



ASIA GROWTH CAPITAL MANAGEMENT

October 3, 2016

Strong performance contribution from the internet sector

During the month of September, the NAV of AGCM Asia Growth Fund SEK increased by +2.8% and the Euro share class by +1.9%. The main positive contribution came from companies such as Alibaba, Tencent, Baidu and Naver, companies which the financial industry refers to as “information technology”. This label is becoming increasingly misleading. The underlying business is less about technology and more about personal consumption, such as e-commerce, entertainment and social media advertising. The weakest contributors to the performance last month came from holdings within the pharmaceuticals and automotive sectors.

Equities in Asia and in particular China continue to recover, partially as a consequence of the negative overreaction early this year when US hedge fund profiles such as George Soros took big short positions speculating that China would lose control over its currency and would have an economic hard landing. We argued then, and still do, that China has all the tools and reserves necessary to continue controlling its exchange rate. As regards the economy, recent macro statistics from China now point to an accelerating growth rate. Industrial profits for example rose +19.5% year on year in August, an acceleration from July's +11% increase.

Two weeks ago, we had a meeting with the Chairman and CEO of China Overseas Land and Investment (COLI), Hao Jianmin. COLI is a company which we first visited in China back in 2005. We invested in the company the same year and have watched it grow revenues by a factor 20 to become the second largest real estate developer in China. Despite its large size, the company continues to grow revenues and net income by about 15-20% per year. Mr. Hao told us he remains confident that China's residential real estate market will continue to grow at a rapid pace also in the coming years since over 15 million people per year continue to migrate from the country side into cities. The affordability ratio (price/disposable income) in China's real estate market has actually improved during the past ten years because household disposable income has risen faster than real estate prices. This is not to say that the demand and supply situation everywhere in China is in perfect balance. In Shenzhen, Beijing, Shanghai, Chongqing for example, the demand is quite strong and in other smaller cities there is excess supply and weak demand. We advise investors not to rely too much on Western financial media to learn about China's real estate market.

Samsung Electronics had a major setback last month with exploding batteries in its Galaxy 7Note phones that will take some time to recover from. In the global chip market however, Samsung is doing better, closing the gap to its archrival Intel. Samsung's global chip market share in 2Q rose to 11.3% while Intel's shipments declined to a 14.7% market share. The narrowing gap in the second quarter resulted from a surge in Samsung's sales of NAND flash memory products widely used in smartphones and laptops.

The Chinese leadership continues to press ahead with the internationalization of its financial markets. Officials from the Chinese government and the City of London met in Beijing in September to discuss financial cooperation. China's central bank is preparing the groundwork for a proposed link between the Shanghai and London stock exchanges that will allow investors on one bourse to invest in the other.

Gustav Rhenman

Chief Investment Officer



Performance

As of 30/09/2016	1 month	3 month	YTD	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+2.8%	+16.3%	+11.2%	+20.8%
AGCM Asia Growth Fund WP EUR	+1.9%	+13.9%	+6.8%	n.a.

Top 5 holdings %

As of 30/09/2016

Company	Weight
Tencent Holdings	8.5%
NAVER Corp	7.9%
Alibaba Group	6.3%
China Overseas Land & Investment	4.6%
Netease Inc	4.2%
Total	31.5%

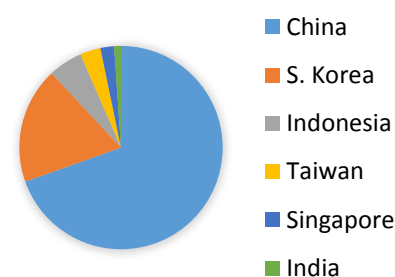
Industry breakdown

As of 30/09/2016

Internet	39%
Banks	16%
Technology	16%
Real Estate	9%
Automotive	6%
Telecom	6%
Consumer	4%
Healthcare	3%

Geographic breakdown

As of 30/09/2016



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 782 million
Number of holdings:	35
Management fee:	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 120.8 EUR 107.5
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.