

A SUPERB BUT DIFFICULT YEAR FOR VIETNAMESE STOCKS

It has been a rewarding yet challenging year for the Vietnamese equities. To get a better idea of the situation, one can look at what has happened to FPT, which is a favourite ticker among institutional investors and the country's most successful IT group. The company's share price has fallen by 20% YTD, while the VN-Index has risen by 30%.

FPT is just one example of a widely held blue chip stock that has underperformed the market. At the same time, several stocks have seen tremendous gains despite not being common favourites of institutional investors. Several stocks in the banking and finance sector have performed very well, particularly companies that are undergoing a strong turnaround in earnings or expected to benefit the most from the market's overall positive momentum through their respective investments. Some companies in the finance sector have been boosted by their investment banking operations now that, after a few quiet years, IPO activity has picked up after the Vietnamese regulators have streamlined the related bureaucracy. The reforms have shortened the listing process from six months to just one.

Vingroup companies, which carry significant weight in the VN-Index, have rallied as they operate in sectors that benefit from governments land-use decisions and large-scale public projects.

The euro-denominated returns of well-known Vietnam funds demonstrate how difficult the year has been for stock picking.

Vietnam-focused fund performance YTD

Fund	Performance YTD
PYN Elite	+30.4%
Dragon Capital VEIL	+10.7%
Dragon Capital VEF	+7.3%
Lumen Vietnam	+5.4%
KIM Vietnam Master	+4.4%
VinaCapital VOF	-3.0%
Kenno*	-4.3%
AFC Vietnam*	-4.4%

Source: Bloomberg

*Performance per 29.8.2025

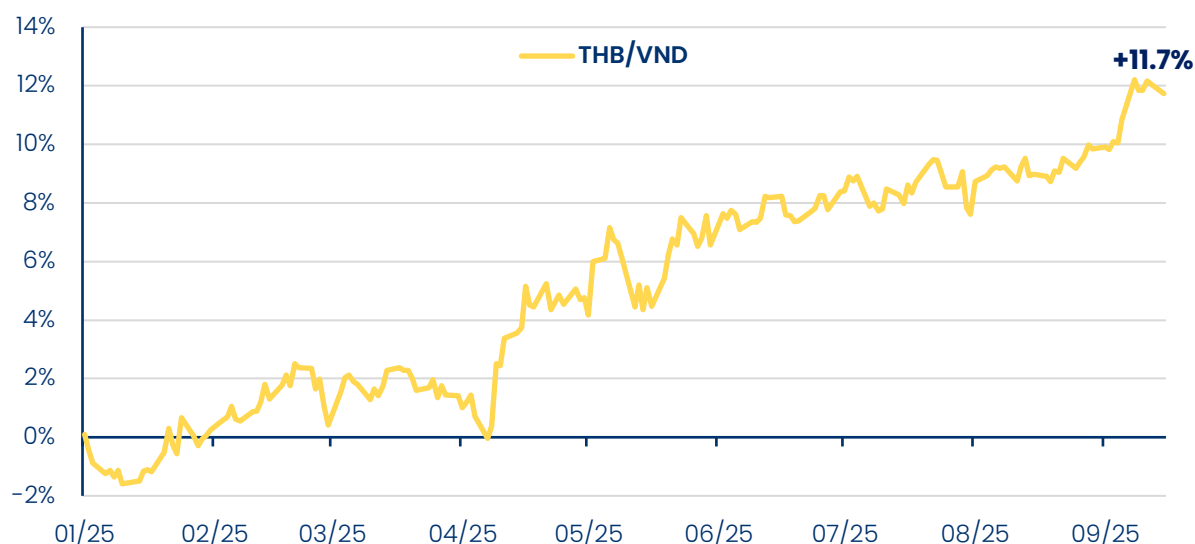
THE SOFT VIETNAMESE DONG

Foreign portfolio investors have been hurt by the Vietnamese dong depreciating 3.5% since the start of the year. The weakening of the dong was justified in the late spring due to the uncertainty around Trump's tariff policy, but Vietnam has since been able to negotiate a fairly reasonable tariff deal with the United States. We expected the currency to strengthen as a result, but that has not been the case.

