26 Sep 2026

VIETNAM'S ROBUST EARNINGS ARE NOT REFLECTED IN SHARE PRICES

HOW ABOUT SOMETHING LIGHTER TO START THIS LONG INVESTOR LETTER?

Vietnam's peppercorn exports are doing well. The latest export figures show that peppercorn exports have already reached USD 1.3 billion this year, up 15.2% YoY. By mid-September, Vietnam had exported 202,414 tonnes of pepper, with the US and China the largest buyers.

CAN YOU TELL US A BIT ABOUT THE STOCK MARKET?

Vietnam's listed companies are heading for a robust year of earnings growth. First-half earnings grew by a staggering 46%, and even excluding one-off items, full-year earnings growth should reach 20–25%, which is still a very respectable outcome.

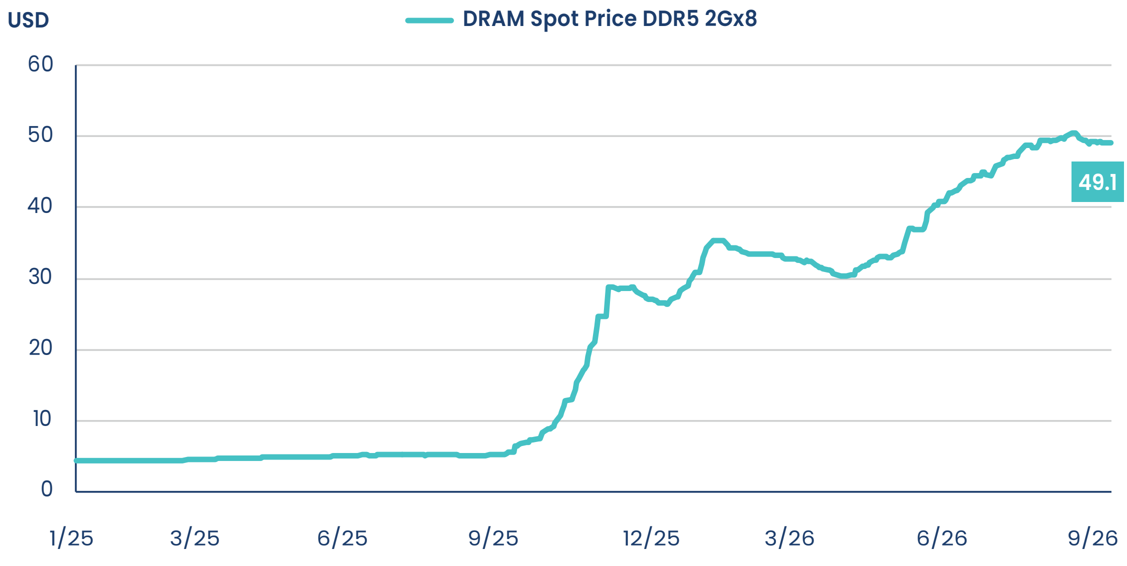
The broad market (excluding Vingroup) trades at a P/E of 8.8 on Bloomberg's 2027 consensus estimates. Given Vietnam's robust economic growth this year, valuations have slipped to historically low levels. Vietnam's economic and earnings growth outlook for the coming years is also excellent. The VN-Index is slightly up YTD, but that is mainly caused by one stock: VIC. A handful of oil stocks have also risen, but otherwise the market is struggling, with share prices sliding even though earnings have been excellent.

HOW IS THIS POSSIBLE?

In my view, two key factors explain the weak share price performance: Vietnam's trade balance and the war in Iran. These have constrained growth in Vietnam's money supply at a time when credit demand has been strong. Slow money supply growth has made liquidity conditions challenging.

Vietnam is now one of the world's key manufacturing powerhouses, and its export industry imports large volumes of components. The trade balance deteriorated when import prices for the memory chips its export industry depends on skyrocketed in late spring and early summer.

Memory chip prices have surged



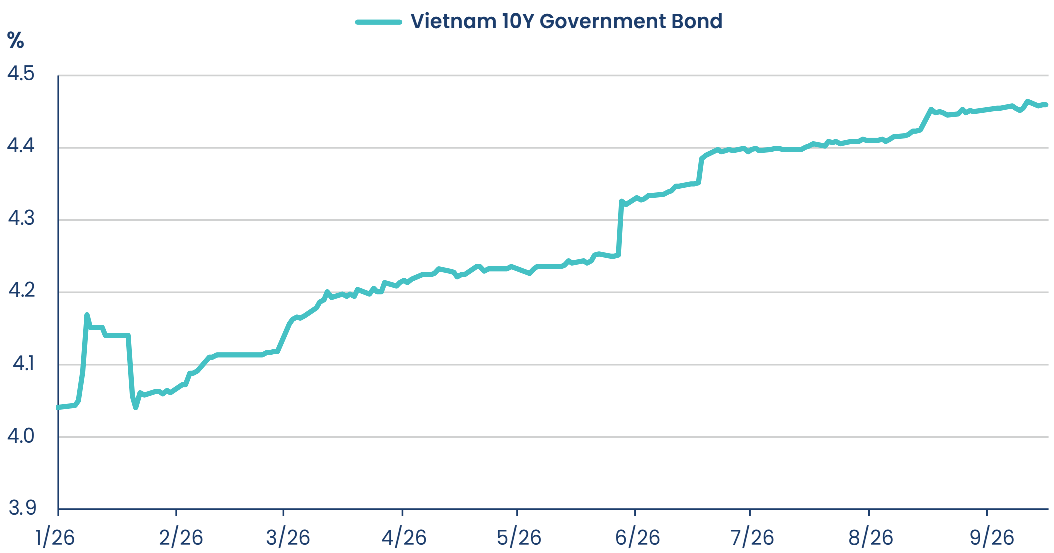
Source: Bloomberg

By our calculations, pricier memory chips hit the trade balance by as much as USD 25 billion over the spring and summer. Higher imported oil prices added around USD 6 billion to the trade deficit. The deficit ate into dollar reserves and tightened liquidity in the domestic market.

The war in Iran, meanwhile, has pushed up inflation expectations globally, and the US Federal Reserve raised rates just last week. Dollar interest rates affect other central banks' ability to manage their exchange rates and set their own policy rates. This makes it even harder for the State Bank of Vietnam to maintain ample liquidity while keeping the dong stable. Inflation itself has not become a problem in Vietnam, and the government's swift decision to remove taxes from retail petrol prices has kept the rise in pump prices to just 30% even at its peak.

With rising interest rates and tight liquidity, investors have grown nervous and dumped shares. Bank deposit rates in Vietnam have risen sharply in step with government bond yields, and local investors have moved money out of equities and into bank deposits.

