

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

February 4, 2021

Asian equity markets take the lead in 2021

During the month of January, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +6.0% and the WP EUR share class increased by +4.4%. Continued monetary and fiscal policy support, as well as expectations of a softer US policy on China propelled most Asian equity markets higher in January. China surpassed the US as the World's largest recipient of foreign direct investment in 2020, and that trend seems to continue in 2021 as more and more investors raise concerns about the coming flood of US government bonds.

The policies conducted by primarily Western Central Banks risk creating serious dislocations in financial markets. Every month there are new cases of bubbles forming in pockets of financial markets around the World. A recent example is the "flash mob" activity by retail traders led by WallStreetBets in some heavily shorted US stocks driving valuations of loss-making businesses to the sky, only to collapse a few days later. Fortunately, there are still some overlooked sectors in the Asian equity space, where equity valuations have moved the opposite way and gone from attractive to rock-bottom decade low valuations. We have recently increased the proportion of such deep value stocks which we consider to be highly competitive investments for the coming years.

In his final days of office, President Trump in an executive order imposed new restrictions on US investors to invest in a range of Chinese companies, including two of the World's leading operators, China Mobile and China Telecom. The details in the executive order were confusing and caused the New York Stock exchange to embarrassing back-and-forth communication on the delisting of some of these Chinese ADRs (US listed Chinese stocks). The share prices of the companies in question have been under selling pressure for some time but since mid-January we have seen massive buying by Asian investors scooping up shares of these companies at bargain valuations. The US financial industry is keen on not giving China a reason to back-track on the market access in China that was a result of the Trump administration's trade deal of 2019. The Biden administration has already eased some of these restrictions on US investors, marginally so far, but we believe the US financial industry will lobby hard for more. If more easing actually materializes, there will be double support for this down-beaten category of stocks.

China reached almost 1 billion internet users at the end of last year, with the penetration rate reaching 70% of the total population. The 400 million who still do not use the internet are mostly elderly residents in rural areas. On the topic of internet, E-commerce giant Alibaba reported in-line quarterly results, with year-over-year revenue growth of +37% and earnings per share of +24%. Monthly active users grew by +9% to 902 million. Core e-commerce marketplace revenues increased by +39% driven by new monetization formats and larger volumes on T-mall. Both cloud computing services AliCloud and Cainiao logistic services are now profitable and will become important earnings contributors in the future.

Several of the large US investment banks, influential in driving fund flows, have found a renewed interest in promoting Chinese equities. In a recent 200-page report, Morgan Stanley predicts consumer spending in China will more than double in ten years, with an emphasis on services. The growth factors include support from government policies, increase in household incomes, growth of urban areas as well as changes in technology and demographics. Not much new, but it is an encouraging reminder that to many Western investors, Asia is yet to be discovered.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

January 2021



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Performance

As of 31/01/2021	1 month	1 year	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+6.0%	+3.9%	+33.5%	+94.4%	+82.5%
AGCM Asia Growth Fund WP EUR	+4.4%	+9.2%	+36.3%	+82.9%	n.a.

Top 5 holdings %

As of 31/01/2021

Company	Weight
Alibaba Group	8.9%
Tencent Holdings	8.4%
COLI	6.2%
Samsung Electronics	5.8%
Baidu	5.5%
Total	34.8%

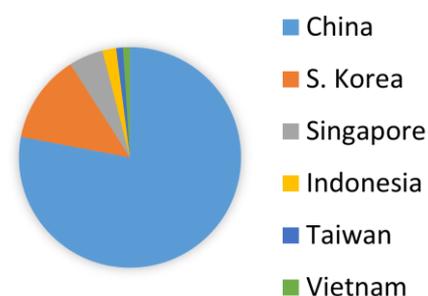
Industry breakdown

As of 31/01/2021

Communi...	27%
Financials	22%
Consumer	17%
Real Estate	13%
Healthcare	12%
Info Tech	8%

Geographic breakdown

As of 31/01/2021



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 1222 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 182.5 EUR 157.0
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.