

July 2, 2025

The strength of wise industrial policies

During June, the NAV of AGCM Asia Growth Fund RC SEK increased by +1.5% and WP EUR share class decreased by -0.9%.

On June 10 in London, a fragile truce was reached in the trade war between China and the US. A deal was struck already in May in Geneva, but subsequent anti-China measures from Washington caused the Chinese side to halt the agreed-upon resumption of exports of rare earth minerals to the US. It seems team Trump did not fully understand the total US reliance on Chinese rare earth minerals in several manufacturing sectors, not least in its military sector. When the US military industry ran short of rare earth minerals, of which China has a 90 percent market share, Trump called Xi for an urgent solution. In exchange for a reversal by the US of several high-tech export restrictions, China agreed to ease export restrictions on rare earth minerals to the US, at least for six months.

After decades of massive investments and hard work, China now dominates a range of industries such as steel, aluminum, shipbuilding, bullet trains, solar power, wind turbines, batteries, electric vehicles and telecom equipment. China's market share in younger industries such as biotechnology, robotics and artificial intelligence continues to rise. China is projected to account for 45 percent of global manufacturing by 2030. Companies are responding to a shrinking workforce, and to rising wages, by a rapid increase in automation. China installed more industrial robots in 2024 than the rest of the World combined. Almost half of the industrial robots installed in China last year were produced by domestic firms. In semiconductors, a longtime weak point for China, the nation is building a self-sufficient supply chain led by recent breakthroughs by Huawei.

The Chinese electric carmaker BYD, which Elon Musk once laughed off as a joke, has not only overtaken Tesla in global sales, but it is building new factories around the World. BYD's market capitalization value exceeds that of Ford, GM and Volkswagen combined. BYD is only one of several rising stars in the electrical car industry. A few days ago, Xiaomi launched its new SUV model YU7 priced at CNY 253,500 yuan (USD 35,400). Xiaomi received 289,000 pre-orders during the first hour of sales.

Private companies like Xiaomi and BYD have continued to drive the creation of new jobs, innovation and wealth in China. The number of private firms increased more than four-fold since Xi Jinping became Party chief in 2012. One of many western misperceptions of China is that Xi Jinping prefers state owned companies over private. In reality, Xi Jinping often repeats the crucial role of private entrepreneurs for China's continued development. Private firms account for 90% of China's high-tech companies which also dominate the industries of the future. Xi also stresses the importance of consumption as an economic growth engine. Consumption accounts for 56% of China's GDP and has grown far faster than in the US for many years. China generates more global economic growth than the US and its G7 partners combined.

Another important development in China is the adaption of its education system to higher value-added production. The development has been truly impressive. A recent global ranking by the Nature Index which measures research output based on the number of articles published in high-quality research journals concluded that 43 Chinese institutions now rank among the World's best, surpassing the 36 American and four British universities on the list. Instead of criticizing China, maybe the West should try to learn from China. They must be doing something right.

South Korea

Liberal candidate Jae Myung Lee became South Korea's new president after a snap election triggered by martial law imposed by the previous President Yoon. With 100% of the ballots counted, Lee won 49.42% of nearly 35 million votes cast, while his conservative rival Kim had taken 41.15%, the highest for a presidential election since 1997 according to national election commission data. JM Lee's victory removed the political overhang that was looming for the past six months and finally get some movement forward with commercial law changes being passed. Additionally, Korea's ties with China are expected to improve, US tariff negotiations to kick-start officially, and "Korea Boost-up" initiative to be reignited. The new government has also approved a second stimulated budget worth W30.5tn, including economic stimulus, livelihood stabilization measures, and revenue adjustments, which would be a substantial boost to domestic demand and lift GDP growth.

Singapore

As Singapore reaches its 60th birthday, Morgan Stanley said the city state is “primed for wealth creation”. Tapping its global leadership as a data, energy, finance and transport hub, combined with rapid adoption of emerging technologies, Singapore is set to build upon its extraordinary economic success. The city state is expected to see a five-year GDP compound annual growth rate of 3 percent – the highest among developed economies – and household net assets to nearly double to US\$4 trillion by 2030, according to Morgan Stanley. It also predicts that stock market capitalisation will double by 2030. Singapore’s hub industries – spanning energy, finance, transport and increasingly data infrastructure – now contribute about 63 percent of gross domestic product. Singapore is also emerging as a regional data and artificial intelligence (AI) inference hub.

Indonesia

Indonesia and the European Union are nearing the conclusion of free trade negotiations, which have been going on for nine years. This Indonesia-EU Comprehensive Economic Partnership Agreement (IEU-CEPA) aims to reduce tariffs and non-tariff barriers, boosting trade and investment between the two economies. Indonesia is seeking increased market access for products like footwear, garments, and fishery products. The EU is also interested in resolving outstanding issues related to deforestation regulations and critical minerals trade. The finance ministry confirmed the rollout of an IDR 24.44 trillion (USD 1.5 billion) stimulus program in June, including fare subsidies, cash transfers, and food aid. The stimulus is expected to boost consumer-facing sectors and improved domestic growth prospects, supporting sentiment in consumer and infrastructure stocks. Indonesia has offered the United States the chance to jointly invest in a critical minerals project as part of its tariff negotiations with Washington.

Vietnam

Vietnam's legislators approved the resolution on the arrangement and merger of provinces/cities effective 1 July 2025. Vietnam will have 34 provinces/cities (down from 63) including 6 centrally run cities and 28 provinces. Potential positive impacts include reduced Government expenditures, simplified administrative procedures, more efficient capital allocation and more balanced regional economic growth. The Ministry of Industry and Trade (MoIT) officially approved the master plan for the national e-commerce development for 2026-2030. The plan positions e-commerce as a pioneering sector of the digital economy across Vietnam and optimize the entire value chain from production to consumption. It targets 1) 20%-30% annual growth of e-commerce retail sales; 2) e-commerce retail sales to contribute 20% to total retail sales of goods; and 3) 70% of businesses to adopt e-commerce operations by 2030. The government also expects 60% of SMEs will be operating on e-commerce platforms.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

June 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2025	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+1.5%	-2.6%	+8.0%	+31.2%	+110.3%
AGCM Asia Growth Fund WP EUR	-0.9%	+0.3%	+17.0%	+29.0%	n.a.

Top 5 holdings %

As of 30/06/2025

Company	Weight
Tencent Holdings	7.3%
Alibaba Group	6.7%
AIA	4.4%
ICBC	4.2%
Trip.com	3.9%
Total	26.5%

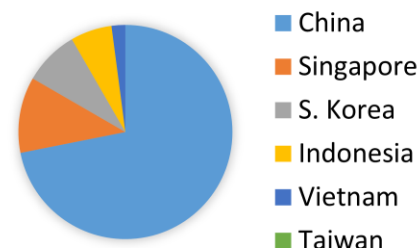
Industry breakdown

As of 30/06/2025

Consumer	31%
Financials	28%
Communi...	21%
Info Tech	7%
Real Estate	6%
Healthcare	3%
Industrials	3%

Geographic breakdown

As of 30/06/2025



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 583 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 210.3 EUR 175.5
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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