

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

April 1, 2021

From a small and dusty state-owned enterprise to a World leader

During the month of March, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +2.7% and the WP EUR share class increased by +1.9%.

The general rotation in major equity markets, out of “growth” and into “value” continued in March as investors re-calibrate inflation and interest rate expectations in the wake of massive fiscal stimulus and economic re-opening on the horizon. Superimposed on this larger trend, there were waves of volatility in some inflated technology stocks. A number of Chinese internet names listed in the US (ADRs) were negatively impacted by the forced liquidation of some overly leveraged investors, most notably the US-based family office Archegos.

A fair number of 4Q earnings reports from our portfolio holdings landed in our inboxes last month. Among the most important, Tencent reported net profit growth of +30% in Q4 year-over-year, on revenues growing by +26%. China’s leading investment bank, CICC, reported +45% growth for full year 2020 revenues and +70% growth in net income. Another investment bank we own, CITIC, saw its 2020 revenues grow by +26% year-over-year, net profit +22%. China’s leading drug distributor Sinopharm reported revenue growth of +7%, net profit +15%. Internet search company Baidu’s secondary listing in Hong Kong was successfully completed.

During one of my first research trips to Asia back in 2005, I went to Qingdao, the capital city of Shandong province in north China. I had done some desktop research on a company called Qingdao Haier, that I thought could eventually become a global player like Electrolux in white goods and household appliances. After meeting with Haier’s CFO, I was taken to a show room to see an exhibition of Haier products, mainly stoves, fridges and washing machines. The exhibition was as unimpressive as the headquarter building itself, dusty and of poor quality. In one corner of the exhibition, above a kitchen stove fan, there was a Chinese sign translated to English saying; “Fan with big suction deeply attracts you”. I remember wondering if it was simply a poor translation, or if they had copied Electrolux infamous slogan “Nothing sucks like Electrolux”. At the time of this visit 16 years ago, Haier was a relatively small state-owned enterprise compared to the much larger and global Electrolux. Today, Haier’s revenues are more than double those of Electrolux, while Haier’s net income and market cap is four times higher. The companies trade at similar valuation multiples, but Haier continues to grow much faster than Electrolux. This comparison of Haier and Electrolux also tells the story of China’s rapid growth and modernization. We continue to scout for similar long-term investment opportunities and we believe we own several such companies today.

In early March, China officially approved and released the Outline of the 14th Five Year Plan and 2035 Vision, aiming to “realize socialist modernization” by 2035, driven by balanced and sustainable growth. The plan listed a number of key development areas as top policy priorities, including technological innovation, advanced manufacturing, domestic consumption, healthcare, carbon neutrality, capital markets and rural development. Technology innovation will focus on 5G, artificial intelligence, semiconductors, new energy vehicles and quantum computing. Policy targets announced during the National People’s Congress included increased R&D spending by 7% per year, ten million new urban residents per year and a 65% urbanization rate by 2025. New Energy Vehicles to represent 20% of new car sales by 2025. In other words, full speed ahead. Happy Easter!

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

March 2021



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/03/2021	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+2.7%	+14.3%	+29.7%	+96.7%	+96.9%
AGCM Asia Growth Fund WP EUR	+1.9%	+10.2%	+30.1%	+79.3%	n.a.

Top 5 holdings %

As of 31/03/2021

Company	Weight
Alibaba Group	7.5%
Tencent Holdings	7.3%
COLI	6.9%
Shanghai Pharma	5.6%
Samsung Electronics	5.5%
Total	32.8%

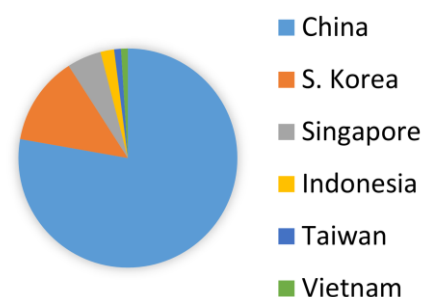
Industry breakdown

As of 31/03/2021

Financials	24%
Communi...	23%
Consumer	16%
Real Estate	14%
Healthcare	14%
Info Tech	8%

Geographic breakdown

As of 31/03/2021



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 1314 million
Number of holdings:	40
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 196.9 EUR 165.8
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

Disclaimers

According to Personuppgiftslagen (PUL): AGCM can use such personal data which has been given to the company by the registered person or which the company has sourced from other sources (name, e-mail and telephone number) to, via e-mail or telephone, give information about and market its products and services, including direct marketing. The personal data is used mainly in relation to people who orally or in written form have indicated interest to AGCM. If you want to receive information about which personal data about yourself the company is handling, you can in writing, signed by yourself, make a request to Asia Growth Capital Management AB, Birger Jarlsgatan 10, 5 tr, 114 34 Stockholm. You can also make a request in writing to the same address that you wish not to have your personal data used for purposes of direct marketing. Request for correction of personal data can also be made to the same address.

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.