

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

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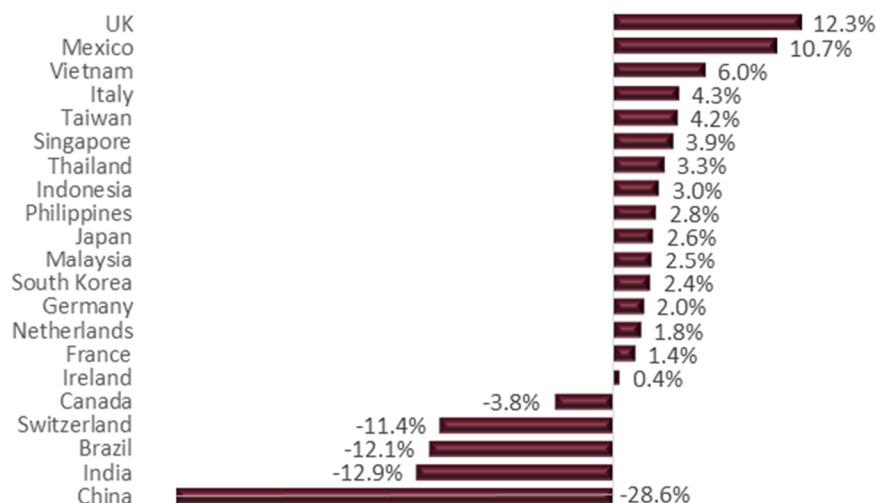
In September, the VN-Index traded sideways with subdued liquidity after its strong rally in previous months, closing the month down a modest 1.5% in USD terms. The benchmark's decline was cushioned by Vingroup (VIC), which surged 36% during the month. Given VIC's 9.4% weighting in the index, its performance prevented a steeper drop, as the VN-Index would have fallen around 4.8% without it. Meanwhile, the AFC Vietnam Fund eased slightly, declining 1.1% to an estimated NAV of USD 3,706 per share, based on internal estimates.

Market Developments

The VN-Index had surged for four consecutive months, making a short-term correction both healthy and necessary to build momentum for stronger acceleration in Q4/2025 and 2026. Despite the pause, the market remains firmly supported by Vietnam's robust economic fundamentals. According to Military Bank Securities JSC (MBS), one of the country's top five brokers, third-quarter GDP growth is estimated at 8.6–8.9%, the highest in a decade, with full-year 2025 growth forecast is at 8.0–8.3%. Key macroeconomic indicators also reflect broad-based strength in the first eight months of 2025, with exports rising by 14.8%, FDI registrations increasing by 27.3%, public investment growing by 26.9%, and tourism expanding by 21.7%.

On 2nd April 2025, President Trump reignited global trade tensions by imposing steep tariffs on numerous countries, causing widespread financial market disruptions worldwide. Vietnam, along with most ASEAN nations, now faces U.S. import tariffs of around 19–20%, while China and India are hit with rates as high as 50%. Many economists initially warned that such measures would be a heavy burden for all affected economies, including Vietnam. However, the actual impact has proven uneven—while some countries face significant disadvantages, others, including Vietnam, may gain competitive advantages over their rivals.

Relative Trump tariff advantage - Trade weighted own tariff hike vs competitor (%)

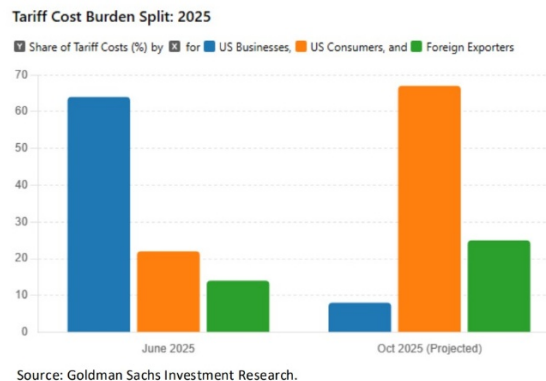


(Source: Global Trade Alert)

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As the chart illustrates, Vietnam enjoys significantly greater relative advantages compared to most other ASEAN countries—including Thailand, Indonesia, Malaysia, the Philippines, and even Singapore. These advantages have defied earlier forecasts predicting a slowdown in Vietnam’s export growth following President Trump’s imposition of a 20% tariff on Vietnamese goods. Despite the new tariff rates taking effect in July, Vietnam’s export performance has remained remarkably strong, with August exports rising 14.5% year-on-year. Notably, exports to the U.S. reached USD 99.1 billion in the first eight months of 2025, representing a 26.4% year-on-year increase. The following example highlights how Vietnam continues to gain competitive advantages over its regional peers despite the tariff headwinds.