It is particularly peculiar that the Thai baht has simultaneously appreciated significantly against the major currencies in spite of the prevailing political turmoil and subdued economic growth in Thailand. The US tariffs for both countries were set at similar levels, although the detailed tariffs for specific product categories are still to be announced.

Vietnamese exports continued to grow during the first eight months of the year, with the year-to-date export growth rate being a robust 14.8%. Vietnam's trade balance was USD 14 billion in surplus for the first eight months of the year.

Thai currency outperformance against Vietnamese Dong

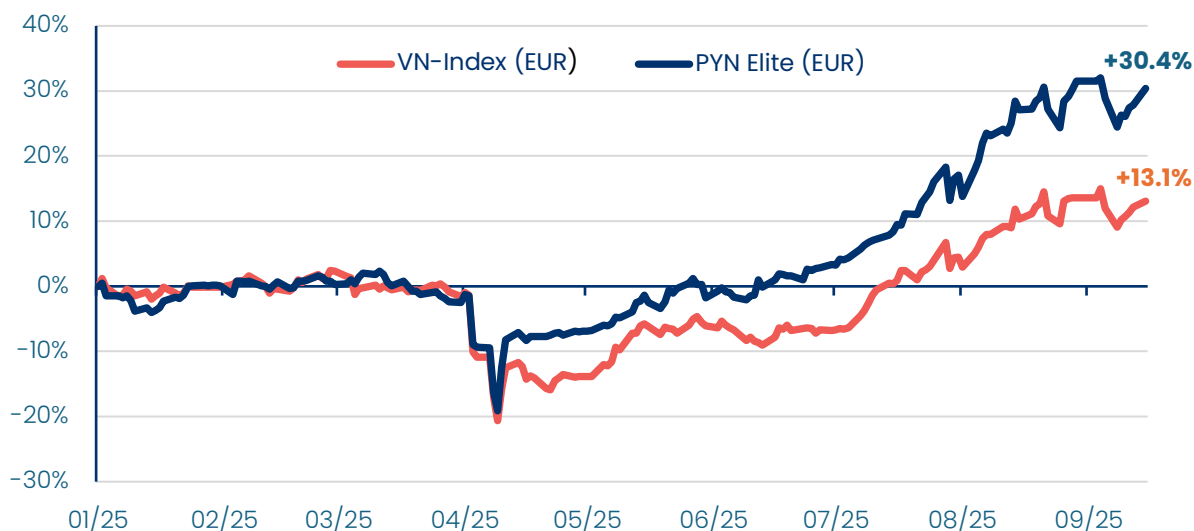


Source: Bloomberg

PYN ELITE'S FOREX HEDGE HAS BEEN HELPFUL

PYN Elite has performed reasonably well in market conditions that can be characterised as good but challenging. The stocks in our portfolio have outperformed the VN-Index since the start of the year, taking into account the depreciation of the Vietnamese dong, which has weighed negatively on our NAV. We have mitigated most of the adverse effects of EUR/USD fluctuations by maintaining a full portfolio hedge on these two main currencies. The 3.5% depreciation of the Vietnamese dong has, of course, also eroded partially PYN Elite's returns.

