

# AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

September 1, 2020

## Life is getting back to normal in North Asia but India struggles

During the month of August, the NAV of the AGCM Asia Growth Fund RC SEK share class increased by +2.3% and the WP EUR share class by +2.2%.

Life in the World's second largest economy is getting back to normal. Across China, restaurants and gyms are busy again and in the major cities, subways and airports are packed with travelers. On September 1, various Purchasing Managers Indices (PMI) came in from China, generally very strong. The Caixin manufacturing PMI came in at 53.1, its strongest reading in nearly a decade. China is likely to be the only major economy in the world this year to grow. IMF projects China's GDP to grow by +1% in 2020, compared with -8% for the Euro area and -10% for the US. As regards Covid-19, China, South Korea, Taiwan and Singapore have largely managed to contain the spread of the virus, whereas India has not with cases nearing 4 million despite lockdowns. India's GDP fell by 23.9% in the three months to June from a year earlier, India's Statistics Ministry said in a report yesterday.

During the past few weeks, our five-member investment management team has reviewed numerous financial reports from Asia for the second quarter, with a focus on our holdings. Alibaba's revenues grew +34% year-on-year and the number of active users grew to 742 million. Alibaba's payment and fintech subsidiary Ant Group is preparing to list in Shanghai and Hong Kong simultaneously, with an estimated valuation of USD 225 billion.

E-commerce operator JD.com also reported very strong growth throughout the first half of 2020. Consumers have stayed at home during the pandemic, spending more on electronics, appliances, groceries and other consumer goods. The number of active users continued to accelerate to a level 30% higher than last year.

China Telecom also reported better-than-expected results. The company has invested heavily in 5G mobile networks, now offering services in 50 key cities in China. The launch of 5G services in November last year is starting to have a meaningful impact on growth due to higher average revenue per subscriber for the 5G plans.

Dairy producer Yili's sales growth rebounded from -11% in the first quarter of 2020 to +23% in the second quarter. The e-commerce distribution channel grew +49% compared to the same period last year, showing that consumers preferred ordering for home delivery rather than going to the store.

China's leading search engine Baidu is on a recovery in the online advertising industry. During the pandemic, advertisers put their purchasing plans on hold, and they are now coming back to the market. Meanwhile, Baidu's cost discipline has continued to improve since early 2019. Management guides for the advertising market to be back to 2019 levels by the third quarter of 2020.

For the first time, more Chinese mainland enterprises have made it onto Fortune magazine's list of the world's top 500 companies than those from the US. A total of 124 enterprises from the Chinese mainland and Hong Kong were ranked among the world's biggest companies by revenue this year, eclipsing the US which saw 121 firms on the list, according to the Fortune Global 500 list released on Monday. We expect the trend to continue.

**Gustav Rhenman**, Chief Investment Officer

# AGCM Asia Growth Fund

Monthly Report

August 2020



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 31/08/2020	1 month	YTD	1 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+2.3%	-1.5%	+8.5%	+68.7%	+65.8%
AGCM Asia Growth Fund WP EUR	+2.2%	+1.7%	+14.2%	+62.1%	n.a.

## Top 5 holdings %

As of 31/08/2020

Company	Weight
Alibaba Group	9.6%
Baidu Inc	6.6%
COLI	5.4%
Sinopharm	4.6%
Samsung Electronics	4.5%
<b>Total</b>	<b>30.7%</b>

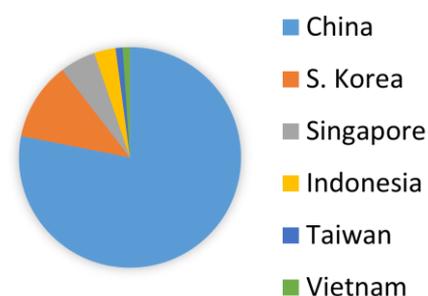
## Industry breakdown

As of 31/08/2020

Communi...	25%
Financials	21%
Consumer	18%
Healthcare	14%
Real Estate	12%
Info Tech	9%
Industrials	1%

## Geographic breakdown

As of 31/08/2020



## 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

<b>Portfolio manager:</b>	Gustav Rhenman
<b>Inception date:</b>	03-Oct-2014
<b>Fund size:</b>	SEK 1147 million
<b>Number of holdings:</b>	40
<b>Management fee (RC):</b>	1.85%
<b>Fund management Company:</b>	FundRock Management Company S.A.
<b>NAV:</b>	SEK 165.8 EUR 142.0
<b>Minimum subscription:</b>	n.a.
<b>ISIN code:</b>	SEK RC LU 1091660909 EUR WP LU 1163023143

## Disclaimers

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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](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).