

AGCM Asia Growth Fund



January 5, 2018

China targets 6.5% growth in 2018 with focus on “high quality”

During the month of December, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +1.5% and the WP EUR share class by +2.2%. For the full year 2017, the RC SEK share class increased by +31.1% and the WP EUR share class by +26.5%. The biggest mover among the fund holdings in December was the e-commerce company Vipshop, share price rising over 50% after Tencent, JD.com and Vipshop jointly announced that Tencent and JD will invest approximately USD 860 million in newly issued shares in Vipshop. After this transaction, Tencent and JD.com will own approximately 7% and 5% respectively of Vipshop’s shares. As a part of the deal, Tencent will grant Vipshop an entry on the interface of Weixin Wallet enabling Vipshop to utilize traffic from Tencent’s Weixin platform. JD.com will grant Vipshop entries on both the main page of JD’s mobile application and the main page of its Weixin Discovery shopping entry, and will assist Vipshop in achieving certain Gross Merchandise Value targets through JD.com’s platform.

China will target 6.5% GDP growth in 2018, a goal that was agreed by China's top leaders at the agenda-setting Central Economic Work Conference in December, according to China Economic Review. The goal will be unveiled officially during the annual parliament meeting in March. The issue of China's growth target has been of major interest to analysts in recent months, as it is widely seen as an indicator of how far Xi Jinping's government will be willing to go in order to achieve the "high-quality development" that Xi has said the country will prioritize. One key element of this “high-quality development” is to promote high-tech sectors including telecom, green energy and electrical vehicles but also services and healthcare. We have seen several examples of this in the recent news flow.

One example is in telecom, where China’s operators are pressing ahead with large-scale 5G pilot programs in a range of cities, with data speeds twenty times faster than in existing 4G systems. The large-scale 5G pilot programs is part of the government-backed plan for the sector to achieve global leadership and a 5G commercial rollout by 2020. The plan is a key part of China’s current drive to move its economy up the supply chain into high value-added manufacturing, advanced services and applications. At a recent politburo meeting, President Xi Jinping called for an acceleration in the development of the nation’s big data industry, especially in medical care, education and culture, all of which will serve to improve public services. As of 2017, China’s big data related market totaled 410 billion RMB, and is expected to grow 30% per year on average, to 1 trillion RMB by 2020.

Information and analytics provider IHS Markit predicts that China will lead also the global autonomous driving revolution. Car-based “mobility services”, such as car-sharing, ride-hailing as well as driverless cars with entertainment, information and communications services, are projected to generate USD 1 trillion in revenue for suppliers globally in 2040 from nearly zero a decade ago, according to the latest industry figures from IHS Markit. So far in China, 290 cities have initiated “smart-city” pilot projects controlled by artificial intelligence (AI) technology. Shanghai has already opened the country’s first driverless vehicle pilot zone, with about two hundred vehicles being tested in a test zone. We look forward to meeting some of these companies next week in China.

Gustav Rhenman

Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

December 2017



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/12/2017	1 month	3 month	YTD	1 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+1.5%	+7.7%	+31.1%	+31.1%	+45.0%
AGCM Asia Growth Fund WP EUR	+2.2%	+5.0%	+26.5%	+26.5%	n.a.
AGCM Asia Growth Fund RC USD	+3.3%	+7.4%	+45.6%	+45.6%	n.a.

Top 5 holdings %

As of 31/12/2017

Company	Weight
Tencent Holdings	7.8%
Alibaba Group	6.5%
AIA Group	4.5%
Samsung Electronics	4.5%
JD.com	4.4%
Total	27.7%

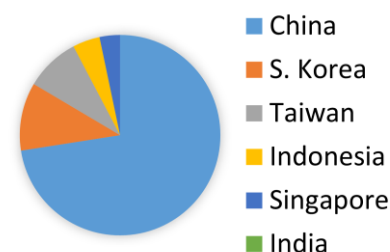
Industry breakdown

As of 31/12/2017

IT Internet	25%
Financials	22%
Consumer	19%
Semicondu...	9%
Healthcare	9%
IT equipment	8%
Real Estate	6%
Industrials	2%

Geographic breakdown

As of 31/12/2017



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 1089 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 145.0 EUR 125.6 USD 159.5
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 before you make an investment. You can also request such information via e-mail to info@agcm.se.