

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 June, the 2026 FIFA World Cup became a major global focus, attracting the attention of millions worldwide, including investors in Vietnam. While the impact is difficult to quantify, the tournament may have contributed to a quieter trading environment, particularly among domestic retail investors. Market liquidity continued to decline throughout the month, and overall trading activity remained subdued.

As a result, the VN-Index fell by 0.2% in USD terms, to close the month at 1,860 points. AFC Vietnam Fund also recorded a modest 1.0% decline, ending June with an NAV of USD 3,380 per share, according to internal estimates. The Fund is now trading at an extremely attractive valuation of approximately 8.6x earnings, a price-to-book ratio of around 1.1x, and a dividend yield of more than 4%, levels that are close to those seen when we launched the Fund in December 2013.

VN-Index from June 2025 to June 2026



(Source: Vietcap Securities)

Market Developments

Meanwhile, geopolitical developments in the Middle East remained a key focus for global markets. Although tensions involving Iran, Israel, and the United States persisted, the situation showed encouraging signs of de-escalation during the month. As expectations for a negotiated settlement increased, oil prices retreated from recent highs to below USD 80 per barrel, reflecting improving market confidence. While developments in the region continue to warrant close monitoring, the likelihood of a lasting ceasefire and the full normalization of shipping through the Strait of Hormuz appears to be increasing, which would be supportive for both the global economy and Vietnam.

Despite these positive developments, many domestic retail investors remained on the sidelines, waiting for greater clarity on the conflict's ultimate resolution and the restoration of normal energy trade flows. This uncertainty continued to weigh on market sentiment and trading activity, even as Vietnam's economic fundamentals remained resilient and growth prospects stayed strong.

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

AFC VIETNAM FUND UPDATE

Crude oil price (USD/b)



(Source: Bloomberg)

Vietnam Opens the Credit Valve Again

One of the most important policy developments in June was the State Bank of Vietnam's proposal to increase the maximum ratio of short-term funding that banks can use for medium- and long-term lending from 30% to 40%.

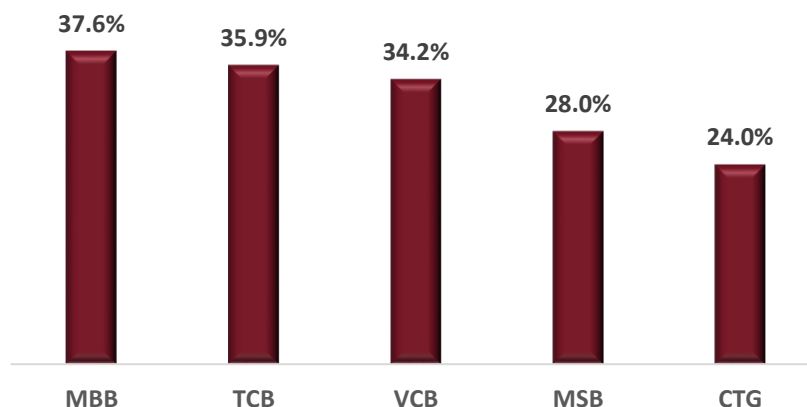
While this may appear to be a technical regulatory adjustment, its potential impact on the economy is significant. With total banking system deposits estimated at approximately VND 15–16 quadrillion, the proposed change could theoretically unlock an additional VND 1.5–1.6 quadrillion (USD 55–60 billion) of lending capacity for medium- and long-term loans—equivalent to roughly 12–13% of Vietnam's GDP. This would provide substantial support for business expansion, infrastructure investment, real estate development, and overall economic growth.

The primary beneficiaries are likely to be banks with strong low-cost funding bases and high CASA ratios, such as Military Commercial Joint Stock Bank (MBB), Techcombank (TCB), and Vietcombank (VCB). These institutions are particularly well positioned to expand lending while maintaining healthy profitability and net interest margins.

In our view, the proposal sends a clear signal that policymakers remain committed to supporting credit growth and ensuring sufficient liquidity to achieve Vietnam's ambitious economic growth targets. Combined with accelerating public investment and strong foreign direct investment inflows, the measure could become another important catalyst supporting economic activity and corporate earnings growth over the coming years.

AFC VIETNAM FUND UPDATE

Top banks by CASA ratios (%)



(Source: State Bank of Vietnam, banks)

Beyond the banking sector, greater availability of long-term credit could provide meaningful support for infrastructure development, manufacturing expansion, and private-sector investment. Improved access to project financing may accelerate investment across transportation, energy, logistics, industrial parks, and factory construction, while also supporting order growth for contractors, engineering companies, and construction material producers.

