31st October 2026

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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October was a relatively quiet month for Vietnamese equities, with the VN-Index declining by 0.9% in USD terms and total market trading value falling by 25% month-on-month, reflecting weak liquidity and subdued investor sentiment. AFC Vietnam Fund also edged lower by 0.5%, ending the month at an estimated NAV of USD 3,095 per share, according to internal estimates. Despite the subdued market performance, Vietnam's economic growth remains strong and corporate earnings continue to expand. Based on our internal estimates, earnings across AFC Vietnam Fund's portfolio are expected to grow by approximately 25% year-on-year in Q3 2026. The continued disconnect between earnings growth and share prices highlights the increasingly attractive valuations available to long-term investors.

Market Developments

Vietnam's Economic Growth Accelerates to 9.95% in Q3 2026

Vietnam's economy continued to demonstrate remarkable momentum in the third quarter of 2026. GDP expanded by 9.95% year-on-year, accelerating from 8.15% in the first quarter and 8.81% in the second. This brought GDP growth for the first nine months of the year to 9.01%, one of the strongest performances in more than a decade.

The expansion was broad-based, with industry and manufacturing playing a leading role. Industrial production (IP) increased by 14.8% year-on-year in Q3, compared with 9.5% in the same quarter of 2025, reflecting stronger manufacturing activity and robust export demand.

Foreign investment and international trade also continued to expand. Total registered foreign investment reached USD 50.4 bn in the first nine months, up 76.4% year-on-year, while disbursed FDI increased by 12.1% to USD 21.07 bn, a record for the period. Total exports reached USD 434.3 bn, up 24.5% year-on-year. Exports to the United States, Vietnam's largest export market, rose to approximately USD 140 bn, despite ongoing concerns over tariffs and trade restrictions.

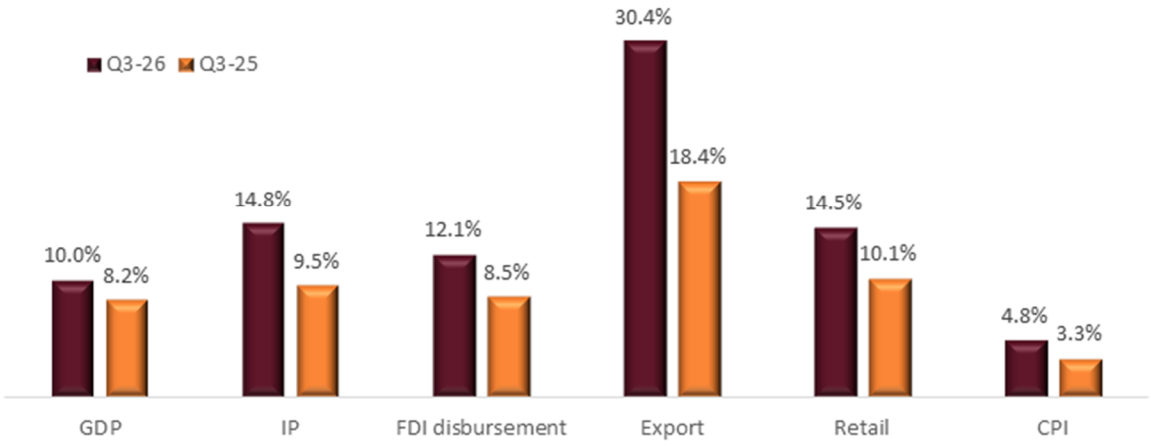
Domestic demand also remained resilient. Retail sales of goods and consumer-service revenue increased by 13.4% during the first nine months, supporting growth beyond the export sector. Inflationary pressures nevertheless warrant attention: average consumer price inflation reached approximately 4.5% over the period, while core inflation remained slightly lower at around 4.3%.

Vietnam's economic outperformance is increasingly being recognised internationally. In its October East Asia and Pacific Economic Update, the World Bank raised its 2026 GDP growth forecast for Vietnam by 1.1 percentage points to 7.4%. This compares with forecasts of 4.4% for China and 5.1% for Malaysia, placing Vietnam among the region's fastest-growing economies.

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This performance is particularly notable given the challenging global environment, characterised by elevated energy prices, geopolitical tensions and uncertainty surrounding international trade. Vietnam continues to benefit from strong manufacturing activity, substantial investment inflows, resilient domestic demand and its increasingly important role in global supply chains. While external risks remain, the latest figures underline the strength of the country's economic momentum and provide a solid foundation for continued growth.

