Q4 | 2023

Emerging Markets All Cap Equity

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Investment Philosophy

- *We believe an actively managed portfolio constructed on the basis of bottom-up, fundamental analysis with a focus on safe, high-quality companies that are set to benefit from change and that are purchased at price levels that reflect conservative scenarios in our discounted cash flow intrinsic valuation model will generate attractive excess returns, while at the same time deliver those returns with lower downside volatility than the overall market.*

- *We believe that building upon more traditional characteristics like value, growth, or quality and ensuring our investments also possess a combination of safety and change to drive value realization is a differentiated approach that will deliver durable and significant alpha from investing in Emerging Markets.*

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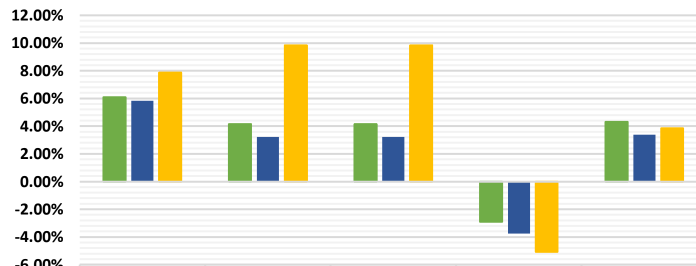
PERFORMANCE:

Total Return % as of 12/31/2023



	QTD	YTD	1YR	3YR*	S.I.* 11/1/18
RVX EM All Cap Equity Composite(gross)	6.08%	4.15%	4.15%	-2.89%	4.32%
RVX EM All Cap Equity Composite(net)	5.84%	3.22%	3.22%	-3.76%	3.39%
MSCI EM Index (net div.)	7.86%	9.83%	9.83%	-5.08%	3.84%

**Annualized Returns*

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 3 for further details.

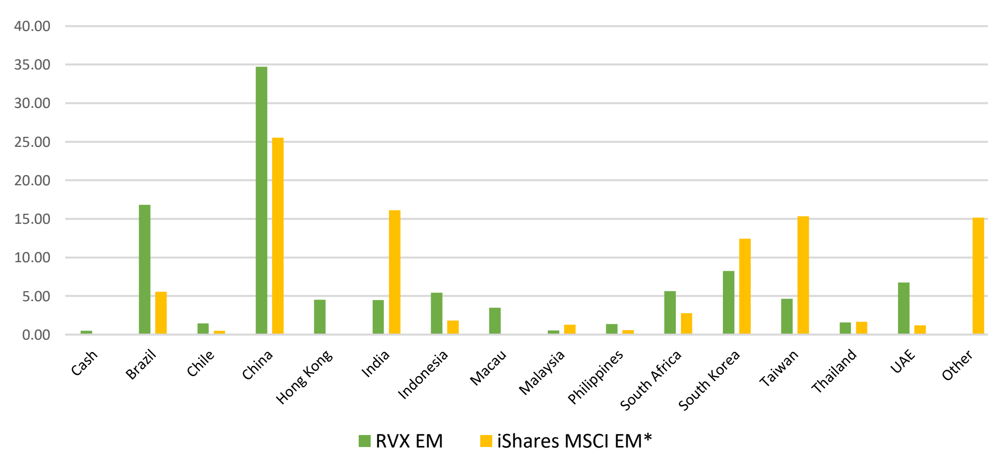
TOP TEN HOLDINGS:

Security	Country	Sector	Mkt Cap (US$ Mil.)	% Wgt
NASPERS LTD-N SHS	South Africa	Communication Services	31,582	5.62
CHINA EDUCATION GROUP HOLDING	China	Consumer Discretionary	1,601	5.37
ALIBABA GROUP HOLDING LTD	China	Consumer Discretionary	197,141	5.23
CSPC PHARMACEUTICAL GROUP LT	China	Health Care	11,064	4.97
SK HYNIX INC	South Korea	Information Technology	79,482	4.62
SSY GROUP LTD	Hong Kong	Health Care	1,878	4.50
EMAAR PROPERTIES PJSC	United Arab Emirates	Real Estate	19,060	4.33
TOPSPORTS INTERNATIONAL HOLDINGS	China	Consumer Discretionary	4,827	3.61
SANDS CHINA LTD	Macau	Consumer Discretionary	23,677	3.48
LOJAS RENNER S.A.	Brazil	Consumer Discretionary	3,458	3.47
				45.20