The trade-off, of course, is a greater maturity mismatch, as banks would rely more heavily on short-term deposits to fund longer-term assets. Nevertheless, the proposal sends a strong signal that policymakers are prioritizing economic growth, productive investment, and capital formation. Together with recent measures aimed at improving liquidity and supporting business activity, it suggests that Vietnam is once again opening the credit valve to fuel the next phase of its economic development. In our view, this policy shift could be a key catalyst for both corporate earnings growth and investment activity over the coming years.

Minh Phu Achieves Highest First-Five-Month Profit in Its History

At its 2026 Annual General Meeting, Minh Phu Seafood Corporation (MPC) reported pre-tax profit of VND 489.3 bn for the first five months of 2026, equivalent to nearly half of its full-year target. More importantly, this represents the highest first-five-month profit in the Company's history, highlighting the strength of the ongoing recovery.

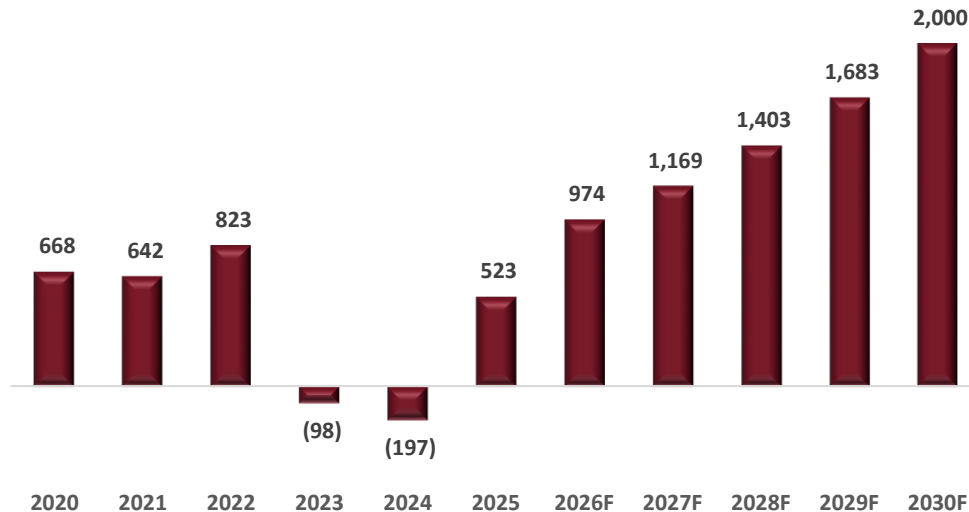
Beyond the strong earnings performance, we believe investors should focus on several key messages from the AGM. First, Minh Phu currently has more than 12,000 tons of undelivered orders, equivalent to approximately 17% of its planned 2026 production volume, providing strong earnings visibility for the coming quarters. Second, the newly commissioned Minh Phu Khanh An processing plant is operating at less than 30% of capacity. As labor constraints are gradually resolved, higher utilization could become a major earnings driver from 2027 onward.

Third, management reiterated its long-term ambition of generating VND 1.5–2.0 trn in annual profit through a greater focus on value-added products and continued capacity expansion. Based on these profit targets, MPC is currently trading at only about 3x prospective earnings, an exceptionally attractive valuation for a company with significant growth potential. Another noteworthy development is management's intention to relist the Company on the Ho Chi Minh Stock Exchange (HOSE), potentially as early as 2027, which could enhance liquidity and investor awareness.

AFC VIETNAM FUND UPDATE

Taken together, record profitability, a substantial order backlog, significant unused processing capacity, ambitious long-term earnings targets, and a potential HOSE relisting suggest that Minh Phu is entering a new phase of growth. In our view, the market has yet to fully recognize the scale of this opportunity.

Ambitious profit target of MPC (VND trn)

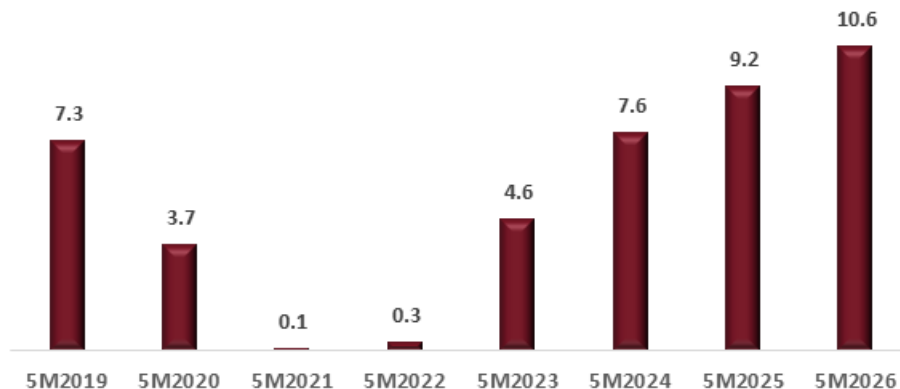


(Source: MPC)

