

June 2, 2025

Strong first quarter results and more tariff turns

During May, the NAV of AGCM Asia Growth Fund RC SEK increased by +3.7% and WP EUR share class by +4.3%.

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.

South Korea

South Korea's presidential election will be held on June 3. With the election nearing, candidates are coming out with various plans to improve corporate governance. Jae-Myung Lee, who leads the poll, mentioned he would protect shareholders' rights and interests by improving the corporate governance structure, highlighting the shareholders' fiduciary duty on commercial law. Moon-Soo Kim, the No.2 candidate, also proposed to improve the corporate governance structure by enhancing the expertise of Board of Directors members. These policies will eventually boost up the South Korean stock market. Samsung Electronics is benefitting from a global memory chip market recovery, which is rebounding at a faster pace than expected, backed by increased IT consumption demand following China's 'trade-in for new' policy and ongoing inventory stocking in response to US tariffs.

Singapore

Singapore is benefiting from safe haven flows globally, which will help support financial and real estate activities. Singapore faces a low reciprocal tariff of 10% and effective US tariff rate of about 4.6% (due to exemptions), which is relatively low compared to other countries. Deputy PM Gan has indicated that negotiations are ongoing for tariff exemptions on pharmaceutical exports and preferential access to advanced chips. At least five companies from mainland China or Hong Kong are planning IPOs, dual listings, or share placements in Singapore in the next 12 to 18 months, as Chinese firms look to expand in Southeast Asia amid global trade tensions. Singapore is an important gateway, whether it's trade or business activity from China to the outside world, and a listing in Singapore is an important component of that.

Indonesia

Indonesia and China agreed to promote the use of their respective national currencies in bilateral trade, marking a significant step toward reducing dependency on the US dollar. The two central banks committed to establishing a framework that will encourage the use of the Chinese yuan and Indonesian rupiah in cross-border transactions. China remains Indonesia's largest trading partner, with bilateral trade volume reaching \$135 billion in 2024. Indonesia is implementing a 50% cut in electricity tariffs for 79 million households, as well as other measures like transport discounts and increased food assistance, to stimulate domestic consumption and boost economic growth. Negotiations with the US to lower reciprocal tariffs are still ongoing. Indonesia is one of the 20 nations prioritized by the US in talks.

Vietnam

Prime Minister Pham Minh Chinh asked Vietnam's negotiating delegation to continue their efforts and reach an agreement with the US. Vietnam and the US completed the 2nd round of trade negotiations in Washington DC. The next round will begin in early June. France and Vietnam signed 14 deals worth over USD10bn including the purchase of 20 Airbus planes, Sanofi vaccines and cooperation on nuclear energy, defense, rail and maritime transport. The National Assembly passed a Resolution to pilot mechanisms and policies to promote the development of social housing effective 1 June 2025 to address the shortage of housing supply for low-income people. Vietnam is targeting to host 2 million private enterprises by 2030, which contributes to 55-58% of GDP, as a main growth driver for the economy. Currently, there are over 940k private enterprises and 5 million household businesses. Private sector contributes 50% to GDP and employs 82% of the workforce.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

May 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/05/2025	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+3.7%	-4.0%	+8.5%	+35.9%	+107.1%
AGCM Asia Growth Fund WP EUR	+4.3%	+1.2%	+18.1%	+37.2%	n.a.

Top 5 holdings %

As of 31/05/2025

Company	Weight
Tencent Holdings	7.4%
Alibaba Group	7.1%
Trip.com	4.3%
AIA	4.2%
ICBC	3.9%
Total	26.9%

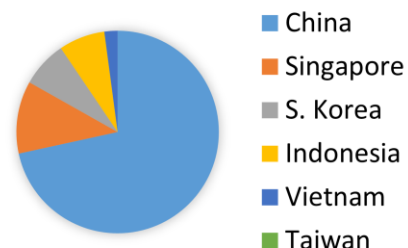
Industry breakdown

As of 31/05/2025

Consumer	32%
Financials	27%
Communi...	21%
Info Tech	7%
Real Estate	6%
Healthcare	4%
Industrials	3%

Geographic 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:	03-Oct-2014
Fund size:	SEK 575 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 207.1 EUR 177.2
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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