MARKET MOVEMENT

SEPTEMBER 2026

GROWTH MOMENTUM SUSTAINS AMID ELEVATED INTEREST RATES

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ACBS

CONTENT

Vietnam's growth continues to be supported by manufacturing, FDI and public investment, but renewed CPI pressure and persistently high global interest rates constrain the scope for broad-based multiple expansion. Energy risk has also broadened from refinery-capacity shortages to a combination of high crude prices and tight product supply, while US trade-policy risk remains concentrated in production chains that rely heavily on imported inputs. Against this backdrop, our 4Q trading strategy continues to favor blue-chip stocks with resilient earnings, reasonable valuations and potential to benefit from the FTSE upgrade rather than broad-based market deployment.

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STRATEGY FOR 4Q26

- **Global interest rates are unlikely to ease quickly as major central banks continue to prioritize inflation control.** The Fed raised the FFR by 25 bps to 3.75–4.00%, and the September projections showed that most FOMC members expect at least one further hike in 2026. The ECB also raised rates by 25 bps, while the BOE held steady but three members voted for a hike. In parallel, the US Treasury continues to support long-end liquidity but cannot offset pressure from inflation, Treasury supply and private-sector capital demand. Global funding costs therefore remain high at both the short and long ends of the yield curve. The Fed's 25-bp hike was approved 12–0; the ECB raised its deposit rate to 2.50%; and the BOE held Bank Rate at 3.75% in a 6–3 vote.

- **Energy remains a cost shock, but with clear differentiation across sectors.** Brent has returned above US$100/bbl while refinery-capacity shortages and tight product inventories remain unresolved. Diesel, gasoline and jet fuel prices may therefore decline more slowly than crude even if geopolitical risk moderates. We favor companies that benefit directly from elevated refining margins and remain cautious on airlines, transportation and other fuel-intensive industries.

- **Vietnam's growth outlook remains positive but is becoming increasingly dependent on investment and capital efficiency.** IIP rose 11.9% in 8M26, the manufacturing PMI reached 53.3 in August, disbursed FDI totaled US$17.25bn and public investment disbursement exceeded 50% of plan. By contrast, August CPI accelerated to 4.89% YoY and real retail sales growth was 7.6%, indicating that household demand remains weaker than manufacturing and investment. VND deposits rose 8.77% YTD as of Aug 22, above VND credit growth of 8.38%, easing the quantitative funding gap. However, renewed Fed tightening narrows the SBV's room to ease through the USD–VND interest-rate differential and exchange-rate channels. Policy is therefore likely to remain focused on liquidity management and improving credit transmission rather than aggressive policy-rate cuts.

- **Our trading strategy therefore continues to prioritize blue chips capable of delivering resilient earnings.** We focus on stocks that are already included in, or are positioned to benefit from, the FTSE Emerging Markets universe, with reasonable valuations and visible earnings prospects. Preferred areas include banks with strong funding franchises, retail, steel and technology. Oil & gas/refining and fertilizers provide complementary exposure given their lower sensitivity to domestic funding costs and US tariff risks. Securities companies warrant a more selective approach because high interest rates and weak market liquidity reduce the scope for multiple expansion and retail investors' demand for leveraged trading. Across sectors, the focus remains on companies that can convert revenue into EBIT and cash flow while demonstrating attractive returns on capital.

ACBS PORTFOLIO

- ACBS's 2026 recommended portfolio comprised 11 stocks, as presented in the ACBS Strategy Report dated January 7, 2026. As of September 21, 2026, the portfolio recorded an average return of -15.9%, compared with a -3.3% change in the VN-Index over the same period.
- During August and September 2026, the portfolio was rebalanced on three occasions as follows:

  I. August 25, 2026: Sold 2,000 VPB shares at VND 26,400 per share.

  II. August 26, 2026: Purchased 590 VIC shares at VND 230,000 per share.

  III. September 15, 2026: Sold 600 GAS shares at VND 91,400 per share.

  The portfolio is currently allocated 96.0% to equities and 4.0% to cash.

NO	Ticker	Target Price	2026 Strategy Report Release Date	Average Price	Current Price Sep-21	Buy Volume	Weight	Profit/Loss
1	MBB	29,000	6/1/2026	26,700	20,200	5,000	7.2%	-24.3%
2	VCB	69,300	6/1/2026	59,600	58,900	4,000	16.8%	-1.2%
3	CTG	43,972	6/1/2026	37,450	31,000	4,000	8.8%	-17.2%
4	VPB	30,000	6/1/2026	29,250	28,450	2,000	4.1%	-2.7%
5	FPT	118,000	6/1/2026	97,500	66,400	1,100	5.2%	-31.9%
6	MWG	107,000	6/1/2026	89,800	71,700	1,300	6.6%	-20.2%
7	HPG	35,700	6/1/2026	26,600	21,100	6,400	9.6%	-20.7%
8	GAS	66,600	6/1/2026	119,700	88,600	600	3.8%	-26.0%
9	SSI	31,000	6/1/2026	27,500	20,900	2,760	4.1%	-24.0%
10	MSN		6/1/2026	77,600	67,700	1,400	6.8%	-12.8%
11	DCM	52,380	6/1/2026	40,700	33,700	1,700	4.1%	-17.2%
12	POW		6/1/2026	14,900	12,550	10,000	9.0%	-15.8%
13	VIC		6/1/2026	230,000	235,000	590	9.9%	2.2%

WHAT CHANGED SINCE JULY

Theme	July view	Updated evidence	Interpretation
Global interest rates	High oil prices and persistent inflation kept the risk of further Fed tightening material; long-end yields were expected to remain under pressure from fiscal supply and private capital demand.	The Fed raised the FFR by 25 bps to 3.75–4.00%, with 16 of 18 FOMC participants expecting at least one further hike in 2026. The ECB raised rates by 25 bps, taking the deposit rate to 2.50%; the BOE held at 3.75%, but three members favored a hike to 4.00%. The BOJ continues to normalize policy. The US Treasury is also increasing long-end bond buybacks to support liquidity.	Funding-cost risk is no longer concentrated only at the long end as policy rates have resumed rising. For Vietnam, this narrows the room for easing through the USD–VND differential and exchange-rate channels but does not yet create a need for domestic tightening. We favor strong cash generators, companies with limited reliance on debt funding and banks with good funding-cost control.
Energy / refining	Crude flows through Hormuz and Brent prices were the key variables; political normalization was not expected to translate immediately into physical supply normalization.	Brent has returned above US$100/bbl while refinery-capacity shortages remain unresolved. Global refinery throughput in July was only 80.9 mb/d, around 4.5 mb/d lower YoY; diesel crack spreads remain very high.	Energy risk has shifted from crude shortages toward insufficient capacity to convert crude into refined products. Brent therefore no longer captures the full pressure on inflation and earnings. We favor refining-margin beneficiaries, while airlines and other fuel-intensive industries face greater headwinds.
AI cycle	Strong CAPEX supported global growth.	Revenue growth continues to validate AI demand, but profitability is diverging sharply: Anthropic achieved positive adjusted operating profit in 2Q, while OpenAI continued to post large operating losses despite rapid revenue growth. Valuations also vary materially across platforms.	AI demand is increasingly validated, but returns on incremental invested capital are becoming the key differentiator. We remain selectively positive on the AI investment cycle and prefer companies that have converted CAPEX into utilization, revenue and cash flow rather than business models dependent on valuations and external funding.
Vietnam funding conditions	Credit growth was outpacing deposits and interbank liquidity was tight.	As of Aug 22, VND deposits rose 8.77% YTD, above VND credit growth of 8.38%. Banks nevertheless continue to use bonds, offshore funding and alternative sources to support balance-sheet growth.	The quantitative gap between deposits and credit has narrowed, but the constraint has shifted toward funding cost, tenor and quality. Banks should therefore not be assessed on credit growth alone; NIM resilience, asset quality and funding structure will drive greater differentiation.
Vietnam growth	Positive, but dependent on public investment.	IIP rose 11.9% YoY in 8M26 and the August PMI reached 53.3; disbursed FDI totaled US$17.25bn (+12.0%) and public investment disbursement reached 50.5% of plan. By contrast, real retail sales grew only 7.6% and August CPI accelerated to 4.89% YoY.	3Q growth momentum remains strong on manufacturing, FDI and public investment, but the cost of sustaining that growth is rising. Energy and funding pressures constrain broad-based monetary easing, reinforcing a strategy focused on companies that can convert macro growth into earnings and cash flow.

