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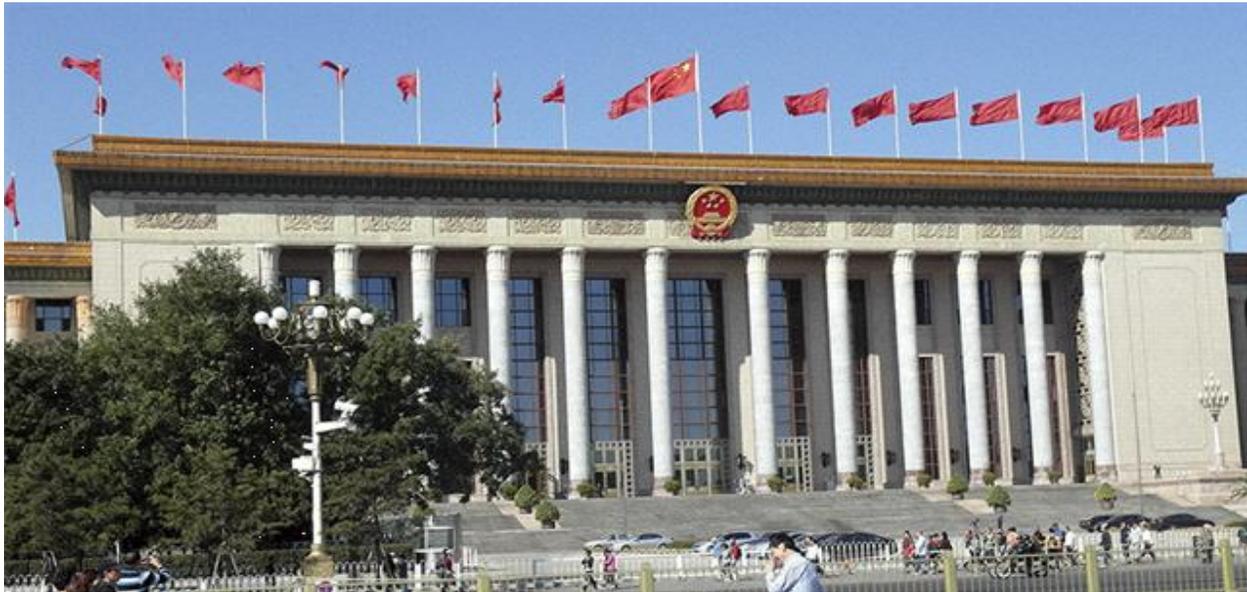
The following article is written by the managers managing the Carnegie Worldwide Asian Equity Fund (mentioned in Helvetic's blog article November 2012), and the fund is still one of Helvetic Investment's core investments in the Asian region. For an overview of the fund's development since its launch on 15 November 2012 vs. MSCI Asia ex Japan, please see chart below - and information on Bloomberg – <http://www.bloomberg.com/quote/CARWA1A:LX>.



Carnegie Worldwide Asian Equity Fund vs MSCI Asia Ex. Japan from 30 November 2012 to 28 February 2014
 Source: Bloomberg

PEOPLE'S CONGRESS WITH REFORMS ON THE AGENDA

6 March 2014 - Green Energy



Source: www.cww.dk

About 3'000 delegates are gathered to join China's annual People's Congress in the capital Beijing. Reforms and pollution is high on the agenda.

China's many challenges

Slowing economic growth, mounting debt, pollution, corruption and social inequality. The challenges seem to be manifold for the Middle Kingdom, when delegates from across the country come together for the annual session of China's parliament, the People's Congress. Despite that scale of China's current challenges are often compounded in the Western media, most of them are in fact real and necessary to address and ensure the country's economic and political stability and continued growth.

Since taking over the country's current leadership, with President Xi Jinping at the helm, approximately a year ago, precise reforms have been high on the government's agenda in order to overcome some of these challenges. Particularly this was expressed in the very comprehensive reform package launched in November last year. The implementation of the reform package, covering 15 different areas, will be the major theme of the ten days People's Congress gathering. Prime Minister Li Keqiang used his opening speech at the Congress to make it clear that reforms are the government's top priority.

Air pollution – an acute problem

Besides focusing on reforms, Li also took the opportunity to promise solutions to the pollution problem. In particular, air pollution is a growing problem that Beijing, along with other big cities

in China, is facing and where urgent action is needed. Politically, there has been a move from talking about targets to a much greater extent acting and enforcing the new legislation in this field. More recently, new legislations have been implemented, where the central and local governments and businesses will be measured and held accountable for the environmental impact. For companies, this means specifically that violations of environmental standards may result in a company not being able to sell to the public, as well as having access to credit limited.

Economic transformation

A long-term objective in the longer run, it is China's economic transformation that is the big challenge. China has undergone an impressive economic development over the past three decades since Deng Xiaoping opened the country to the outside world. It has largely been growth driven by exports and government investments. Especially in the last 10 years, debt has grown significantly, partly driven by local governments financing large infrastructure projects. This is a development that is not sustainable in the long run, and also the reason why China's government has a clear objective on a more consumption-driven economy. The aim of much of the comprehensive reform package is to support this process of transition to a more market-driven economy, reforming the financial sector and a softening of the so-called "hukou system", which should improve the possibilities of receiving social welfare benefits. A successful implementation of the reforms will be crucial for China's development over the next several years, and determine whether the country's economic transformation will succeed.

Positive view of the future

Overall, we have a positive view of the development in China. We believe that the challenges are manageable and necessary political decisions are at hand. We also believe that the Chinese government is in a good position to succeed in transforming the economy. We do not see the slowing growth rates as a big problem, but rather as a necessary consequence of the desire to create a more long-term sustainable growth model. We expect that China will continue to achieve good economic growth rates, albeit somehow lower than we have been used to experience in the past many years.

As an investor, we still see many attractive opportunities in China, as long as the investor is careful in his selection of investment themes and stocks. At Carnegie Worldwide's Asia management we see very good opportunities in mainly three themes in China. It is in companies with exposure to: the environment, the smartphone, and the housing market.

Your Helvetic Team/JW

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