

AGCM Asia Growth Fund



January 2, 2025

China takes the global lead in industry after industry

During December, the NAV of AGCM Asia Growth Fund RC SEK increased by +1.0% and WP EUR share class by +1.9%. The full year 2024 return was +27.7% for AGCM Asia Growth Fund RC SEK and +25.8% for WP EUR share class.

China takes the global lead in industry after industry. It is not just in consumer electronics, autos, railways, solar- and wind power. In 2024, China also became the World's largest producer of nuclear energy. China has rapidly expanded its nuclear energy production capacity to reach carbon neutrality by year 2060. The government has approved ten nuclear reactors in each of the last three years. By the end of 2024, China had 102 reactors working, approved, or under construction with a total capacity of 113 Gigawatt. In terms of energy conservation and emissions reduction, each one-Gigawatt reactor cuts coal use by around three million tons a year, lowering carbon dioxide emissions by six million tons, and cutting sulfur and nitrogen dioxide emissions by 26,000 tons. Of all new electrical generation capacity installed in China last year, 85 percent was renewable energy.

Shipbuilding is another industry where China has taken the global lead. At no time in recent history has the World's shipbuilding industry been so dominated by a single country. China has a combined order book corresponding to 65% of the world's total, with South Korea at 20% and Japan at 10%. Chinese shipyards have a capacity of 23 million tons, which is over 200 times the capacity in the US which stands at only 0.1 million tons. Over half of the World's ships are now built in Chinese shipyards, an increase by nearly three times in just ten years.

It seems China has taken up the competition with Japan and South Korea also in terms of promoting their inexpensive stock markets. On December 17, China's State-owned Assets Supervision and Administration Commission (SASAC) issued guidelines requiring listed companies to improve market value management. According to the guidelines, state-owned publicly listed companies should focus on better information disclosure, better investor relations management and more frequent use of stock repurchases when warranted. In addition, companies should increase the frequency and proportion of cash dividend payments.

Beijing recently banned the export of dual-use products to 28 US defense contractors and placed 10 of them on an unreliable entity because of Washington's arms sales to Taiwan. These restrictions aim to strengthen national security and fulfil international obligations such as non-proliferation, China's Ministry of Commerce said in a statement. General Dynamics, Boeing, Lockheed Martin Corporation and Raytheon Missiles & Defense are among the names on the bans list.

From December 18, China implemented a significant relaxation of its visa-free transit policy, aiming to further enhance international openness and stimulate tourism and business exchanges. The National Immigration Administration (NIA) said the permitted stay for eligible foreign travelers has been extended from the previous 72 and 144 hours to 240 hours, or 10 days. The policy allows travelers from 54 countries to enter China visa-free when transiting to a third country or region. They can now enter through any of the 60 ports across 24 provinces, regions, and municipalities, up from 39 ports in 19 provincial-level regions.

South Korea

In December, South Korea experienced significant political upheaval after President Yoon Suk Yeol's short-lived martial law declaration on December 3, which led to the passage of an impeachment motion against him on December 14. The Constitutional Court of Korea will decide the validity of the impeachment within 180 days. If the court rules that the impeachment against President Yoon is legal, he will be impeached and removed from the office immediately. That would lead to a new presidential election within 60 days. This process can drag for a while, and we shall patiently monitor the development. The Korean government announced a KRW 10 trillion stock stabilization fund and a KRW 40 trillion bond market stabilization fund to support the markets. The Bank of Korea also committed to providing unlimited liquidity through repurchase agreements to ensure market liquidity.

Singapore

Singapore's economy ended the year with a strong note, seeing GDP growth by 4.0% for the full year 2024, marking the fastest pace in three years and exceeded the estimates. In the housing market, public housing resale prices rose by 9.6% in 2024, nearly doubling the 4.9% increase in 2023, driven by strong demand and limited supply, despite the government's efforts to moderate the housing market, such as lowering the loan-to-valuation cap from 80% to 75%. This robust housing market contributes to long-term wealth accumulation for residents and sustained consumer spending. The upcoming Johor-Singapore Special Economic Zone is shaping up to be more than just a symbol of cross-border collaboration – it might soon become the new hub for lower-skilled jobs currently filled by foreign workers in Singapore, and presents a compelling proposition for Singapore firms aiming to reduce costs, while retaining access to the city state's markets and infrastructure.

Indonesia

Indonesia recorded a USD 4.4 billion trade surplus in November 2024, driven by 9.1% YoY increase in exports to the US, China, and ASEAN. Bank of Indonesia projects the country's GDP growth between 4.8%-5.6% for 2025. To mitigate the impact of the upcoming VAT rate increase from 11% to 12% starting January 2025, the government introduced a USD 51.7 billion stimulus for the upcoming year. Key measures include reducing electricity tariffs by 50% for middle-income households, providing fiscal incentives to the property and automotive sectors, and offering tax exemptions for certain staple foods and essential goods. Indonesia will offer tax incentives to global auto manufacturers including China's BYD and GAC, to boost electric vehicle (EV) production and sales in the country. The government also targets IDR 2,200 trillion in renewable energy investments over the next decade, emphasizing geothermal, solar, and nuclear projects.

Vietnam

Vietnam has finalized an ambitious plan to reform its bureaucracy, aiming at significant reductions in state agencies. Under the restructuring roadmap, the government will retain 8 ministries and agencies but streamline their internal structures. For the remaining 14 ministries, the government will carry out reorganisation and mergers to reduce the number of administrative bodies. The restructuring has so far been welcomed by investors and public, who hope it will reduce bureaucracy and improve efficiency. Vietnam also aims to be among the top 3 countries in Southeast Asia in R&D of AI, digital competitiveness, e-government and become the digital technology industry centre of at least 5 global technology enterprises. It aims to gradually master technologies such as AI, IoT, large data, block chains, semiconductors, 5G-6G, quantum and nanotechnology and satellite information.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

December 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/12/2024	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+1.0%	+27.7%	+17.7%	+28.5%	+115.8%
AGCM Asia Growth Fund WP EUR	+1.9%	+25.8%	+17.4%	+24.9%	n.a.

Top 5 holdings %

As of 31/12/2024

Company	Weight
Tencent Holdings	6.8%
Alibaba Group	6.8%
Trip.com	5.1%
JD.com	4.4%
ICBC	3.9%
Total	27.0%

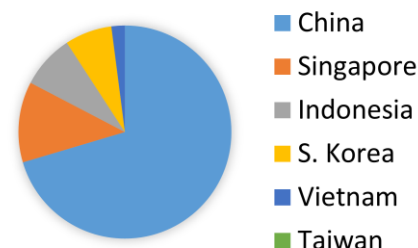
Industry breakdown

As of 31/12/2024

Consumer	34%
Financials	24%
Communi...	21%
Real Estate	7%
Info Tech	6%
Healthcare	4%
Industrials	3%

Geographic breakdown

As of 31/12/2024



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 607 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 215.8 EUR 175.1
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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