



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

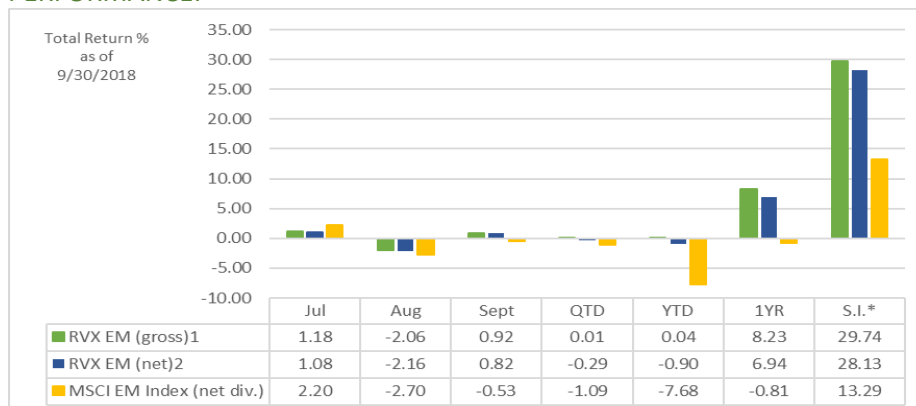
Inception Date

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%

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:

The third quarter saw emerging market equities underperform both U.S. and international developed markets. The MSCI Emerging Market Index (gross) was down -0.95% for the quarter vs. the S&P 500 return of 7.20% and the MSCI EAFE (gross) return of 1.42%.

From a country standpoint, Turkey, Greece, and South Africa were the worst performers for the quarter as both Turkey and South Africa saw significant currency volatility, while Greece was hit with increased worries around its banking system. Top performers included the smaller countries of Hungary and Qatar, both beneficiaries of higher oil prices. Thailand, increasingly seen as a safe-haven during emerging market downturns, was also an outperformer.

Energy, Materials, and Industrials were the strongest performing sectors while Consumer Discretionary, Communication Services, and Health Care were the worst. The MSCI EM Value Index significantly outperformed the MSCI EM Growth Index for the quarter with a +3.68%⁴ return vs. -5.32%⁴, due to the much higher Energy weight in the Value index.

We began the quarter with a lower weight (8.0%) in Information Technology but by the end we had increased our weight to 11.5% through a combination of new purchases and adding to existing positions. While we are still under the MSCI EM Index weight of 26.9%, we continue to look for new ideas in this sector. We have also maintained our overweight in the Energy sector, where we are now at 14% of the portfolio. The next quarter should see a continued support for energy prices, especially as rhetoric around Iran sanctions heat up.

We have increased allocations to Malaysia and South Korea, with the former showing stability after a surprise election result last quarter and the latter increasing economic ties with North Korea. Mainly because of worries around a looming trade war, the last quarter also saw underperformance in Chinese equities. We remain comfortable with our China positioning, and as mentioned in prior commentaries, a lot of our names in China are either domestic-demand oriented companies or companies in the energy sector. We have very little exposure to companies that may be directly impacted in the short-term by increased trade rhetoric.

Key risks in Q4 will include ripple effects from a potential further devaluation of the Chinese renminbi, a near-term spike in oil prices that would cause fiscal pressure for countries that are net oil importers, rising global interest rates, election uncertainty, and geopolitical risk (escalation of U.S. – Iran and U.S. – China tensions). Recent EM underperformance relative to U.S. equities has been the worst we have seen in many years. The rise in U.S. interest rates, a growing realization that the fiscal situation in the U.S. has deteriorated, and the potential for a U.S. mid-term election outcome that creates political gridlock all may help with a reversal of the recent EM underperformance.

