

# AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

December 2, 2022

## Xi Jinping means business. The economy remains China's top priority.

During the month of November, the NAV of AGCM China Stars Fund RC1 SEK increased by +18.9%. Several factors contributed to the strong development in November. First, even though China's Covid policies will take time to change because the country is so large, there are now many examples of Covid restrictions being lifted or eased. Crowds of protesters in cities around China have made it clear to the central government that it needs to get ahead of the development and adapt the policies before the protests get out of hand. Investors are now betting that China's costly zero-Covid strategy will be gradually abandoned, as it has been in Hong Kong.

Second, additional rounds of financial support to China's real estate sector were announced in November. Already implemented support measures such as the government guaranteed corporate bond programs for qualified developers, have been successful. This was confirmed to us during meetings in Hong Kong last week with two of the nation's largest developers, COLI and China Resources Land. Also, the central bank, the PBoC, introduced a program whereby China's largest banks received close to USD 200 billion in basically free funding earmarked for loans to qualified property developers. This is good news both for the large banks as well as developers, and the measures have calmed investors who were concerned that the real estate sector could cause a financial crisis.

Third, the tensions around Taiwan which followed Nancy Pelosi's visit this summer, have subsided. China has chosen not to retaliate for the new restrictions by the US on exports of certain semiconductors to China. The meeting between Biden and Xi at the G20 meeting in Indonesia helped to ease investor concerns of escalating tensions between the two countries. After the Party Congress in late October, Xi Jinping went on a public relations tour to several countries to promote trade and attract more foreign direct investments into China, especially in the manufacturing sector. In this respect, it is worth noting that the US only accounts for 10% of global capital expenditures in the manufacturing sector, Europe another 10%, while China already accounts for over 60%. Some manufacturing has moved out of China, but that is more than compensated for by the colossal investments in high-end manufacturing.

Fourth, as investors have had some time to analyze China's new leadership that was presented in late October, they may have discovered that eight of the thirteen newly appointed members of the powerful Politburo, are people with impressive backgrounds in technology, business and economics. Now, the party's top seven leaders, the standing committee, are dominated by MBAs, engineers and one PhD in economics. Their backgrounds show that Xi Jinping means business in a double sense. As Xi mentioned several times in his two-hour speech at the party congress, economic development is the nation's number one priority. A strong economy is the key to solving all of China's problems. Fears expressed by western financial media that Xi Jinping was a threat to private companies and entrepreneurs, have eased.

Fifth, a large portion of the most influential global investment banks have now turned outright bullish on Chinese equities, recommending their clients to invest in China. That includes Morgan Stanley, JP Morgan, Citibank and Goldman Sachs. The influence of these brokers and asset managers on investor views and fund flows are noticeable.

**Gustav Rhenman**, Chief Investment Officer

# AGCM China Stars Fund

Monthly Report

November 2022



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## Performance

As of 30/11/2022	1 month	YTD	2 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+18.9%	+2.6%	+0.5%	+28.5%
AGCM China Stars Fund RC8 SEK	+19.0%	+3.1%	+1.6%	+32.8%
AGCM China Stars Fund RC9 SEK	+19.2%	+2.7%	+3.3%	+32.0%

## Top 5 holdings

As of 30/11/2022

Company name
Tencent Holdings
Alibaba Group
China Mobile
China Resources Land
China Construction Bank

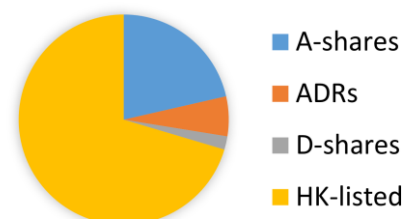
## Industry breakdown

As of 30/11/2022

Financials	26%
Consumer	26%
Communi...	23%
Real Estate	14%
Healthcare	9%
Info Tech	1%
Industrials	1%

## Market breakdown

As of 30/11/2022



## 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:	28-August-2017
Fund size:	SEK 143 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 128.5 (RC8) SEK 132.8 (RC9) SEK 132.0
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](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).