

Vietnam enters H2 with strong growth, market at record highs



Minh Dang Nguyet
Head of Research

Macroeconomics:

- ▶ The government raised the GDP growth target to 8.3–8.5%, with credit disbursement up 10.2% YTD, the strongest 7M performance in over a decade.
- ▶ Manufacturing momentum builds as PMI reaches 52.4, the highest in almost a year, while inflation remains contained at 3.1% YoY.
- ▶ Public investment disbursement rose 25.5% YoY, while FDI disbursement climbed 8.3% YoY, signalling strong domestic and foreign capital momentum.

Stock Market:

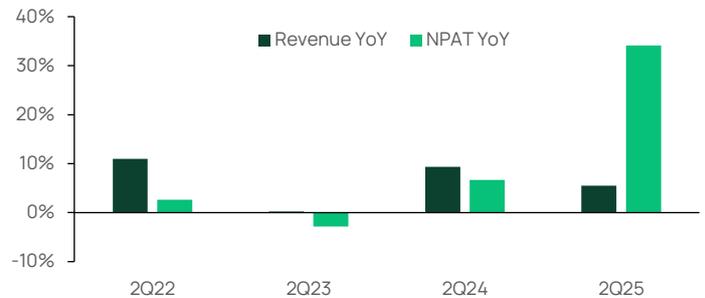
- ▶ The Vietnam Index surged 8.9% MoM in July (TR\$) to a three-year high of 1,502 points, supported by strong domestic retail participation.
- ▶ Liquidity reached record highs, with average daily turnover above \$2.1bn and a single-day peak exceeding \$3.0bn in early August.
- ▶ Q2 corporate earnings were up 34.1% YoY, prompting a FY25 earnings growth forecast upgrade from 13.8% to 20.1% for our Top 80 universe.

CHARTS OF THE MONTH

Liquidity Surges to Record High



Strongest Quarterly Earnings in Three Years



Monthly Insights

Vietnam's economy maintained strong growth momentum in July, extending its solid H1 performance. The government increased its 2025 GDP growth target to 8.3–8.5%, signalling confidence in its economic outlook. Manufacturing momentum strengthened, with the Purchasing Managers' Index (PMI) rising to 52.4, the highest in almost a year, driven by new orders and output growth, although export orders remained subdued. Credit disbursement rose 10.2% YTD by end-July, the strongest seven-month performance in over a decade. The State Bank of Vietnam (SBV) maintained an accommodative monetary policy stance, injecting record liquidity through open market operations to keep interest rates low amid rising credit demand. Inflation was well maintained despite such strong growth, with CPI up 3.1% YoY in July, while public investment disbursements increased 25.5% YoY in 7M25. Foreign direct investment (FDI) disbursement reached \$13.6bn in 7M25, up 8.3% YoY, highlighting sustained investor interest both at home and abroad.

The equity market rallied strongly in July, with the Vietnam Index (VNI) surging 8.9% MoM in USD terms to a three-year high, closing the month at 1,502 points. Liquidity was exceptionally high, with average daily trading value surpassing \$2.1bn and a single-day record of over \$3.0bn in early August. Mid-caps outperformed, supported by aggressive retail participation as margin lending reached record levels.

By early August, 97% of VNI-listed companies had reported 2Q25 earnings, with market-wide profit after tax up 34.1% YoY, marking the strongest quarterly growth since 1Q22. Among Dragon's Top 80 coverage, 39% beat and 40% met our quarterly profit forecasts, producing one of the highest beat-to-miss ratios in three years. By sector, Financials posted a 16.9% profit increase, led by banks benefiting from credit growth and improved asset quality, and brokerages from strong margin lending and proprietary trading income. Most notably, real estate earnings rose 69.0%, supported by earnings recoveries and asset revaluations among residential developers, and strong results from leading industrial property players. Manufacturing and services each recorded net profit growth above 45% YoY. While profit growth was broad-based, 36% of Q2 earnings came from non-recurring income, and revenue growth was more modest at 6.1% YoY. Strong H1 results prompted an upgrade to our FY25 float-adjusted Top 80 net profit growth forecast from 13.8% to 20.1%, with 52% of the revision from core earnings and the remainder from one-off recovery income and project transfers in banking and real estate.

Regulatory reforms continued at pace. The SBV issued Circular 14/2025, setting out the phased removal of credit growth quotas and bringing capital adequacy requirements in line with Basel III standards. Concurrently, proposed revisions to the Land Law would roll back several 2024 amendments, improving conditions for developers. These include setting land prices by the state rather than the market, which could lower land-use costs, and introducing greater flexibility around project approvals, land reclamation, and land-use rights payments. Furthermore, the proposed real estate tax has been deferred for further review.

