

## MARKET COMMENT

### China's common prosperity initiative

One threat to future growth is that China's population is now shrinking, for the first time in forty years. China is approaching a Japan scenario, with an increasing proportion of elderly people, while too few children are being born to the next generation. The main explanation is thirty years of a one-child policy. Families are this year allowed to have three children, but this will not solve the immediate problem of labour shortages in Chinese manufacturing.

The conclusion is that the Chinese government is finding it increasingly difficult to deliver its side of the social contract – greater prosperity. The pragmatic solution is to distribute the wealth that is being created more evenly across the entire population, known as Common Prosperity. Classic redistribution of wealth, if you will, so that the Communist Party can retain power and avoid a revolution.

Chinese families have high ambitions for their children's education and future careers. Their goal is an academic education, office work (or in the IT and computer industry), high incomes, condominiums and a new car for the family.

However, this is not the goal of the Communist Party.

The message is that you need workers at all levels of society. All work is equally important and needs to be performed in the future as well. Thus, not everyone should strive for the highest level of education and good jobs with high incomes. China's future GDP growth requires a large number of people willing to work in the factories.

China needs citizens with middling personal ambitions, ready to contribute to the country's development. There is no time to waste with online computer games or social media. These media are seen as threats and time thieves for the next generation, and do not contribute to the country's productivity. It is against this background that we can understand the stricter internet regulations now being introduced.

China has over one billion mobile internet users. Over 800 million people use the internet for shopping, and 469 million order home deliveries of food. More than half a billion people are active on the internet to play online games, and 900 million use it to watch video clips like TikTok. The internet is used as a means of payment by 870 million citizens.

## MONTHLY REPORT

### AUGUST 2021



**GUNNAR PÅLSSON**

Manager since 2004.

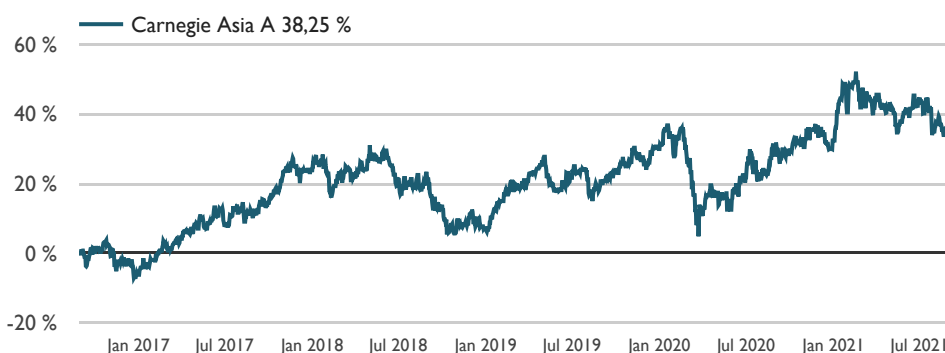
Carnegie Asia is an equity fund that invests in approximately 30 companies in Asia, with the exception of Japan.

Start date	06/04/2004
Pricing	Daily
Morningstar rating	★★
Risk level	5 of 7
ISIN	SE0001172263
Ongoing charges	1.93 %
Minimum initial investment	0 SEK
Assets under management	1 539 MSEK
Dividend	No
NAV per share	271.87 SEK

## CUMULATIVE PERFORMANCE %

YTD	1 year	3 years	5 years	10 years	Since inception
4,50	8,24	14,11	38,25	127,14	204,84

## FIVE YEAR PERFORMANCE %



## MONTHLY PERFORMANCE %

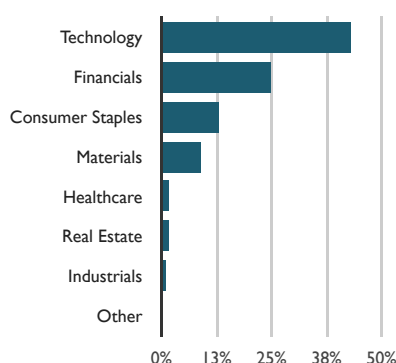
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full year
2021	6,12	1,01	1,10	-1,22	-0,52	2,40	-6,49	2,49					4,50
2020	-1,62	-1,27	-11,25	4,80	-4,17	8,18	-0,21	5,26	1,40	0,70	2,08	-0,63	1,87
2019	7,07	2,47	2,68	4,37	-6,48	3,24	1,55	-2,33	2,40	1,88	-0,30	3,53	21,24

Historical returns are no guarantee of future returns. Capital invested in the fund may both increase or decrease in value and there is no guarantee that you will be repaid all of your invested capital. Complete prospectus and fund statutes are available at [www.carnegiefonder.se](http://www.carnegiefonder.se). The information in this document is proprietary to Carnegie Fonder and is intended only as general information. It should not be construed as investment advice or recommendation. The information may prove to be inaccurate, incomplete or out of date. Carnegie Fonder is not responsible for the damage, whether direct or indirect result of any defects or errors in the information. The information may not be copied, altered or further distributed without Carnegie Fonder's consent.

