

November 3, 2025

China's new five-year plan builds on Made in China 2025

During October, the NAV of AGCM Asia Growth Fund RC SEK decreased by -0.1% and WP EUR share class increased by +1.0%. The decline in Chinese equity markets in October seem to be mostly due to a “buy on the rumor and sell on the news” effect after the US-China trade meeting in Busan, South Korea.

The results from the US-China meeting on trade, which Trump rated a “twelve out of ten” were underwhelming. China agreed to resuming purchases of US soybeans and the US cut fentanyl-related tariffs from 20% to 10%. China agreed to a 12-month freeze on restrictions of rare earth minerals and the US agreed to suspend an expanded list of Chinese companies subject to US export controls. A new meeting between Xi and Trump is scheduled for April next year and negotiations will continue meanwhile. It is becoming increasingly clear that the US is unwilling to escalate the trade war with China. Even the most arduous China hawks in Washington have come to realize that the US cannot win a trade war with China. Also, for Donald Trump and the Republican Party, an escalated trade war would be a bad idea considering the impact on stock markets and the upcoming US mid-term elections.

In late October China unveiled its 15th five-year plan for the period 2026 to 2030. A highly ambitious agenda was presented, focused on high-quality economic growth and characterized by resilience, innovation, and sustainability. Key objectives include a continued push for scientific and technological self-sufficiency, with a focus on next-generation technologies such as biotechnology, AI, semiconductors and green energy. China aims to reduce the dependence on foreign technologies and to become a global innovation powerhouse by continued investments in R&D and higher education. The plan prioritizes the transition to a low-carbon economy and promotion of ecological conservation. On the social front, the plan emphasizes common prosperity with smaller income gaps, improvement of public services, healthcare and better social safety nets. It builds in large parts on a continuation of the successful technological development program launched in 2014 called Made in China 2025.

The World's largest battery maker CATL reported third-quarter revenues grew +13% year-on-year to RMB 104 billion while net profit increased by +41% to RMB 18.5 billion (USD 2.6 billion). Net profit margin climbed to 19.1%, an increase of 4.1 percentage points from the same period last year. Management said in the earnings call that total shipments of batteries approached 180 gigawatt-hours (GWh) in the third quarter, with power batteries for vehicles accounting for about 80% of the total. In the first eight months of 2025, CATL held a 37% global share in power battery market by installed capacity.

For the rest of the year, we see several important positive drivers of Chinese equity markets:

1. Colossal liquidity injections by the PBOC (>USD 1.5 trillion YTD), fueling China's equity markets
2. Chinese households massive cash savings (> USD 20 trillion) are finally flowing to equity markets
3. Chinese equities are still cheap compared to the US markets, with less downside when the AI bubble bursts.
4. Strong negative correlation between the USD and emerging Asia's equity markets. So, when Trump appoints an ultra-dovish Federal Reserve governor next year, the USD will decline and emerging markets outperform.
5. Investors are beginning to realize that the US has more to lose than China from a prolonged trade war.

South Korea

Korean equities outperformed the Asia ex Japan index in October, driven by strong tech earnings and shareholder-friendly policies. Samsung Electronics reported stellar 3Q25 results, with revenues rising +9% year-on-year and operating profit +32% to KRW 12.2 trillion (~USD 8.5 billion), driven by surging semiconductor demand, confirming its leadership in the AI semiconductor sector. Korea is launching a massive sovereign AI initiative, deploying over 260,000 NVIDIA GPUs across Samsung, SK Group, Hyundai, and government entities to build AI factories, industrial clouds, and Korean-language AI models. Also, the U.S.-Korea summit in Gyeongju achieved progress on security and tariff cooperation, strengthening economic ties and paving the way for a broader U.S.-Asia trade framework ahead of the Asia-Pacific Economic Cooperation (APEC) summit. Domestically, Seoul is advancing shareholder-friendly reforms, including potential dividend tax cuts and measures to channel capital from property to equities.

Singapore

The Johor-Singapore Special Economic Zone (JS-SEZ) has attracted over SGD 5.5 billion (~USD 4.2 billion) in investments from Singapore-based companies since its inception earlier this year, offering tax incentives and seamless transit across the border. Singapore also reinforced its position as a regional wealth hub, with more than 2,000 family offices benefiting from the city state's political stability, clear regulations, and cross-border investment infrastructure, attracting high-net-worth families across Asia. China's Premier Li Qiang visited Singapore in late October, meeting Prime Minister Lawrence Wong and signing eight Memorandum of Understandings (MOUs) covering green development, the digital economy, and training programs. Also, the EU-Singapore Senior Officials' meeting has enhanced cooperation on the Free Trade Agreement and digital partnership, emphasizing innovation, science, and technology.

Indonesia

In October 2025, Indonesia's Finance Minister Purbaya Yudhi Sadewa indicated that the country's Q4 GDP could grow more than +5.5% year-on-year, citing expected stimulus and liquidity injections. The government introduced a new stimulus package worth IDR 30 trillion (~USD 1.8 billion) in the month, covering cash handouts for ~35 million households and an expanded internship program, to boost consumption and youth employment. Also, President Prabowo Subianto announced plans to reduce the number of Indonesia's state-owned enterprises (SOEs) from around 1,000 to 200 in an effort to improve their profitability and asset returns. Foreign capital inflows resumed, albeit modestly, as investor sentiment improved following the government's decision to delay a planned VAT hike and maintain accommodative fiscal policies.

Vietnam

In October, FTSE Russell upgraded Vietnam to Secondary Emerging Market status - unlocking potential foreign inflows of USD 6-10 billion and marking a milestone in Vietnam's capital market reform. Q3 GDP grew +8.2% year-on-year, the highest since 2011, supported by strong exports (+16%), retail sales (+9.5%), and manufacturing (+10.4%). FDI rose +15% year-on-year to USD 28.5 billion, led by Singapore and South Korea. The government set 2026 targets of +10% GDP growth and 4.5% inflation. Additionally, Vietnam accelerated its electric vehicle (EV) transition, targeting 22% of motorbikes and 30% of cars to be electric by 2030, supported by tax incentives, charging infrastructure, and fossil-fuel motorcycle bans in major cities by 2026.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

October 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/10/2025	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-0.1%	+11.1%	+31.1%	+40.9%	+139.9%
AGCM Asia Growth Fund WP EUR	+1.0%	+17.3%	+45.2%	+41.7%	n.a.

Top 5 holdings %

As of 31/10/2025

Company	Weight
Alibaba Group	8.6%
Tencent Holdings	8.3%
Samsung Electronics	4.3%
AIA	4.3%
Trip.com	4.2%
Total	29.7%

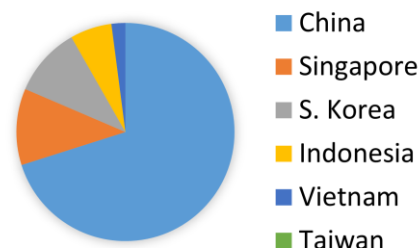
Industry breakdown

As of 31/10/2025

Consumer	34%
Financials	26%
Communi...	20%
Info Tech	7%
Real Estate	5%
Healthcare	4%
Industrials	4%

Geographic breakdown

As of 31/10/2025



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 649 million
Number of holdings:	38
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 239.9 EUR 205.4
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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