Overall, the broader outlook remains positive. Despite external challenges like the US tariffs, Vietnam's resilience is underscored by steady credit expansion, stable inflation, strong public investment, and FDI inflows. Investor sentiment will likely stay upbeat, especially if macro conditions and corporate earnings continue on their trajectory. Nonetheless, given that the market has witnessed one of the sharpest increases over the last three years, it could become sensitive to negative geopolitical news and any surprise developments surrounding the global trade outlook.



Mai Vu
Portfolio Manager

At a Glance

- VEF's NAV rose 10.0% in July, outperforming the VNI on strong bank, real estate, and brokerage gains.
- The H2 outlook is supported by pro-growth policies, infrastructure investment, with elevated cash and high portfolio liquidity enabling swift tactical redeployment.
- A balance of high conviction holdings, targeted tactical activity, and disciplined risk management positions VEF to capture further upside while retaining agility.

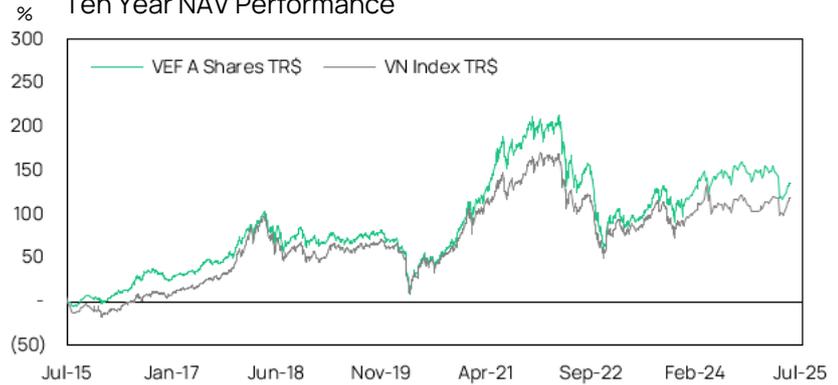
Performance (%)

	Net Assets	NAV/Share	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
VEF A (USD)	\$215.89mn	\$35.04	6.9	10.0	21.4	10.0	12.5	95.8	167.7
VEF B (EUR)	€49.51mn	€1,732.61	-3.1	12.3	20.5	4.0	1.0	104.1	N/A
VNI (Reference Index)	N/A	N/A	16.4	8.9	22.5	17.8	16.8	80.6	147.6

All reporting on this page is in total return US dollar terms to the last business day in Vietnam unless otherwise stated

Past performance cannot be relied upon as a guide to future performance

Ten Year NAV Performance



Fund Commentary

VEF's outperformance was led by targeted positions in banks, real estate, and brokerages. The brokerage sector was the standout contributor, with holdings posting gains from 11-93% MoM on record market turnover, clearer visibility on Vietnam's tariff exposure relative to peers, and growing anticipation of a potential market upgrade. Further support came from new product offerings, upgrades to trading infrastructure, and solid 1H25 results. We had established positions ahead of these developments, but the sector's performance accelerated sharply during the month. Our brokerage exposure peaked at 11.1% of AUM, after which we realised some gains, temporarily raising cash to 6% to preserve flexibility for redeployment. The sector remains well placed to benefit if trading volumes stay high and foreign inflows materialise in the months ahead.

Banks and real estate also delivered strong returns, in line with our strategy. Healthy credit growth, stable margins, and reduced provisioning drove strong 1H25 earnings at CTG (+46% YoY), MBB (+18%), and TCB (+14%). Property sentiment was supported by continued project launches, with Vinhomes initiating two ~200-ha developments in Hai Phong (Golden City) and Long An (Green City). Mid-tier developers KDH and DXG are also preparing to bring new projects to market in Q3, signalling broader participation in the sector's recovery beyond the largest players.

We expect the same core drivers to persist into H2, supported by a pro-growth policy backdrop and accelerating infrastructure spending. These factors should reinforce performance in our key investment themes, while we remain ready to capture additional tactical opportunities and identify emerging private-sector power forces that can complement our core names. The combination of high conviction holdings, targeted tactical activity, and disciplined risk control positions the fund to benefit from further upside while preserving the ability to respond effectively to shifting market conditions.

