DRAGON CAPITAL

June 2026

Vietnam's Growth Broadens As Inflation Eases

Tung Dang
Chief Economist

Macroeconomics:

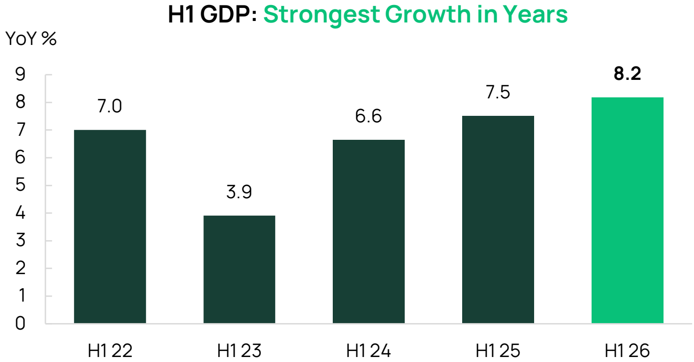
- H1 GDP grew 8.18%, with the mix stands out: asset accumulation rose 15.2%, nearly twice the 8.15% pace of consumption and the widest gap in years.
- Realised investment climbed 12.9% in H1 as public (+12.5%), private (+12.8%) and FDI (+11.2%) capital rose together – broad-based rather than led by one source.
- June CPI fell 0.39% to 4.69% YoY; H1 averaged 4.38%, inside the 4.5-5.0% ceiling, with core 4.12% – a sign of inflation peaking.

Stock Market:

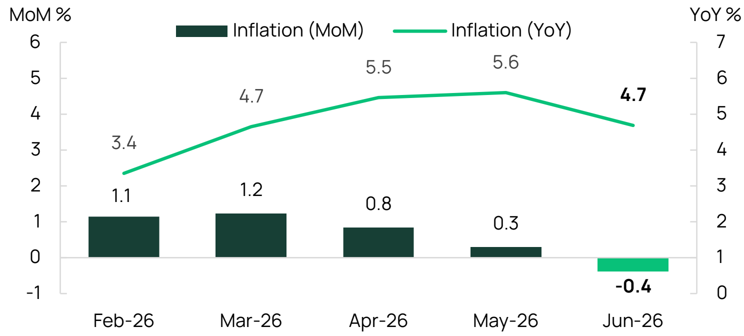
- In USD total-return terms the VN-Index ended June roughly flat at 1,860, holding a 12.13% Q2 gain and 5.17% year-to-date.
- Domestic investors helped absorb foreign selling, opening 268,000 new accounts in June to lift the national total above 13.4 million.
- With inflation likely past its peak and FTSE reclassification due in September, conditions favour an upside in the second half.

CHARTS OF THE MONTH

H1 GDP: Strongest Growth in Years



Inflation: Easing and Likely Peaking



Monthly Insights

June's data confirmed the pace of Vietnam's growth and, more importantly, its composition. GDP rose 8.39% in Q2 and 8.18% in the first half, but the detail beneath the headline matters more: asset accumulation grew 15.2% year-on-year, nearly twice consumption's 8.15% and the widest gap in years.

Investment data supported this shift. Realised social investment reached US$68.7bn in the first half, up 12.9%, with public, private and foreign capital all rising together: public disbursement up 12.5% to US$19.2bn, realised FDI up 11.2% to US$13.0bn – a five-year first-half high – and registered FDI up 61% to US$34.7bn, manufacturing taking 63% of commitments. Breadth across all three sources, rather than one carrying the others, makes the cycle more durable.

