RV CAPITAL

Monthly Newsletter

June 2025

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RV Capital Asia Opportunity Fund

Domestic macro conditions point to clear policy choices - raise rates in Japan and cut everywhere else. These conclusions have very little to do with the US. Yet almost all noise emanates from the US – which is often a great opportunity for us. In the big picture sense China & India's dominance in goods and services surpluses should continue given excess capacity in each. This is helpful , and not hurtful to world GDP growth. The quicker we adjust to this, the quicker we should return to trendline global GDP growth.

As I sat on an Asia Panel at a European Hedge fund symposium, the "Why Asia? Why now?" question invariably came up. In response the below trend of numbers floated in my head.

	GDP ($ tn)		GDP (PPP; $ tn)		GDP per capita ($ '000)		GDP per capita (PPP; $ '000)	
	2000	2024	2000	2024	2000	2024	2000	2024
United States	10.3	29.2	10.3	29.2	36.3	85.8	36.3	85.8
China	1.2	18.7	3.2	38.2	1.0	13.3	2.6	27.1
India	0.5	3.9	2.2	16.2	0.4	2.7	1.9	11.2
Japan	5.0	4.0	3.3	6.5	39.2	32.5	26.4	52.7

Source: IMF, RV Capital Research

To summarize the takeaways:

- The huge divergence between India and China's GDP and PPP GDP (both nominal and per capita) explains the demand for outsourcing to Chinese manufacturing and Indian services. The microphone I used in the panel was made in China whilst most of the research material displayed on an esteemed investment bank's slides was created in India.
- The large per capita GDP gap between India/China and the OECD world highlights the continued prospect for these two countries to drive global GDP growth.
- The flatlining of Japan's nominal GDP over the past two and a half decades serves as a warning sign for China, which may face similar demographic and economic stagnations in the future.

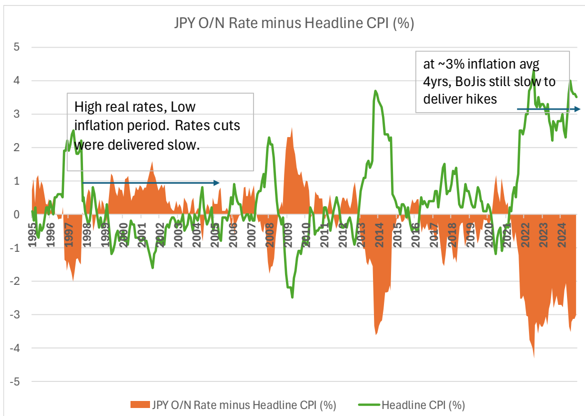
Finally, when asked what surprises me in Asia, I pointed to Japan's inflation, which has shifted sharply in recent decades. For much of the last two decades, Japan battled low growth and deflation whilst EM Asia experienced the opposite. Yet now Japan's inflation stands higher than the rest of EM/DM Asia and even the broader DM world.

Country	% Rates	CPI	2Y Swap - CPI (Bps)
US	3.52	2.4	112
EU	2.00	1.9	10
JP	0.79	3.5	-271
SK	2.39	1.9	49
AU	3.15	2.4	75
SG	1.81	0.8	101
CN	1.48	-0.1	158
TH	1.23	-0.6	180
MA	3.12	1.2	192
IN	5.51	2.8	269
PH*	5.70	1.3	440
ID*	6.05	1.6	445

Source: Bloomberg, RV Capital Research

Amidst such an accommodative policy setting, Japan's high inflation becomes less of a mystery. Given its deflationary history, the BoJ seems hesitant to normalize its policy aggressively leaving Japan with a pro-cyclical policy amid inflation.

We anticipate the BoJ will eventually be forced to either hike short-term policy rates or tolerate significantly higher long-end yields. Hiking short-term rates more directly reins in demand, anchors short-end yields, contains inflation, and calms FX markets. However, the BoJ is concerned that such tightening could trigger a sharper slowdown and spill over into variable-rate mortgages, a touchy topic. Alternatively, allowing long-end yields to rise lets market forces gradually tighten financial conditions, but at the cost of heavier debt-service burdens and increased volatility in the bond market. The BoJ shows more restraint when it comes to reengaging in tools like Yield Curve Control (YCC). In short, the BoJ is caught between a bond and a hard rate.



Source: Bloomberg, RV Capital Research

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Where rates have less to fall (or even rise) the USD also looks vulnerable against most current account surplus economies with Korea, Taiwan, China, and Japan of special interest as suggested in the previous newsletter.

