

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

February 1, 2018

A good start to 2018. Alibaba delivers another great quarter.

During the month of January, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +3.8% and the WP EUR share class by +3.6%.

The fund's best performers in January include the Chinese brokers led by CITIC Securities, share price rising by +24%. CITIC rides on a recovering mainland A-share stock market environment with rising trading volumes, prices and a stronger IPO momentum. Chinese property developers also recorded strong gains, China Resources Land share price increasing by +35% and COLI by +21%. For years we have argued that the risks in China's real estate market have been vastly exaggerated especially by US-based investors who have not bothered to do their own on-the-ground research. Home appliances and consumer companies also outperformed on the back of a strong property market and Chinese consumers using some of their rapidly growing disposable incomes for upgrades of their existing homes. Bus maker Zhengzhou Yutong Bus saw its share price fall by -9%, as a consequence of near term uncertainties regarding the new energy vehicle subsidies in China. We view this as a temporary setback, the long-term growth outlook for China's largest bus maker remains intact.

Our largest holding Alibaba continues to fire on all cylinders. On February 1, it reported its December quarter financial results. Core commerce revenues grew by +57% year-on-year while revenues from the Digital Media and Entertainment business increased by +33%. Cloud computing grew by +103% and has now become a meaningful contributor to Alibaba's overall growth. Again, Alibaba's management raised its revenue guidance for the full fiscal year ending March 31, guiding for 55-56% topline growth. Artificial intelligence drives user engagement for Taobao. Tmall continues to be the platform of choice in China for the world's top brands.

Alibaba's management announced that Alibaba will take a 33% ownership stake in China's leading fintech company Ant Financial which it now only has a pre-tax income sharing agreement with. This is positive for Ant Financial since it will get a much clearer shareholder structure, with Alibaba as a strategic investor. Ant Financial was valued at around USD 60 bn in the last funding round in April 2016 but should be higher by now, and will be substantially higher if and when Ant Financial goes public. Shareholders will after the transaction in a more clear way get to participate in this very exciting growth business. From what we understand, Ant Financial's IPO preparations are underway, and the listing venue is likely to be China's mainland A-share market or the Hong Kong stock exchange. A mainland listing would be welcomed by China's government, due to the sensitive nature of Ant Financial's business from a regulatory standpoint.

In our monthly reports last year, we gave some examples of the highly ambitious investment plans in new technologies outlined in China's latest five-year plan. During January we witnessed the sign-off on the development of a 600 km/h magnetic levitation train project. With this technology, a train ride from Beijing to Shanghai will be shortened to 2 hours from currently 5 hours with the existing high-speed trains. We look forward to the commercial launch of this technology but until then we will have to settle for a ride with the stocks exposed to this project.

Gustav Rhenman

Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

January 2018



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/01/2018	1 month	3 month	YTD	1 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+3.8%	+3.9%	+3.8%	+28.9%	+50.4%
AGCM Asia Growth Fund WP EUR	+3.6%	+3.4%	+3.6%	+22.1%	n.a.
AGCM Asia Growth Fund RC USD	+8.1%	+10.8%	+8.1%	+44.9%	n.a.

Top 5 holdings %

As of 31/01/2018

Company	Weight
Alibaba Group	8.4%
Tencent Holdings	8.2%
JD.com	4.7%
AIA Group	4.7%
TSMC	4.1%
Total	30.1%

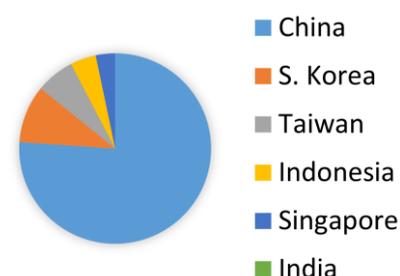
Industry breakdown

As of 31/01/2018

IT Internet	25%
Financials	22%
Consumer	19%
IT equipment	11%
Healthcare	10%
Semicondu...	9%
Real Estate	2%
Industrials	2%

Geographic breakdown

As of 31/01/2018



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 1141 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 150.4 EUR 130.1 USD 172.5
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.