

AGCM Asia Growth Fund



ASIA GROWTH CAPITAL MANAGEMENT

October 1, 2024

Chinese stock markets rally on major stimulus package

During the month of September, the NAV of AGCM Asia Growth Fund RC SEK increased by +18.2% and the WP EUR share class by +18.7%.

China's top financial institutions including the PBOC (central bank), CBIRC (banking and insurance regulator) and CSRC (capital markets regulator) held a joint press conference on September 24, announcing a broad range of financial stimulus measures. The package was very well received by investors at home and abroad. Below is a summary of the key policies announced.

- Reduction in the required reserve ratio (RRR) for banks by 50 basis points. This will free up around 1 trillion yuan (USD 140 billion) for new lending by the commercial banks.
- Lowered deposit and lending rates by 20-25 basis points. Net interest margins for banks will remain stable.
- Guidance by the PBOC to commercial banks to reduce the interest rates on existing mortgages by 50 bps on average. PBOC Governor Pan Gongsheng expects this cut will benefit 50 million households and 150 million people, reducing the annual interest expenses by 150 billion RMB.
- Reduced the minimum required down-payment ratio for second-home buyers nationwide to 15% of the price, from current 25%. This will match first-home buyers' minimum downpayment requirement which is also 15%.
- Loan guarantees by the PBOC to companies which buy vacant homes for conversion to social housing.
- Policy banks and commercial banks will be allowed to lend to quality companies to acquire land from distressed developers, to better utilize land parcels, and ease the liquidity pressure on developers.
- PBOC lending program to insurance companies and pension funds for the buying of equities.
- A re-lending facility for companies that want to purchase their own shares in the market.
- PBOC Governor Pan said that the conditions are becoming mature for the PBOC to inject liquidity through trading treasury bonds in the secondary market. In other words, a form of quantitative easing is underway.

The capital markets regulator CSRC said it will soon take steps to promote the entry of medium- and long-term funds into the market, focusing on stickier long-term money. Measures include the promotion of equity mutual funds to the public and improved environment for institutional long-term investments by shifting fund performance assessments to three years or more. Also, insurance companies, social security funds, pension insurance funds will be encouraged to engage more in long-term equity investments. Further measures will be taken to improve the ecosystem of the capital markets, to improve the quality and investment value of listed companies and crack down on illegal and irregular behaviors. The CSRC will also take more steps to create a market environment where medium and long-term funds are "willing to come, to stay, and develop well".

Singapore

Singapore's manufacturing output surged +21% from a year ago in August (vs. +2% in July), its best growth since July 2021. The electronics industry, which accounts for nearly half of Singapore's manufacturing production, was the standout, seeing output surge by 49.1% year-on-year, expanding by the most since 2017. Within the cluster, semiconductors jumped 54.6%. The city-state already accounts for 10% of chips produced worldwide and around 20% of global semiconductor manufacturing equipment production, it has long been lauded for its state-of-the-art manufacturing facilities, attracting global tech giants. Singapore's population has crossed 6 million for the first time, mainly due to 5% growth in the number of non-residents, including foreign workers and international students.

Indonesia

Indonesia concluded the presidential election earlier this year, and the new administration will take office in October for a five-year term. Incoming President Prabowo Subianto has set an ambitious target of achieving 8% economic growth during his first term. This goal is driven by the intention to lift Indonesia out of the middle-income trap and propel it towards high-income status by 2045. This target is outlined in Prabowo's National Long Term Development Plan (RPJPN) 2025-2045, or the "Golden Vision 2045". Global investors continue to increase their investments in Indonesia, betting that the ASEAN markets will benefit from the United States' Federal Reserve entering easing cycle. The robust fiscal policies and a focus on emerging technology sectors like electric vehicles, battery supply chain and data centres are also drawing investment to Indonesia.

South Korea

The Korea stock exchange announced the selection criteria and the list of companies that will comprise the 'Korea Value-Up Index,' which is made up of companies with superior corporate value. The goal of the Value-Up Index is for institutional investors, such as pension funds, to use it as a benchmark or for the composition of exchange-traded fund (ETF). Evaluation indicators include market capitalization, profitability, shareholder returns, market valuation, and capital efficiency. The index will consist of a final total of 100 stocks. The index includes mega-cap stocks such as Samsung Electronics and SK Hynix. Hyundai Motor, Shinhan Financial Group, etc. This is part of the Korean government's effort to promote the re-evaluation of the Korean stock market and address the so-called "Korea discount" by enhancing shareholder returns.

Vietnam

Asian Development Bank (ADB) forecasts Vietnam's GDP growth to reach 6.0% in 2024 and 6.2% in 2025, according to its latest projections. Both figures are the highest in Southeast Asia. ADB attributed Vietnam's relative outperformance to the strong momentum of economic recovery, robust trade activity, continued strength in FDI and fiscal expansion and monetary easing supporting consumption. Vietnam's Politburo has given the green light to the long-awaited North-South high-speed railway. This 1,500-km line with 350 km/h design speed links Hanoi and Ho Chi Minh City. It is expected to boost GDP by 1% annually from 2025-2037 and aims to reduce logistics costs, enhance national defence and drive economic restructuring. This USD70bn mega project is attracting investor interest from Japan, China and South Korea.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

September 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/09/2024	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+18.2%	+29.5%	+26.5%	+43.9%	+119.0%
AGCM Asia Growth Fund WP EUR	+18.7%	+28.7%	+25.7%	+43.4%	n.a.

Top 5 holdings %

As of 30/09/2024

Company	Weight
Alibaba Group	8.1%
Tencent Holdings	6.5%
JD.com	4.6%
Trip.com	4.0%
CR Land	3.6%
Total	26.8%

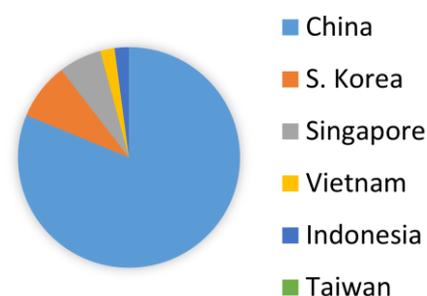
Industry breakdown

As of 30/09/2024

Consumer	35%
Financials	25%
Communi...	18%
Real Estate	8%
Info Tech	6%
Healthcare	4%
Industrials	4%

Geographic breakdown

As of 30/09/2024



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 624 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 219.0 EUR 179.1
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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