AGCM China Stars Fund

ASIA GROWTH CAPITAL MANAGEMENT

November 3, 2025

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

During October, the NAV of AGCM China Stars Fund RC1 SEK decreased by -2.1%. 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 aggressive 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.

Gustav Rhenman, Chief Investment Officer

AGCM China Stars Fund

Monthly Report

October 2025

Performance

As of 31/10/2025	1 month	YTD	2 year	5 year	Since launch August 28, 2017
AGCM China Stars Fund RC1 SEK	-2.1%	+11.0%	+32.4%	+34.4%	+69.3%
AGCM China Stars Fund RC8 SEK	-2.1%	+11.5%	+33.8%	+38.1%	+77.6%

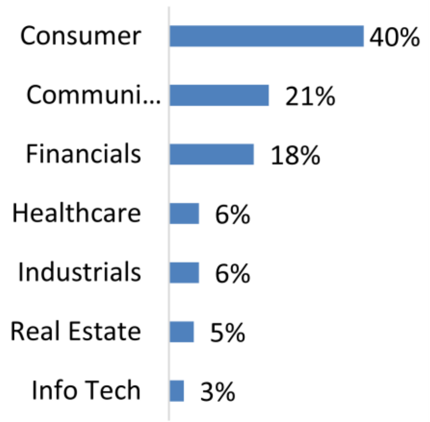
Top 5 holdings

As of 31/10/2025

Company name
Tencent Holdings
Alibaba Group
CATL
Midea Group
China Mobile

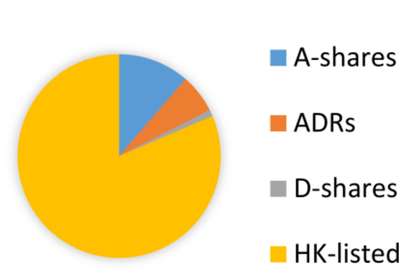
Industry breakdown

As of 31/10/2025



Market 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:	28-August-2017
Fund size:	SEK 184 million
Number of holdings:	35
Management fee (RC1):	1.35% + 10% perf. Fee
Fund management Company:	FundRock Management Company S.A.
NAV:	(RC1) SEK 169.3
	(RC8) SEK 177.6
Minimum subscription:	n.a.
ISIN code:	SEK RC1 LU 1608617111
	SEK RC8 LU 1608617384