In my conversations with investors in the last few months, the two most asked questions are:

- When is the right time to turn around in rates?
- What is the opportunity set in China?

Answers to these questions form the crux of our portfolio construction.

A look at past crises give a possible answer to the first question:

Year	Crisis	Asset	Drawdown	Wealth Wiped Out
1994	Mexican Peso crisis	Mexican Peso	*-55%*	GDP w/o: $167Bn
1997	Asia Financial crisis	Thai Baht	*-60%*	GDP w/o: $360Bn **SG+TH+ID+KR*
2000	Tech bubble	Nasdaq	*-55%*	% Fall on Index: > 75%
				Wealth w/o: > $5T
2008	GFC	S&P 500 Banks Industry Group US	*-90%*	Wealth w/o: $10T
		Housing Bubble	*-25%*	(20% of world) GDP
2011	Europe debt crisis	Peripheral EU	*-65%*	GDP w/o: $400B
2020	Covid-19 Pandemic	Global GDP	*-70%*	GDP w/o: $22T
2022	Global Stagflation	Bitcoin	*-70%*	Wealth w/o: $1.5T *and counting*

Source: Trading Economics, Bloomberg, World Bank

In most past crises, Central Banks paused or started a cutting cycle during or just after a great bust: IMF Mexican bailout, Indonesian default, WorldCom, Lehman, Greece. This time too, we see the Fed continuing until we hit recession, or a great bust occurs, especially given the current inflation dynamics and a clear desire to shore up Central Bank credibility. Hence, we do not see a turnaround in Fed policy until we see a recession or a visible bankruptcy.

Turning to the second question, China's philosophical Common Prosperity theme was well intentioned, but probably ill-timed. The simultaneous crack down on tech and property, along with a tight money policy till 2021 and a zero covid policy was a bit too much for the economy to bear. As always in such policy cycles, Real Estate is always the sector that cracks. Since November, China has announced many policies to reverse and stabilize the sector (apparently 400 small / medium / large announcements have been supportive of the property sector). The year-on-year June sales numbers show signs of stabilization, and from July we should see a low base effect causing a psychological boost to the direction of the sentiment. However, the prevalent Global non-belief in China has filtered into other sectors leading to a massive re-pricing of default risk in non-property sectors as well (as the below diagram shows a huge number of BBB names are pricing increased default risk). This is not just in China but India and Indonesia as well on account of the global credit sell-off. Our Credit models have started flashing a green signal to start acquiring High Grade credit in a diversified manner.

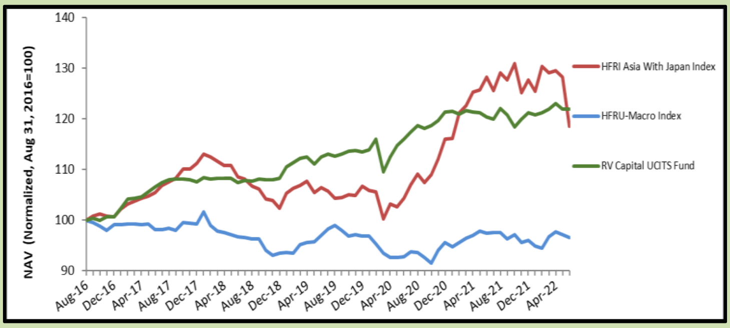
RV Capital Asia Opportunity UCITS Fund

PORTFOLIO SUMMARY*

Monthly Return	**0.0%**
Year-To-Date Return (%)	**0.6%**
Life-To-Date Return (%)	**22.0%**
VaR (%-Daily 99% CI)	**0.6%**

PERFORMANCE*

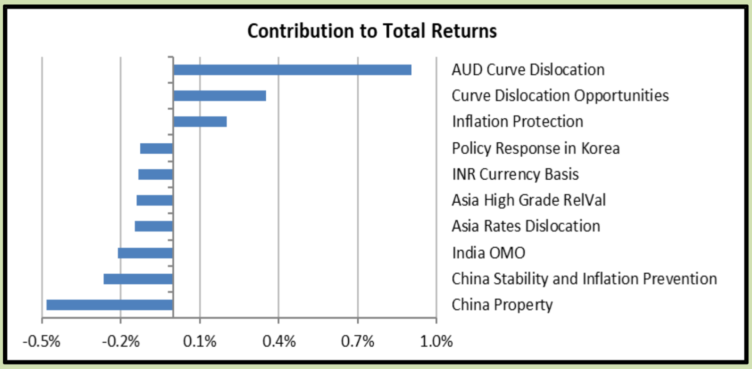
Fund Performance[1,2] vs Benchmarks



Monthly Returns

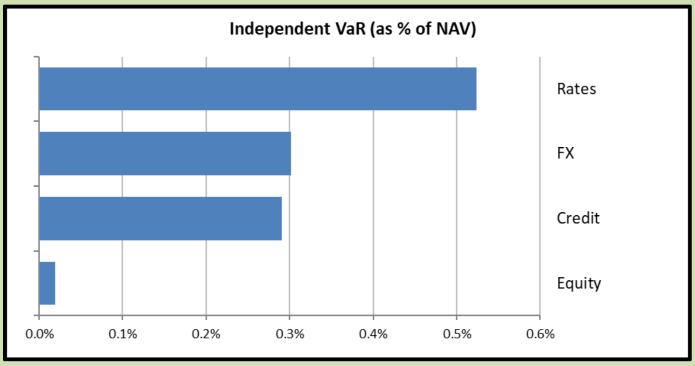
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016									0.4%	-0.4%	0.7%	-0.1%	0.6%
2017	1.7%	1.8%	0.2%	0.3%	1.0%	0.8%	0.8%	0.6%	0.2%	0.0%	-0.2%	-0.3%	6.9%
2018	1.0%	-0.3%	0.1%	0.0%	0.0%	-0.8%	0.4%	-0.1%	0.4%	-0.1%	-0.1%	0.2%	0.7%
2019	2.1%	0.8%	0.8%	0.2%	-1.2%	1.2%	0.6%	-0.4%	0.3%	0.5%	0.1%	-0.2%	4.9%
2020	0.3%	1.9%	-5.6%	2.8%	1.9%	1.1%	1.3%	1.1%	-0.5%	0.5%	0.9%	1.4%	6.9%
2021	0.2%	-0.4%	0.6%	-0.3%	-0.1%	-0.7%	-0.3%	1.7%	-1.0%	-1.9%	1.3%	1.1%	-0.1%
2022	-0.3%	0.3%	0.6%	1.0%	-0.9%	0.0%							0.6%

