VIETNAM UPDATE

DRAGON CAPITAL

October 2025

Earnings strength meets market consolidation

Minh Dang
Head of Research

Macroeconomics:

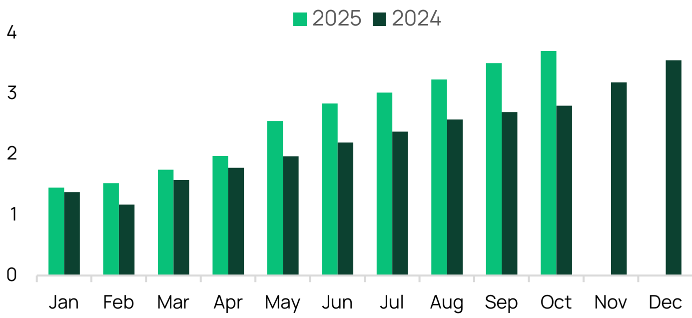
- Vietnam sustained growth momentum with industrial output up 10.8% YoY and PMI jumping to 54.4, signalling a rebound in manufacturing orders and export demand.
- Public and private investment remained key growth pillars, with public disbursement up 27.8% and FDI disbursement at a five-year high of $21.3bn.
- Inflation remains stable at 3.3%, allowing policymakers to sustain liquidity support and credit growth, though FX pressure remains a key watchpoint.

Stock Market:

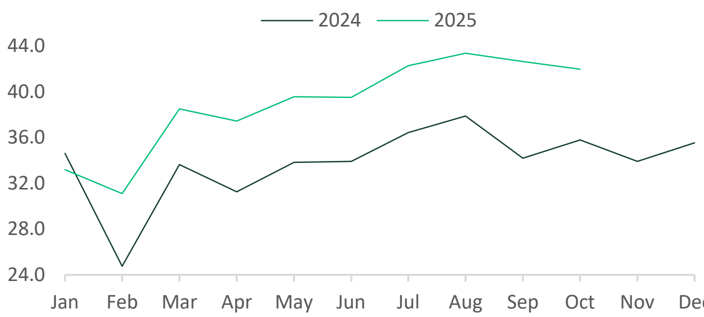
- The VNI eased 0.7% in USD terms in October after touching a record 1,794, reflecting post-upgrade consolidation and global risk rebalancing.
- Combined average daily liquidity held at $1.4bn but below previous month's highs, with over 310,000 new retail accounts offsetting foreign outflows of $825mn.
- IPO momentum accelerated with VP Bank Securities' $480mn listing and VPS preparing a $460mn offering under the new fast-track listing regime.

CHARTS OF THE MONTH

Public Spending Surges Ahead of Year-End Push



Vietnam's Exports Rise on Tariff Clarity



Monthly Insights

The Vietnam Index reached a new intraday high of 1,794 in October before easing 0.7% by month-end. The mild pullback reflects profit taking after a long rally rather than any deterioration in fundamentals. Average daily trading value was steady at $1.4bn, while retail investors opened more than 310,000 new accounts, the highest monthly figure in a year. Foreign investors continued to net sell around $825mn, taking total outflows to approximately $5.0bn YTD. The ability of domestic liquidity to absorb these outflows underscores the depth of local participation, but the persistent foreign selling remains a pain point. Global appetite for emerging markets is still cautious, constrained by high returns in developed markets amid geopolitical uncertainty, while pressure on the Vietnamese dong has been compounded by seasonal FDI profit repatriation.

Nonetheless, macro indicators continue to confirm Vietnam's underlying momentum. Industrial production rose 10.8% YoY in October and PMI climbed to 54.4, signalling renewed strength in both domestic and export demand. Public investment disbursement reached $24.3bn YTD, up 27.8% YoY, as infrastructure projects move from approval to implementation at a steady pace, and disbursed FDI hit $21.3bn, up 8.8% YoY, the highest in five years. CPI remained contained at 3.3%, providing room for the State Bank to maintain accommodative policy conditions.