Vietnam 10-year government bond yield

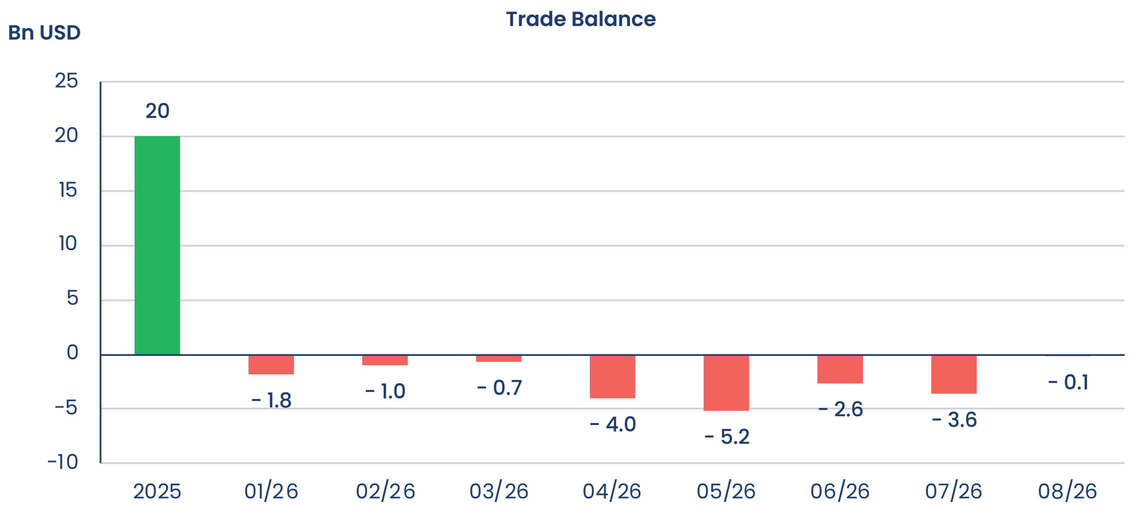


Source: Bloomberg

SO WHAT WILL TURN THINGS AROUND?

The trade balance is the easier problem to fix, as all the expensive imported components are sold on to export markets in finished products, so the money spent on components comes back, albeit with a delay. The trade balance was already close to even in August, and there is good reason to believe it will swing into surplus later this autumn.

Vietnam's trade deficits in 2026



Source: FiinPro, GSO

However, the war between Iran and the US is a different story. In our view, Iran has a clear motive not to make peace, at least not on poor terms, until the US midterm elections on 3 November. It is in Iran's interest for warlord Trump's party to lose, as the decision to start the war is so closely tied to Trump personally. A win for the Democrats could give Iran a better chance of securing a fairer peace deal. Perhaps there is hope that after the elections the US will end hostilities in the region and the Middle East's oil exporting states will reach an agreement on restoring normal shipping, which is in all their shared interest, including Iran.

HAS PYN ELITE'S PERFORMANCE IN 2026 BEEN A DISAPPOINTMENT?

PYN Elite's NAV is down 8% YTD. And although NAV rose 17% in 2025, that too was a difficult year. The market's continued divergence from the VN-Index this year has been a problem for all actively managed, stock-picking funds. The market has behaved almost irrationally, as shares in large, liquid companies reporting excellent results have largely been declining. The index has been propped up mainly by Vingroup's VIC, which carries a large weight in the VN-Index.

Returns of actively managed Vietnam funds

Fund	YTD Performance (USD)
VN-Index	3.5%
KIM Vietnam Growth Master	1.1%
Dragon Capital VEIL	-5.4%
VinaCapital VOF	-6.6%
PYN Elite	**-7.7%**
Vietnam Holding	-8.5%
Dragon Capital VEF	-8.8%
AFC Vietnam	-9.0%
Kenno Vietnam	-14.4%

Source: Bloomberg
*As Per 31/08/2026

ARE ALL THE OTHER FUNDS DOING BADLY TOO?

As the table shows, many funds have suffered from the weak performance of the broad market. Last year was already very difficult for actively managed funds, as Vingroup's VIC skyrocketed and pushed the index sharply higher. This year I have heard from several funds that their underperformance relative to the index has led to clients leaving and redemptions. Some asset managers have had to cut staff or close down entirely. The industry is also seeing ownership restructurings.

PYN Elite's situation has remained stable. Our portfolio management team is fairly lean, and subscriptions and redemptions have broadly offset each other this year, so fund AUM is essentially unchanged. Our long-standing clients have experienced challenges in our target market before. I believe those past experiences have taught our clients to wait for the sharp upswings when the big returns are made. We are, of course, disappointed with our relative returns so far, and we are not trying to hide the facts.

WHY HAVEN'T YOU INVESTED IN VIC?

In hindsight, skipping both VIC and Vietnam's oil stocks has been a very poor decision in the short term. Vietnam Airlines has caused us further headaches, as the stock has a obviously negative correlation with rising oil prices. We have no plans to add VIC to the portfolio at this point, although we do follow the group's businesses and stocks. We also consider oil stocks not an easy choice now, as the situation in the Middle East could calm down quite quickly.

VIC is widely regarded as the most political stock in the market, so I would rather refrain from a deeper assessment of its drivers. Instead, I can offer a couple of examples to illustrate different perspectives on the stock.

Although VIC has the highest market cap on the Vietnamese exchange and carries the largest index weight, Bloomberg shows only two up-to-date analyst recommendations for it. Normally, there are 15–20 per company. For comparison, the recommendations for VIC and HPG from Bloomberg are shown side by side below.

Bloomberg data on VIC and HPG

VIC by Bloomberg

VIC VN VND ↑ 241200 --
At 14:45 Vol 13,251,500

Analyst Recommendations

Vingroup JSC

Consensus Rating		1.00
Buys	0.0%	0
Holds	0.0%	0
Sells	100.0%	2

	Firm	Analyst	Recommendation	Tgt Px	Date
1)	Vietcap Securities J...	Thuc Than	sell	117000	09/14/26
2)	Ho Chi Minh City Se...	Ho Thi Kieu Trang	not rated		07/21/26
3)	SSI Securities Corp...	Chau Dao	underweight		05/13/26
4)	VPBank Securities J...	Huyen Phan	hold	59950	07/11/25
9)	ISS-EVA	Team Coverage	hold		10/12/24

HPG by Bloomberg

HPG VN VND ↑ 21550 +350
At 14:45 Vol 31,124,900

Analyst Recommendations

Hoa Phat Group JSC

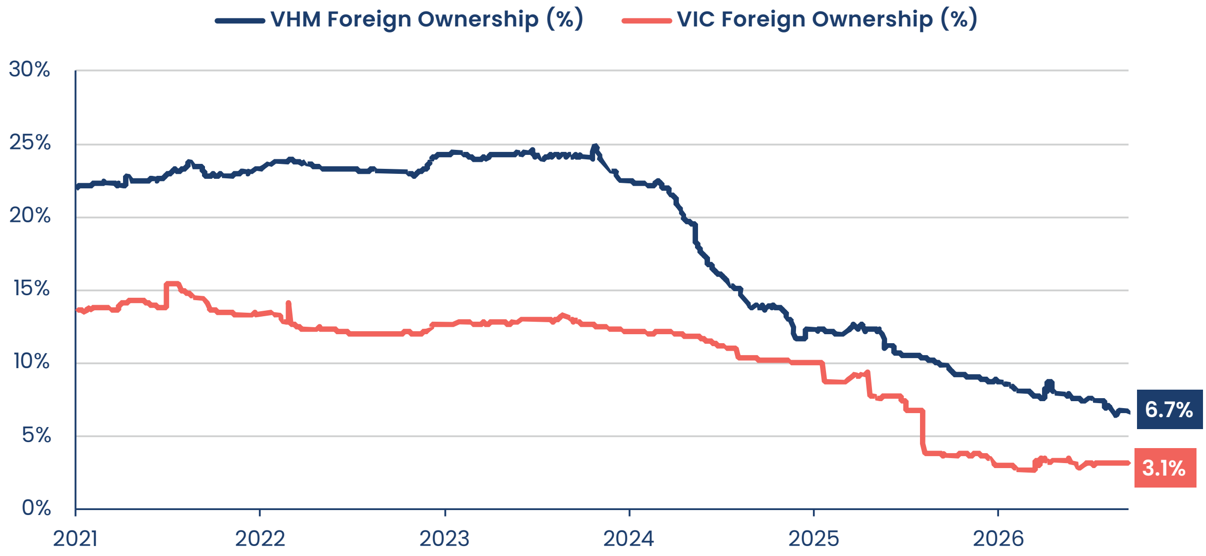
Consensus Rating		4.94
Buys	100.0%	18
Holds	0.0%	0
Sells	0.0%	0

