

AGCM Asia Growth Fund



August 2, 2023

Improving investor sentiment and China widens its global lead in autos

During the month of July, the NAV of AGCM Asia Growth Fund RC SEK increased by +5.1% and the WP EUR share class by +7.2%.

On July 17, China reported GDP growth of +6.3% in the second quarter year-over-year, higher than the 4.5% growth in the first quarter. China's trade surplus in June increased to USD 70.6 billion from USD 65.8 billion previous month. Exports of autos was particularly strong, increasing 109% in June year-over-year, sustaining a triple digit growth rate for the fourth month in a row. In the first quarter of 2023, China overtook Japan as the World's leading exporter of cars, having already surpassed Germany in 2022. Between January and April 2023, China's vehicle exports increased by 76% year-over-year to around 1.5 million vehicles. China's total vehicle exports are expected to reach 4.4 million units in 2023, with electric cars expected to account for more than 30 percent of the total. When we first visited Chinese car factories back in 2005, the cars were cheap but of poor quality. Those days are long gone. Today, Chinese car manufacturers compete head-to-head with the established global brands.

Investor sentiment toward Chinese equity markets improved after announcements made during last week's Politburo meeting. State-owned China Securities Journal wrote in a front-page commentary on July 31, that China should provide easier access for investment funds to invest in its stock market as "stabilizers" and guide household savings to the equity market as a part of the ongoing capital market reform. The editorial purpose of China Securities Journal is to report on government policies for the economy and financial markets. From a national Chinese perspective, it makes perfect sense for the government to now persuade domestic savers and pension funds to buy into Chinese equity markets since they are cheap, and private savings are record high.

The Politburo announced it aims to boost consumption of household goods, autos, electronic products and promote tourism, sports, culture, and entertainment. The Politburo also said it will take a "proactive" fiscal stance and "prudent" monetary policy. It will promote a "stable" currency, "livelier" capital markets, and take measures to prevent systemic financial risks. More measures will be taken to improve business and consumer confidence.

On the fiscal policy front, the Politburo flagged further reductions in taxes and fees as well as issuance of special local government bonds, to fund infrastructure investments. It reinforced expectations that interest rates cuts and liquidity injections by the the central bank will be limited in size. A key phrase from the readout from previous meetings, quoting President Xi Jinping saying "houses are for living, not for speculation," ignited a rally in the shares of real estate developers.

On July 12, China's state planner, The National Development and Reform Commission (NDRC), praised China's technology platform companies including Alibaba, Baidu, Meituan and Tencent. The NDRC said platform companies are key contributors to innovation in prioritized sectors such as cloud computing, semiconductors, and self-driving cars. China's leadership understands the significance for foreign direct investments, to deliver on the promise of providing a level playing field for private and state-backed companies in China.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

July 2023



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/07/2023	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+5.1%	+11.4%	+15.7%	+38.5%	+104.3%
AGCM Asia Growth Fund WP EUR	+7.2%	+7.9%	+4.9%	+29.1%	n.a.

Top 5 holdings %

As of 31/07/2023

Company	Weight
Alibaba Group	9.2%
Tencent Holdings	5.5%
China Mobile	4.4%
Samsung Electronics	4.4%
JD.com	4.2%
Total	27.7%

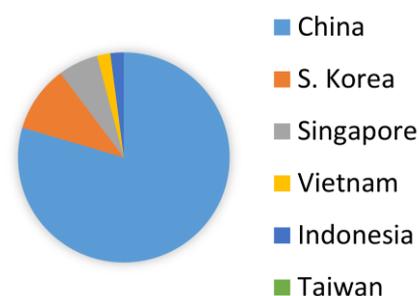
Industry breakdown

As of 31/07/2023

Financials	27%
Consumer	25%
Communi...	20%
Real Estate	13%
Healthcare	8%
Info Tech	6%

Geographic breakdown

As of 31/07/2023



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 782 million
Number of holdings:	37
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 204.3 EUR 160.9
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.