

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

December 1, 2021

Samsung goes for global leadership in foundry with USD 150 bn capex

During the month of November, the NAV of AGCM Asia Growth Fund RC SEK share class increased by +0.7% and the WP EUR share class decreased by -1.9%.

After a strong start in early November, global markets sold off in the final days of the month after the WHO labelled the new Covid strain Omicron, as a “variant of concern”. So far this year, European and US equity markets have massively outperformed the MSCI Asia ex-Japan index. Not because of higher earnings growth, but because of multiple expansion caused by ultra-loose monetary policy employed by the Federal Reserve and the ECB. On the contrary, Asian equities have generally become significantly cheaper with the earnings multiple for the MSCI Asia ex-Japan index having contracted from 16x to 13x. For MSCI China, the p/e multiple has fallen from 15x to 12x.

Chinese Vice-Premier Liu He said yesterday at the Hamburg Summit, a virtual event focused on relations between China and Europe, that China will exceed its growth target of “above 6 per cent” for this year. Liu He also said he was “abundantly confident about China’s economy next year.”

On its Investor Day meeting in mid-November, the heads of Samsung Electronics’ major business units presented on achievements and plans. We were most impressed with the USD 150 billion capex plan to become the World’s leading semiconductor foundry by year 2030. This plan includes a new USD 17 billion plant in Texas.

On November 4, the World’s largest mobile operator China Mobile, obtained regulatory approval to launch its initial public offering in Shanghai that will raise about 56 billion yuan (USD 9 billion). The IPO is the largest deal on China’s mainland exchanges in a decade, and it should be supportive for China Mobile’s Hong Kong listed shares, which happen to be large holdings in AGCM’s funds. China Mobile sits on half a trillion RMB of cash, has a dividend yield of 7%, trades at 7x earnings and grows at a healthy clip while rolling out the largest 5G network in the World. Poor US investors who were forced to sell when Trump placed China Mobile on a restricted list.

Alibaba and JD.Com, China’s two largest e-commerce operators, set new sales records over the annual Double 11 shopping festival, the World’s largest of its kind. Alibaba’s T-mall marketplace had a Gross Merchandise Value (GMV) of CNY 540 bn (USD 84 bn) from Nov. 1 to 11, up 8.5% from a year ago. JD’s GMV rose 29% to CNY 349 bn.

Baidu’s self-driving robotaxi business is on a roll in China. Beijing municipal government has given the green light for Baidu to charge for fares in the capital city. A 3 km driver-less ride costs only around 35 CNY (50 SEK) and the service has received a lot of consumer interest. Other major cities like Shanghai will follow suit early next year.

Lenovo, the World’s largest PC maker, maintains its market leading position ahead of Apple, HP and Dell. In the third quarter, Lenovo shipped 20.2 million desktops, notebooks and workstations worldwide.

Chinese Securities Regulatory Commission (CSRC) said they have accelerated efforts to open up its financial markets to the outside world. Good opportunities ahead for Chinese and foreign investment banks, as well as for investors.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

November 2021



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Performance

As of 30/11/2021	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+0.7%	+0.3%	+8.1%	+48.8%	+72.8%
AGCM Asia Growth Fund WP EUR	-1.9%	+0.3%	+13.2%	+47.6%	n.a.

Top 5 holdings %

As of 30/11/2021

Company	Weight
COLI	6.5%
Tencent Holdings	6.4%
Samsung Electronics	6.3%
Alibaba Group	5.7%
China Mobile	4.5%
Total	29.4%

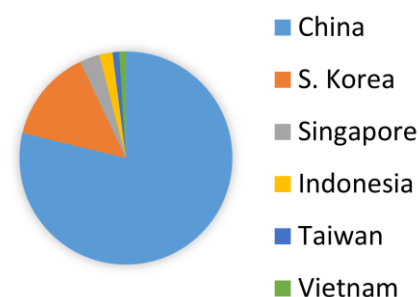
Industry breakdown

As of 30/11/2021

Financials	29%
Communi...	19%
Consumer	16%
Real Estate	14%
Healthcare	12%
Info Tech	9%

Geographic breakdown

As of 30/11/2021



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 998 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 172.8 EUR 150.9
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

Disclaimers

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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.