Production moved in step. Industrial output rose 10.8% in the first half, the strongest since 2019, with manufacturing up 11.4% and gains concentrated in investment-linked lines: metals (+21.5%), motor vehicles (+17.7%), non-metallic minerals (+14.9%) and chemicals (+14.8%). Manufacturing value-added grew 10.23%, about a third of total growth, and factory employment rose 3.2% – output and headcount rising together point to capacity being added, not just used more intensively. The trade data fit once composition is considered. Imports rose 33.4% to US$283.2bn against 21.0% export growth, tipping the goods balance into a US$16.7bn deficit. But 94.1% of imports were production-related – electronics and computer components up 62% to US$110.1bn, machinery up 22.9% to US$34.4bn – the equipment and inputs that usually precede higher output. Faster imports meant net trade subtracted from GDP, leaving second-half growth with upside as exports pick up.

Household demand held steady. Retail and services revenue grew 14.8% in June and 12.9% in the first half (7.3% in real terms), with tourism up 15.0% and 12.25 million international arrivals, 14.9% higher than a year earlier. Solid consumption alongside accelerating investment points to sustainable growth. Meanwhile, the price backdrop turned more supportive, with June CPI down 0.39% month-on-month on a 4.85% drop in transport costs, bringing headline inflation to 4.69% year-on-year; first-half CPI averaged 4.38%, within the government's 4.5–5.0% ceiling, with core at 4.12%. It is early, but the trend supports our view that inflation peaked in May as the energy shock faded – leaving room to keep policy supportive, though food, utility and imported-input costs bear watching.

Equity markets consolidated in June, with the VN-Index closing at 1,860, up 0.27%, after a wide, oil- and geopolitics-driven range; it still rose 12.13% in the quarter and 5.17% year-to-date, recovering March's drawdown to sit just below February's highs. Breadth stayed narrow, with June's gains rotating to financials, real estate and industrials, while domestic investors kept absorbing foreign selling – 268,000 new accounts took the total above 13.4 million. With inflation likely past its peak, policy room intact and FTSE reclassification due in September, conditions favour further upside for the market in the second half.

VIETNAM EQUITY (UCITS) FUND (VEF)

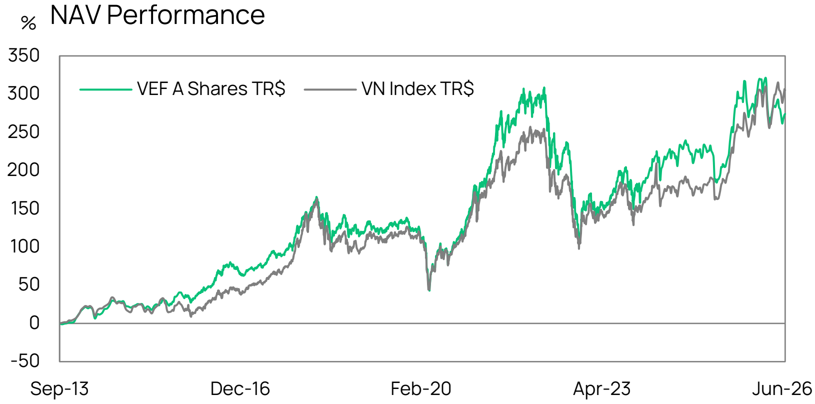
DRAGON CAPITAL

June 2026

Mai Vu
Portfolio Manager

At a Glance

- The Fund performed broadly in line with the market, if not for write-down of legacy holding Hung Thinh Land.
- As second-quarter earnings season approaches, investor focus is starting to shift back to fundamentals
- Portfolio activity during the month included participation in the US$3.9 billion IPO of Mobile World's consumer electronics subsidiary Dien May Xanh .



Performance (%)

	Net Assets	NAV/Share	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	SI
VEF A (USD)	$210.86mn	$37.40	-6.6	-1.6	1.3	17.4	37.2	1.5	274.0
VEF B (EUR)		€1,866.38	-3.7	0.4	1.8	21.0	32.8	8.3	90.6
VEF C (GBP)		£945.14	-	-0.2	1.0	-	-	-	-4.7
VNI (Reference Index)	-	-	5.2	0.3	12.1	36.5	57.2	25.6	305.4

