

THE NEW TARGET FOR THE VN INDEX IS 3,200

We invested in Thai equities for 15 years, and during that period we raised our index target only once. When we originally selected Thailand as an investment destination, we carried out a very long-term analysis to determine the level at which the SET Index would represent future fair value. We made our first investments when the index stood at 363 points, and at that time we set a long-term target of 1,200 points. PYN Elite's holding period in Thailand was ultimately longer than initially expected, and at the same time the equity base of companies expanded so we raised our index target to 1,400 points. This level was reached in 2013, and we took profits of our Thai portfolio during the years 2013 and 2014. Since then, the SET index has climbed above 1,800 points, but during the years of continued political instability and weak economic growth, it has returned to 1,300 points.

In Vietnam, the index was around 480 points when we started investing in Vietnamese equities. At the time, our target for the index was a modest 1,200 points. During the first five years, it became clear that we had underestimated the growth potential of the Vietnamese economy, and therefore we raised our index target to 1,800 points. A few years ago, we revised the target again, to 2,500 points. We have now set our final index target for the Vietnamese market to stand at 3,200 points.

Vietnam's robust economic growth has been in line with the forecasts, but the modernisation of the stock market has not progressed as previously expected. Only in the most recent years has there been a clear political desire to implement substantial reforms in the financial markets. At the same time, Vietnam's new leadership has adopted a new attitude towards the country's economic potential. The achieved annual GDP growth of 6–8% is no longer sufficient, and the government is aiming for annual growth figures of more than 10%. The clear goal is to raise Vietnam's economy and citizens' prosperity to new levels during the next 10 to 15 years. This is based on the strong development of domestic demand in Vietnam, supported by public megaprojects and administrative reforms. Extensive public spending stimulates overall growth and can also drive private sector investments and growth at an unprecedented pace. Vietnam's government debt ratio is now below 35%, and it can be allowed to rise firmly to 45% without causing significant risks to the country's economy.

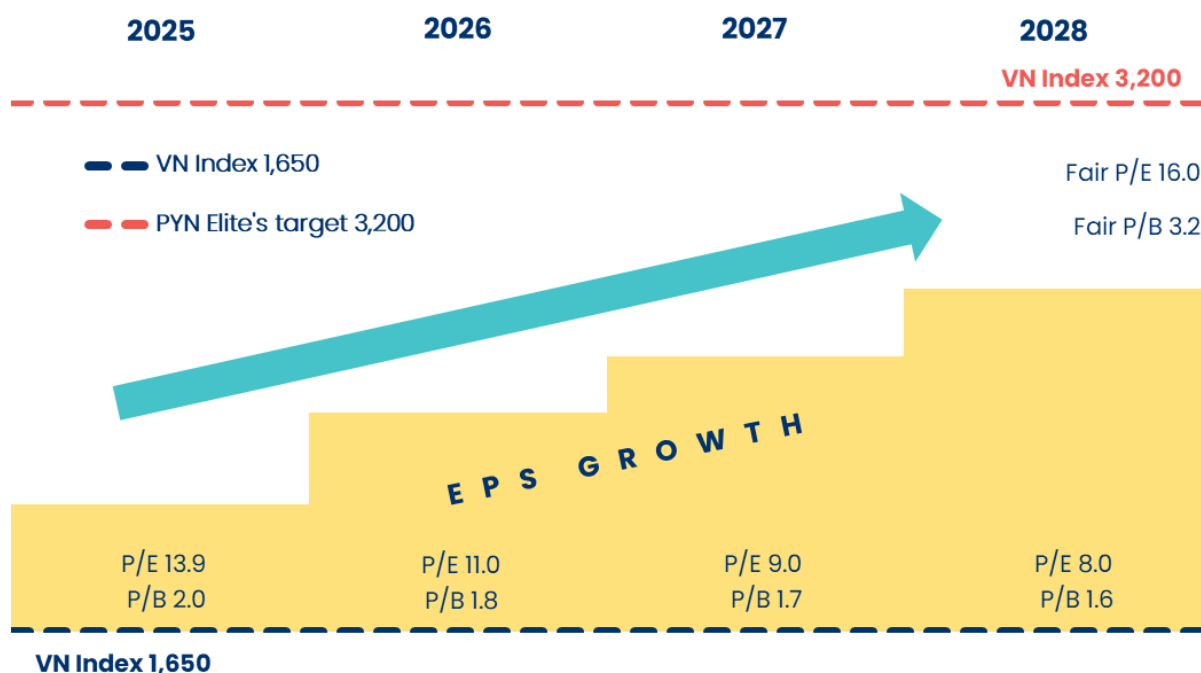
Companies with domestic market focus are in significant weight in Vietnamese stock market, so the earnings growth of listed companies should be clearly boosted by the new economic priorities and reflected in the market in the coming years. There has also been clear evidence of the modernisation of the stock exchange, as the trading system has been upgraded and the prefunding requirement for share purchases has been partially discontinued. Partly due to these factors, the index provider FTSE decided in October this year to upgrade Vietnam's classification to an Emerging Market status, which will be implemented in practice during 2026. Currently, market regulators are working on the introduction of a central counterparty (CCP), which would enable speeding up the settlement times. Other things are also upcoming: permanent discontinuation of prefunding, daytrading, etc. Over the next couple of years, we can also expect a new model for foreign ownership limits (FOL). We believe

