

AGCM Asia Growth Fund



July 4, 2023

Politics and economic recovery in focus

During the month of June, the NAV of AGCM Asia Growth Fund RC SEK increased by +3.0% and the WP EUR share class by +1.5%.

In the first half of 2023, Chinese equity markets were relatively weak. The Hong Kong Hang Seng index has declined -4.4% year-to-date and the China mainland CSI300 index down -0.8%. After a strong start early in the year, driven by reopening enthusiasm, the rally reversed. Global investors found China's economic recovery unimpressive and political tensions between Washington and Beijing also weighed on sentiment. We see good reasons to be optimistic. The US Secretary of State Blinken's recent visit to Beijing and Treasury Secretary Yellen's upcoming visit, show how the Biden administration wants to improve relations with China. The US can simply not afford a major economic confrontation with China. As regards China's economic recovery, it is underway. Policy support will be fine-tuned to achieve GDP growth this year of close to 5%. An abrupt change in Covid policy late last year from zero-tolerance to zero restrictions, resulted in waves of covid infections which weighed on economic activity in the first half of this year. But these infection waves have retreated and life in China is getting back to normal. Personal consumption, especially domestic tourism is booming. Net exports and the trade surplus remain strong. The real estate sector has bottomed, weak developers are weeded out, and we expect solid growth in the coming years.

As an example, COLI, one of China's largest real estate developers, and a long-time holding in the fund, announced an update on its property sales as of May 2023. Contract sales of apartments rose 55% to Rmb 147 billion in May year to date. COLI has in five months completed 42% of its 2023 full-year sales target of Rmb 354 billion, which is an increase of 20% of its sales last year. This implies that it would require less than 4% of sales growth over June-December for the company to meet its full-year target.

JD.com, China's second largest e-commerce operator after Alibaba, unveiled in an internal letter to employees an ambitious 20-year strategic plan. The target is to create seven listed companies with a market value of at least 100 billion yuan (USD 15 billion) of which five are to be included among the World's top 500 companies. JD.com already has several listed affiliates including JD Health International and JD Logistics. This year, another two of JD's subsidiaries, have submitted listing applications to the Hong Kong exchange.

WeChat Pay and Alipay, the two most used Chinese mobile payment services, owned by Tencent and Alibaba respectively, have become so successful that urban China has in large become a cashless society. For years Alipay and WeChat Pay only allowed domestic Chinese bank cards to be connected to these payment apps. After the country reopened to overseas visitors this year, difficulties for foreigners in making everyday payments to restaurants and taxis have therefore become major problems. For this reason, Tencent and Alibaba have now decided to allow foreign users to link their credit cards issued by Visa and other major international issuers.

Earnings growth in China's corporate sector is improving, and the SOE reforms are ongoing. As in Japan and South Korea, policy makers in China are pushing for shareholder friendly reforms and higher stock market valuations.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

June 2023



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2023	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+3.0%	+6.0%	+1.0%	+26.8%	+94.4%
AGCM Asia Growth Fund WP EUR	+1.5%	+0.7%	-8.9%	+18.7%	n.a.

Top 5 holdings %

As of 30/06/2023

Company	Weight
Alibaba Group	9.0%
Tencent Holdings	5.5%
Samsung Electronics	4.7%
China Mobile	4.7%
ICBC	3.9%
Total	27.8%

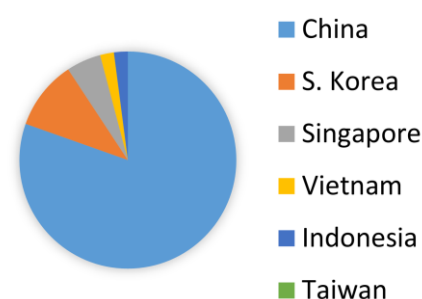
Industry breakdown

As of 30/06/2023

Financials	27%
Consumer	24%
Communi...	20%
Real Estate	13%
Healthcare	8%
Info Tech	7%

Geographic breakdown

As of 30/06/2023



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:	03-Oct-2014
Fund size:	SEK 749 million
Number of holdings:	41
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 194.4 EUR 150.1
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.