

## Domestic fundamentals hold firm as markets reprice global risk



**Tung Dang**  
Chief Economist

### Macroeconomics:

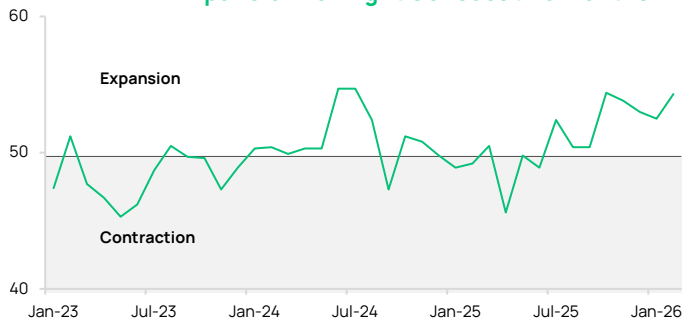
- ▶ Macro conditions remained stable with CPI averaging 2.9% YoY, preserving policy flexibility, with realised FDI reaching \$3.2bn YTD (+8.8% YoY).
- ▶ Manufacturing momentum strengthened, with PMI rising to 54.5 and IIP expanding 10.4% YoY YTD, reinforcing continued industrial expansion.
- ▶ Retail sales grew 7.9% YoY as domestic demand held steady and business confidence reached a 41-month high.

### Stock Market:

- ▶ The VN-Index rose 2.4% in USD terms, bringing YTD returns to 6.4%, supported primarily by strong domestic investor participation.
- ▶ Market liquidity remained resilient despite the holiday period, with combined average daily trading value of \$1.2bn/day, down slightly from \$1.5bn in January.
- ▶ Industrial and policy-linked sectors attracted investor attention as manufacturing expansion and reform momentum supported sentiment.

## CHARTS OF THE MONTH

**PMI In Expansion For Eight Consecutive Months**



**Inflation Remains Well Contained**



## Monthly Insights

February's data suggests Vietnam's growth momentum remains intact despite seasonal distortions around the Lunar New Year. Industrial activity and business sentiment continued to strengthen, while inflation remained contained, preserving policy flexibility. However, global markets, including Vietnam, have since experienced a sharp increase in volatility following the escalation of the Iran conflict in early March, shifting near-term investor sentiment even as Vietnam's underlying macro trajectory remains on track.

Industrial activity remained a key pillar of growth. The Index of Industrial Production (IIP) rose 1.0% YoY in February, bringing YTD growth to 10.4% YoY, led by manufacturing and processing at 11.5%. Business sentiment also strengthened, with PMI rising to 54.5 and business confidence reaching a 41-month high, signalling that firms are seeing sustained demand and may be preparing for further expansion. Inflation remained well contained, with CPI averaging 2.9% YoY for the first two months, preserving policy flexibility and supporting stable financial conditions.

Domestic demand also remained firm. Retail sales and services revenue increased 7.9% YoY in the first two months, with February alone rising 8.5% YoY. Seasonal spending during the Tet holiday supported activity in apparel, accommodation, food services, and travel, underpinning the continued recovery of services and steady household consumption.

Investment and external activity continued to support growth. Total trade turnover reached \$155.7bn YTD, up 22.2% YoY, with exports rising 18.3% YoY to \$76.36bn. Import demand also remained firm, reflecting continued purchases of intermediate goods and production inputs as industrial activity expanded, which suggests manufacturers remain confident in near-term order flow. Realised FDI disbursement reached \$3.21bn YTD, up 8.8% YoY, with manufacturing continuing to attract the majority of foreign capital. Fiscal dynamics remained supportive, with state budget revenue reaching approximately \$22.9bn in the first two months of 2026, up 13.1% YoY, helping preserve room for continued growth-supportive spending.

