



ASIA GROWTH CAPITAL MANAGEMENT

May 4, 2016

Strong Q1 reports and improving macro numbers in China

During the month of April, the NAV of AGCM Asia Growth Fund SEK decreased by –2.4% and the Euro share class by -1.7%. Equity markets in the Asia ex-Japan countries were almost all in the red during April, giving up a few percentage points or so for the month. The sluggish market sentiment in Asia is primarily a spillover from the larger US- and European equity markets where investors seem to be bracing for the risk that upcoming political issues could stir up financial markets.

On behalf of AGCM Asia Growth Fund, the team at AGCM takes investment decisions based on the outlook for company fundamentals in a longer term perspective. Despite the unexciting equity market development in the past year, we are inspired by the strong operating and financial data we have received from our portfolio holdings after the first quarter of 2016. Just to name a few examples, Korean cosmetics manufacturer Amorepacific reported sales grew by 23% and net profit by 24% during 1Q 2016. Korea's internet search engine Naver grew revenues by 27% and earnings by 23% for the first quarter. China's largest real estate developer Vanke grew revenues by 64% and net income by 28% in the first quarter. It continues to puzzle the investment team at AGCM how slow investors in the US and Europe are to wake up to the amazing growth stories in Asia.

Not only have the first quarter reports been quite encouraging, but also the economic statistics from China have been incrementally positive during the past few months. GDP growth in 1Q was 6.7% which is in the 6.5-7.0% range that Beijing has guided for as an annual target for the coming five-year period. Inflation remains low and stable, the inventory of unsold apartments continues to trend down, the services industry is booming and becoming a larger part of China's economy. For what it is worth, we also see more high profile US-based investors and analysts turning more positive on the outlook for China. Warren Buffett, chairman of Berkshire Hathaway, said in media recently that he is optimistic about China's economic development, and believed China's economic transition will be successful. When asked whether he was concerned about China's credit growth, Buffett said, "Obviously, Soros is worried more than me." Soros has been betting on a sharp fall in the Chinese currency because of outflows, but capital outflows have stabilized recently and with an annual 500 billion trade surplus, China's central bank should have no problem defending the current exchange rate.

On the financial news front, China's banking regulator CBRC has instructed commercial lenders to properly account for lending products that may appear on their balance sheets as lower-risk investments. The new rules are intended to provide greater transparency and improve the ability for the regulator to monitor China's financial sector, particularly among mid-tier lenders.

The China-backed Asian Infrastructure Investment Bank (AIIB), has now co-financed its first project with the Asian Development Bank - a major new highway in Pakistan. AIIB was launched in January and is expected to lend USD 10-15 billion a year for the first five or six years. China is going global – in several dimensions.

Gustav Rhenman

Chief Investment Officer



Performance

As of 30/04/2016	1 month	3 month	YTD	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-2.4%	+1.0%	-10.2%	-2.7%
AGCM Asia Growth Fund WP EUR	-1.7%	+2.4%	-10.2%	n.a.

Top 5 holdings %

As of 30/04/2016

Company	Weight
Tencent Holdings	7.6%
NAVER Corp	6.3%
Alibaba Group	6.1%
China Construction Bank	5.5%
JD.com Inc	5.1%
Total	30.6%

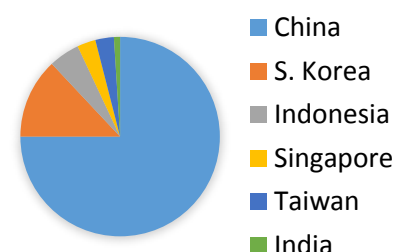
Industry breakdown

As of 30/04/2016

Internet	34%
Banks	26%
Technology	12%
Real Estate	8%
Consumer	7%
Healthcare	5%
Automotive	4%
Telecom	3%

Geographic breakdown

As of 30/04/2016



About Asia Growth Capital Management

Asia Growth Capital Management AB (AGCM) is a specialized investment management company managing investment funds investing in listed equities in Asia. The company was founded in Sweden in 2013 by a group of investment professionals and executives with extensive experiences from a wide range of different industries. The Chief Investment Officer has twice before been awarded by Lipper (Thomson Reuters) for managing the best performing Asia Fund among all regulated Asia funds registered for marketing in any EU country.

Fund Facts

Portfolio manager:	Gustav Rhenman
Inception date:	03-Oct-2014
Fund size:	SEK 606 million
Number of holdings:	35
Management fee:	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 97.3 EUR 90.4
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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Risk information: Money you invest in the Fund can both increase and decrease in value. Historic performance is no guarantee of future return. Saving in funds should be viewed in a long-term perspective, which then may potentially offer a better return than traditional savings in fixed income. We recommend that you read the KIID and prospectus available at www.agcm.se before you make an investment. You can also request such information via e-mail to info@agcm.se.