Source: RVX Asset Management Representative Account as of 12/31/23

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

COUNTRY WEIGHTINGS:



*Source: RVX Asset Management Representative Account and *iShares MSCI Emerging Markets ETF used as a proxy for the MSCI Emerging Markets Index as of 12/31/23*

Investment Process

Idea Generation

- *Universe of Emerging and Frontier market securities with market caps greater than U$500 million and liquidity over U$1 million/day.*
- *Screen to eliminate low quality and unsafe companies. Result is the "RVX Good Company list".*
- *Rank the "RVX Good Company list" using a multi-factor model.*
- *Top 30% of ranked results are research candidates.*

Bottom-up, Fundamental Analysis

- *Triage using extensive historical fundamental data sets.*
- *Focus on the Change and Growth Opportunities criteria of our "1s2g3c" framework.*
- *Review a full range of Negative and Positive scenarios.*
- *Use our proprietary DCF to determine the intrinsic value of the company under a wide range of scenarios. Reflect these scenarios in our Buy and Sell price target ranges.*
- *Pre-investment checklist for each criteria of our "1s2g3c" framework.*

Portfolio Construction and Risk Management

- *Portfolio designed with target number of positions in each position-size group.*
- *Structure ensures prioritization of ideas with the most compelling reward/risk profiles.*
- *Daily monitoring of exposures by PM and Chief Compliance Officer.*

Composite Inception Date

November 1, 2018

Strategy Profile

*Perf. Benchmark........... MSCI EM Index**
Style..................... Quality, Relative Value
Market Cap................................. All-Cap
Range of Markets........................ 10 - 20
Range of Holdings...................... 35 – 50
Cash Position................................ 0 - 5%
Turnover...................................... 30-70%

**See Disclosure 5. on Page 3*

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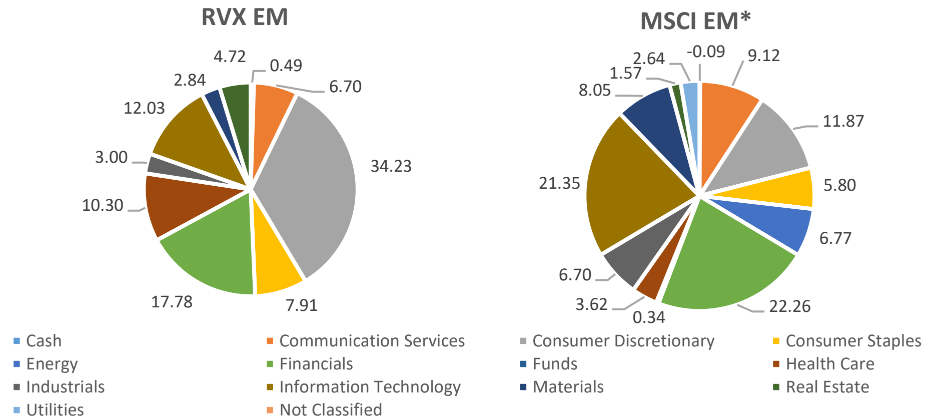
SECTOR WEIGHTINGS:



*Source: RVX Asset Management Representative Account and *iShares MSCI Emerging Markets ETF used as a proxy for the MSCI Emerging Markets Index as of 12/31/23*

PORTFOLIO CHARACTERISTICS:

Active Share	....	*94.17%*
Beta	....	*1.10*
Dividend Yield	....	*2.42%*
(P/E) Ratio (trailing)	....	*10.0*
(P/E) Ratio (forward)	....	*10.3*
(P/CF) Ratio	....	*7.5*
(P/B) Ratio	....	*1.3*
Wtd Avg Mkt Cap	....	*24,293*
Holdings	....	*44*
Countries	....	*14*
Top 10 Weight	....	*45.20%*
Turnover (Trail 12-mth)	....	*48.26%*

