



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

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Economist/Strategist

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Chief Risk Officer

Felix Wong

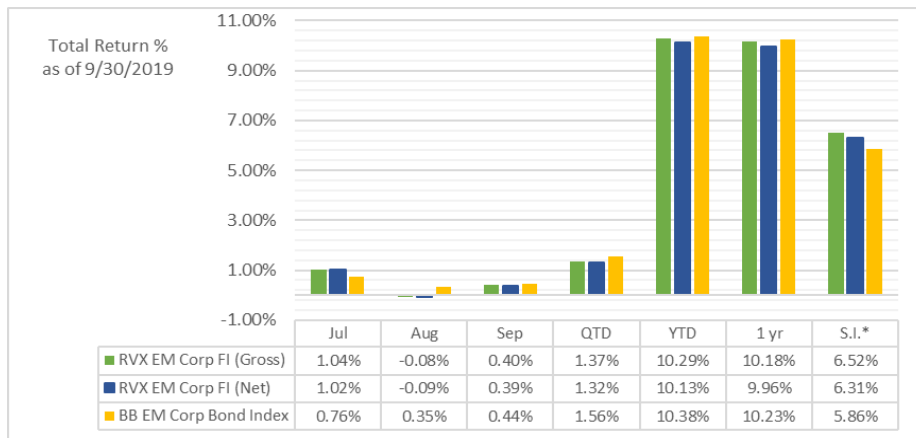
Inception Date

December 31, 2016

Strategy Profile

Perf. Benchmark.....BB EM Corp 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, BLOOMBERG PORTFOLIO. *RETURNS 1 YEAR + ARE ANNUALIZED

1. THE PERFORMANCE REFERENCED ABOVE IS FOR THE RVX EMERGING MARKETS CORPORATE BOND HYPOTHETICAL MODEL PORTFOLIO, NOT A LIVE INVESTED PORTFOLIO. PLEASE REFER TO THE BACK PAGE FOR FURTHER VALUABLE INFORMATION REGARDING THE LIMITATIONS OF HYPOTHETICAL MODEL PERFORMANCE.
2. NET PERFORMANCE IS NET OF HYPOTHETICAL MANAGEMENT FEES AND TRADING COSTS.

COMMENTARY:

After a volatile quarter in EM primarily driven by unusually low global interest rates, Argentine elections, Brexit uncertainty, protest in Hong Kong, and trade uncertainty, the RVX Emerging Markets Debt strategy closed the third quarter of 2019 up 10.29% YTD, underperforming the Bloomberg Barclays Emerging Market Corporate Index by 9bps. When disaggregating performance from a country perspective, our performance was mainly driven by allocations in Turkey and Brazil. From a sector perspective, basic materials, communications and consumer cyclicals were the biggest contributors to the performance for the quarter.

Through a country perspective, our overweight in Brazil reflected the government’s progress towards the long-awaited pension reform. With the reform having passed the house vote, the Workers Party (WP) is expected to make final amendments for Congress to turn the bill into law. The duration of this process will vary depending on the severity of the amendments made by the WP. If the amendments do not materially affect the bill, it will not need to go back to the house for approval and the senate will “shortly” turn the bill into law. However, as reflected by spreads, we believe the market has priced-in much of the positive news surrounding pension reform.

In regard to Turkey, although we are slightly underweight compared to the index, our security selection process in Turkey has propelled us to outperform the index. In our view, eliminating political headlines and noise, Turkey’s fundamentals remain strong, particularly in the export sector. Lastly, we remain overweight Mexico as we continue to find value in Mexican blue-chip companies given the markets overpricing of AMLO’s political risk. In contrast, China is our most significant underweight when compared to the Bloomberg Emerging Markets Corporate Index. We remain cautious on China because of trade conflict with the U.S., economic stimulus concerns, and we continue to closely monitor a pick-up in domestic corporate defaults.

Argentina was the biggest detractor for the performance of the quarter on the back of the first round of presidential elections. On Sunday, August 11th, Argentines casted their votes in El Paso elections (non-binding elections) where the Peronist party candidates Alberto Fernandez and former president Cristina Fernandez de Kirchner surprised the markets by beating current President and Cambiemos party candidate Mauricio Macri by 15 percentage points. Signaling an imminent victory for the Peronist presidential candidates, the Argentine equity markets dropped around 38% overnight, while Argentine credits also fell about 35-40 points on average. While in the same period, the Argentine Peso depreciated around 17%. With formal elections having taken place on Sunday, October 27th, we will continue to closely monitor Argentina as the new government takes power and begins their political agenda. Our view in Argentina remains cautious; However, we do expect some normalization in asset prices over the coming months.