Corporate earnings added weight to the recovery story. 3Q25 NPAT rose 21.2% YoY on 7.2% revenue growth, while 9M25 NPAT increased 22.4% YoY on 9.0% revenue growth. The improvement was driven by better margins and stronger volumes rather than one-off financial income, showing a genuine recovery in operating performance. Financials and industrials remained the main growth drivers, while strong signs of recovery in real estate and consumption suggest broader participation ahead. For Dragon Capital's Top 80 universe, base-case profit growth of 21% in 2025 and 17% in 2026 looks achievable as earnings quality strengthens and performance broadens beyond the large-caps.

Public debt remains moderate at around 33% of GDP, giving the government space to maintain this investment push without creating fiscal strain. Concurrently, capital market reform is gaining traction. VP Bank Securities completed a $480mn IPO in October, and another large brokerage is preparing its own offering. A new Decree has shortened the IPO-to-listing window from 90 to 30 days, which should improve liquidity and reduce time-to-market for future issuers. With an estimated $50bn IPO pipeline over the next few years, FTSE EM inclusion expected in 2026 followed by MSCI EM by 2030, the shift from policy design to execution is now well under way.

Risks remain centred on the global interest rate path and FX pressure, which will likely determine the pace of foreign re-engagement. Vietnam's fundamentals remain supportive, but near-term market direction will depend on policy consistency, foreign investor participation, and how well domestic liquidity holds up if external conditions tighten. The next stage of progress will be defined less by sentiment and more by execution.

VIETNAM EQUITY (UCITS) FUND (VEF)

DRAGON CAPITAL

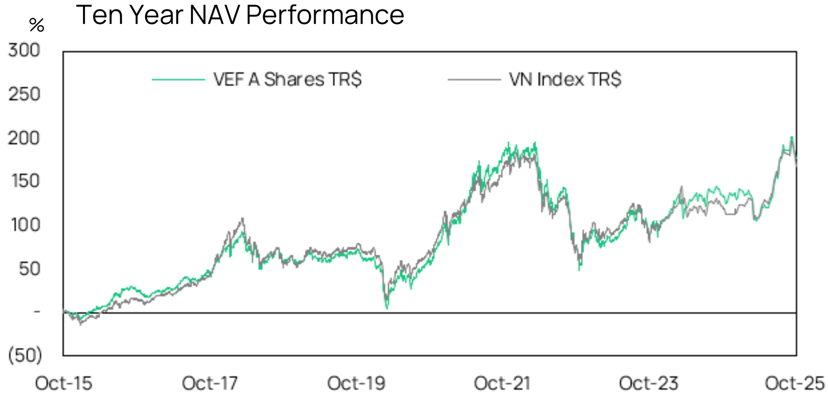
October 2025

Mai Vu
Portfolio Manager

At a Glance

- The Fund fell 3.2% in October, reflecting profit-taking in recent outperformers, especially banks and brokers.
- VEF aims to capture the Vietnam high growth story through banks and private sector power forces while monitoring developments in the state-owned enterprises space, identifying tactical opportunities.
- Portfolio earnings growth stands at 20-30% in tandem targeted a GDP growth target of 10% in 2026.

Ten Year NAV Performance



Performance (%)

All reporting on this page is in total return US dollar terms to the last business day in Vietnam unless otherwise stated

	Net Assets	NAV/Share	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
VEF A (USD)	$200.07mn	$38.29	16.7	-3.2	9.3	18.5	57.7	78.8	177.1
VEF B (EUR)	€49.76mn	€1,881.86	5.2	-1.7	8.6	11.2	38.2	84.8	N/A
VNI (Reference Index)	N/A	N/A	27.3	-0.7	9.3	27.5	59.0	69.5	167.2

Past performance cannot be relied upon as a guide to future performance

Fund Commentary

Vietnam's equity market remained in consolidation mode through October, digesting the Q3 earnings season and recent market upgrade developments. Vingroup continued to make headlines with its high-profile infrastructure initiatives, and the Fund's early positioning in VIC since May has paid off. However, as the stock grew to 10% of AUM, hitting the UCITS threshold, we are obligated to trim. From a risk-reward perspective, we are comfortable with the current allocation. While the broader market consolidates, the Fund also gave back some ground, as many of our top-performing holdings have corrected around 15% from recent highs as of mid-November.