WHAT CHANGED SINCE JULY

Theme	July view	Updated evidence	Interpretation
Section 301	Potential trade-policy risk.	The forced-labor Section 301 measure is now in force, while as of Sep 11 the USTR had not announced conclusions or proposed measures from the excess-capacity investigation. The US is also tightening rules-of-origin and transshipment enforcement.	The timing of the next measures remains uncertain, but the structural risk to production models that rely heavily on imported inputs has not declined. Impact will vary materially by sector and company. We prefer supply chains with high domestic value added, transparent input sourcing and strong rules-of-origin compliance.
Equity earnings	Valuations improved after the sell-off while investors awaited 2Q earnings confirmation.	Market-wide 2Q NPAT rose 51% YoY; excluding real estate, growth was still around 30%, while non-financial earnings excluding real estate grew about 40%. However, CAPEX, borrowings and interest expense increased at very different rates across companies.	2Q results confirmed that corporate earnings still support the market, but the aggregate increase masks wide dispersion in capital efficiency. Stock selection should focus on EBIT growth, cash conversion and ROIC rather than NPAT growth alone.
Market liquidity	Thin liquidity and foreign net selling constrained broad-based rerating.	Outstanding margin loans remain high while matched-market liquidity is materially below 1H26 levels and index performance is concentrated in a small number of large-cap stocks. Market depth is therefore not commensurate with the amount of leverage in the system.	High leverage in a shallow market increases stock-level volatility rather than creating systemic insolvency risk. Liquidity, free float and position concentration should therefore be mandatory stock-selection criteria, particularly for names that have already rallied sharply.
FTSE	A catalyst for 2H26.	FTSE has announced the final list of 27 Vietnamese stocks for the first rebalance; ACBS estimates around US$215mn of passive net buying. Flows are concentrated in a small number of large blue chips.	The upgrade is a stock-level catalyst, not sufficient on its own to rerate the entire market. We prefer FTSE-eligible blue chips where passive flows supplement attractive valuations and earnings fundamentals, rather than buying solely on expected index inclusion.

GLOBAL SNAPSHOT

GEOPOLITICS AND ENERGY

- Upstream and downstream shortages coexist, keeping gasoline and other refined-product prices from falling quickly.

ARTIFICIAL INTELLIGENCE

- AI adoption in everyday life and work continues to expand; capital efficiency and funding structure are becoming the next tests for the AI investment cycle.

THE FED AND US TREASURY

- The Fed has resumed rate hikes to contain inflation; the Treasury can ease liquidity stress in long-dated government bonds but cannot eliminate the high cost of capital.

ASSET CLASSES

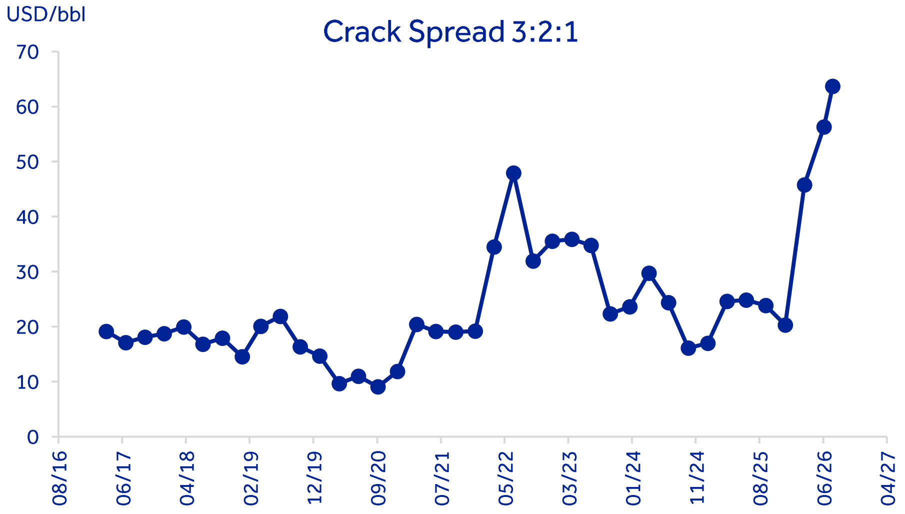
- Favor assets with cash flow, healthy balance sheets and limited reliance on debt funding while both short-term rates and long-term yields remain elevated.

CRUDE OIL AND CRACK SPREADS REMAIN ELEVATED

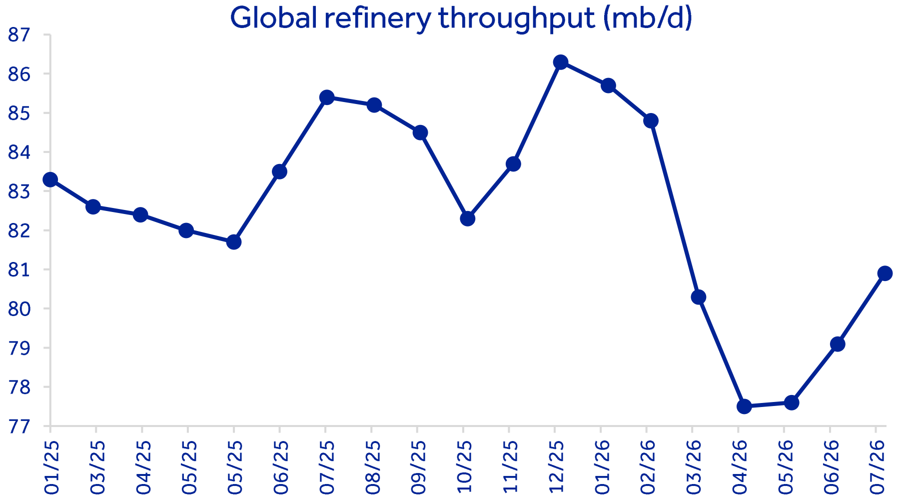
GEOPOLITICS & ENERGY

Crude prices and crack spreads are likely to remain elevated and volatile in the near term as Middle East supply risk and refining-capacity shortages coexist.

