

AGCM China Stars Fund



April 2, 2025

China is back, say Goldman Sachs and Morgan Stanley

During March, the NAV of AGCM China Stars Fund RC1 SEK decreased by -4.6%. We had a major currency headwind this month since the SEK appreciated by around +7% in March relative to the USD and HKD.

China's private sector keeps outgrowing the public sector and the composition is now comparable to many Western countries. Over 60 percent of China's GDP and tax revenues, 70 percent of technological innovations and 80 percent of urban employment comes from the private sector. Recently, China's leaders Xi Jinping and Li Qiang met with senior executives from the nation's leading private companies to celebrate their contribution to the economy, and to reassure them that a thriving private sector remains a priority in economic policy.

The investment bank Morgan Stanley upgraded the price targets for Chinese equity markets for a second time this year. Last week Goldman Sachs issued a report titled "Marketing feedback: China is back", claiming China is now seen by their institutional clients as a natural recipient of fund flows given the market's high liquidity, cheap valuations and diversification benefits. Goldman upgraded its target for Chinese equities in mid-February, saying Chinese companies' earnings growth will accelerate over the next decade due to technological innovation.

There are many good reasons to like the Chinese stock market today. Not all stocks, but carefully analyzed, selected and monitored. Top ten reasons for China as we see it today:

1. A growing recognition that Chinese tech companies are at par with US peers. Deepseek only an example.
2. Chinese consumers are stashed with cash after years of saving. Consumption has great potential.
3. Real estate sector is bottoming. Great news for remaining developers, and for consumer sentiment.
4. China's leadership embraces entrepreneurs. Confirmed by recent conference with private business leaders.
5. China is projected to account for 45-50% of the World's industrial production by 2030 (UN).
6. Trump is friendly to China: "Together the US and China can solve all the major problems in the World."
7. Premier Li Qiang pledged long-term support for China's equity markets. China's leaders deliver on promises.
8. China's public and private pension systems are rapidly expanding. Equity markets will see accelerating inflows.
9. US stock market expensive – Magnificent 7 trade has lost steam. China offers diversification benefits.
10. USD exchange rate is coming down, historically positive for Emerging Markets equities.

Foreign investments into China also remains a key part of economic policy. In another charm offensive a few days ago, President Xi and Premier Li welcomed a large group of CEOs of the World's major multinational companies to Beijing. China's Vice Premier He Lifeng reassured the foreign business leaders that the country will continue to open up its markets and welcomed more investment from multinational companies.

The "Made in China 2025" industrial strategy launched in 2015 has propelled China to world-leading positions in several important industries such as green energy, electric cars, high-speed trains, telecom, shipbuilding and robotics. Beijing has not published an official assessment of the "Made in China 2025" strategy, but a recent calculation by SCMP found that 86 per cent of the targets laid out in the plan had been achieved. There is still more to do in industries such as semiconductors, biotechnology and aviation. Stay tuned, more news coming soon.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

March 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/03/2025	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-4.6%	+2.9%	+15.6%	+45.9%	+57.0%
AGCM China Stars Fund RC8 SEK	-4.4%	+3.1%	+16.9%	+49.8%	+64.3%

Top 5 holdings

As of 31/03/2025

Company name

Tencent Holdings

Alibaba Group

JD.com

Trip.com

CATL

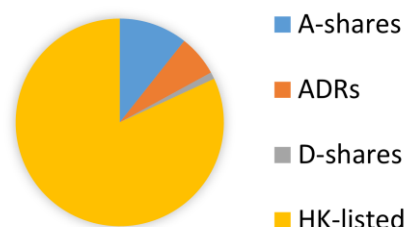
Industry breakdown

As of 31/03/2025

Consumer	43%
Communi...	18%
Financials	17%
Real Estate	8%
Healthcare	8%
Industrials	4%
Info Tech	2%

Market breakdown

As of 31/03/2025



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 155 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 157.0 (RC8) SEK 164.3
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.