Based on this Goldman Sachs analysis, Vietnamese export companies are expected to benefit significantly from the shifting tariff burden dynamics anticipated by October 2025. While U.S. businesses currently bear approximately 65% of tariff costs as of June 2025, this share is projected to plummet to just 8% by October. The dramatic shift will see U.S. consumers absorbing the majority of tariff costs (rising from 22% to 67%), while foreign exporters will shoulder about 25% of the burden on average. However, Vietnamese companies are positioned even more favorably since the majority products are low-value goods where substantial profit margins are captured downstream in the U.S. market. For example, Nike shoes manufactured in Vietnam for USD 20 and sold at retail for USD 100 create room for tariff absorption—a 20% tariff adding USD 4 to the production cost can be more easily absorbed by U.S. retailers or passed to consumers as a modest USD 4 price increase rather than forcing Vietnamese manufacturers to cut their margins. This redistribution suggests that Vietnamese exporters, who have been competing against tariff-disadvantaged Chinese competitors, may find themselves in an increasingly favorable position as U.S. importers and consumers absorb more of the tariff impact, potentially making Vietnamese goods more price-competitive in the U.S. market without Vietnamese companies having to adjust their pricing strategies significantly.



Minh Phu Group (MPC) Visit

In September, we visited Minh Phu Group (MPC), the world’s largest shrimp exporter with a 20% global market share. CEO and founder Mr. Le Van Quang explained that the business environment in 2025 has become exceptionally favorable for the company, despite the 20% U.S. tariff on Vietnamese goods.

According to Mr. Quang, Vietnam’s shrimp industry enjoys a significant competitive edge over its key rivals, India and Indonesia, both of which are facing major headwinds. India is subject to a 50% U.S. import tax, while in September 2025, the FDA issued a warning advising the public not to consume certain imported frozen shrimp from an Indonesian producer after detecting a carcinogenic substance. This has raised safety concerns among U.S. consumers and further boosted demand for Vietnamese shrimps, including Minh Phu’s products.

MPC also benefits from a 0% U.S. anti-dumping tax, setting it apart from other Vietnamese exporters. In addition, higher retail shrimp prices in the U.S. have helped offset the 20% tariff. As a result, the company is receiving a surge of orders from U.S. clients. “2025 is the most advantageous year in MPC’s history,” Mr. Quang emphasized.

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During our three-day visit, MPC showcased several strategic expansion projects designed to strengthen its market leadership and drive profitability:

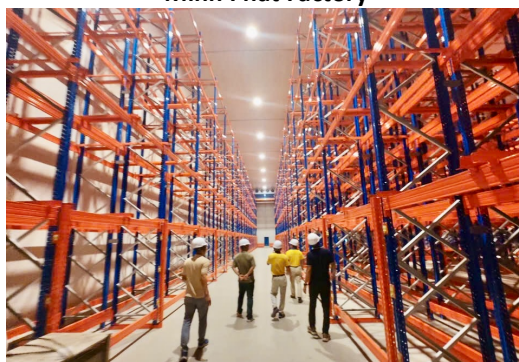
- **Automation System Upgrade**

MPC will install a new automation system across its factories to reduce labor needs by 25–30% and increase processing capacity by 20%. Current annual capacity is about 50,000 tons, which will rise to 60,000 tons once the system is operational. The company is also exploring the use of AI and robotics, with plans to deploy robots in production by the end of 2025.

- **New Minh Phat Factory (1Q2026)**

A new factory in Ca Mau Province is scheduled to begin operations in late Q1 2026, raising the group's total capacity to 100,000 tons per year. Equipped with full automation, the facility is expected to lower production costs by 20% compared to existing plants.

