

# Ox Capital Dynamic Emerging Markets Fund

ARSN 649 969 264 | APIR HOW6479AU



## Monthly Report January 2023

Performance	1 month %	3 months %	6 months %	1 year %	2 years % p.a.	Inception % p.a.
Fund Return (Net) <sup>1</sup>	4.6	14.0	11.2	0.7	-	-6.7
MSCI Emerging Market Net Return Index AUD unhedged	3.8	10.9	3.9	-12.1	-	-9.4
<b>Active Return</b>	<b>0.7</b>	<b>3.1</b>	<b>7.2</b>	<b>12.8</b>	<b>-</b>	<b>2.7</b>

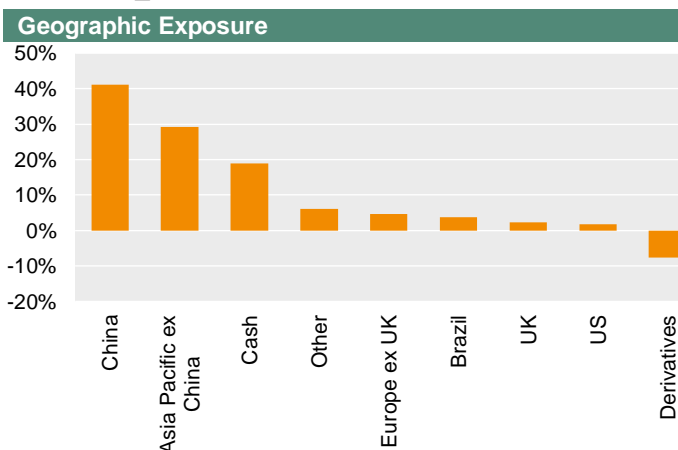
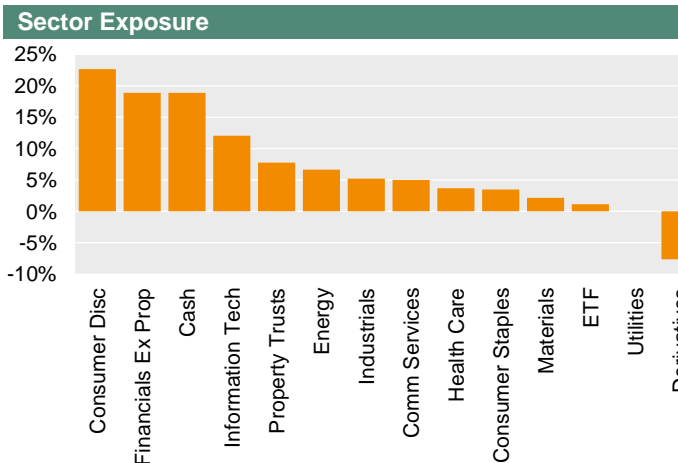
<sup>1</sup> The returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowances are made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. The inception date for the fund is 20 September 2021.

Source: Fidante Partners Limited, 31 January 2023

Fund Facts	
<b>Portfolio managers</b>	Joseph Lai, Douglas Huey, Alan Zhang
<b>Inception date</b>	20 September 2021
<b>Management fee</b>	1.00% p.a.
<b>Performance fee</b>	15% of the Fund's daily return above the benchmark <sup>2</sup>
<b>Fund objective</b>	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.
<b>Initial investment</b>	\$10,000
<b>Minimum suggested timeframe</b>	5 years
<b>Buy/sell spread<sup>2</sup></b>	+0.25% / -0.25%
<b>Fund FUM</b>	AUD \$35.4 M
<b>Distribution frequency</b>	Annual

Top 10 Positions		
Company	Sector	%
Tencent Holdings Ltd	Comm Services	4.09
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	3.72
Ping An Insurance Group Co of China Ltd	Financials Ex Prop	3.30
Meituan Dianping	Consumer Disc	3.22
Alibaba Group Holding Ltd	Consumer Disc	3.18
Vietnam Enterprise Investments Ltd	Financials Ex Prop	2.87
AIA Group Ltd	Financials Ex Prop	2.83
Descente Ltd	Consumer Disc	2.72
ANTA Sports Products Ltd	Consumer Disc	2.68
Li Ning Co Ltd	Consumer Disc	2.68
<b>Total</b>		<b>31.29</b>

Fund Features
<b>Concentrated:</b> 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.
<b>Capture growth:</b> 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.
<b>Macro overlay:</b> A quantitative model provides a bird's eye view of how macro conditions impact equity markets and helps guide country and sector asset allocation.
<b>Capital protection strategies:</b> 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.
<b>Experienced team:</b> 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 +3.84% for the month. The fund outperformed the market and delivered a +4.55% return over the month.

Top contributors are the winning Chinese companies in the consumer discretionary and internet space (Alibaba Group Holding Ltd 25.10%; KE Holdings Inc 28.38%; Dada Nexus Ltd 86.66%). While the detractors are from other parts of EM where the fund has reduced exposures on early (Reliance Industries Ltd -7.59%; Jardine Matheson Holdings Ltd 4.17%; Nam Long Investment Corp -5.81%).

Protections put on against a slowing global economy has contributed -56bps.

Our process of owning the winners with risk disciplines has protected us throughout the volatile times and are capturing the upside we anticipated in 2023.

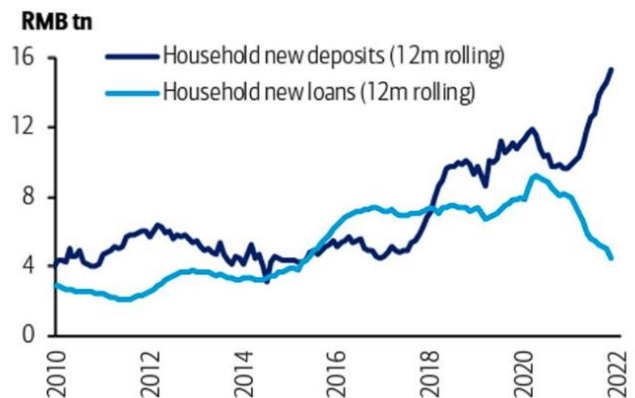
## Market Commentary

**China: 2023 is the Year of the R's (Rabbit and Recovery).** We are seeing encouraging data points indicating that China is following the same "script" as other major economies post COVID. Consumer confidence is picking up following the CNY holiday period as evidenced in a range of high frequency datapoints.

- The secondary property market started picking up following a protracted period of weakness. Over the holiday period existing home transactions rose 57% Year on Year (YoY), with prices holding steady;
- Retail same-store-sales bounced 5-10% YoY;
- The movie box office enjoyed the second strongest ever Chinese New Year.
- Over 700M express deliveries were made, up 100% from pre-covid 2019 levels.

As confidence returns, we may see pent up demand from Chinese consumers who have paid down their debts and added to their savings during extended lockdowns, coming through as consumption strength.

Household cautionary savings point to pent-up demand



Source: Wind, PBoC, BofA Global Research

BofA GLOBAL RESEARCH

**India: The portfolio does not hold any stocks in the Adani Group.** In addition, the Adani Group only accounts for 0.3% of the outstanding loans of the private sector banks in India. We believe our bank holdings in India will be able to successfully navigate through the current market volatility. Indeed, current market condition presents an interesting opportunity to add to our Indian exposure.

**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](http://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.