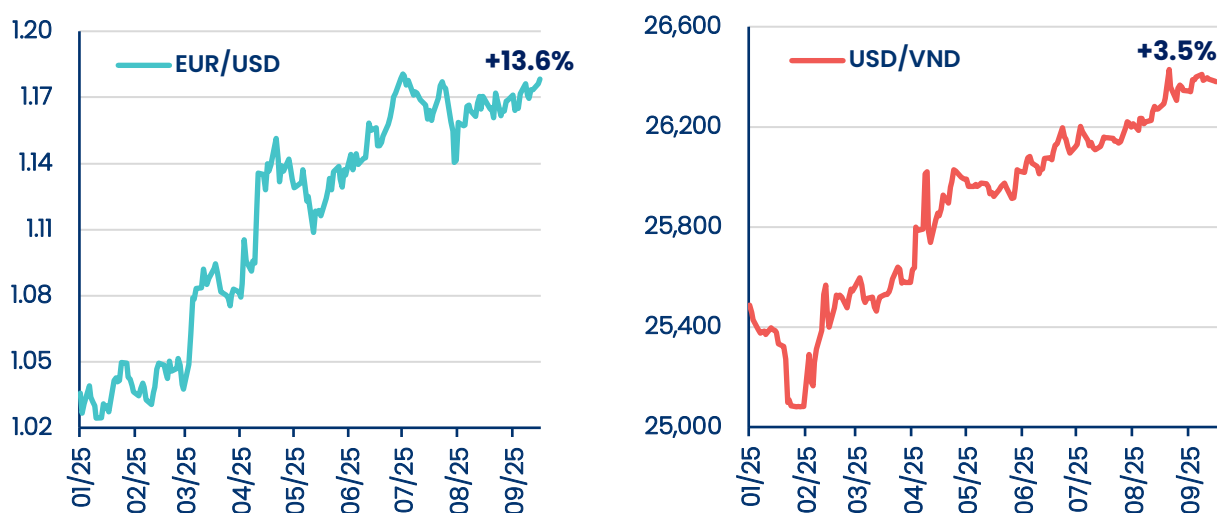
PYN Elite vs. VN-Index (EUR)



Source: Bloomberg

Although the dong has weakened since the start of the year, the strong macroeconomic situation in Vietnam could halt its depreciation or even lead to a stronger dong over the next 12–24 months. International banks' forecasts for the main currency pair, EUR/USD, fluctuate in one direction or another each year, and the outcome often comes as a surprise for even the best forex strategists. By maintaining currency hedging, we eliminate the impacts of rapid swings in these currencies on our portfolio. In our view, there are also further risks in the market for an even unexpected depreciation of the US dollar.

Despite weak USD, Vietnamese Dong has depreciated



Source: Bloomberg

A BILLION-EURO FUND

The year 2025 marks a significant milestone for PYN Elite as, after 26 years of operations, the fund's AUM has exceeded one billion euros. As a fund management company, PYN has never sought to be a broad-based provider of fund products or asset management services. We have focused our limited resources on a simple business idea: stock picking based on macroeconomic fundamentals.

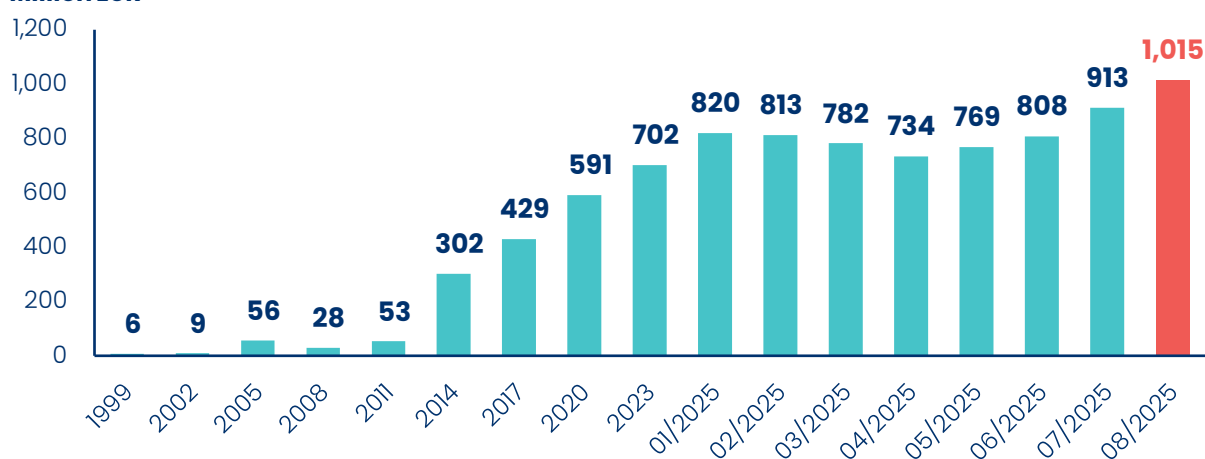
Of the fund's first 10 customers, eight are still with us. It feels remarkable that customers have stayed with the fund for over 26 years while, at the same time, it seems investors are switching positions in the global equity markets almost weekly in response to the constant flow of secondary news. Of the customers who invested in PYN Elite in 1999, three are still invested in the fund with their initial investment. Over the years, they have accumulated a tremendous return of over 6,000% on their investment.