Equity markets were relatively stable during the shorter trading month. With only 15 trading sessions due to the holidays, the VN-Index recorded a gain of 2.4% MoM in USD terms. Liquidity eased slightly to \$1.2bn around the holiday period but remained healthy relative to historical averages, supported primarily by domestic participation. Foreign investor activity was mixed, although intermittent net-buying sessions continued to appear. Investor attention remained focused on companies linked to industrial expansion and structural policy themes, while state-owned enterprises (SOEs) continued to attract interest following the government's reform agenda under Resolution 79. That pattern suggests investors are still rewarding areas of the market most closely tied to cyclical recovery and policy execution.

In summary, February's data reinforces the resilience and breadth of Vietnam's growth trajectory. Manufacturing remains the anchor of expansion, while services activity, consumption, and investment flows continue to strengthen. If industrial momentum persists and inflation remains contained, policy conditions should remain supportive, allowing the equity market's focus to shift increasingly toward earnings delivery and the gradual return of foreign investor participation. That said, the escalation of tensions in the Middle East introduces external risks and potential volatility, particularly through energy prices, global risk sentiment, and FX pressures, which we will continue to monitor closely.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE - PLEASE READ THE DISCLAIMERS ON THE LAST PAGE OF THIS REPORT

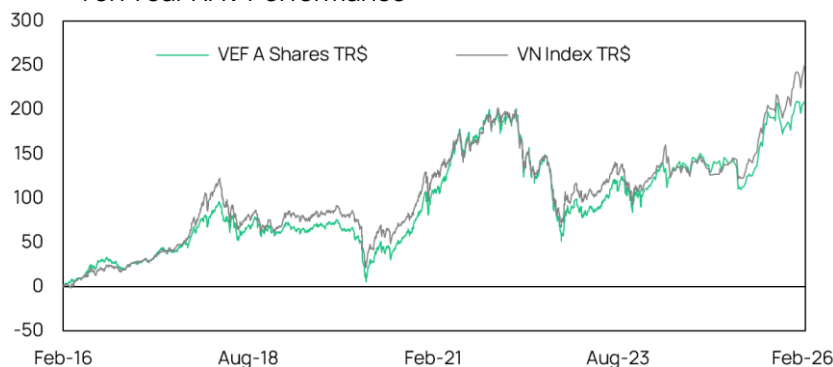


**Mai Vu**  
Portfolio Manager

### At a Glance

- VEF increased 0.2% in February, lagging the VNI as banks consolidated after January's strong rally.
- Brokerage and energy positions contributed positively, but could not offset the move in VIC, which rose 21.9% after falling 16.0% in the previous month.
- We kept VIC at around 4% of the portfolio, added to energy names after Lunar New Year, and continued trimming FPT on AI-related sentiment concerns.

### Ten Year NAV Performance



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

### Performance (%)

	Net Assets	NAV/Share	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
VEF A (USD)	\$269.79mn	\$42.05	4.8	0.2	9.4	28.8	73.6	49.6	209.5
VEF B (EUR)		€2,028.29	4.6	1.4	7.6	14.3	58.3	58.9	-
VEF C (GBP)		£1,038.63	4.7	4.7	-	-	-	-	-
VNI (Reference Index)	-	-	6.4	2.4	10.8	43.7	76.5	53.9	250.7

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

### Fund Commentary

VEF was essentially flat in February as most of our banking holdings retracted following a strong rally in January when the sector reported solid results and a promising outlook for the year ahead. The main exception was MB Bank, which continued to perform well. Encouraging gains from our brokerage and energy holdings were not sufficient to offset the sharp rebound in our underweight position in VIC, which rose 21.9% after declining 16.0% in January. This was the main reason the Fund lagged the VNI. For now, we are maintaining VIC at around 4% of the portfolio to balance volatility, as we believe the stock is likely to trade within a certain range, with periodic support from potentially favourable headlines such as the rumoured IPO of its ride hailing arm Green SM, progress on LNG projects, and possible foreign inflows leading up to Vietnam's FTSE EM rebalancing.