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

Fund Commentary

The Fund was broadly flat during the month and would have performed largely in line with the market were it not for the write-down of legacy holding Hung Thinh Land, acquired in 2022, which reduced performance by approximately 1.5%. Performance was also weighed down by our Oil & Gas holdings, which gave back much of the previous month's gains following de-escalation of tensions in the Middle East and progress towards a ceasefire. On the positive side, banking stocks were in green territory ahead of the second-quarter earnings season. As of the date of writing, we continue to see encouraging momentum across our core banking holdings as preliminary market expectations points to another quarter of solid earnings growth. We hope the current disparity between stock performance and fundamentals will be narrowed in due time. Elsewhere, financial services stocks have also begun to recover ahead of the first 10% tranche of FTSE-related inflows this September given several names are index constituents themselves while the sector stands to benefit from higher market trading activity. Beyond our fundamentally driven investments, the Fund is quite well positioned for these passive inflows, having selectively built exposure to many of the likely beneficiaries.

Reflecting back, we observe the Fund tends to perform best during market upcycles, when capital increasingly gravitates towards high-conviction, fundamentally strong companies. Conversely, downtrending or range-bound markets are generally less favourable for our relative performance, as we use these periods to accumulate undervalued companies, recognising that share prices may soften further in the short term before fundamentals ultimately prevail as market movements are typically characterised by narrow trading ranges and rapid rotations driven mostly by news headlines. Consistent with this approach, portfolio activity during the month was mainly trimming Oil & Gas stocks, scanning and adding value opportunities as well as participating in the IPO of Mobile World's consumer electronics subsidiary, Dien May Xanh.

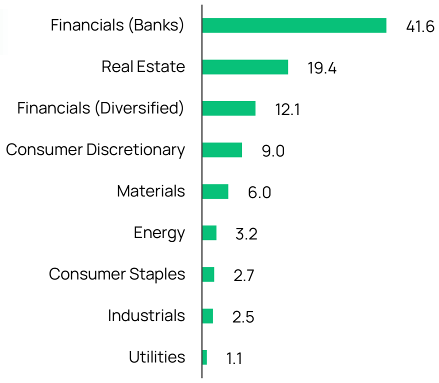
Stock in Focus: Mobile World (MWG)

Mobile World Group (MWG) is Vietnam's leading retailer, holding the country's dominant position in consumer electronics through The Gioi Di Dong and Dien May Xanh, while continuing to expand its modern grocery business via Bach Hoa Xanh. The Group's growth momentum remains robust, with 1Q26 net profit rising 76% YoY and guiding towards full-year 2026 revenue of ~US$7 billion (+19%) and net profit heading towards $400 million (+48% YoY). Three factors support this trajectory. Consumer electronics demand is solid alongside improving purchasing power, while continued market consolidation is enabling MWG to capture further market share. Bach Hoa Xanh has reached sustainable profitability and is scaling rapidly, adding 280 stores in the first quarter alone as it progresses towards its 1,000-store target by 2026, including its initial expansion into northern Vietnam. At the same time, disciplined cost control continues to drive operating leverage, supporting earnings growth ahead of revenue growth. We expect earnings momentum to continue into 2027 as Bach Hoa Xanh's store network matures and margins improve. Despite these favourable fundamentals, MWG trades at an attractive valuation of around 11x forward earnings, below both its historical average and many domestic retail peers. Most recently, the Group completed the IPO of its consumer electronics subsidiary, Dien May Xanh (DMX). The offering raised approximately US$500 million at VND 80,000 per share, valuing the business at around US$3.9 billion, equivalent to approximately 10–12x forward earnings. Following the transaction, MWG retains an 87% ownership stake. DMX is expected to list on the exchange in early August.