- **Brent has returned above US$100/bbl, while the global refining system has not recovered enough to rebuild diesel, jet fuel and gasoline inventories.** Refined-product prices may therefore decline more slowly than crude even if shipping through Hormuz improves. July data showed global refinery throughput around 4.5 mb/d below the same period last year, while US diesel crack spreads exceeded US$100/bbl in August, evidence that the scarcity premium on refining capacity remains substantial.
- **For Vietnam, Dung Quat and Nghi Son reduce the risk of physical shortages but do not eliminate price pass-through because crude oil and some refined products still need to be imported.** High refining margins support BSR, while airlines, transportation, construction and other fuel-intensive activities face cost pressure. We therefore prefer energy exposure through companies that benefit from refining margins rather than a simple directional bet on Brent.
- **A durable easing in current conditions would require Middle East crude supply to stabilize while refinery runs, product exports and distillate inventories recover at the same time.**



Source: Bloomberg, ACBS



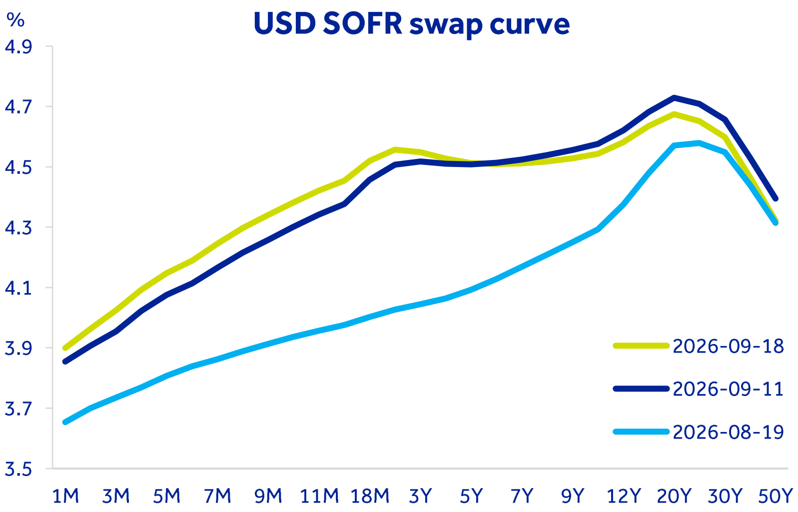
Source: IEA, ACBS

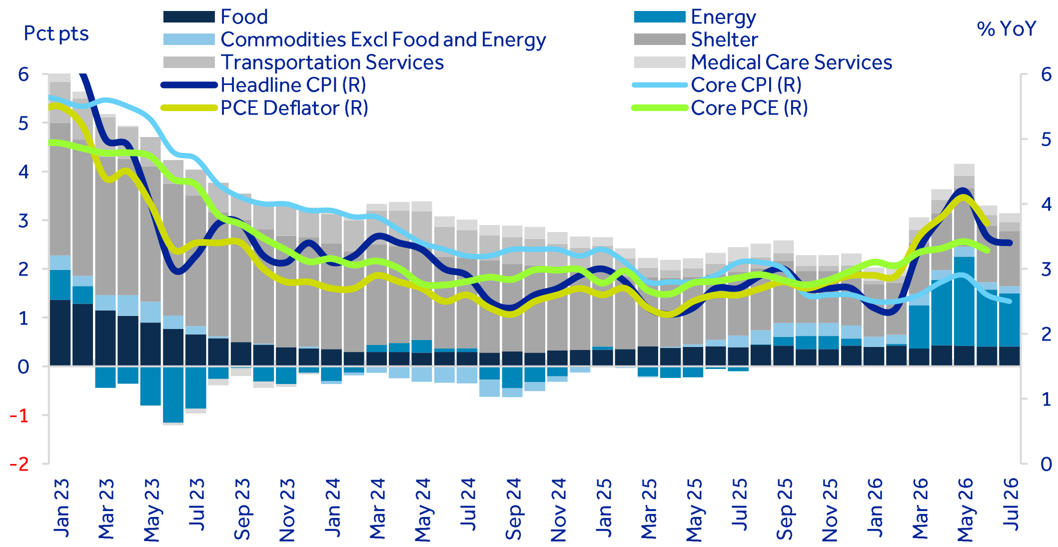
THE FED RESUMES HIKING;
TREASURY CAN ONLY EASE LONG-END LIQUIDITY PRESSURE

THE FED AND US TREASURY

The Fed remains responsible for inflation, while Treasury is increasingly willing to prevent long-duration market stress from becoming an independent tightening shock.

- **The Fed raised the FFR by 25 bps to 3.75–4.00%, its first hike since 2023, in a unanimous 12–0 decision.** The September Summary of Economic Projections (SEP) also raised the median end-2026 FFR to 4.1%, while 16 of 18 participants expect at least one further hike this year. More importantly, the Fed now sees price pressure as stemming not only from energy and supply shocks but also from still-strong domestic spending, productivity and capital investment. The economy is therefore viewed as capable of absorbing tighter monetary conditions.
- **This does not negate the role of US Treasury buybacks.** Long-end buyback sizes have been increased to improve liquidity and contain disorderly sell-offs, but the tool cannot offset a higher FFR, heavy Treasury supply or the term premium generated by inflation and capital demand. The current configuration is therefore tighter than in August: policy rates are rising while long-duration assets remain under structural pressure.
- **The appropriate strategy remains to favor companies that generate cash, have limited refinancing dependence and can sustain attractive returns in a high-cost-of-capital environment, while remaining cautious on long-duration assets and valuations that depend on lower interest rates.**