Following the Lunar New Year holiday, we slightly increased exposure to the energy sector, reflecting the rising probability of geopolitical tensions in the Middle East, an issue increasingly flagged by global institutions and news outlets, as well as Vietnam's need to accelerate investment in energy infrastructure to support future economic growth. Among our energy positions, PVS stands out, and is discussed below in more detail. Energy and Utilities (PV Gas) accounted for 8.9% of the portfolio at the end of February and have since risen to over 12% at the time of writing. This remains a tactical allocation rather than a core investment theme, with positioning to be adjusted as the geopolitical backdrop normalises. Other portfolio actions included further trimming of FPT, reflecting concerns around AI-related disruption, particularly in light of Anthropic's IPO this year, which is likely to weigh on sentiment towards the stock.

We continue to monitor developments closely and remain focused on fundamentals. Vietnam has repeatedly demonstrated resilience through external shocks and black swan events, often emerging stronger afterwards. The country's leadership remains proactive and responsive, applying its "bamboo diplomacy" in a complex global environment to preserve stability and support growth.

### Stock in Focus: PetroVietnam Technical Services Corporation (PVS)

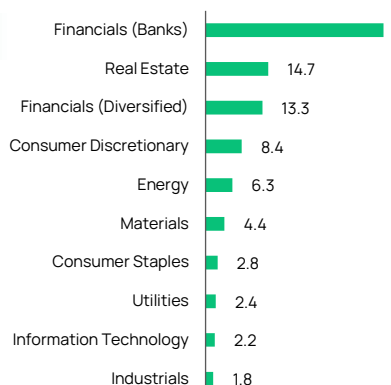
PVS is Vietnam's largest integrated oil and gas technical services company, operating across mechanical and construction (M&C), floating production and storage, offshore support, and supply base services, with total assets of ~\$1.5bn. As PetroVietnam's core technical service arm, it is uniquely positioned at the centre of Vietnam's upstream energy value chain, with deep engineering expertise, a strong domestic project portfolio, an expanding international presence, and privileged access to strategically important offshore projects.

2025 was a stellar year for PVS, with revenue reaching \$1.25bn (+37% YoY) and net profit of \$70mn (+70% YoY). Strong top-line performance was supported by a solid M&C backlog of approximately \$2.0bn, with a key contribution from the accelerated execution of the Block B - O Mon project. Bottom-line growth was driven by improved gross margins in the M&C segment, reflecting better cost control and operational efficiency. For 2026, full-year revenue and net profit are currently projected to grow by 19% and 12%, respectively, supported by a strong work pipeline as Vietnam ramps up investment in energy infrastructure. PVS offers direct exposure to the domestic upstream capex upcycle driven by sectoral policy tailwinds, as well as expanding global offshore energy activity, underpinned by the company's strong execution track record. Valuation is also relatively attractive at around 12x P/E and 1.5x P/B.

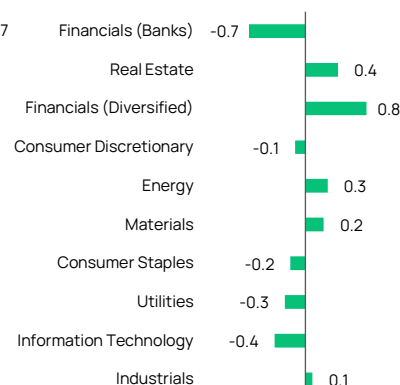
### Top Ten Holdings (51.2% of AUM)

Company	Ticker	Sector	VEF (%)	VNI (%)	MoM (%)
MB Bank	MBB	Financials (Banks)	8.4	2.6	4.3
Vietinbank	CTG	Financials (Banks)	7.7	3.4	-1.7
BIDV Bank	BID	Financials (Banks)	5.9	3.8	-11.5
Mobile World	MWG	Consumer Discretionary	5.0	1.5	-0.2
Techcombank	TCB	Financials (Banks)	4.5	2.9	0.5
Vinhomes	VHM	Real Estate	4.4	5.0	1.4
Vingroup	VIC	Real Estate	4.2	15.0	21.9
Vietcombank	VCB	Financials (Banks)	3.8	6.1	-8.4
Vietcap Securities	VCI	Financials (Diversified)	3.8	0.4	4.6
VP Bank	VPB	Financials (Banks)	3.6	2.6	2.9