that following these reforms, another index provider, MSCI, will also consider upgrading Vietnam to Emerging Market.

Our target of 3,200 points for the VN Index is based on an average earnings growth of 18–20% in the coming years. For the current year, the earnings growth may clearly exceed 20%. We consider it possible that the index target could be achieved over the next three years.

The index target chart is shown below. We use it to illustrate the stock market's earnings growth forecasts and how the positive performance of the VN Index could bring the P/E and P/B valuation factors to fair value levels.

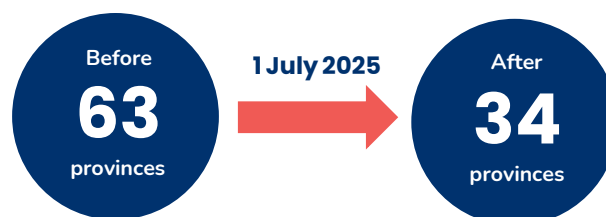
Target for the VN Index 3,200 points



Lähde: Bloomberg, PYN Fund Management

VIETNAM'S REGIME AIMS FOR EVEN STRONGER GROWTH

The long-term economic outlook for Vietnam has been favourable: competitive advantage, enormous potential in domestic demand and a very modest government debt ratio. However, Party General Secretary To Lam, who has taken over Vietnam's leadership, has shifted on new gear, and it is not a matter of political buzz, but a conviction to bring the standard of living of Vietnamese people to a significantly higher level. At the start of his term, To Lam implemented a significant administrative rationalisation last spring by halving the number of regional administrations in Vietnam. At the same time, the leadership of regional administrations was streamlined and many bureaucrats were dismissed.





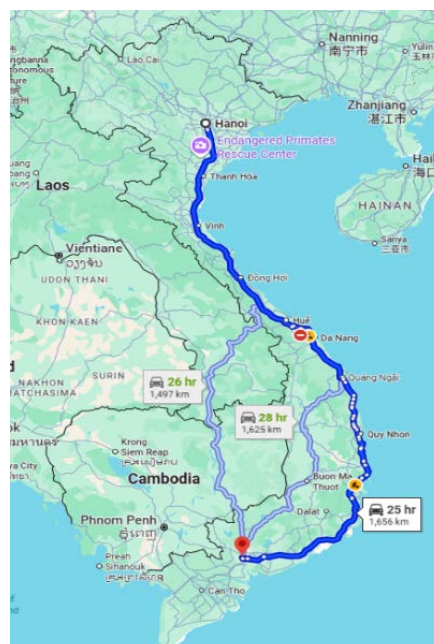
Vietnam's new leader, Party Secretary To Lam visited Finland Photo: Lehtikuva

During To Lam's visit to Finland in the autumn, it was stated in discussions that Vietnam is following the path set by Singapore: Singapore is a model example of successful development in which one party decidedly led a small and poor country to the top of the global economy. In this wealth expansion, the key factors have been education, fast growth and discipline.