Vietnam's Macro Economic Numbers Q3 2026



(Source: GSO, AFC Research)

Looking Ahead to 2027: Growth and Public Investment

Vietnam's government intends to sustain the current economic momentum into 2027, setting an ambitious target of at least 10% GDP growth. Other key objectives include export growth of 15% and total social investment equivalent to 36–38% of GDP.

Fiscal policy is expected to play a central role in achieving these ambitions. Planned government expenditure totals approximately VND 4.07 quadrillion (USD 157.5 bn), of which VND 1.76 quadrillion (USD 68.1 bn), around 43% of total spending, is allocated to development investment. This substantial allocation underlines the government's commitment to infrastructure development and expanding the economy's productive capacity.

Continued investment in transport infrastructure, industrial facilities and other strategic projects should provide an important growth driver in 2027. Beyond the immediate contribution to construction activity, public investment can stimulate domestic demand, improve logistics and connectivity, attract further foreign investment, and create opportunities across a broad range of industries. If effectively implemented, these measures could help sustain Vietnam's economic expansion while strengthening the foundations for longer-term growth.

Corporate Earnings Continue to Support the Market

The strength of Vietnam's real economy is increasingly translating into corporate earnings, providing fundamental support for the equity market despite continued volatility in share prices.

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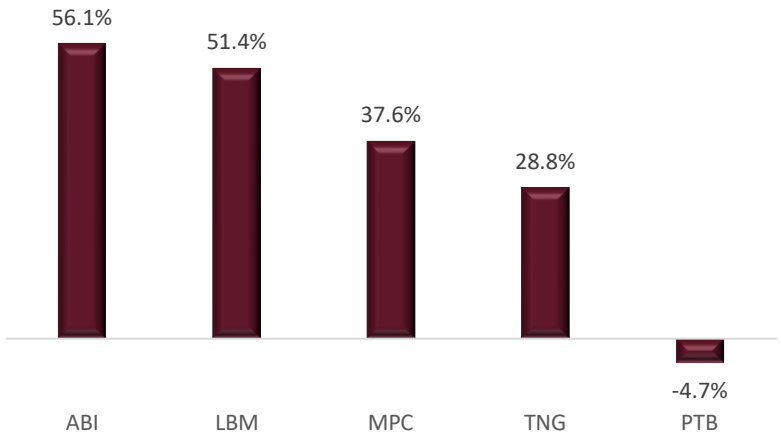
According to MBS Research, aggregate earnings of Vietnamese listed companies are expected to grow by approximately 20% year-on-year in Q3 2026. While this would represent some moderation from the exceptionally strong growth recorded earlier in the year, the outlook remains encouraging, with robust earnings momentum across several key sectors.

Residential property companies are expected to lead earnings growth, while profits in the oil and gas, retail and transportation sectors are forecast to increase by approximately 94%, 70%, and 53% year-on-year, respectively. Banking earnings are also expected to remain solid, with MBS forecasting net profit growth of around 19%, supported by continued credit expansion and improving net interest income.

The AFC Vietnam Fund's portfolio is expected to perform even better. Based on our internal estimates, aggregate earnings of our portfolio companies are projected to increase by approximately 25% year-on-year in Q3 2026, outperforming the broader market. Growth among our five largest holdings is particularly encouraging, reinforcing our view that the underlying businesses in which we invest continue to deliver solid operating results despite the weakness in their share prices.

This divergence between earnings growth and share-price performance remains central to our investment case. While short-term market movements continue to reflect investor sentiment and liquidity conditions, the continued growth of our portfolio companies' earnings strengthens their underlying value and further highlights the disconnect between current market valuations and business fundamentals.

Earnings Growth (Year-on-Year) of Top 5 Positions



(Source: AFC Research)

ABI - Agriculture Bank Insurance (+56.1%): ABI's core insurance business continued to perform strongly, with gross written premiums increasing by 9% to a record high. Higher deposit rates also boosted returns on its deposit portfolio of more than USD 152 million, driving financial income up 48.7%. As a result, pre-tax profit increased by more than 56%. Despite this strong earnings growth, ABI trades at just 5.7x 2026 earnings and 1.0x book value, while offering a dividend yield of approximately 7%.

LBM - LamDong Minerals and Building Materials (+51.4%): LBM continues to benefit from Vietnam's accelerating public infrastructure investment. By 15th October 2026, the company had already achieved its full-year 2026 profit target, with both revenue and earnings reaching record levels. LBM is also investing in electric trucks to reduce transportation costs amid elevated oil prices. Looking ahead, management remains optimistic about 2027 and estimates that profit could increase by a further 30–50%. Despite these growth prospects, LBM trades at only around 8x 2026 earnings and offers a dividend yield of

approximately 9%. The company has a strong balance sheet, so it announced to pay an advanced dividend for the fiscal year of 2026 at VND 1,500 per share.

