

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 October, the Vietnamese stock market corrected slightly, 0.9% in USD terms, after reaching a new all-time high of 1,794.6 points. The rally was mainly driven by robust economic growth in Q3 2025, Vietnam's upgrade to Emerging Market status by FTSE Russell, and a 9.7% surge in Vingroup (VIC), the largest weighted stock in the index which contributed approximately 1.0% to the benchmark's gain. Without VIC's strong performance, the VN-Index would have declined by around 2%. Meanwhile, the AFC Vietnam Fund edged slightly lower, down 2% to an estimated NAV of USD 3,632 per share, based on internal estimates.



(Source: Vietcap Securities)

Market Developments

Vietnam Upgraded to Emerging Market Status

On 7th October 2025, FTSE Russell officially announced the promotion of Vietnam's stock market from Frontier to Secondary Emerging Market (EM) status — a major milestone after years of preparation. The upgrade reflects Vietnam's significant progress in market liberalisation, including the removal of pre-funding requirements, improved access for foreign investors, and ongoing enhancements to settlement systems (T+0) and bilingual reporting.

However, the reclassification is not immediate. Vietnam will undergo a 12-month observation period with an interim review in March 2026. The official upgrade will take effect on 21st September 2026 contingent on the full implementation of the KRX trading system and T+0 settlement.

Passive capital inflows are expected to start after the effective date, with global ETFs such as Vanguard and iShares anticipated to deploy USD 3.5–5 bn over the following 6–12 months. This influx is projected to lift market liquidity by 20–30%, deepen participation, and support a sustained rerating of Vietnamese equities.

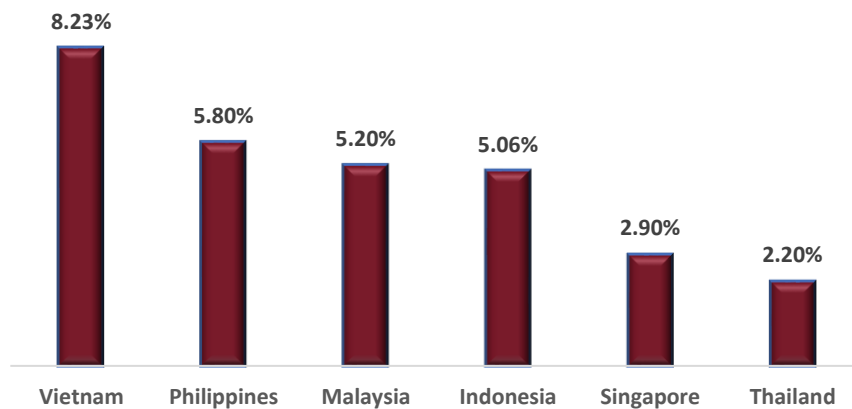
AFC VIETNAM FUND UPDATE

Vietnam — An Outlier in Global Growth

Amid a world grappling with geopolitical tensions, persistent inflation, and a sluggish post-pandemic recovery, Vietnam stands out as a clear outlier, posting exceptional GDP growth that defies the global slowdown. While major economies such as Japan, South Korea, and China struggle with muted expansion and even ASEAN peers face mounting headwinds, Vietnam's economy surged 8.23% year-on-year in Q3 2025, the fastest quarterly pace since 2022. This robust performance underscores Vietnam's resilience and strategic focus on manufacturing, exports, and infrastructure, firmly positioning it as Asia's fastest-growing major economy amid a broader regional slowdown.

Regionally, Vietnam's growth far outpaced its ASEAN peers. Indonesia expanded 5.06%, supported by commodities but restrained by soft domestic demand; the Philippines achieved 5.8%, driven by remittances and services; Thailand grew just 2.2%, constrained by household debt and a sluggish tourism rebound; and Singapore's 2.9% reflected weak global trade. With ASEAN's average growth around 4.9%, Vietnam's momentum clearly reinforces its role as the region's economic frontrunner.

Vietnam is the fastest-growing economy in ASEAN in 3Q2025



(Source: Bloomberg, AFC Research)

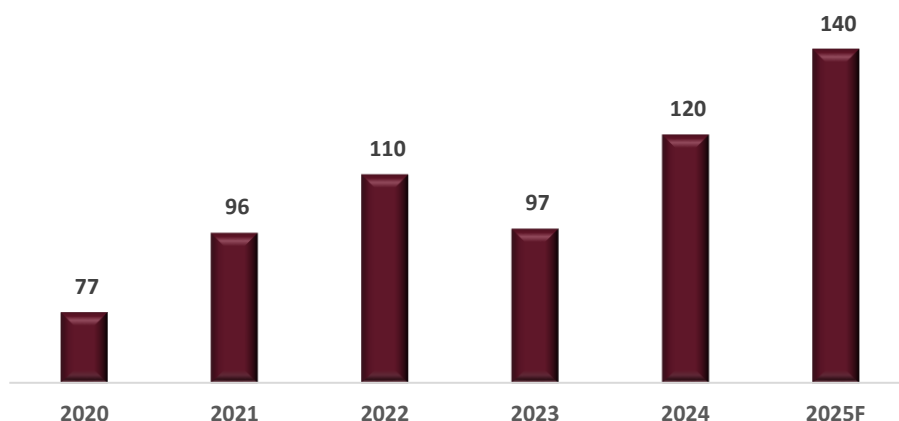
Vietnam's exceptional Q3 performance was driven by a 9.5% surge in the industrial and construction sector, supported by a robust 18.3% rise in exports fueled by strong FDI inflows (+15.2%) and continued supply chain diversification from China. The services sector expanded 8.6%, underpinned by a sharp rebound in tourism, with foreign arrivals generating USD 11.1 bn in the first nine months of 2025, up 21% year-on-year. As a result, Vietnam's GDP grew 7.85% in the first nine months, keeping it firmly on track to meet the government's 8.0–8.5% annual growth target, while inflation remained contained at 3.8%.

