

AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

June 1, 2022

Alibaba added 200 million customers in one year - Shanghai reopens

During the month of May, the NAV of AGCM China Stars Fund RC1 SEK decreased by 1.8%.

Shanghai officially fully reopened today, including subways and shopping centers. Streets filled up with people celebrating the reopening after a two-month lockdown. City government officials introduced a 50-measure economic recovery plan to boost the local economy, including local tax cuts and rent relief to Covid-hit industries. Also in Beijing, restrictions will be eased gradually. With Covid-restrictions easing and stimulus underway, the sentiment in China's corporate sector is now improving. Manufacturing PMI index rose to 49.6, significantly higher than last month.

On May 25, Chinese Prime Minister Li Keqiang chaired a national video conference with more than 10,000 central and local government officials. In his address, Premier Li pushed for a rapid implementation of the 33-point stimulus program for China recently announced by the State Council. The program is intended to boost economic activity primarily in the areas of consumption, infrastructure and real estate. Already planned investments in railways, roads, waterways and airports will be accelerated. Credit conditions for real estate developers and home buyers will be improved. Private consumption will be encouraged by sales tax reductions on a range of consumer goods.

Alibaba reported financial results for its fiscal year 2022 ending March 31. Revenues for the year increased by +19% to 853 billion yuan. Annual active customers globally surpassed 1.3 billion, an addition of almost 200 million customers in one year. Net income was lower than last year, primarily due to investments in Taobao, increased spending for user growth, as well as support to merchants.

Internet retailer JD.com reported first quarter 2022 results with revenues +18% and operating profit +41% year-over-year. Annual active buyers increased +16% year-over-year to 580 million customers. Cost saving efforts have been impressive, and the regulatory relief should help improve the sentiment in the sector. Growth has been impacted by covid-restrictions, but when things normalize, we expect 20-30% earnings growth in the next few years.

The Washington based International Monetary Fund announced it will raise the weighting of the Chinese yuan in its special drawing rights basket, SDR. The yuan will increase from 10.9% to 12.3% as of August 1. The yuan became one of the global reserve currencies in 2016 and is now the third-largest weight in IMF's SDR basket. It is a small step but serves as a reminder of the yuan's rising status and China's ambitions to internationalize its economy.

We see further downside risk to Western financial markets since it will be hard for the Federal Reserve to abandon its tightening path until we either experience a more severe drop in asset prices, or there is an economic recession. In other words, we risk a further drop in asset prices either way. A soft landing seems less likely given the huge gap between inflation and policy rates. As for China, the outlook for the second half of the year looks relatively better due to low valuations, low expectations but easing covid-restrictions and massive economic stimulus underway.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

May 2022



Performance

As of 31/05/2022	1 month	YTD	2 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-1.8%	-1.9%	+13.6%	+22.9%
AGCM China Stars Fund RC8 SEK	-1.7%	-1.6%	+14.8%	+26.7%
AGCM China Stars Fund RC9 SEK	-1.9%	-2.1%	+13.6%	+25.9%

Top 5 holdings

As of 31/05/2022

Company name
Alibaba Group
China Mobile
Tencent Holdings
Midea Group
Sinopharm Group

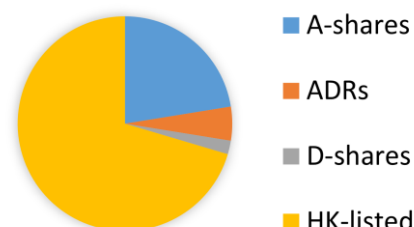
Industry breakdown

As of 31/05/2022

Financials	27%
Consumer	25%
Communi...	20%
Healthcare	13%
Real Estate	12%
Info Tech	1%
Industrials	1%

Market breakdown

As of 31/05/2022



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:	28-August-2017
Fund size:	SEK 134 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 122.9 (RC8) SEK 126.7 (RC9) SEK 125.9
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

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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.