Looking into Q4 and 2026, Vietnam's high-growth trajectory remains intact, if not stronger and more clearly defined. All three of our leading macro indicators continue to gain traction: exports rose 16% YoY, FDI disbursement hit new highs with 8.5% growth, and PMI reached a promising 54.5; public investment is accelerating; and tourism and consumption continue to rise. Against this backdrop, the economy is on track to meet the Government's 2025 GDP growth target of 8%, with an ambitious 10% set for 2026 with inflation management of 4.5%. Much of the real economy is reflected in the equity market, where listed banks make up circa 50% of market earnings. Vietnam is still very much a bank-backed economy where around 90% of credit is channeled through banks. The Fund continues to strive to capture Vietnam's high growth story as evident through our higher-than-market-average portfolio earnings growth forecast of 20–30%, while valuations are undemanding at 12x forward PE and 1.7x PB. We are closely monitoring the Government's 2026 strategic directives to achieve 10% GDP growth and fine-tuning the portfolio as needed. Our primary focus continues to be banks, which will power economic growth, while we maintain conviction in private sector power forces and assess the evolving role of state-owned enterprises in Vietnam's new growth era. We are also identifying tactical opportunities for 2026, with brokerages potentially returning strongly with two FTSE milestones next year, and we are hopeful for new listings across sectors that could add breadth to the portfolio. The final two months of 2025 will centre on de-risking and profit-taking where suitable, while keeping core convictions intact.

Stock in Focus: Viet Capital Securities (VCI)

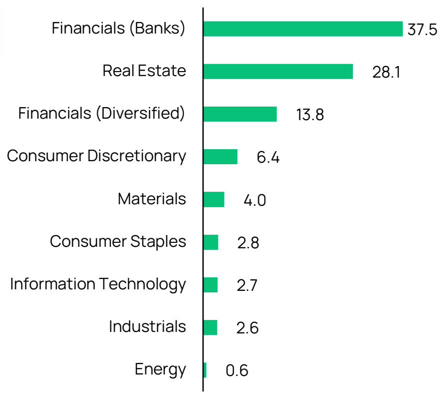
VCI is one of Vietnam's leading full-service securities firms, offering margin lending, brokerage, proprietary trading, and investment holdings, with total assets exceeding $1.1bn. It serves a sophisticated client base of corporates, financial institutions, and retail investors through a platform supported by in-depth research, advanced trading systems, and an experienced institutional sales network, reinforcing its leadership in Vietnam's capital markets.

In the first nine months of 2025, VCI delivered solid performance with pre-tax profit of $41mn (+28% YoY), achieving 76% of AGM guidance. Growth was driven by expanding margin lending, steady trading gains, and stronger fee income from active markets. Brokerage revenue benefited from higher institutional volumes and client retention, while investment banking gained traction with the successful completion of a landmark VP Bank Securities deal, to be recognised in 4Q25. Full-year earnings are projected to rise 43% in 2025, with valuation remaining undemanding at 20x PE and 1.8x PB. The revival of Vietnam's IPO market and accelerating fundraising activity position VCI for continued growth into 2026. For VEF, VCI provides direct exposure to Vietnam's deepening capital markets, IPO pipeline, and emerging-market transition, supported by a diversified earnings base, strong advisory franchise, and proven institutional relationships.

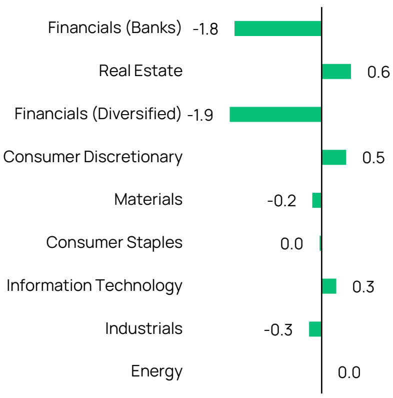
Top Ten Holdings (55.0% of AUM)