Source: RVX Asset Management Representative Account as of 12/31/23

COMMENTARY:

PERFORMANCE REVIEW

For the 2023q4 quarter, the RVX Emerging Markets strategy increased +6.1% (net +5.8%) compared to the MSCI Emerging Markets index which increased +7.9%. For the full year of 2023, the RVX Emerging Markets strategy increased +4.2% (net +3.2%) compared to the MSCI Emerging Markets index which increased +9.8%.

Taking an overall view of the quarter, the key driver of the underperformance for the strategy was our poor allocations to countries and sectors. This contrasted with our strong stock selections which gave some measure of relief. This pattern of poor allocations and effective stock selections was repeated for the full year and for the last three years as well. The context for our poor allocations both for the quarter and the year was a very sharp divergence in the performance between countries and sectors that performed well compared to those that lagged, with the strategy not well positioned for these divergences.

On a 3-year basis, the RVX Emerging Markets strategy decreased an annualized -2.9% (net -3.8%) compared to the MSCI Emerging Markets index which decreased -5.1% on an annualized basis. Looking at the attribution by country, the strategy had a stock/company selection effect of +10.3, but a country allocation effect of -5.8%. In the attribution by sector, the strategy had a stock/company selection effect of +5.8%, but a sector allocation effect of -1.3%.

Countries

The most notable concentration in the markets was China's very large underperformance during the fourth quarter and the full year. In the fourth quarter, the overall EM index rose +7.9%, but the EM ex-China index rose +13.0% compared to China which fell -4.2% -- the ex-China to China performance gap was therefore a very substantial +17.2 percentage points. This same observation can be made for the full year with the overall EM index rising +9.8%, the ex-China index rising +20.0% and China falling -11.2%, with the gap totaling +31.2 percentage points. On a three-year basis, the gap is even more glaring with China down a massive -45.7% and the EM ex-China index up 6.6%, for a gap of +52.3 percentage points.

Among the larger countries, China was a massive underperformer in the quarter at -4.2% (-11.2% for the year) compared to Taiwan +17.4% (+30.4% for the year), South Korea +15.3% (+23.2% for the year), and India +11.9% (+20.8% for the year).

As a result of what this enormous performance gap has meant for valuations of quality companies in China vs. outside China, the RVX Emerging Markets strategy continues to be overweight China because our quality and valuation ranking and fundamental research are pushing an overwhelming number of Chinese companies to the top of our rankings and reward/risk calculations.

During the quarter, the attribution by countries showed a negative country allocation effect of -5.3% and a positive stock/company selection effect of +3.4%. Breaking it down by individual countries, the largest contributors to returns relative to the index were Brazil +4.1%, China +0.8%, and Chile +0.3%, while the largest detractors from relative returns were Taiwan -2.4%, India -2.1%, and Mexico -0.5%. The positive contributions from Brazil and China were from stock selections, especially in China as the country performed so poorly in the quarter. In the case of the negative contribution from Taiwan, India, and Mexico, the overwhelming driver was being underweight these outperforming countries. As we have mentioned in prior letters, we find most equities in these countries to be considerably expensive even when taking into consideration that some are currently experiencing robust economic and industry developments and trends. Nonetheless, we have redoubled our efforts to research companies in these countries and were able to identify and invest in two new companies in Taiwan that we discuss below in the Portfolio Activity section.

Sectors

Looking at the markets in terms of sector performance, the best performers were Technology +17.8% and Utilities +12.9%, while the worst performers were Real Estate -0.2% and Communications +0.04%. The strong performance in Technology correlates with the strong performance by Taiwan in the quarter and the global trend in the sector throughout 2023.

