

October 1, 2026

Is China the new safe haven in the coming energy crisis?

During the month of September, the NAV of AGCM Asia Growth Fund RC SEK decreased by -1.5% and WP EUR share class by -3.2%.

US and European bond markets came under pressure in part due to the looming energy crisis with rapidly rising prices on diesel, gasoline, fertilizers and other oil derivatives, all feeding into higher inflation expectations and higher bond yields. The U.S. Treasury market saw its worst monthly decline in four years with the 10-year Treasury yield surging more than 50 basis points in September, to around 5.3%, the highest level since 2002. Goldman Sachs recently warned that the monthly "speed limit" has been breached, and that historical patterns predict severe losses in the stock market. In China, it is now the other way around. In late September, China's 10-year government yield was around 1.66%, down about 18 basis points year-to-date. Chinese households have huge amounts of cash savings, in August reaching RMB 129 trillion (USD 19 trillion). With the Hong Kong and China mainland stock markets providing a 3% dividend yield, trading at only 11-14 times earnings with respectable earnings growth, it appears likely that a portion of the giant Chinese savings may flow into Chinese equity markets in the coming years. Influential international investment banks such as UBS recently touted China as a safe haven highlighting its cheap valuations and limited exposure to the problems in the energy sectors.

In Asia, the energy situation improved in September. Oil exports from the Middle East to China, India, Japan and South Korea have risen in recent months but are still not at levels where inventories are rebuilt. Asia's crude imports reached 20 million barrels per day in late September, 13% lower than the pre-war average of 27.6 mb/day.

The Trump-Xi meeting in Washington resulted in an extension of the trade truce with reciprocal tariff reductions covering roughly USD 30 billion of goods each way, but significant issues around technology, trade and security remain unresolved. The US will maintain the export restrictions on high-end semiconductors, and China will remain highly restrictive in terms of exports of rare earth minerals. China's huge trade surplus with the US continues. Trump will meet with Xi again at APEC in China in November and at the G20 meeting in Miami in December.

As for China's economy, exports remain strong and consumption remains weak. September economic data showed some improvement in economic indicators. In late September, China's central bank PBOC cut the one-year lending rate by 25 basis points to 1.5% to incentivize policy banks to provide more support for the real economy. Our Chinese research partner CITIC expects the government to accelerate incentives for investments in new energy, aerospace, AI, new materials, quantum technologies, fusion energy and biomanufacturing.

In the equity markets of Hong Kong and China, there was a rotation away from high-beta technology stocks into more defensive and policy sensitive sectors. Financials, utilities, consumer and property names outperformed the overall market in September. Chinese pharmaceutical company Hengrui rallied on a deal to license its obesity and diabetes drug HRS-1596 to Novo Nordisk in a deal valued at up to USD 2.6 billion. Chinese mainland investors were net buyers of stocks in Hong Kong providing net inflows to Hong Kong of HKD 430 billion year to date. From September, 21 mainland insurers were allowed to buy Hong Kong listed ETFs through Southbound Stock Connect, creating a substantial new source of capital.

South Korea

South Korean equities were largely flat in September, with continued concentration around semiconductors and AI. Korea's exports continued to surge in the month, +83.5% year-on-year to a record USD 120.9 billion, with semiconductor exports soaring +263% to USD 60.3 billion, pushing first nine months exports above the full-year 2025 record. Samsung's chip-making foundry business sees improving profitability, thanks to higher factory utilization and a shift toward more valuable AI-related chips. Strong demand from AI and data centers allows Samsung to raise prices for some new orders by around 15%, while its 4-nanometer chip production line in Pyeongtaek is running at full capacity. Samsung says AI and high-performance computing already accounts for 28% of its chip-making revenue, up from just 5% in 2017, and expects this to exceed 50% by 2029.

Indonesia

Indonesia market saw a weak September, mainly driven by foreign outflows and rupiah weakness as US Treasury yields and oil prices rose. The fundamentals continue to focus on policy stability, fiscal discipline and long-term investment. Bank Indonesia kept its policy rate at 5.75% while taking measures to support the rupiah and attract foreign capital. The government also strengthened Danantara, its sovereign wealth fund, as a second investment engine alongside the budget, targeting AI and digital infrastructure, electric vehicles, energy transition and advanced manufacturing. The unexpected appointment of Suhasil Nazara as the new Finance Minister signalled a shift toward more predictable fiscal management, with a renewed emphasis on the 3% deficit ceiling and spending efficiency while maintaining Prabowo's growth agenda. MSCI remains an overhang ahead of its November review, with investors watching for sustained capital-market reforms.

Singapore

Singapore equities held up well in September, briefly hitting a record high driven largely by the three major banks. Singapore's economy remained resilient, economists raised their 2026 GDP growth forecast to 5%, supported by the technology cycle, although geopolitical tensions and a potential AI slowdown remained key risks. Monetary Authority of Singapore, Singapore's central bank and financial regulator, appointed five new global asset managers under its Equity Market Development Programme, allocating USD 1.1 billion to encourage greater investment in Singapore-listed companies and deepen the local equity market. The move is part of broader efforts to improve market liquidity, attract institutional investors and strengthen Singapore as an equity-market hub. DBS CEO Tan Su Shan said the bank intends to remain an "Asian bank for Asians", focusing on wealth management, capital markets and trade rather than becoming a global universal bank. DBS is targeting USD 780 billion in wealth AUM by 2030.

India

Foreign investors sold around USD 2.7 billion of Indian equities in September, as they continued to flow into other markets benefiting more directly from the AI cycle. The Indian government unveiled "Semicon 2.0" program to expand the ecosystem beyond semiconductor assembly into design, equipment, fabrication, advanced packaging and R&D. India is taking a different approach to the global debate over slowing AI development, with policymakers focused on accelerating adoption rather than frontier-model competition, particularly across agriculture, education, healthcare and public services. The key challenge is managing the impact on employment, especially entry-level jobs in IT and services, while developing stronger safeguards for high-stakes applications such as hiring, credit lending and healthcare.

Gustav Rhenman, Chief Investment Officer

AGCM Asia Growth Fund

Monthly Report

September 2026



ASIA GROWTH CAPITAL MANAGEMENT

Performance

As of 30/09/2026	1 month	YTD	2 year	5 year	Since launch Oct 3, 2014
AGCM Asia Growth Fund RC SEK	-1.5%	-0.5%	+6.9%	+30.0%	+127.4%
AGCM Asia Growth Fund WP EUR	-3.2%	-4.2%	+9.0%	+24.2%	n.a.

Top 5 holdings %

As of 30/09/2026

Company	Weight
Tencent Holdings	8.6%
Samsung Electronics	7.5%
Alibaba Group	7.1%
Geely Auto	5.8%
Bank Central Asia	4.7%
Total	33.7%

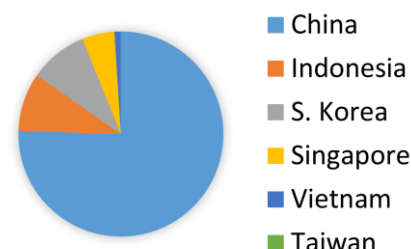
Industry breakdown

As of 30/09/2026

Consumer	36%
Financials	26%
Communi...	14%
Info Tech	11%
Industrials	7%
Healthcare	3%
Real Estate	3%

Geographic breakdown

As of 30/09/2026



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 574 million
Number of holdings:	34
Management fee (RC):	1.85%
Fund management Company:	FundRock Management Company S.A.
NAV:	SEK 227.4 EUR 190.3
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.