	Firm	Analyst	Recommendation	Tgt Px	Date
1)	Rong Viet (Viet Dra...	Lam Do	buy	30800	09/08/26
2)	Ho Chi Minh City Se...	Che Thi Mai Trang	buy	37300	09/07/26
3)	Mirae Asset Securit...	Nguyen Huynh Binh...	buy	30000	08/26/26
4)	Shinhan Investmen...	Huong Le	buy	35900	08/21/26
5)	BIDV Securities Co...	Pham Quang Minh	buy	32700	08/20/26
6)	Vietcap Securities ...	Huy Hoang	buy	32700	08/18/26
7)	Maybank Investme...	Nguyen Thanh Hai	buy	37500	08/04/26

Source: Bloomberg

Foreign ownership of VIC and its subsidiary VHM has fallen substantially in recent years. Foreign investors in Vietnam are mostly professionally managed institutions.

Change in foreign ownership of VIC and VHM

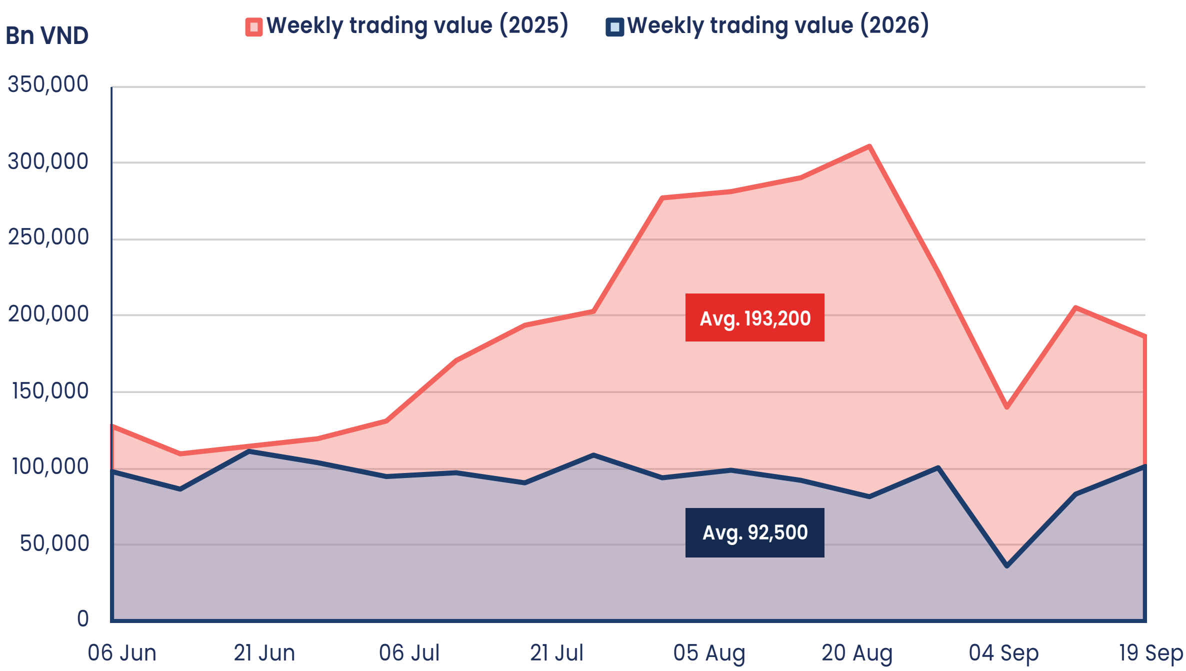


Source: FiinPro

FTSE RUSSELL'S UPGRADE OF VIETNAM FROM FRONTIER TO EM STATUS TOOK EFFECT THIS WEEK. HAS THE MARKET REACTED YET?

No. Market liquidity has been dismal over the past three months, and daily trading volumes have halved from last year. EM status will nevertheless bring new investors and fresh capital into the Vietnamese market. Vanguard, the world's second-largest ETF manager, announced last week that it is now starting to invest in Vietnam, and its holdings of Vietnamese equities will grow to USD 2.5 billion over the course of the year. Other passive funds tracking FTSE indices will do the same, and the change will also attract investment from actively managed funds. The country's most optimistic market strategists expect MSCI, the world's largest index provider, to add Vietnam to its watch list in June 2027.

Vietnam's trading value this summer halved from last year



Source: FiinPro

WHAT DOES MSCI CONSIDER WHEN CLASSIFYING VIETNAM'S MARKET?

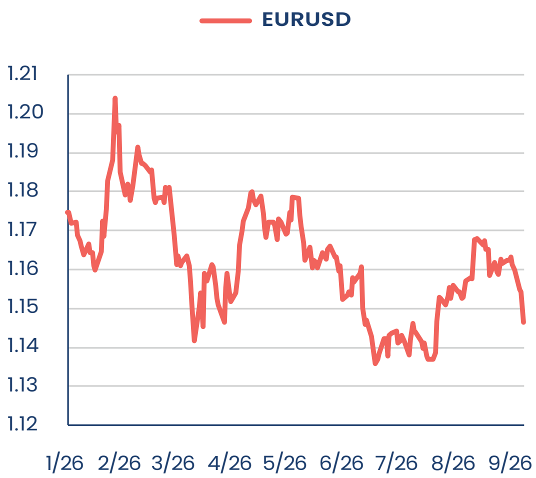
The list is long. It includes technical details of stock trading and an assessment of contingency risks, but in our view several major criteria are already fulfilled, such as a sufficient number of large-cap companies and average daily trading volume over the year. What remains somewhat unclear is how MSCI views the market's foreign ownership limits, in other words, whether the current level of openness is sufficient. A big leap forward for the market was the launch of the new KRX trading system and the removal of pre-funding requirements.

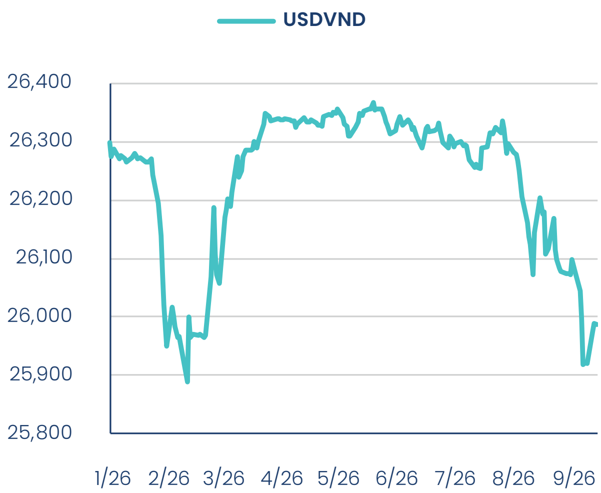
The next important step is the introduction of a central counterparty (CCP), which we expect to happen during spring 2027. A CCP enables trade netting, meaning you can sell and buy shares on the same day, with sale proceeds covering new purchases. Netting will make it much easier for PYN Elite to time its purchases and sales when rebalancing the portfolio, so this reform will surely lead to more active trading. The ministry, brokers and custodian banks are still wrangling over the CCP's liability issues, but with the SSC, the market's top regulator, keen to push things forward, we have to believe solutions will be found.

