

AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

August 1, 2024

China races to net-zero emissions, records trade surplus of USD 99 bn.

During the month of July, the NAV of AGCM China Stars Fund RC1 SEK increased by +0.3%.

On July 18, the Chinese Communist Party (CCP) concluded the third Plenum of its 20th Party Congress and five-year economic planning cycle. Key topics covered during the Plenum were economic targets, development plans, education, innovation, financial reform, and opening-up to foreign investors. The communique mentioned “Socialist modernization by 2035” and “building a great modern Socialist country by 2050”, completing 300 reform targets by 2029, and achieving a 5% GDP growth target this current year. President Xi stressed high-quality development and supply-side reforms. Supportive policies will continue for electrical vehicles, batteries, and solar energy. Changes in tax-sharing proportions between central and local governments are expected to address local revenue shortfalls. To boost the real estate demand, mortgage interest rates and down-payment ratios will be lowered, and home purchase restrictions for non-residents in many cities will be reduced. Increasing the supply of affordable housing remains a priority. China’s carbon emission market will expand from covering coal fired power plants to include aluminum, steel, and cement industries.

The speed at which China is moving towards its net zero carbon emissions goal is truly amazing. According to Global Energy Monitor, a US-based nongovernmental organization, China is building twice as much wind and solar power capacity than the rest of the world combined. A total of 340 gigawatts (GW) of major solar and wind farms is currently under construction in China, nearly two-thirds of the global total of 525 GW. Solar installations have expanded particularly fast in China. The solar capacity currently under construction in China is more than six times that of the U.S. and more than 20 times that of Spain. For wind, China’s capacity under construction beats the US by more than 13 times and the UK by more than 20 times. In its yearly report, the China Electricity Council said grid-connected wind and solar power would make up around 40% of installed generation capacity by the end of this year, compared with coal's expected 37%. Remarkably, these figures were the reverse as late as January 1st this year.

Contemporary Amperex Technology (CATL), a fund holding and the world’s largest producer of electric vehicle batteries, reported a 13% rise in second-quarter net income to RMB 12.3 billion (USD 1.7 billion). Net income for the first half of this year increased 10.4% to RMB 22.9 billion. As a key supplier to Tesla, CATL maintains a robust lead in battery production globally. Its market share rose to 37.5% in May, according to SNE Research data. Within China, the biggest EV market in the world, CATL’s share stands at 45%. To accelerate the transition of China’s automotive industry, the government doubled the incentives for consumers to trade in their old cars and buy electric vehicles from RMB 10,000 to RMB 20,000 (USD 2,700).

So much for all the Western media reports of a struggling Chinese export industry and the US reshoring production from China. China made a new record as exports in June soared to USD 308 billion and resulted in a monthly trade surplus of USD 99 billion.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

July 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/07/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+0.3%	+10.0%	+2.1%	+11.4%	+26.9%
AGCM China Stars Fund RC8 SEK	+0.4%	+10.4%	+3.2%	+14.3%	+32.3%

Top 5 holdings

As of 31/07/2024

Company name
Alibaba Group
Tencent Holdings
China Telecom
Baidu Inc
China Mobile

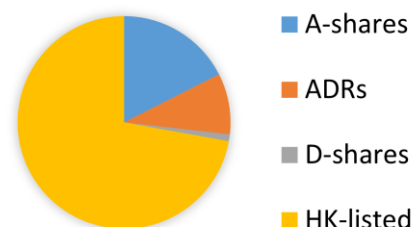
Industry breakdown

As of 31/07/2024

Consumer	35%
Communi...	24%
Financials	21%
Real Estate	8%
Healthcare	7%
Info Tech	2%
Industrials	2%

Market breakdown

As of 31/07/2024



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 134 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 126.9 (RC8) SEK 132.3
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384

Disclaimers

According to Personuppgiftslagen (PUL): AGCM can use such personal data which has been given to the company by the registered person or which the company has sourced from other sources (name, e-mail and telephone number) to, via e-mail or telephone, give information about and market its products and services, including direct marketing. The personal data is used mainly in relation to people who orally or in written form have indicated interest to AGCM. If you want to receive information about which personal data about yourself the company is handling, you can in writing, signed by yourself, make a request to Asia Growth Capital Management AB, Birger Jarlsgatan 10, 5 tr, 114 34 Stockholm. You can also make a request in writing to the same address that you wish not to have your personal data used for purposes of direct marketing. Request for correction of personal data can also be made to the same address.

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.