

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

November 2, 2020

Finally, it is North Asia's turn to outperform

During the month of October, the NAV of the AGCM Asia Growth Fund RC SEK share class increased by +2.7% and the WP EUR share class by +3.5%.

Last week, China's leaders concluded a four-day meeting where the 14th five-year plan was finalized. The new plan has elevated China's self-reliance in technology into a national strategy, a move communicated in earlier speeches by President Xi after the US restricted high-tech exports to Huawei. Central to the plan is self-reliance in semiconductors, the building blocks for innovations from 5G telecom to Artificial Intelligence and self-driving cars.

On the corporate front, household appliance manufacturer Haier reported a healthy third quarter 2020 result on the back of a recovery in home appliance sales. Third quarter revenues rose +17% compared to the same period last year and net profit rose even faster at +38%. The recovery was strong across both the China business and overseas (Haier owns the former GE Appliances unit). Management confirmed that a merger with its Hong Kong subsidiary Haier Electronics will go ahead before year-end and that the dividend pay-out ratio will rise to 40%.

Shanghai Pharma's third quarter 2020 result suggests a continued recovery in the pharma distribution business. Revenues rose +11% year-on-year and net profit also rose +11%. The key driver behind the recovery was a resumption in hospital clinical activities after the Covid-19 shutdown earlier this year.

Alibaba associate Ant Financial is close to its IPO on November 5th, a dual listing in Hong Kong and Shanghai. Five million Chinese retail investors have signed up for the retail tranche in Shanghai, oversubscribing by a factor of 870 times the shares offered. Ant Financial is set to become the largest IPO in history, raising a total of USD 35 billion.

China Mobile's third quarter result gave early signs of optimism for the company and the sector. Revenue growth accelerated to +4.1% in the third quarter of 2020, driven by high demand for 5G plans, with a total of 114 million subscribers vs 70 million last quarter. Another driver was a +17% year-on-year growth in the number of broadband customers.

At the World Laureates Forum in Shanghai last week, where 61 Nobel Prize winners and other top global science award winners attended, the CEO of Swiss Pharmaceutical giant Novartis, praised the rapid progress China has made in the pharmaceutical industry. The CEO of Novartis, Vasant Narasimhan, said there has been tremendous progress in China with adoption of state-of-the-art technology for drug evaluation, review and approval by an independent regulatory body.

We expect a continued growing appetite by foreign investors for North Asia, mainly China, South Korea and Taiwan, which have all managed to contain Covid-19. The US and EU are caught up in internal strife with struggling economies and widening fiscal deficits. The ECB and Federal Reserve have become monetary incontinent and are forced to monetize growing fiscal deficits. North Asia outperformed the West in October and with its long-term focus, high economic growth and modest valuations, North Asia provides an attractive alternative for investors.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

October 2020



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/10/2020	1 month	YTD	1 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+2.7%	+1.1%	+7.5%	+57.7%	+70.2%
AGCM Asia Growth Fund WP EUR	+3.5%	+3.7%	+12.2%	+48.4%	n.a.

Top 5 holdings %

As of 31/10/2020

Company	Weight
Tencent Holdings	9.3%
Alibaba Group	9.2%
COLI	5.7%
Samsung Electronics	5.0%
Baidu	4.6%
Total	33.8%

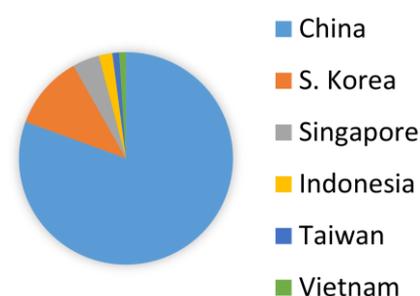
Industry breakdown

As of 31/10/2020

Communi...	27%
Financials	23%
Consumer	14%
Real Estate	13%
Healthcare	12%
Info Tech	10%

Geographic breakdown

As of 31/10/2020



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 1166 million
Number of holdings:	40
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 170.2 EUR 144.9
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.