

AGCM Asia Growth Fund



November 4, 2024

BRICS meeting gathers half of the World and Ford's CEO drives Xiaomi

During the month of October, the NAV of AGCM Asia Growth Fund RC SEK decreased by -0.3% and the WP EUR share class by -2.9%.

The BRICS meeting in Kazan in late October gathered the leaders of 36 nations representing 47% of World economic output and 57% of the World's population. Of the 26 attending nations not yet members, 13 countries received "partner nation" status which is an intermediate step before becoming full BRICS members. The new partner list includes Turkey, Indonesia, Vietnam and Thailand. The meeting agenda included areas such as peace and conflict resolution, trade, commerce and infrastructure. The expansion of BRICS illustrates the dissatisfaction around the World with US foreign policy and trade practices. Western media barely covered the three-day meeting where issues such as de-dollarization were discussed. A new grain trading platform, the BRICS Grain Exchange, has been launched with more commodities to be added later. A new cross-border settlement and deposit infrastructure, the BRICS Interbank Cooperation Mechanism (ICM), has also been launched. In their opening speeches, the heads of state of the BRICS countries stressed that the new institutions are intended as compliments, not substitutes, for the already existing ones such as the World Bank, the IMF and the United Nations. Hitherto, BRICS is more to be viewed as a club rather than an organization because it lacks a charter, but this may change over time.

On the corporate front, battery producer CATL reported a +26% profit increase for the third quarter year-over-year. Net profit came in at CNY13.1 billion (USD1.8 billion) in the three months ending September 30. The company has benefited from the introduction of new products with higher premiums, pushing its gross profit margin to a record 31.2%. Electric car producer BYD reported Q3 revenues of RMB 201 billion, up +24.0% year-over-year.

The CEO of Ford Motor Company, Jim Farley, said in an interview in "The Fully Charged Podcast" that for the past six months he has been driving the Chinese electric car Xiaomi U7. He praised both the car and its manufacturer, Xiaomi. "We flew one from Shanghai to Chicago, and I've been driving it for six months now," Farley said. "And I don't want to give it up." Xiaomi is a leading consumer electronics player in China, sometimes referred to as "China's Apple", and now also a contender in the global EV industry. AGCM Funds are shareholders in Xiaomi, and we don't want to give it up either.

Alibaba launched an updated version of its AI-powered translation tool that it claims is better than products offered by Google and ChatGPT. Alibaba's translator supports 15 languages including English, Chinese, Japanese, Arabic, French, German, Italian, Turkish and Korean. "We want this AI tool to help the bottom line of the merchants, because if the merchants are doing well, the platform will be doing well," said Kaifu Zhang, vice president of Alibaba International Digital Commerce and AI, in an interview.

China's Ministry of Industry and Information Technology (MIIT) is rolling out a series of initiatives to promote technological transformation and the upgrading of equipment to boost consumption and increase demand. The measures include the release of CNY 150 billion (USD 21 billion) for technological upgrading and launch of new technologies in manufacturing. MIIT will lay the groundwork for emerging fields, such as atomic-level manufacturing, human-computer interface and 6G telecom technology.

Korea

Samsung Electronics is expected to drive about half of South Korea's economic growth this year. The company plays a significant role, accounting for about 8% of manufacturing output and 17% of the main stock index's total market capitalization. The company will likely be responsible for 1.1 percentage points of the 2.2% growth that the economy is expected to post this year, according to economists. Bank of Korea has signaled no further rate cuts for the remainder of 2024, which supports confidence in the earnings outlook for Korean Banks. The normalizing rate environment can boost loan growth and quality, defend net interest margin through stronger cash inflows, and improve non-banking earnings. One of the leading banks, Shinhan Financial Group, announced a plan for larger share buybacks and an increasing dividend payout ratio. Shinhan Financial is the only player among the major banks that is included in Korea's "Value-up" index.

Indonesia

Indonesian President Prabowo Subianto announced his full cabinet lineup after his inauguration in late October. The announcement shows an orderly and systematic transition of power from the previous Jokowi administration. Prabowo's experienced economic team provides a boost to investor confidence, setting a solid foundation for sound and prudent policymaking. Prabowo's inauguration speech reiterated his priorities of poverty alleviation, food and energy self-sufficiency, downstream-centric industrialization, and corruption eradication. The government set the GDP growth target for 2025 at 5.1%-5.5%. Growth may improve to 5.5% in 2026, depending on how Prabowo's initiatives are implemented. Our portfolio company Bank Mandiri's 3Q24 earnings rose +12% year-on-year, driven by strong loan growth (+21% year-on-year) and lower provision expenses. Mandiri maintained its guidance of +16-18% loan growth for 2024 despite a high base, and targets +15% loan growth for 2025, which is above the 10-12% expected industry growth.

Singapore

Singapore's unemployment rate fell to 1.8% in Q3 2024 from 2.0% in the previous quarter, marking the lowest level in six quarters. Its total job creation in the period grew by 24,100, more than doubling from the growth of 11,300 in the second quarter. The government expects employment to continue to expand, and the labor market to remain tight. Singapore and Malaysia aim to finally crack economic integration with Johor special zone. First mooted in January 2024, the Johor-Singapore Special Economic Zone will allow passport-free travel and digitized cargo clearance between Singapore and Malaysia's Johor, significantly shortening the time required for people and goods to move across the border. Singapore will benefit from smoother access to Johor's ample land and cheaper manpower, while Johor and Malaysia will gain new investments that can potentially result in higher-paying jobs. The two countries are now looking to finalize the agreement in December when leaders from both countries are scheduled to meet.

Vietnam

Vietnam's GDP grew 7.4% in Q3 2024, and the government is targeting as high as 8% for Q4. Vietnam will issue a decision this year to establish an investment support fund towards boosting foreign capital inflows into the AI and semiconductor industries, per the Minister of Planning and Investment. Vietnam upgraded its diplomatic relations with the United Arab Emirates (UAE) to Comprehensive Partnership and signed a Free Trade Agreement (FTA) representing Vietnam's first FTA with a Middle Eastern country. The two sides will remove the tariffs almost completely and expect bilateral trade to surpass USD 10 billion in the near term. Vietnam's leading property developer Vinhomes announced plans to buy back 370 million shares, or 8.5% of its outstanding shares during 23 October to 21 November, boosting shareholder returns.

Gustav Rhenman, Chief Financial Officer

AGCM Asia Growth Fund

Monthly Report

October 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/10/2024	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-0.3%	+29.1%	+38.2%	+38.1%	+118.2%
AGCM Asia Growth Fund WP EUR	-2.9%	+25.0%	+33.1%	+34.8%	n.a.

Top 5 holdings %

As of 31/10/2024

Company	Weight
Alibaba Group	7.4%
Tencent Holdings	6.3%
JD.com	4.9%
Trip.com	4.6%
CATL	3.6%
Total	26.8%

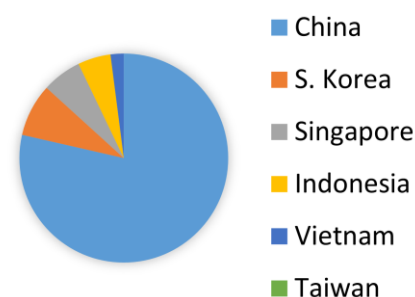
Industry breakdown

As of 31/10/2024

Consumer	34%
Financials	23%
Communi...	20%
Real Estate	8%
Info Tech	6%
Healthcare	4%
Industrials	4%

Geographic breakdown

As of 31/10/2024



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:	03-Oct-2014
Fund size:	SEK 617 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 218.2 EUR 174.0
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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