While I myself, I am one of the fund's largest customers, the returns on my fund units are much lower. Over the years, I have increased my holdings by investing dividends distributed by the fund management company. As a result, the average cost of my fund units is relatively high, although my returns in the fund are also fairly satisfying.

The arrest of the real estate mogul Madam Lan in November 2022 unsettled the corporate bond market and caused a sharp dip in stocks. At that time, I took from a bank a two-year bullet loan to add leverage to my fund position. My bullet loan matured in late autumn 2024. The NAV of the fund units for that additional investment was EUR 352 and the redemption NAV was EUR 484. Taking into account the interest expenses on the bullet loan, the annual return came to about 12%. Looking back at that investment now, I can see that I correctly timed the bottom of the Vietnamese stock market. However, I was hesitant to extend my loan, so I missed out on this year's strong returns when it comes to my leveraged investment.

PYN Elite AUM reached 1 billion EUR

Million EUR



Source: Bloomberg, PYN Fund Management

Hitting the one-billion euro mark is a great achievement for us. It is particularly pleasing that we surpassed this milestone through portfolio gains rather than new subscriptions. This year, the PYN

Elite fund has paid out a record high of EUR 60 million in net redemptions. We have sought to analyse the reasons behind this and concluded that the redemptions in the spring were significantly affected by the uncertainty around tariffs caused by President Trump, which raised Vietnam's risk outlook. Since then, risk assessments have eased substantially, and the outlook for the Vietnamese economy has turned very promising. At the same time, the quickly risen NAV has motivated other investors to take profits during the late summer.

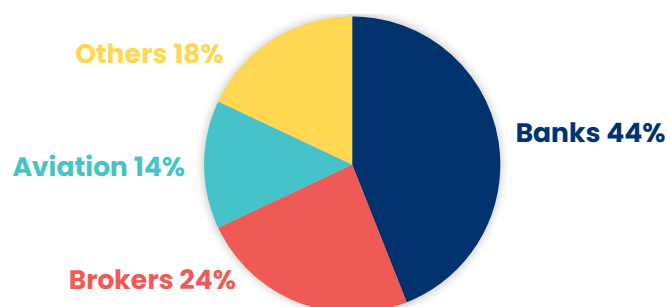
Managing redemptions is part of the fund business. We are grateful to our redeeming customers for their past subscriptions, and we are also pleased to note that many customers who have taken some profits are still invested in the fund.

THE PYN ELITE PORTFOLIO

We made tactical adjustments to our portfolio in the spring, but we have taken a fairly passive approach in recent months while Vietnamese stocks have rallied. This reminds me of an old joke from the advertising industry. The head of a successful American advertising agency was asked how the agency had managed to bill Philip Morris USD 10 million per year for two decades for creative works when the company's Marlboro cigarettes were advertised year after year using the same TV spot, which featured the Marlboro Man riding a horse with a cigarette in his lips. The executive replied wisely: "Each year, it has been our demanding task to convince the senior management at Philip Morris that we should not change anything in the campaign."