For the strategy, the attribution by sectors showed a negative sector allocation effect of -3.3% and a positive stock/company selection effect of +1.4%. Breaking it down by individual sectors, the largest contributors to returns relative to the index were Consumer Discretionary +2.4% and Healthcare +1.3%, while the largest detractors from relative returns were Technology -2.1% and Financials -1.1%. The driver for the outperformance from both Consumer Discretionary and Healthcare was stock selections as both sectors underperformed the index, yet the strategy is overweight both sectors. The underperformance in Technology was almost entirely driven by being underweight this outperforming sector, while in Financials it was a mix of stock selections and being slightly underweight the sector.

Companies

In terms of specific companies, these were the top contributors to returns:

1. (best) Grupo SBF (Brazil)

> We wrote extensively on SBF in the last quarterly letter about how its sharp price drop in that quarter was not warranted and that there were already changes in process that would lead to improvements. We followed that up with purchasing more shares in early October. The improved results did not take long to materialize as the stock rose after reporting solid 23q3 earnings results that showed inventories already being cleared out. We are mindful that the fourth quarter of 2023 will be more significant as this is when the company will have targeted to mostly clear out the excess inventory and it will be telling to see how much it had to adjust pricing to do so. Nonetheless, the company is well on its way to normalizing the inventory situation and can focus more on its strategic initiatives of rolling out more Nike stores, engage directly with clients via its local Nike app, update the merchandising at its Centauro stores, and improve its online presence.

2. Pagseguro (Brazil)

> Pagseguro has been a direct beneficiary of lower interest rates in Brazil. One of its lines of business is factoring receivables for its merchants so its cost of funds directly affects the profitability of that business. The company is also benefiting from an improving outlook for the economy and for consumer spending since their topline is a take on overall usage of credit cards and other non-cash payment methods in the economy. More importantly for the longer term, Pagseguro has steadily increased the level of customer deposits at its bank. This funding source is both lower cost and more stable compared to its current bank and market funded sources. This is a structural change to its business model that significantly reduces the risk associated with the business and increases its margins and profitability. To signal this structural shift, the company is renaming itself PagBank.

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And these were the bottom detractors from returns:

1. (worst) China Education Group (China)

China Education is China's largest operator of private universities. The stock dropped sharply by over 20% after it reported its full year 2023 earnings (ending in August) at the end of November. This was a classic case of the market over-reacting to a headline EPS figure – final reported EPS dropped -25% due primarily to a one-time impairment – while ignoring this was caused by a one-time impairment and overlooking solid results in every other respect. Adjusting for the impairment, EPS rose +6%. The good news started at the top with revenues increasing by 18% from a mix of an increase in the number of total students and a rise in the average price of tuition – having pricing power is a rare feat in a challenged economy like China's at the moment and is a signal of the underlying quality of the business. The number of full-time students rose 7% with new enrollments rising 18%, showing that demand among new students remains resilient. The gross margin dipped due to larger costs for training teachers (arguably a form of reinvestment), but the company contained its operating expenses so the operating margin was stable. The negative issue came on the non-operating side with a goodwill write-down for a total of RMB 395 (28% of reported net income). The write-down was for a vocational school (vocational schools account for only ~10% of its revenues) that it had acquired several years ago where China Education concluded that demand for this more basic level of education is structurally lower than it was before the pandemic. The write-down equaled just 1.3% of total assets so it was not a significant amount for the company on an ongoing basis. All in all, we felt the market ignored the much more positive announcement that new enrollments grew 18% and ASPs rose and instead focused on an impairment to a marginal part of its business for a small portion of its asset base.

Going forward, China Education sees a favorable environment for its business as the government has enacted policies to encourage further private investment in education at the post high-school level. China Education is the largest and one of the oldest private university operators in the country and was founded by two gentlemen that are widely considered to be the "deans" of the industry. As such, the company has excellent relations with the regulators and provincial governments where it operates, as evidenced by its stable history of large increases in its yearly student quotas. It has a solid reputation among families and students as it partners with industry to design courses that prepare students for in-demand jobs as shown by its high ratio of post-graduation placements. A "negative" is that the company has not been able to complete any more M&As as potential sellers are refusing to sell their businesses at current market valuations and China Education's stock is so lowly valued that it cannot justify paying more for other assets compared to just reinvesting organically and buying back its own shares.

