Q3 | 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
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 09/30/2024	QTD	YTD	1 yr	3 yr*	S.I.*
RVX EM Corp FI (Gross)	5.55%	10.39%	18.34%	1.95%	3.10%
RVX EM Corp FI (Net)	5.44%	10.07%	17.84%	1.46%	2.61%
JPM CEMBI BD	4.48%	8.50%	14.49%	1.06%	2.47%
Morningstar EM Corp Bond[3]	5.18%	8.14%	15.19%	-0.79%	0.97%

* *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 third quarter of 2024, the RVX Fixed Income Long Only Strategy **outperformed** the JPM CEMBI index by **107 bps** to bring the third quarter of 2024 performance to **5.55%** and the year-to-date performance of **10.39%.** For the third quarter, The JP Morgan CEBMI index retuned **4.48%** and a year-to-date performance of **8.50%**

During the third 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 **5.29%** and **5.70%** respectively, furthermore those two ETFs Year-to-date performances are **4.55%** and **8.09%** respectively.

Emerging Markets have continued to perform very well compared to the AGG and HYG markets in a month where rates fell by under 12 bps and over the third quarter falling 71.8bps. We wonder if the job revisions, weak PMI prints, U.S. pending home sales falling to the lowest level on record, restaurant index weakness, softness in employment in key sectors like construction and trucking, and extreme weakness in lower-end, client-focused retailers like Dollar Tree and Dollar General are telltale signs of a weaker domestic economy. We have been pounding the table that EM, particularly local currency, offers a logical offsetting asset class as we see poor fiscal trends in most (if not all) major "developed" world economies. Even the Congressional Budget Office forecasts that interest expense in the United States will double from $892bn in 2024 to $1.7 trillion by 2034. If this data were generated by an “emerging” nation, our view would be that devaluation would be the most likely way to solve the fiscal imbalances. Given the outperformance of all things US, really since 2008 and the great QE experiment, many have cut their exposure to EM and understandably so. However, if we are indeed at some crossroad- where debt to GDP matter, where weaponization of US Dollars matter, where current accounts matter- then maybe, just maybe having EM once again in the portfolio makes sense. But as we have stated in the past, when you need plumbing, hire a plumber, when you need roofing done, hire a roofer. Well, the same holds for Emerging Markets, when you want (need?) EM, hire a specialist.

When dissecting performance from a country perspective, the largest contributors for the quarter were China (including Macau), Argentina, and Mexico. Both China and Argentina are countries that EM haters love to hate on. That is why you hire a specialist! Someone that can cut through the noise and find opportunities. Both countries are in the year-to-date winners for performance. China had just gotten ridiculously missed valued. In Argentina’s case, think of it like you would a when you look at a company, you had a citizen sponsored LBO come in and say, we need a change in management. In the relatively short period of time that President Milei has been in power he has changed the country’s fiscal footing. Interestingly our largest holding in the country continues to be sovereign debt, which offers higher returns than corporate debt! A situation where us old timers have difficulty taking that positioning. Finally, Mexico continues to perform very well. For all the noise around judicial law reforms (side note, we think all the hating is another example of do as I say and not as I do, we have been thinking about a white paper to go into more detail, stay tuned), presidential succession we think Mexico will continue to benefit from its geography. Smackdab next to one of the largest consumer markets in the world with an educated population, USMCA protection and not seen as a geopolitical foe.

The largest Detractors to performance in the month were Singapore, Chile and Hong Kong. Singapore and Chile hurt performance in the quarter as the rally in rates helped these higher rated countries enjoy the duration rally; we continue to struggle to find interesting value in both countries. Frankly the under performance in Hong Kong follows the same reasoning of high-quality rally. However, as we view Hong Kong as part of the greater China + Macau trio we have had a difficult time finding assets that compensate us like we see in the mainland and Macau.

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. We are increasingly worried that countries (foes and friends) may be willing to “take advantage” of the current US domestic turmoil to take unilateral actions, which could have uncertain and potentially detrimental outcomes.

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. We look with great contemplation to the upcoming BRIC summit in October, where countries like Malaysia and NATO member Türkiye have expressed interest in joining. This summit is of particular interest as the BRIC organization makes headway toward establishing a non-SWIFT interbank payment system. We've strongly expressed that the use of sanctions has pushed many countries to explore alternatives to the US Dollar system.

We have also observed strong central bank buying of Gold, including Saudi Arabia turning to exchanges in Switzerland rather than their usual London buying. The US Dollar has been the only real game in town. We are not saying that it will be unseated anytime soon but the constant weaponization of the Dollar has forced the hands of many other nations to seek an alternative. We would also like to point out that many “Emerging nations” are international net creditors and if they chose to sell their dollar holdings for something else, that this *could* cause rates to rise (we envision a steepening curve as short end is better anchored with FED fund rates). We also have heard many arguments that the Eurodollar system is not actually controlled by the FED and therefore not impacted by US Government policy, but our view is that this fails to consider an alternative. If some other form of value exchange is an option, and participants do not have to worry about asset seizure, then over time there will be less of a need to use these “Euro dollars” and there for demand will decrease over time. If demand for overall dollars decreases and the only entity creating more dollars is the FED, we do not see how the dollar does not weaken over time and rates adjust higher due to the market needing real rates of return to compensate for risk. As a side note, we contribute part of the late September rally in all things Chinese as partially flow driven, not just from countries like Japan and India but capital flowing back “home” from the US.