Our portfolio management has been quite similar for the past three months. As the portfolio manager, I have been tempted to take profits on several stocks. However, the members of my portfolio team have strongly argued in our meetings: do not sell this or that stock, just do nothing. Following their guidance, I am trying to keep myself from doing anything, but it is not easy. I am sure we will end up selling some of our positions at some stage before they might run out of steam. The uneven performance across different tickers will certainly offer excellent opportunities for stock rotation.

PYN Elite allocation



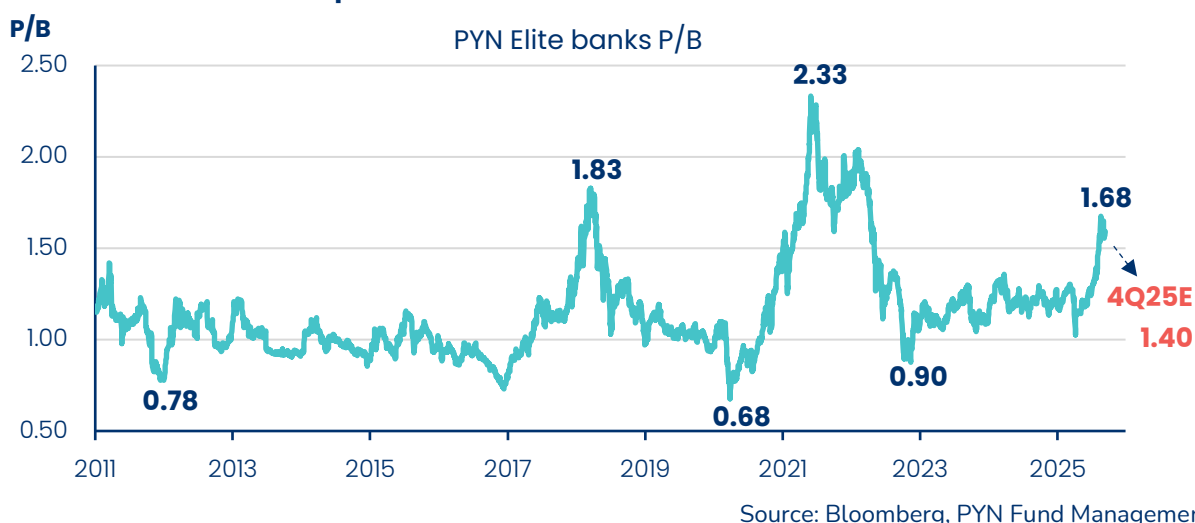
Source: PYN Fund Management

We expect the index provider FTSE to upgrade Vietnam's market classification by a notch to Emerging Market (EM) status, either at the beginning of October or by March 2026 at the latest. With this in mind, we allocated more weight to brokerage companies in our portfolio last spring. Trading volumes

on the stock exchange have surged since August, being twice as high as in the corresponding period last year. Daily trading volumes have now reached levels around USD 1.5 billion.

Bank stocks remain overweight in the portfolio. Banks' earnings growth is gaining momentum as domestic economic activity accelerates and provision needs fall from previous years. Going forward, several banks will also recognise additional income through provision reversals and collateral realisations. Based on current stock prices, we expect the year-end P/B ratio of our bank holdings to fall to 1.4. Next year, the P/B ratio would fall to 1.2, but we expect the market to drive the valuations of these banks even above 2.0, driven by a further share price gains.

PYN Elite Banks – More upside



VIETNAM AIMS FOR STRONG ECONOMIC GROWTH

Vietnam's current administration is continuing its policy aimed at securing long-term prosperity for the country. The administration has recently adopted even stronger measures, targeting an annual GDP growth rate of even more than 10% over the next five years. The leadership believes that Vietnam's time has come. This is also reflected in concrete actions: large-scale projects have been launched, local government practices have been streamlined, and financial market reforms have been accelerated. Even the possibility of abandoning the quota system for bank lending has been considered.

