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
Mauricio Kiblisky

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 06/30/2024	QTD	YTD	1 yr	3 yr*	S.I.*
RVX EM Corp FI (Gross)	1.88%	4.60%	10.33%	0.12%	2.05%
RVX EM Corp FI (Net)	1.78%	4.39%	9.84%	-0.37%	1.55%
JPM CEMBI BD	1.50%	3.85%	9.31%	-0.32%	1.61%
Morningstar EM Corp Bond[3]	1.38%	2.82%	8.01%	-2.70%	-0.12%

* *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 Second Quarter of 2024, the RVX Fixed Income Long Only Strategy **outperformed** the JPM CEMBI index by **50 bps** for a quarterly aggregate return of **1.91%** and the year-to-date performance of **4.63%.** During the second quarter the JP Morgan CEBMI index retuned **1.50%** and a year-to-date performance of **3.85%. D**uring the second quarter of 2024 the AGG ETF, which is a proxy for the US Aggregate bond index, and the HYG ETF, which is a proxy for the iBoxx High Yield Corporate Index, returned **0.02%** and **0.73%** respectively, furthermore those two ETFs Year-to-date performances are **-0.70%** and **2.26%** respectively.

When dissecting performance from a country perspective, the largest contributors for the quarter were China, Peru, and Brazil. It is gratifying to see China in the winner's circle of quarterly outperformance. As we have been emphasizing for months, the Central Government is actively addressing the significant slowdown in the domestic economy, with a particular focus on the property sector. Current discussions involve local governments, supported by the Central Government, purchasing existing inventories of housing projects that are underway or completed. This would be an important move for several reasons: it would provide much-needed liquidity to the building sector, and it would create the perception of a floor in home prices. Expectations of continued price declines have caused many potential buyers to hesitate, as the negative feedback loop—future prices falling below current prices—discourages home purchases. As we have mentioned in previous communications, we still believe there is a structural shortage of housing in China. In fact, a large and well-known Asia-focused bank recently released a research report forecasting an inventory shortage in the coming years. Peru performed well this quarter, with our holding in Volcan Mining driving the performance. This was a "bottom-up" credit call, which we will discuss in more detail later when we cover the "Venn diagram" in regard to Emerging Markets. During the quarter, the company made significant progress in terming out its capital markets debt. We were comfortable with the company's operating metrics and stated asset sales, which we felt the market was excessively discounting. Brazil also did well in the quarter, again due to a "bottom-up" credit call. Performance was largely driven by our holdings in Samarco Mineração, the Brazilian iron ore producer. We first entered this credit when it was a nonperforming bond, having done the bottom-up credit work and, most importantly, understanding the ring-fencing of legal liabilities. We felt the market was not correctly pricing the risk. Since we entered the position, the bond started accruing interest again, became rated by both Moody's and Fitch, and was even recommended as an overweight position by JP Morgan in the past quarter. If we had only followed the index, our shareholders would not have benefited as they have.

On the flip side, the largest detractors to performance in the quarter were Singapore, Chile, and the United States. Both Singapore and Chile underperformed in the quarter entirely due to our large underweights in both countries. In Singapore's case, our last holding matured during the quarter. We have not been able to find interesting opportunities at current levels in either country and prefer to focus investments in areas where we see a better risk/reward balance. The underperformance in the United States is entirely due to our holdings of US Treasury bonds, which were weaker in the quarter as benchmark US 10-year rates widened by almost 20 basis points and frankly why the Aggregate bond index did poorly over the quarter. We remain of the view that inflation data has consistently surpassed market expectations. Our perspective is that interest rates will likely remain elevated for an extended period, and the possibility of political influences affecting a potential reduction in Fed Funds rates cannot be discounted.

As we get closer to the US elections in November, we are concerned about a rise in geopolitical risks. Currently, there are many global hotspots with unresolved conflicts in Eastern Europe, the Middle East, and increasing tensions in Asia. China continues to be "under-owned" by traditional EM investors as well as "cross-over" investors. Our view is that post-US elections, discount rates based on tariffs (even 100% tariffs) and trade wars can be included in discount rate models. However, the current prospect of a hot war cannot be accurately calculated, leading many investors to exclude China as an area of focus. We believe that assets in China are fundamentally too cheap to ignore at current valuations. With nearly three decades of experience in EM, we have the expertise to assess the risk/reward and envision materially higher prices in the future.

We started including the performance for US Aggregate bond index ETF as well as an ETF that is a proxy for the iBoxx High Yield index. We feel it is helpful to differentiate Emerging Market fixed income from other fixed income strategies. We are reminded of the cliché about comparing apples to oranges. While all three fixed income strategies pay interest and the underlying bonds have set maturities, they are, in fact, very unique asset classes with different durations, different ratings and most importantly, different drivers of performance. We highlight this point as we have had recent conversations with investors where they expressed an interest to allow their Aggregate fixed income managers more degrees of freedom to "dabble" in Emerging Markets. While on the surface this sounds like a way to reduce the number of managers in one's portfolio, we believe that this move would actually add more risk than reward to one's overall fixed income allocation.

