

# AGCM China Stars Fund



December 2, 2024

## Resilient growth in corporate earnings amid consumption recovery

During November, the NAV of AGCM China Stars Fund RC1 SEK decreased by -2.9%.

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.

**Gustav Rhenman**, Chief Investment Officer

# AGCM China Stars Fund

Monthly Report

November 2024



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 30/11/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-2.9%	+28.5%	+24.2%	+26.4%	+48.3%
AGCM China Stars Fund RC8 SEK	-2.9%	+29.2%	+25.5%	+30.0%	+54.8%

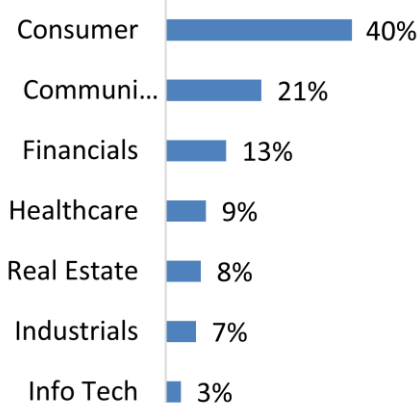
## Top 5 holdings

As of 30/11/2024

Company name
Alibaba Group
Tencent Holdings
CATL
JD.com
Trip.com

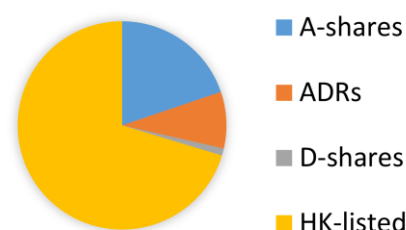
## Industry breakdown

As of 30/11/2024



## Market 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:	28-August-2017
Fund size:	SEK 118 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 148.3 (RC8) SEK 154.8
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384

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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).