WHAT ABOUT CURRENCIES?

The State Bank of Vietnam has managed to keep the dong very stable in 2026. In fact, the dong has strengthened by 1% against the dollar, which also works in PYN Elite's favour. The euro has weakened by around 2% against the dollar since the start of the year. Our EUR/USD currency hedging has been "unnecessary" over this period, meaning the benefit of the weaker euro has been offset by our forward contracts, which smooth the impact of EUR/USD fluctuations.

Currency pairs in 2026

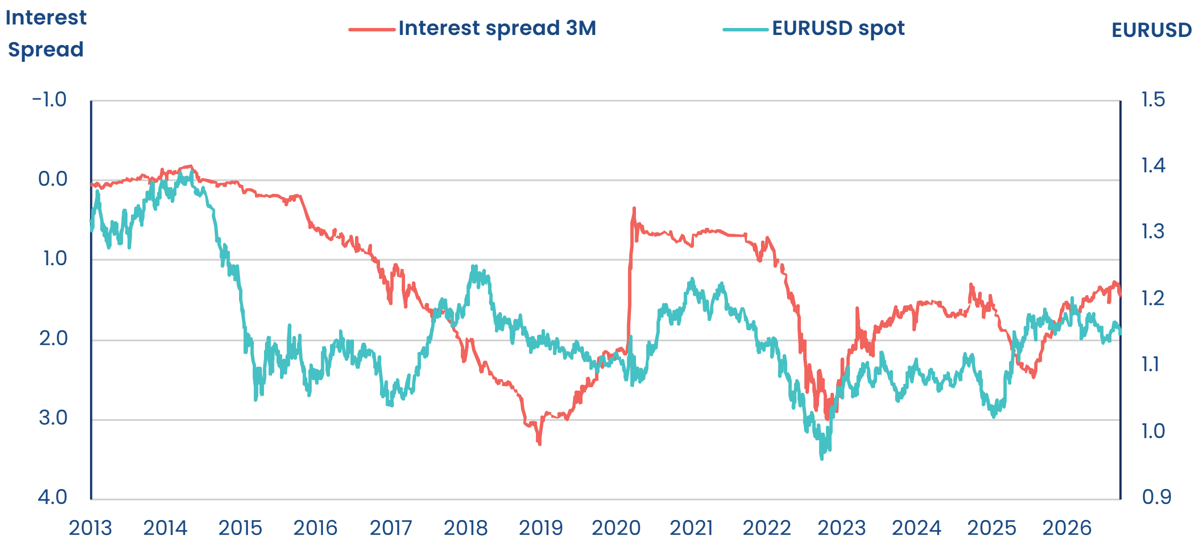




Source: Bloomberg
As per 16/09/2026

In the short term, the EUR/USD rate is heavily influenced by shifts in risk levels in financial markets, such as Europe's current dependence on Middle Eastern gas and oil supplies and the war in Ukraine. In the longer term, as the EUR/USD interest rate spread narrows, the euro can be expected to strengthen significantly. In our view, this is in line with what the US administration has been hoping for: the goal is not a strong dollar, but low interest rates and, through a cheaper dollar, smaller US external deficits. Right now, the situation in the Middle East has pushed inflation expectations higher and thus prevented a more favourable interest rate trend.

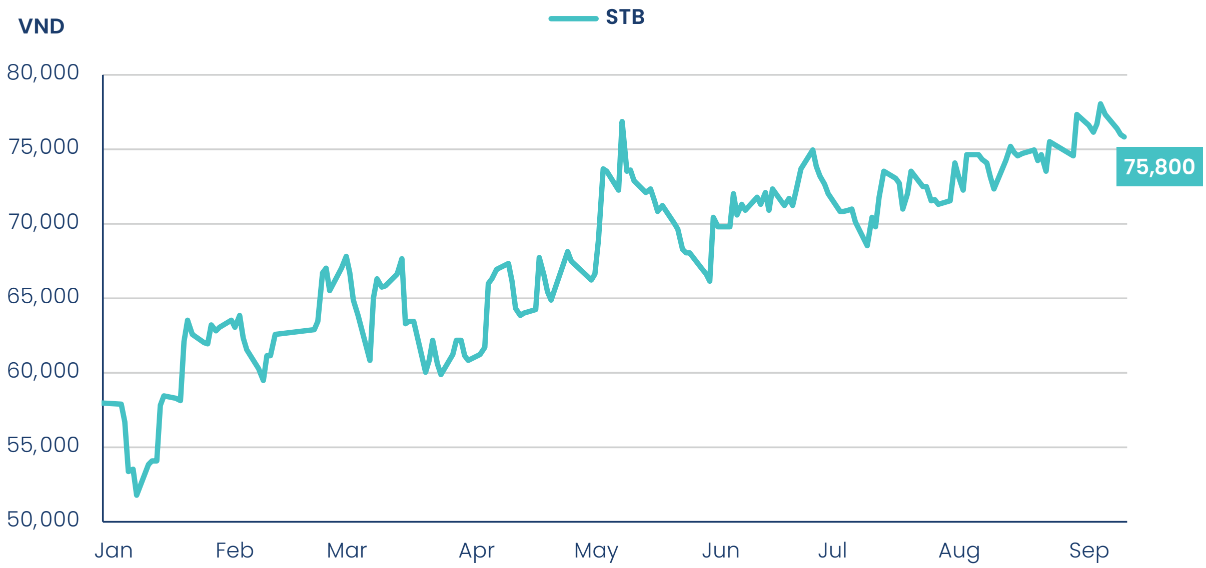
EUR/USD and interest rate spread over the longer term



Source: Bloomberg
As per 16/09/2026

TELL US ABOUT PYN ELITE'S HOLDINGS.

