

AGCM China Stars Fund



July 1, 2024

China's electrical vehicle sector booms. Flying cars soon on the market.

During the month of June, the NAV of AGCM China Stars Fund RC1 SEK decreased by -2.2%

June 2024 was eventful in terms of geopolitics and trade relations. More efforts were made by the US to try to contain and obstruct China's growth through import tariffs and high-tech export restrictions. Meanwhile China accelerated its efforts to become less reliant on US technology and the US dollar. These issues were reflected in investor sentiment, fund flows, and regional equity market movements. In June, China's CSI300 index slipped -2.0% and the Hang Seng index retreated -3.3% while India's Nifty50 index gained +6.5% and South Korea's Kospi +6.1%.

The BRICS group of emerging-market nations keep adding new members. Early this year, the United Arab Emirates, Ethiopia, Egypt, and Iran joined. Recently Thailand and Malaysia announced plans to join. BRICS now represent 38% of World GDP, compared to EU's 14% and the US 15%. One of the objectives of this growing club of nations is to replace the USD as the currency for settling trade between the member nations.

China's strategy to develop world-leading industries can be illustrated by the automotive sector. After two decades of investments, China has achieved a formidable lead in every link of the EV supply chain, from raw materials to batteries, vehicle production, and public charging infrastructure. From the development of the New Energy Vehicle industry in the 1990s, and a growing focus on battery electric vehicles since 2012, China has stayed several steps ahead of European and US competitors.

The immense success of China's auto industry has caused more countries to try to protect their domestic producers from Chinese imports by raising tariffs. In Tesla's 2023 earnings call with analysts, CEO Elon Musk said: "If there are no trade barriers established, the Chinese will pretty much demolish most other car companies in the world. They're extremely good." Not long thereafter, the Biden administration quadrupled tariffs on Chinese EVs to 100%. In June, the European Commission announced tariffs of 17.4% - 38.1% on imports of Chinese-made EVs. Chinese automakers are responding the same way Japanese and Korean companies have in the past, by setting up car manufacturing in the US, Mexico and Eastern Europe, circumventing import duties.

Li Auto, one of our investments in the Chinese electrical vehicle sector, reported it sold 47,774 vehicles in June, a 46.7% increase year over year. In the first six months this year, Li Auto has sold 822,345 vehicles which makes Li Auto the number one of China's emerging new energy auto brands. The company is only nine years old. The X2 flying car made by AeroHT, an affiliate of EV manufacturer Xpeng, made its first flight at the new Beijing Daxing International airport. CEO He Xiaopeng said AeroH will start to take orders for the flying car later this year.

In a speech in Beijing on June 28, Chinese leader Xi Jinping called for the Global South to have a greater say in international affairs. Developing nations should "be at the forefront of promoting the building of a community with a shared future for mankind," Xi said. The countries "need to work together to be a stabilizing force for peace" and contribute to resolving conflicts around the world. These comments were much in line with other BRICS nation leaders' speeches in their campaign to "free the global governance system from US hegemony."

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

June 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-2.2%	+10.0%	-3.8%	+16.0%	+26.5%
AGCM China Stars Fund RC8 SEK	-2.2%	+10.0%	-2.7%	+19.0%	+31.8%

Top 5 holdings

As of 30/06/2024

Company name
Tencent Holdings
Alibaba Group
China Telecom
China Mobile
Trip.com

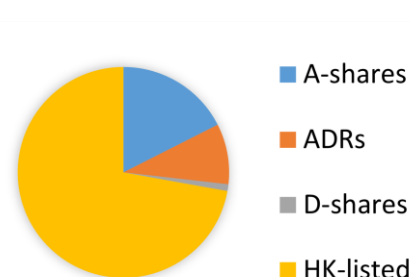
Industry breakdown

As of 30/06/2024

Consumer	34%
Communi...	24%
Financials	21%
Real Estate	9%
Healthcare	7%
Info Tech	2%
Industrials	2%

Market breakdown

As of 30/06/2024



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 135 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 126.5 (RC8) SEK 131.8
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384

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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.