

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

In January, the Vietnamese stock market surged, breaking out to a new all-time high of 1,918 points on 14th January 2026 before moderating to close the month at 1,829 points. The rally was driven by the strong return of domestic retail investor inflows, lifting the VN-Index by 3.9% in USD terms during the month. Meanwhile, the AFC Vietnam Fund outperformed the benchmark, gaining 4.4% and bringing its estimated NAV to USD 3,705 per share, according to internal estimates.

VN-Index from Dec 2024 to Jan 2026



(Source: Vietcap Securities)

Market Developments

The index was strongly supported by state-owned enterprises (SOEs), including GAS (97% state-owned), PLX (77%), VCB, BID, CTG, GVR, and BVH. Domestic retail investors rotated speculative capital into these names after the Politburo issued Resolution 79, which aims to improve the operational efficiency and profitability of state-owned enterprises. Although the resolution will take time to translate into tangible earnings improvements, it has already provided a significant boost to investor confidence and near-term market sentiment.

Resolution 79 to Improve State-Owned Enterprises' Performance

The Politburo's Resolution 79, issued on 6th January 2026, marks a decisive shift in Vietnam's approach to SOEs, moving away from rigid administrative control toward a market-driven, performance-oriented governance model. The resolution aims to unlock efficiency, competitiveness, and capital productivity across the SOE sector.

Key reforms include a clear separation between political mandates and commercial activities, market-based compensation and performance evaluation for SOE management, the hiring of professional CEOs, and a strategic focus on scaling strong SOEs in critical sectors such as energy, infrastructure, finance, defense, and digital technology. Modern governance standards are set to be fully adopted across the sector.

Resolution 79 sets ambitious long-term targets: by 2030, at least 50 Vietnamese SOEs among Southeast Asia's top 500 companies, and by 2045, 1–3 SOEs entering the global top 500. Greater transparency in asset management, expanded public-private partnerships, and accelerated digital transformation further strengthen the investment case.

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Together with Resolution 68 on private-sector development, Vietnam has now activated both engines of growth, state and private enterprises, creating a powerful policy foundation for sustained high growth and improved capital market performance in the 2026–2030 period and beyond.

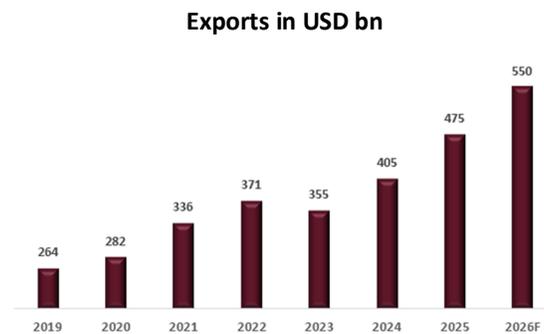
Vietnam's Outstanding Economic Performance in 2025

In 2025, major international institutions, including the World Bank, IMF, OECD, ADB, UOB, and Fitch, significantly underestimated Vietnam's economic resilience, forecasting GDP growth of just 5.8–6.9%. In reality, Vietnam delivered a standout 8.02% expansion, outperforming all expectations and ranking among the world's fastest-growing economies.

This outperformance highlights Vietnam's ability to thrive despite global headwinds such as U.S. tariff pressures, trade uncertainty, and slowing external demand. Strong exports, record FDI inflows, accelerating public investment, and agile policy execution proved far more powerful than anticipated.

Growth was broad-based and fundamentally strong. Despite fears of capital flight after the announcement of a 46% U.S. tariff on 2nd April 2025, Vietnam attracted a record USD 38 bn in registered FDI, while disbursed FDI rose 9% YoY to an all-time high of USD 27.6 bn.

Exports also exceeded expectations, with total export turnover reaching USD 475 bn (+17% YoY). Exports to the U.S. surged 28% to a record USD 153 bn, decisively beating forecasts. These results confirm that Vietnam was not only resilient to U.S. tariffs but, in many sectors, emerged as a clear beneficiary of the shifting global trade landscape.



(Source: GSO)

To Lam Re-elected as General Secretary: Political Stability and Growth Continuity

Mr. To Lam was re-elected for a second term as General Secretary of the Vietnamese Communist Party, the country's most powerful leadership position, reinforcing Vietnam's political stability and policy continuity. His re-election signals a strong internal consensus and provides a clear runway for long-term economic reform.

