30th June 2025

AFC VIETNAM FUND UPDATE

Fund Category	Vietnam Public Equities
Country Focus	Vietnam
Subscriptions	Monthly at NAV (five business days before month end)
Redemptions	Monthly at NAV 30 days notice
Benchmark	VN Index
CIO	Vicente Nguyen
Investment Manager	Asia Frontier Capital (Vietnam) Limited, Cayman Islands
Investment Advisor	Asia Frontier Investments Limited, Hong Kong
Fund Base Currency	USD
Minimum Investment	USD 10,000
Subsequent Investments	USD 1,000
Management Fee	1.8% p.a. of NAV
Performance Fee	12.5% p.a. of NAV appreciation with high watermark
Fund Domicile	Cayman Islands
Launch Date	23 December 2013
Custodian Bank	Viet Capital Securities, Ho Chi Minh City
Auditor	Ernst & Young, Hong Kong
Administrator	Trident Fund Services, Hong Kong
Legal Advisor	Ogier, Hong Kong
ISIN	KYG0133A1673

Contact Information

Asia Frontier Capital Ltd.
www.asiafrontiercapital.com

Mr. Andreas Vogelsanger, CEO
Asia Frontier Capital (Vietnam) Limited
Tel: +66 84435 7472, Fax: +852 3904 1017
av@asiafrontiercapital.com

Registered Office:
c/o Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY1-9009,
Cayman Islands

Hong Kong Office:
Asia Frontier Investments Limited
1805, 18/Floor, Hing Yip Commercial Centre
272-284 Des Voeux Road Central, Sheung Wan
Hong Kong

In June, the VN-Index was buoyed by strong economic data, despite lingering concerns over U.S. trade negotiations and heightened geopolitical tensions from the Israel-Iran conflict. The Vietnamese benchmark index reached its highest level in three years, closing the month at 1,376.07 points, representing a 3.1% increase in USD terms. During the same period, the AFC Vietnam Fund continued to rebound from its April lows, which were driven by tariff-related market shocks. The fund's NAV rose by 6.5%, reaching USD 3,425 per share, according to internal estimates—significantly outperforming the VN-Index for the month.

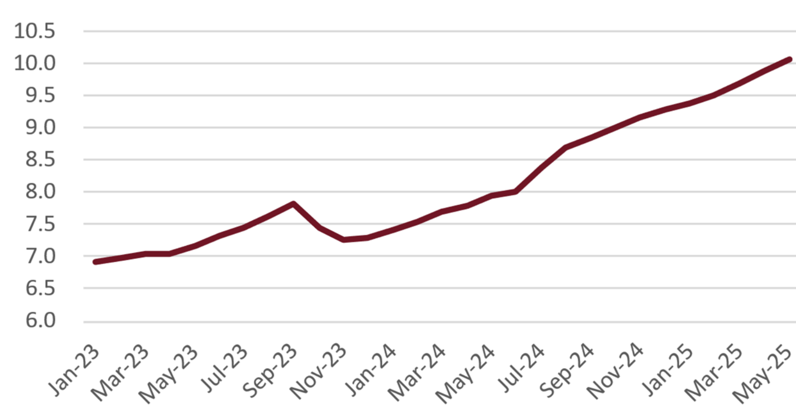
VN-Index

(Source: Vietcap Securities)

Market Developments

The Vietnamese stock market appears to have overcome the tariff shock triggered in early April, when President Trump announced an unexpected 46% tariff on Vietnamese goods, only to postpone the policy a few days later. As the immediate impact of the announcement faded, investor confidence gradually returned. Market liquidity improved significantly, driving a strong VN-Index recovery to its highest level in three years. This rally was fueled by both robust economic fundamentals and a surge in new investor participation. According to the Vietnam Securities Depository (VSD), the total number of stock trading accounts reached 10 millions, equivalent to 10% of the country's population. Our research also indicates a notable influx of new investors entering the market, providing critical momentum behind the VN-Index's recent performance.

Number of Stock Trading Accounts (m)



(Source: VSD)

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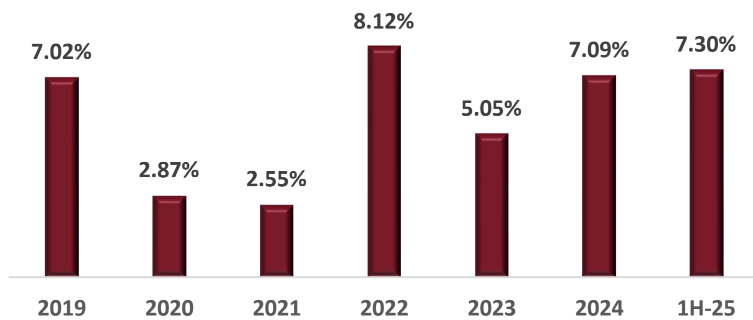
Macro-Economic Picture Improving Rapidly

Macroeconomic developments also played a key role in supporting market sentiment. According to Vietnam's Vice Prime Minister Nguyen Hoa Binh, the country's GDP growth in the second quarter of 2025 is expected to reach 7.6%, positioning Vietnam among the world's fastest-growing economies. He emphasized that the government's ambitious full-year growth target of 8% remains within reach. Speaking at the National Assembly, the Vice PM highlighted that foreign direct investment (FDI) remains strong despite concerns over U.S. tariff policies. As of the end of June, registered FDI exceeded USD 20 bn, while FDI disbursement rose by 11% to surpass USD 12 bn. This sustained FDI inflow, viewed as a long-term growth driver, reflects continued confidence from international investors and multinational corporations in Vietnam's economic potential.