Company	Ticker	Sector	VEF (%)	VNI (%)	MoM (%)
Vingroup	VIC	Real Estate	8.6	10.1	9.7
Vinhomes	VHM	Real Estate	6.7	5.6	-3.3
Vietinbank	CTG	Financials (Banks)	6.1	3.6	-2.3
Techcombank	TCB	Financials (Banks)	6.1	3.4	-6.9
MB Bank	MBB	Financials (Banks)	6.0	2.6	-9.5
Mobile World	MWG	Consumer Discretionary	4.9	1.7	6.8
BIDV Bank	BID	Financials (Banks)	4.8	3.6	-5.0
Sacombank	STB	Financials (Banks)	4.0	1.4	-2.0
Hoa Phat Group	HPG	Materials	4.0	2.8	-4.7
VP Bank	VPB	Financials (Banks)	3.8	2.5	-7.3

Sector Breakdown (%)



Monthly Contribution (%)



Key Indicators

Item	Unit	2020	2021	2022	2023	2024E	2025F
GDP	$bn	346.6	366.1	408.8	430.0	476.3	529.5
Real GDP Growth	%	2.9	2.6	8.0	5.1	7.1	8.0
Services Growth	%	2.5	1.2	10.0	6.9	7.4	8.9
Agriculture Growth	%	2.8	2.9	3.4	2.6	3.3	5.5
Ind'l and Const'n Growth	%	3.3	4.1	7.8	3.5	8.3	8.7
Retail Sales Growth	%	2.6	-3.8	10.2	8.3	9.0	9.4
Prices							
CPI (Average YoY)	%	3.2	1.8	3.2	3.3	3.6	4.2
Money, FX and Interest Rates							
Money Supply M2	%	14.5	8.9	6.2	12.5	12.7	14.5
Average Lending Rate	%	8.6	8.5	13.7	8.7	8.4	8.4
5-yr VGB	%	1.1	0.9	4.7	1.6	1.4	1.9
VND:$	$1	23,085	22,800	23,550	24,250	25,450	26,500
External Sector							
Trade Balance	$bn	19.9	3.3	12.4	28.0	24.4	18.8
Current Account	$bn	15.1	-7.8	-1.5	17.4	20.7	14.6
Current Account / GDP	%	4.3	-2.1	-0.4	4.0	4.4	2.8
FDI Registered	$bn	28.5	38.5	27.7	36.6	35.0	31.0
FDI Disbursement	$bn	20.0	19.8	22.4	23.2	25.4	23.1
FX Reserves	$bn	98.0	106.5	85.0	89.0	80.0	75.0
Public Debt Fiscal Balance							
External Debt	$bn	130.1	138.8	141.2	138.0	140.3	151.0
Government	$bn	49.0	47.9	48.8	44.4	44.5	47.8
Enterprises (incl. FDI)	$bn	81.1	90.9	92.4	93.6	95.8	103.2
External Debt (% GDP)	%	37.5	37.9	34.5	30.3	30.3	30.1
Fiscal Balance (% GDP)	%	-3.9	-4.0	-4.0	-3.6	-3.6	-4.2

All forecasts are Dragon Capital estimates

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	31-Oct-24	31-Oct-25	31-Oct-24	31-Oct-25	31-Oct-24	31-Oct-25	31-Oct-24	31-Oct-25
Market cap ($m)	205,575	276,396	12,623	17,619	58,193	56,440	276,392	350,455
Number of stocks	394	394	312	303	881	882	1,587	1,579
Number of large cap stocks (> $400m)	75	83	10	13	17	21	102	117
Stocks with no room for foreigners	65	59	94	102	266	292	425	453
Market cap of stocks with no room ($m)	18,865	20,995	1,792	2,631	19,899	21,912	40,556	45,539
Share of Market Cap with No Room (%)	9.2	7.6	14.2	14.9	34.2	38.8	14.7	13.0

