

Ox Capital Dynamic Emerging Markets Fund

ARSN 649 969 264 | APIR HOW6479AU



Monthly Report July 2023

Performance	1 month %	3 months %	6 months %	1 year %	2 years % p.a.	Inception % p.a.
Fund Return (Net) ¹	5.7	7.2	3.6	15.1	-	-3.2
MSCI Emerging Market Net Return Index AUD unhedged	4.9	6.3	8.0	12.2	-	-3.1
Active Return	0.8	0.9	-4.4	2.9	-	-0.1

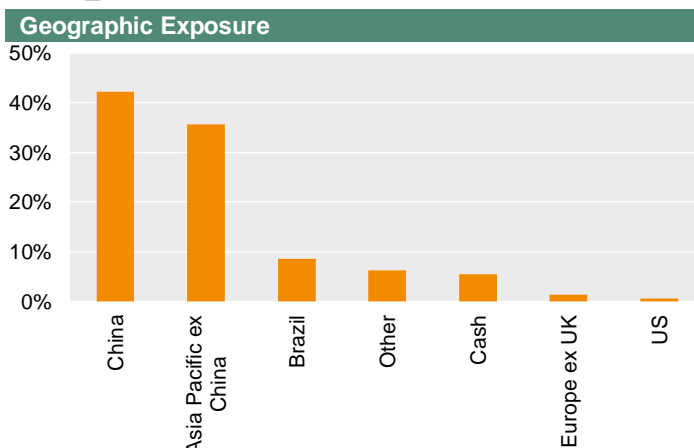
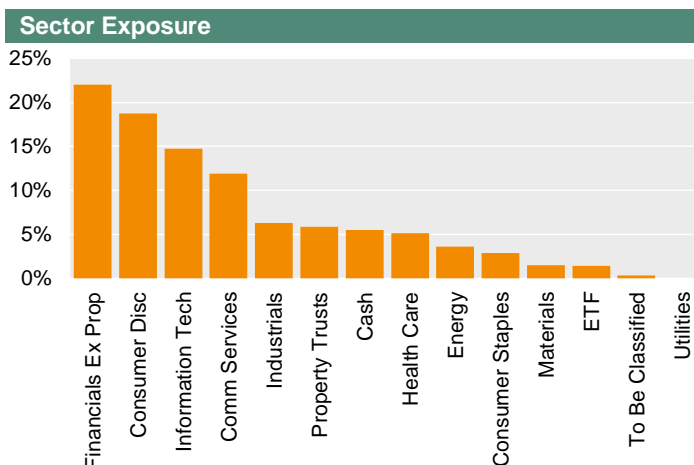
¹ The returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowances are made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. The inception date for the fund is 20 September 2021.

Source: Fidante Partners Limited, 31 July 2023

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 \$38.0 M
Distribution frequency	Annual

Top 10 Positions		
Company	Sector	%
Tencent Holdings Ltd	Comm Services	4.15
HDFC Bank Ltd	Financials Ex Prop	3.64
SK Square Co Ltd	Information Tech	3.46
Samsung Electronics Co Ltd	Information Tech	3.13
ANTA Sports Products Ltd	Consumer Disc	3.11
Reliance Industries Ltd	Energy	3.11
Vietnam Enterprise Investments Ltd	Financials Ex Prop	3.02
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	2.92
Meituan Dianping	Consumer Disc	2.84
Ping An Insurance Group Co of China Ltd	Financials Ex Prop	2.82
Total		32.21

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 Summary

In the month of July, the Dynamic Emerging Market Fund returned 5.7%, compared to 4.9% by the MSCI Emerging Market AUD Index.

Top contributors are the downstream companies in China such as consumers and internet platforms, as well as real estate developers in Vietnam (Kuaishou Technology 25.49%; Nam Long Investment Corp 21.21%; ANTA Sports Products Ltd 14.05%). While the detractors are the previous outperformers associated to the AI and robotics thematics (Taiwan Semiconductor Manufacturing -1.91%; HDFC Bank Ltd -2.04%; Zhejiang Shuanghuan Driveline -17.60%).

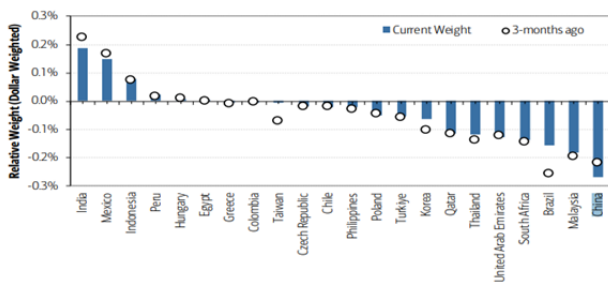
Market Commentary

Macro

- China:** The Politburo meeting last week was important. We believe the government will increasingly implement market friendly policies to promote growth and restore confidence. Please see the latest Ox Capital Insights (B&B) for details.

Latest positioning data suggests that many funds are currently sharply underweight China, this presents a strong opportunity to generate return given recent news. **We are optimistic on the stock markets in China/HK.**

Chart 345: Emerging Markets: Country Positioning
Funds are most overweight India and most underweight China



Source : BofA Global Quantitative Strategy, MSCI, FTSE, Factset, Bloomberg, 13F Filings, Benchmark Indices, Country Stock Exchanges
BofA GLOBAL RESEARCH

- EM/LATAM:** Inflation has been brought under control in the region. The Central Bank in Chile cut interest rates by 1% to 10.25% in late July. However, **the interest rate cut cycle is only just beginning in LATAM.**

- Despite imminent interest rate cuts, currencies in the region (such as the Colombian peso, Mexican peso, and Brazilian real) have strengthened between 10-20% against the USD year to date (ytd).
- We see positive signs for stock markets in the region, and earnings given relative currency strength.