Vietnam 1H/2025 GDP growth

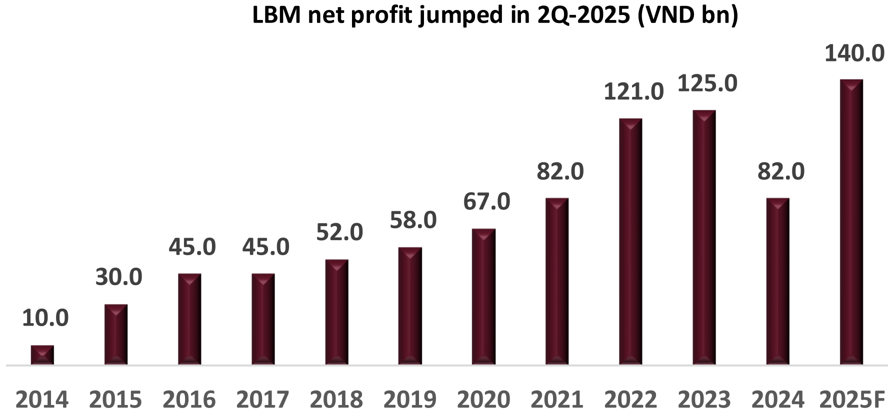


(Source: GSO, Vietcapital, AFC Research)

Strong Earnings Growth in Q2/2025

Earnings growth in the second quarter of 2025 is expected to exceed 20% across many listed companies, particularly in the banking, public investment, and manufacturing sectors. Lam Dong Minerals and Construction Materials JSC (LBM), AFC Vietnam Fund's largest position, anticipates doubling its Q2 earnings and reaching its full-year profit target within just six months. This strong outlook has already driven LBM's share price up by 5.5% in June. According to LBM's CEO, the surge in public infrastructure investment—especially new highway projects—has been a significant catalyst. He also welcomed the government's recent master plan on provincial restructuring, which is expected to fuel a construction boom. Following the National Assembly's 12th June 2025 decision to reduce the number of provinces from 63 to 34, Lam Dong will merge with Dak Nong and Binh Thuan to become Vietnam's largest province by area. This will require two to threenew highways to ensure regional connectivity, directly benefiting LBM's long-term growth prospects. Similar infrastructure demand is expected across other newly merged provinces, setting the stage for a nationwide construction boom over the next 5–10 years.

LBM net profit jumped in 2Q-2025 (VND bn)



(Source: AFC Research)

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Vietnam's Transformation

While concerns about potential U.S. tariffs continue to dominate the headlines and investor sentiment, many overlook a much more powerful and lasting development underway in Vietnam. As highlighted in our May report, Resolution 68 marks a historic shift in the country's economic strategy by placing the private sector at the center of national growth. Unlike past policies that often faded without concrete execution, this resolution is already showing real momentum.

For the first time in history, a project of national significance—the proposed USD 67 bn North-South high-speed railway—may be built by private Vietnamese enterprises. Leading conglomerates Vingroup and Thaco Group have formally submitted proposals to the government, committing to deliver the project ahead of schedule. Though final approval is pending, this bold initiative signals that Resolution 68 is more than just words—it is being implemented. This transformation from state-led to private-driven development marks a new era for Vietnam, laying the foundation for sustainable, long-term growth.

Two Private Giants Compete to Build Vietnam's First High-Speed Railway

Vietnam's transformational North–South high-speed railway project has attracted two groundbreaking proposals from local conglomerates Vingroup (via Vinspeed) and Thaco Group. Both companies propose direct investment under the Investment Law, each committing 20% equity. Vingroup requests the remaining 80% be financed by the government at 0% interest, while Thaco seeks financing from domestic and international lenders with government guarantees. Vinspeed promises a faster construction timeline of 5 years and a 99-year project lifespan, compared to Thaco's 7 years and 70-year term. Ticket pricing under Vinspeed would range between 60–75% of airfares, while Thaco's pricing would be subject to government approval. Notably, Thaco includes international technology partners from Germany, France, Japan, and South Korea, and proposes a transit-oriented development (TOD) model for urban areas. Both proposals signal a strong private-sector commitment, reflecting the early but severe implementation of Resolution 68.

Vietnam's Strengthening State Budget Underscores Economic Discipline

A clear sign of Vietnam's determination to transform its economy is the remarkable improvement in its state budget balance. As highlighted in previous reports, the country has shifted from decades of persistent deficits—dating back to the 1990s—to generating surpluses in both 2024 and 2025. Since General Secretary To Lam assumed leadership, the government has embraced a more open yet disciplined economic approach, with a strong focus on boosting state revenue. According to the General Statistics Office (GSO), Vietnam recorded a significant budget surplus of VND 207 trn in 2024, followed by an even more substantial surplus of VND 306 trn in the first five months of 2025. This robust fiscal position enables the government to pursue major national initiatives, including the ambitious USD 67 billion North–South high-speed railway project.