Stock in Focus: Saigon Securities (SSI)

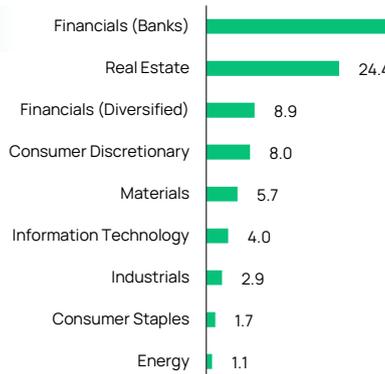
SSI is one of Vietnam's leading brokerages and investment banks, with a dominant market share, strong institutional presence, and a comprehensive product suite spanning brokerage, investment advisory, proprietary trading, and capital markets. Serving retail investors, corporates, and financial institutions through a nationwide platform supported by research and technology, SSI has set industry benchmarks for scale, innovation, and profitability, playing a pivotal role in Vietnam's capital market development.

Despite volatile market conditions in 1H25, SSI delivered resilient results, with total operating income of \$131mn (+18% YoY) and pre-tax profit of \$85mn (+9% YoY), achieving 47% and 44% of our full-year forecasts, respectively. Performance was underpinned by strong margin balance growth (+51% YTD) and robust investment activity. Fee income in 1H25 fell 25% YoY due to weaker market turnover during tariff uncertainty but is expected to recover in 2H25 as daily trading values consistently exceed \$1bn. Earnings momentum is forecast to accelerate, with FY25 profit expected to grow by 39%. As one of Vietnam's largest brokerages with deep retail and institutional coverage, SSI is well positioned to benefit from the anticipated FTSE EM upgrade. The planned launch of its cryptocurrency business could strengthen its competitive edge, broaden its client base, and cement its leadership in Vietnam's brokerage industry. We forecast EPS growth of 37.9% in 2025 and 16.7% in 2026.

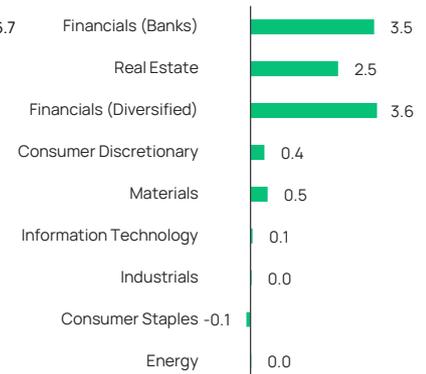
Top Ten Holdings (53.3% of AUM)

Company	Ticker	Sector	VEF (%)	VNI (%)	MoM (%)
Vinhomes	VHM	Real Estate	7.3	5.7	17.0
Vietinbank	CTG	Financials (Banks)	7.1	3.8	9.2
MB Bank	MBB	Financials (Banks)	6.3	2.6	6.1
Vingroup	VIC	Real Estate	5.8	6.2	10.0
Techcombank	TCB	Financials (Banks)	5.8	3.7	-0.9
Mobile World	MWG	Consumer Discretionary	5.7	1.5	0.8
BIDV Bank	BID	Financials (Banks)	4.5	4.1	3.9
FPT Corporation	FPT	Information Technology	4.0	2.7	0.9
Hoa Phat Group	HPG	Materials	3.5	3.0	9.6
Vietcombank	VCB	Financials (Banks)	3.3	7.8	5.3

Sector Breakdown



Monthly Contribution



UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE - PLEASE READ THE DISCLAIMERS ON THE LAST PAGE OF THIS REPORT

Key Indicators

Item	Unit	2020	2021	2022	2023	2024E	2025F
GDP	\$bn	346.6	366.1	408.8	430.0	476.3	529.5
Real GDP Growth	%	2.9	2.6	8.0	5.1	7.1	8.0
Services Growth	%	2.5	1.2	10.0	6.9	7.4	8.9
Agriculture Growth	%	2.8	2.9	3.4	2.6	3.3	5.5
Ind'l and Const'n Growth	%	3.3	4.1	7.8	3.5	8.3	8.7
Retail Sales Growth	%	2.6	-3.8	10.2	8.3	9.0	9.4
Prices							
CPI (Average YoY)	%	3.2	1.8	3.2	3.3	3.6	4.2
Money, FX and Interest Rates							
Money Supply M2	%	14.5	8.9	6.2	12.5	12.7	14.5
Average Lending Rate	%	8.6	8.5	13.7	8.7	8.4	8.4
5-yr VGB	%	1.1	0.9	4.7	1.6	1.4	1.9
VND : \$	\$1	23,085	22,800	23,550	24,250	25,450	26,500
External Sector							
Trade Balance	\$bn	19.9	3.3	12.4	28.0	24.4	18.8
Current Account	\$bn	15.1	-7.8	-1.5	17.4	20.7	14.6
Current Account / GDP	%	4.3	-2.1	-0.4	4.0	4.4	2.8
FDI Registered	\$bn	28.5	38.5	27.7	36.6	35.0	31.0
FDI Disbursement	\$bn	20.0	19.8	22.4	23.2	25.4	23.1
FX Reserves	\$bn	98.0	106.5	85.0	89.0	80.0	75.0
Public Debt Fiscal Balance							
External Debt	\$bn	130.1	138.8	141.2	138.0	140.3	151.0
Government	\$bn	49.0	47.9	48.8	44.4	44.5	47.8
Enterprises (incl. FDI)	\$bn	81.1	90.9	92.4	93.6	95.8	103.2
External Debt (% GDP)	%	37.5	37.9	34.5	30.3	30.3	30.1
Fiscal Balance (% GDP)	%	-3.9	-4.0	-4.0	-3.6	-3.6	-4.2