STATE MEGAPROJECTS MAKE SENSE

The Vietnamese government intends to allow the country's debt ratio to rise from 32% to 45%. The decision seems well justified with financial resources being strongly directed to growth-boosting projects. Among these megaprojects are a high-speed rail line to be built between Hanoi and Saigon and two nuclear power plants. Hanoi-Saigon is already one of the world's busiest domestic flight routes, so the bullet train will be needed to facilitate the constantly growing traffic. There are also several bridge, tunnel and road projects across the country. In addition to nuclear power plants, Vietnam continues to maintain favourable conditions for investments in renewable energy.

A bullet train can cover 1,600 km in five hours



PYN ELITE HAS UNDERPERFORMED TO THE INDEX IN 2025

PYN Elite's NAV gained 30% during the first eight months of the year. The performance was in line with the VN Index, although our portfolio lacked the index's star performers for this year, the shares of VIN Group: VIC, VHM, VRE and VPL. PYN Elite's performance was boosted by the strong performance of Vietnam Airlines and several bank and broker stocks, with which we compensated for the absence of VIC, the parent company of VIN Group, from the portfolio. VIC has risen by more than 600% YTD, and the share price has continued to rise in the autumn, further driving the index upwards, while almost all of the rest of the market has performed very poorly – including Vietnam Airlines and several bank and broker stocks.

VIN Group shares have a weight of more than 20% in the VN Index, and therefore price movements in the group's main share VIC alone have a huge impact on the index. The company's shares have gained momentum from the state's public projects, even though the parent company VIC's main business,

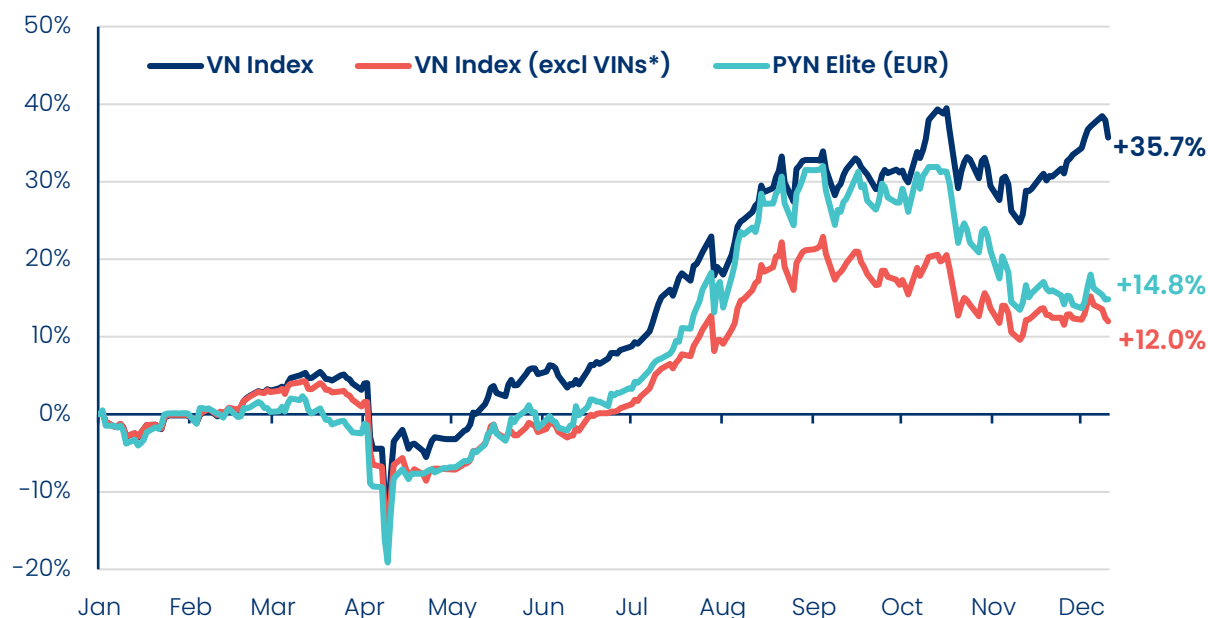
Vinfast electric cars, is still heavily loss-making. However, there are clear fundamental reasons for the rise in VIC's share, as the company benefits from public projects. The company's valuation is based on future cashflows, which are difficult to convert into accurate earnings figures in the short term. HSC, a bank focused on institutional customers, has raised VIC's target price this year, but still considers the price movements in 2025 to be an overshoot. HSC's recommendation is to sell, with the target price 45% lower than the share's current price. According to HSC's estimates, VIC's P/E for 2027 is 261, which means that the company's valuation would become more reasonable thanks to earnings growth, given that the P/E for 2025 is 1,361. In recent days, VIN Group shares have also faced a backlash while the rest of the market has risen or fallen more moderately, which has evened out the imbalance between VIN Group shares and the rest of the market

