

# Ox Capital Dynamic Emerging Markets Fund

ARSN 649 969 264 | APIR HOW6479AU



## Monthly Report February 2023

Performance	1 month %	3 months %	6 months %	1 year %	2 years % p.a.	Inception % p.a.
Fund Return (Net) <sup>1</sup>	-4.4	1.7	1.4	0.8	-	-9.2
MSCI Emerging Market Net Return Index AUD unhedged	-2.3	-1.2	-0.7	-8.8	-	-10.4
<b>Active Return</b>	<b>-2.1</b>	<b>2.9</b>	<b>2.1</b>	<b>9.6</b>	<b>-</b>	<b>1.2</b>

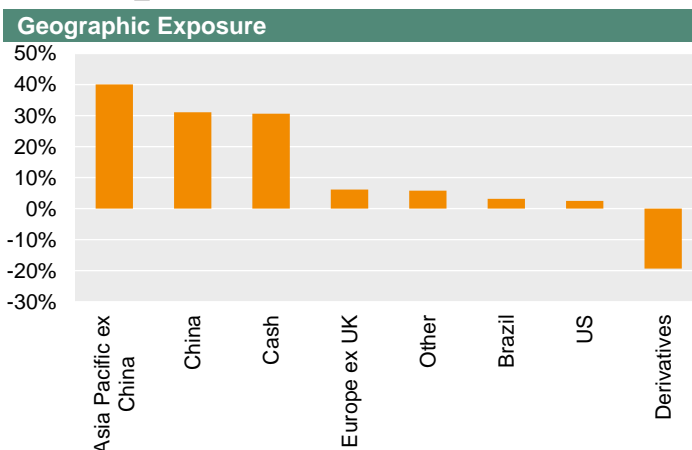
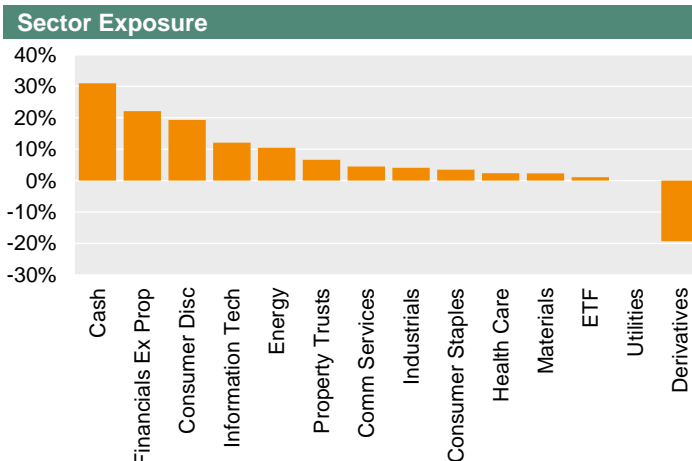
<sup>1</sup> The returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowances are made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. The inception date for the fund is 20 September 2021.

Source: Fidante Partners Limited, 28 February 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 \$33.9 M
<b>Distribution frequency</b>	Annual

Top 10 Positions		
Company	Sector	%
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	4.91
Shell PLC	Energy	4.38
Tencent Holdings Ltd	Comm Services	4.25
HDFC Bank Ltd	Financials Ex Prop	3.75
Samsung Electronics Co Ltd	Information Tech	3.47
Reliance Industries Ltd	Energy	3.43
AIA Group Ltd	Financials Ex Prop	3.07
IDFC First Bank Ltd	Financials Ex Prop	3.02
Meituan Dianping	Consumer Disc	3.00
Ping An Insurance Group Co of China Ltd	Financials Ex Prop	2.98
<b>Total</b>		<b>36.28</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 Summary

In the second month of 2023, the Dynamic Emerging Market Fund returned -4.4%, compared to -2.3% by the MSCI Emerging Market AUD Index.

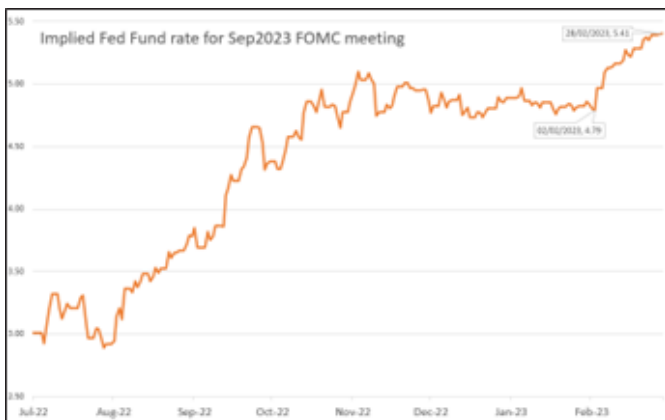
Top contributors are the winners we identified in Emerging Markets such as premium malls and rising brands (Shell PLC 6.42%; Descente Ltd 11.48%; Mitra Adiperkasa Tbk PT 16.15%). While the detractors are the Hong Kong listed Chinese shares as foreign investors question recovery's longevity (Meituan -22.05%; Alibaba Group Holding Ltd -19.61%; Country Garden Services Holdin -31.42%).

Protections put on against a slowing global economy has contributed -8bps.

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

In February, the global markets turned more risk off with concerns that the desire to raise rates will continue if consumer inflation is persistent. During the month, the implied US Federal Reserve (Fed) Fund rate for the September 2023 Federal Open Market Committee (FOMC) meeting rose over 60bps to 5.41%. The core Personal Consumption Expenditures (PCE) inflation rate that was released later in the month came in at 4.7% year on year (yoy), higher than the month prior.



As a result, USD strengthened, and the global equities were weak.



In China, domestic activities recovered rapidly after the government relaxed COVID controls (Please refer to Dr Joseph Lai's bull and bear or contact the team for the note) but exports, which is over one fifth of the country's GDP, were weak based on our channel checks. We expect the leadership in Beijing to address their plan to grow the economy during the two sessions.

The business upcycle is starting in China. Besides the direct exposures, Ox also aims to find beneficiaries in neighbouring countries to minimize the geopolitical risks.

The fund positioned lightly in February and is gradually and selectively adding to certain exposures as valuations become attractive with the latest business prospects.

**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.