Minh Phat Factory



(Source: MPC, AFC Research)

- **MPBio Technology**

After two years of R&D, MPC has successfully developed a proprietary shrimp farming technology that doubles the survival rate from 40% to 80%, significantly reducing farming costs and improving product quality.

- **Seawater Pumping & Farm Expansion**

In July 2025, MPC completed an ambitious seawater pumping project capable of delivering 4,500 m³/hour to its farms, while expanding the total shrimp farming area to 900 hectares. This project enhances water quality and improves shrimp survival rates—a potential game-changer for both MPC and the Vietnamese shrimp industry.

MPC shrimp farm



(Source: MPC, AFC Research)

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With these initiatives, MPC expects strong earnings rebound in 2025 and projects record profits of VND 1,000–1,200 billion in 2026, cementing its position as the global “King of Shrimp”.

Emerging Market Upgrade by FTSE Russell

On 15th September 2025, in London, Vietnam’s Finance Minister Nguyen Van Thang met with leaders of the London Stock Exchange (LSE) and FTSE Russell, including LSE CEO Julia Hoggett, to push for Vietnam’s upgrade from frontier to emerging market status.

LSE and FTSE Russell expressed confidence in Vietnam’s potential and pledged support through technical cooperation, index development, and upgrades to market infrastructure. A Memorandum of Understanding was signed between the Vietnam Stock Exchange (VNX) and FTSE International Limited to strengthen market transparency and global integration.

With reforms accelerating and international backing in place, Vietnam’s EM upgrade now appears within close reach.

Vietnam's Stock Market Ignited by Blockbuster IPOs

Vietnam's stock market is experiencing an unprecedented IPO boom, driven by robust economic growth and a VN-Index approaching 1,700 points. Major listings from Hoa Phat Agriculture, Techcom Securities, Gelex Infra, C.P. Vietnam, and Highlands Coffee are attracting global investor interest.

Key IPO Highlights:

Hoa Phat Agriculture filed for a December 2025 HOSE listing, offering 30 m shares at a minimum price of VND 11,887 each. The agricultural leader produces 1 m eggs daily and farms 600,000 pigs annually. H1 2025 profit surged 2.3x YoY to VND 939 bn.

Techcom Securities completed Vietnam's largest securities sector IPO in September 2025, raising USD 410 m at a USD 4 bn valuation with 2.5x oversubscription from 26,000 investors.

Gelex Infra plans a Q4 2025 IPO with VND7,900 bn capital, managing stakes in Viglacera (50.21%) and Song Da Water. H1 2025 revenue grew 21.1% to VND 18,047 bn.

C.P. Vietnam, the Thai food giant's local arm, targets 2026 HOSE listing to expand operations. Vietnam drives 21% of CPF's offshore revenue.

Highlands Coffee, Vietnam's leading coffee chain with a 30% market share, plans an IPO for 2026-2027 to support international expansion under the Jollibee ownership.

With a competitive 15.8x P/E ratio and \$47.5 bn in projected IPO value by 2027, Vietnam is solidifying its position as a dynamic investment destination.

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Economy

Macroeconomic Indicators				
	2022	2023	2024	Sep-25
GDP	8.02%	5.05%	7.00%	7.52%
Industrial production (YoY)	7.7%	3.0%	8.4%	8.5%
FDI disbursement (USD bln)	22.4	23.2	24.8	15.4
Exports (USD bln)	371.9	355.5	404.0	306.0
Imports (USD bln)	360.7	327.5	377.0	292.0
Trade balance (USD bln)	11.2	28.0	27.0	14.0
Retail sales (YoY)	19.80%	9.60%	8.80%	9.40%
CPI (YoY)	3.15%	3.25%	3.78%	3.25%
VND	23,663	24,261	25,488	26,426
Credit growth (YoY)	12.9%	13.5%	12.0%	13.0%
Foreign reserves (USD bln)	90	96	96	96

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

Subscription

The next subscription deadline is 27th October 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 September 2025

NAV	3,706*
Since Inception	+271%*
Annualised Return	+11.8%*
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%	+6.55%	+5.33%	+3.88%	-1.1%*				+6.9%*

*According to internal estimates

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