All forecasts are Dragon Capital estimates

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	31-Jul-24	31-Jul-25	31-Jul-24	31-Jul-25	31-Jul-24	31-Jul-25	31-Jul-24	31-Jul-25
Market cap (\$m)	202,675	247,777	13,013	15,463	59,228	55,052	274,915	318,293
Number of stocks	395	390	314	305	876	888	1,585	1,583
Number of large cap stocks (> \$400m)	71	81	10	13	18	20	99	114
Stocks with no room for foreigners	59	66	93	101	262	288	414	455
Market cap of stocks with no room (\$m)	17,181	34,864	1,904	2,678	20,749	21,414	39,834	58,955
Share of Market Cap with No Room (%)	8.5	14.1	14.6	17.3	35.0	38.9	14.5	18.5

Top 25 Companies by Market Cap

No	Company	31-Jul Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2024 (x)	2025E (x)	2026E (x)	2024 (x)	2025E (x)	2026E (x)	2024 (%)	2025E (%)	2026E (%)
1	Vietcombank	60,200	-1.3	19,196	7.80	17.3	15.8	14.2	2.6	2.2	1.9	-	-	-
2	Vingroup	105,500	160.2	15,395	6.20	13.0	34.5	34.2	1.1	2.7	2.5	0.4	-	-
3	Vinhomes	90,000	125.0	14,107	5.70	5.2	9.3	8.1	0.8	1.5	1.3	0.4	-	-
4	BIDV	37,850	0.8	10,142	4.10	13.5	12.7	11.2	1.9	1.6	1.4	-	-	-
5	Vietinbank	45,900	21.4	9,406	3.80	8.9	9.1	7.8	1.4	1.4	1.2	-	-	-
6	Techcombank	34,000	37.9	9,167	3.70	8.4	10.2	8.3	1.2	1.5	1.3	3.0	2.0	2.5
7	Airports Corporation VN	100,300	-20.3	8,332	-	29.1	22.8	20.4	4.6	3.0	2.6	-	-	-
8	VP Bank	25,800	38.0	7,812	3.20	9.4	10.7	8.5	1.0	1.2	1.1	5.2	2.8	3.5
9	Hoa Phat Group	24,950	12.3	7,308	3.00	14.2	11.7	8.8	1.5	1.5	1.3	-	1.7	1.7
10	FPT	104,000	-20.9	6,761	2.70	31.0	21.0	17.6	7.5	5.0	4.2	1.5	2.2	2.5
11	MB Bank	27,450	25.8	6,392	2.60	6.1	6.6	5.5	1.2	1.2	1.0	2.1	-	-
12	PV Gas	67,700	-0.6	6,053	2.40	15.7	15.0	14.7	2.6	2.5	2.4	8.7	5.2	5.2
13	Vinamilk	61,200	-0.1	4,881	2.00	15.2	16.7	15.9	4.0	4.1	4.3	6.2	7.1	7.1
14	Asia Commercial Bank	23,000	6.7	4,509	1.80	6.7	6.7	5.8	1.3	1.2	1.0	3.4	1.5	1.7
15	Masan Consumer	105,100	-40.2	4,238	-	23.2	14.2	13.0	16.9	6.4	5.3	12.4	4.3	4.3
16	Masan Group	72,500	3.6	3,980	1.60	50.4	27.6	21.8	3.3	3.1	2.7	1.7	1.7	1.7
17	LienViet Post Bank	34,200	17.5	3,899	1.60	8.9	11.0	10.0	2.0	2.0	1.7	-	-	-
18	Vietnam Airlines	32,800	45.3	3,898	1.60	8.4	11.1	13.1	neg	12.4	6.7	0.4	-	-
19	Mobile World Group	65,300	8.6	3,684	1.50	23.6	16.2	12.3	3.2	3.0	2.5	0.8	1.5	1.6
20	Sacombank	49,950	35.4	3,594	1.50	6.9	7.8	6.4	1.3	1.4	1.2	-	-	-
21	HD Bank	26,450	3.7	3,528	1.40	7.0	6.1	5.1	1.6	1.3	1.1	3.3	-	-
22	Becamex IDC	71,700	1.1	2,832	1.10	33.6	37.2	34.3	3.7	4.3	3.7	1.4	-	-
23	Vietjet Air	121,200	21.2	2,736	1.00	38.6	47.8	45.0	3.2	3.7	3.4	0.1	-	-
24	SSI	34,200	31.3	2,574	1.00	18.4	21.1	18.1	1.9	2.3	2.1	3.0	-	-
25	VIB	19,400	16.7	2,520	1.00	8.1	8.4	7.2	1.3	1.4	1.2	5.4	-	-

