

AGCM Asia Growth Fund



March 2, 2022

More growth promoting policies underway

During the month of February, the NAV of AGCM Asia Growth Fund RC SEK decreased by -1.9% and the WP EUR share class by -2.5%. February started out strong but Russia's horrific assault on Ukraine weighed on financial markets also in Asia.

China's recovery from the pandemic-induced economic slump started to lose momentum in the second half of last year. The strict antivirus measures implemented in several cities with covid-outbreaks has taken a toll on consumer spending and confidence. After a meeting on February 24, China's Politburo announced that more fiscal and monetary easing is coming. China will introduce more tax cuts this year and increase transfer payments to local governments to offset their hit to revenues caused by lock-downs and lower economic activity. According to senior government officials, the tax cuts planned for 2022 will be even larger than last year's combined reductions of RMB 1.1 trillion (USD 170 billion). Since late last year, we have already seen a series of growth-promoting measures aimed at boosting the real estate sector. Mortgage rates for home buyers have been reduced in 87 out of 103 cities in China and more cities will follow. More importantly, the down payment required by homebuyers has in many cities been lowered from 30% of the purchase price to 20%.

Among the fund holdings, a few quarterly results were announced in February. Baidu, China's largest internet search engine, reported better-than-expected results and the share price rose sharply on the report. The strong growth came mainly from Baidu's intelligent driving and AI cloud business. Intelligent and autonomous driving is a trillion USD dollar opportunity for Baidu, said founder and CEO Robin Li on the earnings call yesterday. Benefits from Baidu's Apollo Vehicle to Road System include a 20-30% reduction in traffic congestion and thus lower carbon emissions. The Apollo Go autonomous ride-hailing service was launched in Beijing in November and has been well-received. This service is now being rolled out in numerous cities across China. Baidu has also entered a partnership with the EV-producer BYD where Baidu will provide the autonomous driving solution.

Alibaba delivered a decent set of results for its fiscal third quarter. Revenues rose by a modest 10% year-over-year but annual active users grew 19% to 1.3 billion world-wide and by 13% to 882 million users in China. Alibaba's cloud computing business as well as its international e-commerce business are growing fast with improving profitability. After the long decline in Alibaba's share price, the stock is now trading at a record low of 13 times earnings. The share price has come back down to the levels reached after its 2014 IPO in New York, but since then its profits have risen five-fold from RMB 35 billion in fiscal year 2015 to RMB 172 billion in fiscal 2021. In other words, Alibaba's valuation has never been this low.

Other noteworthy events in Asia include news that China's first commercial airliner, the C919 is finally ready for rollout. The delivery schedule for 2022 has been approved by the board and most of the deliveries will go to the domestic carriers. The C919 is comparable to the Boeing 737. On the infrastructure front, China's macroeconomic planning agency NDRC announced a massive program of renewable energy projects. New wind and solar power projects in the Gobi desert will add a total of 455 gigawatts of clean electricity generation capacity by 2030.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

February 2022



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 28/02/2022	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-1.9%	+4.8%	+11.0%	+49.5%	+85.2%
AGCM Asia Growth Fund WP EUR	-2.5%	+2.0%	+13.5%	+40.5%	n.a.

Top 5 holdings %

As of 28/02/2022

Company	Weight
Samsung Electronics	7.7%
Alibaba Group	5.7%
Tencent Holdings	5.6%
China Mobile	4.8%
Sinopharm Group	4.2%
Total	28.0%

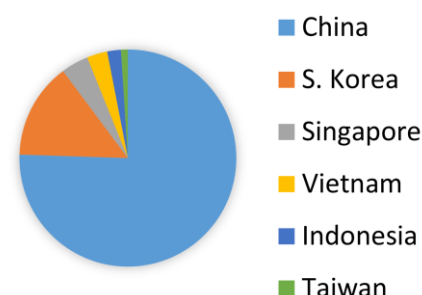
Industry breakdown

As of 28/02/2022

Financials	31%
Communi...	19%
Consumer	15%
Real Estate	14%
Info Tech	10%
Healthcare	10%

Geographic breakdown

As of 28/02/2022



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 1097 million
Number of holdings:	42
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 185.2 EUR 156.4
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.