

# AGCM Asia Growth Fund

October 3, 2017



## Stable market ahead of the Golden Week and key Party Congress

During the month of September, the NAV of AGCM Asia Growth Fund SEK increased by +4.2% and the Euro share class by +1.9%. Chinese equity markets have shown stability in the run up to the 19th congress of the Chinese Communist Party, and the one-week-long National Day (Golden Week) holiday in early October.

The National Congress of the Communist Party of China, which takes place every five years, will commence in Beijing on October 18. We expect to witness a reshuffling of the party's Central Committee and the setting of policy priorities for the next five years. The Chinese government has called for "strong hands" to maintain stability ahead of the key congress meeting. One example was seen in the property sector, as eight large cities in China rolled out additional property tightening measures to rein in housing price rises, with more cities likely to follow.

During September, the new energy vehicle sector outperformed, with our holding company Yutong Bus share price rising 16%. China joined the U.K. and France in saying it will eventually ban sales of fossil-fuel-powered vehicles, becoming the biggest market to do so in a move that will accelerate the push into the electric car market. The government is working with other regulators on a timetable to end production and sales. Although no specific start date has been announced for the ban yet, the move will push for both local and global automakers to focus on introducing more electric cars, and to meet China's target of 5 million units of new energy vehicle sales by 2020.

Chinese financial technology ("FinTech") made headlines again in September, and the news centered around two of the Fund's larger holdings – Tencent and CICC. Internet giant Tencent Holdings agreed to buy a 5% stake in China's leading investment bank, China International Capital Corp. (CICC), creating a partnership between two of the country's tech and finance majors. The partnership gives CICC access to Tencent's 960 million users and advanced technology in big data and artificial intelligence. Furthermore, Alipay, the world's largest online payment platform, operated by Alibaba Group's affiliate Ant Financial, has teamed up with Nordic partners to bring "smart tourism" to Chinese visitors, which will enable merchants across the Nordic region to accept payments via Alipay and reach Chinese customers via Alipay's marketing platform.

Apple's newly launched iPhone 8 received muted consumer reactions after going on sale around the world, as fans hold out for the premium iPhone X, which is to be released in early November. While the iPhone X is expected to sell well, reported production constraint of a key component has raised concerns of a potential delay in shipments. This has weighed on the Apple suppliers especially in China and Taiwan.

Beijing's local government announced it will establish 20 innovation centers in its economic technological area in Yizhuang by year 2020. It will form seven industrial clusters for innovation, establishing ten new companies in each cluster, with targeted annual revenues of 10 billion yuan for each company, covering emerging industries including industrial automation, biopharmaceuticals, artificial intelligence, smart manufacturing, and autonomous vehicles.

**Gustav Rhenman**

Chief Investment Officer

# AGCM Asia Growth Fund

Monthly Report

September 2017



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 30/09/2017	1 month	3 month	YTD	1 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+4.2%	+3.0%	+21.8%	+9.8%	+34.6%
AGCM Asia Growth Fund WP EUR	+1.9%	+2.7%	+20.4%	+9.6%	n.a.
AGCM Asia Growth Fund RC USD	+1.5%	+6.5%	+35.7%	+15.8%	n.a.

## Top 5 holdings %

As of 30/09/2017

Company	Weight
Alibaba Group	7.2%
Tencent Holdings	7.2%
Samsung Electronics	4.7%
AIA Group	4.3%
TSMC	4.1%
<b>Total</b>	<b>27.5%</b>

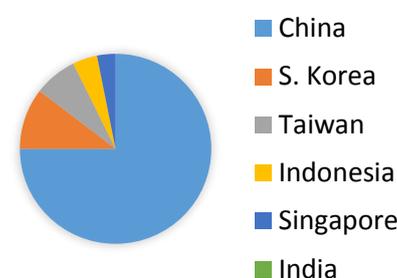
## Industry breakdown

As of 30/09/2017

IT Internet	25%
Financials	21%
Consumer	19%
Semicondu...	9%
Healthcare	9%
IT equipment	8%
Real Estate	6%
Industrials	2%

## Geographic breakdown

As of 30/09/2017



## 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 980 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 134.6 EUR 119.6 USD 148.5
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143 USD RC LU 1338434852

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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](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).