

AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

June 3, 2024

France and Hungary sign series of cooperation agreements with China

During the month of May, the NAV of AGCM China Stars Fund RC1 SEK decreased by -1.7%.

Most of our internet holdings reported fantastic earnings results for Q1 2024. China's ecommerce giant Pinduoduo delivered revenue growth of +131% year-on-year and adjusted net profit rose +202%. Its rapidly expanding overseas platform TEMU achieved 190 million Monthly Active Users globally in April with Europe being its largest market now. The leading online travel platform Trip.com saw revenues rising by +29% year-on-year and net profit doubling, driven by strong domestic travel demand, and robust recovery in Chinese outbound travel. Social network giant Tencent reported +6% revenue growth and +55% earnings growth, driven by strong advertising recovery especially with the video accounts monetization.

During a state visit to France in early May, Chinese President Xi Jinping and President Macron signed 18 new cooperation agreements in areas such as aviation, artificial intelligence, green energy, agriculture, and people-to-people exchanges. Xi Jinping committed to open additional markets for European companies in China, including telecom and health care. With Hungary, China entered another 16 cooperation agreements in areas such as automotive, EV batteries and infrastructure projects.

China's second in command, Premier Li Qiang, also head of China's Central Financial Commission, continues to deliver on his commitment to strengthen the confidence in the nation's financial markets. Regulators, including the China Securities Regulatory Commission and the State Taxation Administration, are reviewing a plan submitted by Hong Kong to waive the 20% tax on dividends from Hong Kong stocks bought via the Southbound Stock Connect. Scrapping this 20% tax on dividends is a very easy way to boost China mainland investors' appetite for Hong Kong listed companies, especially the names with high yields like many of the SOEs. The reason for doing this is that Hong Kong listed H-shares are trading at deep discounts compared to mainland listed A-shares in Shanghai and Shenzhen, for the same company. The average discount of H-shares to A-shares of all dual-listed companies is close to 25%.

The Chinese government announced it will ease mortgage rules and encourage local governments to buy unsold homes from developers at "reasonable" prices and convert them into affordable housing. The People's Bank of China effectively scrapped the nationwide minimum mortgage interest rate while cutting the minimum down-payment ratio from 20% to 15% for first-time buyers and from 30% to 25% for second homes.

As a reaction to US attempts to block China's economic and technological development by restricting US exports of advanced semiconductors, China has decided to develop its own capabilities in this area. China announced that its National Integrated Circuit Industry Investment Fund has been boosted by an additional USD 48 billion from the central government and various state-owned banks and enterprises. A coincidence or not, China sold a record amount of US Treasury and agency bonds in the first quarter this year of around USD 53 billion according to the latest estimates by the US Treasury department.

IMF upgraded its forecast for China's GDP growth in 2024 to 5% citing strong first quarter performance and new policy measures. China's trade surplus grew to USD 72 billion in April, compared with USD 58 billion in March.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

May 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/05/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-1.7%	+12.2%	+6.9%	+22.5%	+29.4%
AGCM China Stars Fund RC8 SEK	-1.6%	+12.5%	+8.1%	+25.7%	+34.8%
AGCM China Stars Fund RC9 SEK	-1.7%	+12.1%	+7.1%	+23.0%	+32.7%

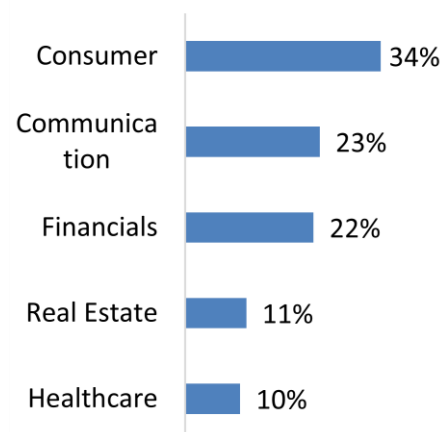
Top 5 holdings

As of 31/05/2024

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

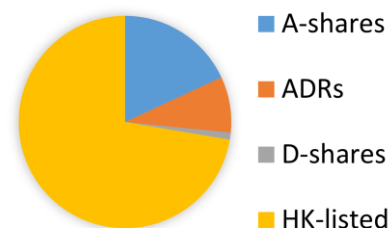
Industry breakdown

As of 31/05/2024



Market breakdown

As of 31/05/2024



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 139 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 129.4 (RC8) SEK 134.8 (RC9) SEK 132.7
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

Disclaimers

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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.