RV CAPITAL

RV Capital Asia Opportunity Enhanced Return Fund

Monthly Newsletter – August 2025

Monthly Return	2.2%
Year-To-Date Return (%)	19.9%
Life-To-Date Return (%)	52.3%
VaR (%-Daily 99% CI)	2.6%

Manager Commentary

With the rise of the per capita income of many East European, East Asian and Middle Eastern economies to OECD standards, the traditional lines between Developed Markets and Emerging Markets seem anachronistic. We feel, we are in for a higher volatility regime in Developed Markets, and potentially a lower volatility regime in some erstwhile Emerging Markets. Smart money has noticed the bifurcation of returns, and flows in fixed income are picking up in-line with the above trend.

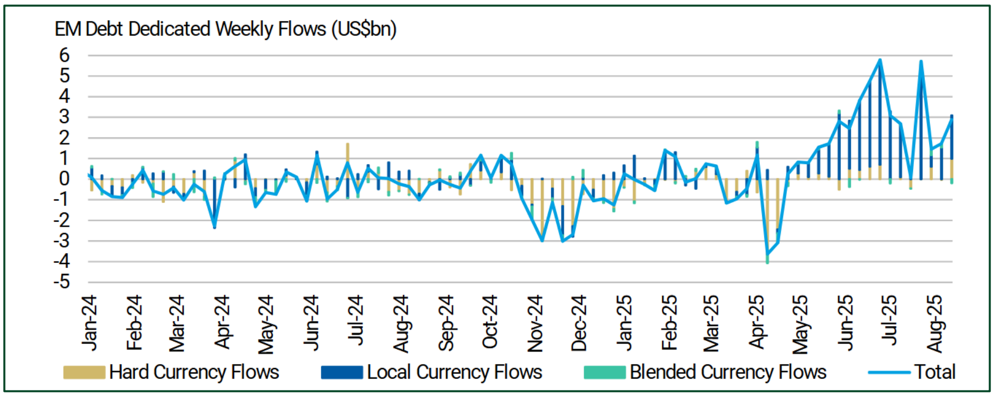
August 2025 was a classic summer slumber month. The stock market continued its upward march, the VIX averaged 16, FX volatility declined significantly, and credit spreads edged close to multi-decade lows. All such price action makes market participants do crazy things – people take more leverage, sell volatility to earn carry, buy credit and top-up equity, gold, crypto. Corporates embark on a bond issuing binge, investors buy them up as if they will never see supply again (many bond issues in August were 10 - 20x oversubscribed) and private credit participation is in full swing.

No stir in the air, no stir in the sea,
The ship was still as she could be;
Her sails from heaven received no motion,
Her keel was steady in the ocean.

But as the famous ballad by **Robert Southey, "The Inchcape Rock"** suggests that actions have consequences. The world this year has been subjected to its own version of mini and major shocks – tariffs, wars, severe heat and fires, election surprises, and policy mistakes. Yet the "markets" were in the mood of:

The sun in the heaven was shining gay,
All things were joyful on that day;
The sea-birds scream'd as they wheel'd round,
And there was joyaunce in their sound.

The current geopolitical dilemma facing the world, US included, is how to balance proven global cooperation with the pursuit of national pride and economic independence. Every leader will involve themselves in this complex construct of game theory. Every businessperson (us included) needs an element of business continuity (to pay the bills) and, a vision of where we are headed. This marginally inward-looking construct will lead to increasingly larger amplitudes of market moves. We have seen less of this since the tearing down of the iron curtain in the 90s. The inexorable rise of China (and India in smaller but unignorable prints), and the sudden appearance of East Asia, Middle East and Eastern Europe in rich world data also opens many opportunities. While US hegemony remains, multi-polarity will also prosper. It could mean more volatility in Developed Markets FX and Rates, with lower volatility in the 'erstwhile' Emerging Markets markets. This year, for example, while the USD has weakened, China, Taiwan, Malaysia and Thailand FX have strengthened, and the New Zealand and Australian Dollar have weakened. In fact, global Developed Markets (France, Japan, and the US) have behaved more like Emerging Markets, due to fiscal strains, protectionism, debt sustainability and, both political and policy uncertainty. This theme will continue in our opinion.



Source: Morgan Stanley

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One exception to the "Emerging Markets-is-good" model is potentially India. India (and Brazil) has now been accorded LFN (poetic license used to describe the opposite of Most-Favoured-Nation) with its 50% tariff hits. We think Indian equity markets are high and, currency volatility is low. Given the potential vulnerabilities, we are surprised by the apparently hawkish rate stance that the markets and the Reserve Bank of India have taken, and the "all-is-good" attitude in Indian equities. This, in our opinion is a set up that could lead to further weakness in the country's FX.

In this environment our portfolio has been steeling itself with buying volatility, credit options and CDS indices for the potential risk-off scenarios and bracing for Asian economies' expected slowdown with further rate cuts. Our ultimate end-goal scenario is a culmination of many rate cuts, a lower USD, and a significant repricing of risk assets (lower equity & wider credit spreads) as part of a potential growth slow down. Until then, expect pundits to offer classic post facto explanations based on the "productivity is getting enhanced by AI" argument. That is also true, but long-term productivity growth also leads to short-term adjustments of labor that could look recessionary.

They hear no sound, the swell is strong,
Though the wind hath fallen they drift along;
Till the vessel strikes with a shivering shock,
"Oh Christ! It is the Inchcape Rock!"

-Ronnie Roy

Fund Details

Inception	August 2022
Sector	Asian Macro
Legal Council	Adi Law LLC, Proskauer (US)
Administrator	SS&C Fund Services (Asia)
Auditor	Cohen Assurance PAC
ISIN	SGXZ33993072 (Class G)

About RV Capital Management

RV Capital Management is a Singapore-based hedge fund management company founded in 2011. We focus on long/short investments in the interest rates, foreign exchange and credit markets in Asia. These investments are driven by economic, secular and structural themes. Our culture is rooted in top-down macro research of Asian economies framed within the context of price dislocations resulting from drivers outside Asia. We emphasize strong risk discipline and seek to employ liquid instruments while being mindful of market technicals.

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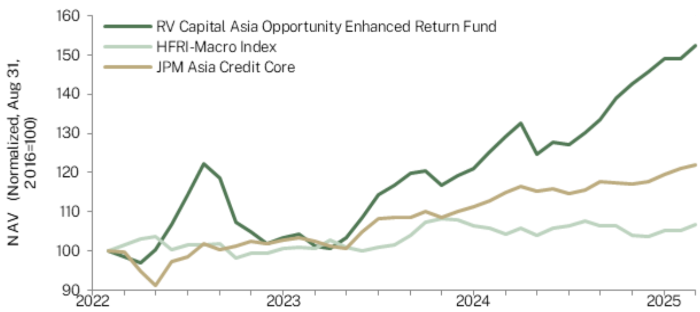
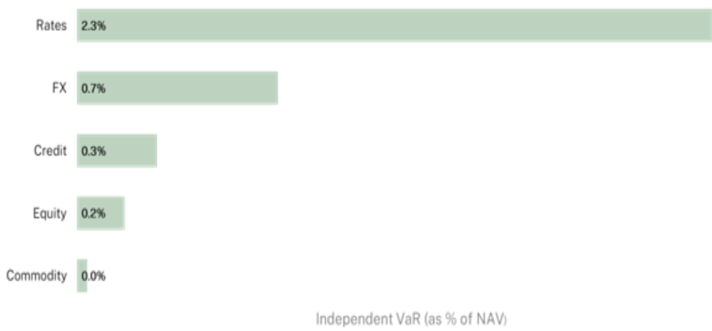
Performance[1,2]

Fund performance[1,2] vs Benchmarks



Risk – Top VaR Contributors by Asset Class[3]

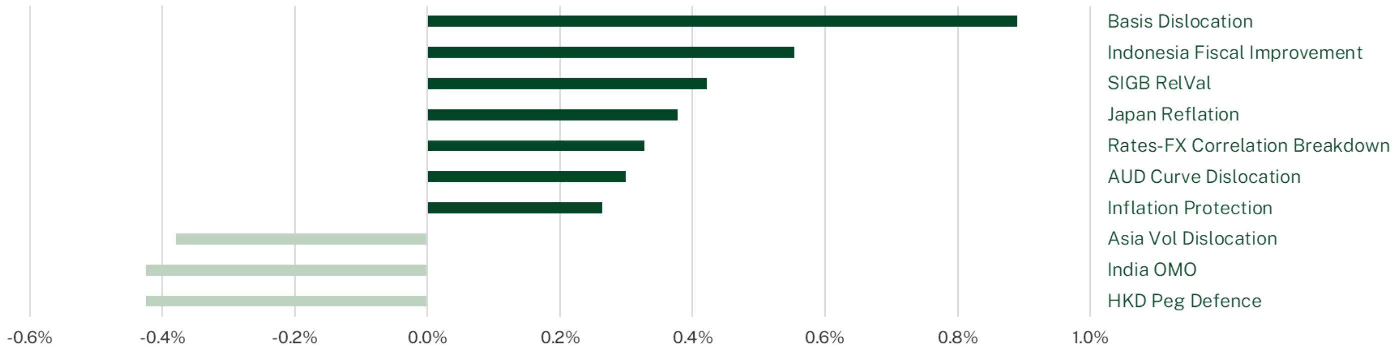


Monthly Returns[1]