Under Mr. To Lam's leadership, Vietnam has introduced decisive, growth-oriented policies, most notably Resolutions 68 and 79, aimed at strengthening the private sector and improving the performance of state-owned enterprises. He has also set highly ambitious economic targets: 8% GDP growth in 2025 and an average of 10% per year for 2026–2030.

While these targets are demanding, Vietnam's exceptional 2025 performance, beating nearly all forecasts from major global institutions, demonstrates the country's strong execution capability and reform momentum. Even if growth ultimately falls slightly below the headline targets, the clear strategic direction, policy resolve, and reform drive significantly enhance Vietnam's long-term investment appeal.

We believe Vietnam is well positioned to sustain high growth in 2026 and beyond, supported by stable leadership, bold policymaking, and proven economic resilience.

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To Lam, General Secretary



(Source: VnExpress)

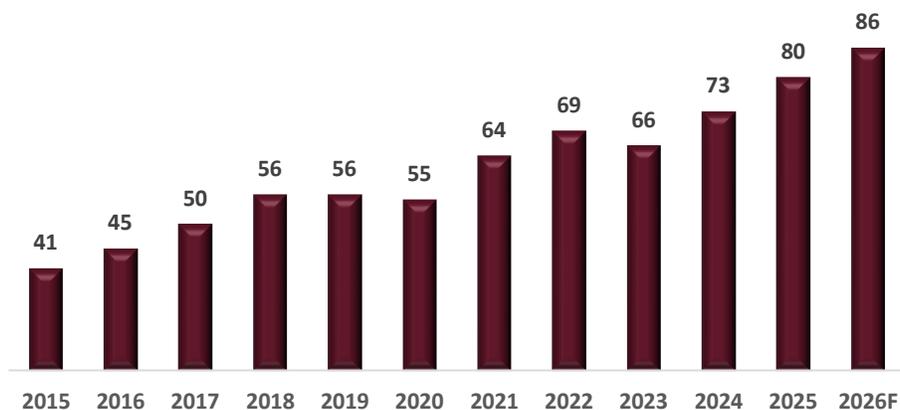
Vietnam–EU Partnership Marks a Strategic Turning Point

The elevation of Vietnam–EU relations to a Comprehensive Strategic Partnership in early 2026 marks a major milestone and is already translating into strong economic outcomes. Bilateral trade reached around USD 78 bn in 2025, supported by the EVFTA, while Vietnam recorded robust GDP growth of 8.02%, the highest in the region, with GDP per capita rising to USD 5,026, firmly placing the country in the upper-middle-income bracket.

EU leaders praised Vietnam’s economic progress and reaffirmed their commitment to deepen cooperation in trade, supply-chain diversification, the green transition, maritime affairs, and infrastructure, while advancing discussions on an ASEAN-EU FTA and supporting the removal of the IUU yellow card.

Against the backdrop of U.S. reciprocal tariffs of up to 20%, the strengthened EU partnership provides a powerful counterbalance. It secures stable market access, reduces reliance on the U.S., mitigates tariff risks, and reinforces Vietnam’s export growth trajectory, supporting the country’s ambitious 10% annual GDP growth targets through 2030.

Trade between Vietnam and EU (USD bn)



(Source: GSO, AFC Research)

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AFC Vietnam Fund Is Deeply Undervalued

In Q4 2025, earnings growth for listed Vietnamese companies was estimated at around 10% YoY, while the AFC Vietnam Fund's portfolio delivered approximately 20% earnings growth, substantially higher than the market average. This strength was driven primarily by our export-focused holdings, notably PTB, MPC, and TNG, which all posted outstanding operating results.

TNG Investment & Trading delivered another record year, with net profit rising 50% YoY in Q4 2025 and reaching an all-time high of VND 392 bn for full-year 2025. Despite this exceptional performance, TNG's share price fell nearly 20% during 2025, pushing its valuation down to just 6.6x earnings, an extremely low multiple for a fast-growing exporter. As value investors, we firmly believe that share prices ultimately follow fundamentals. Encouragingly, TNG has begun to recover, rising 17.5% in January 2026, which may mark the start of a long-overdue re-rating.



