AGCM Asia Growth Fund

December 2, 2024

Resilient growth in corporate earnings amid consumption recovery

During the month of November, the NAV of AGCM Asia Growth Fund RC SEK decreased by -2.1% and WP EUR share class by -1.3%.

Chinese equity markets took a breather in November after the strong performance year-to-date. Corporate earnings reports by our fund holdings for the third quarter confirm that Chinese consumption is recovering. PDD, the fastest growing e-commerce platform in China, reported +44% year-over-year revenue growth in Q3 and adjusted net profit increased by +61% to RMB 25 billion. PDD's equity market valuation remains very attractive, with the company trading at only ten times its net earnings. PDD has accumulated a net cash position of RMB 42 billion, representing 30% of its market capitalization.

China's leading online travel agency Trip.com (TCOM) also delivered solid third quarter results with revenue growth of +16% and adjusted net profit growth of +22% to RMB 6.0 billion. Continued strength in domestic travel and a recovery in outbound international travel are driving revenue growth and margin expansion. Travel remains one of the fastest growing industries in China, and TCOM, with its near-monopoly, will enjoy a long growth-runway for many years to come.

The World's leading battery producer for electric vehicles, CATL, recently launched a series of new batteries for heavy-duty trucks under its Tectrans brand. The new battery lineup includes super-fast charging, long-range and long-life products. The super-fast battery can be recharged to 70 percent of its energy capacity in only 15 minutes. The long-range version has an energy density of 220 watt-hours per kilogram, with a range of 800 km. The long-life version can last up to 15 years and 3 million kilometers. Heavy-duty trucks represent a market segment with a low adoption rate for new energy technologies, offering significant growth potential. They also account for a substantial share of global carbon emissions and pollution in the transport sector.

Xiaomi, a leading Chinese consumer electronics company that now also makes electric cars, reported +31% year-over-year revenue growth in 3Q and an adjusted net profit increase of +4%. Excluding the fast-growing electrical vehicle division, which is still not profitable, net profit would have grown +28% year-over-year. Xiaomi continues to gain share in the global smartphone market where it currently ranks third.

There has been much chatter in Western media about potential tariffs hikes on imports into the US. To the extent they will eventually be introduced, their impact on China may be limited. President Trump's dream of bringing back manufacturing jobs to the US will be hard to realize for several reasons including labor costs and skilled labor availability. Another reason is the rapid automation of modern manufacturing where jobs are lost, not added. The latest World Robotics report recorded over 4.2 million robots operating in factories worldwide in 2024 with an annual growth rate of around 10%. China has nearly half of all 4.2 million installed industrial robots and continues to outspend the rest of the World in new robots. By region, 70% of all newly deployed robots last year were installed in Asia, 17% in Europe and 10% in the Americas.

South Korea

Samsung Electronics announced a share buyback program on November 15, to improve shareholder value. The company intends to buy back about KRW 10 trillion (2.8% of total market cap) for the next 12 months, which would be its first buyback since 2017. Further, Samsung Electronics is restructuring its semiconductor strategy with a major management reshuffle. It aims to regain its competitiveness in the technological migration toward high-end semiconductor products. Korea's leading telecom operator SK Telecom announced its Corporate Value-Up Plan to increase its return-on-equity (ROE) to at least 10% by 2026 and plans to distribute at least 50% of its profits to shareholders from 2024 to 2026. Additionally, SK Telecom is targeting significant growth in AI-related businesses, aiming for KRW 30 trillion in revenue by 2030.

Singapore

Singapore's economy grew faster than expected in the third quarter, expanding 5.4% year-on-year, beating the preliminary estimate of 4.1%. Growth in the third quarter was primarily driven by the manufacturing, wholesale trade and finance and insurance sectors. Increased demand for AI-related products drove up sales of semiconductor chips, a key Singapore export. The government now expects GDP growth of "around 3.5%" in 2024, above the government's previous estimate of 2.0-3.0%. According to the Global Entrepreneurial Wealth Report published by HSBC, wealthy investors looking to move their assets for investment or relocate themselves over the next 12 months favour Singapore the most among major destinations in Asia. Singapore came out on top among financial centres for rich entrepreneurs to invest their wealth and conduct business in Asia.

Indonesia

The Indonesian government has approved the 2025-2045 National Long-Term Development Plan (RPJPN) to realize its vision of a "Golden Indonesia 2045". National Development Planning Minister Rachmat Pambudy emphasized that achieving an annual growth rate of 7% over the next 20 years could transform Indonesia into a developed country by 2038. The government has set an ambitious interim target of 8% annual growth within the next five years. The RPJPN includes several strategic economic transformations, focusing on increasing productivity through five key initiatives, including Economic Innovation and Efficiency, Green Economy, Digital Transformation, Domestic Economic Integration, Urban and Rural Development.

Vietnam

The Vietnamese government will strive to achieve an 8% GDP growth for 2025, Prime Minister Pham Minh Chinh said, which will create the momentum for a double-digit growth in the period 2026-2030. Vietnam aims to achieve an average GDP per capita of about $4,900 next year, a consumer price index expansion of about 4.5%, budget deficit equivalent to 3.8% of GDP, and public debt equalling 35-38% of GDP. Cabinet leaders also set a goal of completing at least 3,000 km of expressways by the end of 2025 and completing the Long Thanh International Airport project. Trade activities will be enhanced by taking advantage of 17 free trade agreements (FTA) and exploiting new markets such as Halal and Africa. Vietnam upgraded its diplomatic relations with Malaysia to comprehensive strategic partnership, and will do the same with Singapore, enhancing the bilateral cooperation in logistics, economy, innovation and security.

Gustav Rhenman, Chief Financial Officer

AGCM Asia Growth Fund

Monthly Report

November 2024

ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/11/2024	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-2.1%	+26.4%	+24.1%	+31.7%	+113.6%
AGCM Asia Growth Fund WP EUR	-1.3%	+23.4%	+20.3%	+27.2%	n.a.

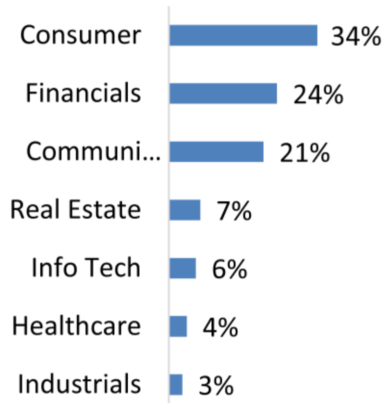
Top 5 holdings %

As of 30/11/2024

Company	Weight
Alibaba Group	6.8%
Tencent Holdings	6.5%
Trip.com	4.8%
JD.com	4.8%
Bank Mandiri	4.2%
Total	**27.1%**

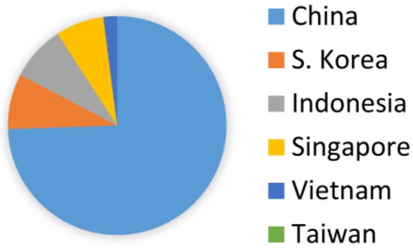
Industry breakdown

As of 30/11/2024



Geographic breakdown

As of 30/11/2024



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 602 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 213.6 EUR 171.8
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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