ("Strategy"). Accounts consist primarily of emerging market corporate bonds across a variety of durations and credit qualities. The aspirational target of the Strategy is to outperform the index 1.5 to 2% annualized over a market cycle by targeting credit opportunities across global emerging market corporate bonds, and emerging and frontier sovereign and provincial debt markets. Key material risks include the risks that bond prices will decline, foreign currency prices will decline, available liquidity will decline, rule of law will decline, and the composite will underperform its benchmark. There is no guarantee such investment will be achieved.
5. The composite was created in January 2022, and the inception date is 1 January 2020.
6. The benchmark is the J.P. Morgan CEMBI (Corporate Emerging Markets Bond Index) Broad Diversified Index, which tracks the performance of U.S. dollar-denominated bonds issued by emerging market corporate entities. *JPM EM Bond ETF (CEMB US) is used as a proxy for comparaison purposes due to relative availability of data.*
7. Returns presented are time-weighted returns. Valuations are computed and performance is reported in U.S. dollars.
8. Gross-of-fee returns are presented before management and custodial fees, but after all trading expenses. Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Net-of-fee returns are calculated by deducting a monthly model management fee of 0.0417%, 1/12th of the highest annual management fee of 0.50%, from the monthly gross-of-fee composite return. The management fee schedule for Accounts is as follows: 0.40% on the first $50 million; 0.30% on the subsequent $50 million; 0.25% thereafter.