Lastly, as shown in the chart alongside, our Credit metrics continue to flash Amber to red with another small blip during the “12-day war”. Our contrarian instincts continue to be trade from the short side as valuation gives very little scope for mistakes in the world of credit.

To summarize, domestic macro conditions recommend very clear policy choices - raise rates in Japan and cut rates everywhere else. These conclusions have very little to do with the US. Yet markets frequently trade on correlations without any regard to causality. This provides a great set of opportunities if one is patient in entries and conservative in sizing individual trades.

Credit Cross-over Index Spread movement
Source : Bloomberg

-Ronnie Roy

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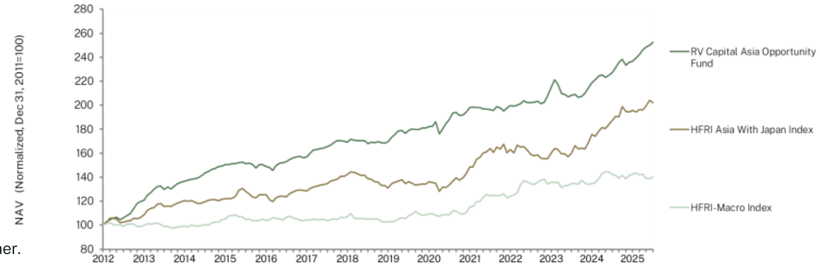
RV Capital Asia Opportunity Fund

Portfolio Summary

Monthly Return	0.9%
Year-To-Date Return (%)	6.7%
Life-To-Date Return (%)	152.4%
VaR (%-Daily 99% CI)	0.9%

Performance

Fund performance[1,2,3] vs Benchmarks

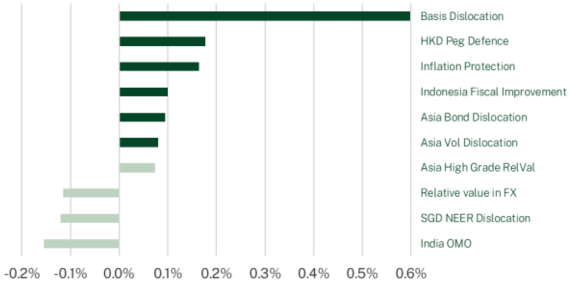


Monthly returns

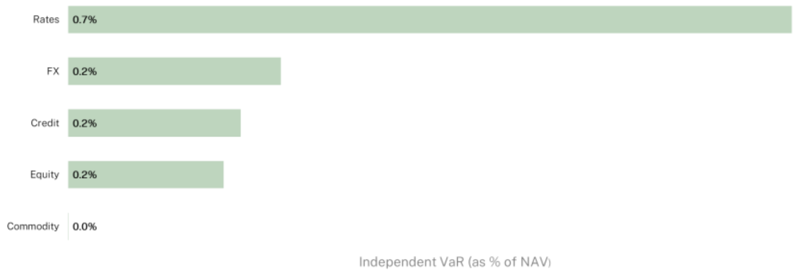
Past performance may not be indicative of future performance. See disclaimer.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	3.1%	1.6%	1.2%	0.7%	-2.0%	1.9%	1.5%	1.7%	3.9%	3.3%	1.4%	1.1%	20.9%
2013	3.2%	1.9%	2.3%	1.8%	0.4%	-2.4%	1.8%	-1.3%	1.7%	1.7%	0.7%	0.6%	13.1%
2014	0.5%	0.6%	0.5%	0.3%	1.4%	1.6%	0.9%	0.9%	0.8%	1.1%	0.3%	0.6%	10.0%
2015	0.2%	0.6%	-0.1%	0.5%	0.3%	-0.8%	0.3%	-0.6%	-2.2%	1.9%	0.1%	-1.1%	-1.0%
2016	-0.6%	-1.5%	2.7%	1.4%	0.3%	0.5%	1.4%	0.6%	0.5%	0.3%	-0.6%	0.4%	5.4%
2017	1.8%	1.7%	0.4%	0.4%	0.3%	0.8%	0.8%	1.3%	0.8%	0.1%	-0.2%	-0.5%	7.9%
2018	1.4%	-0.5%	-0.2%	0.1%	-0.1%	-1.4%	0.6%	-0.2%	0.5%	-0.3%	-0.3%	0.6%	0.1%
2019	2.3%	1.3%	1.6%	0.3%	-1.4%	1.3%	0.8%	-0.2%	0.0%	0.6%	0.1%	0.6%	7.5%
2020	0.0%	2.2%	-5.5%	2.4%	2.5%	1.7%	3.0%	0.3%	-1.3%	0.2%	1.3%	1.8%	8.7%
2021	0.3%	-0.3%	0.1%	-0.6%	-0.1%	-0.2%	-0.5%	1.7%	-0.6%	-1.3%	1.3%	0.9%	0.8%
2022	-0.1%	0.4%	0.5%	1.3%	-0.8%	0.0%	0.1%	0.5%	-1.0%	0.5%	2.7%	3.5%	7.8%
2023	2.7%	-1.5%	-3.6%	-0.4%	-1.1%	0.7%	0.5%	-1.1%	0.3%	1.2%	2.3%	1.9%	1.7%
2024	1.0%	1.5%	0.4%	-0.9%	0.8%	1.1%	1.8%	1.9%	1.0%	-2.0%	1.1%	0.2%	8.1%
2025	1.3%	1.1%	1.5%	1.0%	0.7%	0.9%							6.7%

