

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

October 1, 2020

Alibaba's Ant goes for another World record – Largest IPO in history

During the month of September, the NAV of the AGCM Asia Growth Fund RC SEK share class decreased by -0.2% and the WP EUR share class by -1.4%.

Today, October 1, is China's National Day and the start of an eight-day "Golden Week" holiday, a holiday for family reunions and leisure travel. Hundreds of millions of Chinese, travel across the country in planes, trains and automobiles. An estimated 600 million trips will be made across the nation during the eight-day break. Seats on high-speed trains on several routes were sold out in a few hours after release. The total number of domestic flights taken during the holiday period is expected to exceed 15 million, a 10 per cent increase compared to last year.

The Chinese economy has almost recovered from the pandemic. August macro data was positive. China's industrial production rose +5.6% year-on-year, auto sales +12% year-on-year and home sales +27% year-on-year. Retail sales turned positive for the first time since the start of the year. Online retail sales were a particularly bright spot, growing +16% year-on-year. The strength in e-commerce continues to benefit fund holdings Alibaba and JD.com.

On September 15, 2020, the United States imposed sanctions on Chinese technology company Huawei. Huawei is now unable to buy US components for its products. Huawei phones sold internationally also lost access to the Google Play app store. China has responded by doubling down on its efforts to become self-reliant also in high-tech semiconductors. Meanwhile, we believe that our fund holding Samsung Electronics will become one of the main beneficiaries of US sanctions on Huawei. Samsung is likely to grab market share in smartphones, chipsets foundry as well as mobile network equipment.

Chinese social media company Weibo reported second quarter 2020 earnings that suggested a recovery in online advertising. Weibo operates a platform similar to Twitter. The number of monthly active users rose +8% year-on-year to 523 million as the platform continues to become more popular. While revenues dropped 7% in the second quarter due to a weak advertising market, the company guided for a further recovery in the second half of 2020.

Ant Financial, owner of China's largest digital payments provider "Alipay", is planning for an initial public offering in Hong Kong and Shanghai. Alipay has a market share of 54% in China's mobile payment industry and has become the dominant way to purchase goods both online and offline. Our fund holding Alibaba owns 33% of Ant Financial and its stake is likely to become worth more than USD 80 billion, based on Ant Financial's targeted valuation of USD 250 billion. It may well become the largest IPO in history, surpassing Saudi Aramco's IPO in December 2019.

The Shanghai Stock Exchange is set to rank No. 1 globally both in the number of IPOs and the scale of raised funds in the first nine months of 2020, according to a report by Deloitte. Some 179 companies are expected to have raised CNY 275 billion (USD 40 billion) on Shanghai's stock exchange so far this year. The Hong Kong Stock Exchange ranks third in the world with 99 new companies raising HKD213 billion (USD 27 billion), up 67 percent. Finally, Shenzhen Stock Exchange came in fifth place worldwide with 114 new companies raising CNY 80 billion (USD 12 billion). Quite a development since 1990 when China did not even have a mainland stock exchange.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

September 2020



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/09/2020	1 month	YTD	1 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-0.2%	-1.7%	+8.8%	+79.8%	+65.5%
AGCM Asia Growth Fund WP EUR	-1.4%	+0.3%	+12.1%	+69.3%	n.a.

Top 5 holdings %

As of 30/09/2020

Company	Weight
Alibaba Group	9.5%
Tencent Holdings	8.3%
COLI	5.9%
Samsung Electronics	5.1%
Baidu	4.5%
Total	33.3%

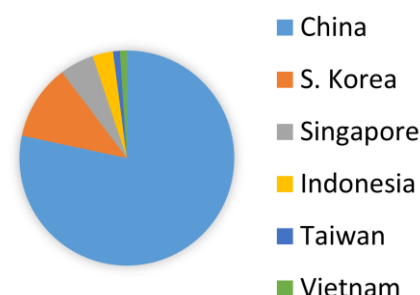
Industry breakdown

As of 30/09/2020

Communi...	27%
Financials	21%
Consumer	15%
Real Estate	15%
Healthcare	13%
Info Tech	9%
Industrials	1%

Geographic breakdown

As of 30/09/2020



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 1143 million
Number of holdings:	40
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 165.5 EUR 140.0
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.