Currently, portfolio quality is at BB, versus the benchmark BBB-. The portfolio duration is 4.37 versus the benchmark’s 4.57. We continue to see companies tendering and calling outstanding issues at a robust pace. We have seen healthy amounts of new issue since Labor Day and remains robust.

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……………………..	*5.80%*
Yield to Maturity……………………..	*7.44%*
Yield to Worst…………………………..	*7.35%*
Avg. Maturity…………………………..	*10.76*
Effective Duration……………………..	*4.37*
Average Quality…………………………	*BB*
Number of Holdings……………………	*183*
Number of Issuers………………………	*156*

Portfolio Turnover (TTM)………. 11.37%

Contact Information

RVX Asset Management, LLC
20900 NE 30th Avenue, Suite 401
Aventura, FL 33180

Raymond Zucaro, CFA
Chief Investment Officer

(305) 363-6892
rzucaro@rvx-am.com
www.RVX-AM.com

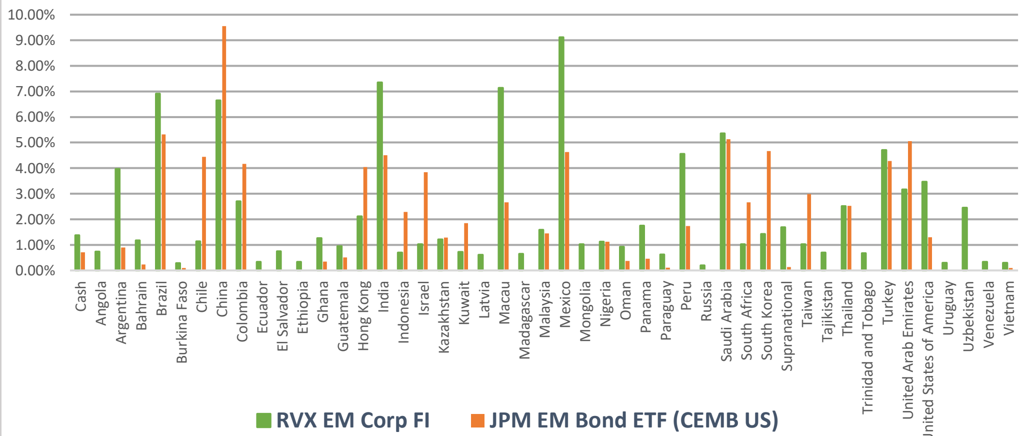
The Top Ten Holdings were selected based on objective, nonperformance-based criteria and the criteria used is applied consistently from period to period.
Fund holdings and allocations are subject to change and should not be considered a recommendation to buy or sell a security

TOP TEN HOLDINGS:

Security	MV%	Sector	Country	Eff. Dur	YTW	Rating
ARAMCO 2 1/4 11/24/30	4.35%	Energy	Saudi Arabia	5.56	4.52	A+
MEXCAT 5 1/2 07/31/47	4.04%	Industrial	Mexico	12.06	6.67	BBB-
VOLCAN 8 3/4 01/24/30	3.16%	Basic Materials	Peru	4.01	12.35	B-
ARGENT 4 1/8 07/09/35	2.65%	Government	Argentina	5.78	14.16	CCC
SAMMIN 9 06/30/31	2.24%	Basic Materials	Brazil	2.03	10.42	B-
ADSEZ 4 3/8 07/03/29	2.04%	Consumer, Non-cyclical	India	4.16	5.70	BBB-
BABA 4 12/06/37	1.87%	Communications	China	9.87	4.78	A+
ADSEZ 3.1 02/02/31	1.46%	Consumer, Non-cyclical	India	5.55	5.95	BBB-
T 3 7/8 08/15/34	1.44%	Government	USA	8.13	3.79	AAA
STCITY 5 01/15/29	1.32%	Consumer, Cyclical	Macau	3.66	7.22	B+
	24.57%					

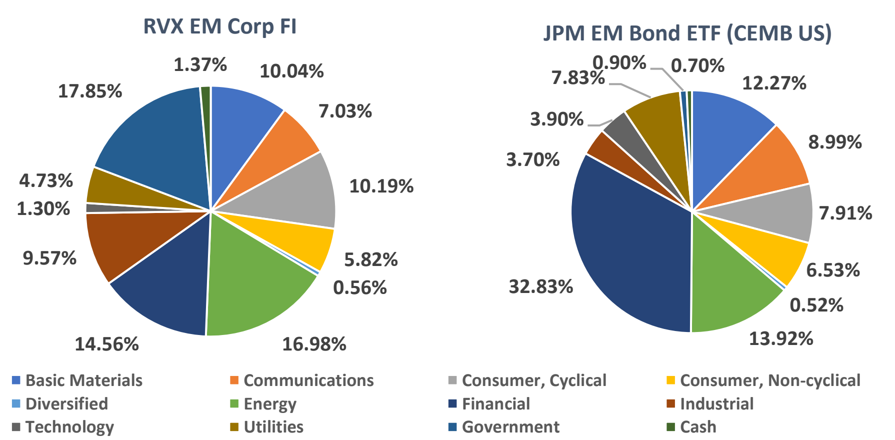
Source: RVX Asset Management Representative Account

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.