

AGCM China Stars 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 RC1 SEK share class increased by +5.1%.

Major 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. Pharmaceutical and medtech distributor Sinopharm contributed positively to the fund's performance in April. While the company was negatively affected by the Chinese lock-downs from late January onwards, first quarter revenue was down only -1% year-over-year. Hospital clinic consultations dropped, causing hospital direct sales to go down. Pharmacy and online sales on the other hand, grew strongly. While profits were weak during the first two months of 2020, Sinopharm's top-line growth turned positive in March and the management has guided for additional improvement from April and onwards.

Surveillance solutions provider Hikvision reported first quarter numbers which held up well, revenues down only -5.2% to 9.4 bn RMB and net profit -2.6% to 1.5 bn RMB. Boosted public sector spending on various infrastructure segments benefits Hikvision, thermographic cameras to help manage the Covid-19 situation is one such example. Management announced listing plans for Hikvision's consumer sub-brand Ezviz, which focuses on smart home products, such as household cameras, alarm systems and video doorbells.

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 more shallow economic downturns, and equity valuations in the region are significantly lower than in the West.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

April 2020



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/04/2020	1 month	YTD	1 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+5.1%	-6.7%	-5.0%	+13.2%
AGCM China Stars Fund RC8 SEK	+5.2%	-6.5%	-4.6%	+15.4%
AGCM China Stars Fund RC9 SEK	+5.1%	-6.7%	-5.1%	+16.0%

Top 5 holdings

As of 30/04/2020

Company name
Alibaba Group
Tencent Holdings
Midea Group
Sinopharm
Haier Smart Home

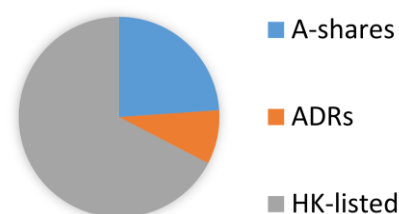
Industry breakdown

As of 30/04/2020

Consumer	27%
Healthcare	24%
Communi...	20%
Financials	15%
Info Tech	5%
Real Estate	4%
Industrials	4%

Market 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:	28-August-2017
Fund size:	SEK 200 million
Number of holdings:	30
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 113.2 (RC8) SEK 115.4 (RC9) SEK 116.0
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.