

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

May 4, 2020

Northern Asia leads the recovery

During the month of April, the NAV of the AGCM Asia Growth Fund RC SEK share class increased by +6.9% and the WP EUR share class increased by +8.7%.

Equity markets recovered in April, led by Wall Street's growing focus on the re-opening of the US economy, as well as the colossal monetary and fiscal stimulus by central banks and governments around the World. The IMF's policy tracker showed that as of April 15, fiscal measures in aggregate had thus far amounted to about USD 8 trillion, and liquidity injections by central banks amounted to over USD 6 trillion. Decelerating Covid-19 infection rates in the US and other hard-hit Western countries helped, as did signs of progress in pharmaceutical treatments. Market sentiment gradually turned from plain fear to "FOMO", fear of missing out on the rally. The CBOE volatility index (VIX) fell sharply from 53 to 34, still elevated but confirming the rising appetite for risk.

More statistics confirm that China's economy, which was first in and first out of the Covid epidemic, continues to recover. Traffic data from the last week of April for Beijing, Shanghai and Shenzhen, home to about 50 million people, shows traffic congestion are even heavier than during the same period last year. The nation's oil refiners have ramped up crude processing run rates in April to pre-outbreak levels. Taxis, buses and private cars have been running at normal levels in 31 regions and cities since April 4, according to the Ministry of Transport. Construction is back even stronger than before the crisis, and April construction PMI sub-index rose to 59.7. China NBS Manufacturing PMI came in at a healthy 50.8 in April while the more important NBS non-manufacturing PMI rose to 53.2. International trade remains weak and the travel and entertainment sectors have not yet recovered.

We are still waiting for the bulk of corporate financial reports for the first quarter of 2020, but a few of our holdings have reported. Korean search engine and instant messaging operator Naver reported better-than-expected first quarter results. Operating revenue grew +15% year-on-year and operating profit grew +7%. The company's Japanese subsidiary LINE Corporation is about to merge with Yahoo Japan, which we believe will provide cost synergies and the scale needed to become a leader in online payment in Japan. Naver's e-commerce revenue grew +56% year-on-year and content business grew +58% year-on-year. We believe that the Korean economy and advertising market will benefit from the easing of the current social distancing measures beginning on May 6.

Giant, the World's largest bicycle manufacturer and one of our holdings in Taiwan, reported in April. Giant rides on the trend towards electric bicycles. Average prices and gross profits per unit are higher for e-bikes than for normal bicycles, accelerating Giant's overall profit growth. Management sees signs of improving bicycle sales as individuals increasingly choose bicycles over public transportation. These factors propelled the share price of Giant in April.

Despite the unprecedented fiscal and monetary stimulus employed by governments and central banks, it could take years for corporate profits to recover. According to UBS head of equities, it will take 5 years for European corporate earnings to return to 2019 levels. We believe that companies in Northern Asia (especially China, South Korea and Taiwan) are relatively much better positioned as corporate earnings in Northern Asia are less at risk due to a more shallow economic downturn, and equity valuations in the region are significantly lower.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

April 2020



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Performance

As of 30/04/2020	1 month	YTD	1 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+6.9%	-4.2%	+2.0%	+23.2%	+61.2%
AGCM Asia Growth Fund WP EUR	+8.7%	-4.3%	+2.9%	+16.1%	n.a.

Top 5 holdings %

As of 30/04/2020

Company	Weight
Alibaba Group	8.7%
Tencent Holdings	6.1%
Sinopharm	5.0%
SK Telecom	4.1%
Shanghai Pharma	3.9%
Total	27.8%

Industry breakdown

As of 30/04/2020

Communi...	24%
Consumer	20%
Financials	20%
Healthcare	18%
Info Tech	10%
Real Estate	7%
Industrials	1%

Geographic breakdown

As of 30/04/2020



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 1120 million
Number of holdings:	41
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 161.2 EUR 133.7
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.