

AGCM Asia Growth Fund



May 2, 2022

A month dominated by Shanghai, Fed, Russia, stimulus and 1Q reports

During the month of April, the NAV of AGCM Asia Growth Fund RC SEK increased by +1.1% and the WP EUR share class by +1.5%. This brings us back up to +0.7% year to date in the SEK share class. During the month of April, investors in the region focused mostly on the above five issues. Below, some additional comments from us.

Shanghai: Covid restrictions in China were left, front and center in Western financial media during April. The Covid outbreak in Shanghai is now gradually getting under control, as demonstrated by declining daily new case numbers. The focus has shifted to Beijing with rising numbers, but nationwide the number of cities under lockdown has dropped from 41 to 25 in the last week. The lockdowns will have a negative impact on consumption and supply chains, but we are not overly concerned about China's economic growth. As in the past, we believe the leaders in Beijing will provide the appropriate amount of stimulus to arrive close to its economic target, this year at 5.5%.

Federal Reserve: The US is still home to the largest financial market in the World and what happens there spills over to the rest of the World. The Federal Reserve, having been too loose for too long, is now in a hurry to tighten monetary policy before inflation becomes entrenched and self-propelling. It seems unlikely that the Federal Reserve will be able to back down from a tightening path unless we have a major collapse in US financial markets. In other words, our base case is that the Fed will induce a further fall in US equity markets, dragging Europe down with it. Asia will be affected, but to a lesser extent because of already much lower valuations (MSCI Asia ex-Japan at P/E 12x and MSCI China at P/E 10x), and because Chinese monetary policy is heading in the opposite direction, from tight to easier.

Chinese economic stimulus: Economic policy makers in Beijing, mainly the super-regulator called the Financial Stability and Development Committee headed by vice premier Liu He, but also the PBOC (The Central Bank) and CBIRC (China Banking and Insurance Regulatory Commission), have repeatedly communicated that economic stimulus is underway. In April, concrete steps were taken and more should come soon.

Russia sanctions: Western media speculated that China could risk US sanctions if it was seen to circumvent the sanctions on Russia. We believe such an outcome is unlikely. China has no interest in a trade war and for the US it would create havoc in an economy headed for stagflation. Russia only accounts for 2% of China's exports, while exports to the US amounts to 17% and Europe 16%. In terms of imports, China only takes 3% of its total imports from Russia.

1Q financial reports: Too much to discuss in detail here but the bulk of financial reports for 1Q 2022 from our largest holdings were mostly happy reading. As an example, the World's leading white goods producer Haier reported revenue growth of 10% and net earnings growth of 15% in 1Q. Haier's management was upbeat during last week's earnings call, expecting 15% earnings growth for the next few years, with solid topline growth and continued margin expansion.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

April 2022



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/04/2022	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+1.1%	+0.7%	+10.5%	+40.4%	+78.1%
AGCM Asia Growth Fund WP EUR	+1.5%	+0.8%	+15.9%	+36.7%	n.a.

Top 5 holdings %

As of 30/04/2022

Company	Weight
Samsung Electronics	7.3%
Alibaba Group	6.2%
Tencent Holdings	5.6%
China Mobile	5.3%
ICBC	3.8%
Total	28.2%

Industry breakdown

As of 30/04/2022

Financials	35%
Communi...	18%
Consumer	17%
Real Estate	12%
Healthcare	9%
Info Tech	9%

Geographic breakdown

As of 30/04/2022



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 932 million
Number of holdings:	42
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 178.1 EUR 154.7
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.