

Ox Capital Dynamic Emerging Markets Fund

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Monthly Report April 2022

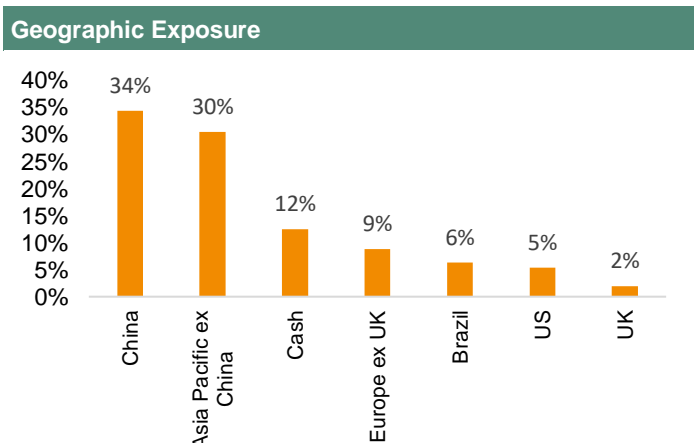
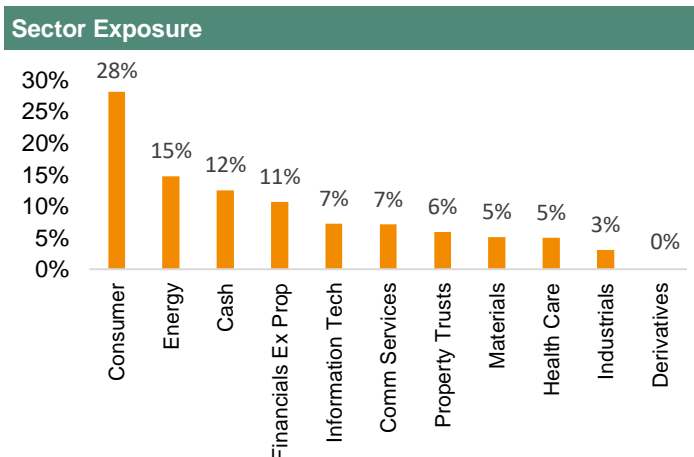
Performance	1 Month %	3 Month %	6 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.	Inception % p.a.
Fund return (net) ¹	1.7	-7.3	-15.1	-	-	-	-16.3
MSCI Emerging Market Net Return Index AUD unhedged	-0.2	-11.2	-9.3	-	-	-	-11.7
Excess return	1.9	3.9	-5.9	-	-	-	-4.6

¹ Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. The inception date for the fund is 17 September 2021. **Past performance figures that are less than 12 months are for informational purposes only and are not to be relied upon when considering the likely future performance of the Fund.**
Data Source: Fidante Partners Limited, 30 April 2022.

Fund Facts	
Portfolio managers	Joseph Lai, Douglas Huey, Alan Zhang
Inception date	17 September 2021
Management fee	1.00% p.a.
Performance fee	15% of the Fund's daily return above the benchmark ³
Fund Objective	The Fund aims to provide an absolute return and capital growth over the long term and outperform its benchmark after costs over rolling five year periods.
Initial Investment	\$10,000
Minimum suggested timeframe	5 years
Buy/sell spread³	+0.25% / -0.25%
Fund FUM	\$31.3 M
Distribution Frequency	Annually

Fund Features	
Concentrated:	A portfolio of 30-50 high quality, undervalued, well run companies that have the potential to generate high absolute returns over the medium to long term.
Capture growth:	Ox Capital's investment approach is to identify the immense positive changes taking place in Asia and other key emerging markets and to find companies that can benefit from those trends.
Macro overlay:	A quantitative model provides a bird's eye view of how macro conditions impact equity markets and helps guide country and sector asset allocation.
Capital protection strategies:	The Fund can use derivatives such as index futures and equity swaps to help protect the portfolio from market volatility and to obtain synthetic exposure to stocks or markets.
Experienced team:	A team of experienced and passionate emerging market investors strongly aligned with clients' investment objectives.

Top 10 Positions		
Company	Sector	%
Tencent Holdings Ltd	Comm Services	4.34
Shell PLC	Energy	4.28
Zijin Mining Group Co Ltd	Materials	4.08
Alibaba Group Holding Ltd	Consumer Disc	3.76
Repsol SA	Energy	3.37
Astra International Tbk PT	Consumer Disc	3.28
Pakuwon Jati Tbk PT	Property Trusts	3.25
Mitra Adiperkasa Tbk PT	Consumer Disc	3.05
Delivery Hero AG	Consumer Disc	3.03
Reliance Industries Ltd	Energy	2.96
Total		35.39



Data Source: Fidante Partners Limited, 30 April 2022.

³Daily return measured after fees, expenses, after adding back distributions paid.

