Ox Capital Dynamic Emerging Markets Fund

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OX CAPITAL MANAGEMENT

Quarterly Report June 2025

Performance	1 month %	3 months %	1 year %	2 years % p.a.	3 years % p.a.	Inception % p.a.
Fund Return (Net)[1]	2.8	2.0	9.2	6.8	5.8	0.4
MSCI Emerging Market Net Return Index AUD unhedged	4.1	6.5	17.5	14.8	11.5	4.6
Active Return	-1.3	-4.4	-8.3	-8.0	-5.7	-4.2

[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, 30 June 2025

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 spread[2]	+0.25% / -0.25%
Fund FUM	AUD $47.7 M
Distribution frequency	Annual

Top 10 Positions

Company	Sector	%
Taiwan Semiconductor Manufacturing Co Ltd	Information Tech	8.42
Tencent Holdings Ltd	Comm Services	5.02
Xiaomi Corp	Information Tech	4.07
Vietnam Enterprise Investments Ltd	Financials Ex Prop	3.51
Meituan Dianping	Consumer Disc	3.13
Axis Bank Ltd	Financials Ex Prop	2.97
Banco BTG Pactual SA	Financials Ex Prop	2.82
Bank Mandiri Persero Tbk PT	Financials Ex Prop	2.78
BYD Co Ltd	Consumer Disc	2.64
Contemporary Amperex Technology Co Ltd	Industrials	2.53
Total		**37.88**

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.

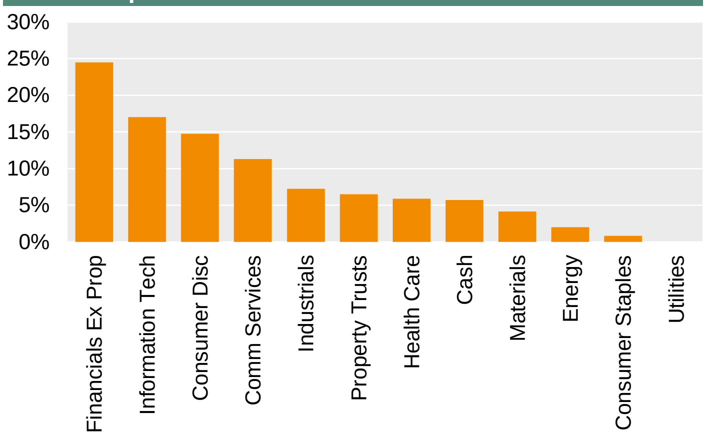
Capture growth: Ox Capital's investment approach is to identify the immense positive change taking place in Asia and other key emerging markets and to find companies that can benefit from those trends.

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.

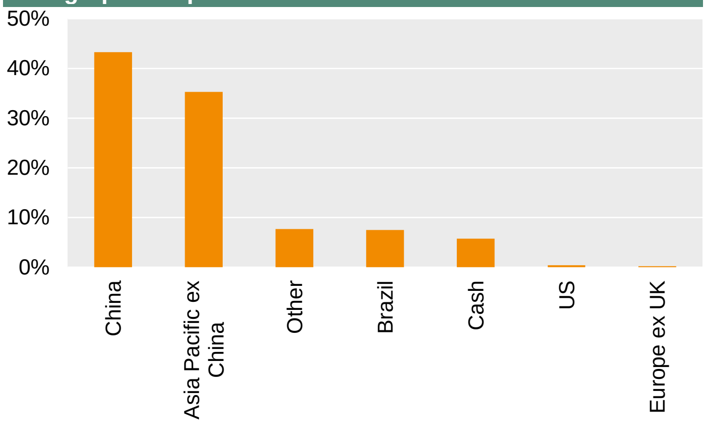
Capital protection strategies: The Fund can use derivatives such as index futures and equity swaps to help protect the portfolio from market volatility and to obtain synthetic exposure to stocks or markets.

Experienced team: A team of experienced and passionate emerging market investors strongly aligned with clients' investment objectives.