Monthly Performance by Theme[2]



RISK*

Top VaR Contributors by Asset Class[2]



1 Source for benchmark indices: Bloomberg
2 Approximate return and VaR contributions as on 30 Jun 2022

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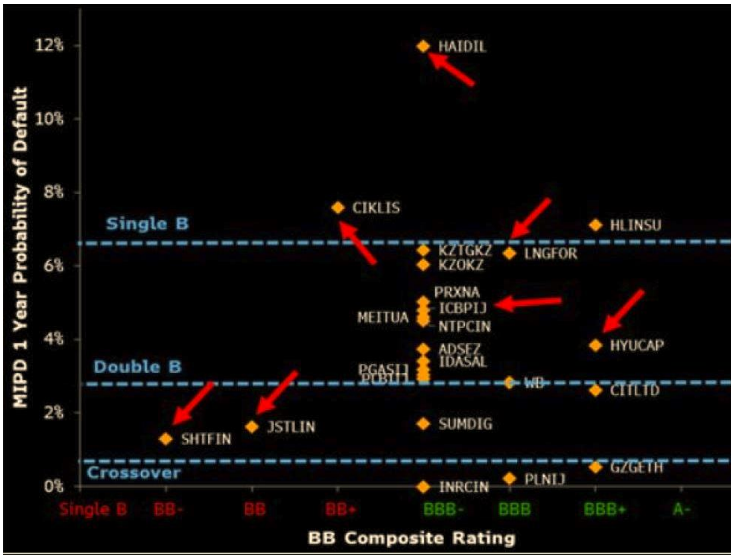

Source: Bloomberg Intelligence Unit

The tremendous rates market volatility continued last month as the narrative flipped from screaming inflation in the first half of June to screaming recession in the second half. The markets are likely to be schizophrenic as the possible rates moves from here in either scenario (inflation or recession) is quite large. We have used these opportunities to reduce rates beta and move to a balanced portfolio of rates paid view in inflation laggards and a rate received view in economies with proactive Central Banks.

In FX, USD strength has been uniformly relentless – but more so in JPY and EUR. Asian economies currencies have lagged, although the weaker economies from a current account deficit perspective have had a late burst of catch up. By most measures US$ is expensive, and JPY and Commodity currencies are cheap. We expect that correction to happen in the second half. China CFETS basket too looks rich, and we expect PBOC to guide it weaker.

- Ronnie Roy

Cheat sheet for gold traders

Event	Impact	Reasoning
Yields up	bad	Competition for gold (0%)
Yields down	bad	Declining inflation fears
Oil up	bad	Energy input costs going up
Oil down	bad	Global recession fears
Stocks up	bad	Risk-on, safe-haven shunned
Stocks down	bad	Risk-off, margin selling
Dollar up	bad	Inverse correlation to gold
Dollar down	bad	Indian gold tax looming
Open interest up	bad	Too many long positions
Open interest down	bad	Investors losing interest

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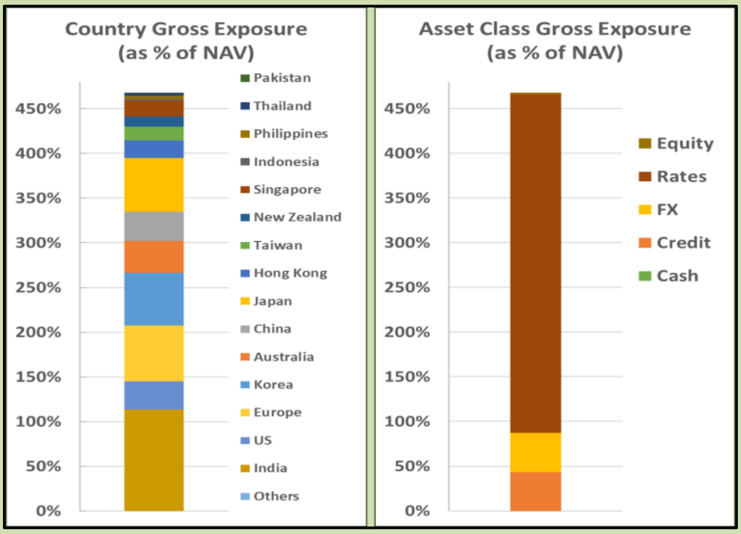
Source: https://mobile.twitter.com/search?q=%23GOLD

P.S : India just announced import duties on Gold

Gross Exposure by Asset Class and Country



FUND DETAILS

Inception	Sep 2016
Sector	Asian Macro
Legal Counsel	Walkers
Administrator	MUFG Alternative Fund Services
Depositary	MUFG Investor Services and Banking
Auditor	Deloitte
Bloomberg Ticker	RVUCTUS (USD)
ISIN	IE00BD08N388 (USD)

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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