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Emerging Markets Debt

Objective

The Emerging Markets Corporate Fixed Income strategy objective is to outperform the iShares JPM EM Corporate Bond ETF 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

Director of Fixed Income Operations

Felix Wong

Composite Inception Date

January 1, 2020

Strategy Profile

Benchmark… iShares JPM EM Corp Bond ETF
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 6/30/2025	QTD	YTD	1 yr	3 yr*	5 yr*	S.I.*
RVX EM Corp FI (Gross)	2.03%	4.80%	10.94%	9.74%	4.51%	3.61%
RVX EM Corp FI (Net)	1.93%	4.60%	10.50%	9.26%	4.02%	3.12%
iShares JPM EM Corp Bond ETF	1.55%	3.95%	7.30%	6.81%	2.28%	2.01%
Morningstar EM Corp Bond	1.74%	4.45%	7.86%	6.66%	1.32%	1.29%

* *Source: RVX Asset Mgmt, iShares JPM EM Corp Bond ETF, 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

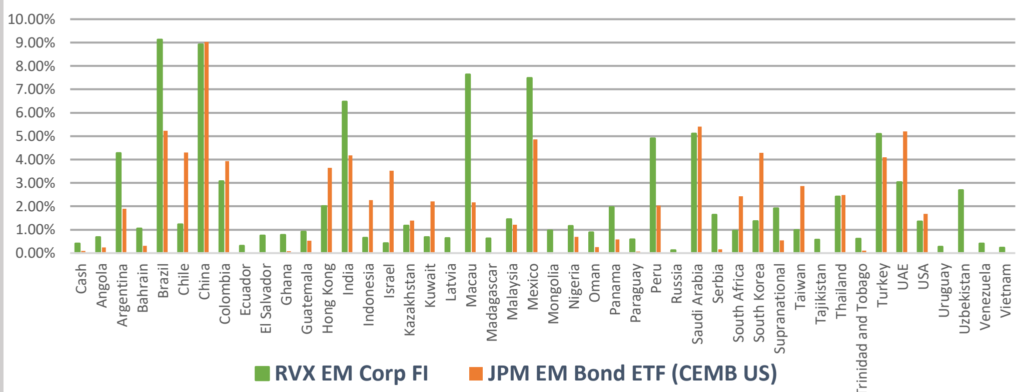
* Specific investments described herein do not represent all investment decisions made by RVX. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future. Please see DISCLOSURE at bottom of page 4 for further details.

TOP TEN HOLDINGS:

Security	MV%	Sector	Country	Eff. Dur	YTW	Rating
ARAMCO 2 1/4 11/24/30	4.16%	Energy	Saudi Arabia	4.98	4.64	A+
MEXCAT 5 1/2 07/31/47	3.72%	Industrial	Mexico	12.30	7.10	BBB-
VOLCAN 8 3/4 01/24/30	3.57%	Basic Materials	Peru	3.16	8.93	B-
SAMMIN 9 1/2 06/30/31	2.39%	Basic Materials	Brazil	0.61	9.64	B-
MCBRAC 7 1/4 06/30/31	2.27%	Energy	Brazil	3.89	12.32	B+
ADSEZ 4 3/8 07/03/29	1.96%	Consumer, Non-cyclical	India	3.52	6.01	BBB-
BABA 4 12/06/37	1.68%	Communications	China	9.57	5.31	A
SERBIA 6 06/12/34	1.64%	Government	Serbia	6.90	5.88	BB
ADSEZ 3.1 02/02/31	1.40%	Consumer, Non-cyclical	India	4.91	6.42	BBB-
MPEL 7 5/8 04/17/32	1.39%	Consumer, Cyclical	Macau	4.14	7.31	BB-
	24.17%					

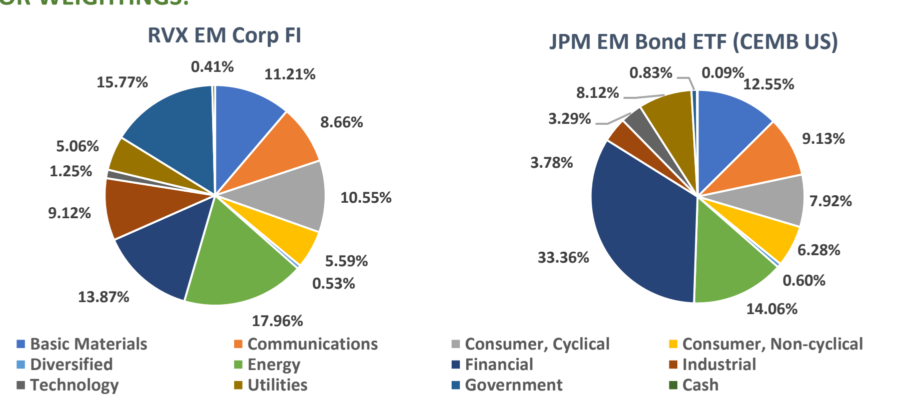
The Top Ten Holdings were selected based on objective, nonperformance-based criteria and the criteria used is applied consistently from period to period. Fund holdings and allocations are subject to change and should not be considered a recommendation to buy or sell a security. Source: RVX Asset Management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