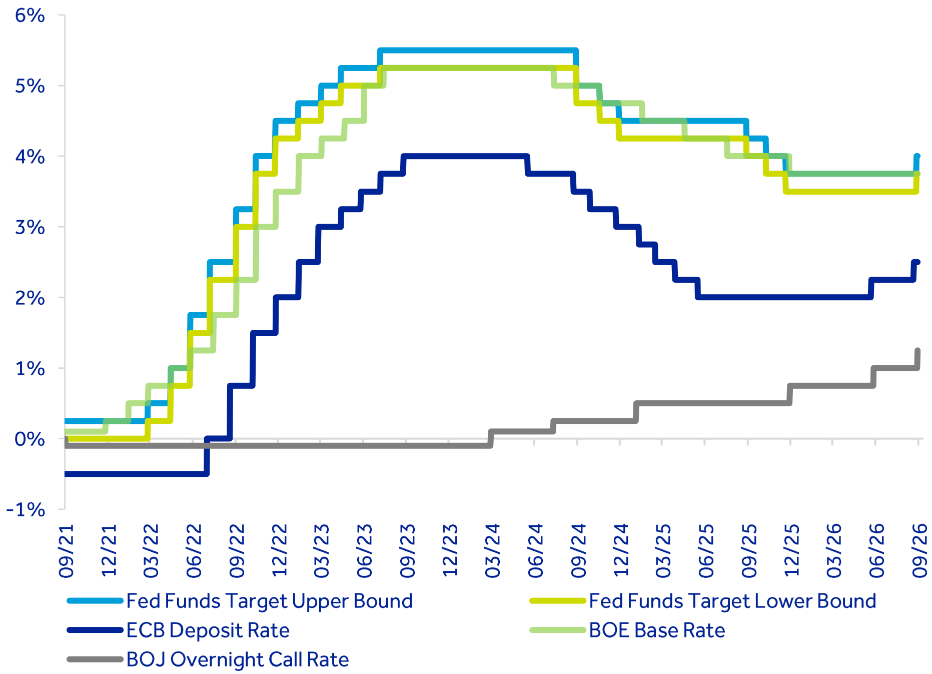
Source: Bloomberg, ACBS

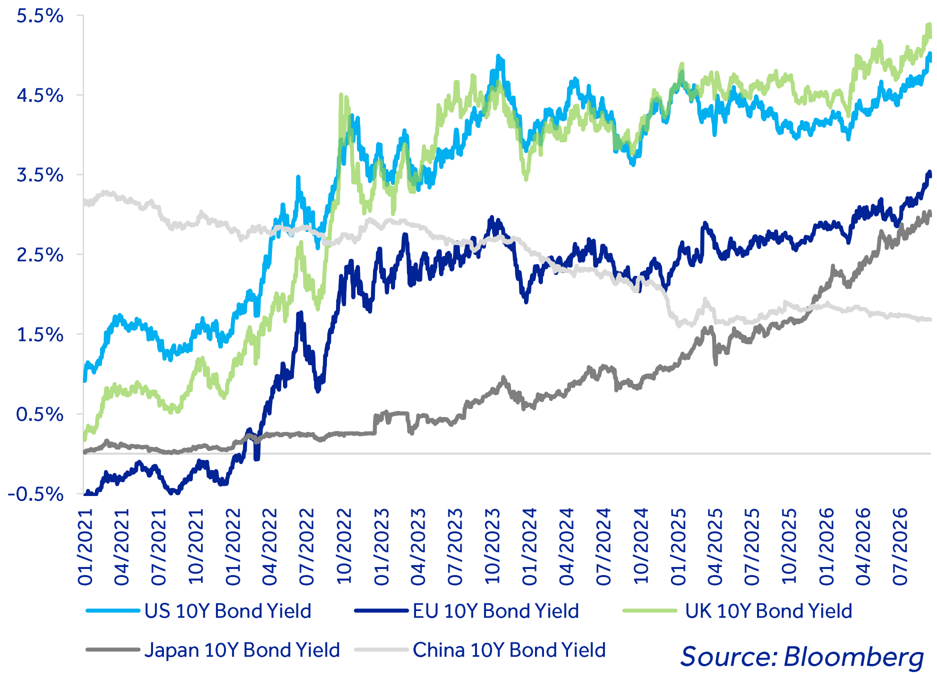
MAJOR CENTRAL BANKS ARE TIGHTENING FOR DIFFERENT REASONS, BUT GLOBAL FUNDING COSTS REMAIN HIGH

- **The US and Eurozone have moved back to rate hikes, while the BOE maintains a restrictive stance and the BOJ continues policy normalization.** The Fed raised the FFR because growth, investment and domestic demand remain strong enough to sustain price pressure. The ECB tightened because the prolonged energy shock is expected to keep inflation above target for longer. The BOE kept Bank Rate at 3.75% but judged inflation risks to be more clearly tilted to the upside, with three members supporting a rate hike. Japan started from a different policy setting but is moving in the same direction as the BOJ continues to exit the ultra-low-rate regime.
- **China remains the exception, with weak credit demand and consumption keeping yields low.** Global monetary policy is therefore not fully synchronized, but international capital is unlikely to return quickly to a low-rate environment.
- For Vietnam, this both constrains P/E expansion, increases exchange-rate sensitivity and raises the expected return for capital-intensive projects.

BOND YIELDS

The Fed remains responsible for inflation, while Treasury is increasingly willing to prevent long-duration market stress from becoming an independent tightening shock.





Source: Bloomberg

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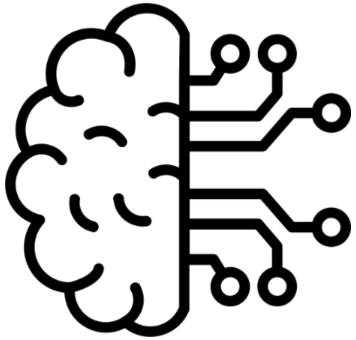
AI ADOPTION IS SURGING; CAPITAL EFFICIENCY IS THE NEXT TEST



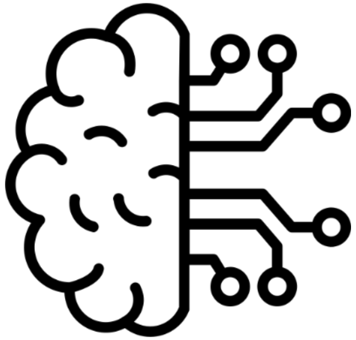
ARTIFICIAL INTELLIGENCE

Persistently high long-term rates raise the growth hurdle for AI infrastructure.

- **Data centers, power generation, grid upgrades, network infrastructure, cooling and semiconductor capacity continue to support fixed investment even as household-sensitive sectors and traditional industry weaken.** Public analyst estimates still point to an exceptionally large hyperscaler CAPEX cycle in 2026 and around US$920bn of spending in 2027 even as growth normalizes. This helps explain why overall US economic activity has remained stronger than employment and consumption data alone would suggest: the traditional economy and the AI investment complex are operating at different speeds.
- **AI demand is also being validated by rapid revenue growth at leading companies.** Anthropic generated US$4.73bn of revenue in 1Q26 and more than US$11.5bn in 2Q26, versus only US$787mn in 2Q25, while reporting positive adjusted operating profit in the quarter. OpenAI confirms the scale of demand but also shows why demand alone is not sufficient as an investment metric. The company generated around US$5.7bn of revenue in 1Q and US$6.7bn in 2Q, while reported annualized revenue had exceeded US$40bn by August. However, 1Q gross margin was only 39%, operating losses were around US$9.3bn in 1Q and widened to roughly US$12.3bn in 2Q. Anthropic and OpenAI therefore both deliver exceptional revenue growth but with very different operating economics.
- **The next test is the ability to convert revenue into sustainable earnings and cash flow.** The investment debate is therefore shifting toward infrastructure utilization, margins and the payback period on hundreds of billions of dollars of CAPEX across the ecosystem.

Company	Data point	Operating performance	Latest available valuation	Interpretation
Anthropic	>USD11.5bn Q2 revenue; >USD65bn Jul run-rate	Positive adjusted operating income in Q2	USD965bn May valuation; ~14.8x Jul run-rate	Demand is strongly validated; the remaining bet is sustainable margin conversion and compute discipline.
OpenAI	USD6.7bn Q2 revenue; >USD40bn Aug run-rate	USD12.3bn Q2 operating loss; 39% Q1 gross margin	USD852bn Mar valuation; ~21x Aug run-rate	Revenue is real, but economics remain deeply negative; infrastructure commitments must be validated by future margin expansion.
MiniMax	USD79mn FY2025 revenue	25.4% gross margin; adjusted loss ~3.2x revenue	~82x 2025 revenue at IPO reference value	Smaller revenue base carries much greater multiple-compression risk.
Moonshot / DeepSeek	Reported ARR in hundreds of millions	Limited audited profitability disclosure	Roughly 100x+ reported ARR at selected private marks	The highest bubble risk may sit in second-tier private valuations.

THE CREDIT AND INFRASTRUCTURE-UTILIZATION TEST



ARTIFICIAL INTELLIGENCE

Persistently high long-term rates raise the growth hurdle for AI infrastructure.

- **The AI cycle is becoming increasingly linked to credit markets as data centers and technology companies rely more on bonds, syndicated loans and private capital to finance infrastructure.** As long-term yields rise, the same project must achieve higher utilization and margins to generate returns sufficient to cover its cost of capital. If investment efficiency falls short of expectations, the impact could spread from technology-equity valuations to corporate credit and the semiconductor supply chain.
- For Vietnam, direct benefits remain concentrated in companies with actual AI/digitalization revenue, such as FPT, and selected power/digital-infrastructure names. The broader impact on the VN-Index mainly works through global discount rates. We therefore remain selectively positive on AI but are unwilling to accept high valuations if EBIT and cash-flow growth fail to keep pace with CAPEX.

