AGCM China Stars Fund

July 2, 2026

Global AI-selloff leads to record low valuations of Chinese tech stocks

During June, the NAV of AGCM China Stars RC1 SEK decreased by -4.4%.

Easing tensions in the Middle East and lower oil prices supported US stock markets, but a sharp sell-off in AI and semiconductor stocks on overinvestment concerns erased those gains, leaving the Nasdaq in negative territory for the month. In Asia, the South Korean and Taiwan markets where semiconductors dominate were hit hard late in the month by the global correction in AI-related stocks. The Hong Kong market was also negatively impacted, amplified by its sensitivity to US interest rates since the Hong Kong dollar is pegged to the US dollar. Expectations of higher US rates and thus Hong Kong rates is a negative factor for the Hong Kong market.

On a positive note, the sell-off in Hong Kong has resulted in valuations are not far from the previous bottom we experienced in January 2024. As an example, Alibaba's share price is now almost back down to its IPO price twelve years ago, despite revenues having grown by more than eleven times during that period. According to Bloomberg, the consensus target price of 45 analysts who cover Alibaba implies an upside of around 100% from the current share price, an upside we have not seen before. Compared to valuations of international peers, Alibaba's upside is higher still. For the entire fund, the weighted average price to earnings ratio is now around 11 times and the weighted average growth in estimated earnings per share is well above 10% in both 2026 and 2027.

The fund owns world-leading Chinese manufacturers of electrical vehicles, batteries, mobile phones, PCs, consumer electronics, as well as leading Chinese insurance companies, commercial banks, investment banks, telecom operators and healthcare companies. Companies with well established leading market positions in China and many of them are in the process of going global. Companies like BYD, Geely, CATL, Haier, Lenovo, Bank of China, Ping An, Tencent, Alibaba, Pinduoduo and JD plus many other fabulous companies less known in the Western World. A common denominator for the fund's holdings is an immense long term growth potential in Asia and globally. For various reasons, these companies are still very cheap, trading at a fraction of the valuations of their Western peers.

The most recent monthly data from German Dataforce revealed that Chinese cars accounted for 11% of all cars sold in Europe and a quarter of all hybrid cars. BYD and Geely's various brands are doing exceptionally well.
The World's largest power battery supplier, CATL, plans to expand its network of battery-swapping stations in China to more than 3,000 stations in 190 cities by the end of this year. CATL's heavy-duty truck battery-swapping service has built more than 300 battery-swapping stations in China and the roll-out continues. Battery-electric trucks are close to cost parity with diesel models, but widespread adoption depends on capacity of electricity grids and charging networks. China leads also in this area, already accounting for one-third of the world's electricity capacity.

On June 13, Hong Kong-listed Z.ai launched a new AI model called GLM 5.2. In a new DeepSeek moment, independent valuations revealed that GLM 5.2 is almost equal to Anthropic's Claude Opus 4.8 at just one quarter of the cost in terms of cost per token. The growth in use of cheaper Chinese large language models has been explosive. The leading Chinese AI models processed 21.4 trillion tokens on the global aggregator platform OpenRouter in the week ended 21 June, up from 4.4 trillion in late April, compared with 5.8 trillion tokens for the top US models, based on the weekly usage of the top nine models on OpenRouter. The pricing assumptions in the valuation models which underpin the lofty valuations of US AI-companies are looking increasingly vulnerable.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

June 2026

ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2026	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-4.4%	-12.3%	+10.7%	+5.2%	+40.1%
AGCM China Stars Fund RC8 SEK	-4.3%	-12.1%	+11.9%	+8.1%	+47.5%

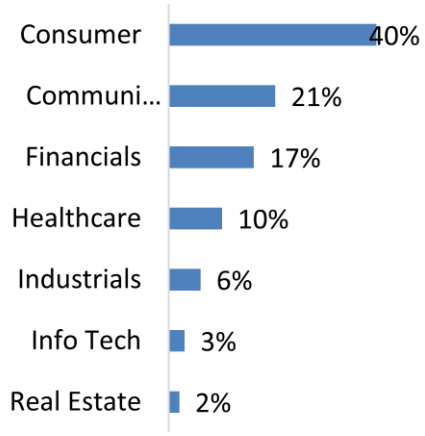
Top 5 holdings

As of 30/06/2026

Company name
Tencent Holdings
Alibaba Group
CATL
Midea Group
ICBC

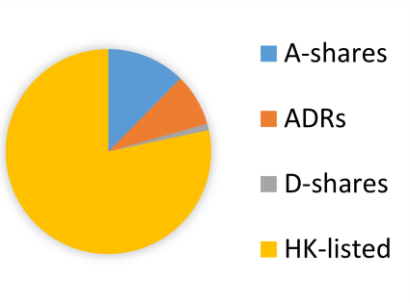
Industry breakdown

As of 30/06/2026



Market breakdown

As of 30/06/2026



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 149 million
Number of holdings:	32
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 140.1
	(RC8) SEK 147.5
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.