

AGCM China Stars Fund



ASIA GROWTH CAPITAL MANAGEMENT

March 3, 2025

China caught up in AI and pharmaceuticals. One third of Western drug candidates are now sourced in China. Robots building robots.

During February, the NAV of AGCM China Stars Fund RC1 SEK increased by +7.6%.

There was no lack of market moving events coming out of Washington in February. It was somewhat calmer in China, but DeepSeek sparked a tech rally in China and sent the Nasdaq lower when the company released its new large language model which in many metrics outperformed OpenAI's Chat GPT. A few days after the launch, DeepSeek had become the most downloaded app in 140 countries. What shocked the US tech investors was that DeepSeek's training cost was only a fraction of that for competing language models. DeepSeek trained its V3 model for USD 6 million compared to USD 100 million for OpenAI's GPT-4. DeepSeek's model uses only one-tenth of the computing power used by Meta's comparable model, the Llama 3.1. The advent of DeepSeek's high-performance, low-cost alternative, has fundamentally changed the outlook of US technology companies. The excitement around DeepSeek has supported share prices of the entire Chinese internet sector. We believe the current huge valuation gap between Chinese and U.S. tech stocks will narrow over time.

Another sector where China is quickly catching up is in biotech and pharmaceuticals. The Financial Times has taken notice and ran a story recently on how Western pharma companies are partnering with Chinese biotech companies to access biological drugs, taking advantage of China's faster clinical trials facilitated by a business-friendly regulator. AstraZeneca, Merck and GlaxoSmithKline have each signed USD 1 billion-plus agreements for the rights to develop and sell Chinese-developed drugs outside China. In 2024, one-third of all the compounds that global pharmaceutical companies bought the rights for came from China. That represents a three-fold increase compared to the level in 2022, according to healthcare analysts at US investment bank Stifel.

A third industry in which China is going full speed is industrial robotics. Midea's Kuka Robotics is now one of the World's top four robotics companies. Midea has been a core holding of AGCM Funds for many years. In its factory in Guangdong, Kuka robots are now building Kuka robots at a rate of two new robots per hour and production line. The speed will gradually be ramped up to 30 robots produced per hour. Kuka's robots are used in many industries, from cars, batteries, aerospace, electronics, consumer goods, and new energy.

We remain optimistic regarding the outlook for our Fund holdings. All the companies we have invested in have amazing long-term outlooks with market leading positions in Asia. We are also optimistic as regards the market outlook due to the improving sentiment among investors. Technological breakthroughs as illustrated above show that Chinese industry keeps moving up the value chain. The leaders in Washington, not all but a growing number, are beginning to realize that the US cannot win an economic or military war with China, and that it would be a bad idea to start one. Meanwhile, the leaders in Beijing are mostly doing the right things. Promoting private entrepreneurship, investing in industrial production, education and new technologies. The painful but successful downscaling of the less productive real estate sector is largely finished and can now gradually bottom out and come back to growth. Consumption is promoted, stimulus rolled out and measures to support the equity markets in various ways will eventually be more visible. Prime Minister Li Qiang has bet his name on it.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

February 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 28/02/2025	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+7.6%	+7.9%	+22.6%	+38.1%	+64.6%
AGCM China Stars Fund RC8 SEK	+7.5%	+7.9%	+23.8%	+41.6%	+71.9%

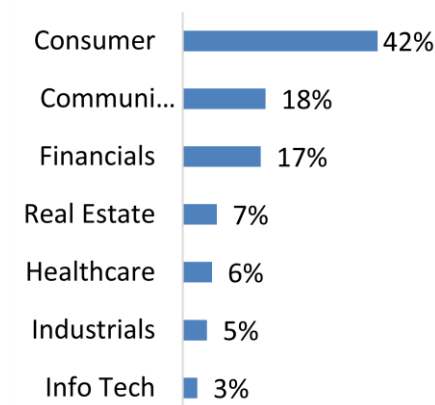
Top 5 holdings

As of 28/02/2025

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

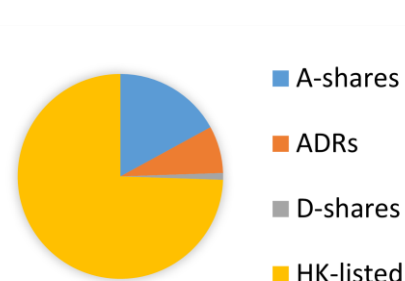
Industry breakdown

As of 28/02/2025



Market breakdown

As of 28/02/2025



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 136 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 164.6 (RC8) SEK 171.9
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.