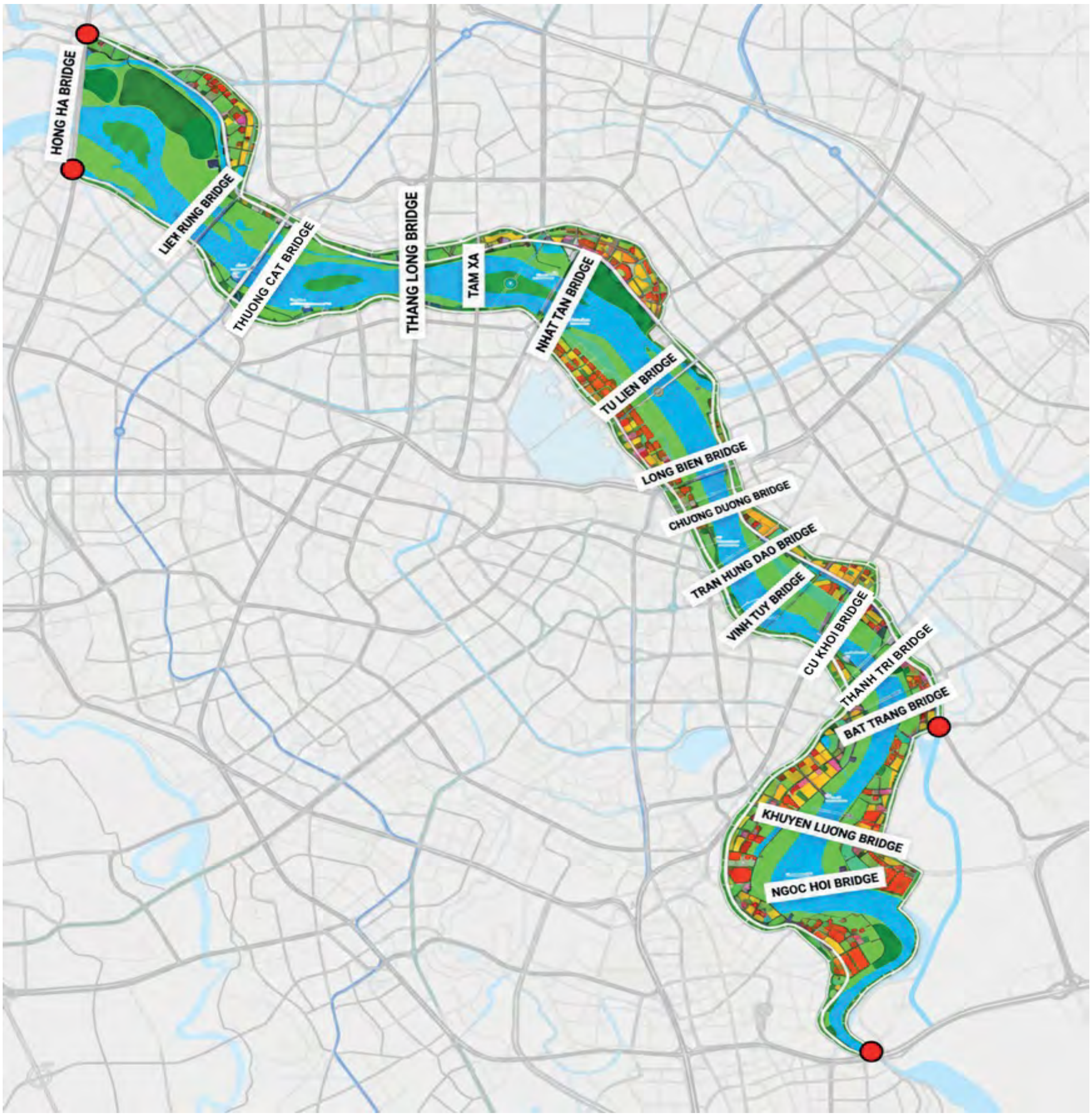
STB: I will pick out a few interesting features of our holdings. First up is Sacombank, or STB. The bank has been an exceptionally profitable investment for us throughout our holding period since November 2022. Our total return on STB now exceeds EUR 150 million. Because of the portfolio's concentration limits (no single stock may have a weight of more than 20% in the portfolio), we have had to sell STB shares from time to time. We have taken profits of EUR 65 million so far, and the stock still accounts for 18% of the portfolio. This year, almost all our other holdings have slid, but STB has continued to outperform.



Source: Bloomberg
As per 16/09/2026

HPG. Steelmaker Hoa Phat (HPG) holds a 30% stake in Hanoi's massive Red River Boulevard real estate project. The project will turn settlements, some of them built without permits, and rice paddies along the Red River, which flows through the city of Hanoi, into housing, offices, parks, hotels and retail properties. The land is state-owned, and the state has already started clearing the area. As part of the project, our portfolio company HPG will build public infrastructure along the river and donate it to the Vietnamese state. In return, HPG will receive highly valuable land for real estate development and onward sale.

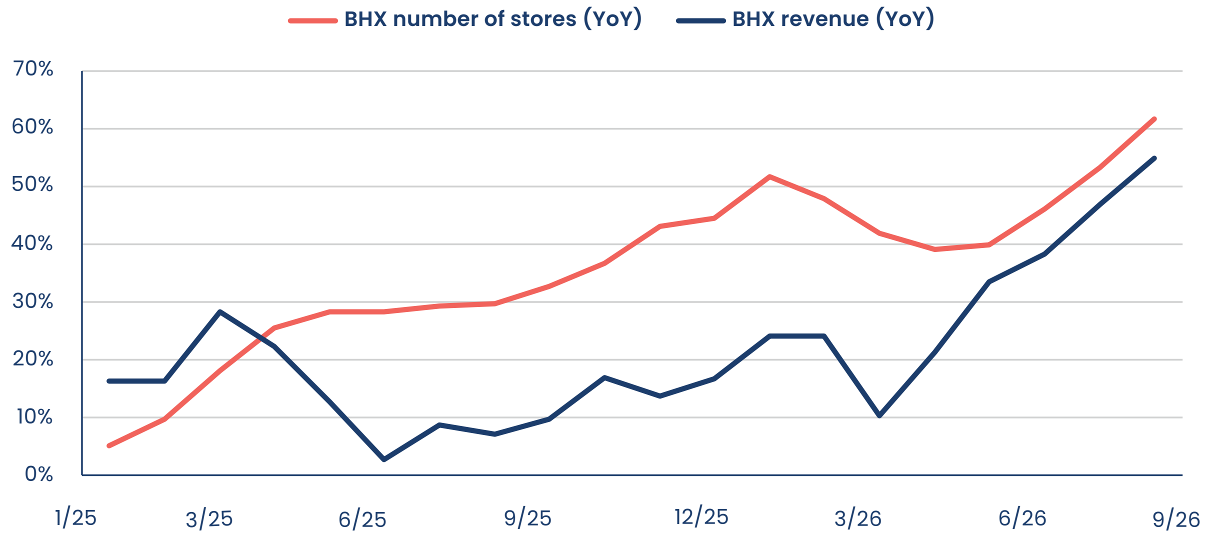
Red River Boulevard master plan



Source: Hanoi Institute of Construction Planning

MWG. A familiar name from ten years ago. MWG Group runs several retail chains, one of which, the electronics chain DMX, has just reported stunning sales figures: 180,000 pre-orders with a deposit for the USD 2,000 iPhone 18 within 24 hours. That is roughly double the demand for the previous model, the iPhone 17.