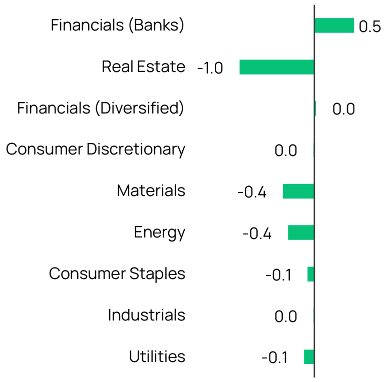
Top Ten Holdings (60.1% of AUM)

Company	Ticker	Sector	VEF (%)	VNI (%)	MoM (%)
MB Bank	MBB	Financials (Banks)	9.0	2.3	0.8
Vingroup	VIC	Real Estate	8.5	19.3	4.1
Vietinbank	CTG	Financials (Banks)	7.2	3.0	-2.4
Vinhomes	VHM	Real Estate	7.0	7.1	1.2
Techcombank	TCB	Financials (Banks)	5.0	2.7	2.3
Mobile World	MWG	Consumer Discretionary	5.0	1.3	2.4
BIDV Bank	BID	Financials (Banks)	5.0	3.5	1.0
Sacombank	STB	Financials (Banks)	4.6	1.6	8.6
Hoa Phat Group	HPG	Materials	4.6	2.2	-2.9
Vietcap Securities	VCI	Financials (Diversified)	4.1	0.3	-1.2

Sector Breakdown (%)



Monthly Contribution (%)



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Key Indicators

Item	Unit	2021	2022	2023	2024	2025E	2026F
GDP	$bn	366.1	408.8	430.0	476.3	514.0	561.8
Real GDP Growth	%	2.6	8.0	5.1	7.1	8.0	9.3
Services Growth	%	1.2	10	6.9	7.4	8.6	9.5
Agriculture Growth	%	2.9	3.4	2.6	3.3	3.8	4.0
Ind'l and Const'n Growth	%	4.1	7.8	3.5	8.3	9.0	10.5
Retail Sales Growth	%	-3.8	10.2	8.3	9.0	9.2	10.0
Prices							
CPI (Average YoY)	%	1.8	3.2	3.3	3.6	3.3	4.0
Money, FX and Interest Rates							
Money Supply M2	%	8.9	6.2	12.5	12.7	15.0	12.5
Average 12M Deposit Rate	%	6.0	8.0	5.0	5.0	5.8	6.3
5-yr VGB	%	0.9	4.7	1.6	1.4	3.3	3.5
VND:$	$1	22,800	23,550	24,250	25,450	26,300	27,310
External Sector							
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
Public Debt, Fiscal Balance							
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	
	30-Jun-25	30-Jun-26	30-Jun-25	30-Jun-26	30-Jun-25	30-Jun-26	30-Jun-25	30-Jun-26
Market cap ($m)	227,257	333,319	13,844	18,724	55,051	50,852	296,152	402,896
Number of stocks	389	402	307	299	889	825	1,585	1,526
Number of large cap stocks (> $400m)	80	82	12	11	17	21	109	114
Stocks with no room for foreigners	61	61	99	113	285	355	445	529
Market cap of stocks with no room ($m)	22,328	20,660	2,636	2,777	20,944	23,856	45,907	47,293
Share of Market Cap with No Room (%)	9.8	6.2	19.0	14.8	38.0	46.9	15.5	11.7