Past performance does not predict future returns. See disclaimer.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022								-1.5%	-1.5%	3.3%	6.4%	7.2%	14.3%
2023	7.0%	-2.9%	-9.6%	-2.2%	-2.9%	1.4%	0.8%	-3.0%	-0.6%	2.7%	5.2%	5.3%	0.1%
2024	1.9%	2.8%	0.4%	-2.9%	1.9%	1.5%	3.6%	3.1%	2.6%	-6.0%	2.5%	-0.6%	11.0%
2025	2.5%	2.6%	4.0%	2.7%	2.1%	2.3%	-0.1%	2.2%					19.9%

Monthly Performance by Theme[3]



Return Attribution[3]

Top Contributors	
Basis Dislocation	+0.89% Overnight rate fixings in SGD continued to stay low and below FX implied levels
Indonesia Fiscal Improvement	+0.55% Indonesian local Government bonds rallied in anticipation of further cuts from the central bank
Singapore Government Bond Relative Value	+0.42% Singapore Government bonds appreciated, and swap rates declined with lower funding rates

Top Detractors	
HKD Peg Defence	-0.42% Long USDHKD positions detracted as increased HKD funding rates caused HKD to appreciate
India Open Market Operations	-0.42% Yields on Indian Government bonds and swaps increased in response to the strong GDP and hawkish RBI stance
Asia Volatility Dislocation	-0.38% Long FX volatility positions with the decline in realized volatility in Asian FX

1. Actual net returns of Class G Shares used as from Sep 2023 after adjusting for the equivalent High Water Mark as the class was issued intra-period with respect to Performance Fees; prior net returns are of Class C shares. Other available share classes are detailed in the Fund Prospectus
2. Source for benchmark indices: Bloomberg
3. Approximate return and VaR contributions as on 29 Aug 2025

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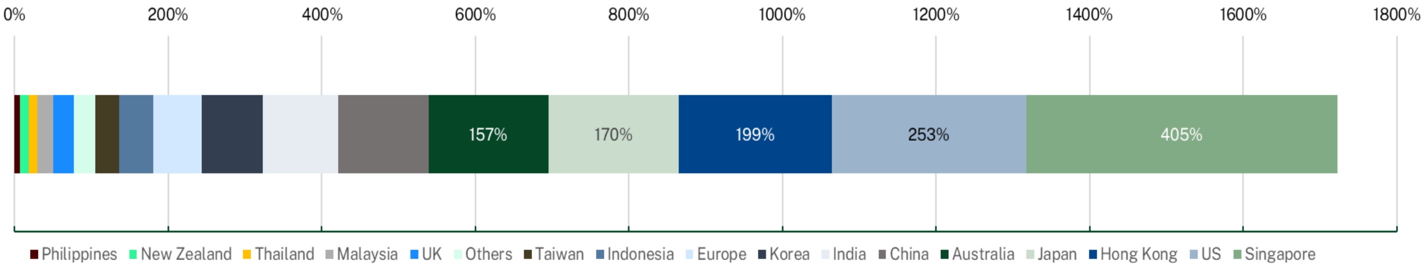
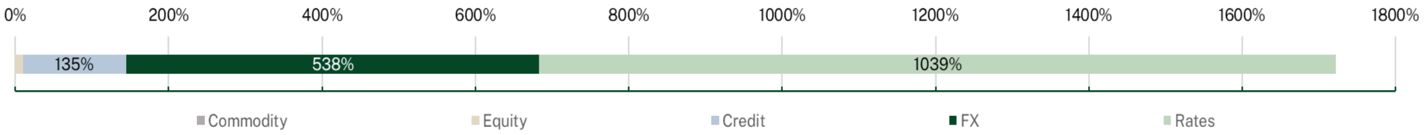
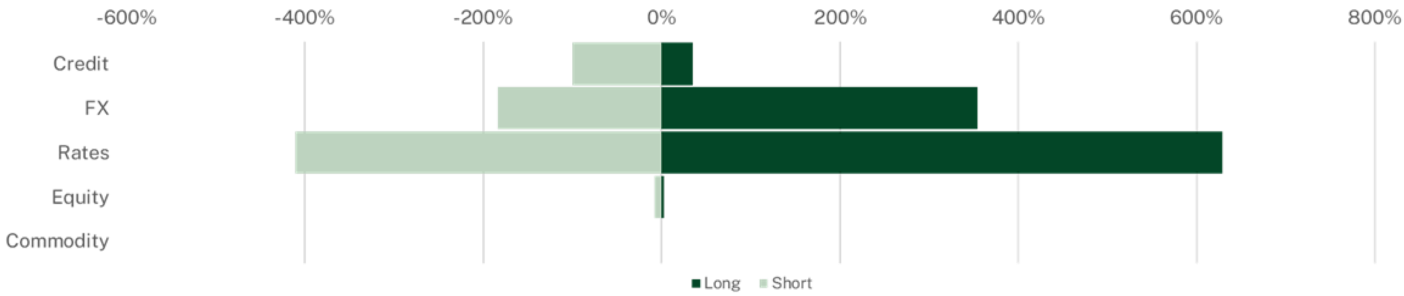
Gross Exposure by Asset Class and Country[4]

