

VinaCapital Modern Economy Equity Fund (VINACAPITAL-VMEEF)



As of 31 May 2026

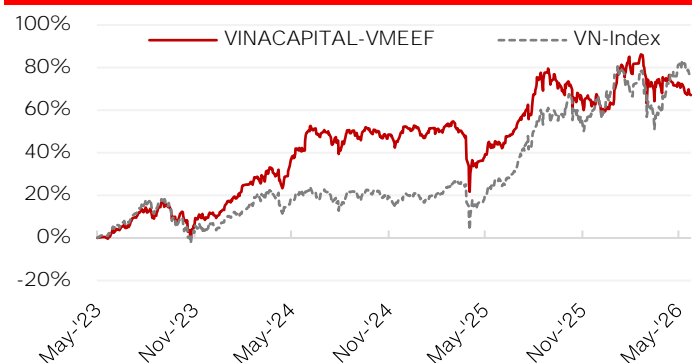
The fund seeks to build a portfolio of companies benefiting from Vietnam's structural growth drivers, including urbanization, middle class expansion, and digitalization, to be acquired at reasonable valuations. As Vietnam's long-term economic growth is closely tied to modernization, the strategy prioritizes companies that provide products and services supporting the evolving needs of consumers and businesses, particularly in areas such as financial services, modern retail, urban real estate, and technology-enabled solutions.

Performance Summary

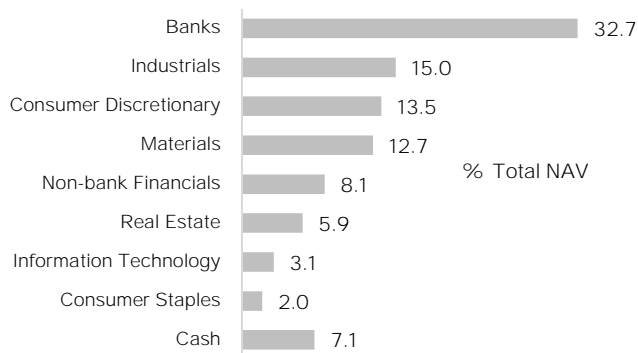
	VINACAPITAL-VMEEF	VN-Index
May 2026 return (%)	(2.6)	0.5
YTD 2026 return (%)	2.6	4.4
3-year annualized return (% p.a.)	18.5	20.1
5-year annualized return (% p.a.)	-	-
Annualized return since inception (% p.a.)	18.2	20.4
Cumulative return since inception (%)	67.1	76.9

Past performance is not necessarily guidance to the future. Investment returns are not guaranteed and may experience short-term fluctuations. Investors are recommended to have a medium-to-long-term investment horizon to optimize performance.

Performance Chart



Sector Allocation



Top 10 Holdings

Ticker	Sector	% of NAV
HPG	Materials	10.1
MBB	Banks	7.3
PNJ	Consumer Discretionary	7.1
CTG	Banks	6.3
VCB	Banks	5.3
TCB	Banks	4.6
MWG	Consumer Discretionary	4.4
GMD	Industrials	4.3
NLG	Real Estate	3.9
REE	Industrials	3.8
TOTAL		57.0

Monthly Commentary

Stock Market Update

In May 2026, market performance continued to exhibit significant divergence, with index gains primarily driven by a small group of stocks in the Vingroup ecosystem and the oil & gas sector, while approximately two-thirds of stocks listed on HOSE declined over the month. The VN-Index reached a new all-time high of 1,928 on 18 May, but failed to sustain this momentum in the second half of the month amid weakening liquidity, persistently high interest rates, and continued net foreign outflows. As a result, the index ended May with a modest 0.5% month-on-month gain, while declining 3.3% from its intra-month peak.

Market liquidity remained subdued. Average daily trading value across the three exchanges totalled VND 26.4 trillion, broadly flat compared to April and marking the lowest level year-to-date. Foreign investors maintained a net selling position for most of the month, with total net outflows reaching VND 19.6 trillion, the highest level recorded in the past seven months.

From a macroeconomic perspective, Vietnam's economy in May 2026 showed limited improvement relative to the previous month, as ongoing geopolitical tensions in the Middle East continued to exert pressure on inflation and consumer demand. At the same time, growth momentum in the manufacturing sector remained concentrated in a few key industries. A notable positive development was observed in foreign direct investment (FDI). Newly registered FDI reached USD 20.6 billion in the first five months of the year, representing a 33% year-on-year increase, while disbursed FDI totalled USD 9.75 billion, up 9.6% year-on-year. Of this, 82.7% was concentrated in the manufacturing and processing sectors, reinforcing Vietnam's role as a regional manufacturing hub.