## LARGEST HOLDINGS

Taiwan Semiconduct Mfg Co Ltd	9,9 %
Samsung Electronics Co Ltd	6,6 %
MediaTek Inc	4,8 %
Kakao Corp Reg	3,7 %
HDFC Bank Ltd Reg	3,7 %
Bajaj Finance Ltd	3,6 %
Samsung SDI Co Ltd	3,4 %
AIA Group Ltd	3,2 %
China Construction Bank Corp H	3,1 %
UltraTech Cement Ltd Reg	3,1 %

## SECTOR ALLOCATION

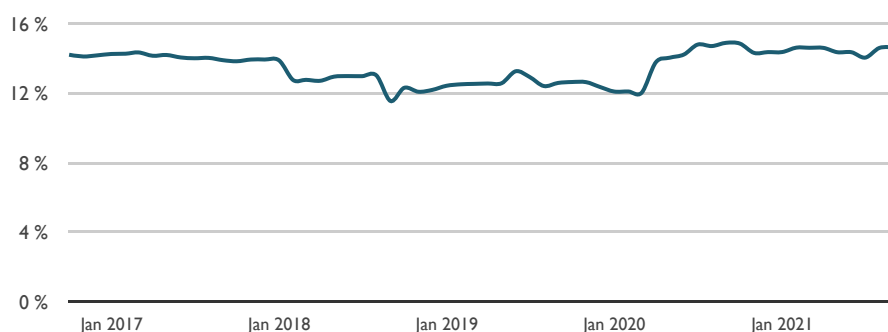


## KEY STATISTICS

Number of holdings	54
Turnover rate, tms/year	0,95
Active share *	71 %
Standard deviation, 2 years	13,7 %
Standard deviation, 3 years	14,6 %
Standard deviation, 5 years	13,0 %
Sharpe ratio, 2 years	0,55
Sharpe ratio, 3 years	0,34
Sharpe ratio, 5 years	0,57
Tracking error, 2 years *	3,9 %
Tracking error, 3 years *	4,5 %
Tracking error, 5 years *	4,9 %

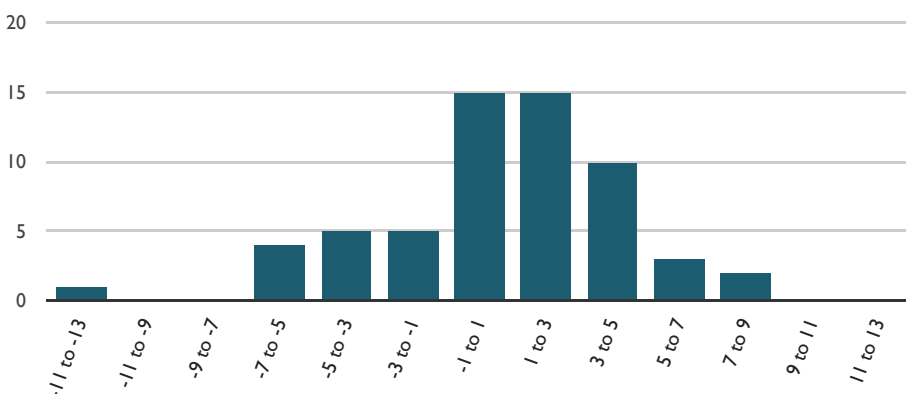
\* Benchmark: MSCI AC Asia ex Japan Net Total Return

## STANDARD DEVIATION %



## DISTRIBUTION OF MONTHLY PERFORMANCE %

As of 01/09/2016 to 31/08/2021



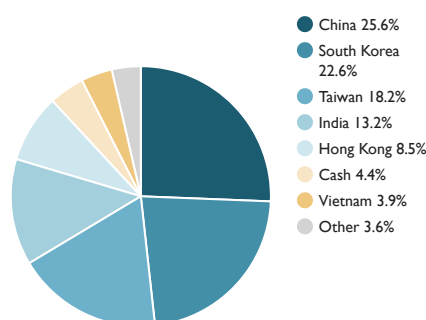
## TOP CONTRIBUTORS YTD

Taiwan Semiconduct Mfg Co Ltd	2,3 %
Kakao Corp Reg	1,8 %
CSPC Pharmaceutical Gr Ltd	1,1 %
Bajaj Finance Ltd	1,0 %
Samsung SDI Co Ltd	0,8 %

## BOTTOM CONTRIBUTORS YTD

JD.com Inc Reg A	-0,7 %
Alibaba Group Holding Ltd ADR	-0,7 %
Industr & Cial Bk of China Ltd H	-0,4 %
SK Hynix Inc	-0,4 %
Longfor Group Hgs Ltd Reg	-0,4 %

## GEOGRAPHICAL ALLOCATION



## CARNEGIE FONDER - SUSTAINABLE INVESTMENTS IN VALUE COMPANIES

Carnegie Fonder is an independent fund management company that was founded in 1988. Our mission is to create long-term good returns for our unit holders. By combining modern sustainability analysis with traditional financial analysis, we identify undervalued companies that are properly equipped for the challenges of the future. We call these value companies.

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