A similar disconnect is evident at Phu Tai (PTB). While the company reported strong profit growth in 2025, driven by robust export demand, its share price declined sharply. As a result, PTB now trades at only 7.3x earnings, despite solid earnings visibility.

Minh Phu Corporation (MPC), Vietnam's largest shrimp exporter, represents one of the most striking turnarounds. After posting a loss of VND 191 bn in 2024, MPC is expected to report approximately VND 700 bn in net profit in 2025. Management highlighted a surge in global orders, particularly from the U.S., as higher tariffs on Chinese and Indian seafood redirected demand toward Vietnam. To meet this demand, MPC is constructing a new factory scheduled to begin operations in Q2 2026. Management estimates 2026 net profit of VND 1,000–1,200 bn, with 10–15% annual growth through 2030. Even on 2026 earnings, MPC trades at just 6.6x forward P/E, while its share price has yet to reflect the dramatic improvement in fundamentals.

Minh Phu's New Factory Under Construction



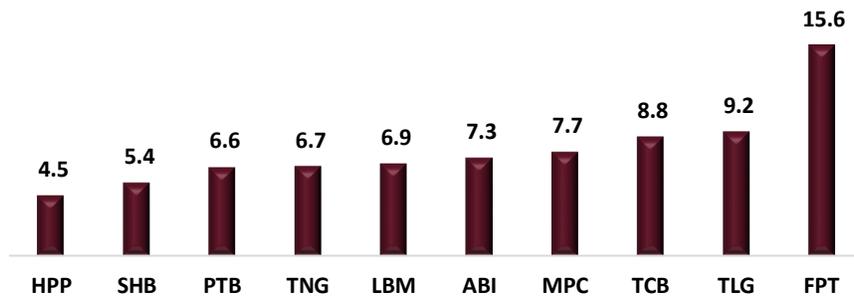
(Source: MPC, AFC Research)

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Beyond exports, infrastructure-related holdings also performed strongly. LBM, one of our top 10 positions, benefited directly from Vietnam's aggressive public investment push. In 2025, LBM's net profit surged more than 50% to a record high. Management expects 20–25% annual growth over the next five years, supported by government infrastructure spending and regional expansion in Lam Dong Province.

Overall, all export-related positions in our portfolio trade below 8x earnings, while the average of our top 10 holdings is below 10x earnings, despite strong growth visibility and improving fundamentals.

P/E Ratios of AFC Vietnam Fund's Top 10 Positions



(Source: AFC Research)

Given this combination of accelerating earnings, deeply discounted valuations, and powerful macro tailwinds, we believe AFC Vietnam Fund offers substantial upside potential in 2026 and beyond. In our view, this is a compelling entry point for long-term investors.

Economy

Macroeconomic Indicators				
	2022	2023	2024	2025
GDP	8.02%	5.05%	7.00%	8.02%
Industrial production (YoY)	7.7%	3.0%	8.4%	9.2%
FDI disbursement (USD bln)	22.4	23.2	24.8	27.6
Exports (USD bln)	371.9	355.5	404.0	475.0
Imports (USD bln)	360.7	327.5	377.0	455.0
Trade balance (USD bln)	11.2	28.0	27.0	20.0
Retail sales (YoY)	19.80%	9.60%	8.80%	9.20%
CPI (YoY)	3.15%	3.25%	3.78%	3.44%
VND	23,663	24,261	25,488	26,293
Credit growth (YoY)	12.9%	13.5%	12.0%	17.7%
Foreign reserves (USD bln)	90	96	96	96

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

Subscription

The next subscription deadline is 23rd February 2026. 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 January 2026

NAV	3,705*
Since Inception	+270.5%*
Annualised Return	+11.4%*
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%	-1.96%	-1.26%	-1.07%	+2.40%
2026	USD	+4.4%*												+4.4%*

*According to internal estimates

* By accessing information contained herein, users are deemed to be representing and warranting that they are either a Hong Kong Professional Investor or are observing the applicable laws and regulations of their relevant jurisdictions.

* The fund is authorized for distribution to professional investors in Hong Kong, Japan, Singapore, and the UK.

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