

AGCM China Stars Fund



May 4, 2025

Trump is making China look great again

During April, the NAV of AGCM China Stars Fund RC1 SEK decreased by -8.1%. The US tariff turmoil caused global equity markets and the US dollar to fall sharply. The US dollar index (DXY) fell by -7.6% and since the Hong Kong dollar is pegged to the USD we also faced a currency headwind in the share classes denominated in SEK and Euro.

President Trump continues to behave like a bull in a China shop with tariffs coming on and off again, putting pressure on equities, government bonds and the US dollar. Because of the revolt in financial markets after “Liberation Day”, Trump’s chief tariff engineer, Peter Navarro has been sidelined and Trump’s rhetoric on China has softened somewhat. Chinese officials deny that talks are ongoing and asks of Washington to “completely cancel all unilateral tariff measures” before entering negotiations. The chaotic and unpredictable way of running economic and foreign policies in Washington makes China stand out as a beacon of stability and good faith. Trump and his administration make China look great again.

There is rarely a month without impressive news from China. One of our fund holdings, battery maker CATL, announced two new technological breakthroughs. Its Shenxing fast-charging battery has an 800-km driving range and can add 520 km of driving range from just 5 minutes of charging. CATL also announced it will start mass production of its Naxtra sodium-ion batteries. Sodium-ion batteries have advantages over traditional lithium-ion batteries including lower costs, better safety, and higher efficiency in low temperatures. CATL reported net profit increased by 33% in 1Q 2025 to 14 billion yuan (USD 1.9 billion) on revenues of 85 bn yuan. Equally impressive was the news that Chinese scientists have successfully reloaded a Thorium reactor while fully operational. China plans to mass-produce Small Modular Reactors (SMR) using Thorium cooled with molten salt. Thorium is cheaper, leads to less nuclear waste and cooling with molten salt makes the reactors safer than traditional water-cooled reactors.

The case for owning Chinese equities remains compelling. China’s economy grew 5.4% in the first quarter and is becoming less and less dependent on the West for every year. In the less likely event that the US would maintain high tariffs on Chinese imports, China’s economy would still be OK since its total exports to the US accounts for only 2.3% of GDP. The US stock market is still expensive, US corporate earnings revisions will continue downward after the tariff debacle, and the US dollar looks increasingly vulnerable. As for China, many high-quality and fast-growing Chinese companies trade at single digit earnings multiples. Most of our fund holdings are largely domestic businesses with no or only marginal exposure to US tariffs.

In the wake of the tensions between China and the US, the Hong Kong Government is actively courting high-quality Chinese companies already listed in the US to return home and list on the Hong Kong Stock Exchange. Hong Kong has established a regulatory framework that facilitates dual listings for overseas-listed firms. An overseas-listed Chinese company can, if it seeks a dual primary listing, access the large pool of China mainland-based investors. This will likely lead to higher stock market valuations as Chinese investors are more familiar with many of these companies. This is good news both for the undervalued overseas-listed Chinese companies and for Hong Kong as a regional financial center.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

April 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/04/2025	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-8.1%	-5.4%	+6.8%	+26.6%	+44.3%
AGCM China Stars Fund RC8 SEK	-7.7%	-4.8%	+8.4%	+30.5%	+51.7%

Top 5 holdings

As of 30/04/2025

Company name

Tencent Holdings

Alibaba Group

JD.com

AIA

Trip.com

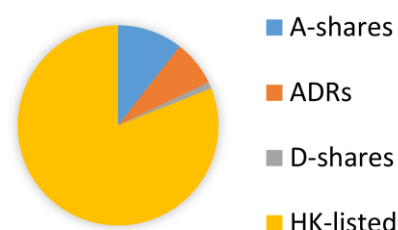
Industry breakdown

As of 30/04/2025

Consumer	42%
Communi...	18%
Financials	18%
Real Estate	8%
Healthcare	7%
Industrials	4%
Info Tech	2%

Market breakdown

As of 30/04/2025



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 142 million
Number of holdings:	37
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 144.3 (RC8) SEK 151.7
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.