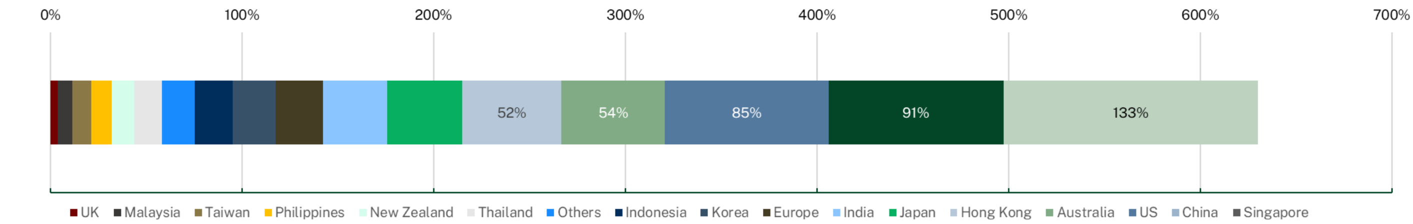
Monthly Performance by Theme[3]

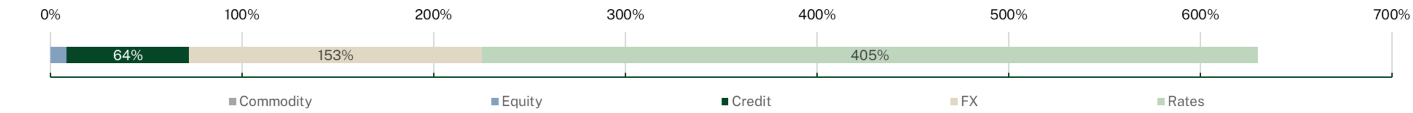


RISK - Top VaR Contributors by Asset Class[3]



Gross Exposure by Asset Class and Country[4]





Fund Details

Inception	Jan 2012
Sector	Asian Macro
Legal Council	Rajah and Tann, Ogier (Cayman), Proskauer (US)
Administrator	SS&C Fund Services (Asia)
Depository	MUFG Investor Services and Banking
Auditor	Cohen & Co International (Cayman)
Bloomberg Ticker	RVCCLSB (Class B)
ISIN	KYG7741J1186 (Class B)

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.

1. Actual net returns of Class B 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 30 Jun 2025
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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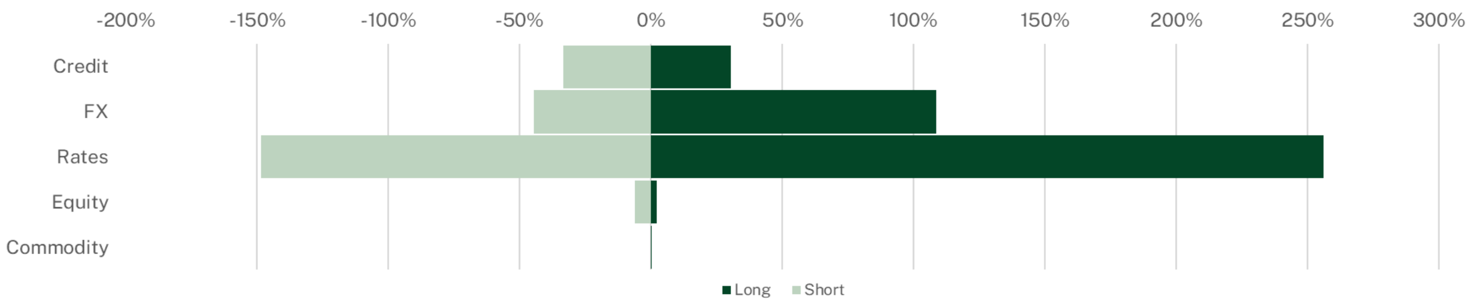
Return Attribution