All forecasts are Dragon Capital estimates



Fund	Bloomberg	ISIN	LEI	SEDOL	CUSIP	Listed
VEF-A	VIETNAM ID	IE00BD5HPH84		-	-	-
VEF-B	VIETEUR ID	IE00BV8WVB25	254900EVTJZ4VAUG4M43	-	-	-
VEF-C	VIETGBP ID	IE000LEKRJK0		-	-	-

Price Providers	Funds	Bloomberg	Contact
SEI Investments	VEF	-	Transfer Agency Department TADublin@seic.com

VEF
Subscription & Withdrawals Daily
The Fund has appointed SEI Investments – Global Fund Services Limited as its fund administrator and transfer agent, and SEI Investments – Depository and Custodial Services (Ireland) Limited as its depository. A range of third-party fund platforms also include VEF in their product offerings, including Clearstream (www.clearstream.com), Fundsettle (www.euroclear.com), Banco Inversis (www.inversis.com), IFSAM (www.ifsam.lu), Pareto Securities (www.paretosec.com), Attrax (www.attrax.lu), MFEX (www.mfex.com), and Allfunds (www.allfunds.com).

Marketing / Investor Relations	
Will Ross	willross@dragoncapital.com
Rachel Hill	rachelhill@dragoncapital.com
Thuy Anh Nguyen	thuyanhnguyen@dragoncapital.com
Ailsa Cuthbert	ailsacuthbert@dragoncapital.com
Kenji Hamada	kenjihamada@dragoncapital.com
Steven Mantle	stevenmantle@dragoncapital.com
Thanh Le	thanhle@dragoncapital.com

This document has been prepared by Dragon Capital Management (HK) Limited for the general information of professional investors and other eligible recipients. It has been provided to you following your express request to receive such communications, and your confirmation of eligibility. If you wish to unsubscribe from future updates at any time, please email unsubscribe@dragoncapital.com.

This document does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire, securities of any entity, or any vehicle to be incorporated in connection with any possible transaction, or an inducement to enter into investment activity in any country, or in any other jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of the document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No disclosure, reference or other information included in this document shall be considered as offering or solicitation of any product or service. Nothing in this document shall be construed as investment advice or a recommendation to acquire or invest in any securities or other instrument or financial product. Any investment performance and market information provided in this presentation, including information about any particular companies, are provided for illustrative purposes only and are not investment recommendations.

No person is promulgating or providing any financial or other advice to any person, and is not making and does not intend to make an offer or solicitation in relation to any product, whether referred to in this document or otherwise. Any person requiring investment advice should consult a suitably qualified professional adviser prior to taking any investment decision.

Past performance is not necessarily a guide to future performance. Certain statements included in this document are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. Consequently, the actual performance and results of the market or companies could differ materially from the expectations set out herein. Accordingly, no assurance can be given that any particular expectation will be met, and you are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The information and opinions contained in this document (which includes information drawn from public sources) is subject to updating, and the accuracy, certainty or completeness of such information is not guaranteed. No representation or warranty, express or implied, is made, and no liability whatsoever is accepted by any other person, in relation thereto.

This document must not be distributed or otherwise made available to third parties without the consent of Dragon Capital, and then only to such recipients who have confirmed that distribution of such information is in compliance with the securities laws and regulations which apply to them.

For Swiss Investors in VEF: This is an advertising document. The representative for Vietnam Equity (UCITS) Fund (“VEF”) in Switzerland is Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland, and the paying agent is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The VEF prospectus, key information document (PRIIP-KID), the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

For Belgian investors in VEF: This is an advertising document. This document is intended only for professional investors (A) that are “qualified investors” in the meaning of Article 2, (e) of the EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended from time to time or any successive legislation that may enter into force (each, a “Qualified Investor”), and (B) any such Qualified Investor shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor.

For Italian investors in VEF: This is an advertising document (*materiale di marketing*). For professional investors only.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE