

September 1, 2025

Favorable financial liquidity conditions and strong earnings reports

During August, the NAV of AGCM Asia Growth Fund RC SEK increased by +0.7% and WP EUR share class by +1.6%.

Global equity markets continued to rise in August, seemingly a consequence of the fairly loose monetary conditions created by the major central banks combined with expansionary fiscal policies in many major economies. Federal Reserve Chairman Powell's speech in Jackson Hole on August 22 was interpreted as dovish by the markets. In essence, the message was that the Fed will prioritize the labor market over inflation. China's central bank, the PBOC, has done its part in contributing to global liquidity by injecting RMB 10 trillion (USD 1.5 trillion) into domestic money markets so far in 2025. The effects are visible in the domestic equity markets. China's mainland CSI300 index was one of the best performing equity markets in the World, up by +10.3% in August.

The PBOC has indicated more is to come in the second half of this year, so for Chinese equities, the financial conditions should remain favorable in the near term. But it is not just about liquidity in the markets, the outlook is positive also from a fundamental point of view. Several of the fund's largest holdings announced solid 2Q financial results in August. Same picture as in July, mostly strong reports well received by investors.

Alibaba's share price rose +12% in New York last Friday after its earnings announcement and another +18% in Hong Kong today. The China E-commerce business continues to grow at a double-digit rate with expanding margins. Alibaba's market leading cloud computing business AliCloud grew +26% and continues to gain market share in China. AliCloud has one of the best product offerings and outspends the competition in new capacity. The shareholder-return policy remains generous combining dividends with a major share buy-back program running well into 2027 with USD 19 billion remaining.

Tencent's second quarter results also beat market expectations, with revenues up +15% year-on-year to RMB 184 billion and adjusted Ebit rising +19% to RMB 69 billion. The beat came from online games, up +22%. Advertising revenues remain at a +20% yearly growth rate, with upgrades in advertising technology and robust growth in traffic.

Xiaomi, one of China's leading smartphone, consumer electronics and EV producers, also surprised investors on the upside with its 2Q report. Revenues rose +30% to RMB 116 billion and adjusted net profit increased +30.5% to RMB 10.9 billion. EV revenue soared +230% YoY, with 81,000 cars delivered. Large home appliances grew +66% YoY. Haier, the world's largest household appliance maker, grew revenues by +10% to RMB 156 billion in the second quarter and net profit increased by +16% to RMB 12 billion.

China announced targets for the adoption of artificial intelligence powered devices for various industries, aiming at an overall rate of 70% by 2027 and over 90% by 2030. These targets, unveiled in guidelines by China's State Council last week, are part of Beijing's "AI Plus" strategy, which seeks to integrate cutting-edge technology across manufacturing, agriculture and services to boost productivity. The document also called for a decisive push in developing AI-powered smartphones, computers, robots, home appliances and cars.

South Korea

In August, the Korea - U.S. Summit outlined a USD 350 billion investment framework, including USD 150 billion for shipbuilding, which could drive Korean exports and industrial hiring despite continued tariffs. Domestically, the government approved a KRW 50 trillion (~USD 36 billion) financing plan to reinforce supply-chain resilience, spanning critical minerals, semiconductors, batteries, and green logistics. The government also unveiled a five-year KRW 210 trillion (USD 150 billion) program to accelerate AI, biotech, and renewable energy, with the ambitious goal of propelling Korea into the global top tier of innovation and lifting the KOSPI to 5000. Samsung Electronics secured several strategic wins: a USD 16.5 billion contract with Tesla for advanced AI chips, and a breakthrough partnership with Apple on CMOS image sensors - moves that bolster its global semiconductor leadership and earnings visibility. Also, Korea and Vietnam deepened ties in nuclear power and high-speed rail, targeting USD 150 billion trade by 2030.

Singapore

Singapore market remained firm in August. The Singapore Exchange (SGX) delivered its strongest annual results since 2000, supported by higher trading volumes across asset classes. Encouragingly, SGX highlighted its largest IPO pipeline in years, with over 30 companies preparing listings, boosted by recent market reforms and tax incentives. Banking sector strength was also evident as DBS posted better-than-expected earnings, raised dividends, and hit a record share price, underscoring resilience in credit-sensitive sectors. On the macro front, Q2 GDP growth came in at +4.4% year-on-year, comfortably ahead of expectations and prompting an upward revision of the 2025 growth forecast to 1.5-2.5%, despite concerns over higher U.S. tariffs. Singapore also has the lowest U.S. reciprocal tariff in Asia, at 10%.

Indonesia

Indonesia experienced political turbulence in August as mass protests erupted following parliament's move to raise their own compensations, seen as insensitive amid weak consumer purchasing power. Tensions escalated after clashes between protesters and police, but President Prabowo's speech to make a U-turn over the measures and backtrack on the politicians' pay raise helped restore calm, with further details expected soon. The government reaffirmed support for consumption and purchasing power through stimulus programs in housing, tourism, and free meal initiatives, while reiterating confidence in Indonesia's medium- to long-term growth outlook. On Independence Day, the government released its tentative 2026 budget, targeting stronger GDP growth of +5.4% (vs. 4.7-5% in 2025) alongside a lower fiscal deficit of 2.48%.

Thailand

Thailand's equity market also saw heightened political uncertainty despite encouraging economic measures. The government announced a THB 18.5 billion (~USD 572 million) stimulus package focused on private enterprises, student loan relief, and household support, providing targeted relief to consumption and domestic-oriented sectors. Coupled with the Bank of Thailand's rate cut, these measures should help cushion growth headwinds and stabilize corporate earnings. However, optimism was quickly overshadowed by political turmoil, as Prime Minister Paetongtarn Shinawatra was removed from office by the Constitutional Court over ethical misconduct related to a leaked phone conversation with Cambodia's former leader. The resulting leadership vacuum has amplified risk premiums and driven foreign outflows, particularly from policy-sensitive sectors such as banking and infrastructure.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

August 2025



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/08/2025	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+0.7%	+3.8%	+14.4%	+33.1%	+124.0%
AGCM Asia Growth Fund WP EUR	+1.6%	+8.1%	+26.0%	+31.5%	n.a.

Top 5 holdings %

As of 31/08/2025

Company	Weight
Tencent Holdings	8.2%
Alibaba Group	6.6%
Trip.com	4.6%
AIA	4.3%
DBS	4.0%
Total	27.7%

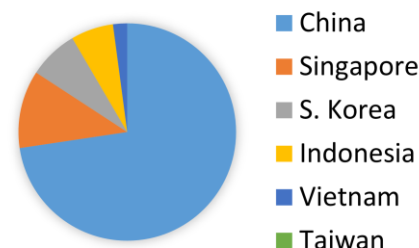
Industry breakdown

As of 31/08/2025

Consumer	30%
Financials	27%
Communi...	22%
Info Tech	7%
Real Estate	6%
Healthcare	4%
Industrials	3%

Geographic breakdown

As of 31/08/2025



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 616 million
Number of holdings:	39
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 224.0 EUR 189.2
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909 EUR WP LU 1163023143

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