AGCM Asia Growth Fund

June 1, 2026

Investors pile into the AI trade leaving Chinese stocks in the backwater

During May, the NAV of AGCM Asia Growth Fund RC SEK decreased by -1.5% and WP EUR share class by -0.6%.

The fund underperformed the MSCI Asia ex-Japan index in May due to the AI rally with share prices of TSMC, Samsung and Hynix, having gone hyperbolic. Those three companies now account for 32% of the entire index and the valuations are in our view not sustainable. Given the outlook for oil and inflation, and the direction of bond markets and rates, we believe the AI-tech rally is increasingly vulnerable and we have gradually reduced the fund's exposure to the riskier market segments. The fund with its 34 holdings now has a weighted average price to earnings multiple of only 12 times. It is painful as long as the AI-frenzy continues but we believe it will pay off.

The performance in May was impacted also by three specific holdings. BYD's recent share price weakness reflects soft China sales in the first quarter due to fierce domestic competition however overseas volumes are growing rapidly with higher prices and margins. BYD remains a cost leader with an integrated battery-EV supply chain and strong technological leadership, including a new in-house 4nm smart-driving chip and a robust new-model pipeline. The rising global demand for electrical vehicles supported by high oil prices and better batteries provides a fantastic long-term potential for the company. BYD and its competitor Tesla both have net earnings of around USD 6 billion. Tesla's stock trades at 230 times earnings. We remain confident with faster growing BYD at 17 times earnings.

E-commerce giant PDD's recent share price weakness reflects a first quarter "earnings miss" driven largely by non-operating investment losses, alongside margin pressure from investments in new growth opportunities. The core business remains solid, supported by a cash pile of over USD 60 billion which is equivalent to half of PDD's market capitalization. With double digit revenue growth and exciting expansion plans, we see a significant upside in the valuation from here with the stock trading at only seven times earnings.

Trip.com ("Trip") is China's largest online travel agency and owner of Skyscanner. Trip's weak share price performance in May was driven mainly by the overhang from the ongoing antitrust investigation. Financial numbers in the recent quarterly reports were strong, and the Chinese travel demand remains resilient. Trip's competitive advantage and industry leadership should remain intact going forward. A potential anti-trust fine and business rectifications should be manageable, and past precedents suggest such regulatory setbacks are temporary. Even assuming slower growth and lower margins, the stock is cheap and supported by a stock buyback program of up to USD 5 billion equivalent to 17% of its market cap.

On the bright side, Alibaba leads China's AI drive with its latest Qwen3.7-Max model ranking among the top Chinese large language models on key benchmarks and narrowing the gap with global leaders. Alibaba has embedded Qwen across its cloud and e-commerce ecosystem to capture the massive AI-driven demand and reinforce its long-term growth potential. Alibaba's USD 300 billion market cap, a small fraction compared to its international peers, has a big upside. Not least if you believe Nvidia's CEO Jensen Huang when he claims China will win the AI race.

South Korea

South Korean equities extended their AI-driven rally in May, led by memory semiconductor stocks as investors increasingly view the sector as entering a prolonged "memory super cycle". Samsung Electronics and SK Hynix together account for roughly half of KOSPI market capitalization, highlighting the market's growing concentration around AI-related memory demand. The rally was supported by expectations of tight supply, rising memory chip pricing, and strong multi-year demand from AI infrastructure investment. Investor enthusiasm also boosted flows into newly launched single-stock leveraged ETFs linked to Samsung Electronics and SK Hynix. Meanwhile, Samsung Electronics avoided a potentially disruptive labor strike after reaching agreement with unions on a revised wage and bonus framework, while Korea's National Pension Service raised its target allocation to domestic equities, providing an additional supportive backdrop for Korean stocks.

Singapore

In May, Singapore reported actual Q1 2026 GDP growth of +6% year-on-year, far above expectations, driven by strength in manufacturing, wholesale trade, and financial services, with AI-related demand fueling a +58% surge in electronics exports. The escalating Iran-Israel conflict accelerated safe-haven inflows as wealthy Asian families likely shifted Dubai-domiciled assets to Singapore, supported by data showing foreign bank deposits rose to USD 515 billion in March, the highest level since 2021, alongside increases in foreign currency deposits, non-resident deposits, central bank reserves, and UAE gold imports. Unlike Taiwan or South Korea, Singapore's rally was not AI-driven but anchored by dividend-backed stability, with the three major local banks delivering solid returns with mid-single-digit dividend yields. A strong Singapore dollar, disciplined inflation control, and a robust regulatory framework continue to reinforce Singapore's appeal as a safe haven for global funds seeking stability amid geopolitical uncertainty.

Indonesia

In May, the Indonesian government announced a new EV incentive program covering 200,000 vehicles, set to begin in June, aimed at supporting growth and reducing fuel subsidies. President Prabowo also unexpectedly announced tighter state control over exports of palm oil, coal, and nickel through a newly created state-owned entity. The move, intended to curb under-invoicing, boost state revenue, and strengthen oversight of strategic commodities, rattled markets, weakened the rupiah, and triggered a sharp sell-off primarily by foreign investors who reacted negatively to the government's expanded role in commodity trade. Nevertheless, Indonesia's major banks continued to report resilient loan growth in the first five months of the year, driven by strong consumer and SME lending.

India

Indian equities continued to underperform AI-led markets in May, as foreign investors accelerated selling amid rising oil prices driven by the US-Iran conflict and a continued rotation of global capital toward AI beneficiaries. Global investors increasingly viewed India as lacking the deep tech ecosystem, R&D scale, and semiconductor manufacturing capacity needed to compete in the AI era, redirecting capital toward markets with more established AI supply chains. As higher energy prices weigh on India's growth outlook and currency, Prime Minister Modi urged Indians to save foreign exchange "by any means", including working from home, using fuel judiciously, postponing non-urgent foreign travel, and avoiding gold purchases for one year.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

May 2026

ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 31/05/2026	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-1.5%	-2.9%	+12.7%	+14.5%	+122.1%
AGCM Asia Growth Fund WP EUR	-0.6%	-1.9%	+23.1%	+17.5%	n.a.

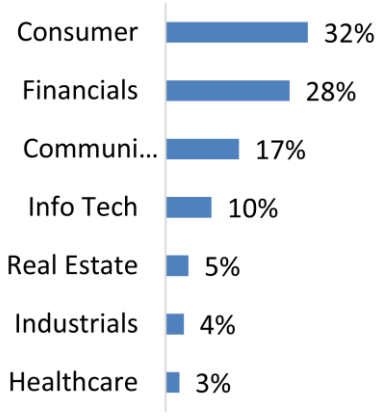
Top 5 holdings %

As of 31/05/2026

Company	Weight
Tencent Holdings	7.8%
Alibaba Group	7.4%
Samsung Electronics	6.4%
DBS	4.7%
Bank Central Asia	4.6%
Total	**30.9%**

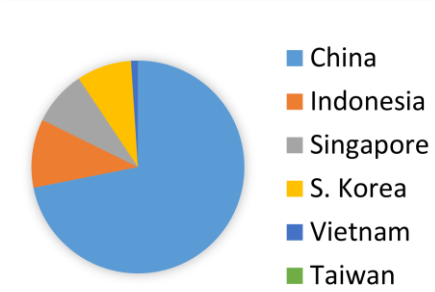
Industry breakdown

As of 31/05/2026



Geographic breakdown

As of 31/05/2026



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 580 million
Number of holdings:	34
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 222.1
	EUR 194.8
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.