

# AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

January 3, 2020

## Trade deal signing on January 15 – More financial reforms in China

During the month of December, the NAV of the AGCM China Stars Fund RC1 SEK share class increased by +4.8% and for the full year 2019 by +33.8%. Best performing stocks were in the sectors of consumer, internet services and healthcare.

Some milestones passed in 2019 include Alibaba's secondary listing in Hong Kong in December which made Hong Kong the largest IPO market globally last year. China's CITIC Securities, became the first Chinese broker to top annual equity capital markets rankings for Asia-Pacific excluding Japan this year, overtaking Goldman Sachs.

President Trump tweeted he will sign the phase-one trade deal with China on January 15 in the White House and plans to visit Beijing at a later stage for the second phase of the trade deal. This is a major positive for financial markets, relieving concerns on an issue which has been an overhang for Chinese equities for almost two years. Several economists and strategists at the most influential global investment banks have revised upward their forecasts for China's economic growth and have taken a more positive view on Chinese equities.

China's financial regulators kept busy throughout December. A range of new policies were implemented, aiming to lower the financing costs in the economy, promote sounder capital markets, and reduce systemic risks. The central bank, PBOC, lowered the required reserve ratio for banks by 50 basis points effective January 1. Through open market operations, the PBOC has added RMB 1.7 trillion in new liquidity during the second half of December.

China's Securities Law was revised to strengthen investor protection in wealth management, introducing a more thorough legal groundwork for new listings on the nation's stock markets. The revised law includes expanded provisions for initial public offerings (IPOs), with stricter information disclosure requirements and tougher penalties for market violations. These policies are positive for market sentiment and liquidity. The revised law will become effective on March 1, 2020

On the corporate front, Shanghai-listed Haier Smart Home confirmed a proposal to privatize Hong Kong-listed Haier Electronics via a share swap with minority shareholders switching into Haier Smart Home's newly issued H-shares. The details of the proposed transaction are yet to be presented.

China's express courier firms delivered a record 60 billion parcels in 2019, according to data from the State Post Bureau's security and supervision information system. The volume of packages has grown at an annual rate of 10 billion items since 2016, accounting for more than half of the world's total. The logistics unit of Chinese e-commerce giant JD.com is in discussions with banks about an IPO that could raise up to USD 10 billion, according to Reuters.

Samsung has announced a partnership with Baidu to mass produce the latter's first cloud-to-edge artificial intelligence (AI) chip, called Kunlun, from early 2020. Edge computing allows data storage and computations which occur in the cloud to be physically closer to the devices, reducing the problems of latency.

**Gustav Rhenman**, Chief Investment Officer

# AGCM China Stars Fund

Monthly Report

December 2019



## Performance

As of 31/12/2019	1 month	YTD	2 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+4.8%	+33.8%	+10.6%	+21.2%
AGCM China Stars Fund RC8 SEK	+4.8%	+34.4%	+11.8%	+23.4%
AGCM China Stars Fund RC9 SEK	+5.2%	+34.1%	+11.5%	+24.3%

## Top 5 holdings

As of 31/12/2019

Company name
Alibaba Group
Tencent Holdings
Ping An Insurance
Hangzhou Hikvision
Haier Smart Home

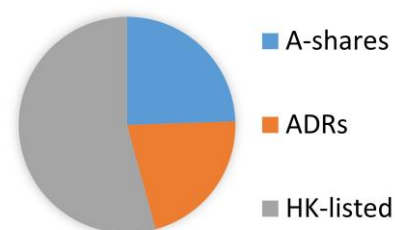
## Industry breakdown

As of 31/12/2019

Consumer	29%
Healthcare	20%
Financials	19%
Communi...	16%
Real Estate	5%
Info Tech	5%
Industrials	4%

## Market breakdown

As of 31/12/2019



## 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 255 million
Number of holdings:	32
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 121.2 (RC8) SEK 123.4 (RC9) SEK 124.3
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

## Disclaimers

**According to Personuppgiftslagen (PUL):** AGCM can use such personal data which has been given to the company by the registered person or which the company has sourced from other sources (name, e-mail and telephone number) to, via e-mail or telephone, give information about and market its products and services, including direct marketing. The personal data is used mainly in relation to people who orally or in written form have indicated interest to AGCM. If you want to receive information about which personal data about yourself the company is handling, you can in writing, signed by yourself, make a request to Asia Growth Capital Management AB, Birger Jarlsgatan 10, 5 tr, 114 34 Stockholm. You can also make a request in writing to the same address that you wish not to have your personal data used for purposes of direct marketing. Request for correction of personal data can also be made to the same address.

**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](http://www.agcm.se) before you make an investment. You can also request such information via e-mail to [info@agcm.se](mailto:info@agcm.se).