Scenario	Outlook	Implication
Efficient investment boom; growth absorbs valuation	Revenue remains very strong but decelerates; margin improvement is uneven; valuation multiples decline mainly as the revenue/earnings denominator grows.	Remain positive on strategic infrastructure and profitable enablers; demand visibility and balance-sheet strength matter more than simply being associated with the AI theme.
Positive operating leverage	Agents and coding tools maintain very high adoption rates; Anthropic-like profitability spreads to more providers.	Current CAPEX on compute capacity and semiconductors is validated economically; high valuation multiples may remain sustainable for longer.
Inefficient capital allocation	Price competition compresses model margins; utilization falls below expectations; financing support becomes increasingly necessary to sustain demand.	Pressure emerges first in financing capacity, data centers and highly leveraged infrastructure before broad technology demand weakens.

GROWTH AND CONSTRAINTS

- Production, FDI, real retail sales and public investment all support a strong Q3. The issue is not whether growth is disappearing, but how much credit and state balance-sheet capacity are required to sustain it.

BANKING

- Short-term liquidity has improved as VND deposit growth has caught up with credit, but the constraint has shifted toward funding cost and tenor. Renewed Fed tightening also narrows domestic easing room through the exchange-rate channel, increasing the importance of OMO, adjustments to technical constraints and the quality of banks' funding franchises.
- Credit growth can still be sustained in 2026, but NIM and balance-sheet expansion will increasingly diverge according to funding quality.

TRADE WAR

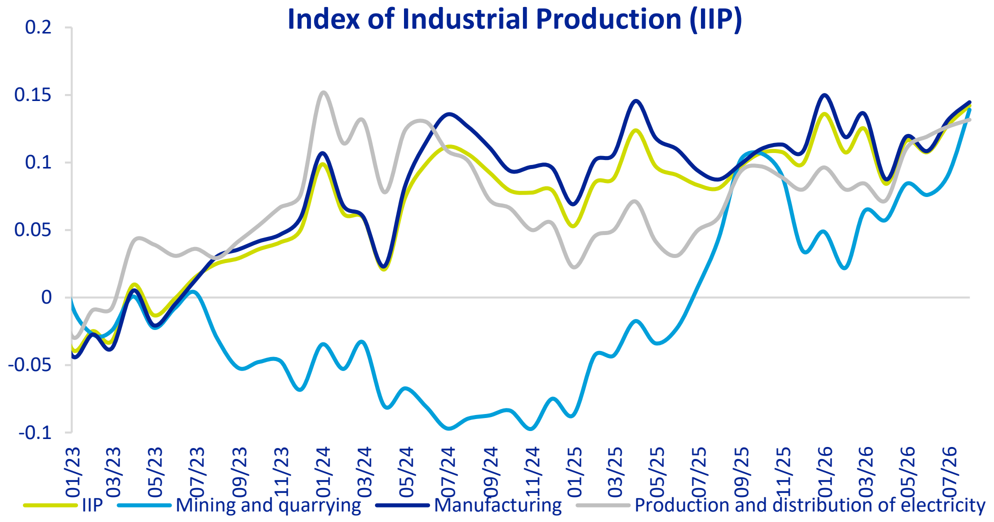
- The immediate forced-labour tariff is manageable for many major export lines; yet the unresolved investigation on excess-capacity is now the bigger risk as it can reach the China-linked manufacturing model itself.

THE FOUNDATION FOR 3Q26 GROWTH REMAINS STRONG, BUT IS BECOMING MORE CAPITAL-INTENSIVE

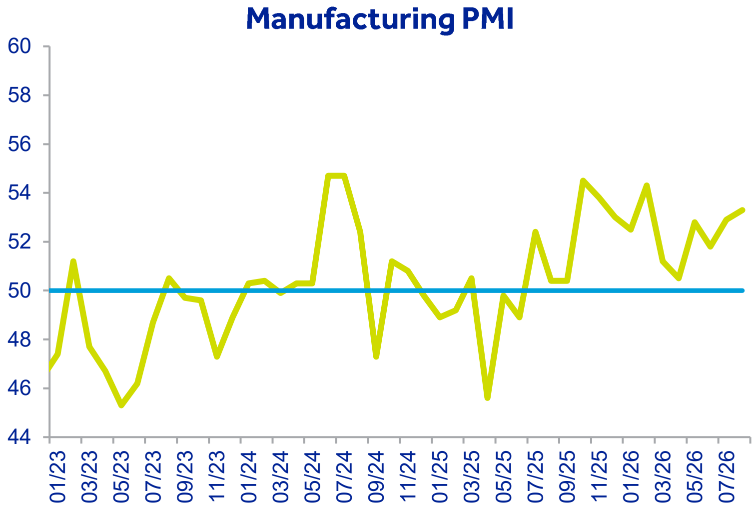
GROWTH AND CONSTRAINTS

Production, FDI, real retail sales and public investment all support a stronger Q3.

- **August data remain consistent with firmer GDP growth in 3Q.** Industrial production rose 14.4% YoY and the manufacturing PMI remained in expansionary territory. Real retail sales increased 7.6% in 8M26, indicating that household purchasing power remains under pressure from inflation and continues to show clear weakness. Registered FDI reached around US$40.63bn (+55% YoY) and disbursed FDI around US$17.25bn (+12% YoY), supporting both production-capacity formation and the foreign-exchange balance.
- **The global refining bottleneck does not overturn our 3Q growth base case, but it raises the cost of achieving the expected growth rate.** Domestic refining capacity reduces the risk of refined-product shortages, but imported crude and products still transmit international scarcity into domestic costs. March–April data show refined-product import volumes up around 17% YoY while import value increased roughly 144%, indicating that the price effect can worsen the import bill much faster than physical demand changes. A prolonged diesel/jet-fuel crack-spread shock would therefore simultaneously pressure household real income, transportation margins and construction costs while Vietnam is using both fiscal and credit policy to support growth. Growth can remain high, but the conditions supporting that growth are becoming less favorable for inflation and corporate margins.