Explaining Vietnam's current transformation to international investors is challenging because nothing like it has ever happened before. While concerns over U.S. tariffs are valid and could temporarily slow growth, they will not derail the economy. Vietnam has established deep trade ties with over 10 strategic comprehensive partners and maintains free trade agreements with major economic blocs, including the EU (EVFTA), the UK (UKVFTA), BRICS, and CPTPP. Any export losses due to higher U.S. tariffs can be gradually offset through these channels.

More importantly, Vietnam is undergoing what our CIO calls a true "economic liberation." Resolution 68 marks a historic shift: empowering the private sector as the core engine of national growth. For decades, private enterprises have driven economic output but lacked institutional support. Now, with this resolution, Vietnam is creating the legal and financial infrastructure to unleash its potential fully. If successfully implemented, this could lift GDP growth to 7–10% annually over the next decade. That's why we believe Vietnam is no longer just growing—it's transforming.

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Economy

Macroeconomic Indicators				
	2021	**2022**	**2023**	**May-25**
GDP	2.58%	8.02%	5.05%	6.93%
Industrial production (YoY)	4.8%	7.7%	3.0%	8.8%
FDI disbursement (USD bln)	19.74	22.4	23.2	8.9
Exports (USD bln)	336.3	371.9	355.5	180.2
Imports (USD bln)	332.3	360.7	327.5	175.6
Trade balance (USD bln)	4.0	11.2	28.0	4.7
Retail sales (YoY)	-3.80%	19.80%	9.60%	9.70%
CPI (YoY)	1.89%	3.15%	3.25%	3.21%
VND	22,782	23,663	24,261	26,086
Credit growth (YoY)	13.0%	12.9%	13.5%	6.5%
Foreign reserves (USD bln)	105	90	96	96

(Source: GSO, VCB, State Bank, AFC Research)

Subscription

The next subscription deadline is 25th July 2025. If you need assistance with the subscription process, please email Andreas Vogelsanger at av@asiafrontiercapital.com.

Best regards,

AFC Vietnam Fund

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NAV as of 30th June 2025

NAV	3,425*
Since Inception	+242.5%*
Annualised Return	+11.3%*
Inception Date	23/12/2013

Monthly Performances AFC Vietnam Fund

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	**USD**												+2.37%	**+2.37%**
2014	**USD**	+8.75%	+4.50%	+2.18%	−4.65%	−0.32%	+1.45%	+1.86%	+5.49%	+3.87%	+2.83%	+2.50%	+0.60%	**+32.50%**
2015	**USD**	+0.44%	+1.76%	−0.96%	+1.93%	−0.48%	+0.06%	+0.22%	−4.57%	+1.18%	+6.90%	−1.82%	+0.25%	**+4.62%**
2016	**USD**	−0.10%	+3.30%	+1.28%	+3.17%	+1.40%	+4.97%	+3.0%	+0.13%	+0.11%	-1.83%	+0.88%	−1.76%	**+15.29%**
2017	**USD**	+1.90%	+1.10%	+1.94%	+1.03%	+2.96%	+4.52%	+1.94%	-4.38%	+1.09%	-0.75%	+1.47%	+0.01%	**+13.33%**
2018	**USD**	+0.41%	+0.42%	+0.58%	-0.93%	-3.24%	-0.12%	-1.28%	+0.79%	+3.02	-2.14%	+0.45%	-2.05%	**-4.17%**
2019	**USD**	-1.63%	+2.90%	+1.58%	+0.82%	-3.35%	+1.98%	+1.18%	+1.63%	-1.89%	-2.34%	-1.59%	+2.31%	**+0.70%**
2020	**USD**	-1.41%	-3.93%	-18.44%	+12.72%	+4.28%	-0.28%	+0.78%	+8.65%	+6.02%	+0.72%	+6.91%	+12.77%	**+27.66%**
2021	**USD**	-1.89%	+9.49%	+5.84%	+1.58%	+6.37%	+8.37%	-1.30%	+8.47%	+3.80%	+4.47%	+2.42%	-1.69%	**+55.61%**
2022	**USD**	-2.51%	+1.92%	+5.99%	-5.82%	-5.85%	-3.73%	+2.50%	+1.76%	-10.01%	-10.53%	+1.35%	+6.09%	**-18.84%**
2023	**USD**	+4.70%	-5.71%	+3.80%	+2.17%	+3.42%	+3.01%	+6.09%	-3.53%	-2.91%	-8.13%	+4.58%	+2.38%	**+9.02%**
2024	**USD**	-2.24%	+0.49%	+2.47%	-3.72%	+7.35%	+1.73%	+1.67%	+2.05%	-0.56%	-3.34%	+0.35%	+4.09%	**+10.25%**
2025	**USD**	-0.88%	+2.02%	-3.64%	-9.12%	+4.73%	+6.5%*							**-1.2%***

***According to internal estimates**