The manufacturing sector continued its recovery, although the quality of the recovery warrants close monitoring. The Purchasing Managers' Index (PMI) increased to 52.8 in May, marking the 11th consecutive month of expansion. However, this partly reflects inventory accumulation as a precaution against supply chain risks, rather than a sustained improvement in end demand. Meanwhile, the trade balance recorded a deficit of USD 5.2 billion in May, bringing the cumulative deficit for the first five months of the year to USD 13.8 billion, equivalent to approximately 7% of GDP. Imports grew strongly by 31% year-on-year over the five-month period, driven primarily by electronic components and machinery used in processing and manufacturing activities. Exports increased by 19.5%, but have become increasingly reliant on the FDI sector and the electronics segment, particularly computers and related products. In contrast, exports from domestic enterprises grew by only 2.5%, highlighting ongoing challenges faced by local businesses.

Inflationary pressures continued to build in May, with the Consumer Price Index (CPI) rising 5.6% year-on-year. This was largely driven by energy costs feeding through into transportation and construction materials, negatively impacting real purchasing power. Although real retail sales improved compared to April, growth remained below previous levels, with cumulative five-month growth easing to 6.1%, down from 7.0% in the first quarter. Liquidity conditions within the banking system remained tight. Credit growth reached 5.7% year-to-date, significantly outpacing deposit growth of 3%, resulting in continued upward pressure on deposit rates. While the State Bank of Vietnam has provided short-term liquidity support through open market operations, scope for interest rate cuts remains limited, given persistent risks related to inflation and exchange rates, as well as sustained demand for capital across the economy. Despite near-term challenges, we maintain a constructive long-term view on the Vietnamese equity market, supported by attractive valuation levels. Specifically, the VN-Index's 2026 forward P/E, excluding the Vingroup-related stocks, currently stands at approximately 10x, approaching the lowest level observed over the past decade. Historically, periods of market volatility and heightened uncertainty have often created compelling entry points, offering attractive risk-adjusted returns over the medium to long term for patient and disciplined investors.

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As of 31 May 2026

Portfolio Statistics

	VINACAPITAL-VMEEF	VN-Index
2026 P/E (x)	9.5	12.8
2026 P/B (x)	1.5	1.8
2026 ROE (%)	16.1	15.3
2026 Dividend yield (%)	2.5	1.8
Portfolio turnover (Since inception) (%)	87.8	-
Sharpe ratio (Since inception)	0.8	0.9
Beta (Since inception)	0.7	1.0
No. of stocks	25	425

(Source: VinaCapital's forecast)

Fund Information

Total AUM (VND billion)	2,280.6
NAV/Share (VND)	16,708.0
Fund launch date	04 May 2023
Management fee	1.75% per annum
Subscription fee	0%
Redemption fee	Day 1 to Day 364: 2%
	Day 365 to Day 729: 1%
	From Day 730 onwards: 0%
PIT	0.1%
Custodian & Supervisor bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark	VN-Index

(The NAV is net of management fee & administrative expenses.)

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Monthly Commentary (continued)

Fund Update and Investment Outlook

The Net Asset Value per unit (NAV/Unit) of VINACAPITAL-VMEEF declined by 2.6% in May 2026, trailing the VN-Index, which increased 0.5% over the same period. On a year-to-date basis, the Fund delivered a gain of 2.6%, lower than the VN-Index's performance of 4.4% but significantly outpacing its ex-Vingroup gain of 0.1%, highlighting the resilience of the portfolio amid heightened market volatility. During the month, the Banking sector was the largest contributor to relative outperformance. At the stock level, ACB and VCB were the main positive contributors, while MWG, CTD, and MBB weighed on performance. We increased our weightings in VCB and ACB, as both offer defensive characteristics and attractive valuation amid elevated market volatility. The two banks trade at undemanding valuation—VCB at 2.0x P/B and ACB at 1.2x P/B forward 2026, well below their historical averages—while continuing to deliver double-digit earnings growth (~13% YoY in FY26). Their defensive profiles are underpinned by diversified lending portfolios, minimal exposure to high-risk segments, and robust asset quality. Furthermore, both institutions are well-positioned to navigate tighter liquidity conditions; their strong retail franchises and superior CASA ratios effectively cushion funding costs as deposit competition intensifies. In short, VCB and ACB provide resilient, low-risk compounding opportunities through an uncertain macroeconomic backdrop. Despite recent market volatility, we remain firmly committed to our investment philosophy and long-term strategy. The current market correction has driven many high-conviction industry leaders with robust fundamental within our portfolio to trade at multi-year low valuation, which we view as very compelling opportunities and remain confident that they will generate substantial long-term returns for the fund.

Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023					0.4%	4.3%	8.5%	0.8%	-4.1%	-9.0%	9.5%	3.5%	13.2%
2024	5.7%	7.1%	3.7%	-2.9%	9.4%	4.5%	0.0%	2.0%	0.4%	-1.5%	0.5%	1.6%	34.0%
2025	-0.1%	0.6%	-3.5%	-7.5%	5.6%	4.2%	5.1%	12.8%	-5.0%	-1.2%	-2.4%	0.0%	7.4%
2026	11.9%	2.0%	-6.5%	-1.3%	-2.6%								2.6%

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