Investment Process

Identify Stocks

- Value characteristics
- No illiquid, highly leveraged, or distressed securities

Proprietary Database

- Ranks undervalued stocks using multi-factor model
- Approximately 650 stocks by decile monthly
- Model inputs validated by team
- Broad industry and country representation

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.....	3.1%
(P/E) Ratio (trailing).....	14.7
(P/E) Ratio (forward).....	11.8
(P/CF) Ratio.....	5.9
(P/B) Ratio.....	1.3
Holdings.....	47
Countries.....	18
Top 10 Weight.....	29.0%
Name Turnover (Trail 12-mth)....	33.0%

Contact Information

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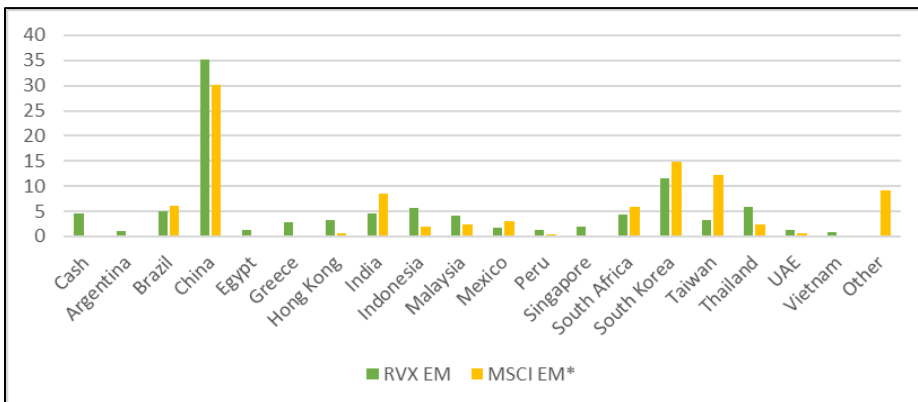
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TOP TEN HOLDINGS:

Security	Country	Sector	Mkt Cap (US\$ MM)	%Wgt
CNOOC LTD-SPON ADR	China	Energy	88,433	3.39
AMATA CORP PUBLIC CO LTD	Thailand	Real Estate	796	3.38
SAMSUNG ELECTR-GDR	South Korea	Information Technology	268,842	3.35
TAIWAN SEMICONDUCTOR MANUFAC	Taiwan	Information Technology	222,937	3.29
CHINA LONGYUAN POWER GROUP-H	China	Utilities	6,757	2.73
PETROCHINA CO LTD -ADR	China	Energy	233,254	2.64
PING AN INSURANCE GROUP CO-H	China	Financials	183,686	2.64
THAI BEVERAGE PCL	Thailand	Consumer Staples	12,494	2.57
CHINA PETROLEUM & CHEM-ADR	China	Energy	124,609	2.48
EMBRAER SA-SPON ADR	Brazil	Industrials	3,651	2.48

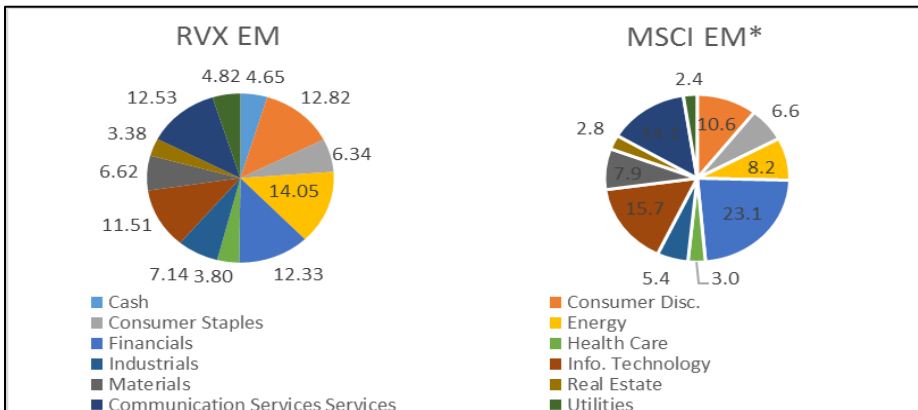
SOURCE : RVX ASSET MANAGEMENT AND BLOOMBERG,
INFORMATION BASED ON A MODEL PORTFOLIO

COUNTRY WEIGHTINGS:



*Shares 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:



*Shares 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

RVX Model Portfolio Hypothetical Performance/Gross of Fee Returns: The following material include information related to the net (hypothetical) performance of three (3) model portfolios established by RVX (the Emerging Markets, the Frontier Markets and the Emerging Markets Small Cap Portfolios. 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