



ASIA GROWTH CAPITAL MANAGEMENT

April 1, 2016

## Positive signs from China – Growing appetite for Emerging Markets

During the month of March, the NAV of AGCM Asia Growth Fund SEK increased by +5.7% and the Euro share class by +7.0%. Global fund flows headed back into Asia during March, as some Western investors seem to realize that the negative scenarios for China communicated by media during previous months were perhaps too negative. In fact, a number of global brokerage houses have revised up their forecasts for China after recent data show industrial profits are rising again. China's manufacturing PMI figure released today came in at 50.2, far ahead of expectations and it represents a positive change in trend. Earlier this week, China's large banks reported full year 2015 numbers with healthy top-line growth, stable earnings and generous dividends.

Last month we reported on the strong Q4-numbers from our internet technology holdings. During March, our largest holding Tencent reported that revenues grew 30% in 2015 and earnings per share increased by 35%. The medium and long term outlook for Tencent remains solid but we trimmed our position somewhat after a major upward move in the share price.

China accelerates its already ambitious global acquisition campaign. In the first quarter of this year, Chinese firms have announced foreign acquisitions worth a total of USD 113 billion. The largest deal so far is China National Chemicals USD 46 billion takeover of Syngenta AG, a global player in pesticides and genetically-modified seeds. That tops the total of all deals in 2014 and is close to last year's tally of USD 121 billion.

China's National People's Congress met in Beijing and various economic reform programs were presented. They centered around job creation, maintaining a stable currency, prudent monetary policy and a proactive fiscal policy. The target for GDP growth of between 6.5 – 7.0% was reiterated. We expect Beijing to deliver and that sceptic Western investors will take a more positive view on the outlook for Chinese equities this year.

The Asian Infrastructure Investment Bank (AIIB), first proposed by President Xi Jinping less than two years ago, has become one of China's major foreign policy successes. Despite the opposition from Washington, 57 countries have already joined including most of U.S. major allies - Britain, Germany, Italy, South Korea and Australia. An additional 30 other countries are now waiting to join the bank. The AIIB will among other things help finance massive infrastructure projects that China is planning for the coming decade, also known as "One Belt – One Road" or "New Silk Road". Objectives with this grand plan include improving China's access to export destinations in Europe and the Middle East. A range of Chinese companies are likely to benefit from these investments and we remain on the look-out for related investment ideas.

Data from World Intellectual Property Organization revealed that Chinese technology companies are investing heavily in intellectual property. China smartphone manufacturer Huawei filed for 3,898 patents, making it the world's most active filer for the second year running. ZTE filed 2,155 patents to come in at third place globally. There are few headlines in Western media nowadays on the theme that China can only copy and not innovate.

**Gustav Rhenman**

Chief Investment Officer



## Performance

As of 31/03/2016	1 month	3 month	YTD	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+5.7%	-8.1%	-8.1%	-0.3%
AGCM Asia Growth Fund WP EUR	+7.0%	-8.6%	-8.6%	n.a.

## Top 5 holdings %

As of 31/03/2016

Company	Weight
Tencent Holdings	6.49%
Alibaba Group	6.28%
NAVER Corp	5.93%
China Construction Bank	5.49%
Industrial and Commercial Bank of China	4.82%
<b>Total</b>	

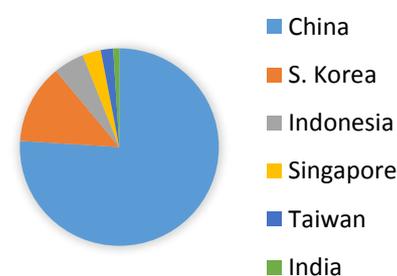
## Industry breakdown

As of 31/03/2016

Internet	32%
Banks	27%
Technology	13%
Real Estate	8%
Consumer	6%
Automotive	5%
Healthcare	4%
Telecom	4%

## Geographic breakdown

As of 31/03/2016



## 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

<b>Portfolio manager:</b>	Gustav Rhenman
<b>Inception date:</b>	03-Oct-2014
<b>Fund size:</b>	SEK 612 million
<b>Number of holdings:</b>	33
<b>Management fee:</b>	1.85%
<b>Fund management Company:</b>	SEB Fund Services Luxembourg
<b>NAV:</b>	SEK 99.7 EUR 92.0
<b>Minimum subscription:</b>	n.a.
<b>ISIN code:</b>	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, Strandvägen 5A, 2 tr, 114 51 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](http://www.agcm.se) before you make an investment. You can also request such information via e-mail to [info@agcm.se](mailto:info@agcm.se).