In our view, from a sector perspective, given trade tension, political tension and global slowdown, our underweight in basic materials and consumer cyclicals were contributors to our performance for the quarter. On the opposite end, we remain positive in the communications sector as we believe that EM demographics along with population growth and industry under-penetration allows our security selection process to thrive in a capital-intensive sector.

Moving forward, due to global interest rate environment and the \$14 trillion of negative yielding debt, we still firmly believe that EM offers both relative and absolute spreads. We also envision dollar yields trending lower based on global interest rate intermediation. As such, we are running longer duration in order to capture this pull down in yields.

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.....6.20%
 Yield to Maturity.....6.69%
 Yield to Worst.....6.57%
 Average Maturity.....11.02
 Effective Duration.....4.32
 Average Quality.....BB
 Number of Issues.....362
 Number of Issuers.....269
 Portfolio Turnover (TTM).....14.60%

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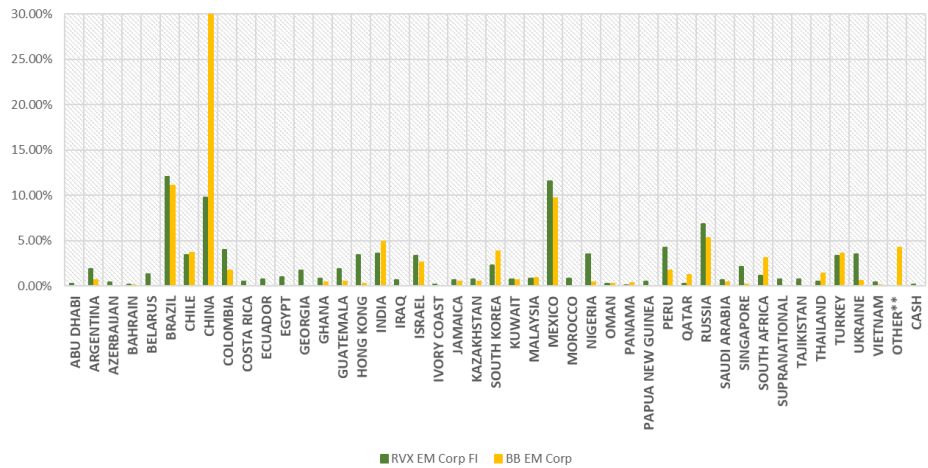
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TOP HOLDINGS:

Security	MV%	Sector	Country	Eff. Duration	YTW	Rating
ALPHSA 10 12/19/22 REGS	1.71%	Financial	MEXICO	2.60	11.33	B
PEMEX 4.5 01/23/26	1.68%	Energy	MEXICO	5.37	5.13	BB
SIRINT 4.6 11/01/26 REGS	1.32%	Financial	CHINA	5.84	4.60	BBB
DBBYRB 6.75 05/02/24 REGS	1.11%	Financial	BELARUS	3.80	6.78	B
FIDBAN 10.5 10/16/22 REGS	1.01%	Financial	NIGERIA	2.52	6.07	B
SILNET 11 04/02/24	0.98%	Communications	GEORGIA	3.15	8.68	B
ALFARU 7.75 04/28/21 REGS	0.95%	Financial	RUSSIA	1.45	3.21	BB
COMENG 6.375 04/24/35 REGS	0.92%	Utilities	MEXICO	7.00	5.68	BBB
BABA 3.6 11/28/24 REGS	0.92%	Communications	CHINA	4.55	2.50	A
BPCLIN 4 05/08/25 EMTN	0.92%	Energy	INDIA	4.94	3.13	BBB

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

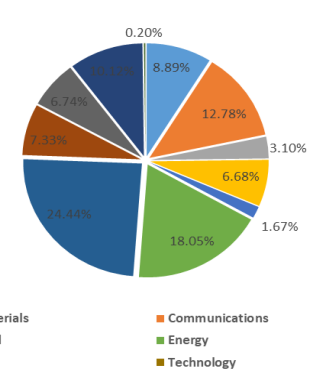
COUNTRY WEIGHTINGS:



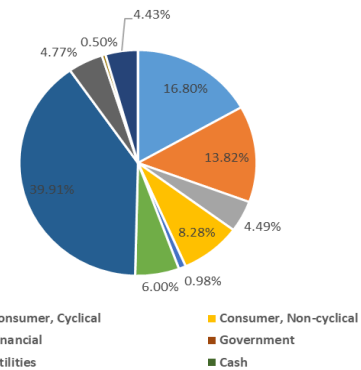
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

SECTOR WEIGHTINGS:

RVX EM Corp FI



BB EM Corp



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 (hypothetical) performance of the RVX Emerging Markets Corporate Fixed Income strategy. The performance results included in this material related to RVX's model 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