

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

December 1, 2019

30 company visits in Asia confirm – the growth continues

During the month of November, the NAV of the AGCM Asia Growth Fund RC SEK share class increased by +1.1% and the WP EUR share class by +2.9%.

Our five-member investment management team is now on the final stretch of a research trip to South Korea, Singapore and Hong Kong. We have soon visited 30 companies, mostly existing fund holdings, and we have met with 15 top rated equity analysts in the region to double check our views on the outlook for companies and industries.

We are presently in Hong Kong, and after last week's District Council election, the city is somewhat calmer than during our last visit in September. With 2.94 million votes counted, the election turnout was a record 71%, up from 47% in the last election in 2015. The pro-democracy parties won 388 of the 452 seats, up from 125 in 2015. By contrast, the largest pro-Beijing party, the DAB, won only 21 seats, down from 119 seats in 2015. As a result, the pro-democracy camp seized control of 17 of the 18 District Councils. The significance of this result when it comes to selecting the next Chief Executive remains to be seen but the message from the people of Hong Kong to the leaders in Beijing was powerful.

A recent obstacle to a near term conclusion of the long-awaited US-China trade deal, is the fact that President Trump had no option but to sign the Hong Kong Human Rights and Democracy Act passed by the US Congress last week. This bill requires annual reviews of Hong Kong's special trade status under US law, while also sanctioning officials deemed responsible for human rights abuses. This was seen by the Chinese leadership as foreign interference in Chinese domestic policy and has for now made it more difficult for President Xi Jinping to sign a deal which according to the White House is more or less agreed. A deal remains the most likely outcome but for Xi Jinping not to appear soft to his domestic audience, some time will need to pass.

Perhaps a more important factor for equity markets than tariffs, and less talked about, is central bank policy. In the US, the growth of the monetary base as measured by M2 has accelerated from 4.0% YoY to 7.4% YoY in the past six months. Combined with the renewed Federal Reserve balance sheet expansion where the Fed is buying short-term Treasury bills at a rate of USD 60 billion per month, more money is pumped into the system providing a significant support for equity markets. Also in China, monetary conditions have been loosened. The Ministry of Finance recently announced it brought forward 1 trillion yuan (USD 142 bn) of the 2020 special purpose bond allowance to this year, giving local governments more room to accelerate local infrastructure projects such as subways, roads, hospitals and schools.

Alibaba successfully floated USD 13 billion worth of new shares on the Hong Kong Stock exchange in a secondary listing, and the share price both in Hong Kong and New York have rallied by around 13% into Friday's close. Alibaba remains the largest holding in both of our funds, since we believe it is still early days for this great company. The Alibaba listing was the largest in Hong Kong since 2010, and it helped the exchange climb to the top of the global IPO league table this year before Nasdaq. A well needed boost for Hong Kong's economy and self-confidence.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

November 2019



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Performance

As of 30/11/2019	1 month	YTD	1 year	2 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+1.1%	+29.1%	+17.1%	+9.1%	+59.9%
AGCM Asia Growth Fund WP EUR	+2.9%	+25.2%	+15.2%	+6.0%	n.a.

Top 5 holdings %

As of 30/11/2019

Company	Weight
Alibaba Group	8.2%
Tencent Holdings	7.8%
Samsung Electronics	6.4%
AIA Group	4.2%
Trip.com	4.2%
Total	30.8%

Industry breakdown

As of 30/11/2019

Consumer	23%
Communi...	21%
Financials	21%
Info Tech	16%
Healthcare	10%
Real Estate	7%
Industrials	1%

Geographic breakdown

As of 30/11/2019



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 1151 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 159.9 EUR 133.3
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.