

AGCM Asia Growth Fund



June 1, 2022

Alibaba added 200 million customers in one year - Shanghai reopens

During the month of May, the NAV of AGCM Asia Growth Fund RC SEK decreased by 1.3% and the WP EUR share class by 2.6%.

Shanghai officially fully reopened today, including subways and shopping centers. Streets filled up with people celebrating the reopening after a two-month lockdown. City government officials introduced a 50-measure economic recovery plan to boost the local economy, including local tax cuts and rent relief to Covid-hit industries. Also in Beijing, restrictions will be eased gradually. With Covid-restrictions easing and stimulus underway, the sentiment in China's corporate sector is now improving. Manufacturing PMI index rose to 49.6, significantly higher than last month.

On May 25, Chinese Prime Minister Li Keqiang chaired a national video conference with more than 10,000 central and local government officials. In his address, Premier Li pushed for a rapid implementation of the 33-point stimulus program for China recently announced by the State Council. The program is intended to boost economic activity primarily in the areas of consumption, infrastructure and real estate. Already planned investments in railways, roads, waterways and airports will be accelerated. Credit conditions for real estate developers and home buyers will be improved. Private consumption will be encouraged by sales tax reductions on a range of consumer goods.

Alibaba reported financial results for its fiscal year 2022 ending March 31. Revenues for the year increased by +19% to 853 billion yuan. Annual active customers globally surpassed 1.3 billion, an addition of almost 200 million customers in one year. Net income was lower than last year, primarily due to investments in Taobao, increased spending for user growth, as well as support to merchants.

Internet retailer JD.com reported first quarter 2022 results with revenues +18% and operating profit +41% year-over-year. Annual active buyers increased +16% year-over-year to 580 million customers. Cost saving efforts have been impressive, and the regulatory relief should help improve the sentiment in the sector. Growth has been impacted by covid-restrictions, but when things normalize, we expect 20-30% earnings growth in the next few years.

The Washington based International Monetary Fund announced it will raise the weighting of the Chinese yuan in its special drawing rights basket, SDR. The yuan will increase from 10.9% to 12.3% as of August 1. The yuan became one of the global reserve currencies in 2016 and is now the third-largest weight in IMF's SDR basket. It is a small step but serves as a reminder of the yuan's rising status and China's ambitions to internationalize its economy.

We see further downside risk to Western financial markets since it will be hard for the Federal Reserve to abandon its tightening path until we either experience a more severe drop in asset prices, or there is an economic recession. In other words, we risk a further drop in asset prices either way. A soft landing seems less likely given the huge gap between inflation and policy rates. As for China, the outlook for the second half of the year looks relatively better due to low valuations, low expectations but easing covid-restrictions and massive economic stimulus underway.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

May 2022



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/05/2022	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-1.3%	-0.6%	+15.4%	+33.0%	+75.8%
AGCM Asia Growth Fund WP EUR	-2.6%	-1.8%	+16.6%	+30.0%	n.a.

Top 5 holdings %

As of 31/05/2022

Company	Weight
Samsung Electronics	7.6%
Alibaba Group	6.0%
Tencent Holdings	5.5%
China Mobile	5.2%
ICBC	3.9%
Total	28.2%

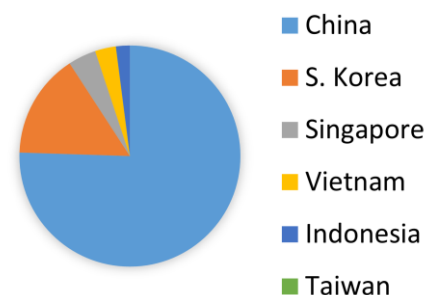
Industry breakdown

As of 31/05/2022

Financials	34%
Communi...	17%
Consumer	16%
Real Estate	12%
Healthcare	10%
Info Tech	10%

Geographic breakdown

As of 31/05/2022



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 908 million
Number of holdings:	42
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 175.8 EUR 150.7
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.