### Sector Breakdown (%)



### Monthly Contribution (%)



UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE - PLEASE READ THE DISCLAIMERS ON THE LAST PAGE OF THIS REPORT

## Key Indicators

Item	Unit	2021	2022	2023	2024	2025E	2026F
GDP	\$bn	366.1	408.8	430.0	476.3	514.0	561.8
Real GDP Growth	%	2.6	8.0	5.1	7.1	8.0	9.3
Services Growth	%	1.2	10	6.9	7.4	8.6	9.5
Agriculture Growth	%	2.9	3.4	2.6	3.3	3.8	4.0
Ind'l and Const'n Growth	%	4.1	7.8	3.5	8.3	9.0	10.5
Retail Sales Growth	%	-3.8	10.2	8.3	9.0	9.2	10.0
<b>Prices</b>							
CPI (Average YoY)	%	1.8	3.2	3.3	3.6	3.3	4.0
<b>Money, FX and Interest Rates</b>							
Money Supply M2	%	8.9	6.2	12.5	12.7	15.0	12.5
Average 12M Deposit Rate	%	6.0	8.0	5.0	5.0	5.8	6.3
5-yr VGB	%	0.9	4.7	1.6	1.4	3.3	3.5
VND:\$	\$1	22,800	23,550	24,250	25,450	26,300	27,310
<b>External Sector</b>							
Trade Balance	\$bn	3.3	12.4	28.0	24.4	20.0	25.0
Current Account	\$bn	-8.1	1.4	25.8	30.5	34.5	40.0
Current Account / GDP	%	-2.2	0.3	6.0	6.4	6.7	7.1
FDI Registered	\$bn	38.5	27.7	36.6	35.0	38.4	41.9
FDI Disbursement	\$bn	19.8	22.4	23.2	25.4	27.6	30.1
FX Reserves	\$bn	106.5	85.0	89.0	80.0	78.0	80.0
<b>Public Debt, Fiscal Balance</b>							
External Debt	\$bn	138.8	141.2	138	140.3	151.0	168.54
Government	\$bn	47.9	48.8	44.4	44.5	47.8	50.0
Enterprises (incl. FDI)	\$bn	90.9	92.4	93.6	95.8	103.2	118.54
External Debt (% GDP)	%	37.9	34.5	30.3	30.3	29.4	30.0
Fiscal Balance (% GDP)	%	-4.0	-4.0	-3.6	-3.6	-4.2	-4.0

All forecasts are Dragon Capital estimates

## Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	28-Feb-25	28-Feb-26	28-Feb-25	28-Feb-26	28-Feb-25	28-Feb-26	28-Feb-25	28-Feb-26
Market cap (\$mn)	212,872	338,967	15,078	18,061	60,241	57,149	288,191	414,177
Number of stocks	392	403	310	302	889	845	1,591	1,550
Number of large cap stocks (>\$400mn)	77	91	11	12	19	21	107	124
Stocks with no room for foreigners	66	62	94	107	274	314	434	483
Market cap of stocks with no room (\$mn)	26,707	22,994	3,270	2,998	24,458	27,861	54,435	53,853
Share of Market Cap with No Room (%)	12.5	6.8	21.7	16.6	40.6	48.8	18.9	13.0