- ASEAN:** GDP growth forecast (nominal) is 8.8% in Indonesia, 11.6% in the Philippines, 11.3% in India and 8.2% in Vietnam in 2023.

- Resilient growth prospects are supportive of exciting leading companies we have identified in the region.
- For example, MAPI, a leading retailer in Indonesia which we have owned since 2021, continued to report strong results in 1H 23. Sales and profits grew strongly (up 23% yoy in

Q2 23). **Consumers across their middle-to-upper income bracket in ASEAN are in great shape.** It is on 14X forward PE and remains attractively valued despite being up 40% ytd.

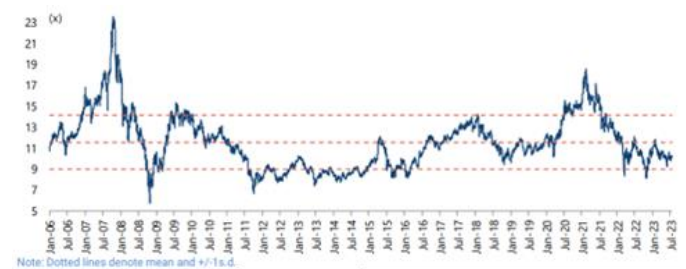
Portfolio News

1. **Net invested position increased from 90% to 95% given the very attractive valuations** available across emerging markets. Amongst our top 10 positions, we trimmed the positions of TSMC and Samsung to fund other investment ideas. These semiconductor stocks had performed well in recent months in light of rising interests in AI.

2. Exposure in **China to increase further from 34% to 42%.** We held our exposure in India and Brazil flat.

3. Following the recent pullback in Chinese stocks, the opportunities available were abundant. We seized on this opportunity and have **added a selection of some of the fastest growing quality franchises, consistent with our commitment to buying only when valuations are attractive.**

China Market Forward Price Earnings Ratio



- Some of these names include:

- CATL** (No.1 in EV battery in China and the world),
- PDD** (the fastest growing e-commerce platform in China),
- Wuxi Biologics** (World's No.2 biotech research and manufacturing platform),
- Kanzhun** (LinkedIn of China),
- KE Holdings** (No.1 online real estate platform in China), and
- Kuaishou** (second largest short video platform in China and early in its monetization drive).

The strength of these companies' balance sheets and growth plans in coming years are impressive and **valuations are compelling indeed!**

Company Name	RIC	Rating	Target Price (US\$)	Close Price (US\$) 7/20/2023	Non-GAAP P/E (x)			Non-GAAP ex-cash P/E (x)			Earnings CAGR		Non-GAAP PEG (x)	
					2023e	2024e	2025e	2023e	2024e	2025e	2023-21e	2024-22e	2023e	2024e
Alibaba	BABA.N	O	150	92.9	10.4	9.7	7.5	6.7	4.9	3.0	17%	12%	0.7	0.7
JD.com	JD.O	O	60	36.7	12.4	11.4	10.3	6.3	4.9	3.5	11%	10%	1.1	1.1
PDD Holdings	PDD.O	O	113	74.9	15.9	13.2	10.8	11.9	8.7	6.0	22%	24%	0.7	0.6
Vipshop	VIP.N	E	16	10.7	9.2	8.4	8.2	6.0	4.5	3.5	4%	3%	2.1	3.0

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					2023e	2024e	2025e	2023e	2024e	2025e	2023-21e	2024-22e	2023e	2024e
Farfetch	RZ.O	O	27	15.6	34.9	25.7	18.7	24.0	15.6	5.4	29%	23%	1.2	1.2
KE Holdings	BKKE.N	O	22	15.0	17.0	15.5	11.5	8.7	5.9	4.1	21%	18%	0.8	0.7
Full Truck Alliance	YUM.N	O	9	6.8	22.8	15.4	11.4	8.9	6.0	3.8	31%	22%	0.7	0.7
Autosome	ATHM.N	E	31	29.3	11.4	11.3	11.3	0.9	0.6	0.4	1%	0%	13.9	-52.5

One of our stocks - Wuxi Biologics



Thematic: Huge pipelines of biotech drugs are being commercialised as with maturing biotechnologies, generating huge demand for biotech specific research and manufacturing platforms.

Leadership: Wuxi Biologics is the second largest research and manufacturing platform in the world. Originated from China, Wuxi has 75% of its sales coming from USA and Europe. It has global leadership in development of novo biotech drugs, well-known for delivering results on time and on budget. Between 2016-2022, it

grew its order pipeline from a little under US\$300M to over US\$20bn or > 66 times!

Given the traction it is having, Wuxi is increasing its manufacturing capacity 8X between 2020-2024. More importantly, it is diversifying into a global platform as 1/3 of its manufacturing capacity will eventually be located in USA and Europe.

It also benefits from the success of its project pipelines. Wuxi boasts 211 first in class drug programs, 99 bispecific and 94 antibody drug conjugates (ADC) projects. ADC is an exciting field of drugs which have the potential to replace chemotherapy as the standard of care for cancer. Another exciting field is drugs that may halt or delay the onset of Alzheimer's disease.

We first acquired our position in Wuxi Biologics at 15X 2025, a very attractive valuation for a company growing earnings at a Compound Annual Growth Rate (CAGR) of 20-25% over the coming years.

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.