

## Emerging Markets Debt

### 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.

*“RVX believes emerging markets are experiencing positive fundamental change and present attractive investment opportunities for investors.*

*RVX believes these opportunities are created by misunderstood and mispriced risks that lead to inefficiencies and anomalies that can be exploited.*

*RVX believes an active, top-down, fundamental, relative value approach to evaluate countries, sectors and companies is the best way to exploit these inefficiencies.*

### Investment Team

Raymond Zucaro, CFA  
Nathan Sheinfeld  
Mauricio Kiblisky

### Economist/Strategist

Santiago Cuneo, CFA

### Chief Risk Officer

Felix Wong

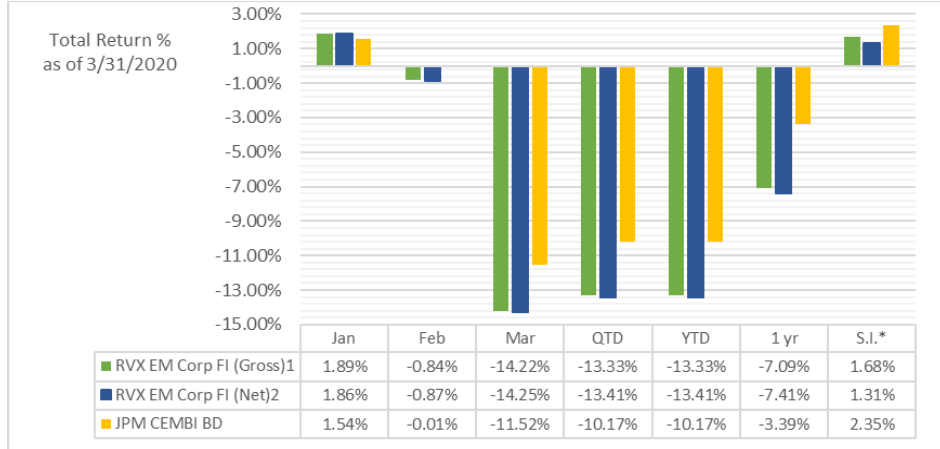
### Inception Date

December 31, 2016

### Strategy Profile

Perf. Benchmark..... JPM CEMBI BD  
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:



SOURCE: RVX ASSET MANAGEMENT AND JPM CEMBI BRD DIV INDEX  
\*RETURNS 1 YEAR + ARE ANNUALIZED

- Results portrayed in the RVX EM Corp FI portfolio prior to January 1, 2020 are based on hypothetical performance derived from a model portfolio. As such, results portrayed post January 1, 2020 are based on actual performance. See disclosure for further details.
- Net performance is net of hypothetical Management Fees and Trading costs.

### COMMENTARY:

Due to Covid-19 the world witnessed an unprecedented economic stoppage, unlike anything in history. With all global sectors of the economy either fully or partially halted. At the same time, this situation was exacerbated by a failure to produce an output cut in the OPEC+ meeting leading to a price and market share war between Russia and Saudi Arabia over energy dominance.

Through this volatile period the market witnessed extreme price volatility, where high quality and short duration stopped having importance as forced selling caused price discovery to become disconnected from fundamentals. As this flight to quality and liquidity need took place, the U.S. dollar saw significant inflows at the expense of many emerging market currencies. This led to a collapse in treasury yields, further dislocating the credit markets around the world pushing the dollar even higher in the current low interest rate environment.

Disaggregating performance from a country perspective, our two largest detractors to performance were; Mexico and Brazil. More specifically, in Mexico, the underperformance was primarily driven by the consumer cyclical, energy and tourism sectors of the economy. While in Brazil, the underperformance was driven by the industrials and energy. As the world combats “the invisible enemy,” broad commodity prices have suffered steep declines due to the lack of consumption in the major economies of the world. Additionally, the price/market share war between the Saudi’s and Russia added significant more pressure specifically in energy prices. At the same time, with global airlines operating at roughly 10% of their overall capacity, tourism and hospitality have been severely affected by the measures taken to mitigate the virus.

However, in the short-term pain, we see long-term gain. With the virus breaking supply chains around the world and companies, as well as countries realizing the flaws in their current supply chains, we expect a broad redesign of the flow of goods and services around the world. In the long-term, RVX’s view is that both Mexico and Brazil will benefit greatly from this redesign in the flow of goods to the major economies around the world. Mexico is well poised to benefit from some of the re-onshoring of manufacturing and Brazil is positioned to become a more important player in the food manufacturing and protein production as more attention is placed towards institutionalizing food production.

Going forward, given the unprecedented stoppage of the global economy, our concern is with weaker lower quality companies without access to capital. Based on this view, we have been in the process of upgrading the portfolio average quality. With this change, by reducing our exposure to weaker credits, we believe that we will be better protected for the time being. Additionally, through the upgrading process of the portfolio we have found blue chip companies such as; Petrobras and Aramco at extremely attractive levels.