Monthly Return: 0.9%

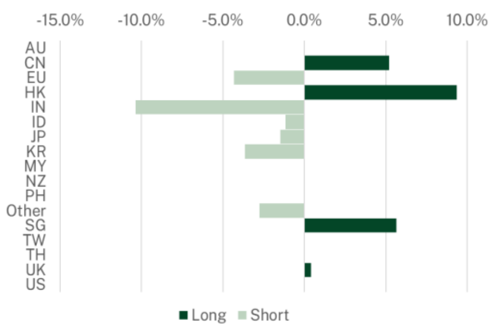
Top Contributors		
Basis Dislocation	+0.60%	Singapore basis trades added during risk off times in April started to converge in June, with a bias of rates rally
HKD Peg Defence	+0.18%	As expected USDHKD moved to the upper end along with a collapse of Hibor rates as south bound flows picked up
Inflation Protection	+0.16%	Breakevens in Japan increased with persistent inflation
Top Detractors		
India OMO	-0.15%	Post the move from accommodative to neutral stance India Government bonds sold off
SGD NEER Dislocation	-0.12%	The SGD FX valuation is trading at the upper extreme of its valuation band even after the last MAS slope change
Relative Value in FX	-0.11%	Relative value FX trades in JPY, KRW and EUR underperformed

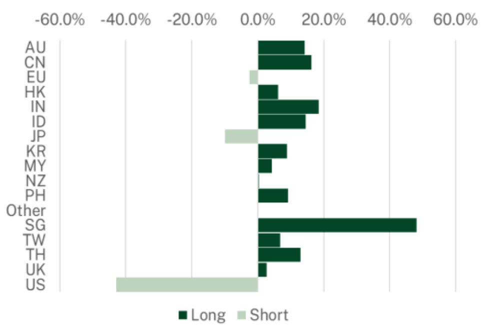
Portfolio Exposure[4]

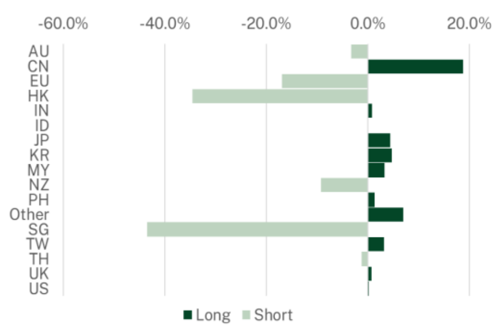
Asset Class Breakdown



Geographic Breakdown







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Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. The information contained herein includes (or is based in part on) projections, valuations, estimates and other financial data. This information should not be relied upon for the purpose of investing in the Fund. This information is qualified in its entirety by reference to the Memorandum 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 interests in the Fund. 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. 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. In considering the suitability of the Fund to investment objectives, investors must consider amongst other factors, any existing exposure to private equity and investments of illiquid nature, existing risk profile, investment mandate, liquidity considerations and previous investment experience. Opinions expressed are current as of the date appearing in this material only. 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The value of investments held by the Fund may also fluctuate and investors may not get back their principal amount invested. The Fund has been notified as a restricted foreign scheme under the Securities and Futures Act (Cap. 289) of Singapore (the "SFA") and will be invoking the exemptions from compliance with prospectus requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Fund is not and will not be authorised or recognised by the Monetary Authority of Singapore and interests in the Fund are not allowed to be offered to the retail public in Singapore. This document is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectus would not apply. The Fund may only be promoted exclusively to 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 Section 304 and Section 305 of the SFA and the subsidiary legislation enacted thereunder. The Fund is not intended to be made available to the retail public in Singapore. The Fund’s representative in Switzerland is Carne Global Fund Managers (Switzerland) Ltd, Beethovenstrasse 48, 8002 Zurich, Switzerland and its paying agent in Switzerland is Banca Credinvest SA, Zweigniederlassung Zürich, Stockerstrasse 41, 8002 Zurich, Switzerland. The Fund’s Prospectus, financial statements, Articles of Incorporation, and marketing materials may be obtained free of charge from the Swiss representative. In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative in Switzerland.

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