

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

May 2, 2018

Tech stocks down, financials up, strong fundamentals across the board

During the month of April, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +2.5% and the WP EUR share class was unchanged. A quick summary of the fund development in April would be, technology stocks underperformed, financials stocks outperformed and quarterly financial reports by our holdings were generally strong. Stocks in the technology sector globally were negatively impacted by multiple factors. Rising long term rates in the US with the 10-year Treasury reaching 3%, rising risk of increased regulation of internet stocks after the Facebook data scandal, and soft Apple iPhone sales weighing on the Asian component supply chain. South Korea's Samsung Electronics was one of few exceptions, rising 8% in April after a strong quarterly report.

Financial markets were spooked by growing trade tensions, not least the Trump administration's announcement on April 4 to impose 25% tariffs on 1,333 itemized Chinese products worth about USD 50 billion per year. Just a few hours later, China responded by announcing an additional 25% tariffs on US autos, aircraft and agricultural products. Chinese President Xi Jinping calmed investors with a conciliatory tone in his speech at the Boao Asia Forum on April 10. There, Xi Jinping announced plans to further open and liberalize China's economy, including lowering tariffs for autos and enforcing the legal intellectual property of foreign firms. The Trump administration seems to have targeted China's "Made in China 2025" strategy, a highly ambitious program for the nation to become a manufacturing superpower. Through investments in technology and advanced manufacturing, China seeks to climb the value chain and to increase exports of higher value-added products such as IT, telecom, electrical vehicles, robotics and smart manufacturing. China will go ahead with its "Made in China 2025" program regardless of attempts by the US to obstruct. It is a key strategy by Beijing for China to avoid the so called "middle-income trap".

China's Politburo, a key decision-making body comprising the Communist Party's top 25 officials met in Beijing after which a statement said that while there had been an upturn in China's cyclical growth, structural and deep-rooted problems remained and more effort needed to be made to fight the "three tough battles" — controlling financial risks, reducing poverty and fighting pollution. Top leaders called for action to expand domestic demand to ensure the economy maintains a stable growth rate.

In Hong Kong, the HK Stock Exchanges announced the biggest change to its IPO rules in two decades, now allowing companies with shares of different voting rights. The new rule is a victory for the exchange and its Chief Executive Officer Charles Li, who championed the changes after losing Alibaba, Baidu, JD and other technology giants to listing venues in New York, where dual-class shares and similar structures have long been permitted. A "double-digit" number of firms plan to list under the new regime and the first IPO is expected by July, according to Charles Li.

Yu'e Bao, the world's largest money market fund was founded by Alibaba affiliate Alipay in 2013. Yu'e Bao overtook JPMorgan Chase U.S. government money market fund as the world's largest such fund in April 2017, and has grown its assets to 1.7 trillion yuan (USD 267 billion) at the end of the first quarter this year as millions of users migrate to its affiliated online-payment application, Alipay. Most Alipay users transfer payments and refunds from online transactions into Yu'e Bao to earn returns that far exceed bank deposit rates. As investors in Alibaba, we look forward to the IPO of Alipay later this year when assets such as Yu'e Bao will become more easily visible.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

April 2018



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Performance

As of 30/04/2018	1 month	3 month	YTD	1 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+2.5%	+2.4%	+6.2%	+21.4%	+54.0%
AGCM Asia Growth Fund WP EUR	+0.0%	-3.7%	-0.2%	+10.8%	n.a.
AGCM Asia Growth Fund RC USD	-1.9%	-8.0%	-0.5%	+23.0%	n.a.

Top 5 holdings %

As of 30/04/2018

Company	Weight
Alibaba Group	8.2%
Tencent Holdings	7.6%
AIA Group	5.5%
JD.com	5.4%
Samsung Electronics	4.7%
Total	31.4%

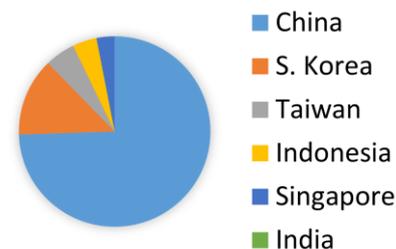
Industry breakdown

As of 30/04/2018

IT Internet	24%
Financials	20%
Consumer	17%
Semicondu...	11%
IT equipment	10%
Healthcare	8%
Real Estate	7%
Industrials	2%

Geographic breakdown

As of 30/04/2018



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 1148 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 154.0 EUR 125.3 USD 158.6
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.