**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.....	5.85%
Yield to Maturity.....	9.21%
Yield to Worst.....	9.20%
Years to Maturity.....	14.30
Effective Duration.....	4.32
Average Quality.....	BB
Number of Issues.....	199
Number of Issuers.....	176
Portfolio Turnover (TTM).....	25.93%

**Contact Information**

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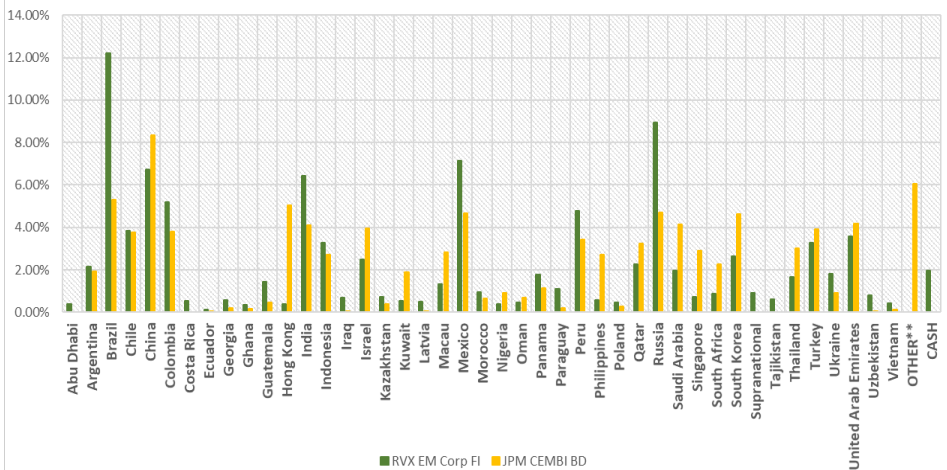
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**TOP TEN HOLDINGS:**

Security	MV%	Sector	Country	Eff. Duration	YTW	Rating
SDBC 4 01/24/37 EMTN	1.57	Financial	CHINA	12.71	2.58	A
PEMEX 6.84 01/23/30 REGS	1.53	Energy	MEXICO	6.04	11.49	BB
COMENG 6 ¾ 04/24/35 REGS	1.37	Utilities	MEXICO	5.75	7.49	BBB
BBLTB 4.45 09/19/28 REGS	1.04	Financial	THAILAND	7.10	3.27	BBB
BCHINA 5 11/13/24 REGS	1.02	Financial	CHINA	4.05	3.27	BBB
BIDU 4 ¾ 05/14/24	1.02	Communications	CHINA	2.75	2.82	A
ALFARU 7 ¾ 04/28/21 REGS	1.00	Financial	RUSSIA	0.98	4.60	BB
SECO 4.723 09/27/28	1.00	Utilities	SAUDI ARABIA	7.02	3.85	A
SINOPC 3 ½ 04/24/23 REGS	0.99	Energy	CHINA	2.86	2.07	A
OCPMR 5 ½ 04/25/24 REGS	0.97	Basic Materials	MOROCCO	3.49	5.58	BBB

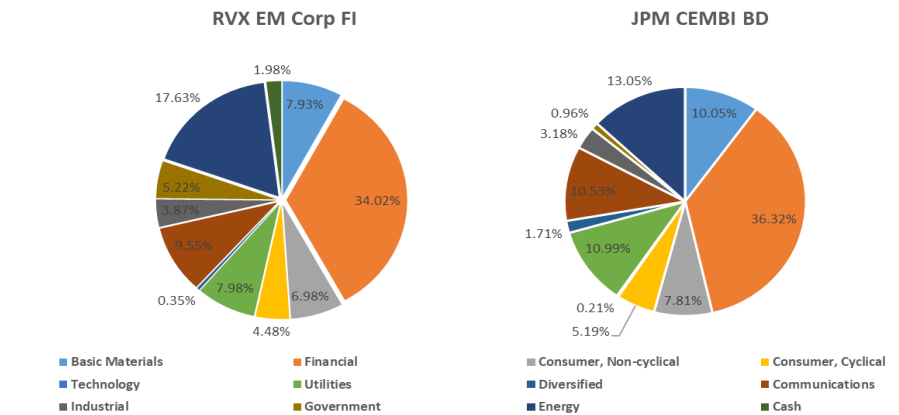
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

**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

**RVX Model Portfolio Hypothetical Performance/Gross of Fee Returns:** This material includes information related to the gross and net performance of the RVX Emerging Markets Corporate Fixed Income strategy. The performance results of the Emerging Markets Corp FI portfolio reflect actual returns post January 1, 2020. The performance results included in this material prior to January 1, 2020 are from a model portfolio and are hypothetical returns which have been compiled by RVX. The model performance results do not represent actual trading and that they do not reflect the impact that material economic and market factors contributed to the Adviser's decision making if RVX were actually managing clients' money pursuant to the depicted model.

The hypothetical model performance shown herein is based on simulated or hypothetical trades made by RVX for the referenced hypothetical model containing investments of the type RVX generally expects to purchase for accounts utilizing its emerging markets and frontier markets 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 the fund or a real portfolio utilizing RVX's strategy that RVX believes this information to be relevant to prospective clients. The U.S. dollar is the currency used to express hypothetical model performance. All hypothetical model performance shown herein is not necessarily based on the same types of gains. Hypothetical model performance figures shown herein include reinvestment of all dividends, interest, and capital gains, are pre-tax averages of individual year's results (unless otherwise indicated), are based on end-of-day data, and are presented gross of advisory fees and estimated commission fees. All hypothetical model results are estimated, unaudited, subject to adjustment, and not intended to comply with AIMR-PPS™ or GIPS guidelines. 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 the funds or a client's actual portfolio, RVX's advisory fees and fund trading costs, fees and expenses (including custody, third party administration fees, audit fees, legal fees, etc.) would materially decrease such returns.