

AGCM China Stars Fund



March 2, 2024

Year of the Dragon kicks off with a travel boom and market recovery

During the month of February, the NAV of AGCM China Stars Fund RC1 SEK increased by +5.0%.

In February, China celebrated the lunar new year and the arrival of the year of the Dragon. It is normally a time of intense travelling to meet family and friends but this year broke previous records with nine billion trips on planes and trains over the holiday. During the pandemic, the Chinese built up an enormous appetite for travel, as well as huge savings. Household savings have now grown to around CNY 140 trillion (USD 20 trillion). Consequently, the travel industry is soaring. China's leading online travel agency Trip.com recently reported revenues in 2023 increased by +122% compared to previous year and with a 25% net profit margin. The company has grown to become one of our largest and best performing holdings in our funds.

The stock market intervention set in motion by China's newly installed Central Financial Commission (CFC) is already noticeable. Both the MSCI China index and the mainland A-share markets have been on an uptrend since the announcement on January 22. The sustainability of such an intervention has been questioned by Western observers but China's State Council has publicly stressed that this program to stabilize equity markets is intended for the medium- and long term and is not to be viewed as a short-term fix. To Westerners, this intervention may seem odd but also the governments in Japan, South Korea and India are pushing their respective equity markets in different ways. For China, the main objective now is to boost the consumer sentiment via the wealth effect from rising equity markets, whereas for Japan and South Korea it is more about pension systems. China's CFC oversees assets worth USD 55 trillion, more than five times the size of China's equity markets, and it is not difficult to reallocate some of these assets into equity markets. Just one of many tools and which alone may suffice is the new individual pension system (IPS). Over 50 million employees are now using the possibility to save up to 12,000 RMB per person per year, into a pension account with tax benefits. The IPS will this year be rolled out nationwide. Every 100 million people in the IPS could by our estimates result in fund flows to equity markets corresponding to around 0.7% of China's total market capitalization. In other words, a highly significant long-term driver of China's equity markets.

On two occasions in February, financial news network CNBC, which claims to have 350 million viewers, requested live interviews with AGCM. They wanted to hear our view on China's economy, equity markets and top investment ideas. It remains unclear how CNBC found AGCM, but we would like to think they have noticed that among all China funds, AGCM China Stars Fund is among the top 1% best performing funds over three years, according to Bloomberg. A perhaps better method for journalists to learn what is really going on in China's economy would be to study the Central Economic Work Conference's priorities for the economy. Among the present top five priorities, number one on the official list is to expand domestic consumption. The second priority is to accelerate the investments in high-technology industries to become self-sufficient and less vulnerable to foreign export restrictions. Third, to promote the growth of the private sector and ensure a level competitive playing field with any state-owned competitors. Around 80% of all companies in China are private and they account for 90% of new jobs created. The fourth priority is to prevent financial risks building up in China's financial system. The fifth priority is to attract more foreign companies to China and encourage Chinese companies to expand abroad. Practically all economic policy initiatives in China are aimed at reaching the objectives of the Central Economic Work Conference. China's leaders have an impressive track record of delivering on economic agendas, so they are worth taking seriously.

Gustav Rhenman Chief Investment Officer

AGCM China Stars Fund

Monthly Report

February 2024



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 29/02/2024	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	+5.0%	+0.6%	-11.4%	+3.3%	+16.0%
AGCM China Stars Fund RC8 SEK	+5.0%	+0.6%	-10.5%	+5.9%	+20.6%
AGCM China Stars Fund RC9 SEK	+5.0%	+0.5%	-11.9%	+3.6%	+19.0%

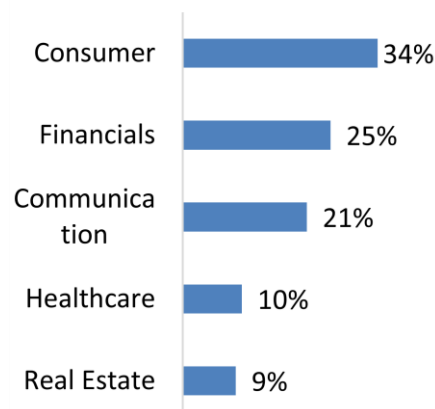
Top 5 holdings

As of 29/02/2024

Company name
Alibaba Group
Tencent Holdings
Trip.com
Midea Group
ICBC

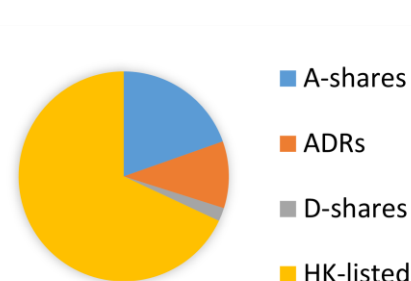
Industry breakdown

As of 29/02/2024



Market breakdown

As of 29/02/2024



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:	28-August-2017
Fund size:	SEK 123 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 116.0 (RC8) SEK 120.6 (RC9) SEK 119.0
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111 SEK RC8 LU 1608617384 SEK RC9 LU 1608617467

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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.