

Ox Capital Dynamic Emerging Markets Fund

ARSN 649 969 264 | APIR HOW6479AU



Monthly Report August 2022

Performance	1 month %	3 months %	6 months %	1 year %	2 years % p.a.	Inception % p.a.
Fund Return (Net) ¹	4.8	4.5	-0.7	-	-	-14.3
MSCI Emerging Market Net Return Index AUD unhedged	2.2	-2.1	-8.2	-	-	-14.1
Active Return	2.6	6.7	7.6	-	-	-0.2

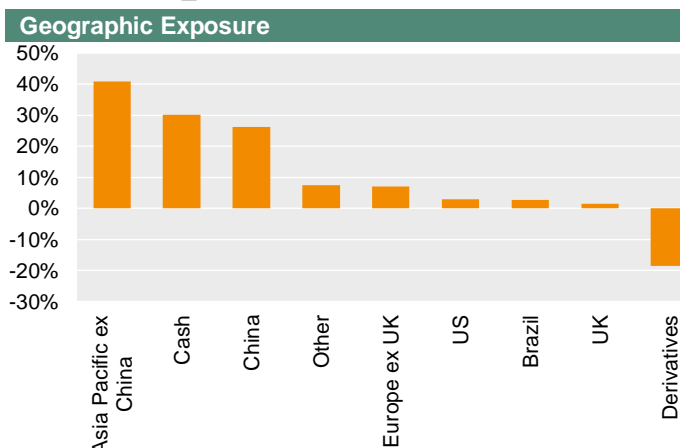
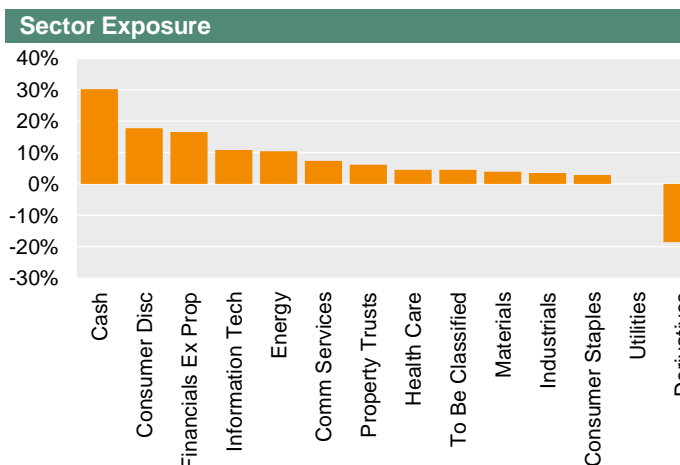
¹ The returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowances are made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. The inception date for the fund is 20 September 2021.

Source: Fidante Partners Limited, 31 August 2022

Fund Facts	
Portfolio managers	Joseph Lai, Douglas Huey, Alan Zhang
Inception date	20 September 2021
Management fee	1.00% p.a.
Performance fee	15% of the Fund's daily return above the benchmark ²
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 spread²	+0.25% / -0.25%
Fund FUM	AUD \$32.3 M
Distribution frequency	Annual

Top 10 Positions		
Company	Sector	%
Vietnam Enterprise Investments Ltd	To Be Classified	4.48
Reliance Industries Ltd	Energy	4.45
Tencent Holdings Ltd	Comm Services	4.21
Shell PLC	Energy	4.05
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	3.86
HDFC Bank Ltd	Financials Ex Prop	3.83
Alibaba Group Holding Ltd	Consumer Disc	3.63
IDFC First Bank Ltd	Financials Ex Prop	3.35
Ping An Insurance Group Co of China Ltd	Financials Ex Prop	3.13
Bharti Airtel Ltd	Comm Services	2.54
Total		37.54

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 change 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.



Fund Performance

In August, the Fund returned 4.8%, outperforming the MSCI Emerging Market Index by 2.6%. This strong performance comes from Ox's exposures in India (IDFC First Bank Ltd: +15.29%), ASEAN (Jardine Cycle & Carriage Ltd: + 18.46%) and selected Chinese consumption (Descente Ltd: +21.69%), while the detractors are Prudential PLC (-9.71%), Delivery Hero AG (-11.58%) and Samsung Electronics Co Ltd (-2.83%).

The fund's hedges contributed 14bps to performance.

Market Commentary

Emerging markets are fertile hunting grounds for stock pickers and Ox Capital employs a selective investment process to capture opportunities for investors who have the risk discipline to protect the downside.

Descente Ltd is an example of Ox's stock selection process where we invest in businesses that are levered to Chinese consumption themes that we believe are persistent even when the economy is undergoing its operose transition. Descente is a premium Japanese ski brand that is well-loved by the Chinese and is now expanding more to city casualwear in order to access a larger market opportunity. During the lockdowns in China in 2Q, Descente still managed to grow its sales by nearly 40%!

In many respects, opportunities in Indonesia, India and Vietnam are abundant. Local equity indices have been strong (Ho Chi Minh Stock Index: +6.15%; Nifty 50 Index: +3.5%) and the local currencies are kept stable despite the overall dollar index increase by 2.64% in August, which is typically negatively adverse to emerging markets. It appears the markets are starting to recognise the immense value and prospect of these economies, even in the midst of widespread concern about the stalling global economy!

Financial buffers are substantial that can stave off global volatility. Vietnam for example, has ~US\$100b in foreign reserves (30% of 2021 GDP) and the economy is relatively un-indebted. A measure of indebtedness is total private debt to GDP and Vietnam's is currently at around ~120%, lower than that of many other countries, allowing it ample room to ramp up credit to fuel economic booms for a long time.

Exhibit 18: Vietnam foreign reserves, IMF



Source: CEIC Data

Vietnam is becoming the next manufacturing powerhouse for global markets.

No longer merely manufacturing low-end T-shirts and sneakers, Vietnam actually exported US\$63b in Samsung products in 2021. This accounted for ~25% of Samsung's revenue, and is now even ready to produce the Korean company's semiconductors! Apple is also jumping into the fray and is set to start manufacturing the Apple Watch and MacBook in Vietnam.

With strong balance sheets and resilient growth drivers, these new South and South East Asian economies are developing rapidly, almost unnoticed.

At Ox, we focus on identifying the emerging leaders in growing economies, and we are excited about the plentiful opportunities available.

For further information, please contact:

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This material has been prepared by Ox Capital Management ABN 60 648 887 914 AFSL 533828 (OxCapital), the investment manager of the Ox Capital Dynamic Emerging Markets Fund ARSN 649 969 264 (**Fund**). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (**Fidante Partners**) 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. OxCapital and Fidante Partners have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, OxCapital and Fidante Partners 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.