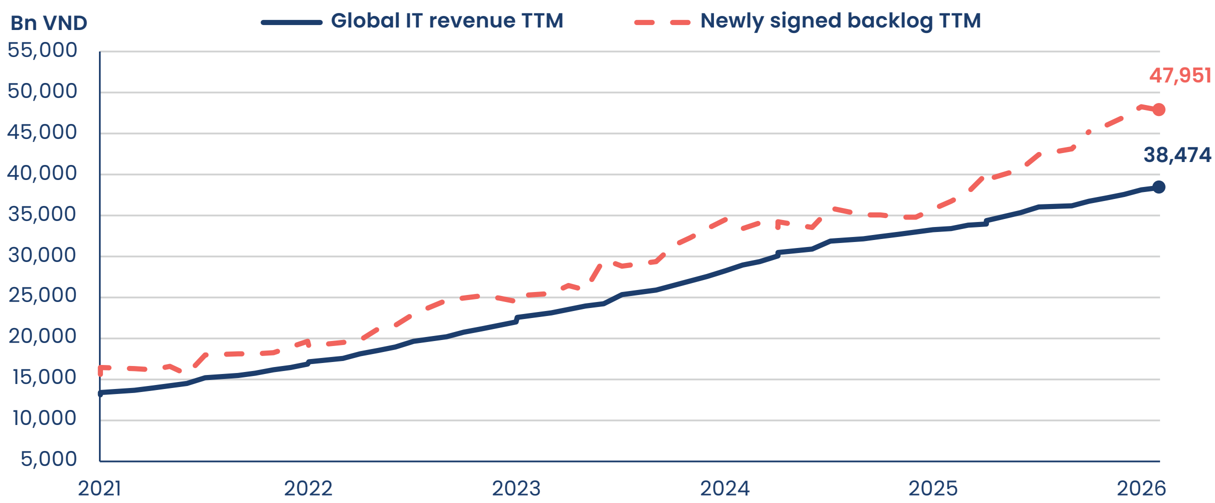
However, the fastest growth among MWG's chains has come from Bach Hoa Xanh, which focuses on grocery retail. Most recently, both the pace of new store openings and total sales growth have accelerated to more than 50%.



Source: MWG disclosures

FPT. It is an all-round IT player and a blue-chip stock. It has significant growth potential compared with, for example, its Indian peers. AI may well turn out to be more of a benefit than a threat for FPT. The stock has been hammered by AI fears, but the company's new orders point to positive momentum and growing demand for systems integration, IT solutions and application development.

FPT Global: new orders and revenue



Source: FPT Backlog

HVN: Vietnam Airlines. Our fund is not in eternal love towards airline stocks, but we do invest in them when we believe they can deliver strong returns within a reasonable timeframe. We once made a lot of money in less than a year on Thai Airways when our timing was spot on.

We took a position in Vietnam Airlines two years ago when we spotted undervaluation and a major earnings turnaround. Besides return into profitability, the company has hidden assets on its balance sheet. HVN had already achieved good operating profitability in 2024 and 2025, but the war in Iran doubled its fuel costs, and our unrealised gain on the position has melted away as a result. We are still slightly in the black on our investment, but the stock will only take off again once the situation in the Middle East calms down.

Source: Bloomberg
As per 16/9/2026

HOW ARE VALUATIONS LOOKING IN PYN ELITE'S PORTFOLIO?

Cheap. Of course, cheap can always get cheaper. No one would have believed these quality companies could fall into such valuations this year, but when there are plenty of sellers and no buyers, this is what can happen. There is no way of knowing for sure when the selling will stop and the buying will start. From a valuation standpoint, though, it is certain that as earnings growth continues, the upside is huge before valuation multiples reach levels the businesses actually justify.

PYN Elite's top 7 holdings

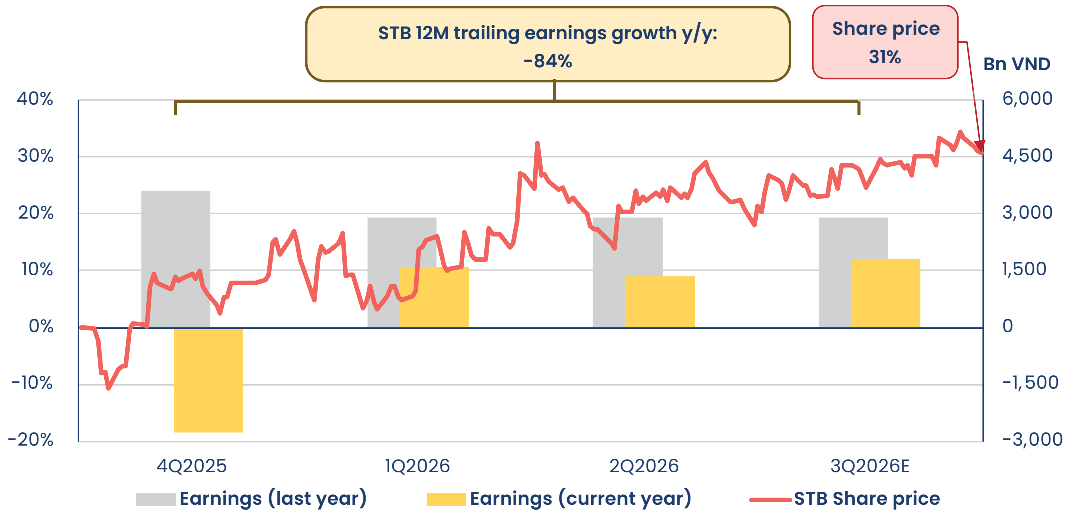
Tickers	Weight	Earnings (Billion VND)			PE		
		2026	2027	2028	2026	2027	2028
STB	17.9%	6,160	20,382	29,764	23.2	7.0	4.8
HPG	14.3%	26,253	31,185	40,344	6.7	5.7	4.4
MWG	9.7%	13,232	15,122	16,172	8.2	7.3	6.9
FPT	9.1%	9,798	11,500	13,409	13.0	11.1	9.6
HVN	5.8%	5,627	8,200	10,000	11.1	7.6	8.8
VIB	5.3%	8,873	13,549	17,606	5.7	3.7	2.9
OCB	4.8%	5,137	6,087	7,053	6.1	5.2	4.5
Total	**67%**						
Aggregated P/E					**8.9**	**6.0**	**4.8**

Source: PYN Fund Management

*Per 16th September 2026

STB

As I mentioned earlier, Sacombank's stock has diverged significantly from the rest of our portfolio in 2026. The bank's results have been dismal, yet the stock has outperformed the index. STB should be viewed in light of what the bank will look like after the ownership restructuring. This also explains the paradoxical gap between the share price and earnings. The results do show that the bank has improved its operational efficiency and profitability, even though extra provisions have dragged reported earnings lower. Earnings down 84%. Stock up 31%.

