

Ox Capital Dynamic Emerging Markets Fund

ARSN 649 969 264 | APIR HOW6479AU



Monthly Report May 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	-2.0	-4.9	-14.5	-	-	-	-18.0
MSCI Emerging Market Net Return Index AUD unhedged	-0.5	-6.2	-11.1	-	-	-	-12.2
Excess return	-1.5	1.3	-3.4	-	-	-	-5.8

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, 31 May 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 spread ³	+0.25% / -0.25%
Fund FUM	\$30.6 M
Distribution Frequency	Annually

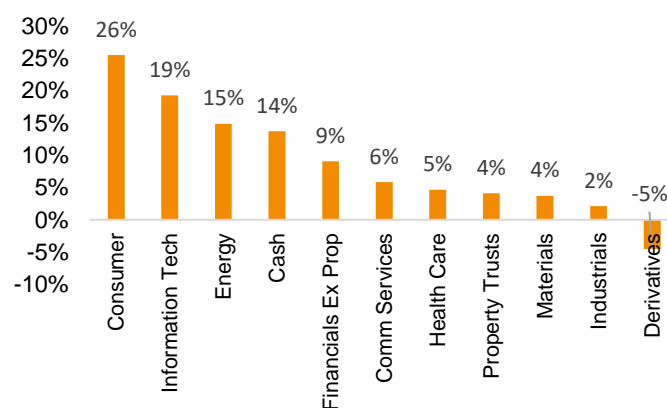
Fund Features	
Concentrated:	A portfolio of 30-50 high quality, undervalued, well run companies that have the potential to generate high absolute returns over the medium to long term.
Capture growth:	Ox Capital's investment approach is to identify the immense positive changes taking place in Asia and 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	%
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	5.31
Tencent Holdings Ltd	Comm Services	4.22
Shell PLC	Energy	3.87
Zijin Mining Group Co Ltd	Materials	3.72
Alibaba Group Holding Ltd	Consumer Disc	3.15
Samsung Electronics Co Ltd	Information Tech	3.04
Reliance Industries Ltd	Energy	3.01
Repsol SA	Energy	2.94
Northern Oil and Gas Inc	Energy	2.88
Meituan Dianping	Consumer Disc	2.85
Total		35.01

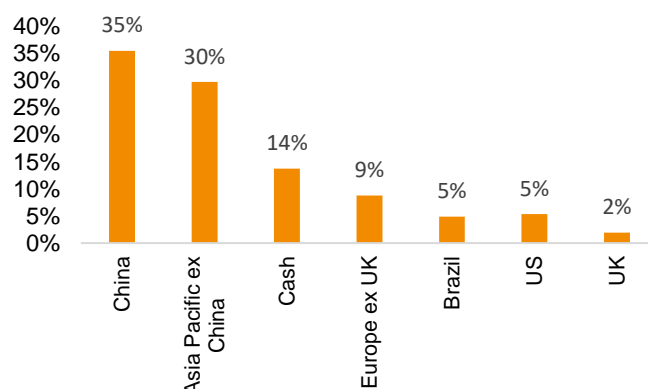
Data Source: Fidante Partners Limited, 30 April 2022.

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

Sector Exposure



Geographic Exposure



Fund Performance

In May 2022, the portfolio returned -2.0%, behind the MSCI Emerging Market Index by 1.5% (-0.5%). Energy stocks, one of our key exposures, have outperformed due to the continued energy supply tightness (Northern Oil and Gas Inc: +32.37%; Shell PLC: 10.47%; Talos Energy Inc: +23.53%). We added to China after the stimulus was announced by China's state council (Meituan +8.49%). Underperformers are Zijin Mining Group Co Ltd (-10.92%), JD.com Inc (-13.85%) and a small holding in Zenvia Inc (-45.01%). Hedging: The protection we put on against the Nasdaq contributed nearly 20bps to the portfolio.

Market Commentary

In May, energy related assets continued to outperform others. Oil and Natural Gas prices advanced more than 10% and the Australian Dollar appreciated by 1.64% for the month.

The Nasdaq fell by 2% while most other indices remained flattish. This is reflective of the increasingly tighter USD liquidity in the market.

We selectively increased exposures to high quality Chinese equities after the meeting Li Keqiang held on May 25 to ensure smooth executions of the state council's stimulus plan announced on May 23. The latest round of deleveraging that China experienced allows us to access many of the top-quality Chinese companies at a much cheaper valuation. This allows us to position for the next upcycle.

Cyclically, China is reversing its tightening policies (fiscal, monetary & regulatory loosening) effected over the past 2 years. In May, Mortgage rates were cut by 20bps to 4.4%, a stimulus package of over 3 trillion RMB was announced and internet businesses are again being encouraged to ensure employment. Since the meeting, Shanghai announced a reopening plan (Published in our Bull & Beer. Contact Ox for timelier updates of our analysis and observations), and our on-the-ground observations confirm that consumer activity is picking up with mass regular COVID testing across the nation. As a result of manufacturing resumptions, exports also accelerated to 16.9% year on year (yoy) in May from 3.9% yoy in April.

Transportation hubs are getting busier – Shenzhen train station.



Large scale offline events are being held – the Shenzhen auto trade show is packed with buyers.



Stock picking in China remains a selective process for Ox Capital and increasingly so given a more strategic and nuanced expansion is becoming more of a priority for its citizens. Internet companies that are agile and able to operate under the regulatory framework will likely prevail as explained in detail in our previous thought piece ([Link](#)). Besides, areas such as high precision manufacturing that China's leadership would strategically position will receive more policy support and advance more easily (example below.)

The industrial company Ox visited lately has received help to obtain top minds in engineering schools.



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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.