

AGCM China Stars Fund



July 2, 2025

The strength of wise industrial policies

During June, the NAV of AGCM China Stars Fund RC1 SEK increased by +1.6%.

On June 10 in London, a fragile truce was reached in the trade war between China and the US. A deal was struck already in May in Geneva, but subsequent anti-China measures from Washington caused the Chinese side to halt the agreed-upon resumption of exports of rare earth minerals to the US. It seems team Trump did not fully understand the total US reliance on Chinese rare earth minerals in several manufacturing sectors, not least in its military sector. When the US military industry ran short of rare earth minerals, of which China has a 90 percent market share, Trump called Xi for an urgent solution. In exchange for a reversal by the US of several high-tech export restrictions, China agreed to ease export restrictions on rare earth minerals to the US, at least for six months.

After decades of massive investments and hard work, China now dominates a range of industries such as steel, aluminum, shipbuilding, bullet trains, solar power, wind turbines, batteries, electric vehicles and telecom equipment. China's market share in younger industries such as biotechnology, robotics and artificial intelligence continues to rise. China is projected to account for 45 percent of global manufacturing by 2030. Companies are responding to a shrinking workforce, and to rising wages, by a rapid increase in automation. China installed more industrial robots in 2024 than the rest of the World combined. Almost half of the industrial robots installed in China last year were produced by domestic firms. In semiconductors, a longtime weak point for China, the nation is building a self-sufficient supply chain led by recent breakthroughs by Huawei.

The Chinese electric carmaker BYD, which Elon Musk once laughed off as a joke, has not only overtaken Tesla in global sales, but it is building new factories around the World. BYD's market capitalization value exceeds that of Ford, GM and Volkswagen combined. BYD is only one of several rising stars in the electrical car industry. A few days ago, Xiaomi launched its new SUV model YU7 priced at CNY 253,500 yuan (USD 35,400). Xiaomi received 289,000 pre-orders during the first hour of sales.

Private companies like Xiaomi and BYD have continued to drive the creation of new jobs, innovation and wealth in China. The number of private firms increased more than four-fold since Xi Jinping became Party chief in 2012. One of many western misperceptions of China is that Xi Jinping prefers state owned companies over private. In reality, Xi Jinping often repeats the crucial role of private entrepreneurs for China's continued development. Private firms account for 90% of China's high-tech companies which also dominate the industries of the future. Xi also stresses the importance of consumption as an economic growth engine. Consumption accounts for 56% of China's GDP and has grown far faster than in the US for many years. China generates more global economic growth than the US and its G7 partners combined.

Another important development in China is the adaption of its education system to higher value-added production. The development has been truly impressive. A recent global ranking by the Nature Index which measures research output based on the number of articles published in high-quality research journals concluded that 43 Chinese institutions now rank among the World's best, surpassing the 36 American and four British universities on the list. Instead of criticizing China, maybe the West should try to learn from China. They must be doing something right.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

June 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2025	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+1.6%	-0.3%	+12.4%	+32.1%	+52.0%
AGCM China Stars Fund RC8 SEK	+1.6%	+0.3%	+14.1%	+36.2%	+59.9%

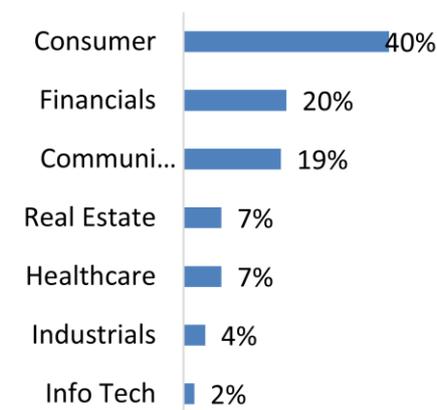
Top 5 holdings

As of 30/06/2025

Company name
Tencent Holdings
Alibaba Group
JD.com
AIA
CATL

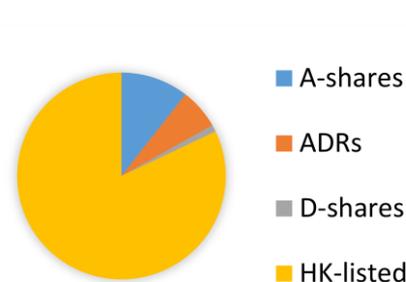
Industry breakdown

As of 30/06/2025



Market breakdown

As of 30/06/2025



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 148 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 152.0 (RC8) SEK 159.9
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.