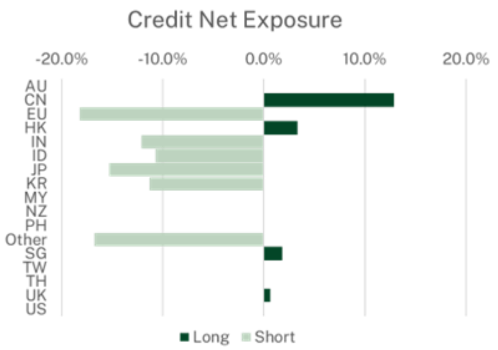


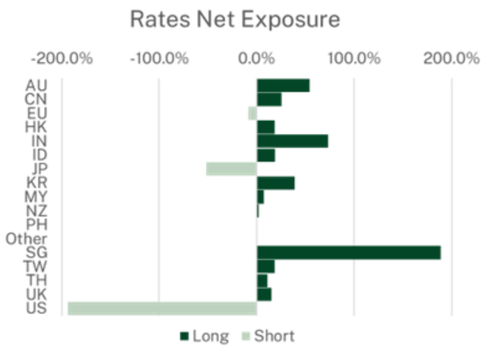


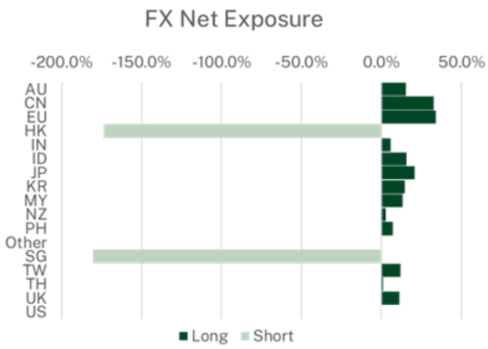
Portfolio Exposure by Asset Class[4]



Portfolio Exposure by Geography[4]







4. These are first order exposures on a duration adjusted basis using 10yr equivalents for Rates, 5yr equivalents for Credit and delta equivalents for FX. The sum of unadjusted gross notionals of all positions will be significantly higher for this portfolio

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Disclaimer

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This information is qualified in its entirety by reference to the information memorandum and supplement which will contain additional information about the investment objective, terms and conditions of an investment in the Fund and will also contain tax information and risk disclosures that are important to any investment decision regarding the Fund, and the subscription agreement relating to the purchase of participating shares in the Fund. <u>Any information regarding projected or estimated values, investment returns or distributions are estimates only and should not be considered indicative of the actual results that may be realized or predictive of the performance of a fund or any investment.</u> There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of sample performance results and all of which can, adversely affect actual trading results. 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The Fund is not and will not be authorised or recognised by the MAS and participating shares in the Fund are not allowed to be offered to the retail public in Singapore and the Fund is not a collective investment scheme authorised under Section 286 of the SFA or recognised under Section 287 of the SFA. This document is not a prospectus as defined in the SFA. Accordingly statutory liability under the SFA in relation to the content of a prospectus would not apply. The Fund may only be offered exclusively to qualified institutional and high net-worth persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under the SFA, including that of being accredited and/or institutional investors. The Fund is not intended to be made available to the retail public in Singapore. Any resale of participating shares in the Fund in Singapore must be in accordance with an applicable exemption from the prospectus requirements under the relevant provisions of the SFA.

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