

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

June 3, 2020

Stimulus worth 4 trillion yuan and 10,000 new companies per day

During the month of May, the NAV of the AGCM Asia Growth Fund RC SEK share class decreased by -5.5% and the WP EUR share class by -3.4%. Increased tensions between the US and China, most recently on the issues of Hong Kong politics and China's handling of Covid-19, turned the Hang Seng into Asia's worst performing index in May. Last weekend, international media's center of attention shifted away from Hong Kong to the riots in the US and the Hang Seng index rallied sharply during the first days of June, making up for the decline in May.

Despite China's remarkably rapid economic recovery, more economic stimulus is underway. On the final day of the National People's Congress (NPC) last Thursday, Premier Li Keqiang announced a stimulus package worth CNY 4 trillion (USD 560 billion) in 2020 for the country's manufacturers and merchants. This huge program is similar in magnitude to the giant stimulus package in 2009 during the Global Financial Crisis and has received surprisingly little attention in the West. Since China is the single most important contributor to global economic growth, this topic should be of more interest to the Western financial community. The new support program includes tax exemptions, lower interest rates, waived contributions to social welfare funds and reduced price on electricity. This package will be carried out on top of CNY 2 trillion in additional fiscal spending.

Premier Li Keqiang also said China will introduce an aid package with the target to facilitate a net increase of 10,000 new companies per day this year as well as support existing small companies struggling after the pandemic. China's central bank recently introduced two new policy tools that will provide CNY 1 trillion (USD 140 billion) in new loans for small enterprises. To be eligible for these policies, companies only need to maintain stable employment. Separately, President Xi Jinping said China will scrap the economic growth target for 2020 and instead focus on poverty reduction and jobs. President Xi said that by year-end, poverty will be eradicated in China. The government expects to an urban unemployment rate of around 6.0% this year, up from around 5.5% in 2019.

From the fund holdings, mostly good news. Tencent reported a strong first quarter, with overall revenues increasing +26% year-on-year. The online gaming segment was particularly strong with revenues +64% year-on-year as Chinese citizens turned to mobile games during the lock-downs. The advertising segment grew +32% year-on-year as the WeChat platform increased the number ads that it is showing to users. The payments business lagged with only +22% y-o-y growth, but mobile payments are picking up now that most of the lock-downs have ended.

China's leading investment bank CICC performed well throughout the pandemic. Recurring net profit grew +18% year-on-year, driven by strong investment banking fees. CICC has become the leader in underwriting IPOs on China's new STAR board for technology companies. Brokerage commissions rose strongly along with higher trading volumes. CICC will benefit from the relisting of Chinese American Depositary Receipts (ADRs) in Hong Kong.

JD.com continues to outperform the broader market. The e-commerce operator has been a key beneficiary of the social distancing protocols implemented in China. Its world-class logistics network has operated at almost full capacity throughout the pandemic. First quarter 2020 results beat expectations and the company guides for 20-30% year-on-year revenue growth in 2Q. We look forward to JD's secondary listing in Hong Kong, scheduled for June 18.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

May 2020



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/05/2020	1 month	YTD	1 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-5.5%	-9.5%	+8.0%	+18.9%	+52.4%
AGCM Asia Growth Fund WP EUR	-3.4%	-7.5%	+11.7%	+13.9%	n.a.

Top 5 holdings %

As of 31/05/2020

Company	Weight
Alibaba Group	8.8%
Tencent Holdings	6.2%
Baidu	4.8%
CICC	4.6%
Sinopharm	4.6%
Total	29.0%

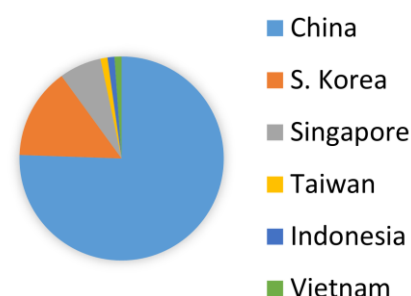
Industry breakdown

As of 31/05/2020

Communi...	25%
Consumer	22%
Financials	21%
Healthcare	15%
Info Tech	9%
Real Estate	7%
Industrials	1%

Geographic breakdown

As of 31/05/2020



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 1052 million
Number of holdings:	40
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 152.4 EUR 129.2
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

Disclaimers

According to Personuppgiftslagen (PUL): AGCM can use such personal data which has been given to the company by the registered person or which the company has sourced from other sources (name, e-mail and telephone number) to, via e-mail or telephone, give information about and market its products and services, including direct marketing. The personal data is used mainly in relation to people who orally or in written form have indicated interest to AGCM. If you want to receive information about which personal data about yourself the company is handling, you can in writing, signed by yourself, make a request to Asia Growth Capital Management AB, Birger Jarlsgatan 10, 5 tr, 114 34 Stockholm. You can also make a request in writing to the same address that you wish not to have your personal data used for purposes of direct marketing. Request for correction of personal data can also be made to the same address.

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.