

# AGCM Asia Growth Fund



October 1, 2025

## Multiple factors driving Asian equity markets

During September, the NAV of AGCM Asia Growth Fund RC SEK increased by +7.1% and WP EUR share class by +7.5%.

There are plenty of symptoms of a speculative mania in the US equity markets. Valuations of technology companies are getting ever more extreme in a market driven primarily by retail investors and passive investment products. The rise in the S&P500 since the bottom in April corresponds to a value increase of USD 15 trillion, equivalent to about half of America's GDP. This represents a major support to the American economy via the wealth effect. By propping up private consumption and thus the US economy, the US equity market also supports the increasingly vulnerable US bond market. However, what has been a strong support for the US economy will backfire once the US stock market eventually corrects. Also, the US dollar is at risk from Trump's aggressive trade and foreign policies, along with rising deficits and debt levels. The US dollar index has already fallen around 10% year to date, its worst performance in a year since 2017.

The AI mania has resulted in the US equity markets now accounting for 64% of the MSCI All Country World index. Since the US economy accounts for only 25% of World GDP in nominal terms and for a mere 15% in purchasing power terms, this relationship seems untenable. Warren Buffett's famous valuation rule, the "Buffett indicator", market capitalization compared to GDP, says that when above 100%, markets are getting expensive. The Dot-com bubble peaked at 150% before market crashed. Today, the US market cap is above 250% of GDP. China looks a lot better with a combined market cap of around 100% of GDP. The AI theme has been driving share prices also in China, but from a much lower valuation level than in the US.

There are several positive factors favoring Chinese equity markets. A weakening US dollar almost always leads to rising emerging market equities. Investor concerns about high valuations of US equities as well as an overvalued US dollar are rising, leading to fund flows in other directions than to the US. China, with stable economic growth around 5% and so many exciting technological breakthroughs, has been one of the recipients of these fund flows. Very high household savings, now at RMB 140 trillion (USD 20 trillion), combined with low bond yields and deposit rates have made the stock market seem even more attractive. Industry data show that household savings are increasingly heading for the stock market via banks, brokers and insurance companies. Mainland Chinese investors are gaining market share on the Hong Kong Stock Exchange, nowadays representing around 40% of the trading.

China's top leadership will convene from October 20 to 23 to review the development plans for the next five years. The nation's 15th five-year plan covering 2026 to 2030, may include a new version of the successful "Made in China 2025" program with a focus on high-end technological products. A testimony to the success of this program was made by Nvidia's CEO Jensen Huang last week stating in an interview that "China is only nanoseconds behind the US" referring to China's rapid catch up in AI semiconductors.

China continues to open up its financial industry to foreign players. Today, 43 of the World's top 50 banks have branches in China, and half of the 40 largest insurers are present in the Chinese market. The total assets of the banking and insurance sectors exceed RMB 500 trillion (USD 70 trillion), with an average annual growth rate of 9 percent. China has become the largest credit market and the second-largest insurance market in the World.

## **South Korea**

In September, Korea's equity market was supported by the government's investor-friendly policy signals. President Lee Jae-myung signaled withdrawal of the major shareholder capital gains tax, and pledged reforms to expand dividends. The Finance Ministry confirmed 24-hour FX trading from next year, a key step toward MSCI Developed Market status. The National Growth Fund was expanded to KRW 150 trillion to support AI, biotech, and other strategic sectors. In technology, memory chip NAND and DRAM prices rose, and Samsung passed Nvidia's HBM3E quality tests, secured IBM's Power11 foundry contract, and prepared OLED panels for Apple's next generation products, underscoring a rebound in competitiveness. Autos lagged however on weak U.S. exports and unresolved tariff talks.

## **Singapore**

In September, Singapore advanced multiple initiatives to strengthen its equity market and broader economy. The Monetary Authority of Singapore (MAS) rolled out a SGD 5 billion Equities Development Package to boost liquidity, especially for small- and mid-cap stocks, alongside a new SGX index to track a wider range of companies. The National Research Foundation outlined the upcoming RIE2030 plan (Research, Innovation & Enterprise from 2026-2030), sustaining ~1% of GDP investment in research and innovation. Building on RIE2025, it targets transformative advances in AI, quantum, sustainability, advanced manufacturing, and healthcare through flagship programs and global partnerships. Singapore co-launched the Future of Investment and Trade (FIT) Partnership with 13 countries to strengthen supply chains, enhance FDI, and promote open, rules-based trade.

## **Indonesia**

The Ministry of Finance injected liquidity into SOE banks to support lending across all sectors, including mortgages, creating short-term headwind but potentially margin-accretive once deployed. Bank Indonesia cut its benchmark rate by 25 bps to 4.75% to sustain growth. The government also unveiled an IDR 16.23 trillion (~USD 989 million) stimulus package for Q4, including food aid, infrastructure projects, SME tax relief, and employment programs, reinforcing its 5.2% full-year growth target. Social unrest following protests against parliament allowances briefly unsettled markets, but President Prabowo's speech and government reassurances calmed sentiment. Internationally, Indonesia and the EU reached a "substantive conclusion" on a trade agreement, phasing out tariffs on ~80% of exports, expected to double bilateral trade within five years.

## **Vietnam**

Vietnam's equity market traded sideways in September as investors awaited the FTSE Russell September 2025 review on 8 October, which may reclassify Vietnam from Frontier Market to Secondary Emerging Market status. A promotion could add Vietnam to FTSE EM indices with around 30 stocks eligible. HSBC estimates passive inflows of USD1.5–3bn, with potential upside if Vietnam's weighting approaches Indonesia's level. Policymakers continued to advance capital market reforms, with a new policy issued to streamline IPO approvals, ease foreign ownership rules, and modernize clearing and settlement. Macro indicators remained firm in first eight months of 2025, with exports +14.8% year-on-year (YoY), FDI registrations +27.3% YoY, and retail sales +9.4% YoY.

**Gustav Rhenman**, Chief Investment Officer

# AGCM Asia Growth Fund

Monthly Report

September 2025



ASIA GROWTH CAPITAL MANAGEMENT

## Performance

As of 30/09/2025	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+7.1%	+11.2%	+27.6%	+46.7%	+140.0%
AGCM Asia Growth Fund WP EUR	+7.5%	+16.2%	+36.3%	+46.8%	n.a.

## Top 5 holdings %

As of 30/09/2025

Company	Weight
Alibaba Group	9.4%
Tencent Holdings	8.5%
Trip.com	4.4%
AIA	4.1%
DBS	3.7%
<b>Total</b>	<b>30.1%</b>

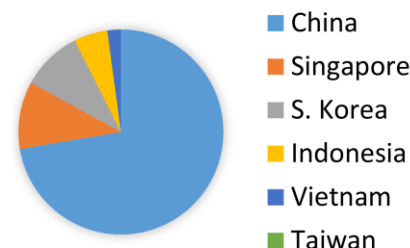
## Industry breakdown

As of 30/09/2025

Consumer	34%
Financials	24%
Communi...	20%
Info Tech	6%
Real Estate	6%
Healthcare	4%
Industrials	4%

## Geographic breakdown

As of 30/09/2025



## 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

<b>Portfolio manager:</b>	Gustav Rhenman
<b>Inception date:</b>	03-Oct-2014
<b>Fund size:</b>	SEK 661 million
<b>Number of holdings:</b>	39
<b>Management fee (RC):</b>	1.85%
<b>Fund management Company:</b>	FundRock Management Company S.A.
<b>NAV:</b>	SEK 240.0 EUR 203.4
<b>Minimum subscription:</b>	n.a.
<b>ISIN code:</b>	SEK RC LU 1091660909 EUR WP LU 1163023143

## Disclaimers

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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](http://www.agcm.se) before you make an investment. You can also request such information via e-mail to [info@agcm.se](mailto:info@agcm.se).