COUNTRY WEIGHTINGS:



*Source: RVX Asset Management Representative Account and

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

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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	*6.02%*
Yield to Maturity	*7.61%*
Yield to Worst	*7.18%*
Avg. Maturity	*10.13*
Effective Duration	*3.79*
Average Quality	*BB*
Number of Holdings	*187*
Number of Issuers	*158*
Portfolio Turnover (TTM)	*9.45%*

COMMENTARY:

2Q 2025 Commentary

During the month of June 2025, the RVX Fixed Income Long Only Strategy **outperformed** the iShares JPM CEMB ETF by **30bps** for a monthly gross return of **1.81%**.

For the Second Quarter of 2025, the RVX Fixed Income Long Only Strategy **outperformed** the iShares JPM CEMB ETF index by **49bps** for a gross return of **2.03%**.

For Year-to-date 2025, the RVX Fixed Income Long Only Strategy **outperformed** iShares JPM CEMB ETF by **84bps** for a gross return of **4.81%**.

For the 3-year-period ending June 2025, the RVX Fixed Income Long Only Strategy **outperformed** the iShares JPM CEMB ETF by **1029 bps** for a three-year gross return of **32.18%.**

For the 5-year-period ending June 2025, the RVX Fixed Income Long Only Strategy **outperformed** the iShares JPM CEMB ETF by **1275 bps** for a five-year gross return of **24.67%.**

And finally, since the 12/31/2019 inception date, the RVX Fixed Income Long Only Strategy **outperformed** the iShares JPM CEMB ETF by **994 bps** for a since-inception gross return of **21.54%.**

During the month 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 **1.46%** and **1.84%,** respectively.

The Dollar's Throne: Why It's Wobbling and Where to Skate Next
We often get asked about the US Dollar. Strong Dollar, weak Dollar or even if the Dollar will be the reserve currency. The problem is, when judging the value of the Dollar, the market looks to the DXY index. When looking at the DXY it is a trade weighted index comprised of the following: Euro (57.60%), Japanese Yen (13.60%), Canadian Dollar (9.10%), Swedish Krona (4.2%) and Swiss Franc (3.6%)- a block with a weighted average Debt/GDP of 115x. Not exactly a who's who of booming economies.
It reminds us of the scene from the 1982 movie, *An Officer and a Gentleman*, where a hard-nosed drill sergeant played by Louis Gossett Jr tries to get Richard Gere to quit Aviation Officer Candidate School. The famous quote being, "*I got nowhere else to go!*" . That is how we view the Dollar; that for now, you got nowhere else to go; nobody else has the global trust or liquidity to take the throne.

As we have said in our past few write-ups our sanguine view of the Euro Zone has not played out but as we laid out, we see a large rise in debt levels to fuel the tools of a long-term new cold war (hopefully not hot), not beneficial in the long run.

Washington's Quiet Plan: A Weaker Dollar
Do as we say, not as we do! So, what is our view on the US Dollar? Despite the "strong Dollar" rhetoric from D.C., we see a different playbook unfolding.

So, while many in Washington, D.C. will say they favor a strong Dollar, our view is given the hyper focus on deficits and drive to reinvigorate domestic manufacturing. That the real policy of Washington is to have a weaker Dollar going forward. For those who would like to read some interesting perspectives on this, we refer you to a book written by Robert Triffin in 1961 called *Gold and the Dollar Crisis: the Future of Convertibility* where the term Triffin Dilemma comes from. In the book he discusses the dilemma of being the World's reserve currency. The almost constant trade deficit required to fund global trade, which overtime can lead to inflation and debt crises. This book was written nearly a decade before the US broke the linkage to Gold and helps explain run up to the 1985 Plaza Accord and what many are speculating today, loosely referred to as a Mar-a-Lago accord which will see a weaker US Dollar.

Emerging Markets: The Bright Spot

So, let's bring this conversation back to Emerging Markets. What happens when the US Dollar is weaker. Well countries and companies that OWE US Dollars will, all things being equal will find repayment of US Dollar obligations easier. And on the equity side, local currency earnings, when translated back into Dollars, again all things being equal, will look stronger.
This environment lends itself to non-US investments and we have been modeling our local currency portfolio model to take into account the rise of the BRICs, and while we do not think that in the short term anything will replace the US Dollar, as the famous Hockey player Wayne Gretzky said: "skate to where the puck is going to be, not where it has been. " And having Emerging Market exposure in one's portfolio makes sense.