For those of us who have had health scares, we have sought out professionals who are specialized in what ails us. Similarly, those who have heard us present, we often discuss how Emerging Markets fixed income reminds us of our high school math class lesson on Venn Diagrams. Unlike US Aggregate or even US HY investing, Emerging Markets has many more "inputs" if you will. Our view is that is actually a benefit to EM, that not all countries are on the same economic cycles! Understanding the unique top-down dynamics of each country we invest in is like the first circle in the Venn diagram**.** The second circle is understanding what drives the individual performance of a bond in a particular portfolio. Again, our nearly three decades of experience in Emerging Markets help us understand the power of security selection where those two circles overlap--something that a "cross-over" investor may not fully understand. Many markets, especially fixed income, have experienced profound changes since 2007/2008, when the introduction of quantitative easing significantly impacted performance across many asset classes. With current debt levels at rarely seen heights in developed markets, we believe the bottom-up aspect of fixed income investing will become a much more important driver of future performance. This is especially relevant as we look forward to a multi-polar world where the weaponization of the US Dollar and the consequences of staggering debt levels become more apparent. Currently, portfolio quality is at BB, versus the benchmark BBB-. While the portfolio duration is at 4.13 versus the benchmark's 4.47. We continue to see companies tendering and calling outstanding issues at a very robust pace. This is causing us to have higher than normal cash levels, which frankly we are comfortable with now given the potential volatile period from here to year-end.

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

Average Coupon	5.69%
Yield to Maturity	8.23%
Yield to Worst	8.18%
Avg. Maturity	10.78
Effective Duration	4.13
Average Quality	BB
Number of Holdings	187
Number of Issuers	161
Portfolio Turnover (TTM)	14.02%

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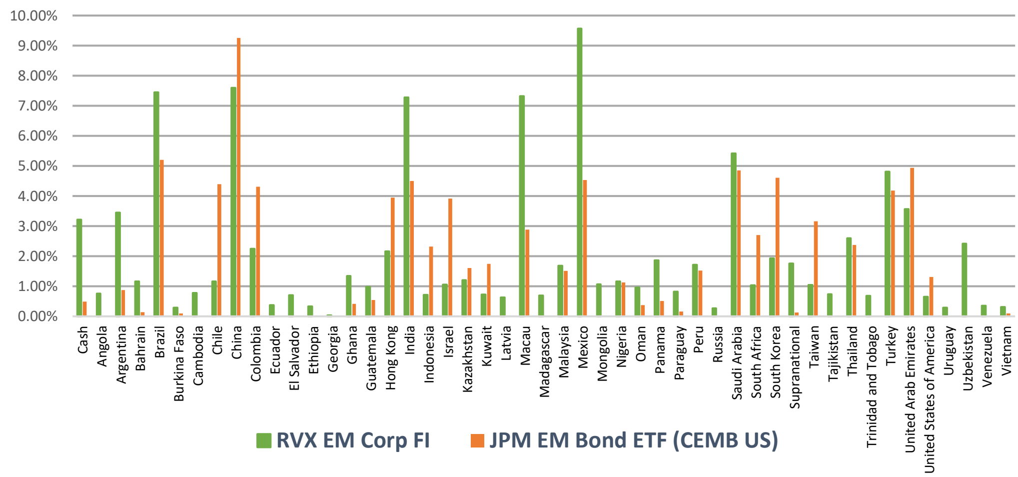
The Top Ten Holdings were selected based on objective, nonperformance-based criteria and the criteria used is applied consistently from period to period. Fund holdings and allocations are subject to change and should not be considered a recommendation to buy or sell a security

TOP TEN HOLDINGS:

Security	MV%	Sector	Country	Eff. Dur	YTW	Rating
ARAMCO 2 1/4 11/24/30	4.37%	Energy	Saudi Arabia	5.76	5.18	A+
MEXCAT 5 1/2 07/31/47	4.15%	Industrial	Mexico	11.66	7.01	BBB-
ARGENT 3 5/8 07/09/35	2.49%	Government	Argentina	5.52	15.92	CCC
SAMMIN 9 06/30/31	2.29%	Basic Materials	Brazil	2.05	10.50	B-
ADSEZ 4 3/8 07/03/29	2.06%	Consumer, Non-cyclical	India	4.25	6.90	BBB-
BABA 4 12/06/37	1.79%	Communications	China	9.94	5.63	A+
ADSEZ 3.1 02/02/31	1.46%	Consumer, Non-cyclical	India	5.62	7.02	BBB-
STCITY 5 01/15/29	1.36%	Consumer, Cyclical	Macau	3.81	8.21	B+
PEMEX 6.35 02/12/48	1.27%	Energy	Mexico	9.12	10.53	B-
WESODA 9 1/2 10/06/28	1.25%	Basic Materials	Turkey	2.72	8.67	BB-
	22.48%					

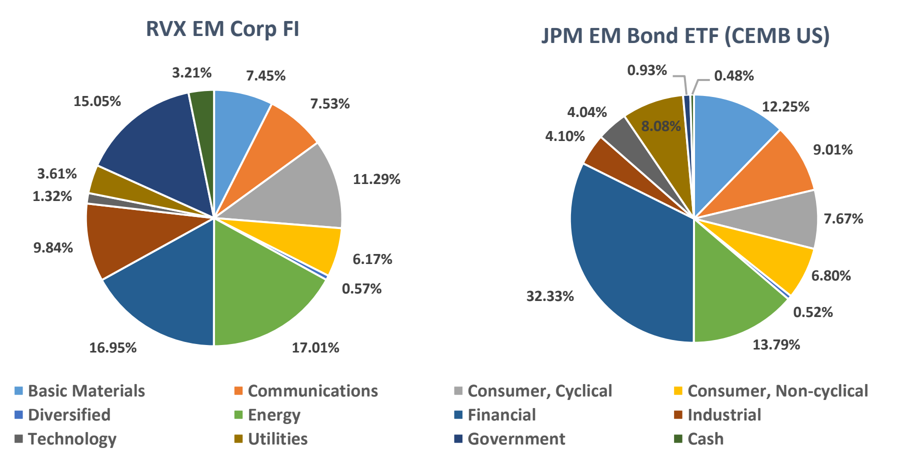
Source: RVX Asset Management Representative Account

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:



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

DISCLOSURES:

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 2023. 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.