MPC - Minh Phu Seafood (+37.6%): MPC continued its strong recovery, with revenue and profit both reaching record levels. The mother company's net profit jumped 85% in Q3. Estimated consolidated pre-tax profit for the first nine months of 2026 reached VND 791 billion, despite higher oil prices putting pressure on shipping costs. Management expects full-year pre-tax profit to exceed VND 1 trillion. Yet MPC trades at only around 5.5x 2026 earnings and 0.9x book value, with a dividend yield of approximately 2%.

TNG - TNG Investment and Trading (+28.8%): TNG also achieved record revenue and profit. Its order book is fully covered for the remainder of 2026, and the company has already begun receiving orders for 2027. Management remains particularly optimistic about the U.S. market, where orders continue to grow strongly. Reflecting its strong performance, TNG paid an interim dividend equivalent to a 5.2% yield, with the full-year yield expected to exceed 10%. At approximately 5.5x earnings, the stock trades well below its five-year average P/E of around 9x.

PTB - Phu Tai (-4.7%): PTB was the only one of our five largest holdings to report a modest decline in Q3 profit, primarily due to higher shipping costs following the sharp rise in oil prices. However, the underlying business remained strong. Revenue reached a record high, increasing 33% year-on-year in Q3 and 23% over the first nine months of 2026. Nine-month net profit also rose by 7% to a record level. We therefore view the Q3 profit decline as a temporary cost pressure rather than a deterioration in the company's underlying fundamentals.

Overall, the results reinforce our conviction in the quality and valuation of the Fund's portfolio. Four of our five largest holdings delivered double-digit Q3 earnings growth, several achieved record revenue and profit, and the growth outlook remains encouraging. Yet valuations continue to offer substantial appeal, with ABI, MPC and TNG trading at just 5–6x 2026 earnings. In our view, this combination of strong business performance, attractive valuations and continued earnings growth potential highlights the disconnect between the fundamentals of our holdings and the valuations at which their shares trade.

FDI and Vietnam's Move Up the Technology Value Chain

Foreign direct investment remains a key pillar of Vietnam's economic expansion. Total registered FDI reached USD 50.36 bn in the first nine months of 2026, up 76.4% year-on-year, while realized FDI increased 12.1% to USD 21.07 bn, the highest nine-month total in five years. Manufacturing continued to dominate, accounting for approximately 82.6% of realized FDI.

Increasingly, however, the story is not just about the volume of capital entering Vietnam, but also its quality. A particularly significant development is Samsung's planned investment of nearly USD 6 billion in Vietnam's semiconductor industry. Samsung Electronics plans to invest approximately USD 4.1 bn in memory-chip testing facilities in Thai Nguyen, while Samsung Electro-Mechanics plans a further USD 1.8 bn investment to expand production of advanced FCBGA semiconductor substrates used in AI servers and high-performance computing.

These investments reflect the rapid development of Vietnam's semiconductor industry. According to Frost & Sullivan, Vietnamese semiconductor exports grew at an average annual rate of 31.8% between 2006 and 2025, the fastest among the eight major Asian economies surveyed. Building on its established electronics manufacturing base, Vietnam is increasingly positioning itself as an important regional hub for semiconductor assembly and testing, attracting growing investment from global technology companies.

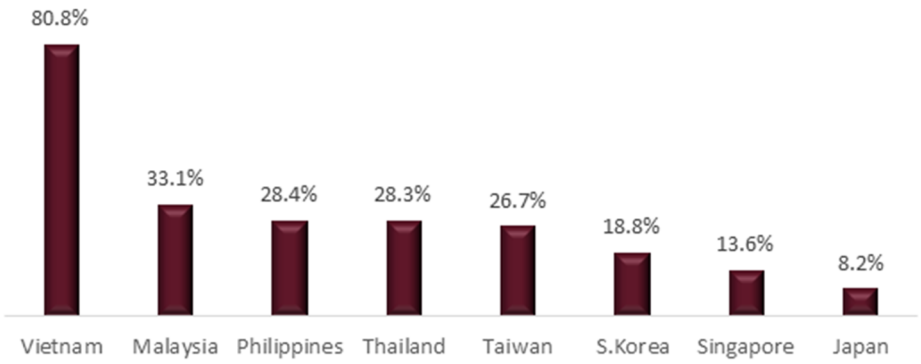
Samsung has already invested more than USD 24 bn in Vietnam and employs approximately 85,000 people in the country. In 2025, its Vietnamese operations generated USD 64.9 bn in revenue and USD 57.1 bn in exports. The latest investment plans mark a further step in Vietnam's evolution from consumer electronics assembly toward higher-value semiconductor manufacturing and AI-related supply chains.