June's Geopolitical Chaos
Global hot potato. June, what a month! Do you recall our use of the term flooding the zone? Well, June felt like the dam broke! Tariffs, Big Beautiful Bill (BBB) gyrations, Iran attack, FED (Powell) bashing, and China rumors. Where do we start?!?
Let's go down the list! Tariffs: we are not of the TACO (Trump Always Chickens Out) view of tariffs as being empty threats. Our perception is that large and chronic trade imbalances are at the core of this Administration's priorities. We think they are using the carrot and stick method of reshoring manufacturing to the United States. We view the tariffs as the stick and aspects of the BBB as the carrot. The BBB reinstates 100% bonus depreciation for qualified property acquired between January 20, 2025, and January 1, 2030 (we think those dates are picked to placate any fears that a future administration would reverse these business-friendly policies), allowing businesses to immediately deduct the full cost of equipment and certain real property used in manufacturing or production. This is a significant incentive for capital investment. It also restores immediate expensing for domestic research and development (R&D) costs, encouraging innovation by allowing businesses to deduct these expenses in the year incurred rather than amortizing them over time. Our view is this one-two punch will be beneficial to US reshoring.

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COMMENTARY:

While only lasting 12 days (for now??), the Israel-Iran war reinforced why Israel is our largest underweight. The conflict had real potential to escalate into a much larger issue if things hadn't been brought to a halt after US involvement. The potential for mining of the Hormuz had real potential to send oil well above $100.00 a barrel, undoing any deflationary progress this administration has accomplished. The rapid-fire and somewhat panicky Truth Social posts about oil prices, playing right into the hands of the enemy, drilling, and then allowing China to continue to purchase Iranian oil. We feel there was real panic in the Beltway that Iran was moving to block the straits, and the administration had to quickly reach out to China to leverage their relationship with Iran, which, in classic quid pro quo, helped China reach a quick and fairly tame trade deal with the US. Especially considering the largest trade imbalance is with China!

The White House's utter disagreement with current FED policy. Part of the administration's drive to reinvigorate the economy comes from lowering interest rates. The current FED chairman has taken a more wait-and-see approach, which has gotten a bit ugly in public. It has yet to be seen what will happen with rates in the short term (Powell's term ends in May 2026), but one thing is certain: whomever the administration looks to replace him will be more dovish, and therefore rates (at least short-term rates) this time next year are most likely going to be lower than they are today. This is not the first time a presidential administration has had a difference of opinion with FED leadership, and we hope that cooler heads prevail.

Finally, China. There have been rumors surrounding the leadership of China. Xi Jinping, who has ruled China since 2012, has been involved in some type of power struggle. Again, these are rumors, but if China's leadership were to change to something more technocratic and less confrontational with the West, that could set up one of the strongest rallies in Emerging Market history.

Skate Smart

The Dollar's reign isn't over, but its throne is wobbling. Washington's policies, global trade shifts, and EM's rise point to a softer Dollar ahead. For investors, this isn't a crisis; it's an opportunity. By tilting toward Emerging Markets, especially BRIC equities and local currencies, you're positioning where the growth will be. As Triffin warned, reserve currency status is a double-edged sword. Skate to the puck's future, not its past.

When analyzing performance for the quarter from a country perspective, the largest contributors were Argentina, India, and Macau. Argentina continues to be an area of outperformance. Many investors had written off Argentina, but we focus on changes, and the changes we have observed with the new administration in Argentina have been impressive. We have rotated holdings of sovereign debt into provincial and corporate debt, as we see the next potential for spread tightening coming from their catch-up to sovereign spread compression. Our outperformance in India stems from our bottom-up credit call on Adani Ports. Most Indian corporates trade at "rich" valuations, but Adani provided a welcome, mispriced asset. We believe there is still some potential for spread compression, though not much more. Our long-time and largest overweight, Macau, has finally emerged as a monthly top performer. As we have long maintained, especially after our 2024 trip to Macau, the market was underestimating its return. Recent revenue and passenger arrivals have significantly exceeded the Street's estimates (but not ours!). All securities in Macau have rallied strongly, and as we have previously stated, we see potential for a return to pre-COVID-19 ratings (and spreads) for all names.