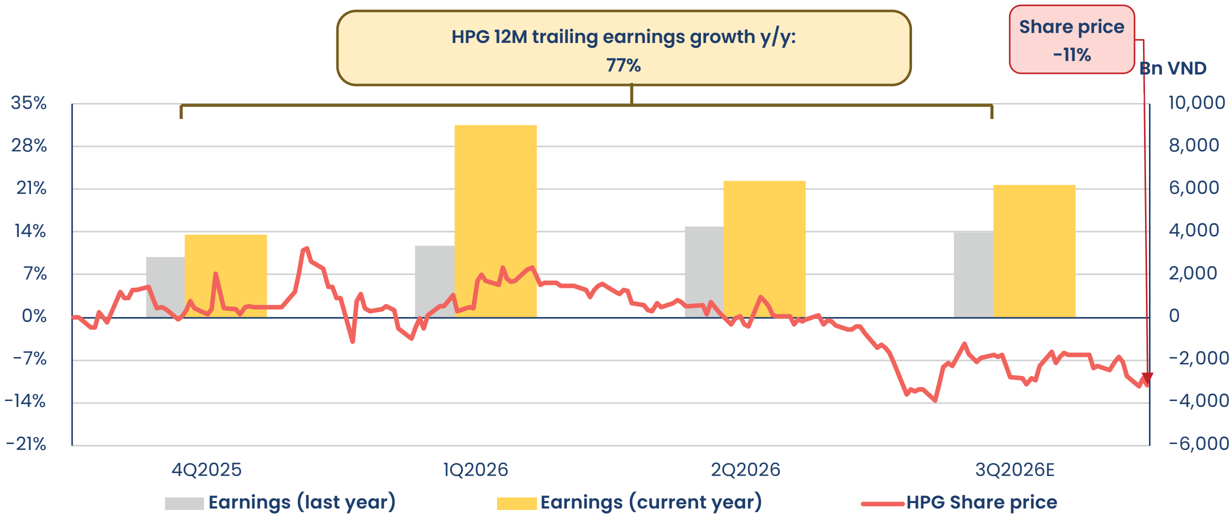


Source: Bloomberg, PYN Fund Management

As per 16/09/2026

HPG

Outstanding earnings growth, up 77% YoY. Stock down 11%. The earnings outlook for the coming years is excellent, driven by Vietnam's infrastructure investment. A modest P/E of 6.7 on steel earnings alone. In our view, a fair P/E would be 12. On top of the steel business, the Red River Boulevard real estate project will significantly boost the company's balance sheet value in the coming years, adding a substantial hidden bonus to the stock's valuation.

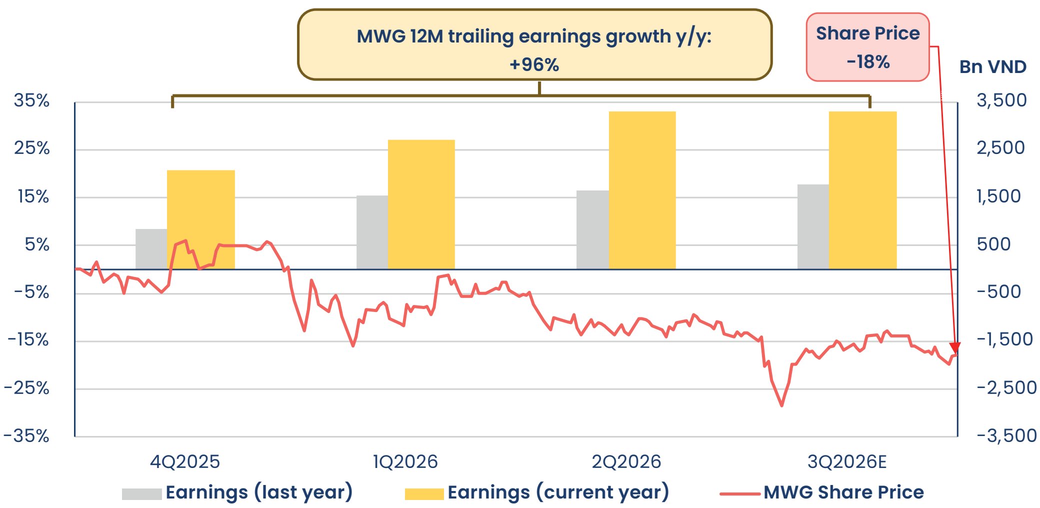


Source: Bloomberg, PYN Fund Management
As per 16/09/2026

MWG

MWG has expanded its grocery chain rapidly and improved its profitability. Even so, the profitability story is still in its early stages, as economies of scale have only started to benefit the chain. MWG's sales of home appliances, electronics, laptops and phones have been strong and profitable. Backed by its large cash pile, the company timed its purchases well and has benefited from the rise in memory chip prices, as chips are found in almost every product these days.

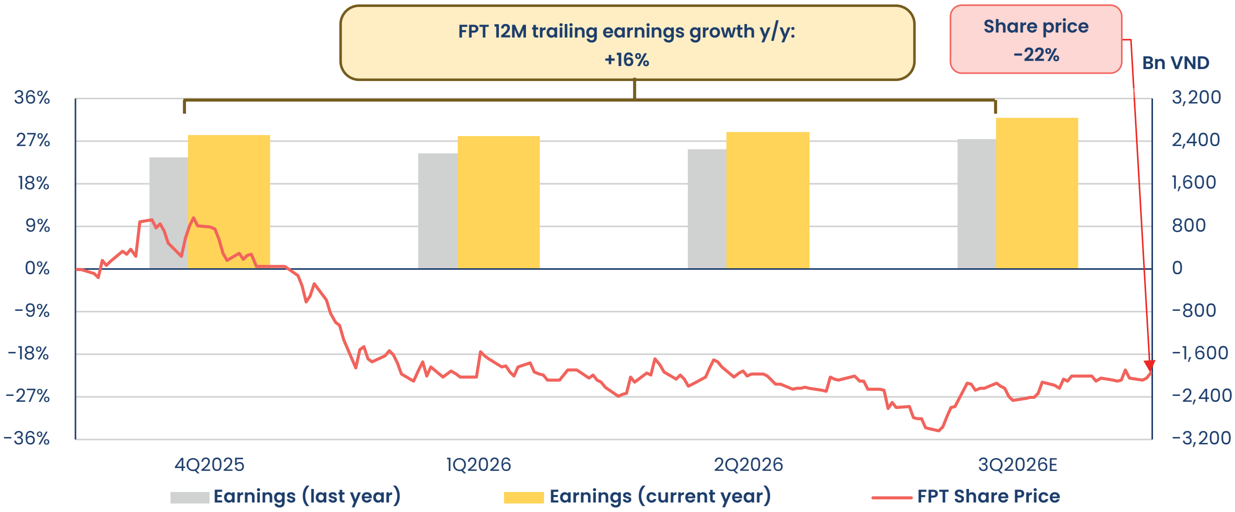
MWG's results for the past three quarters have been dazzling and have exceeded our expectations. We also expect excellent earnings growth for the current quarter. The final quarter of the year will be crowned by Vietnamese consumers' insatiable appetite for the new iPhone 18. The stock is down 18% YTD, and its P/E has slipped below nine. Given the company's growth potential, the stock should trade at a P/E of 20.



Source: Bloomberg, PYN Fund Management
As per 16/09/2026

FPT

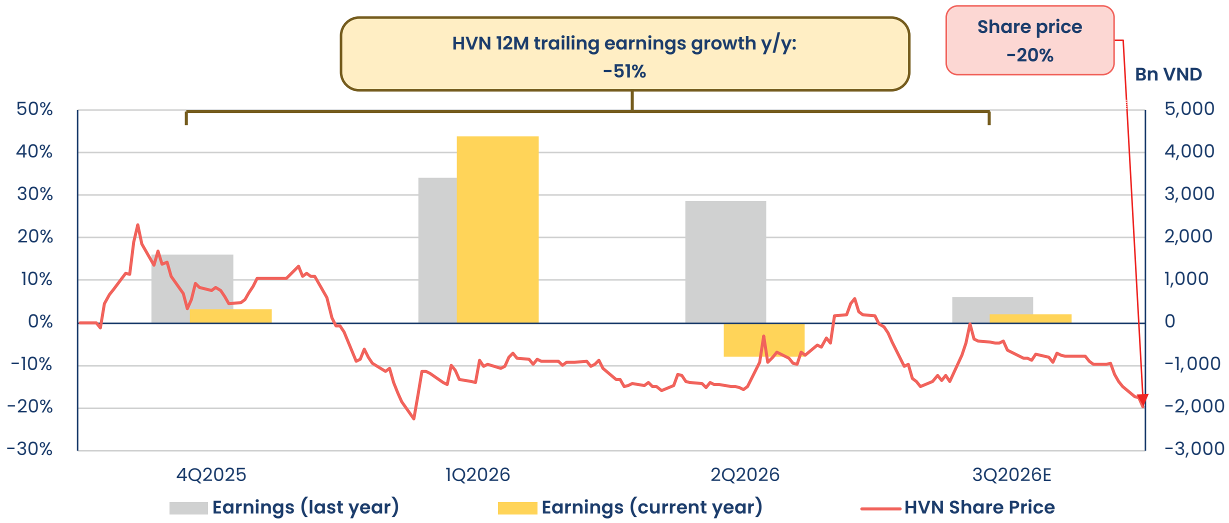
FPT's new orders and earnings growth have not been enough to support its share price. We see FPT as a very high-quality company with an interesting growth path over the next ten years as it continues to expand internationally and gain market share in global IT services.



