

AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

February 1, 2023

Re-opening enthusiasm. China household savings grew USD 5.6 trillion.

During the month of October, the NAV of AGCM China Stars Fund RC1 SEK increased by +9.0%.

Investor enthusiasm around China's re-opening has sparked meaningful fund flows into Asian equity markets, especially so in Hong Kong and mainland China. There are good reasons for investors to be enthusiastic about Asia. During the zero-Covid policy, Chinese households had few options but to save, and family bank balances have increased by almost 50% from January of 2020 until the end of last year. Household savings balance grew by USD 5.6 trillion, an amount larger than the GDP of the UK, and close to China's national retail sales in the year before the pandemic. This colossal pool of savings and pent-up demand will provide a major boost to consumer spending going forward. The savings also provide a good support for equity markets in Shanghai and Shenzhen, where domestic investors represent around 95% of the market.

Another reason for investors to be bullish on China, is that Beijing spent much of last year easing both fiscal and monetary policies. The transmission lag means that we have yet to see the full effect of all these policies which have been decided and now implemented. The so-called "three arrows" program for the real estate sector is one such example. Policies are now in place to aid real estate developers with financing through all three capital channels, meaning bank lending, corporate bonds, and new share issues. Only a year ago, developers were strapped for cash due to the "three red lines" policy which aimed at restricting financing to the sector. That restrictive policy has now effectively been sidelined by a massive stimulus program, a remarkable U-turn of policies and great news for the real estate sector which will see a major recovery during this year and next.

In addition to the positive effects from massive stimulus and the relaxation of Covid-restrictions, the leadership in Beijing works hard to attract even more foreign investments, especially in manufacturing. China already runs a giant current account surplus from its over USD 800 billion trade surplus, and it keeps rising. During its most recent meeting, the government's central economic work conference explicitly mentioned that the priorities for 2023 is to attract international capital and investments. As a part of this strategy, government representatives frequently express support for the "platform economy", with the message being that the regulatory crackdown on sectors such as video gaming and some other internet-based services has come to an end.

After the 20th Party Congress, China has dedicated efforts in improving its diplomatic ties. President Xi Jinping has made in-person returns to the G20 and APEC Summit, and has met with over 30 world leaders, signalling the desire to more engagement and cooperation across economic and strategic matters. China's Vice Premier Liu He delivered an upbeat speech at the Davos Economic Forum, reassuring continued support to the private enterprises and entrepreneurship, foreign investments, and consumption-led economy. Chinese leadership demonstrated that they continue to focus on pragmatism and put economic growth as top priority for the party and the government.

The impact of Covid-lockdowns in China resulted in a relatively slow economic growth of 3% last year. To put things into perspective, the 3% GDP growth in 2022 corresponds to an increase in nominal GDP of 6 trillion RMB. This increase corresponds to an output which is 1.5 times larger than Sweden's annual GDP. China's non-manufacturing PMI published yesterday, which measures activities in both the services and construction sectors, took a major leap from 41.6 to 54.4. Forecasts for China's economic growth keep rising.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

January 2023



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/01/2023	1 month	1 year	2 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+9.0%	+6.3%	+8.9%	+41.3%
AGCM China Stars Fund RC8 SEK	+9.0%	+6.9%	+10.1%	+46.1%
AGCM China Stars Fund RC9 SEK	+10.0%	+6.8%	+9.5%	+46.6%

Top 5 holdings

As of 31/01/2023

Company name
Alibaba Group
China Mobile
Tencent Holdings
Midea Group
China Construction Bank

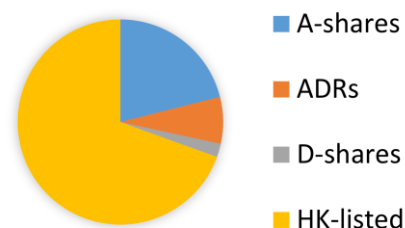
Industry breakdown

As of 31/01/2023

Consumer	27%
Financials	25%
Communi...	21%
Real Estate	14%
Healthcare	10%
Info Tech	1%
Industrials	1%

Market breakdown

As of 31/01/2023



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:	28-August-2017
Fund size:	SEK 155 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 141.3 (RC8) SEK 146.1 (RC9) SEK 146.6
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

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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.