Source: NSO, ACBS



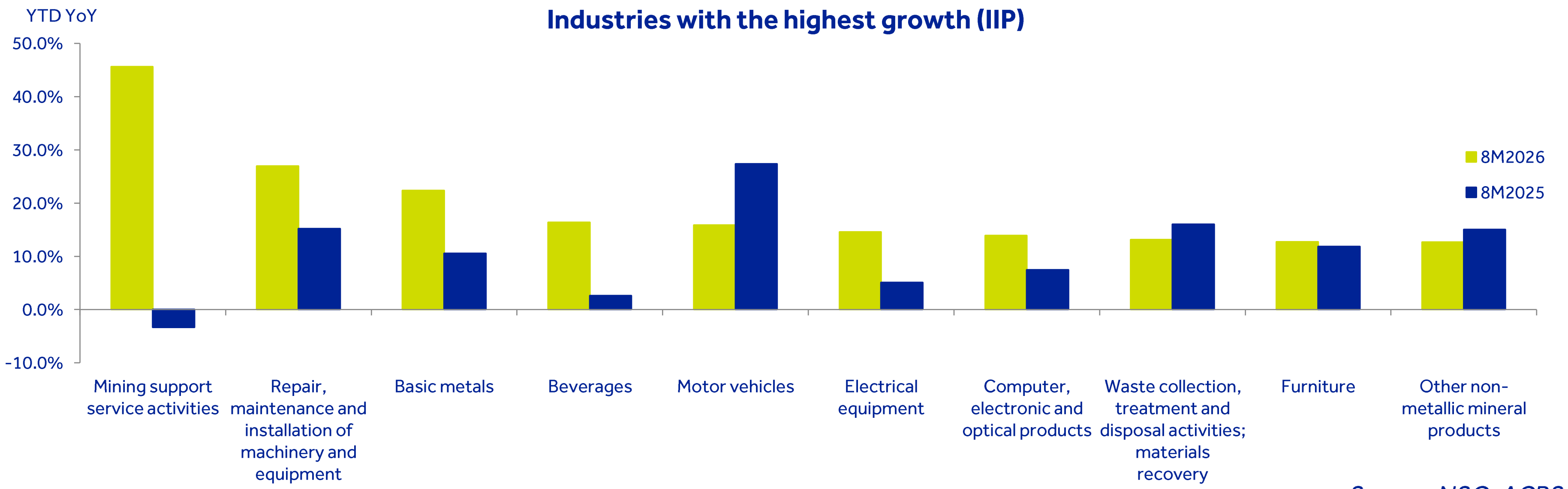
Source: S&P Global

PUBLIC INVESTMENT HAS SHIFTED FROM A GROWTH DRIVER TO A NECESSARY CONDITION FOR MEETING THE GROWTH TARGET

GROWTH AND CONSTRAINTS

How much credit and public investment will be required to sustain this pace in subsequent quarters?

- **After eight months, public investment disbursement had reached around 50% of the annual plan, up from 12% in March.** August alone recorded nearly VND88tn of disbursement. This matters for 3Q because the full-year growth target cannot be achieved through exports and household consumption alone. Infrastructure spending is increasingly becoming the bridge between credit growth and demand in the real economy.
- **The earnings transmission is uneven across sectors.** Steel and cement see volume demand first; contractors recognize earnings later as backlog converts into certified work; industrial parks, logistics and real estate benefit with longer lags through connectivity and land values. For stock selection, the key variable is therefore the pace at which projects actually convert into revenue and cash flow.
- **Our base case remains positive for 3Q growth.** A slowdown scenario would require export orders, public investment disbursement and domestic credit to weaken at the same time, which is not yet visible in the data. The more important macro risk is that strong growth is increasingly being financed through a banking system that was already highly leveraged before the current investment cycle began.



Source: NSO, ACBS

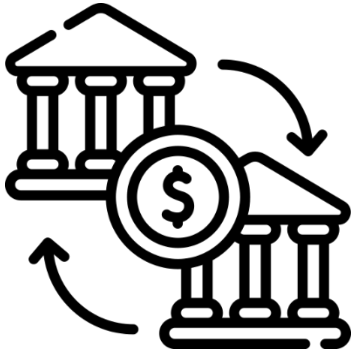
AUGUST 2026 MACRO: GROWTH HOLDS UP, MONETARY-EASING ROOM NARROWS

➢ **Key catalysts to monitor:**

- **Vietnam's GDP growth accelerated to 8.18% YoY in 1H26, led by 8.39% YoY growth in 2Q26 versus 7.63% in 2Q25, marking the strongest first-half growth in several years.** Manufacturing was the main driver, contributing 47.2% of total GVA growth versus 42.0% in 1H25. This is particularly important as several traditional drivers have started to slow: real retail sales were nearly flat after adjusting for inflation, the trade balance recorded a historically large deficit, and Vietnam continues to face US tariff risk related to the unfinished excess-capacity investigation.
- **Nevertheless, we remain positive on public investment as a key 2H26 growth driver.** Cumulative public investment disbursement reached only around VND513tn as of Aug 31, equivalent to 41.9% of the full-year plan assigned by the Prime Minister. A large share of allocated capital therefore remains undisbursed, while the Government is targeting full-year GDP growth above 10%, implying that 2H26 growth would need to reach nearly 11.9%. We therefore expect project execution to accelerate in the remaining months and remain a key pillar of the full-year macro target.

Monthly data	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Industrial Production (YoY)	8.90%	12.74%	10.80%	9.13%	10.10%	21.54%	0.60%	7.20%	9.88%	8.79%	12.71%	15.36%	14.41%
Purchasing Managers Index	50.40	50.40	54.50	53.80	53.00	52.50	54.30	51.20	50.50	52.80	51.80	52.90	53.30
Retail Sales (YoY)	10.59%	11.27%	7.23%	7.15%	9.81%	9.32%	8.48%	12.05%	12.06%	11.83%	14.80%	14.48%	14.95%
Consumer Price Index (YoY)	3.24%	3.38%	3.25%	3.58%	3.48%	2.53%	3.35%	4.65%	5.46%	5.60%	4.69%	4.45%	4.89%
Core Consumer Price Index (YoY)	3.19%	3.18%	3.30%	3.28%	3.21%	3.19%	3.74%	3.96%	4.66%	4.67%	4.50%	4.63%	4.55%
Export Value (% YoY)	-11.48%	-0.21%	-10.23%	-8.36%	4.10%	30.13%	6.26%	20.58%	21.56%	17.98%	28.09%	24.98%	26.01%
Import Value (% YoY)	33.92%	38.85%	34.13%	31.29%	43.36%	49.61%	4.42%	27.76%	32.36%	33.79%	45.19%	41.42%	37.90%
Trade Balance (BnUSD)	3.72	2.85	2.60	1.09	-0.66	-1.78	-1.05	-0.68	-3.28	-5.21	-2.64	-3.59	-0.11
Disbursed FDI (BnUSD)	1.80	3.40	2.50	2.30	4.02	1.68	1.53	2.20	1.99	2.35	3.28	2.17	2.05
Registered FDI exl Cap. Cont.(BnUSD)	1.66	2.02	2.48	1.40	3.82	2.38	3.16	7.00	2.74	5.34	7.81	3.04	2.45
Disbursed investment from State budget (Tn VND, YTD)	463.21	549.13	640.16	735.15	850.69	44.64	84.48	133.23	187.13	258.12	343.30	441.00	546.75

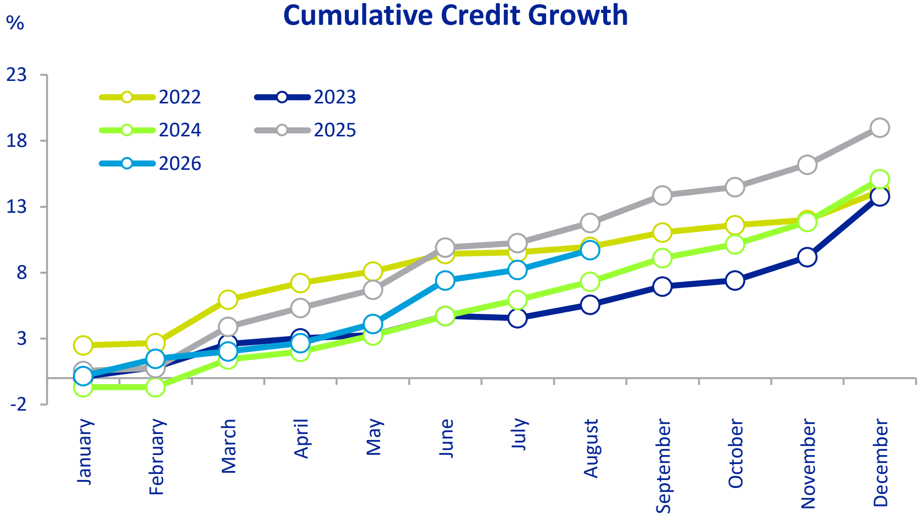
BANKING SYSTEM: PRESSURE IS SHIFTING FROM THE QUANTITY OF FUNDING TO ITS COST AND TENOR

