AGCM Asia Growth Fund

August 3, 2026

AI fatigue and rotation. War driving up oil, inflation and interest rates.

During July, the NAV of AGCM Asia Growth Fund RC SEK increased by +10.0% and WP EUR share class by +11.0%.

The month of July was dominated by the Middle East war and a continued massive shortfall in the supply of oil, natural gas and downstream derivatives. Because of the higher oil- and gas prices, inflationary pressures keep building in many economies and interest rates are trending up. After a hawkish rate-hold decision delivered by the new Federal Reserve chairman Kevin Warsh on July 29, the US Treasury bond market sold off, the 30-year bond yield peaking at 5.27%, the highest level in 20 years. The interest rate sensitive valuations of semiconductor- and AI-related stocks have therefore come under pressure. In addition, the growing number of cheap, high-performance large language models from China are adding to investor concerns about overinvestments by the US hyperscalers. While it is true that AI has the potential to be deflationary down the road, the more immediate reality is that the continued closure of shipping lanes through Hormuz means inflationary pressures will continue to build via higher prices of refined products, freight, insurance and much more. The Yemeni Houthis' decision on 20 July to block oil exports from Saudi Arabia via the Red Sea will add to these inflationary pressures.

Despite the downside pressure on semiconductor stocks in July, China's leading DRAM producer CXMT came to the market with a bang. A gain of 500% in the first trading day has made CXMT one of the highest capitalized companies in China. CXMT's market capitalization is now USD 544 bn, compared to Hong Kong-listed Tencent's USD 570 bn.

Contrary to Western financial media reporting, China's economy remains largely in a relatively good place. GDP grew 4.7 per cent in the first half of this year, which is in line with the government's growth target of between 4.5 and 5 per cent. Inflation remains low at 1.0 per cent for the first half of this year. Growth in private consumption remains soft but exports rose by 27 per cent to USD 412 billion in June, supported by a boom in exports of autos, robotics and consumer electronics. In the first half of the year, China's trade surplus reached USD 683 billion(!).

China's monthly auto exports in June rose 75 per cent from a year earlier, exceeding 1 million units for the first time. New-energy vehicles accounted for most of the increase, with shipments surging 160 per cent to 523,000 units. In the first half of this year, car exports increased by 65 percent from a year earlier to 5.1 million units. BYD has become the latest Chinese automaker to launch a model overseas before introducing it in China, pricing the vehicle three times higher than in China, providing a welcome boost to BYD's profit margin.

Chinese carmakers continue to expand its manufacturing footprint abroad. BYD's Hungarian factory hit some regulatory roadblocks erected by Brussels but will start mass production later this year. Shanghai Auto is building a factory in Northeastern Spain. Last week Geely announced it will invest EUR 221 million for a minority stake in Ford Motor's plant in Spain for joint manufacturing.

After a meeting of the 21-member Politburo led by President Xi Jinping in late July, the leadership vowed to step up macro policy support and boost the resilience of capital markets for the remainder of the year, accelerate the pace of fiscal spending and speed up the transition from old to new growth drivers. The Politburo said, according to a statement published by state news agency Xinhua that the administration will "fully leverage the effectiveness of existing policies and roll out practical and effective incremental measures in a timely manner".

South Korea

Korean equities experienced unprecedented volatility in July as the AI-driven semiconductor rally reversed sharply. On top of the concerns over AI valuations, China's chip ambitions, and a potential peaking in corporate earnings, the primary driver was the rapid unwind of the highly concentrated single-stock leveraged ETFs tied to Samsung Electronics and SK Hynix. These products, which had amassed around USD 40 billion in assets at their peak, amplified the downturn through forced liquidations and mechanical rebalancing, creating a negative feedback loop that turned the correction into a broad deleveraging event. Meanwhile, Samsung Electronics posted record second-quarter earnings, with operating profit growing 19-fold year-on-year to USD 58 billion, driven by surging AI-memory demand and strong semiconductor margins. Samsung expects the chip shortage to extend into 2028, keeping the outlook constructive while investors remain sceptically watching capex, smartphone weakness, and whether earnings are near a cyclical peak. In response to heavy retail losses, Korean regulators tightened rules on leveraged ETFs by suspending new listings, raising investment thresholds, and considering investment caps, while the government also introduced broader stabilization measures, including emergency financing and a USD 14 billion capital injection into the Korea Investment Corporation to support AI and infrastructure investments.

Indonesia

In the month of July, Indonesian equities rebounded sharply from a five-year low in June, entering a technical bull-market as attractive valuations, swift regulatory intervention and improving foreign investor sentiment supported a recovery. Confidence improved after S&P Global Ratings reaffirmed Indonesia's BBB sovereign rating with a stable outlook, while MSCI deferred the decision on downgrading the market from emerging to frontier status, easing concerns over governance and panic selling. Bank Indonesia stabilized the volatile rupiah by unexpectedly holding its benchmark interest rate at 5.75%, while the Ministry of Finance demonstrated strict fiscal discipline by scaling back the budget for President Prabowo's ambitious free lunch program. Looking ahead, policy support, capital market reforms, and infrastructure spending should remain supportive for Indonesia's growth story, while investor sentiment continues to depend on rupiah stability, the execution of reforms and the pending MSCI decision.

Singapore

July was a strong month for Singapore's banking sector, with DBS, OCBC and UOB all trading near record highs on the back of the market's broader rally. DBS unveiled an ambitious long-term strategy to grow its wealth assets under management to over SGD 1 trillion (~USD 775 billion) by 2030, supported by plans to hire more than 600 wealth managers and tech professionals and expand its wealth center network across Asia, reinforcing Singapore's position as a regional private banking hub. The broader banking sector also expects to see strong loan growth and resilient net interest margins. These developments underscored that Singapore's banks remain well positioned to benefit from regional wealth creation, healthy capital positions and continued cross-border financial flows.

India

A major milestone in July was the signing of the India-UK Free Trade Agreement, which is expected to boost bilateral trade, improve market access for key sectors including automobiles, pharmaceuticals and textiles, and strengthen foreign investment prospects. The government also continued to accelerate infrastructure spending, announcing new railway, renewable energy and logistics projects while expanding semiconductor manufacturing incentives. Investors will continue to watch the US-India trade negotiations, the corporate earnings, and the development of oil prices as Middle East tensions evolve.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

July 2026

ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/07/2026	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	+10.0%	+3.4%	+25.3%	+34.0%	+136.5%
AGCM Asia Growth Fund WP EUR	+11.0%	+2.7%	+36.5%	+32.9%	n.a.

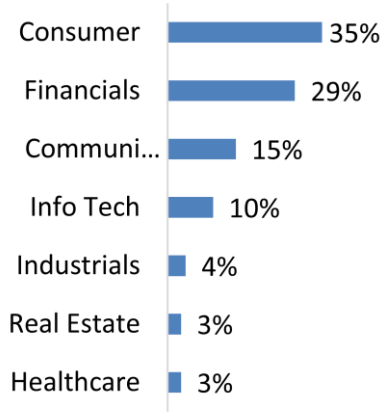
Top 5 holdings %

As of 31/07/2026

Company	Weight
Tencent Holdings	8.6%
Alibaba Group	7.0%
Samsung Electronics	6.3%
DBS	5.4%
Bank Central Asia	4.4%
Total	**31.7%**

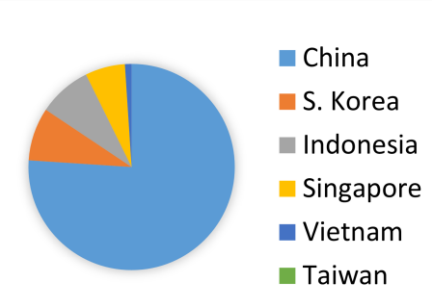
Industry breakdown

As of 31/07/2026



Geographic breakdown

As of 31/07/2026



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 608 million
Number of holdings:	34
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 236.5
	EUR 203.9
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909
	EUR WP LU 1163023143

Disclaimers

According to Personuppgiftslagen (PUL): AGCM can use such personal data which has been given to the company by the registered person or which the company has sourced from other sources (name, e-mail and telephone number) to, via e-mail or telephone, give information about and market its products and services, including direct marketing. The personal data is used mainly in relation to people who orally or in written form have indicated interest to AGCM. If you want to receive information about which personal data about yourself the company is handling, you can in writing, signed by yourself, make a request to Asia Growth Capital Management AB, Birger Jarlsgatan 10, 5 tr, 114 34 Stockholm. You can also make a request in writing to the same address that you wish not to have your personal data used for purposes of direct marketing. Request for correction of personal data can also be made to the same address.

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 before you make an investment. You can also request such information via e-mail to info@agcm.se.