

# AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

November 5, 2017

## Xi outlines long-term vision for China focused on sustainable growth

During the month of October, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +7.5% and the WP EUR share class by 5.2%. The fund's portfolio companies have reported mostly strong or very strong 3Q 2017 financial results. Alibaba reported a stunning +61% revenue growth and +71% net earnings growth for the quarter compared to last year. Video surveillance leader Hikvision reported net earnings growth of +28% and a positive outlook. Chinese home appliance manufacturers continued to ride on the urbanization and consumption upgrade trend in China with leader Midea reporting earnings growth of +26% for 3Q. We believe the outlook for especially China's mainland equity markets remains bright because of the combination of strong corporate earnings growth, rapidly growing personal incomes and new restrictions on other savings alternatives for China's growing middle class such as trust fund products and real estate. The tensions between China and South Korea have eased recently which is good news for a range of Korean companies, not least in the consumer sector. US President Trump has just begun a tour in Asia, and we expect more positive than negative news, at least on trade relations.

China's 19th National Congress successfully concluded in Beijing and the world witnessed a smooth formation of a new top leadership led by Xi Jinping. President Xi outlined a grand vision for a "new era", expecting China to become a "basically modern socialist country" by 2035 and a "strong power with leading global influence" by 2050. Xi emphasized the need for more sustainable growth, ensuring a high-quality and balanced economic development to satisfy people's ever-growing desire for a better life, and to build a "beautiful China" with a clean environment and technological innovations. China will keep up the "irreversible" momentum of the anti-corruption campaign during which already 1.4 million Chinese officials have been punished for corruption since Xi took office in 2013. Xi vowed to continue the effort to fight corruption in a systemic manner under the rule of law.

President Xi Jinping highlighted the need to speed up building China into a strong country with advanced manufacturing, pushing for deep integration between the real economy and advanced technologies including internet, big data, and artificial intelligence. Chinese corporations already play an important role in these efforts. Alibaba Group recently announced it will invest more than USD 15 billion over the next three years on a global R&D program to develop new technologies, in areas of big data, Internet of Things, financial technologies, quantum computing and artificial intelligence. Hikvision announced it will invest RMB 10 billion in four R&D centers and two industrial bases in the next four years, dedicated to the surveillance technology, Internet of Things, industrial automation, automotive electronics, smart cities and more.

Google chairman Eric Schmidt says the US is at risk of falling behind China in the race to develop cutting-edge artificial intelligence. Speaking at a tech summit organized by national security think tank CNAS, Schmidt predicted that America's lead in the field would continue "over the next five years" before China catches up "extremely quickly." "They are going to use this technology for both commercial and military objectives, with all sorts of implications," said Schmidt, referencing a Chinese policy document outlining the country's ambition to become the global leader in AI by 2030. Schmidt reiterated "Trust me, these Chinese people are good."

**Gustav Rhenman**

Chief Investment Officer

# AGCM Asia Growth Fund

Monthly Report

October 2017



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 31/10/2017	1 month	3 month	YTD	1 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+7.5%	+10.3%	+30.9%	+20.4%	+44.7%
AGCM Asia Growth Fund WP EUR	+5.2%	+6.8%	+26.8%	+20.4%	n.a.
AGCM Asia Growth Fund RC USD	+4.8%	+6.5%	+42.2%	+30.1%	n.a.

## Top 5 holdings %

As of 31/10/2017

Company	Weight
Alibaba Group	7.4%
Tencent Holdings	7.2%
Samsung Electronics	4.9%
TSMC	4.4%
AIA Group	4.2%
<b>Total</b>	<b>28.1%</b>

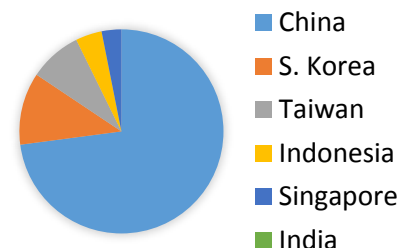
## Industry breakdown

As of 31/10/2017

IT Internet	26%
Financials	21%
Consumer	19%
Semicondu...	10%
Healthcare	10%
IT equipment	7%
Real Estate	5%
Industrials	2%

## Geographic breakdown

As of 31/10/2017



## 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 1047 million
Number of holdings:	35
Management fee (RC):	1.85%
Fund management Company:	SEB Fund Services Luxembourg
NAV:	SEK 144.7 EUR 125.8 USD 155.7
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143 USD RC LU 1338434852

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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](http://www.agcm.se) before you make an investment. You can also request such information via e-mail to [info@agcm.se](mailto:info@agcm.se).