Sector Exposure



Geographic Exposure



Fund Performance

In the second quarter of 2025, the Dynamic Emerging Market Fund returned 2.04%, compared to 6.49% by the MSCI Emerging Market AUD Index.

Top contributors were a leading global semiconductor manufacturer, a South Korean internet conglomerate, and a leading Chinese multinational technology and EV manufacturer. (Taiwan Semiconductor Manufacturing Company Limited 16.48%; NAVER Corporation 37.43%; Xiaomi Corporation 21.85%). While the detractors were a Chinese shopping & delivery platform, a Chinese online retailer platform, and Chinese online freight platform.

Market Commentary

The prospect of tariffs introduced significant uncertainties regarding the sustainability of global growth. Encouragingly, in recent months, the United States announced a series of trade deals with key partners, including the United Kingdom, China, Vietnam, and Indonesia. These agreements included terms such as purchases of aerospace and agricultural products, renewed access for rare earth and magnet exports, and adjusted tariff structures for various countries. Separately, India is currently in advanced negotiations to secure a deal with more favourable tariff terms than those granted to Indonesia.

On the other hand, raising the stakes, the U.S. imposed a 30% tariff on goods from the European Union and Mexico, 35% on Canada, and issued warnings to approximately 14 other countries that similar tariffs could be applied unless bilateral agreements are secured promptly.

These developments underscore three key dynamics:

- First, the U.S. remains committed to pursuing individual trade agreements rather than multilateral frameworks, with full tariff exemptions remaining unlikely.
- Second, the U.S. and China appear likely to reach a long-term agreement that aligns with their respective strategic interests.
- Third, while goods entering the U.S. are expected to face moderately higher tariffs than before, this is not anticipated to pose a significant drag on global growth.

China's Supply Side Reform: Work Smarter, Not Harder

China is implementing a suite of policies aimed at addressing structural overcapacity and the negative impacts of hyper-competition (locally referred to as "anti-involution" policies).

Why These Policies Matter

Some Chinese industries are plagued by excessive competition. While competition can be healthy, an overabundance has undermined long-term development and company profitability. Firms often spend heavily on advertising, subsidies, and price cuts in a race to outlast rivals—fostering a survival-of-the-fittest environment that rewards scale and capital over innovation.

This hyper-competitive pressure deprives companies of the capital needed for R&D and quality improvement. In extreme cases, firms resort to cutting corners, leading to reduced product quality and reputational harm across entire industries. A visible example is the current glut of substandard milk teas, a byproduct of China's ongoing food delivery price wars.

Anti-involution policies are designed to break this destructive cycle and promote healthier, more sustainable market dynamics.

Understanding the Root Causes

A key driver of this excess competition is chronic overcapacity. For decades, local governments incentivised growth by attracting investment through cheap land, tax breaks, subsidies, and discounted electricity. This encouraged firms to expand capacity even when product prices were low and returns thin.

This "subsidy-expansion-tax" cycle fuelled job creation, GDP growth, and tax revenue—but it also distorted market signals, encouraged regional protectionism, and enabled inefficient firms to persist with local government support.

The result has been persistent deflationary pressure and weak profitability in certain overcapacity industries.

While manageable during boom years, these distortions have become unsustainable. Anti-involution policies—similar to supply-side reforms—are intended to reduce excess capacity, improve industry profitability, and allow capital to flow into innovation and higher-value sectors.

How These Policies Will Be Implemented

A multi-pronged strategy is currently being implemented:

- Stricter enforcement of technical and environmental standards to deter cost-cutting shortcuts.
- Industry-level coordination to manage production and capacity reductions.
- Fiscal reforms to shift local government incentives away from capacity-driven growth.
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- National efforts to standardise subsidies, streamline business approvals, and reduce regional protectionism.

Impacted Sectors

The immediate impact will be felt in sectors suffering from severe overcapacity, low margins, and persistent losses, including:

- Photovoltaics
- Lithium batteries
- Automotive
- Steel and cement
- E-commerce
- Hog farming

If implemented effectively, these reforms could significantly enhance investment returns and support China's transition from low-cost manufacturing to high-value, innovation-led growth.