PYN Elite's returns are approximately 15% YTD. Excluding VIN Group's shares from the Vietnamese stock index, we have performed reasonably with respect to other shares. We did not purchase VIN shares during their share price rally. On the other hand, it would have been a challenging to invest in them, and we are also not considering buying them now, as it is difficult to calculate a long-term fair value target price.

It is unfortunate how much other stocks on the market have fallen during the autumn. We have made allocation changes in the portfolio to position our portfolio into the next year. Looking back, we should have sold more of some of the holdings that had risen strongly at the favourable prices in early autumn. However, we have been able to realise several decent returns and allocate funds from these into new, attractive positions.

The graph shows the returns of PYN Elite and the VN Index, both with and without VIN Group shares. The index figures are in local currency and the PYN Elite NAV in euros.

PYN Elite's returns relative to the VN Index



As of 10 December 2025, *VIN companies: VIC, VHM, VRE, VPL
Source: Bloomberg, PYN Fund Management

PORTFOLIO MANAGERS IN TROUBLE WITHOUT A WINNING FORMULA

In Vietnam, portfolio managers (those who can still smile) have been joking that the name of the VN Index should be the VIN Index this year, as one group of companies has overwhelmingly dominated the index performance. Vietnam's tough trading year has affected all actively managed funds, the largest of which are: VEIL, VOF, KIM and PYN Elite. Most of these have not had an extensive weight in VIN Group's shares. In a passively managed ETFs, the investments are weighted in accordance with the local index. In this context, VIN Group shares have also ended into overweighted positions for their quick price changes

The table below shows how challenging the year has been when comparing the funds' YTD returns with the returns of the VN Index and the VanEck ETF. PYN Elite's NAV accounting currency is the euro, so the table also shows comparable returns for other funds using the value in euros.

Vietnam's largest active funds and the ETF fund VanEck

Vietnam funds	Return year-to-date* EUR
PYN Elite	+14.8%
KIM	+8.5%
VEIL	+7.3%
VOF	-7.3%
VanEck ETF	+40.2%
VN Index	+16.5%