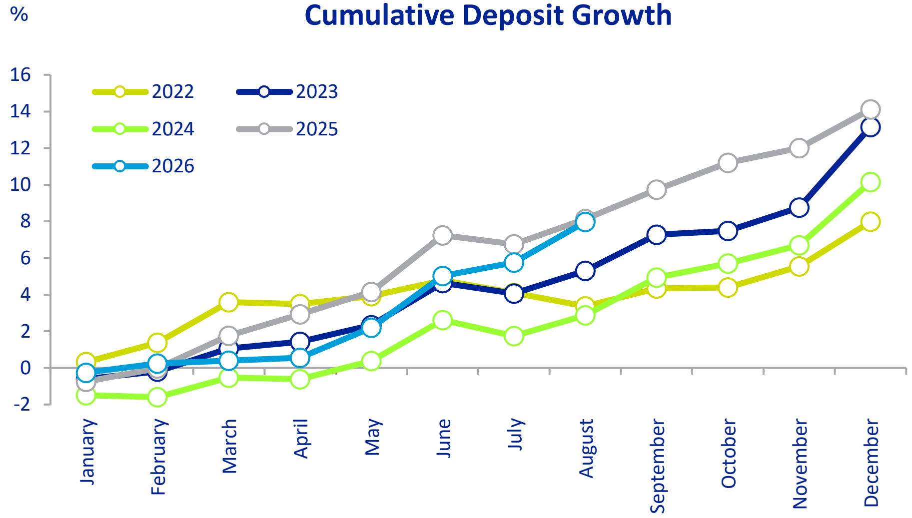


MONEY MARKET

Banks are tapping long-term foreign syndicated loans.

- **As of Aug 22, VND deposits had risen 8.77% YTD, slightly above VND credit growth of 8.38%, indicating that the quantitative funding shortfall seen earlier in the month had largely narrowed.** Short-term liquidity is also supported by Treasury deposits, OMO operations and cash gradually returning to the banking system. However, pressure on long-term funding remains. Deposit rates from six months to over 12 months have yet to decline broadly, while commercial banks proactively issued VND23.2tn of bonds in August, with average maturities of five to eight years and an average nominal coupon of 8.9%.
- **Banks' use of bonds, offshore loans and other alternative funding sources should therefore be viewed as part of balance-sheet funding management while demand for medium- and long-term credit and public-investment financing remains high.** Following the Fed hike, USD funding costs and exchange-rate risk have also risen on a relative basis, reducing the advantage of offshore funding for banks or companies without natural foreign-currency revenue. The ability to sustain credit growth therefore increasingly depends on deposit-franchise quality, funding tenor, NIM and asset quality rather than deposit growth alone.

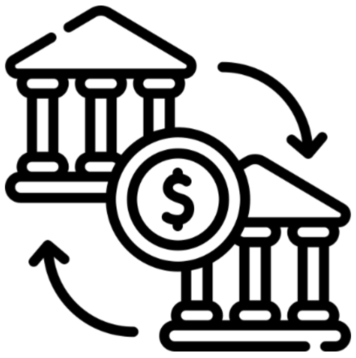




Source: SBV, MOF, ACBS

ACBS

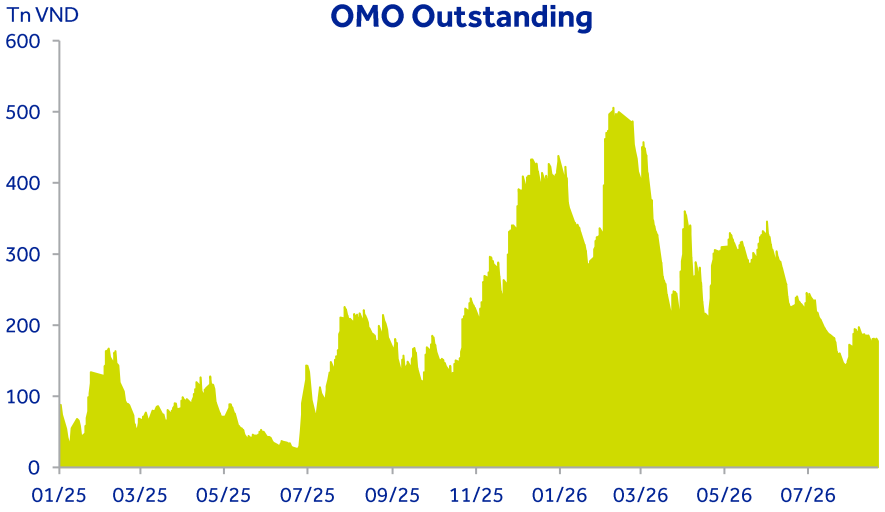
BANKING SYSTEM: EASING TECHNICAL CONSTRAINTS IS PROVIDING BRIDGE FINANCING FOR THE INVESTMENT CYCLE

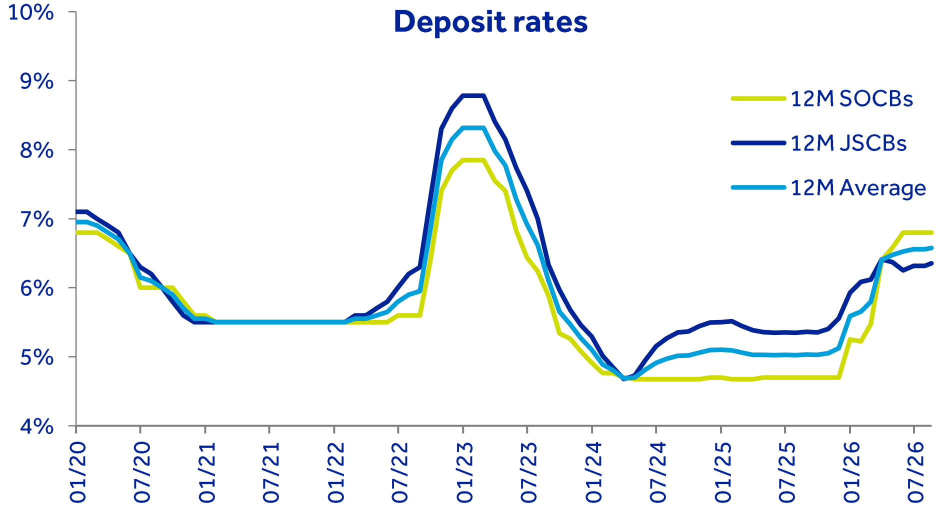


MONEY MARKET

Easing technical constraints is providing bridge financing for the investment cycle.