China Education is an example of the very high quality, profitable, growing businesses that are being overlooked because they are based in China. Despite all its positive qualities, the company now has an 8% dividend yield (42% payout ratio) and trades at under 4x cash flows and 5x earnings.

2. Alibaba (China)

Alibaba's share price dropped in mid-November after it announced that it was adjusting its plan announced in March 2023 and would not list its crown-jewel cloud business separately and pause any other subsidiary IPOs. The reason given for the change was in reaction to the USA's export restrictions on advanced chips and semiconductor equipment that could affect the servers that Alibaba and other Chinese cloud companies use to provide their services. Importantly, the announcement was only to cancel the separate listings, not to undo the reorganization into six separate businesses. This reorganization into separate businesses, with separate CEOs and Boards that should lead to greater accountability and agility, has largely been completed and will remain in place. Therefore, most of the business improvements should continue, although value realization via separate listings is now in limbo. Given the underlying structures have been separated, we believe future listings of some of the subsidiaries are a possibility, but only once the market environment improves. Sentiment was further impacted a few weeks later in late November when Jack Ma, the company's founder, released a rare memo urging the company to focus on "changing for the better" and praising its competitor, PDD. This was in response to news that PDD's Temu segment was growing far faster than Alibaba's AliExpress in the international markets.

There is no doubt that the news flow has been disappointing and that Alibaba's performance has trailed its peers in its key ecommerce segment, but fundamental changes are occurring throughout its many businesses that should reinvigorate growth at the company. We feel all the negatives are more than priced in since on the valuation front Alibaba is extraordinarily attractive starting with the fact that net cash now represents 38% of its market cap. For perspective, Alibaba's net cash hoard of USD 71 billion is almost as large as Apple's and Microsoft's combined (39 + 38 = 77 billion). Operationally, EPS should grow at double digits, yet the company now trades at under 8x 2023 EPS and at a Free Cash Flow yield over 14%.

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PORTFOLIO ACTIVITY HIGHLIGHTS

This quarter was particularly active for the strategy with 6 new additions (3 of which we have owned before in the strategy so they are not entirely new) and 4 full sales. Since the strategy aims to remain fully invested, it holds very limited cash reserves so the level of activity between new additions and full or partial sales is always closely linked.

There were two main thrusts behind this elevated level of activity:

1. Trim the exposure to countries where the strategy had outperformed and was now overweight (Brazil and UAE). In the vein of adding value via our stock picks rather than country allocations, we added individual companies to underweight countries (Taiwan, South Korea, and Indonesia).

2. Re-allocate to more attractive reward/risk opportunities within the same countries due to significant relative price changes (Brazil and China), but without increasing the allocation to the country.

A brief outline of the new additions follows:

- The strategy initiated a position in one of South Korea's largest convenience store networks. The company's share price has fallen in tandem with the far more cyclical retail formats of department and duty-free stores. The company is benefiting from the change of habits with more single-person households who prefer to purchase ready-made, cheaper food or meals at convenience stores rather than cook at home. It maintains very attractive ~20% ROICs, has healthy ~10% growth, and now trades below 2 standard deviations versus historical levels.

- The first new purchase in Taiwan provides testing equipment and services for all types of electronic products – traditional consumer and industrial electronics, and increasingly EV infrastructure and semiconductors. As such it is a central cog in the buildout of our more electric world. The company has been overlooked as it does not fit squarely in the AI trend, but it maintains ~20% ROEs, grows steadily, and trades at nearly 2 standard deviations below historical levels.

- The second new purchase in Taiwan is a maker of high-end electric cables and connectors for medical equipment, autos and aviation, green energy, industrial applications, and communication systems. These cables are surprisingly high-end components that are often customized for individual products. Therefore, the company enjoys long-term relationships and has pricing power as its products are a low-cost, but core, part of far more expensive systems. We believe the company has been overlooked as all eyes focus on AI despite its ~25% ROEs and stable growth. It has derated to around 1 standard deviation below historical levels.

- The new purchase in Indonesia is benefitting from a consolidated telecom industry that is down to three competitors. The result has been a new pricing discipline that is leading to slight rises in ASPs combined with continued volume growth and an upcoming rollout of 5G services. The company therefore has organic growth opportunities while being able to maintain ~20% ROEs. Given Asean's and Indonesia's lackluster performance this year, the share price fell through most of 2023 and de-rated down beyond 1 standard deviation below historical levels.

- The new additions in Brazil are companies we have owned before. The first is the country's largest operator of medical schools. We purchased it as it had lagged the sharp rise in the share price of peer education companies, yet it should have a clearer path to sustained growth as some of its medical schools mature. It is benefitting from programs to support higher education being put forth by the socially minded Lula administration. Regarding second company, we kept having discussions with the management and are comfortable that the banks simply cannot be effective competitors in its mutual fund and wealth manager platform. As a platform that offers products from all providers, the company maintains a structural edge over banks that will not have the option or desire to list competitors' products on their own platforms. It is now leveraging its scale to make inroads into the institutional and investment banking markets. Both companies now have high returns on equity and attractive Price/Cash Flow multiples of ~10x.

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INSIGHTS FROM RECENT MEETINGS

Based on recent meetings and conversations with companies, we share insights on some countries and sectors of importance to the strategy.

The strategy has several investments in the **healthcare sector in China**. A consistent message from companies at various stages in the industry value chain is that the China is aiming to reduce the heavy concentration of healthcare services at tier 3 hospitals (the best ones in the country) that are located in the major cities. The goal is to push down quality services and equipment to smaller cities and lower tier 1 and 2 hospitals throughout the country. This is becoming all the more important as society ages. This national effort provides a healthy tailwind as the increase in supply of healthcare services will drive demand for equipment and devices, consumables, and pharmaceuticals. It is also opening the door to a little discussed opportunity for private investors to take over and better manage healthcare facilities set up and still in the hands of SOEs and lower-level governments. The strategy has an investment in a company that is doing just this. This is a multi-year change that is a core support for our thesis for investments in the sector.

The **Middle East** has clearly accepted that it must transition away from its almost singular dependence on hydrocarbons. The UAE was earliest in this change and is now a global hub led by Dubai, a city which we think of as a new Hong Kong – the most international city in the region. However, the biggest push in this transition is now being made by Saudi Arabia with a series of stupendous mega-projects as well as liberalization of numerous industries. The problem for Saudi Arabia, and hence the opportunity for the UAE, is that Saudi Arabia does not have the infrastructure of professional services or management talent to support all this new investment, but the UAE does. A series of companies in the UAE have commented to us that the biggest growth opportunities they are pursuing lie in expanding operations or entering the Saudi market. From our perspective, we are able to invest in UAE-listed companies that typically trade at a large discount to those listed in Saudi Arabia, yet that are participating in the latter's dynamic economy in addition to their home UAE market.

Lastly, it appears that inventories in the **Technology sector** are beginning to return to normal. Manufacturers told us that for most of 2023 demand has been tepid with clients relying on rush orders to fill specific needs rather than placing longer range since they were still working through excess inventories. Evidence for this weak demand can be seen in the trajectory of 2023 estimates for the sector falling by from the start of 2023 by -11p for revenues and -32% for EPS (even with this decline the Technology sector vastly outperformed all other sectors for the year driven by a huge +78% rerating on a P/E LTM basis). More recently, however, we have been told of an uptick in regular orders instead of rush orders with the most cited reason being inventories returning to normal. Along with this, expectations are elevated that demand will be stoked by the trend of AI-processing being pushed to edge devices, primarily smartphones and laptops/PCs, with this new feature being the new "must have" that will drive the next cycle of demand for these products. Makers of GPUs and AI accelerators have introduced several new chip designs for these products categories and SK Hynix has commented to us that the average DRAM per product in these categories is starting to tick up as high-end smartphones and PCs with AI features require more memory. This will be a key area to monitor for the technology sector in 2024.

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