Industry & Stock Highlight: China Revolutionizing Technology and Innovation

China's economy is undergoing a major transformation—shifting from its traditional reliance on construction and real estate toward innovation, advanced manufacturing, and next-generation technologies. At the center of this evolution is the private sector, now the most dynamic engine of growth.

Companies that thrive in China's competitive domestic market often succeed globally, benefiting from world-class infrastructure, efficient supply chains, and a deep talent pool of engineers and specialists.

A standout example is **Xiaomi**, a leading force in China's innovation landscape. Its reach spans IoT-enabled devices, wearables, AI, robotics, electric vehicles, smartphones, and semiconductors. Already the world's second-largest smartphone maker, Xiaomi is pushing the envelope in mobile innovation, having recently launched its proprietary 3nm XRING O1 chip.

With billions invested in R&D, Xiaomi is positioning itself to compete directly with global leaders like Apple and Tesla. Its integrated strategy, focus on affordability, and push for technological self-sufficiency underscore its role as a global innovation powerhouse. Notably, Xiaomi's electric vehicle, the SU7, has already outsold Tesla's Model 3 in China—a major milestone for a domestic automaker.

Despite global trade tensions and market volatility, high-quality Chinese companies are not just staying resilient—they are gaining market share and growing earnings. The emergence of firms like Xiaomi highlights the remarkable innovation underway in China.

At **Ox Capital**, we are proud to invest in many of these forward-thinking companies. We believe we hold stakes in tomorrow's global champions—firms that are not being disrupted but are leading the disruption and reshaping industries worldwide.

Our Positioning

Our portfolio remained well-invested, with a net exposure of over 90% at the end of June 2025. We were overweight China, Vietnam, Indonesia, and Brazil, and underweight Taiwan, Korea, and India. The Chinese market is taking a breather after a strong first quarter, while the Korean market rebounded significantly following the elections—both developments have impacted relative performance.

The portfolio is primarily exposed to quality companies that are well-positioned to benefit from rising domestic consumption across Asia and emerging markets. We believe that owning these strong businesses at attractive valuations will deliver solid long-term returns.

ASIC Periodic Reporting Requirements

The Ox Capital Dynamic Emerging Markets Fund (Fund) is classified as a hedge fund in accordance with the Australian Securities and Investments Commission Regulatory Guide 240 *Hedge funds: Improving disclosure.* We are required to provide this additional information to you on a quarterly basis.

Asset Allocation (as at 30 June 2025)

Exposure analysis	
Position	**% of net invested capital**
Long securities (including derivatives)	94.28
Cash	5.72
Gross equity exposure	94.28
Net equity exposure	94.28

Liquidity profile

The table below demonstrates the liquidity profile of the Fund as at 30 June 2025.

In summary, 100% of the Fund’s assets can be liquidated within 10 days.

Time to liquidate	% of assets
Within 1-10 days	100%
>10 to 21 days	100%
> 21 days	100%

Maturity profile

As at 30 June 2025, the Fund does not have any material liabilities.

Derivative counterparties engaged

The derivative counterparties engaged for the period 31 March 2025 to 30 June 2025 are provided in the table below.

Derivatives counterparty
UBS AG, Australia Branch

Leverage

Ox Capital may use leverage to increase the exposure of the Fund to investment markets. Leverage will generally be obtained through the use of derivative instruments. Although the maximum allowable leverage permitted in the Fund is 150% of the Fund's NAV, the Fund's positions in long securities and derivatives and overall net equity exposure will generally not exceed 100% of the Fund's NAV. The Fund must provide collateral to secure its obligations under the relevant agreements.

As at 30 June 2025, the Fund is long exposure of 94.28% and short exposure of 0.00%. The gross equity exposure of the Fund is 94.28% and net equity exposure of the Fund is 94.28%

For further information, please contact:

Fidante Partners Investor Services | **p:** 13 51 53 | **e:** info@fidante.com.au | **w:** www.fidante.com.au