AGCM Asia Growth Fund

February 1, 2022

Return to value, growth-promoting policies and hello year of the Tiger

During the month of January, the NAV of AGCM Asia Growth Fund RC SEK increased by +6.8% and the WP EUR share class increased by +4.6%. Our holdings in real estate, telecom and financial services outperformed the market, while technology related companies lagged. Markets in January focused more on economic policies than company fundamentals. China has entered a monetary easing cycle while the Federal Reserve is going the opposite direction.

After relatively high inflation readings in November and December, the Federal Reserve has signaled it will accelerate the pace of policy tightening. The prospect of numerous rate hikes, an end to asset purchases, and even a reduction of the Fed's balance sheet, all weigh on prices of financial assets. The air is quickly coming out inflated technology stocks, "meme" stocks, and a whole range of excesses such NFTs and cryptocurrencies. Within equity markets, a consequence of the Fed's increasingly hawkish language is that investors reduce their exposure to growth stocks on lofty valuations and instead add to value stocks with better valuation support from well-proven business models, high dividend yields and solid balance sheets.

Unsurprisingly, more investors are looking not only to value stocks for shelter, but also to other regions. Strong investment cases can be made for several Asian markets, but especially for China. The monetary easing cycle in China has only just started, and the pace is accelerating. Already in December last year, China's leaders signaled a policy reversal, from tight to more growth-promoting measures. At a press conference on January 18, a vice governor of the central bank PBOC, emphasized monetary policy will be "more proactive" and "front-loaded." He said the central bank "must hurry up to act" and "move ahead of the market". The PBOC will "open the monetary policy toolbox wider" and he encouraged financial institutions to "not only welcome customers to the door but also take the initiative to find good projects." These are remarkably strong words from the PBOC and clearly bullish for China's equity markets.

So, after seven years of relatively tight monetary policies China, which aimed to deleverage the economy and contain systemic risk, the new policy will boost both economic activity and investor sentiment. With China easing and the US tightening, more funds are likely flow China's way and boost its financial markets.

One more of the World's leading major investment banks have raised its recommendation on China. Strategists at Credit Suisse last week upgraded China to overweight relative to global benchmarks, citing policy loosening, cheap valuations and stronger economic recovery momentum as the key reasons.

In its 14th Five-Year Plan period ending 2025, China's State Council announced a plan for transportation network development. High-speed railways will reach a total length of 50,000 kilometers by 2025 and 250-km/h lines will then cover 95 percent of cities with populations above 500,000 people. The country will have more than 270 large commercial airports, 10,000 kilometers of subway lines in cities, 190,000 kilometers of expressways, and 18,500 kilometers of high-level inland waterways, up from 16,100 kilometers. The transportation system will also be greener. Cities will see 72 percent of buses running on new energy, an improvement from today's 66.2 percent

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

January 2022

ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/01/2022	1 month	1 year	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+6.8%	+3.5%	+10.7%	+61.8%	+88.9%
AGCM Asia Growth Fund WP EUR	+4.6%	+2.2%	+14.7%	+50.5%	n.a.

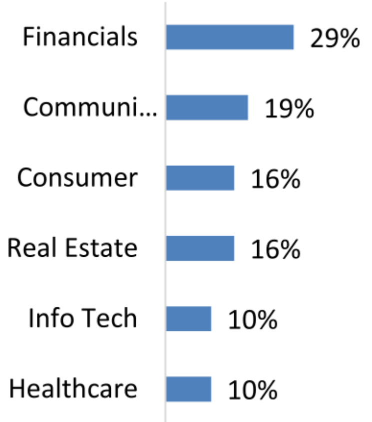
Top 5 holdings %

As of 31/01/2022

Company	Weight
Samsung Electronics	7.7%
Tencent Holdings	6.1%
Alibaba Group	4.7%
China Mobile	4.7%
Midea Group	3.9%
Total	**27.1%**

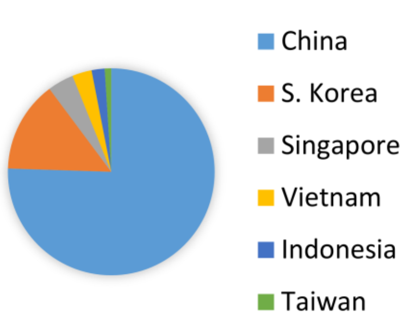
Industry breakdown

As of 31/01/2022



Geographic breakdown

As of 31/01/2022



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 1104 million
Number of holdings:	42
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 188.9 EUR 160.4
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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