

AGCM Asia Growth Fund



July 2, 2019

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

During the month of June, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +5.0% and the WP EUR share class by +5.5%.

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.

On June 26, Samsung Electronics hosted its annual Investor Forum in Seoul, focusing on its strategy for 5G telecom networks, smartphones and memory. For the first quarter 2019, Samsung ranked global #1 with a 37% market share in 5G mobile network equipment, according to Dell'Oro, a research company specializing in the communication equipment markets. Samsung was followed by Huawei (28%), Ericsson (27%) and Nokia (8%). No doubt, mobile infrastructure has become a key strategic focus area for Samsung. Its 5G offering has synergies across divisions with cutting-edge technology in both components and handsets. Samsung estimates that the 5G mobile infrastructure market will grow at a 29% compound annual growth rate to reach USD 23 bn by 2023. This estimate appears conservative, considering that the Chinese alone expect to spend USD 33 bn in 2023, according to a recent report by China's Ministry of Industry and Information Technology.

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.

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%.

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 Asia Growth Fund

Monthly Report

June 2019



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2019	1 month	YTD	1 year	2 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+5.0%	+18.1%	-2.8%	+8.3%	+46.3%
AGCM Asia Growth Fund WP EUR	+5.5%	+14.1%	-3.2%	+2.8%	n.a.

Top 5 holdings %

As of 30/06/2019

Company	Weight
Alibaba Group	8.4%
Samsung Electronics	6.4%
Tencent Holdings	5.5%
AIA Group	4.7%
Hangzhou Hikvision	4.3%
Total	29.3%

Industry breakdown

As of 30/06/2019

Consumer	23%
Info Tech	19%
Financials	18%
Healthcare	17%
Communi...	15%
Real Estate	7%
Industrials	1%

Geographic 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:	03-Oct-2014
Fund size:	SEK 1062 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 146.3 EUR 121.5
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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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.