The largest detractors from performance for the quarter were Venezuela, China and Colombia. Venezuela's future looks cloudy. Sanctions and political uncertainly have left the country in a no-man's-land. While our position is very small at 40bps it is off index position so any weakness shows as an outlier. China's under performance was driven entirely by RoadKing's underperformance, which spooked the market with its attempt to term out short-term debt. Road King underperformance masks some strong performance from Chinese names like Vanke and good news from names like New World Development which recently refinanced US $11bn in debt obligations in June. We continue to see a path to recovery in Chinese high yield names including those in the property sector. Colombia underperformance was driven by the large underperformance of the oil company Gran Tierra. Softer oil prices and horrible headlines about Colombia drove investors away. As long as oil remains above $40 per barrel the company is profitable and we continue to hold.

Currently, portfolio quality is at BB, versus the benchmark BBB-. Portfolio duration is at 3.79 versus the benchmark's 4.46. Admittedly, the recent rise in base rates has taken us by surprise. We continue to believe that US 10-year rates will trend lower as any tariff price increases will be 'one-off' movements and overall commodity prices (especially energy) have trended much lower. We are watching closely the increasing rhetoric from the White House towards the FED. Any early change to chairman's role will have an outsized impact on rates.

Footnotes:

[1] Performance from Bloomberg, data drawn on July 8th, 2025.
[2] Bloomberg: The U.S. Dollar Index (USDX) indicates the general int'l value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks. FOR REAL TIME SEE EIS ICEA<GO>.Weights on DXY <GO>.
[3] https://www.ice.com/insights/rates-and-currencies/a-surging-us-Dollar-presents-fresh-opportunity
[4] https://www.youtube.com/watch?v=T575Pbo4eWM
[5] https://www.abebooks.com/9780300002447/Gold-Dollar-Crisis-Future-Convertibility-0300002440/plp
6 "EVERYONE, KEEP OIL PRICES DOWN. I'M WATCHING! YOU'RE PLAYING RIGHT INTO THE HANDS OF THE ENEMY. DON'T DO IT!," https://www.cnbc.com/2025/06/23/trump-oil-prices-iran-israel.html
7 https://x.com/TrumpDailyPosts/status/1937151798910812167
8 https://x.com/TrumpDailyPosts/status/1937500113510768853
[9] Deal to get US-China trade truce back on track is done, Trump says | Reuters
[10] https://www.foxbusiness.com/politics/trump-sends-mr-too-late-jerome-powell-note-showing-showing-how-other-nations-trounce-us-interest-rates
[11] https://mises.org/mises-wire/when-lbj-assaulted-fed-chairman

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DISCLOSURES:

Primary Index: iShares J.P. Morgan EM Corporate Bond ETF
Secondary Index: Morningstar Emerging Markets Corporate Bond Index

• 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 2024. 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. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
• 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 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.
• The RVX Emerging Markets Corporate Debt Composite ("EM Corp 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 investment objective 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. Securities are subject to general market risks due to factors that affect the overall market, which may include, but are not limited to, government actions, investor behavior, and economic conditions. Economic conditions may be influenced by liquidity risk, geopolitical risks, monetary and fiscal policy, interest rate risk, and inflation, among others. 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.
• The composite was created in January 2022, and the inception date is 1 January 2020.
• The primary benchmark is the iShares J.P. Morgan EM Corporate Bond ETF, which tracks the performance of U.S. dollar-denominated bonds issued by emerging market corporate entities. Prior to 1 January 2025, the composite benchmark was the MSCI Corporate Emerging Markets Bond Index. The secondary benchmark is the Morningstar Emerging Markets Corporate Bonds Index, which measures the performance of USD denominated, fixed-rate, investment grade and high-yield corporate bonds issued by emerging market entities. It is market capitalization weighted with capping constraints. The benchmarks are provided for comparative purposes only to represent the investment environment during the time periods shown. The benchmarks are unmanaged and reflect no fees or expenses. Individuals cannot invest directly in an index. The composite Accounts differ from the indices content and asset allocation of the benchmarks, as unmanaged indices.
• Account returns are calculated using a time-weighted return ("TWR") methodology that calculates period-by-period returns reflecting the change in value and negating the effect of external cash flows. The monthly composite return is the asset-weighted performance of all Accounts in the composite. Monthly composite returns are geometrically linked to form year-to-date and annual returns. Returns include the reinvestment of dividends and other earnings. Valuations are computed and performance is reported in U.S. dollars.
• 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. Beginning 1 January 2024, 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.
• Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fee returns of those Accounts that were included in the composite for the entire year.
• The three-year annualized standard deviation measures the variability of the composite's gross-of-fee returns and the benchmark's returns over the preceding 36-month period.
• Investing in securities always carries the risk of potential loss of investment principal. Actual Account returns may be higher or lower than the Composite returns due to differences in portfolio holdings, timing of security transactions, and account inception date. Please see our Form ADV Part 2 for a complete description of advisory fees. Returns of less than one year are not annualized. You can obtain RVX's Investment Policy Statement, firm and investment strategy information, as well as fee information by contacting RVX.
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