ASIA GROWTH CAPITAL MANAGEMENT

Stockholm, June 1, 2015

China goes high tech – Japan trumps Asia Infra Investment Bank

During the month of May, AGCM Asia Growth Fund SEK declined 1.4% and the Euro share class by 1.1%. By May 31, the fund NAV was up +28.2% since inception on October 3, 2014. For Asian equities, the month of May was dominated by news about continued internationalization and opening up of China's financial markets in a bid by Beijing to persuade the IMF to classify the Chinese yuan as an international reserve currency. Beijing's desire to achieve this objective is not simply a matter of national prestige. If the IMF decides to reclassify the yuan as a reserve currency, China could more easily sell government debt in international debt markets since foreign central banks would be allowed to buy it. China runs a gigantic and growing trade surplus which in 2014 amounted to nearly 400 billion USD or 4% of GDP. With the world's largest currency reserve of 4,000 billion USD, one may wonder why China would be interested in placing debt in international markets. One reason could be to finance part of the massive infrastructure spending now financed via the domestic banks. There are other advantages as well for China to have its currency classified as a reserve currency, and we remain grateful that we can take advantage of the positive side effects of these efforts.

One such positive side effect is the mutual fund recognition program, whereby from July 1, 300 billion yuan (USD 48 billion) of funds domiciled in Hong Kong and China can be sold in each other's markets. In other words, yet another new channel of funds from China to Hong Kong will boost Chinese stocks in Hong Kong which have until now not been available to mainland investment funds.

Once again, international financial media failed to adequately describe the most important news coming from China. China's almighty State Council recently unveiled a comprehensive plan to promote China's advanced industries by 2025 and move the economy away from low-value manufacturing. This ambitious 10-year plan is called "Made in China 2025" and will be followed by another two plans in order to transform China into a leading manufacturing power by the year 2049. The ten key sectors targeted by the plan include computer technology, robotics, aerospace, ocean engineering, new energy vehicles, power generation, new materials, biological medicines and medical devices. More details on what this plan means in practice will be announced later, but it will include boosting manufacturing innovation, integrating information technology with industry, fostering Chinese brands and enforcing green manufacturing. Be sure, you will hear about "Made in China 2025" again. We suspect this will be the plan whereby China becomes a global leader in several high tech industries which today are dominated by the US, Japan and Germany. Remember where you heard it first.

China's initiative to set up the Asia Infrastructure Investment Bank (AIIB) spurred the Japanese to a countermeasure. During May, Japan unveiled a USD 110 billion plan to fund Asian infrastructure. The amount of Japanese funds, to be invested over 5 years, tops the expected USD 100 billion capitalization of the AIIB. So in summary, we saw several new examples during May of how Asia increasingly moves center stage in terms of visions, investments and economic progress.

Gustav Rhenman
Chief Investment Officer

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AGCM Asia Growth Fund

Monthly Report

May 2015

Performance

As of 31/05/2015	1 month	3 month	YTD	Since launch Oct 3 , 2014
AGCM Asia Growth Fund RC SEK	-1.4%	10.0%	18.0%	28.2%
AGCM Asia Growth Fund WP EUR	-1.1%	8.4%		

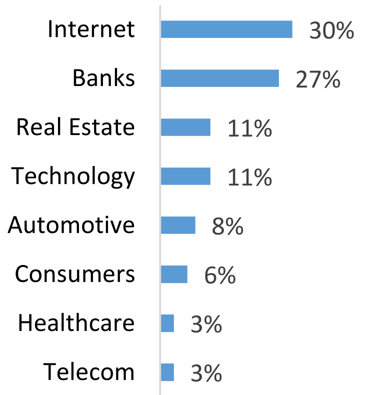
Top 5 holdings %

As of 31/05/2015

Company	Weight
Baidu Inc	7.9%
Tencent Holdings	7.1%
Alibaba Group	6.2%
Bank of China	4.4%
China Overseas Land Investment	4.4%
Total	30.0%

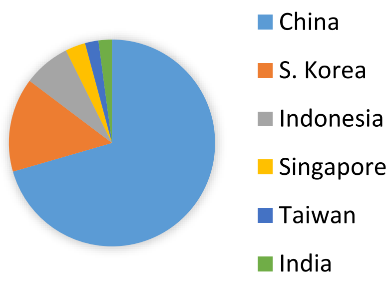
Industry breakdown

As of 31/05/2015



Geographic breakdown

As of 31/05/2015



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 570 million
Number of holdings:	35
Management fee:	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 128.2 EUR 112.5
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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