

# AGCM China Stars Fund



February 3, 2025

## China is the World leader in research on 90% of critical technologies and may account for 45% of World's industrial production by 2030

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

In the years 2000 to 2024, China has invested over USD 9 trillion to develop its technological and industrial infrastructure and become the World's leading manufacturing nation. In that same period, the US spent the same amount, USD 9 trillion, on numerous wars and its 800 military bases around the World.

ASPI, an Australian think tank concludes in a research report that China is now the World leader in research on 90% of critical technologies. ASPI's Critical Technology Tracker ranks countries' innovation capabilities based on the number of appearances in the top 10% of research papers. ASPI focuses on crucial technologies in a range of fields including AI, quantum computing, biotechnology, robots, drones, satellites, cyber and communication.

According to ASPI, China now leads in research in 57 out of the 64 key advanced technologies. The report found that China and the United States have effectively switched places as the overwhelming leader in research in just two decades. In 2007, China led in only three of the 64 key technologies but has shot up in the rankings, replacing the U.S., which is now a leader in only seven of the 64 critical technologies.

United Nations Industrial Development Organization (UNIDO) projected in a new report that China will account for 45% of the World's industrial production by year 2030, rising from 6% in year 2000. Despite US tariffs and import restrictions, China's trade surplus grew to almost USD 1 trillion for the full year 2024. The final number was USD 992 billion, an increase of +21% compared to the previous year. The massive size and steady growth of China's trade surplus reflects gigantic long-term investments in technological and industrial development.

Investing is the only business where when things go on sale, everyone runs out of the store. Now when quality Chinese stocks are so cheap, selling at a fraction of the slower growing US peers, recent data from the Association of Swedish Fund Companies reveals that Swedish investors' exposure to China funds is less than 1% of total. Investors in the US and EU also, after years of selling, have close to zero exposure to China. Since the ESG investing frenzy cooled, fund flows have mostly gone into the "Magnificent Seven" companies and related ETFs, some of which are levered multiple times.

We see a good upside in Chinese equities in 2025 for the following reasons:

- After several years of foreign selling, quality Chinese equities are very, very cheap.
- Chinese bond yields have come down so much that equities have become a better alternative for savers.
- Chinese household bank savings have become colossal, and savers will increasingly look to equities.
- China's government has launched several measures which will increase flows to equity funds.
- Massive government stimulus supports the economy and the corporate sector benefits.
- President Trump has stated several times he wants cooperation, not confrontation with China. Export restrictions have backfired, and tariffs on China have done nothing to reduce China's trade surplus.

**Gustav Rhenman**, Chief Investment Officer

# AGCM China Stars Fund

Monthly Report

January 2025



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 31/01/2025	1 month	1 year	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+0.3%	+34.0%	+7.7%	+22.8%	+53.0%
AGCM China Stars Fund RC8 SEK	+0.3%	+34.7%	+8.8%	+26.0%	+59.8%

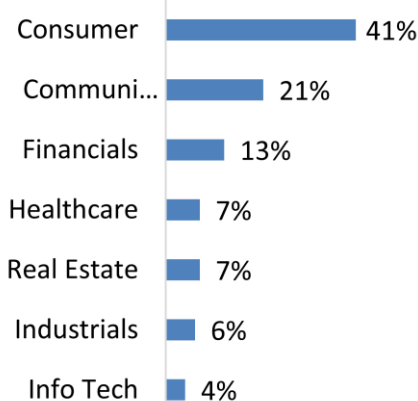
## Top 5 holdings

As of 31/01/2025

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

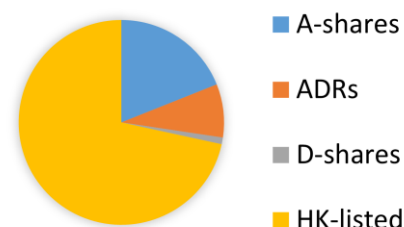
## Industry breakdown

As of 31/01/2025



## Market breakdown

As of 31/01/2025



## 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 121 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 153.0 (RC8) SEK 159.8
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).