Source: Bloomberg, PYN Fund Management
As per 16/09/2026

HVN

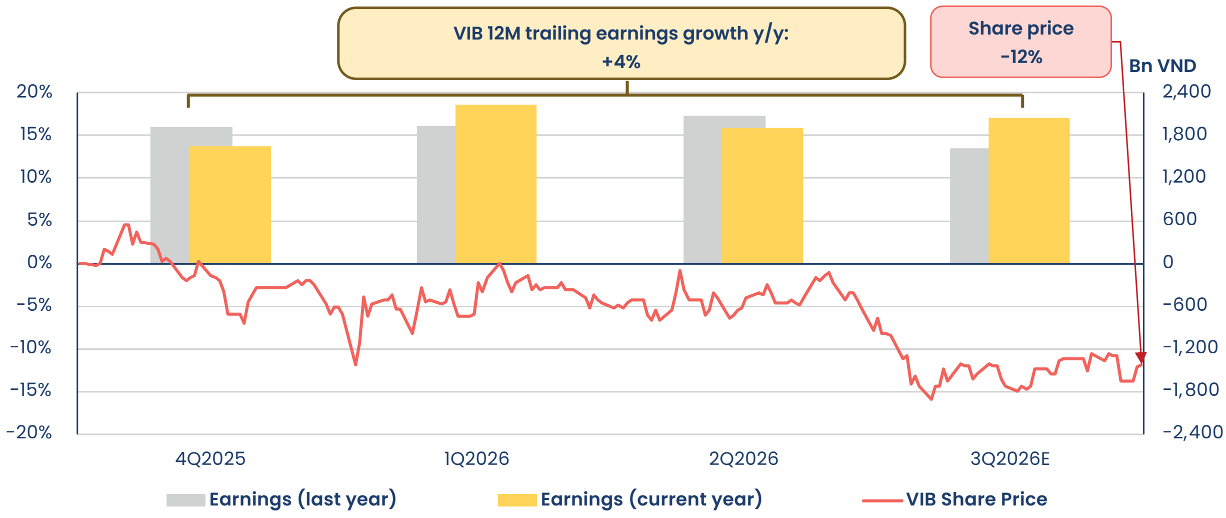
Vietnam Airlines was heading for an excellent year in 2026. First-quarter earnings came in at an impressive VND 4,000 billion plus, although this was boosted by one-off items as well as operational improvements. Then Trump spoiled everything by going to war with Iran and sending fuel costs sky-high. Quite understandably, the stock made a belly landing during the war. Now we await clearance for a new take-off.



Source: Bloomberg, PYN Fund Management
As per 16/09/2026

VIB

A commercial bank with a high-quality customer base. The stock was weak last year due to higher provisions. Past quarters earnings growth has been sluggish but is heading up again. In the coming years, the bank will be able to book write-backs on several of its provisions on top of its other earnings growth. In January, VIB signed a unique partnership agreement with Visa, under which it invoices Visa an annual lump sum for aggressive customer base expansions. The total contract value of USD 650 million is spread over ten years. VIB's stock has also continued to fall, even though it was already far too cheap.

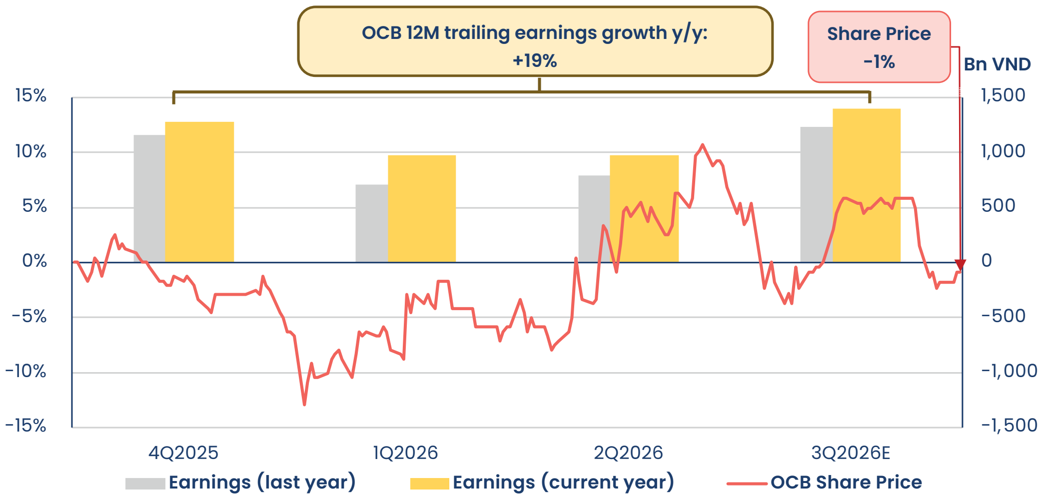


Source: Bloomberg, PYN Fund Management

As per 16/09/2026

OCB

A smaller commercial bank with rising earnings and, accordingly, plenty of upside in its valuation. Earnings up 19%, stock down a mere 1%.



Source: Bloomberg, PYN Fund Management

As per 16/09/2026

Our portfolio has become more diversified over the past two years. In a high-growth country, it can be surprising how many sectors are able to tap into sustained, strong business growth and the earnings growth that comes with it. Some time ago, we ran a comparison over an eight-year period and found that Vietnamese banks' earnings growth was on a par with that of the big US tech companies. It serves as a good reminder that, given the nature of the market, it is sometimes possible to invest in strong growth at very moderate risk.

The next subscription date is Wednesday, September 30, 2026.

Looking ahead to future returns with confidence,

PYN ELITE

Petri Deryng

Portfolio Manager

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PYN Elite

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Risks associated with investment activities

The PYN Elite Fund invests in a concentrated portfolio of companies of a small to medium market capitalisation located in the Asian region. Share prices of such companies may be much more volatile and their trading liquidity much lower those of the shares of larger companies. The Fund must therefore be considered as a high-risk investment. The value of an investment may either rise or fall and investors are therefore at risk of losing part or all of the assets invested in the Fund.

Limitation of liability

The Fund may be closed or redemptions and subscriptions of its units suspended in accordance with the Fund's regulations. Neither the PYN Elite Fund nor PYN Fund Management Ltd guarantee the availability of the service. The Fund or PYN Fund Management Ltd accepts no liability for any financial loss or any direct or indirect damage which may result from an investment or other decision based on the attached material. Any dispute, controversy or claim arising out of or in connection with information regarding this fund shall be settled in accordance with Finnish law exclusively by Finnish courts.