

Ox Capital Dynamic Emerging Markets Fund

ARSN 649 969 264 | APIR HOW6479AU



Monthly Report October 2022

Performance	1 month %	3 months %	6 months %	1 year %	2 years % p.a.	Inception % p.a.
Fund Return (Net) ¹	-3.1	-2.5	-4.7	-19.1	-	-18.4
MSCI Emerging Market Net Return Index AUD unhedged	-2.6	-6.3	-10.7	-19.0	-	-19.3
Active Return	-0.5	3.8	6.0	-0.1	-	0.9

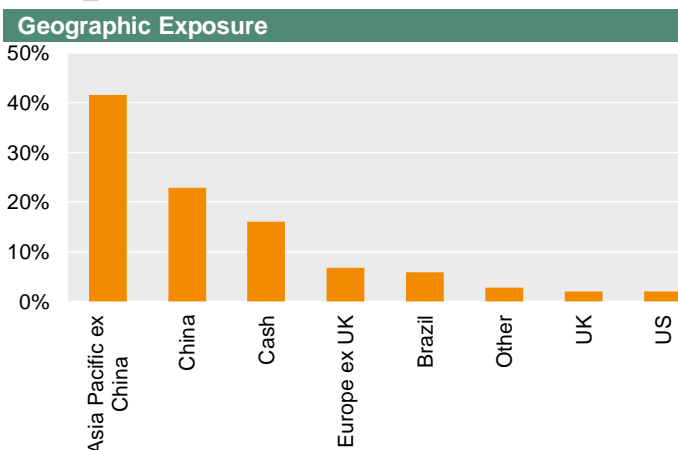
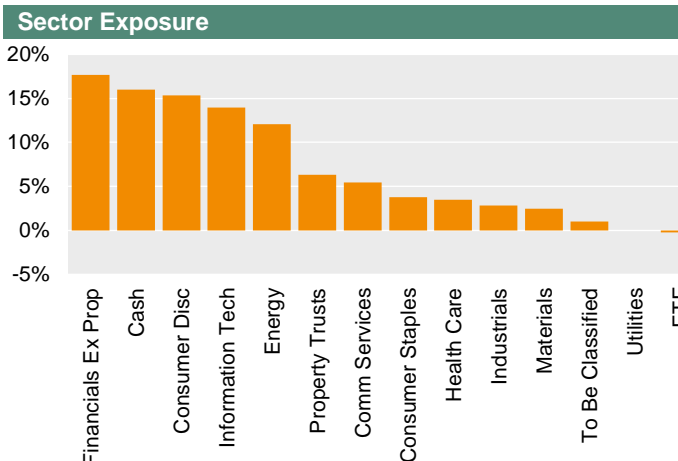
¹ The returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowances are made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. The inception date for the fund is 20 September 2021.

Source: Fidante Partners Limited, 31 October 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 \$30.3 M
Distribution frequency	Annual

Top 10 Positions		
Company	Sector	%
Reliance Industries Ltd	Energy	5.32
Shell PLC	Energy	4.77
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	4.60
HDFC Bank Ltd	Financials Ex Prop	4.13
Venustech Group Inc	Information Tech	3.27
Ayala Land Inc	Property Trusts	3.00
Samsung Electronics Co Ltd	Information Tech	2.99
Tencent Holdings Ltd	Comm Services	2.95
IDFC First Bank Ltd	Financials Ex Prop	2.88
Ping An Insurance Group Co of China Ltd	Financials Ex Prop	2.79
Total		36.71

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

The MSCI Emerging Market Net Return Index AUD unhedged returned -2.57% for the month. The fund underperformed the market and delivered a -3.11% return over the month.

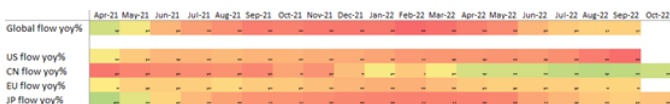
The contributors are amongst the long-term themes, such as security and energy (Venustech +25.83%; Shell Plc +6.77%; Samsung Electronics Co Ltd +11.73%). The detractors are real estate in Vietnam (Nam Long Investment Corp -24.75%) and Chinese internet companies (Alibaba Group Holding Ltd -21%; Tencent Holdings Ltd -22.41%). As the market worries, a more united government means fewer opportunities for private entrepreneurs. Opportunities in China will be further discussed below and in Ox's upcoming Bull & Bear publications.

The fund's protections against the weakening demand for consumer electronics added another +50bps to performance.

Market Commentary

Our MOAT model shows that the gradual withdrawal of credit impulse in the US in the past 17 months is now taking effect and finally taming inflation.

US credit flow has started to turn red since May 2021.



Source: OxCap Research

US inflation rate is gradually rolling off.



Source: Bureau of Labour Statistics

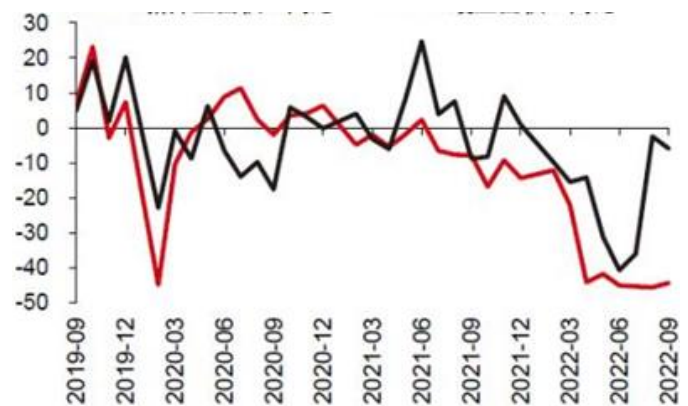
The cash rate's upper bound is now at 4% and the federal reserve is less pressured by inflation. A less hawkish monetary stance can slow USD appreciation and lay the foundation for a much stronger emerging market.

Over in China, post the 20th party congress (contact the Ox team for more commentary), party leaders and the government are prioritising economic development again based on our reading. This involves a more proactive approach to reopen the economy, including work on the side effects from the last round of property deleveraging and resuming growth in the service sector.

There are already signs we can observe. For example, [China's NHC has accelerated low cost loan approvals to hospitals to procure medical devices](#), [Cansino's inhaled vaccines received emergency approvals](#) and [Junshi's VV116 has started a global trail that is expected to complete on the 31st of May 2023](#).

Property-wise, credits were extended to developers for project completions and finishes are stabilising.

Housing starts in sqm year-on-year growth (red) and finishes in sqm year-on-year growth (black).



Source: Wind, Citic Research, OxCap Research

The Ox team continues to carry out the selective process of buying emerging leaders in growing themes with a strict risk management discipline. With valuations of certain Chinese companies now at our comfort level, we will seek opportunities to acquire a stake.

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.