

MORGAN CREEK

CAPITAL MANAGEMENT

ALTERNATIVE THINKING ABOUT INVESTMENTS

New China Perspectives



Welcome to the weekly issue of Morgan Creek's *New China Perspectives*. It is comprised of research from Morgan Creek's China-based investment team together with curated articles of interest. In addition to timely political and economic news covering greater China, Morgan Creek's China team seeks to provide in-depth perspectives on investing in the technology, consumer and healthcare sectors in the region. Our research leverages the "on the ground"

insights of our team together with Morgan Creek's decades-long experience in covering the region. Our team are focused, thematic investors primarily covering the technology, consumer, and healthcare sectors and investing in private companies and early-stage managers with deep local expertise. To learn more about our team and investment offerings, please email chinateam@morgancreekc.com.

Best Regards,

Handwritten signature of Mark W. Yusko

Mark W. Yusko
CEO & CIO

NOTES FROM THE BUND¹

This is the first installment of a three-week discussion on the concept of Common Prosperity in Chinese culture and how it shapes China's current policies and initiatives.

"In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of."

– Confucius

'Common prosperity' was announced as a goal for the nation to achieve by President Xi as he moves into a third term in 2022. This is a logical next step for the party after China had declared victory against absolute poverty. While China's successful economic program in the last few decades had created one of the largest middle classes in the world, significant inequality had also developed. Left unchecked, this widening gulf between have and have-nots will eventually cause social instability as it always has in man's long history, and this is something the Chinese government is determined to avoid.

We will be discussing the topic of common prosperity in the next three newsletters,

highlighting that:

- The term can be misleading – it is more than just simple wealth distribution
- It is, in fact an actual blueprint of a plan put in place with Zhejiang as a pilot province
- Many ingredients are in place today for the government to attempt this restructuring now

Common prosperity is an ambitious, multidimensional and comprehensive plan which aims to create a harmonious society and comfortable living conditions for the masses. This was advocated by Confucius as a Xiaokang society (moderately prosperous society). Chinese leaders, including Mao Zedong and Deng Xiaoping, have referred to the achievement of a Xiaokang society as an aspiration for the *Chinese Dream*. President Xi also referred to Xiaokang society as a political slogan in 2015 when he introduced it as one of the “four comprehensives.” As such, common prosperity can be considered the logical progression of Chinese society under communist leadership.

Common prosperity is more than wealth distribution. In fact, it is a very detailed plan which the authorities have put in place with Zhejiang as a test province. While addressing income disparities will be important, it also seeks to systematically address the root causes for that disparity – as an example, the market failures which leads to concentration of capital and wealth by improving governance, regulating monopolistic business, etc. Among its many goals is also to raise living standards that are not captured by economic metrics. This includes improving China’s environment by reducing pollution and embracing sustainable energy, or cultural and spiritual enrichment of its citizens. We will discuss the plan in further detail in the next newsletter.

[Click here](#) to see back issues of New China Perspectives

CHINA NEWS SPOTLIGHT

China GDP: 2022 economic growth target is within reach, ‘but it will come at a cost’: Beijing is expected to make an all-out effort to achieve its economic growth target of “around 5.5 per cent” this year as it contends with a raft of hurdles and potential impediments to that goal. [Read more.](#)

China's central bank pledges prudent macro polices in 2022: China will further improve its regulatory framework of monetary and macro-prudential policies, as part of efforts to step up counter-cyclical adjustments and curb risk contagion, according to the central bank. [Read more.](#)

China Feb factory inflation eases, spotlight on global commodities: China's factory inflation in February eased to the slowest annual pace in eight months, but analysts expect a pick-up in the coming months from surging prices of global commodities including oil, challenging policy-making to support the economy. [Read more.](#)

Heavy hitting global VCs Temasek and Tencent back NFT gaming startup Immutable in \$280 million Series C: Sydney NFT gaming startup Immutable has raised \$280 million in a Series C that values the business at \$3.5 billion. [Read more.](#)

30 BYD electric buses hit the roads in Jakarta: The Indonesian capital Jakarta has put 30 electric buses into operation. The electric 12-metre buses come from BYD and are operated by TransJakarta. [Read more.](#)

Baidu Global's AI-Integrated Marketing Platform MediaGo to Include New Offerings Powered by Xandr: Baidu Global today announced that its AI-integrated marketing platform MediaGo has entered into a strategic collaboration with Xandr, a data-enabled technology ad platform. [Read more.](#)

Antengene Announces IND Approval in China for the Phase I Study of ATG-101 (PD-L1/4-1BB Bispecific Antibody) for the Treatment of Solid Tumors and Non-Hodgkin Lymphoma: Antengene Corporation Limited ("Antengene", SEHK: 6996.HK), a leading innovative commercial stage global biopharmaceutical company dedicated to discovering, developing and commercializing first-in-class and/or best-in-class therapeutics in hematology and oncology, today announced that China National Medical Products Administration (NMPA) has approved the Phase I study of ATG-101 (the PROBE-CN study) for the treatment of advanced/ metastatic solid tumors and B-cell non-Hodgkin lymphoma (B-NHL). [Read more.](#)

US FDA Grants Orphan Drug Status to Gastric Cancer Treatment of Abbisko Arm: The US Food and Drug Administration granted orphan drug designation to Abbisko Cayman (2256) unit Abbisko Therapeutics' ABSK091 for treating gastric cancer, according to a Monday filing. [Read more.](#)

¹ The Bund is a historic waterfront area in central Shanghai, where Morgan Creek's office is located. From the 1860s to the 1930s, it was the rich and powerful center of the foreign establishment in Shanghai, operating as a legally protected treaty port. The picture above is part of the historical waterfront.

Important Disclosures

The above information reflects opinions of Morgan Creek Capital Management, LLC ("Morgan Creek") as of the date it is written and, as such, all such opinions are subject to change. No representation or warranty, express or implied, is given by Morgan Creek as to the accuracy of such opinions and no liability is accepted by such persons for the accuracy or completeness of any such opinions. Further, Morgan Creek does not warrant the accuracy, adequacy, completeness, timeliness or availability of any information provided by non-Morgan Creek sources.