For Vietnam, the potential benefits extend well beyond additional export revenue. Greater technology transfer, more skilled employment and the development of domestic suppliers could help strengthen the country's industrial capabilities and

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increase the value captured locally. Over time, this transition could reinforce Vietnam's competitiveness as a manufacturing destination and deepen its integration into global technology supply chains.

2025 Semiconductor/Integrated Circuit Export Growth (% YoY)



(Source: World-Top-Exports, AFC Research)

Private Capital Joins Vietnam's Infrastructure Transformation

Vietnam's infrastructure development is entering a new phase, with large domestic private-sector groups increasingly participating alongside the government in major transportation projects.

During the period, VinSpeed, part of the Vingroup ecosystem, signed a turnkey contract worth up to EUR 1 bn with Siemens Mobility covering two railway projects: the approximately 120-kilometer Hanoi–Quang Ninh line and the 54-kilometer Ben Thanh–Can Gio line.

Under the agreement, Siemens Mobility will supply ten Velaro Novo high-speed trains, together with signaling, electrification, and telecommunications systems. The projects also envisage Automatic Train Operation using ETCS Level 2 technology, highlighting the potential for advanced railway systems to become part of Vietnam's future transportation infrastructure.

The significance of the agreement extends beyond its headline contract value. It illustrates the growing role of domestic private capital in Vietnam's infrastructure expansion, while creating opportunities to introduce advanced railway technologies and international engineering expertise into the country.

Vingroup has also broadened its engagement with international railway technology companies, including cooperation involving technology transfer and local assembly. Over time, such partnerships could help lay the foundations for a domestic railway industry spanning construction, engineering, rolling stock, signaling, electrical equipment and maintenance.

Vietnam's infrastructure needs remain substantial as the economy moves into its next stage of development. Improved transportation connectivity can reduce logistics costs, increase labor mobility, support urban and industrial expansion, and ultimately enhance the economy's productive capacity.

The growing participation of domestic private capital alongside public investment is therefore an encouraging development for Vietnam's long-term growth prospects. If these projects progress as planned, they could contribute not only to better connectivity but also to the development of new industrial capabilities and a broader domestic infrastructure ecosystem.

Nghi Son Refinery Restores Kuwaiti Crude Supplies

Energy security is becoming increasingly important as Vietnam's industrial economy expands and geopolitical tensions continue to disrupt global energy markets.

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An encouraging development came in September, when the Nghi Son Refinery, Vietnam's largest oil refinery, resumed imports of Kuwaiti crude following approximately five months of disruption caused by the conflict in the Middle East.

Three shipments totaling approximately six million barrels of Kuwaiti crude arrived during September, with a similar volume expected in October. During the disruption, Nghi Son successfully diversified its feedstock sources and processed crude from alternative suppliers, allowing the refinery to maintain operations despite interruptions to its traditional supply chain.

This flexibility is particularly important for Vietnam. Nghi Son accounts for approximately 35–40% of the country's domestic petroleum supply, making it a critical source of fuel for transportation, manufacturing, construction and other economic activities.

The restoration of Kuwaiti crude supplies removes an important source of uncertainty at a time when Vietnam's economy is expanding rapidly and demand for energy continues to grow.

More broadly, the episode highlights the importance of supply-chain flexibility to Vietnam's energy security. By sourcing alternative crude supplies and maintaining production during a prolonged disruption, Nghi Son demonstrated an ability to mitigate external supply shocks and help safeguard the availability of fuel for the domestic economy.

Economy

Macroeconomic Indicators				
	2023	2024	2025	Q3-26
GDP	5.05%	7.00%	8.02%	9.01%
Industrial production (YoY)	3.0%	8.4%	9.2%	12.3%
FDI disbursement (USD bln)	23.2	24.8	27.6	21.1
Exports (USD bln)	355.5	404.0	475.0	434.3
Imports (USD bln)	327.5	377.0	455.0	453.7
Trade balance (USD bln)	28.0	27.0	20.0	-19.4
Retail sales (YoY)	9.60%	8.80%	9.20%	13.40%
CPI (YoY)	3.25%	3.78%	3.44%	4.80%
VND	24,261	25,488	26,293	25,801
Credit growth (YoY)	13.5%	12.0%	17.7%	10.9%

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

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Subscription

The next subscription deadline is 24th November 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 October 2026

NAV	3,095*
Since Inception	+209.5%*
Annualised Return	+9.2%*
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%	-0.88%	-7.50%	+3.29%	-3.72%	-0.5%*			**-12.8%***

***According to internal estimates**

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