

AGCM China Stars Fund



May 4, 2023

China remains the top contributor to global growth in next 5 years.

During the month of April, the NAV of AGCM China Stars Fund RC1 SEK decreased by -0.7%.

China's GDP grew 4.5% in the first quarter of 2023, stronger than expected. Major Wall Street banks are now raising the full year forecast for China's GDP growth to over 6%, driven by the release of pent-up demand after reopening, combined with a stream of supportive fiscal and monetary policies. China and Asia will remain as the bright spots amid a global economic downturn, outpacing both the US and Europe in economic growth this year. In fact, the International Monetary Fund expects that China will be the top contributor to global growth over the next five years, with its share set to be 23%, doubling that of the US.

China's retail sales have rebounded sharply, growing 11% year-over-year in March, as consumption and services continue to lead the economic recovery. China's tourism sector is roaring back in the five-day Labor Day holidays, with hotel and air ticket bookings already surpassing pre-Covid levels in 2019. China's exports significantly beat expectations and expanded by 15% year-over-year in March, primarily driven by a sharp increase in shipments to ASEAN countries and other emerging markets. China's State Council has issued an 18-point plan to further boost international trade, including supporting exports of automobiles and cross-border ecommerce, as well as easing visa issuance to welcome back foreign business people.

China's strong economic recovery is clearly evidenced in the corporate earnings results. Most of our fund holdings have reported upbeat financial performances for the first quarter of 2023. China's largest consumer appliances maker Haier posted solid performance, growing revenues by 8% and EPS by 13% in the first quarter, and the company is guiding for 15% EPS growth per year until 2025. Chinese telecom operators China Mobile and China Telecom reported EPS growth of 9% and 12% respectively, driven by continued 5G penetration and a fast-growing cloud computing business. The two companies remain committed to focusing on profitability and improving shareholder returns, with a generous dividend policy yielding 7%.

The housing market also continues to recover as the homebuyers' sentiment is boosted by the reopening and supportive policies. Home prices have been rising for a third consecutive month, and the top 100 property developers saw contract sales growing at 30-40% on average in April, compared with a year ago. Poly Development, the largest real estate developer in China, grew revenues by 19% year-over-year in the first quarter, and EPS by 8%. It has a massive land bank that's sustainable for over 6 years of development. China Overseas Land, another leading developer, reported revenue growth of 11%, and contract sales rose 73% in the first three months. The company guided for at least 20% growth in contract sales for the full year, showing strong confidence in the underlying recovery. The stock still trades at 6 times Price-to-Earnings, 0.5 times Book, with dividend yield of over 5%.

Chinese President Xi Jinping has been busy ramping up diplomatic efforts. After receiving state leaders from France and Brazil in Beijing, Mr. Xi took the long-awaited phone call to Ukrainian President Zelensky, which has received a tentative welcome among US and EU officials. This marks a first concrete step by Beijing to rise to its position of a potential peacemaker or mediator in the Russo-Ukrainian war.

Gustav Rhenman

Chief Investment Officer

AGCM China Stars Fund

Monthly Report

April 2023



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/04/2023	1 month	YTD	2 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-0.7%	+4.2%	+0.0%	+35.1%
AGCM China Stars Fund RC8 SEK	-0.7%	+4.4%	+1.1%	+39.9%
AGCM China Stars Fund RC9 SEK	-0.9%	+4.6%	-0.5%	+39.4%

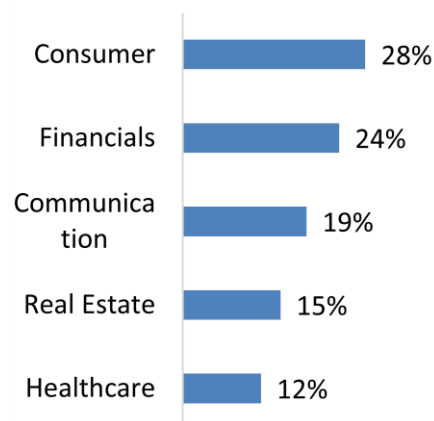
Top 5 holdings

As of 30/04/2023

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

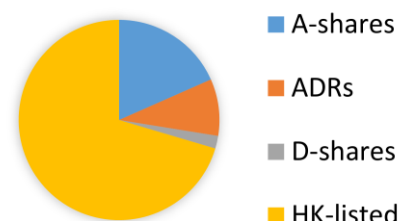
Industry breakdown

As of 30/04/2023



Market breakdown

As of 30/04/2023



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 148 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 135.1 (RC8) SEK 139.9 (RC9) SEK 139.4
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.