

AGCM Asia Growth Fund



May 4, 2023

China remains the top contributor to global growth in next 5 years.

During the month of April, the NAV of AGCM Asia Growth Fund RC SEK decreased by -1.7% and the WP EUR share class by -2.2%.

China's GDP grew 4.5% in the first quarter of 2023, stronger than expected. Major Wall Street banks are now raising the full year forecast for China's GDP growth to over 6%, driven by the release of pent-up demand after reopening, combined with a stream of supportive fiscal and monetary policies. China and Asia will remain as the bright spots amid a global economic downturn, outpacing both the US and Europe in economic growth this year. In fact, the International Monetary Fund expects that China will be the top contributor to global growth over the next five years, with its share set to be 23%, doubling that of the US.

China's retail sales have rebounded sharply, growing 11% year-over-year in March, as consumption and services continue to lead the economic recovery. China's tourism sector is roaring back in the five-day Labor Day holidays, with hotel and air ticket bookings already surpassing pre-Covid levels in 2019. China's exports significantly beat expectations and expanded by 15% year-over-year in March, primarily driven by a sharp increase in shipments to ASEAN countries and other emerging markets. China's State Council has issued an 18-point plan to further boost international trade, including supporting exports of automobiles and cross-border ecommerce, as well as easing visa issuance to welcome back foreign business people.

China's strong economic recovery is clearly evidenced in the corporate earnings results. Most of our fund holdings have reported upbeat financial performances for the first quarter of 2023. China's largest consumer appliances maker Haier posted solid performance, growing revenues by 8% and EPS by 13% in the first quarter, and the company is guiding for 15% EPS growth per year until 2025. Chinese telecom operators China Mobile and China Telecom reported EPS growth of 9% and 12% respectively, driven by continued 5G penetration and a fast-growing cloud computing business. The two companies remain committed to focusing on profitability and improving shareholder returns, with a generous dividend policy yielding 7%.

The housing market also continues to recover as the homebuyers' sentiment is boosted by the reopening and supportive policies. Home prices have been rising for a third consecutive month, and the top 100 property developers saw contract sales growing at 30-40% on average in April, compared with a year ago. Poly Development, the largest real estate developer in China, grew revenues by 19% year-over-year in the first quarter, and EPS by 8%. It has a massive land bank that's sustainable for over 6 years of development. China Overseas Land, another leading developer, reported revenue growth of 11%, and contract sales rose 73% in the first three months. The company guided for at least 20% growth in contract sales for the full year, showing strong confidence in the underlying recovery. The stock still trades at 6 times Price-to-Earnings, 0.5 times Book, with dividend yield of over 5%.

Chinese President Xi Jinping has been busy ramping up diplomatic efforts. After receiving state leaders from France and Brazil in Beijing, Mr. Xi took the long-awaited phone call to Ukrainian President Zelensky, which has received a tentative welcome among US and EU officials. This marks a first concrete step by Beijing to rise to its position of a potential peacemaker or mediator in the Russo-Ukrainian war.

South Korea

South Korea market rose +1% in local currency in April. The country avoided recession as GDP grew +0.3% quarter-over-quarter or +0.8% year-over-year in the first three months of 2023. However, the economy continues to face challenges from weak semiconductor demand amid the global slowdown. Samsung Electronics reported a soft first quarter result, where revenues declined -18% year-over-year and EPS down by -87%, largely as expected. The company forecasts a gradual recovery in memory chip demand in the second half of this year and expects customer inventory levels to come down in the coming months. Samsung began cutting production of major memory products from April, in addition to capacity optimization initiated since the year start. The company expects these measures to have a 'meaningful' impact on the supply in the coming months. The EV battery maker Samsung SDI reported solid first quarter result, growing revenues by +32% year-over-year and net profit by +28%. The global race to clean energy solutions provides exciting opportunities for Korean battery makers such as Samsung SDI, who has strong pricing power and technological prowess while investment plans offer visibility to its long-term growth.

Singapore

UOB, one of Singapore's top three banks and a long-time fund holding, reported its highest quarterly earnings on record of 1.6 b SGD (1.2 b USD) in the first quarter of 2023, up 74% year-over-year. The stellar performance was achieved against a backdrop of improving market sentiment during the quarter. Fee income registered double-digit growth as investors showed increased confidence in wealth management, card transactions rose and related fees almost doubled, while loan-related fees also expanded. Treasury and investment income surged to an all-time high boosted by stronger customer-related income. Liquidity, funding, and capital ratios all improved with CET1 capital ratio lifting 70 basis points to 14%. UOB has completed the acquisitions of Citi's operations in Thailand, Malaysia, and Vietnam. Management is intent on grabbing the opportunity of becoming the largest cross-border trade bank of the vast ASEAN market, home to more than 600 million people.

Indonesia

The outlook for the Indonesian economy remains strong with GDP growth expected to come in slightly short of 5% in 2023, supported by a boost from the government's focus on commodity downstream value creation in the New Energy Vehicle industry. Indonesia's population of more than 260 million is young and the rising middle-income class is a driver for a structural shift in consumption. The low banking penetration with debt-to-GDP ratio of 32%, one of the lowest among all major economies, provides ample room for expansion. The rapid digital transformation in the banking industry represents a large opportunity for growth. Bank Mandiri, Indonesia's largest bank and a fund holding, is set on a solid growth trajectory. Lending increased by 12.4% in the first quarter 2023, underpinned by a broad-based demand for credit from micro lending, SMEs, and corporate segments. Net profit increased by 25% to 12.56 trillion IDR (0.85 b USD), largely attributable to expansion of net interest margins to 5.4%, decline in non-performing loan provisions on improving asset quality, and disciplined cost development. Profitability improved further with ROE climbing to 22.5% as did capital ratios with Tier1 capital strengthening to 19.1%.

Vietnam

Vietnam market declined -1.4% in local currency in April. The external demand slump continues to impact on the export-oriented sectors with no signs of improvement just yet. Exports extended declines in April, falling -17% from a year ago, led by consumer electronics, textile and garments, and machinery. Exports to the US and EU were the main drag, contracting by -26% and -24% respectively. Exports to China rose +0.5% as the demand picks up. Headline inflation eased to 2.8% in April. The State Bank of Vietnam last cut policy rates by 50 basis points on 3 April, with narratives signaling more monetary easing to support the economy.

Gustav Rhenman

Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

April 2023



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/04/2023	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-1.7%	+4.1%	-1.8%	+26.7%	+90.9%
AGCM Asia Growth Fund WP EUR	-2.2%	+2.7%	-7.6%	+23.8%	n.a.

Top 5 holdings %

As of 30/04/2023

Company	Weight
Alibaba Group	5.8%
China Mobile	5.3%
Tencent Holdings	4.9%
Ping An Insurance	4.5%
Samsung Electronics	4.2%
Total	24.7%

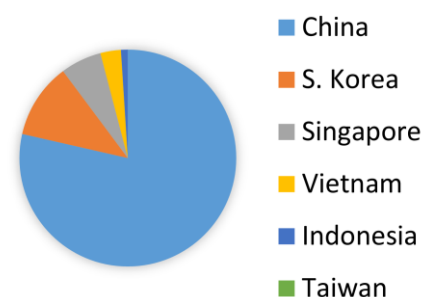
Industry breakdown

As of 30/04/2023

Financials	30%
Communi...	20%
Consumer	21%
Real Estate	13%
Healthcare	10%
Info Tech	6%

Geographic breakdown

As of 30/04/2023



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 830 million
Number of holdings:	41
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 190.9 EUR 153.2
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.