Below is a summary of the latest macroeconomic data for Vietnam.

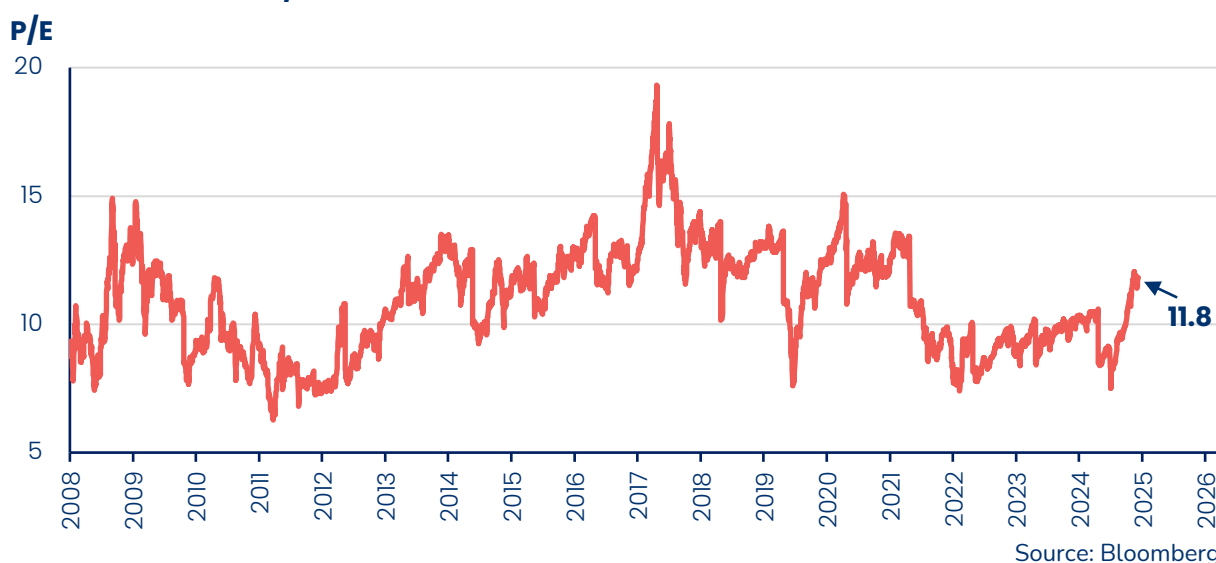
Vietnam macro outlook – first 8 months of 2025		YoY
Index of industrial production		+8.5%
Retail sales of goods & services		+9.4%
State revenue		+ 28.5% (66.2 bn USD)
Registered FDI		+27.3% (26.1 bn USD)
Exports		+14.8% (306 bn USD)
Trade surplus		14 bn USD
International visitors		+21.7%

Source: General Statistics Office of Vietnam

MARKET HAS RALLIED, BUT 2026 FORWARD P/E OFFERING MORE UPSIDE

Significant public investments will also boost investments in the private sector, stimulating companies' willingness to grab into new opportunities and take risks. The resulting strong economic growth supports favourable earnings growth outlook for listed companies. The positive momentum in the stock market can continue, as earnings growth will bolster the rise in stock prices and keep the market reasonably priced. Bloomberg's consensus forecasts for 2026 would put the P/E ratio of the Vietnamese stocks at just 11.8, which is an attractively low ratio for equities in a rapidly developing country.

VN-Index Forward P/E for 2026 at 11.8



Earnings for the third quarter will be published in the coming weeks. We can expect solid earnings growth from several of our portfolio companies. We head toward 2026 in a positive sentiment. FTSE will publish its report on country classifications on 8 October 2025. We are very excited to see what the report will say about Vietnam.

The next subscription day for PYN Elite will be on Tuesday, 30 September.

Have a great autumn!

PYN ELITE
Petri Deryng
Portfolio Manager

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PYN Elite

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