AGCM Asia Growth Fund

ASIA GROWTH CAPITAL MANAGEMENT

July 2, 2026

Global AI-selloff leads to record low valuations of Chinese tech stocks

During June, the NAV of AGCM Asia Growth Fund RC SEK decreased by -3.2% and WP EUR share class by -5.7%.

Easing tensions in the Middle East and lower oil prices supported US stock markets, but a sharp sell-off in AI and semiconductor stocks on overinvestment concerns erased those gains, leaving the Nasdaq in negative territory for the month. In Asia, the South Korean and Taiwan markets where semiconductors dominate were hit hard late in the month by the global correction in AI-related stocks. The Hong Kong market was also negatively impacted, amplified by its sensitivity to US interest rates since the Hong Kong dollar is pegged to the US dollar. Expectations of higher US rates and thus Hong Kong rates is a negative factor for the Hong Kong market.

On a positive note, the sell-off in Hong Kong has resulted in valuations are not far from the previous bottom we experienced in January 2024. As an example, Alibaba's share price is now almost back down to its IPO price twelve years ago, despite revenues having grown by more than eleven times during that period. According to Bloomberg, the consensus target price of 45 analysts who cover Alibaba implies an upside of around 100% from the current share price, an upside we have not seen before. Compared to valuations of international peers, Alibaba's upside is higher still. For the entire fund, the weighted average price to earnings ratio is now around 11 times and the weighted average growth in estimated earnings per share is well above 10% in both 2026 and 2027.

The fund owns world-leading Chinese manufacturers of electrical vehicles, batteries, mobile phones, PCs, consumer electronics, as well as leading Chinese insurance companies, commercial banks, investment banks, telecom operators and healthcare companies. Companies with well established leading market positions in China and many of them are in the process of going global. Companies like BYD, Geely, CATL, Haier, Lenovo, Bank of China, Ping An, Tencent, Alibaba, Pinduoduo and JD plus many other fabulous companies less known in the Western World. A common denominator for the fund's holdings is an immense long term growth potential in Asia and globally. For various reasons, these companies are still very cheap, trading at a fraction of the valuations of their Western peers.

The most recent monthly data from German Dataforce revealed that Chinese cars accounted for 11% of all cars sold in Europe and a quarter of all hybrid cars. BYD and Geely's various brands are doing exceptionally well.
The World's largest power battery supplier, CATL, plans to expand its network of battery-swapping stations in China to more than 3,000 stations in 190 cities by the end of this year. CATL's heavy-duty truck battery-swapping service has built more than 300 battery-swapping stations in China and the roll-out continues. Battery-electric trucks are close to cost parity with diesel models, but widespread adoption depends on capacity of electricity grids and charging networks. China leads also in this area, already accounting for one-third of the world's electricity capacity.

On June 13, Hong Kong-listed Z.ai launched a new AI model called GLM 5.2. In a new DeepSeek moment, independent valuations revealed that GLM 5.2 is almost equal to Anthropic's Claude Opus 4.8 at just one quarter of the cost in terms of cost per token. The growth in use of cheaper Chinese large language models has been explosive. The leading Chinese AI models processed 21.4 trillion tokens on the global aggregator platform OpenRouter in the week ended 21 June, up from 4.4 trillion in late April, compared with 5.8 trillion tokens for the top US models, based on the weekly usage of the top nine models on OpenRouter. The pricing assumptions in the valuation models which underpin the lofty valuations of US AI-companies are looking increasingly vulnerable.

South Korea

June was highly volatile for Korean equities, swinging from an AI-driven rally to sharp risk-off selling as foreign investors pulled back and the currency weakened. The month started with a steep selloff, on the backdrop of a broader global chip correction, Middle East uncertainties, and fears of a more hawkish Federal Reserve. The market recovered briefly in mid-June as geopolitical fears eased and foreign buying returned, especially in semiconductors. The rebound faded later in the month amid MSCI's decision to keep Korea off its Developed Markets watchlist, concerns over leveraged single-stock ETFs tied to memory-chip makers, and renewed hawkish signals from the Fed. Nevertheless, Korea's economy showed resilience, supported by strong semiconductor exports and improving domestic demand. On June 29, President Lee Jae Myung unveiled a major semiconductor and AI investment plan, with Samsung and SK Hynix set to expand domestic chip capacity and AI data centers. Overall, June ended roughly flat, with the outlook constructive but fragile.

Singapore

Middle East tensions remained elevated in June, which continued to reinforce Singapore's safe-haven appeal Singapore's central bank MAS said its revised Single Family Office framework would take effect on 15 June, making it easier for qualifying family offices to establish themselves in Singapore while preserving stricter reporting and monitoring standards. The wealth-management push is also reinforced by DBS, which plans to launch 18 new wealth centers across Asia-Pacific by the end of 2027 and upgrade 36 existing locations; the rollout will expand its Treasures footprint in Singapore by 50%, marking its largest physical wealth expansion to date. Singapore overtook Indonesia as Southeast Asia's largest exchange by market capitalization, helped by the authorities' Equity Market Development Program and the SGX "Value Unlock" initiative for listed companies announced in February.

Indonesia

Indonesia would temporarily retain its MSCI Emerging Market classification rather than being downgraded to Frontier, according to MSCI's June 24 decision, averting the risk of large-scale forced foreign selling after January's crash. The relief was only partial, though: MSCI flagged weaker information-flow transparency and extended its monitoring period to November 2026, leaving the reprieve conditional on continued reform. Regulators still need to follow through on reforms to improve disclosure and shareholder protection. Meanwhile, Bank Indonesia raised rates twice in the month, by a combined 50 basis points, in an effort to stabilize the rupiah and attract foreign inflows, which helped halt the slide in both the currency and equities. The market remained under pressure, as the authorities continue the efforts to defend Indonesia's market status and restore investor confidence.

India

In June, negotiations on the interim India-US trade deal accelerated. PM Modi and President Trump met on the sidelines of the G7 summit in France on 17 June, followed by USTR Jamieson Greer's visit to New Delhi on 23–24 June for ministerial talks. Officials said both sides were working on the first tranche, while Commerce Minister Piyush Goyal stressed the need for a "balanced" deal, even as tariff and market-access differences remained unresolved. At the same time, India kept expanding trade ties with major partners, including the UK, Oman, New Zealand and the EU framework, in a push to lower tariffs, widen market access and attract investment. On technology, India stayed active but still lagged the leaders in the AI race: debate centered on whether it could move beyond software services and data centers toward stronger domestic AI capabilities, with policy focus still on semiconductors, digital infrastructure and strategic manufacturing rather than frontier AI model development.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

June 2026

ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/06/2026	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-3.2%	-5.9%	+14.9%	+11.8%	+115.0%
AGCM Asia Growth Fund WP EUR	-5.7%	-7.4%	+20.9%	+11.6%	n.a.

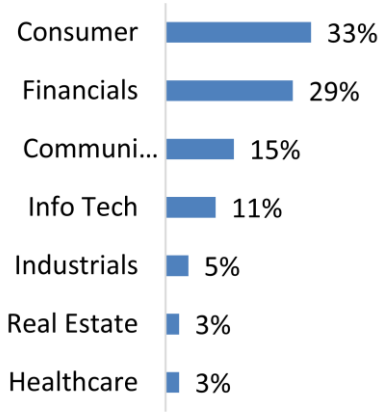
Top 5 holdings %

As of 30/06/2026

Company	Weight
Tencent Holdings	8.6%
Samsung Electronics	7.2%
Alibaba Group	6.2%
DBS	5.3%
CATL	4.6%
Total	**31.9%**

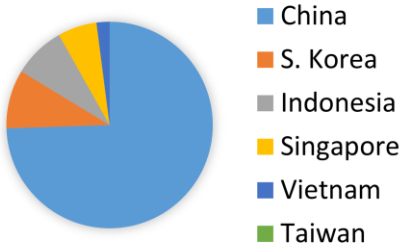
Industry breakdown

As of 30/06/2026



Geographic breakdown

As of 30/06/2026



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 553 million
Number of holdings:	34
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 215.0
	EUR 183.8
Minimum subscription:	n.a.
ISIN code:	SEK RC LU 1091660909
	EUR WP LU 1163023143

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