Vietnam Tourism Reaches Another Record High

Vietnam welcomed 10.6 m international visitors during the first five months of 2026, the highest level ever recorded for the period and already equivalent to 42% of the government's full-year target of 25 m visitors. Notably, May alone recorded nearly 1.8 m international arrivals, the strongest May performance in Vietnam's history, despite being a traditionally low season.

International visitors to Vietnam in the first five months reached a record high



(Source: GSO, AFC Research)

AFC VIETNAM FUND UPDATE

Beyond the tourism industry itself, the continued surge in international arrivals has important implications for the broader economy. Tourism is one of Vietnam's largest sources of foreign currency earnings, supporting the balance of payments while generating demand across airlines, hotels, restaurants, transportation, retail, and a wide range of service industries. The strong recovery also reflects rising consumer confidence and improving global connectivity with Vietnam.

Equally important, every international visitor represents an opportunity to strengthen Vietnam's global visibility. As millions of travelers experience the country each year, tourism serves as a powerful marketing channel, enhancing Vietnam's reputation as a safe, attractive, and increasingly competitive destination for tourism, business, and investment.

The record-breaking growth in visitor arrivals reinforces our view that tourism will remain a key driver of economic growth, foreign exchange earnings, and job creation in the years ahead. According to estimates from the Vietnam National Tourism Administration, the sector could generate approximately USD 25–30 bn in revenue in 2026. With visitor numbers continuing to exceed expectations, tourism is emerging as another important pillar supporting Vietnam's long-term growth story.

Economy

Macroeconomic Indicators				
	2023	2024	2025	May-26
GDP	5.05%	7.00%	8.02%	7.83%
Industrial production (YoY)	3.0%	8.4%	9.2%	9.1%
FDI disbursement (USD bln)	23.2	24.8	27.6	9.8
Exports (USD bln)	355.5	404.0	475.0	215.7
Imports (USD bln)	327.5	377.0	455.0	229.5
Trade balance (USD bln)	28.0	27.0	20.0	-13.8
Retail sales (YoY)	9.60%	8.80%	9.20%	11.20%
CPI (YoY)	3.25%	3.78%	3.44%	4.31%
VND	24,261	25,488	26,293	26,310
Credit growth (YoY)	13.5%	12.0%	17.7%	5.7%
Foreign reserves (USD bln)	96	96	96	96

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

Subscription

The next subscription deadline is 27th July 2026. If you need assistance with the subscription process, please email Andreas Vogelsanger at av@asiafrontiercapital.com.

Best regards,

AFC Vietnam Fund

AFC VIETNAM FUND UPDATE

NAV as of 30th June 2026

NAV	3,380*
Since Inception	+238.0%*
Annualised Return	+10.2%*
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	+4.32%	+2.69%	-8.65%	-1.25%	-0.53%	-1.0%*							-4.8%*

*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.

* For Switzerland only: This is an advertising document. The state of the origin of the fund is the Cayman Islands. This document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is Acolin Fund Services AG, Maintower, Thurgauerstrasse 36/38, 8050 Zurich, Switzerland, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1 / am Bellevue, 8024 Zurich, Switzerland. The basic documents of the fund report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions, if any, and fund transfer costs incurred on the issue and redemption of units.

DISCLAIMER

Investments in equities in Vietnam are subject to market risk, idiosyncratic risk, liquidity risk, and currency exchange rate risk. The fund may use financial derivative instruments as a part of the investment process. This document does not constitute an offer to sell, or a solicitation of an offer to buy shares in AFC Vietnam Fund. We will not make such offer or solicitation prior to the delivery of an offering memorandum, the operating agreement or articles of association, a subscription booklet, and other materials relating to the matters herein. Before making an investment decision, we advise potential investors to read these materials carefully and to consult with their tax, legal, and financial advisors. The materials have not been reviewed by the regulatory authority of any jurisdiction. Investment is open only to accredited investors as defined by the relevant legal jurisdiction of residence and/or nationality. We have compiled this information from sources we believe to be reliable, but we cannot guarantee its accuracy. We present our opinions without warranty. Past performance is no guarantee of future results. © 2024 Asia Frontier Capital Limited. All rights reserved.