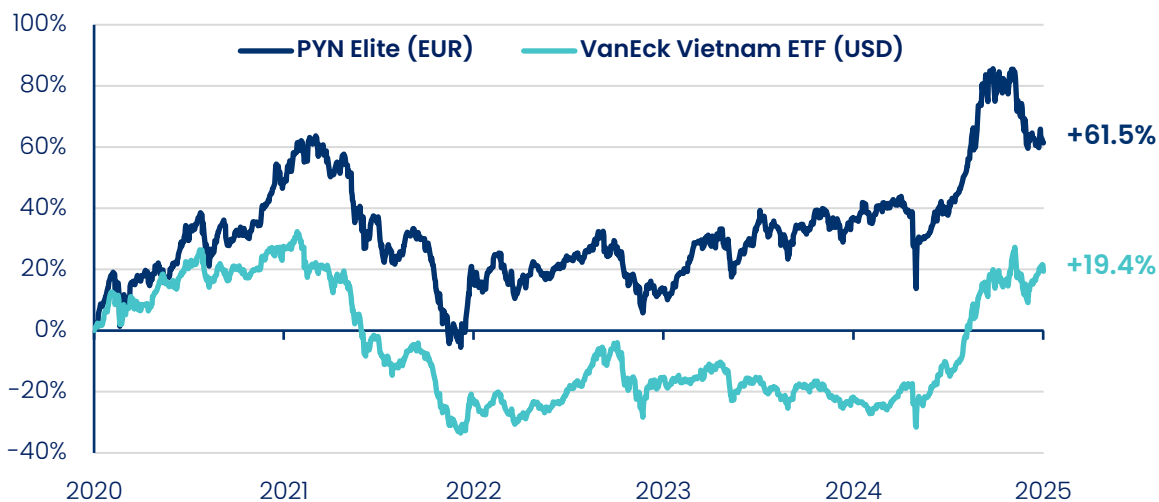
*Return in euros as at 10 December 2025

Source: Bloomberg

PYN ELITE HAS OUTPERFORMED ETF RETURNS OVER A FIVE-YEAR PERIOD

Mr. Jan Van Eck can begin the holiday season in a good mood as the returns from his ETF fund for 2025 is set to be strong. On the other hand, it is worth noting that PYN Elite has outperformed VanEck's ETF fund over a five-year comparison. In our opinion, it is fully plausible that, after the exceptional year 2025, PYN Elite and other actively managed Vietnam funds will be able to compete with the returns of passive ETF funds.

PYN Elite clearly outperformed the ETF fund in five-year returns



Source: Bloomberg

PYN ELITE OUTPERFORMED THE INDEX IN 4/5 OF THE PAST FIVE YEARS

Christmas is the season of wise men and wonders, when there can be plenty of gold and myrrh on the way. However, it is already clear that even if Christmas period would bring the desired rally to the market prices, PYN Elite's returns will fall short of the index this year. The table below shows that in 2020–2024, PYN Elite outperformed the annual returns of the VN Index four times, while the VN Index outperformed only in 2023.

PYN Elite and VN Index annual returns

Year	VN Index	PYN Elite
2020	+14.9%	+31.8%
2021	+35.7%	+42.7%
2022	-32.8%	-28.3%
2023	+12.2%	+1.7%
2024	+12.1%	+21.8%
2025*	+35.7%	+14.8%

*As at 10 December 2025

Source: Bloomberg

13% STRENGTHENING OF THE EURO MANAGED THROUGH FOREX HEDGING

PYN Elite's NAV is calculated in the euro, and we convert the euros into the dong in order to keep the portfolio's investments in Vietnam, so the movements in the euro will affect the fund's value in addition to movements in the dong. Since the beginning of the year, the euro has strengthened significantly,

13% against the other side of the main currency pair, the US dollar. We have kept the portfolio currency hedged and thereby eliminated the fluctuations of the strong euro from the NAV.

Our intention is to continue to hedge EUR/USD exposure. The idea is to eliminate any rapid price changes in the currency pair. We still consider the dollar to be vulnerable due to the double deficit in the US and the previous price appreciation of the currency. At the same time, we recognise the challenges of European economic growth and political decision-making on the other side.

Euro appreciated by 13% since the beginning of the year



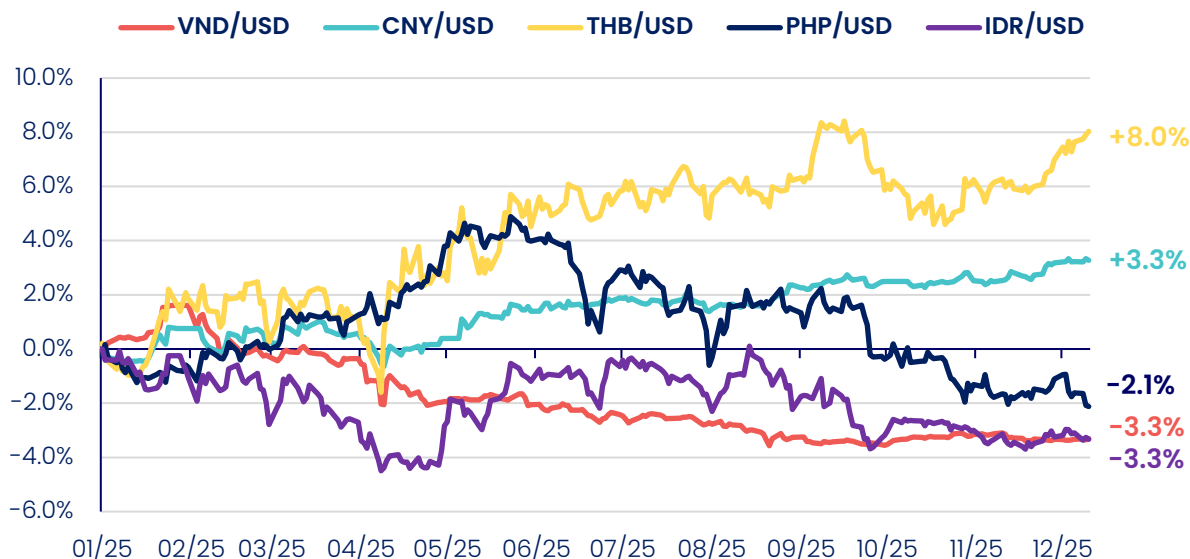
As at 10 December 2025
Source: Bloomberg

