

June 2, 2025

Strong first quarter results and more tariff turns

During May, the NAV of AGCM China Stars Fund RC1 SEK increased by +3.7%.

President Trump is making America fail again. Tariffs on Chinese exports to the US, even if sky-high, is a bigger problem for the US than for China. It would mean empty shelves in Walmart and Home Depot and angry US consumers. China could live with a one-time loss of a few percent of GDP but that is a worst-case scenario assuming China could not sell some of these products elsewhere. Given Trump's loud rhetoric and threats directed towards China recently, it seems Beijing's counter measures of restricting exports of critical minerals to the US are biting. We believe the most likely outcome is deal in the next few months where both Trump and Xi can save face.

Having tired of US restrictions on tech exports, China's government announced on May 15 a huge investment program of CNY 1 trillion (USD 140 billion) to become totally self-sufficient in science and technology. The program includes funding via bank credit, venture capital and support for IPOs of eligible tech companies. New pilot zones for technology and finance integration will be established, most notably Beijing, Shanghai, and the Guangdong-Hong Kong-Macao Greater Bay Area, as well as regional hubs like Chengdu, Chongqing, Wuhan, and Xi'an. To attract also global capital, it will be made easier for foreign investors to invest in domestic technology firms. This includes expanding the Qualified Foreign Limited Partner scheme.

Among AGCM fund holdings, e-commerce giant JD.com reported financial results for 1Q 2025. Revenues increased by +16% year-over-year to 301 billion RMB, the fastest growth rate since early 2022. Non-GAAP net profit grew +44% year-over-year to 12.8 billion RMB. Another solid quarter, with revenue growth and margin expansion. Core JD retail grows at high teens, with strong sales from electronics to general merchandise, benefitting from both trade-in policy stimulus and the overall consumption recovery. In the same quarter, Alibaba's revenues grew +7% year-over-year to 236 billion RMB. Adjusted net profit +22% year-over-year to 30 billion RMB. Both of its two key businesses, E-commerce and Cloud, reported good growth and stable margins. Valuation remains low at 12 times earnings, with net cash of 50 billion USD (17% of market cap), and shareholder return policies yielding 5-7% per year (dividend yield 1-2% + share buybacks 3-5%).

Automotive giant BYD registered 7,231 battery electric vehicles (BEV) in Europe last month, beating Tesla's 7,165 units. Impressive considering that Tesla has led the European BEV market for years, while BYD only officially began operations beyond Norway and the Netherlands in late 2022. The latest monthly drop brings Tesla's sales volume down 49% year-on-year. BYD saw an increase of close to 360% over the same period thanks to a broad and competitive line-up of fully electric vehicles and plug-in hybrids. BYD has committed to open its European headquarters, a new European R&D centre, and a manufacturing plant in Hungary.

Beijing will host the 2025 World Humanoid Robot Sports Games from August 15 to 17. Local professional sports associations and athletes together with robotics experts jointly finalized the competition events and rules. The games will feature 11 human sport events for humanoid robots, including track and field, gymnastics and football, among other performances and application competitions. The event aims to showcase current development progress of robotics and future direction by referencing human sport events.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

May 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/05/2025	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+3.7%	-1.9%	+12.2%	+38.4%	+49.7%
AGCM China Stars Fund RC8 SEK	+3.8%	-1.2%	+13.9%	+42.7%	+57.4%

Top 5 holdings

As of 31/05/2025

Company name

Tencent Holdings

Alibaba Group

JD.com

AIA

Trip.com

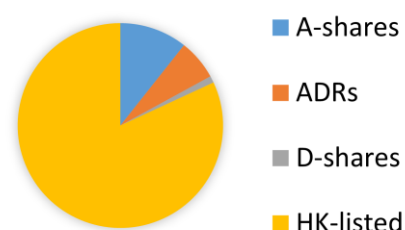
Industry breakdown

As of 31/05/2025

Consumer	41%
Communic...	19%
Financials	19%
Real Estate	7%
Healthcare	7%
Industrials	4%
Info Tech	2%

Market breakdown

As of 31/05/2025



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 147 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 149.7 (RC8) SEK 157.4
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 before you make an investment. You can also request such information via e-mail to info@agcm.se.