

# AGCM China Stars Fund



May 2, 2024

## Asia solidifies its position as the World's economic growth engine.

During the month of April, the NAV of AGCM China Stars Fund RC1 SEK increased by +9.4%.

China's economy grew 5.3% in the first quarter year-over-year, and slightly faster than the 5.2% expansion in the previous three months. Unsurprisingly, the IMF had to revise upward its full year economic forecast for China, as well as for Asia as a region. On April 29, the IMF raised its growth forecast for Asia from 4.2% to 4.5% for 2024, reflecting upgrades of China and India. Asia solidifies its position as the World's economic growth engine and technology leader. The region has contributed to over 50% of global economic growth in the past decade and its share of growth will increase this year to 60% according to IMF estimates. By year 2040, Asia will account for 50% of World GDP according to estimates by McKinsey. Asia already accounts for 42% of global manufacturing output, and its share keeps rising. China alone accounts for 60% of global manufacturing capital expenditures, including factory automation. Asia also invests heavily in brainpower, with 60% of global university graduates in science, technology, engineering, and mathematics. Asia leads the international patent league, and its global share of filed international patents just keeps increasing.

By a wide margin, Asia is now the leader in semiconductors, renewable energy, electrical vehicles, industrial robotics, high-speed trains, batteries, autonomous driving, and a growing number of other high-tech industries. A young emerging industry with great potential but less talked about is eVTOL (electric vertical take-off and landing aircrafts), by some called flying cars. eVTOL uses electric power to hover, take off, and land vertically. In March this year, the Chinese government announced a plan to create an innovative aviation system with unmanned, electrified, and intelligent features to make the country's low-altitude economy reach a market size of CNY 1 trillion (around USD140 billion) by 2030. Just another example of industrial policies, a phenomenon criticized by Western politicians for decades, but now increasingly copied in the West, for example the 2022 US CHIPS and Science act.

The Asian home appliance giants Midea and Haier, both of which are fund holdings, reported strong financial results for the first quarter 2024. Midea grew net profit by +12% in 1Q year-over-year to CNY 9 billion and Haier grew net profit by +20% to CNY 4.8 billion. Midea, which is listed in mainland China, filed for an IPO also in Hong Kong, aiming to increase its foreign investor base and facilitate Midea's overseas M&As. The share prices of Midea and Haier have done very well this year thanks to solid fundamentals and attractive valuations, policy support to boost consumption, and a recovery in exports.

Global shipments of personal computers increased by 1.5% YoY in 1Q 2024 to 59.8 million units. Lenovo keeps its position as the largest PC vendor globally with a 23% market share. Lenovo's shipments increased 8% year-over-year to 13.7 million. HP remained the second largest vendor, with a 20% market share, Dell third with a 16% market share. Apple remained the fourth largest vendor, with 8% market share, shipping 4.8 million PCs.

With global fund allocation to China at a five-year low, the room for a continued recovery is good. Foreign investors are now returning to the market, mainly via mutual funds and ETFs. Hong Kong is now officially in a bull market, and the outlook remains pretty much the same as before. Strong fundamentals and low valuations as a tailwind, geopolitics and China-bashing by a jealous empire in the West as a headwind.

**Gustav Rhenman**, Chief Investment Officer

# AGCM China Stars Fund

Monthly Report

April 2024



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 30/04/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+9.4%	+14.1%	+5.2%	+10.5%	+31.7%
AGCM China Stars Fund RC8 SEK	+9.4%	+14.3%	+6.3%	+13.3%	+36.9%
AGCM China Stars Fund RC9 SEK	+9.5%	+14.1%	+5.3%	+10.6%	+35.1%

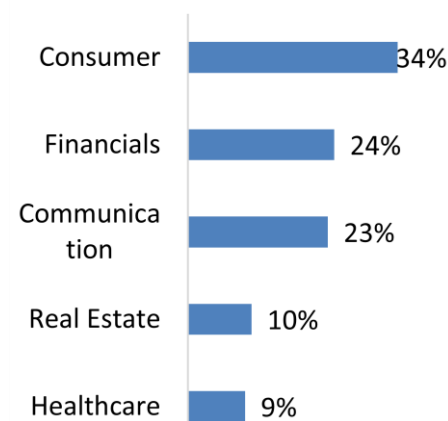
## Top 5 holdings

As of 30/04/2024

Company name
Alibaba Group
Tencent Holdings
Haier Smart Home
Trip.com
ICBC

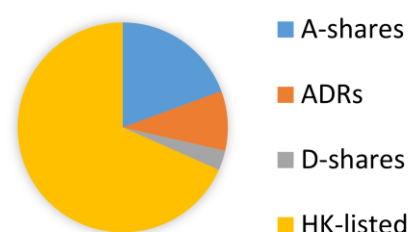
## Industry breakdown

As of 30/04/2024



## Market breakdown

As of 30/04/2024



## 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 140 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 131.7 (RC8) SEK 136.9 (RC9) SEK 135.1
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](http://www.agcm.se) before you make an investment. You can also request such information via e-mail to [info@agcm.se](mailto:info@agcm.se).