## Top 25 Companies by Market Cap

No	Company	28-Feb Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2024 (x)	2025 (x)	2026E (x)	2024 (x)	2025 (x)	2026E (x)	2024 (%)	2025 (%)	2026E (%)
1	Vingroup	172,000	1.4	50,888	15.00	13.0	97.2	112.2	1.1	8.8	8.2	0.4	0.2	-
2	Vietcombank	64,900	12.9	20,820	6.10	17.2	15.7	15.4	2.6	2.1	2.1	-	0.8	-
3	Vinhomes	108,000	-12.9	17,031	5.00	5.2	12.4	9.9	0.8	2.2	1.5	0.4	0.2	-
4	BIDV	47,900	23.1	12,913	3.80	13.3	11.9	13.5	1.8	1.6	1.8	-	1.2	-
5	Viettel Global Investment	110,000	55.4	12,855	-	49.1	23.1	26.0	8.0	5.3	-	0.4	1.9	-
6	Vietinbank	38,250	7.0	11,406	3.40	8.8	8.9	8.2	1.4	1.6	1.4	-	0.9	-
7	PV Gas	107,900	49.0	9,996	2.90	15.2	15.7	21.3	2.6	2.6	3.9	8.7	2.9	3.6
8	Techcombank	36,250	3.9	9,862	2.90	8.1	10.1	9.0	1.2	1.5	1.4	3.0	2.9	2.3
9	VP Bank	28,950	1.0	8,819	2.60	9.4	9.5	7.0	1.0	1.4	1.2	5.2	1.8	4.3
10	MB Bank	28,500	12.6	8,814	2.60	6.0	7.8	7.3	1.2	1.5	1.4	2.1	1.0	-
11	Hoa Phat Group	28,800	9.1	8,487	2.50	14.2	13.1	9.5	1.5	1.6	1.5	-	-	1.7
12	Airports Corporation VN	53,300	9.0	7,331	-	29.1	18.0	17.2	4.6	2.5	2.2	-	-	-
13	Masan Consumer	141,000	-21.1	7,008	2.10	23.0	34.8	24.9	16.7	12.8	9.9	12.4	1.2	2.6
14	FPT Corporation	92,900	-3.0	6,076	1.80	30.7	18.5	15.2	7.4	4.5	3.6	1.5	2.8	2.8
15	Binh Son Refining	31,200	93.8	5,998	1.80	112.0	15.5	30.3	1.3	1.3	2.6	3.1	-	1.4
16	Vinpearl	83,500	-11.4	5,749	1.70	-	149.4	15.5	-	4.6	-	-	-	-
17	Techcom Securities	63,500	35.1	5,635	1.70	23.8	19.1	20.7	3.5	2.5	2.9	1.3	-	-
18	Vinamilk	68,200	11.4	5,472	1.60	14.5	15.2	15.5	3.8	4.2	4.6	6.2	8.8	6.4
19	HD Bank	27,950	-5.9	5,371	1.60	7.0	9.0	7.0	1.6	2.0	1.2	3.3	-	-
20	Mobile World	93,100	5.3	5,249	1.50	23.6	18.6	15.0	3.2	4.0	3.4	0.8	1.1	1.1
21	LienViet Post Bank	43,050	3.0	4,938	1.50	8.9	10.9	9.9	2.0	2.6	2.1	-	6.0	-
22	ACB	24,550	2.3	4,842	1.40	6.7	8.0	6.8	1.3	1.3	1.1	3.4	3.6	1.5
23	Sacombank	65,500	12.9	4,741	1.40	6.9	18.4	19.2	1.3	1.8	1.9	-	-	-
24	Masan Group	79,000	2.6	4,386	1.30	50.4	27.1	23.7	3.3	3.1	2.9	1.7	0.8	1.5
25	Vietjet Air	175,800	-15.9	3,993	1.20	38.6	53.3	41.1	3.2	4.6	4.4	0.1	-	-

All forecasts are Dragon Capital estimates

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

Price Providers	Funds	Bloomberg	Contact
SEI Investments	VEF	-	Transfer Agency Department <a href="mailto:TADublin@seic.com">TADublin@seic.com</a>

VEF
Subscription & Withdrawals    Daily
The Fund has appointed <b>SEI Investments – Global Fund Services Limited</b> as its fund administrator and transfer agent, and <b>SEI Investments – Depositary and Custodial Services (Ireland) Limited</b> as its depository. A range of third-party fund platforms also include VEF in their product offerings, including Clearstream ( <a href="http://www.clearstream.com">www.clearstream.com</a> ), Fundsettle ( <a href="http://www.euroclear.com">www.euroclear.com</a> ), Banco Inversis ( <a href="http://www.inversis.com">www.inversis.com</a> ), IFSAM ( <a href="http://www.ifsam.lu">www.ifsam.lu</a> ), Pareto Securities ( <a href="http://www.paretosec.com">www.paretosec.com</a> ), Attrax ( <a href="http://www.attrax.lu">www.attrax.lu</a> ), MFEX ( <a href="http://www.mfex.com">www.mfex.com</a> ), and Allfunds ( <a href="http://www.allfunds.com">www.allfunds.com</a> ).

Marketing / Investor Relations	
Will Ross	<a href="mailto:willross@dragoncapital.com">willross@dragoncapital.com</a>
Thuy Anh Nguyen	<a href="mailto:thuyanhnguyen@dragoncapital.com">thuyanhnguyen@dragoncapital.com</a>
Ailsa Cuthbert	<a href="mailto:ailsacuthbert@dragoncapital.com">ailsacuthbert@dragoncapital.com</a>
Kenji Hamada	<a href="mailto:kenjihamada@dragoncapital.com">kenjihamada@dragoncapital.com</a>
Steven Mantle	<a href="mailto:stevenmantle@dragoncapital.com">stevenmantle@dragoncapital.com</a>
Thanh Le	<a href="mailto:thanhle@dragoncapital.com">thanhle@dragoncapital.com</a>

This document has been prepared by Dragon Capital Management (HK) Limited for the general information of professional investors and other eligible recipients. It has been provided to you following your express request to receive such communications, and your confirmation of eligibility. If you wish to unsubscribe from future updates at any time, please email [unsubscribe@dragoncapital.com](mailto:unsubscribe@dragoncapital.com).

This document does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire, securities of any entity, or any vehicle to be incorporated in connection with any possible transaction, or an inducement to enter into investment activity in any country, or in any other jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of the document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No disclosure, reference or other information included in this document shall be considered as offering or solicitation of any product or service. Nothing in this document shall be construed as investment advice or a recommendation to acquire or invest in any securities or other instrument or financial product. Any investment performance and market information provided in this presentation, including information about any particular companies, are provided for illustrative purposes only and are not investment recommendations.

No person is promulgating or providing any financial or other advice to any person, and is not making and does not intend to make an offer or solicitation in relation to any product, whether referred to in this document or otherwise. Any person requiring investment advice should consult a suitably qualified professional adviser prior to taking any investment decision.

Past performance is not necessarily a guide to future performance. Certain statements included in this document are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. Consequently, the actual performance and results of the market or companies could differ materially from the expectations set out herein. Accordingly, no assurance can be given that any particular expectation will be met, and you are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The information and opinions contained in this document (which includes information drawn from public sources) is subject to updating, and the accuracy, certainty or completeness of such information is not guaranteed. No representation or warranty, express or implied, is made, and no liability whatsoever is accepted by any other person, in relation thereto.

This document must not be distributed or otherwise made available to third parties without the consent of Dragon Capital, and then only to such recipients who have confirmed that distribution of such information is in compliance with the securities laws and regulations which apply to them.

**For Swiss Investors in VEF:** This is an advertising document. The representative for Vietnam Equity (UCITS) Fund (“VEF”) in Switzerland is Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland, and the paying agent is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The VEF prospectus, key information document (PRIIP-KID), the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

**For Belgian investors in VEF:** This is an advertising document. This document is intended only for professional investors (A) that are “qualified investors” in the meaning of Article 2, (e) of the EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended from time to time or any successive legislation that may enter into force (each, a “Qualified Investor”), and (B) any such Qualified Investor shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor.

**For Italian investors in VEF:** This is an advertising document (*materiale di marketing*). For professional investors only.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE