



ASIA GROWTH CAPITAL MANAGEMENT

Beijing, January 9, 2016

Rough start in 2016 – but company fundamentals remain solid

During the month of December, the NAV of AGCM Asia Growth Fund SEK decreased by 3.0% and the Euro share class by 2.4%. By December 31, the fund NAV was up 8.4% since inception on October 3, 2014. For the full year 2015, the SEK share class was more or less flat at -0.2% compared to MSCI Asia ex-Japan index at -1.4% and MSCI Global Emerging Markets at -7.7% for the year.

Global financial markets have begun the New Year on a downbeat note. Market participants, mostly on Wall Street are again blaming the downturn on China. The ups and downs of China's domestic A-share stock market, which in practice is isolated from the world, is in our opinion not the key issue, nor is it the RMB exchange rate or economic growth rate. The key issue relates to the consequences of seven years of zero interest rate policy by the US Federal Reserve which has inflated valuations of bonds, equities and real estate. Debt levels have risen as a result, more so in the Western economies than in emerging markets. According to BIS Quarterly Review from September 2015, total public and private non-financial sector debt has risen to 265% of GDP in advanced economies and to 167% in emerging markets. The major question for investors is not about China's economic growth or the valuation of its domestic A-share market, but whether or not American monetary policy can normalize and how global financial markets will react to higher US-dollar interest rates.

Between 2009 and 2014, China and other emerging markets accounted for 75% of the growth in world nominal GDP while ironically developed stock markets outperformed the MSCI Emerging Markets index by 45% since October 2010. This has led to a record gap in valuations whereby for instance the MSCI Asia ex-Japan index is now trading close to the bottoms of its 10-year P/E and price to book ranges, while the major European and US indices trade at substantially higher multiples - both in absolute and historical terms. At some point, this huge valuation gap which has developed since 2009 is likely to close. It remains our strong conviction that in the coming five-year period, the MSCI Emerging Markets index will outperform developed markets by a wide margin, especially so for Asia ex-Japan which is becoming an ever larger share of global emerging markets. Not only will the valuation gap narrow, but China will continue to offer unparalleled individual investment opportunities in long term growth stories. The rise of the Asian consumer is still in an early stage and as investors we focus less on macroeconomic issues and more on individual investments opportunities. Earnings growth is a more sustainable driver of share prices than expanding valuation multiples.

Just some brief comments on the recent headlines concerning the developments in China. Admittedly, China's stock market regulator CSRC has flip-flopped on trading rules and circuit-breakers. Other government bodies have intervened attempting to minimize collateral damage from wide market swings caused by a high degree of trading by retail investors. China's domestic stock markets has grown from zero to one of the largest in the world in only 35 years and we view the current issues as transitory problems. Our recent visit to the Shenzhen Exchange and discussions with officials there, confirm our view that they are on the right track. We remain highly skeptical to the perennial economic hard landing scenarios delivered by financial media. China rarely fails to exceed self-imposed growth targets, now at 6.5% real GDP growth per year for the coming five years.

Gustav Rhenman

Chief Investment Officer



Performance

As of 31/12/2015	1 month	3 month	YTD	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-3.0%	+15.2%	-0.2%	+8.4%
AGCM Asia Growth Fund WP EUR	-2.4%	+18.2%	n.a.	n.a.

Top 5 holdings %

As of 31/12/2015

Company	Weight
Tencent Holdings	7.3%
Lenovo Group	6.3%
ICBC	5.6%
China Construction Bank	5.5%
Baidu Inc	4.7%
Total	29.4%

Industry breakdown

As of 31/12/2015

Internet	29%
Banks	29%
Technology	14%
Real Estate	9%
Consumer	7%
Healthcare	6%
Automotive	5%
Telecom	1%

Geographic breakdown

As of 31/12/2015



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 678 million
Number of holdings:	35
Management fee:	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 108.44 EUR 100.67
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.