Top 25 Companies by Market Cap

No	Company	31-Oct Price (VND)	Price YTD (%)	Mkt Cap ($m)	Wt in VNI (%)	PER 2024 (x)	PER 2025E (x)	PER 2026E (x)	PBV 2024 (x)	PBV 2025E (x)	PBV 2026E (x)	Yield 2024 (%)	Yield 2025E (%)	Yield 2026E (%)
1	Vingroup	191,000	371.0	27,947	10.10	13.0	63.0	62.3	1.1	4.9	4.6	0.4	-	-
2	Vietcombank	59,600	-1.6	18,912	6.90	17.2	15.6	14.0	2.6	2.2	1.9	-	-	-
3	Vinhomes	99,200	148.0	15,473	5.60	5.2	10.2	8.9	0.8	1.6	1.4	0.4	-	-
4	Vietinbank	49,000	30.7	9,992	3.60	8.8	9.7	8.3	1.4	1.5	1.3	-	-	-
5	BIDV	37,400	0.7	9,972	3.60	13.3	13.0	11.5	1.8	1.6	1.4	-	-	-
6	Techcombank	35,100	46.2	9,446	3.40	8.1	10.6	8.9	1.2	1.5	1.3	3.0	1.9	2.3
7	VP Bank	28,700	53.5	8,647	3.10	9.4	10.0	8.5	1.0	1.4	1.2	5.2	3.0	3.5
8	Hoa Phat Group	26,700	20.2	7,782	2.80	14.2	12.2	9.0	1.5	1.6	1.4	-	1.6	1.6
9	Airports Corporation VN	55,400	-27.6	7,537	-	29.1	20.1	17.9	4.6	2.7	2.3	-	-	-
10	MB Bank	23,600	44.1	7,219	2.60	6.0	7.9	6.6	1.2	1.4	1.2	2.1	-	-
11	FPT	103,900	-21.0	6,721	2.40	31.0	21.2	18.2	7.5	4.7	4.0	1.5	2.2	2.5
12	Masan Consumer	159,500	-9.3	6,401	-	23.2	25.3	22.9	16.9	10.3	9.1	12.4	2.8	2.8
13	LienViet Post Bank	50,700	74.2	5,752	2.10	8.9	16.2	14.8	2.0	3.0	2.5	-	-	-
14	PV Gas	61,600	-3.9	5,645	2.00	15.2	12.3	13.4	2.6	2.3	2.2	8.7	5.7	5.7
15	Asia Commercial Bank	25,500	18.3	4,974	1.80	6.7	7.5	6.6	1.3	1.3	1.1	3.4	1.4	1.6
16	HD Bank	32,000	25.5	4,672	1.50	7.0	7.6	6.3	1.6	1.6	1.2	3.3	-	-
17	Mobile World	82,600	37.4	4,638	1.70	23.6	18.1	15.0	3.2	3.7	3.1	0.8	1.2	1.2
18	Vinamilk	57,600	-1.5	4,572	1.70	14.5	15.4	14.2	3.8	3.9	4.0	6.2	7.6	7.6
19	Masan Group	79,600	13.7	4,371	1.60	50.4	29.8	22.2	3.3	3.4	2.9	1.7	1.5	1.5
20	Vietjet Air	187,000	87.0	4,201	1.50	38.6	34.0	30.9	3.2	5.0	4.3	0.1	-	-
21	Sacombank	55,500	50.4	3,973	1.40	6.9	6.4	5.3	1.3	1.5	1.2	-	-	-
22	Vietnam Airlines	31,600	40.0	3,734	1.40	8.4	8.7	10.1	neg	11.8	6.4	0.4	-	-
23	Binh Son Refining	16,650	17.9	3,166	1.10	112.0	35.6	37.3	1.3	1.5	1.5	3.1	2.6	2.6
24	Vincom Retail	33,300	94.2	2,874	1.00	9.5	13.1	13.5	0.9	1.6	1.4	-	-	-
25	SSI Securities	34,300	35.0	2,704	1.00	17.9	16.9	14.5	1.9	2.1	2.1	3.0	-	-

All forecasts are Dragon Capital estimates

Fund	Bloomberg	ISIN	LEI	SEDOL	CUSIP	Listed
VEF-A	VIETNAM ID	IE00BD5HPH84	254900EVTJZ4VAUG4M43	-	-	-
VEF-B	VIETEUR ID	IE00BV8WVB25		-	-	-
VEF-C	VIETGBP ID	IE000LEKRJK0		-	-	-

Price Providers	Funds	Bloomberg	Contact
SEI Investments	VEF	-	Transfer Agency Department TADublin@seic.com

VEF	
Subscription & Withdrawals	Daily

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