



ASIA GROWTH CAPITAL MANAGEMENT

November 2, 2016

Solid Q3 earnings reports and China PMI jumps to a 27-month high

During the month of October, the NAV of AGCM Asia Growth Fund RC SEK declined by -1.0% and the Euro share class by -3.8%. The difference between the SEK and Euro share classes can be explained by the unusually weak SEK. Most major equity markets globally treaded sideways during October, investors following the twists and turns of the US presidential election campaign. Despite the weak market sentiment, we are encouraged by the Q3 earnings reports by the fund portfolio companies so far. One of the fund's largest holdings, Alibaba, today reported September quarter revenues grew +55% year-over-year and adjusted earnings per share increased by +41%. On November 11, Alibaba will again host the world's largest 24-hour shopping event, the yearly "11.11" or Single's Day sale. Last year, the sales exceeded 14 billion USD and we look forward to seeing how much bigger the sale will be this year. The number of mobile monthly active users on Alibaba's retail market places reached 450 million people, an increase by 23 million since the end of last quarter. Another fund holding, Guangzhou Automobile, grew revenues by +73% year-over-year and net income +71%. Korean search engine Naver grew revenues by 20% in 3Q but earnings per share jumped +48% compared to last year.

Also recent macroeconomic indicators from China have been quite encouraging. The private Caixin manufacturing PMI jumped in October, from 50.1 to a 27-month high of 51. The government's official manufacturing PMI also beat expectations, rising from 50.4 to 51.2. The breakdown of the official PMI by firm size suggests that the recent improvement in conditions has been strongest among small and medium sized firms. This is consistent with the large increase in the Caixin PMI, which is skewed towards smaller private firms, and indicates that Beijing's efforts to boost the private sector is working. China's service sector is also accelerating with the official non-manufacturing PMI rising from 53.7 to a 10-month high of 54.0. Overall, yesterday's positive numbers from China are consistent with the broader positive picture we see from the recent corporate earnings reports. Policy easing by the leaders in Beijing earlier this year is now feeding through into the economy to secure the growth target of 6.5-7.0%. China's strong economic performance must be frustrating for all the journalists, economists and hedge fund managers who have been predicting an economic collapse in China for so many years.

Not only has China's economy outgrown the US economy every year for the past 30 years, now China has overtaken the US also in the number of billionaires. The latest Hurun report, which is one of the most closely-watched and accurate assessments of wealth in China, has revealed that China now has 594 billionaires, ahead of the 535 of the US. Property magnate Wang Jianlin tops the list with a personal fortune of USD 32 billion, while Alibaba's Jack Ma is a close second and Pony Ma of internet giant Tencent comes third. Most of China's billionaires live in Beijing, followed by Shenzhen, Shanghai and Hangzhou. No wonder premium property prices have been rising in those cities.

While the world has been able to observe Hillary and Donald exchange insults via US media, there has been little room for the important policy issues. In contrast, China's strong central government pushes ahead with deep reforms and huge scale investment programs. During October, president Xi Jinping announced a 140 billion USD investment program for housing to the 10 million poorest citizens in China. The world is changing.

Gustav Rhenman

Chief Investment Officer



Performance

As of 31/10/2016	1 month	3 month	YTD	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-1.0%	+8.9%	+10.2%	+19.5%
AGCM Asia Growth Fund WP EUR	-3.8%	+5.1%	+3.1%	n.a.

Top 5 holdings %

As of 31/10/2016

Company	Weight
Tencent Holdings	8.4%
NAVER Corp	7.4%
China Overseas Land & Investment	7.0%
China Resources Land	5.9%
Alibaba Group	5.8%
Total	34.5%

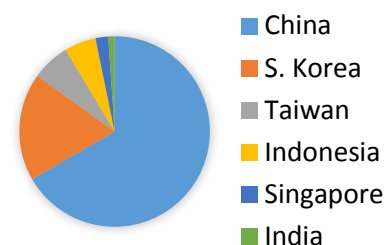
Industry breakdown

As of 31/10/2016

Internet	38%
Technology	15%
Real Estate	14%
Banks	13%
Automotive	8%
Consumer	5%
Telecom	4%
Healthcare	3%

Geographic breakdown

As of 31/10/2016



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

Portfolio manager:	Gustav Rhenman
Inception date:	03-Oct-2014
Fund size:	SEK 780 million
Number of holdings:	35
Management fee:	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 119.5 EUR 103.4
Minimum subscription:	n.a.
ISIN code:	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 before you make an investment. You can also request such information via e-mail to info@agcm.se.