Fund Performance

The dynamic emerging market strategy returned 1.7% in April, outperforming the MSCI Emerging Market AUD Index by 1.9%. The outperformance was driven by our short positions towards the Taiwan market and Nasdaq, as well as the exposures to energy (Repsol: 13%) and recovering companies in ASEAN countries (Astra International Tbk PT: +15%; Pakuwon Jati Tbk PT: +16%). The smaller exposures in Brazil dragged the performance for the month.

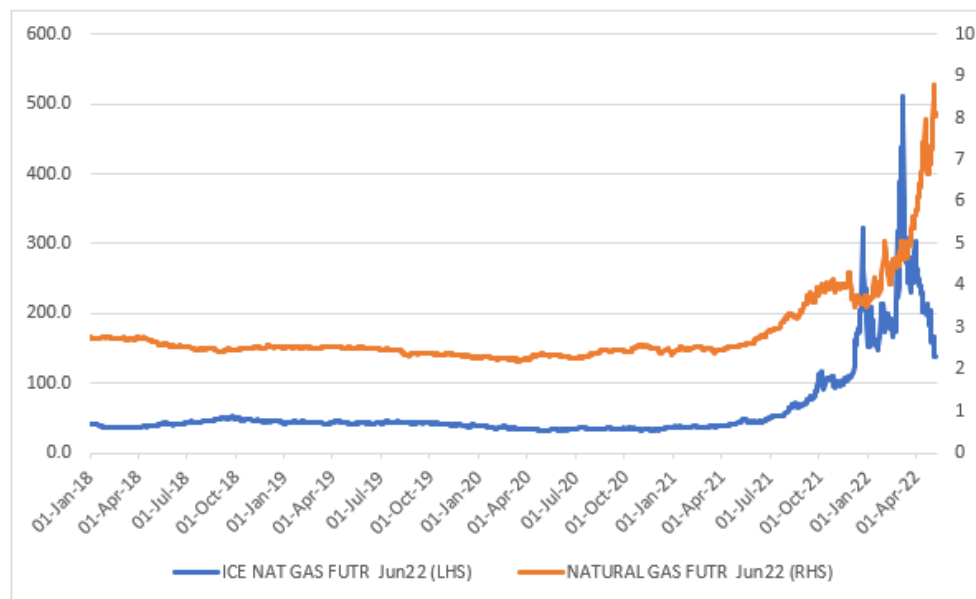
A number of our holdings are among the beneficiaries of the broad-based rising raw material prices and reopening economies. An example is Astra International, one of our holdings in resource-rich Indonesia. While its HEMCE division (Heavy Equipment, Mining, Construction and Energy) benefits from the growing capex driven by higher commodity prices (e.g. higher crude palm oil and coal prices), its auto and property sectors also grew rapidly with rising domestic income and the reopening economy. In 1Q22, Astra's HEMCE division revenue grew by 56.3% and the auto division grew over 40% year-on-year.

Pakuwon, an Indonesian property developer, is another example. Its retail mall traffic is already reaching the allowed maximum capacity of 75% with only cinema and fitness centres eligible for rental discounts. Other contributors include energy companies such as Repsol SA, a theme we like and have mentioned in the previous monthly reports. Some of our smaller Brazil positions such as Pageseguro and Oncoclinicas do Brasil Servicos Medicos are the detractors for the month due to the concerns over more interest rate hikes and the upcoming presidential election.

As mentioned in the March quarterly, we were concerned about the slowing economic activities and some richly value companies while the high inflation rate and high debt level of several major economies impose higher costs of policy tools by the central banks. The protection we put onto the portfolio were effective in April and added 130bps to our performance.

Market Commentary

In April, the overall equity market was soft except for certain countries that can grow and fare well with inflation. In addition to the seemingly slowing US economy, inflation expectation remains elevated. As a result, the 10-year nominal government bond yield increased to around 3% while the 10-year real yield remains at 0%. Global inflationary dynamics are evolving, as evidenced by US natural gas prices continuing to rise as UK (ICE) natural gas prices are normalising from the extreme level we witnessed in March.



Over in China, although the zero-covid policy still weighs on economic activities, a politburo meeting was called for after the Golden Week to assure entrepreneurs of a more supportive policy environment. Besides the loosening monetary and fiscal policies, Beijing is also willing to pause the regulations of internet platforms and leverage their great influence to secure employments. We are selective of our China exposures with both risks and opportunities in mind.

We remain disciplined in what we do in identifying long term themes, quality stocks that take advantage of these themes, and add to our exposures when valuation is attractive.

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This material has been prepared by Ox Capital Management Pty Ltd (ABN 60 648 887 914, AFSL 234 668) OxCap, the investment manager of the Ox Capital Dynamic Emerging Markets Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (**Challenger Group**) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. OxCap and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, OxCap and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.