

AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

July 2, 2019

Asia takes the lead in the 5G race. Trade talks resume.

During the month of June, the NAV of AGCM China Stars Fund RC1 SEK share class increased by +4.1%.

Growth stocks were back in favor in June as expectations rose on progress in the trade negotiations between the US and China. At the G-20 summit in Osaka this past weekend, presidents Trump and Xi agreed to hold off with new tariffs and proceed with the negotiations. Trump also said he would hold off with restrictions on American companies selling products to Huawei. From China's side, President Xi proposed a series of further measures to open China's markets, reduce tariffs and remove non-tariff trade barriers. By early 2020, China will enact a Foreign Investment Law that will introduce a penalty system for intellectual property infringement and remove all restrictions on foreign investments in sectors not included in a negative list. China has come a long way in meeting US demands and more is underway. There are good reasons to expect that the parties will reach a deal before year end. China wants it and Trump needs it. The question is more how far-reaching the deal will be.

From Samsung's annual Investor Forum in Seoul held in June 26, we got a useful update on the global 5G mobile telecom industry. For the first quarter of 2019, the three major Asian players Samsung, Huawei and ZTE together represented almost two-thirds of the market, according to Dell'Oro, a research company specializing in the communication equipment markets.

On the telecom operator side, the World's largest wireless network operator, China Mobile, recently revealed some new details of its massive 5G roll-out. The company plans to build what it calls "the World's largest 5G network" by setting up over 50,000 base stations across China by the end of this year. By 2020, China Mobile expects to offer commercial 5G services in over 200 of the largest Chinese cities. China is expected to spend USD 33 bn in 2023, according to a recent report by China's Ministry of Industry and Information Technology.

E-commerce giant Alibaba continues its preparations for a Hong Kong listing later in the year. Not only the e-commerce business grows at a break-neck speed. According to a recent report by the Gartner Group, Alibaba's data cloud business division is growing at an annual rate of 115% and now ranks third in the global cloud database market. As a reference, during the same period Amazon's AWS grew at 74% and Oracle's cloud business at 66%.

Chinese smartphone supplier Xiaomi advanced to global leader in the market for smart wrist-wearables in the first quarter this year, according to market researcher IDC. The Beijing-based firm sold 5.3 million smart wristbands, up 43.6 percent on the year, IDC's report shows. Apple came in second after shipments rose 14.8 percent to 4.6 million, while Huawei sold 3.9 million units for third place.

On June 17, index provider FTSE Russell followed its competitor MSCI and launched the first phase of its Chinese A-share inclusion, starting with its Emerging Markets Index. Around 1,000 Chinese A-share companies will be added to the index in three steps. The total program is expected to add USD 260 billion to FTSE emerging market indices. On the same day, the Shanghai-London Stock Connect officially launched with Huatai Securities being the first and only Chinese global depository receipt listed on the London Stock Exchange. More listings will follow soon.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

June 2019



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2019	1 month	YTD	1 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+4.1%	+20.1%	-4.7%	+8.8%
AGCM China Stars Fund RC8 SEK	+4.1%	+20.4%	-4.2%	+10.5%
AGCM China Stars Fund RC9 SEK	+4.1%	+19.9%	-4.7%	+11.2%

Top 5 holdings

As of 30/06/2019

Company name
Hangzhou Hikvision
Alibaba Group
Tencent Holdings
Qingdao Haier
Midea Group

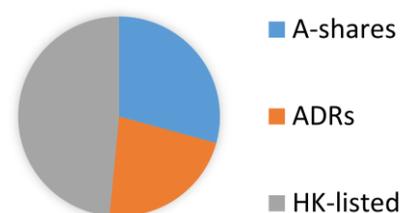
Industry breakdown

As of 30/06/2019

Consumer	30%
Healthcare	25%
Communic...	14%
Financials	12%
Info Tech	8%
Real Estate	7%
Industrials	3%

Market breakdown

As of 30/06/2019



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:	28-August-2017
Fund size:	SEK 220 million
Number of holdings:	30
Management fee (RC1):	1.35% + 10% perf. fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 108.8 (RC8) SEK 110.5 (RC9) SEK 111.2
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

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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.