

AGCM China Stars Fund



April 3, 2024

Soaring earnings and moving up the value chain

During the month of March, the NAV of AGCM China Stars Fund RC1 SEK increased by +3.7%.

In March, we enjoyed reading some spectacular full year earnings reports from our fund holdings. The World's largest producer of electrical vehicles, BYD, reported net earnings growth of +75% year-over-year in 2023. Revenues reached CNY 602 billion, up +42% over the previous year. Chinese battery producer CATL reported full year net earnings growth of +54% on revenue growth of +22%. CATL together with BYD now have over 50% global market share in EV batteries. Internet giant Tencent reported a +68% earnings growth for the full year 2023 and announced it will return USD 17 billion to shareholders this year via dividends and a new share buyback program.

E-commerce giant JD.com grew earnings by +49% in 2023. JD's market capitalization has in three years fallen by 75% to a mere USD 43 billion, trading at only 9 times earnings and 0.3 times its revenues. Why so cheap? Largely because Western investors have become so worried about China's economy and its international relations. Stocks in the US like Nvidia, at a valuation corresponding to 40-50 times revenues, seem for now more popular.

As China's government continues to scale down the residential real estate sector by redirecting credit to its high-growth tech industries, the property sector continues to consolidate. Our long-time sector favorite, CR Land, is gaining market share. Revenues grew by +21% in 2023 and net earnings increased by +15% year-on-year. As many investors have been scared out of the sector, CR Land is now trading at a 42% discount to its net asset value, 5 times earnings and a dividend yield of 6%. Rental income from its over 100 shopping malls nationwide grew +30%. Home appliances giants Haier and Midea have reported +8% growth in revenues and +14% in net profit in 2023.

JP Morgan Chase said it will continue to invest in its Chinese asset management organization. "China's mutual fund industry remains an irreplaceable growth market for global asset managers", said Wang, CEO of JP Morgan Asset Management in a recent interview, adding "It offers a great certainty of growth."

Germany's Foreign Direct Investment (FDI) into China has soared in recent years, reaching a record of EUR 12 billion in 2023, according to recent study from the German Economic Institute. Contrary to Western media stories of diversification away from China, Bundesbank data also show that there has been no shift away by German companies from China relative to the rest of Asia. German companies continue to view China as a critical growth market. A survey by the German Chamber of Commerce in China earlier this year found that 91% of responding German companies have no plans of leaving China in the next few years.

On March 24, Chinese Premier Li Qiang delivered a keynote speech at the opening ceremony of the China Development Forum 2024 in Beijing. The theme of Li's speech was "The Continuous Development of China" and reflected on the efforts in high-tech growth industries for the high-quality development of the Chinese economy. Li noted that China successfully accomplished its main targets and tasks for economic and social development in 2023, and that the fundamentals of the nation's sound long-term growth remain unchanged.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

March 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/03/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+3.7%	+4.3%	-2.9%	+6.4%	+20.3%
AGCM China Stars Fund RC8 SEK	+3.8%	+4.4%	-1.9%	+9.0%	+25.1%
AGCM China Stars Fund RC9 SEK	+3.7%	+4.3%	-2.9%	+6.7%	+23.4%

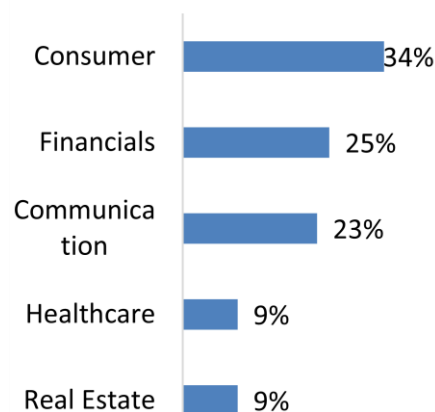
Top 5 holdings

As of 31/03/2024

Company name
Alibaba Group
Tencent Holdings
JD.com
Trip.com
ICBC

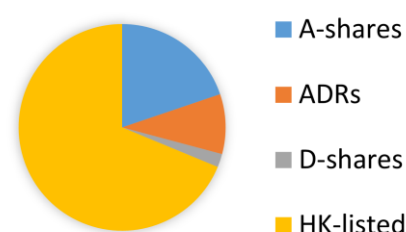
Industry breakdown

As of 31/03/2024



Market breakdown

As of 31/03/2024



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:	28-August-2017
Fund size:	SEK 128 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 120.3 (RC8) SEK 125.1 (RC9) SEK 123.4
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

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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.