VIETNAMESE EXPORTS ARE THRIVING BUT THE DONG WEAKENED BY 3%

The global trade war induced by the USA and uncertainty about tariffs appeared to have weakened the Vietnamese dong from the beginning of the year. We expected the dong to strengthen following the summer's positive tariff negotiations. The fluctuations of the Vietnamese currency have stabilised in the autumn, but as the dollar weakened, the dong has not strengthened against it but has remained around 3% below its level at the beginning of the year.

Vietnam's exports have recorded strong growth throughout the year. Forex flows have accumulated from the trade balance, which could bolster the country's currency, however, at the same time, reverse payments have been observed in the balance of payments. These are probably related to Vietnamese retail investors' demand for dollars from the domestic black market, with investments made in both gold and cryptocurrencies. The value of the dong has a direct impact on the return of our portfolio, and should it depreciate, it will moderate the equity returns received.

Vietnamese dong weakened



As at 10 December 2025

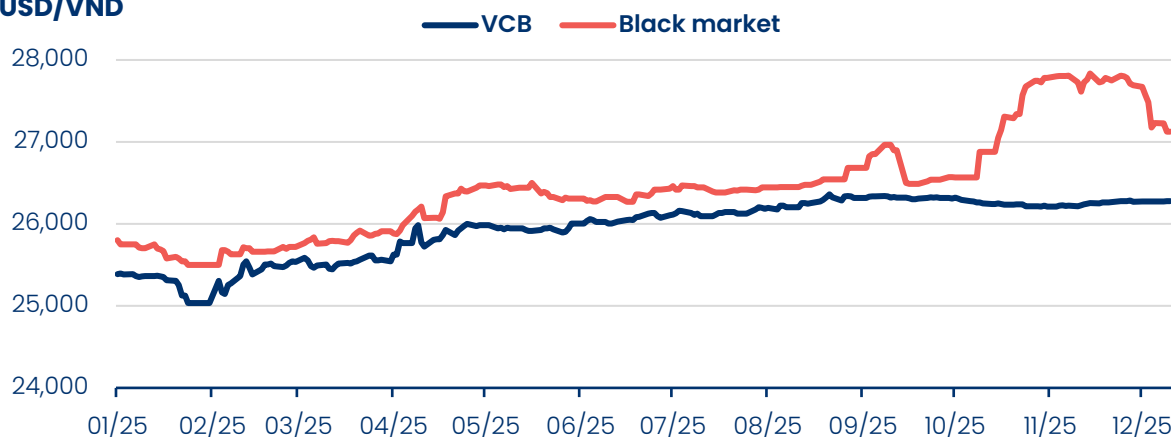
Source: Bloomberg

GOLD AND CRYPTO INVESTMENTS STIMULATED DOLLAR DEMAND

This graph shows how Vietnamese black market dollar demand caused the unofficial dollar cash rate to deviate by more than 5% from the USD exchange rate quoted by commercial banks in the autumn. The Vietnamese authorities are aware of the situation. During the autumn, they have brought forward legislative reforms and prepared licences to trade gold locally on digital platforms. The administration has also developed legislation to enable the local wallets for cryptocurrencies. The measures aim to dampen the demand for the dollar in the black market and normalise balance-of-payments items, allowing the trade and current account surpluses to accumulate foreign currency reserves and possibly also support the dong's value.

Official and unofficial exchange rate

USD/VND



Source: FiinPro

We believe that the earnings growth of listed companies in Vietnam will continue to support equity prices in 2026. According to the consensus forecast, a market P/E of 10.0 for 2026 looks very attractive. I personally made a rather large additional subscription to the PYN Elite fund on 28 November 2025.

The next subscription day for PYN Elite will be on 31 December 2025.

Best wishes for the holiday season!

PYN ELITE
Petri Deryng
Portfolio Manager

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PYN Elite

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