Top 25 Companies by Market Cap

No	Company	30-Jun Price (VND)	Price YTD (%)	Mkt Cap ($m)	Wt in VNI (%)	PER 2024 (x)	PER 2025 (x)	PER 2026E (x)	PBV 2024 (x)	PBV 2025 (x)	PBV 2026E (x)	Yield 2024 (%)	Yield 2025 (%)	Yield 2026E (%)
1	VinGroup	220,000	29.7	64,437	19.34	13.0	115.2	53.2	1.1	8.9	9.4	0.4	0.2	-
2	Vinhomes	151,800	27.1	23,698	7.11	5.0	11.7	10.4	0.8	2.1	2.0	0.4	0.2	-
3	Vietcombank	62,200	8.2	19,754	5.93	17.2	15.7	14.7	2.6	2.1	2.0	-	0.8	-
4	BIDV	42,400	9.0	11,732	3.52	13.3	11.9	12.3	1.8	1.6	1.6	0.0	1.2	-
5	Viettel Global Investment	88,000	24.3	10,181	-	49.1	23.2	24.4	8.0	5.3	0.0	0.4	1.9	-
6	VietinBank	33,950	-5.0	10,022	3.01	8.8	8.9	7.3	1.4	1.6	1.3	-	0.9	-
7	Techcombank	33,500	-2.0	9,023	2.71	8.1	10.1	8.5	1.2	1.5	1.3	3.0	2.9	2.4
8	VPBank	27,000	-4.1	8,142	2.44	9.2	9.3	7.1	1.0	1.3	1.1	5.2	1.8	4.2
9	MBBank	25,200	-0.4	7,715	2.32	6.0	7.8	6.6	1.2	1.5	1.2	2.1	1.0	-
10	Hoa Phat Group	23,300	-1.1	7,477	2.24	13.9	12.9	7.1	1.5	1.5	1.3	-	0.0	2.0
11	PetroVietnam Gas	77,400	6.9	7,099	2.13	15.2	15.7	13.6	2.6	2.6	2.6	8.7	2.9	4.7
12	Masan Consumer	134,000	-25.1	6,659	1.98	23.0	34.8	23.0	16.7	12.8	8.3	12.4	1.2	2.7
13	Vinpearl	89,800	-4.7	6,121	1.84	-	153.4	37.7	-	4.6	3.9	-	-	-
14	LienViet Post Bank	53,500	35.5	6,075	1.82	8.5	10.3	12.3	1.9	2.5	2.7	-	6.0	-
15	Airports of Vietnam	44,000	-10.0	5,991	-	29.1	18.0	19.8	4.6	2.5	2.0	-	0.0	-
16	Sacombank	73,800	27.2	5,288	1.59	6.9	18.4	21.7	1.3	1.8	2.2	-	-	-
17	Asia Commercial Bank	22,650	9.5	4,997	1.50	6.5	7.8	7.2	1.3	1.3	1.2	3.4	3.6	1.4
18	HDBank	25,850	-13.0	4,918	1.48	7.0	9.0	6.5	1.6	2.0	1.4	3.3	-	-
19	Techcom Securities	44,400	14.5	4,681	1.41	23.8	18.9	15.5	3.5	2.4	2.1	1.3	-	-
20	Binh Son Refining and Petrochemical	24,150	50.0	4,596	1.38	112.0	15.5	4.7	1.3	1.3	1.4	3.1	-	1.8
21	FPT Corp	70,200	-25.7	4,574	1.36	30.3	18.2	12.0	7.3	4.4	2.9	1.5	2.8	4.4
22	Mobile World Investment	78,100	-11.7	4,359	1.31	23.6	18.6	11.0	3.2	4.0	2.8	0.8	1.1	1.3
23	Vinamilk	54,800	-7.5	4,353	1.31	14.1	14.7	12.5	3.7	4.0	3.7	6.2	8.8	7.9
24	Vietjet Air	139,500	-13.2	4,078	1.22	38.6	53.3	343.2	3.2	4.6	5.2	0.1	-	-
25	Masan Group	72,100	-6.4	4,002	1.19	50.4	27.1	13.6	3.3	3.2	2.4	1.7	0.8	0.9

All forecasts are Dragon Capital estimates

FUND INFORMATION

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

The Fund has appointed **SEI Investments – Global Fund Services Limited** as its fund administrator and transfer agent, and **SEI Investments – Depositary and Custodial Services (Ireland) Limited** as its depositary. A range of third-party fund platforms also include VEF in their product offerings, including Clearstream (www.clearstream.com), Fundsettle (www.euroclear.com), Banco Inversis (www.inversis.com), IFSAM (www.ifsam.lu), Pareto Securities (www.paretosec.com), Attrax (www.attrax.lu), MFEX (www.mfex.com), and Allfunds (www.allfunds.com).

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