



Emerging Markets Equity

Objective

The Emerging Markets Equity Strategy objective is to outperform the MSCI Emerging Markets Index over the long term by utilizing a concentrated, low turnover, fundamental, bottom-up, relative value approach. By focusing on companies whose stocks sell at a discount to an estimate of their underlying business values, portfolios are constructed with a buffer that should shield investors from protracted stock price declines while offering significant appreciation potential.

“We believe having in-house equity and debt expertise, augmented by the macroeconomic research of a classically trained economist on staff, gives us a competitive advantage in today’s investing landscape.”

Portfolio Managers

Cindy A. New, CFA
Robin R. Kollannur, CFA

Inception Date

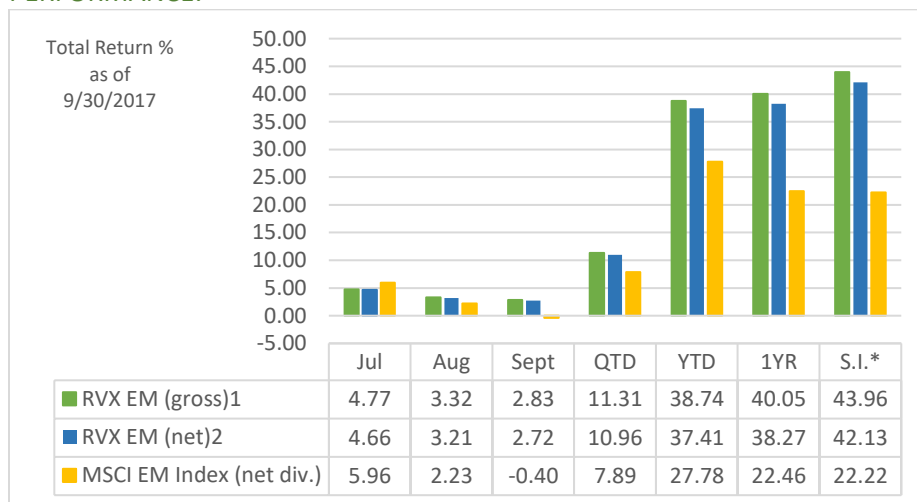
January 1, 2016

Strategy Profile

Perf. Benchmark.....MSCI EM Index
Style.....Relative Value
Market Cap.....All-Cap
Range of Markets.....10 - 20
Range of Holdings.....25 – 50
Cash Position.....0 - 5%
Name Turnover.....20-60%

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PERFORMANCE:



SOURCE: RVX ASSET MANAGEMENT, BLOOMBERG AND MSCI
*RETURNS 1 YEAR + ARE ANNUALIZED

1. THE PERFORMANCE REFERENCED ABOVE IS FOR THE RVX EMERGING MARKETS 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:

EM equities, as represented by the MSCI EM Index, were down -0.40% for the month, underperforming the developed markets indices: MSCI EAFE was up 2.49% while the S&P 500 was up 2.06%. For 3Q, EM equities showed better relative performance: up 7.89% vs. 5.40% for the MSCI EAFE Index and 4.47% for the S&P 500. While EM equities did take a breather in September, YTD outperformance remains compelling: up 27.78% vs. 19.96% for the MSCI EAFE Index and 14.21% for the S&P 500.

Top performers for the month and quarter included Brazil and Russia. Brazil’s currency has been one of the top outperformers since 2Q, amid improving economic conditions and increased confidence that inflation will remain subdued and interest rates will decline. Russia has also enjoyed falling inflation and interest rates, and the equity market has been steadily rebounding from its lows in 2Q. On a bottom-up basis, we continue to find more attractive opportunities in Brazil, where multiples are still compelling following many years of underperformance.

Laggards for the month and quarter included Greece and Qatar. Greece was impacted by a public dispute between the IMF and ECB regarding Greek banks and the need for an AQR (Asset Quality Review), and by the results of the German federal elections: while Chancellor Merkel’s CDU/CSU coalition maintained their leadership, they underperformed expectations while the far-right AfD party outperformed pre-election predictions. We saw the sell-off as a potential buying opportunity; while there definitely is a quality bifurcation among the Greek banks, the strong ones are showing many positive trends and have actually been outperforming expectations on loan growth and asset quality. Qatar continues to be impacted by the regional embargo led by Saudi Arabia, with the IMF recently cutting growth estimates for the year.

Investment Process

Identify Stocks

- Value characteristics
- No illiquid, highly leveraged, or distressed securities
- Broad industry and country representation

Proprietary Database

- Ranks undervalued stocks using multi-factor model
- Approximately 650 stocks by decile monthly
- Model inputs validated by team

Fundamental Analysis

- Top 30% of Database are research candidates
- Focus on sustainable cash flow and dividends
- Identifiable catalysts for appreciation
- Analyst recommendation on intrinsic value

Decisions

- Systematic process
- Portfolio construction
- Risk management
- Weekly investment meetings

Execution

- Timing
- Goal is to minimize trading costs

Portfolio Characteristics

Dividend Yield.....	2.9%
(P/E) Ratio (trailing).....	23.8
(P/CF) Ratio.....	14.7
(P/B) Ratio.....	1.6
Holdings.....	40
Countries.....	17
Top 10 Weight.....	34.1%
Name Turnover (Trail 12-mth).....	38%

Contact Information

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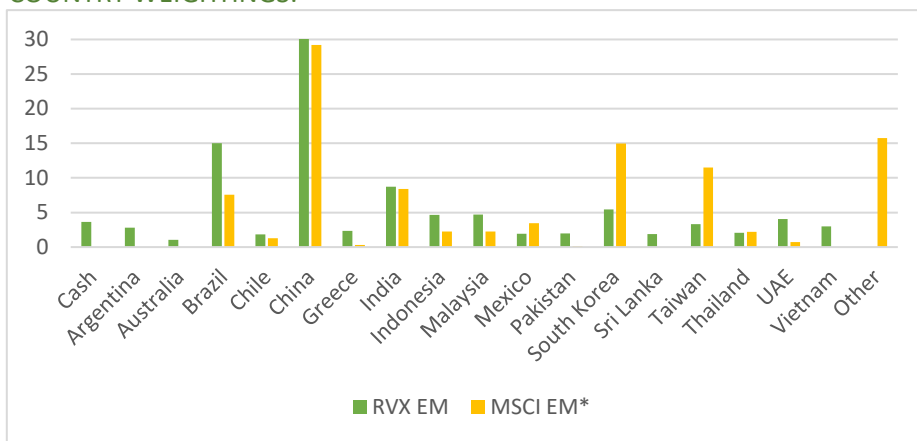
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TOP TEN HOLDINGS:

Security	Country	Sector	Mkt Cap (US\$ MM)	%Wgt
ESTACIO PARTICIPACOES SA	Brazil	Consumer Discretionary	3,115	5.35
ALIBABA GROUP HOLDING - SP ADR	China	Information Technology	442,337	3.47
SK HYNIX INC	South Korea	Information Technology	52,678	3.46
LUK FOOK HOLDINGS INTL LTD	Hong Kong	Consumer Discretionary	2,372	3.40
TAIWAN SEMICONDUCTOR MANUFAC	Taiwan	Information Technology	185,162	3.32
TELEFONICA BRASIL - ADR	Brazil	Telecommunication Services	25,653	3.19
PING AN INSURANCE GROUP CO - H	China	Financials	145,609	3.00
FPT CORP	Vietnam	Information Technology	1,139	2.99
BANK RAKYAT INDONESIA PERSER	Indonesia	Financials	27,975	2.98
ANTA SPORTS PRODUCTS LTD	China	Consumer Discretionary	11,291	2.96

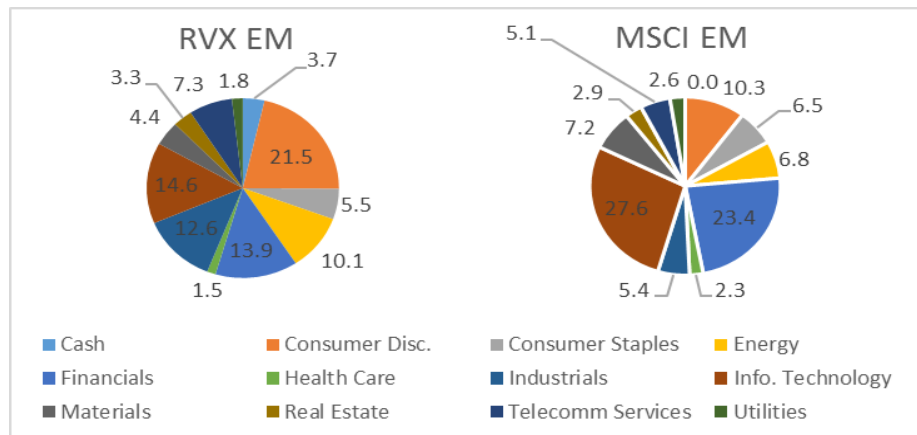
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

COUNTRY WEIGHTINGS:



Ishares MSCI Emerging Markets ETF used as a proxy for the MSCI Emerging Markets Index
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG, INFORMATION BASED ON A MODEL PORTFOLIO

SECTOR WEIGHTINGS:



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

THE INFORMATION PROVIDED ON THESE PAGES REPRESENT THE RVX EMERGING MARKETS HYPOTHETICAL MODEL PORTFOLIOS. ALL HYPOTHETICAL MODEL PERFORMANCE IN THIS PRESENTATION HAS CERTAIN INHERENT LIMITATIONS AND DOES NOT REPRESENT THE RESULTS OF A REAL INVESTMENT PORTFOLIO, REAL RECOMMENDATIONS, OR ANY ACTUAL PAST PERFORMANCE OF RVX OR ANY AFFILIATED REAL PORTFOLIO, SEPARATE ACCOUNT, OR FUND.

THE HYPOTHETICAL MODEL PERFORMANCE SHOWN HEREIN IS BASED ON SIMULATED OR HYPOTHETICAL TRADES MADE BY RVX FOR HYPOTHETICAL MODEL EMERGING MARKETS PORTFOLIOS CONTAINING INVESTMENTS OF THE TYPE RVX GENERALLY EXPECTS TO PURCHASE FOR ACCOUNTS UTILIZING EMERGING 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 A REAL PORTFOLIO UTILIZING RVX'S EMERGING MARKETS STRATEGIES THAT RVX BELIEVES THIS INFORMATION TO BE RELEVANT TO PROSPECTIVE CLIENTS. HOWEVER, THERE ARE CERTAIN MATERIAL INHERENT LIMITATIONS ON DATA DERIVED FROM THE APPLICATION OF THE EXPECTED EXPOSURE OF A CLIENT ACCOUNT TO A HYPOTHETICAL MODEL PORTFOLIO THAT, ALTHOUGH INVESTED SIMILARLY, IS NOT THAT OF A CLIENT ACCOUNT AND THERE ARE MANY REASONS WHY ACTUAL RESULTS MAY DIFFER. ONE OF THE LIMITATIONS IS THAT HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL AND TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING STRATEGY WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. 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 A CLIENT'S ACTUAL PORTFOLIO, RVX'S ADVISORY FEES AND FUND TRADING COSTS WOULD DECREASE SUCH RETURNS. RVX'S INVESTMENT ADVISORY FEES ARE DESCRIBED IN ITS FORM ADV, PART 2A. THE HYPOTHETICAL NET RETURNS SHOWN IN THIS PRESENTATION ASSUME A 1.1% ADVISORY FEE AND 0.20% TRADING COST. ACTUAL COSTS MAY VARY DEPENDING ON ACCOUNT SIZE AND MARKET ENVIRONMENT.

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