Vietnam's Exports to the U.S. Surge by 27% YoY

According to data from the General Statistics Office (GSO), Vietnam's exports to the United States reached USD 112 bn in the first nine months of 2025, a 27% year-on-year increase, marking a new record high. The U.S. remains Vietnam's largest export market, accounting for over 32% of total export turnover, despite the reciprocal 20% tariff imposed under the "Trump 2.0" administration. This remarkable growth not only dispels earlier concerns about a trade slowdown but also highlights the resilience and competitiveness of Vietnam's export sector, led by strong performance in electronics (+62.8% YoY) and machinery (+26.1% YoY), which more than offset the impact of higher tariffs.

AFC VIETNAM FUND UPDATE

Export to the U.S. (USD bn)



(Source: GSO, AFC Research)

This recovery underscores the effectiveness of Vietnam's supply chain diversification and value-added processing strategies. Despite global trade uncertainty, exports to the U.S. have continued to surge, driving total export turnover in the first nine months to USD 348.7 bn (+16% YoY). Full-year 2025 exports to the U.S. are forecast to reach USD 130–150 bn, setting a new record. This resilience highlights Vietnam's adaptability and competitiveness, transforming external challenges into growth opportunities. Furthermore, on 26th October 2025, at the ASEAN Summit in Kuala Lumpur, Vietnam and the U.S. signed a framework trade agreement to reduce reciprocal tariffs to 0% on select Vietnamese exports—paving the way for sustained trade momentum ahead.

PM Pham Minh Chinh meets President Trump



(Source: VnExpress)

The Timing Is Great to Increase Exposure to Vietnam

In September and October 2025 we conducted on-site visits to Vietnam's leading export champions — Minh Phu Seafood (MPC), Phu Tai JSC (PTB), and TNG Investment & Trading (TNG). We found that all three management teams were highly confident about their near-term prospects. Each company has already secured full-year 2025 order books, with contracts locked through Q4, reflecting strong and sustained global demand.

In Q3 2025, their financial performances exceeded expectations:

- **TNG** achieved record-high revenue and net profit in its history, driven by robust U.S. and EU orders.
- **MPC** posted a threefold YoY profit surge, benefiting from global shrimp supply disruptions (India's 50% U.S. import tariff and Indonesia's FDA-related export ban).

AFC VIETNAM FUND UPDATE

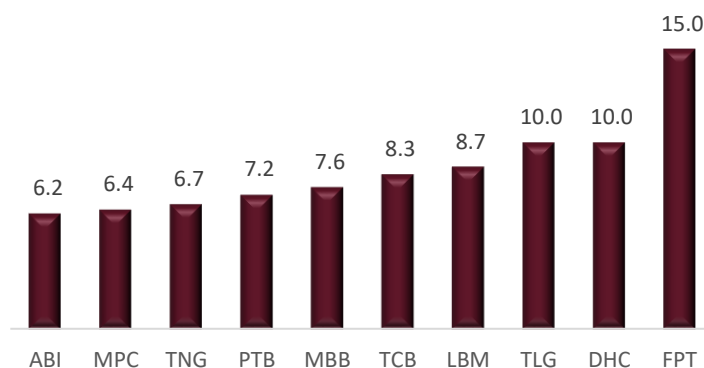
- **PTB** recorded double-digit growth in both revenue and profit, supported by solid furniture and granite exports.

Additionally, most of our top 10 portfolio holdings delivered double-digit earnings growth in Q3.

Despite these stellar fundamentals, market sentiment remains excessively cautious, leaving these high-quality exporters deeply undervalued — trading at forward P/E ratios of just 6–7x, roughly half the VN-Index average.

History proves that earnings strength precedes stock price recovery. When capital flows return, these export leaders will rally first and fastest. Our conviction remains firm: the rebound in Vietnam's export stocks is not a matter of if, but when — and when it comes, it will be explosive. Now is the time to position for the next wave.

Forward P/E Ratios of the Top 10 Positions



(Source: Vietstock, AFC Research)

Economy

Macroeconomic Indicators				
	2022	2023	2024	Sep-25
GDP	8.02%	5.05%	7.00%	7.98%
Industrial production (YoY)	7.7%	3.0%	8.4%	9.1%
FDI disbursement (USD bln)	22.4	23.2	24.8	18.8
Exports (USD bln)	371.9	355.5	404.0	348.7
Imports (USD bln)	360.7	327.5	377.0	331.9
Trade balance (USD bln)	11.2	28.0	27.0	16.8
Retail sales (YoY)	19.80%	9.60%	8.80%	9.50%
CPI (YoY)	3.15%	3.25%	3.78%	3.27%
VND	23,663	24,261	25,488	26,307
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)

AFC VIETNAM FUND UPDATE

Subscription

The next subscription deadline is 24th November 2025. If you need assistance with the subscription process, please email Andreas Vogelsanger at av@asiafrontiercapital.com.

Best regards,

AFC Vietnam Fund

NAV as of 31st October 2025

NAV	3,632*
Since Inception	+263.2%*
Annualised Return	+11.5%*
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%	-1.10%	-2.0%*			+4.8%*

*According to internal estimates

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