- **The policy response is consistent with the above interpretation.** Circular 25 raised the maximum share of short-term funding that banks may use for medium- and long-term lending from 30% to 40% from Jul 1. Decision 1743 subsequently increased the share of term deposits from the State Treasury that can be included in the LDR denominator from 20% to 50% from Aug 1. Neither measure creates additional household deposits. Both allow existing balance sheets to support more credit before regulatory constraints become binding.
- **These changes are logical in an economy asking banks to finance infrastructure, corporate expansion and a medium-term double-digit growth target.** They reduce the risk that a temporary shortage of long-term deposits forces banks to restrict credit just as public and private investment accelerates. In that sense, this is a feature of the 2026 policy framework rather than evidence of a crisis response.
- **The trade-off is time.** Raising the share of short-term funding that can be used for medium- and long-term lending increases permitted maturity transformation. Recognizing more Treasury deposits in the LDR denominator improves regulatory ratios even though the underlying economics of funding do not change. These measures therefore buy time for projects to generate cash flow and for the deposit base to catch up, but they do not reduce system leverage. The policy works best if nominal GDP, project cash flow and long-term savings expand fast enough over the next 12–18 months to validate the additional credit created in 2026.

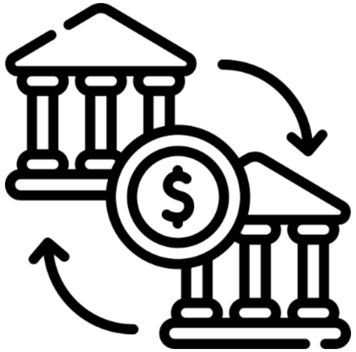




Source: FiinPro, ACBS

ACBS

BANKING SYSTEM: HIGH CREDIT/GDP SUPPORTS 2026 GROWTH BUT RAISES MEDIUM-TERM ASSET-QUALITY RISK



MONEY MARKET

High credit/GDP is a “feature” of 2026, but becomes a medium-term risk if the investment cycle does not generate the expected returns.

- **Vietnam entered the current cycle with an already very large banking-credit stock.** The IMF estimates credit at around 136% of GDP in 2024, an LDR above 100%, liquid assets at only 7.8% of total assets in mid-2024 and capital ratios well below those of many regional peers. Credit grew rapidly in 2025 and remains a central tool in the Government’s 2026 growth strategy. The key issue is that new leverage is being added before the financial system has fully absorbed the legacy of the 2022–2023 real-estate and corporate-bond crisis.
- **That legacy remains visible in asset quality.** The IMF recorded on-balance-sheet NPLs at 5.3% in March 2025, materially above 2.3% in 2022, while corporate vulnerability remains concentrated in real estate. In 2026, banks are being asked to fund a new infrastructure and investment cycle while some low-turnover property assets from the previous cycle remain on balance sheets or in restructuring. The same amount of new credit is therefore being created against thinner loss-absorption buffers than in a healthy cycle.
- **International experience highlights the distinction.** Spain became vulnerable to systemic risk when high real-estate exposure, reliance on cheap funding and a funding retrenchment occurred simultaneously. Australia and Canada sustained high private-sector leverage for longer because funding tenor, liquidity buffers, capital and underwriting standards were stronger. Vietnam currently sits between these cases: the economy is growing rapidly, access to offshore funding has improved over time and FDI remains strong, but financing is still heavily bank-credit dependent, capital buffers are thinner and non-bank capital markets such as corporate bonds and equities have yet to keep pace with the economy’s funding needs. High credit intensity can therefore remain manageable in the near term but becomes more sensitive if project cash flow or the real-estate recovery disappoints.
- **Our conclusion is therefore asymmetric over time.** In 2026, credit growth is mainly a mechanism to prevent a funding bottleneck from suppressing investment and GDP growth. In 2027, the same policy becomes a financial-stability risk if credit continues to outpace nominal income, long-duration projects fail to generate cash quickly enough or real-estate asset quality weakens again. The relevant risk signal is not the credit/GDP ratio in isolation, but the combination of prolonged high credit growth, rising funding costs and renewed credit costs/new NPL formation.

Source: FiinPro, ACBS

SECTION 301 RISK IS CONCENTRATED IN EXPORT-ORIENTED INDUSTRIES; DOMESTIC SERVICES HAVE LIMITED DIRECT EXPOSURE

- **As of Sep 22, the USTR had not yet announced its investigative conclusions or proposed remedies in the excess-capacity case.** However, risk to Vietnam has not disappeared. The key issue is no longer a blanket tariff on all Vietnamese goods, but which product groups may be targeted and how aggressively rules of origin are enforced.
- The most sensitive groups include electronics and electrical components, machinery and equipment, metals/cables, and selected plastics and chemicals. These sectors combine substantial exports to the US, heavy use of components and materials imported from China, and proximity to the industries under USTR scrutiny in the excess-capacity investigation.
- Textiles, footwear, wood products and furniture have a different risk profile. They are not central to the industrial excess-capacity issue, but they rely heavily on US demand and could be affected if Washington tightens scrutiny of origin, the share of value added created in Vietnam or the use of China-origin inputs. For seafood, the larger risk remains product-specific trade-remedy measures.
- By contrast, electricity, telecommunications and services serving mainly the domestic market have almost no direct tariff exposure. We therefore do not view Section 301 as a reason to reduce Vietnam equity exposure broadly. Investors should focus on each company's dependence on the US market, share of China-sourced inputs, ability to demonstrate Vietnamese origin and capacity to pass higher costs on to customers.

TARIFF MATRIX

Sector group	Direct risk	Spillover impact	Key view
Electronics / electrical components	Very high	High	Large US export exposure; material dependence on components and inputs from China.
Machinery / industrial equipment	Very high	High	Close to the scope of the excess-capacity investigation; highly integrated with Chinese supply chains.
Metals / cables / industrial products	High	High	Sensitive to US trade policy and scrutiny of input origin.
Plastics / chemicals	High	Medium	Risk is concentrated in products with clear links to China-origin raw-material chains.
Textiles / footwear / wood	Medium	High	Highly dependent on US demand; main risk comes from origin verification and domestic-value-added requirements.
Seafood	Low–Medium	Medium	Sensitive to the US market, but product-specific trade remedies remain the primary risk.
Industrial parks / logistics	Low	High	Not directly tariffed, but exposed if FDI or export volumes slow.
Banks	Low	Medium	Indirect exposure through exporters, industrial parks, logistics and asset quality.
Power / telecoms / domestic services	Very low	Low	Revenue is mainly domestic, with limited direct exposure to changes in US tariffs.
Electronics / electrical components	Very high	High	Large US export exposure; material dependence on components and inputs from China.
Machinery / industrial equipment	Very high	High	Close to the scope of the excess-capacity investigation; highly integrated with Chinese supply chains.
Metals / cables / industrial products	High	High	Sensitive to US trade policy and scrutiny of input origin.

THE LARGER RISK LIES IN SPILLOVERS TO FDI, INDUSTRIAL PARKS, LOGISTICS AND CREDIT

THE SHOCK DOES NOT STOP WITH EXPORTERS

- **Section 301 risk does not stop with companies that export directly to the US.** In 8M26, the FDI sector accounted for more than 80% of Vietnam's exports, while China remained the country's largest import source. If the US imposes tariffs or tightens rules-of-origin requirements on production chains that use substantial China-sourced inputs, the impact could spread to investment decisions and supply-chain configurations among FDI companies operating in Vietnam.
- **The transmission could follow this sequence:** exports lose price competitiveness or need to switch input sources → companies adjust production and investment plans → industrial-park leasing demand and port throughput slow → working-capital demand and corporate cash flow weaken → credit quality and employment come under pressure → domestic consumption is affected if the shock persists.
- Industrial parks, logistics and banks may therefore face material indirect effects even though they are largely not subject to tariffs themselves if export-oriented manufacturing slows. By contrast, companies with high localization ratios, diversified input sources, diversified customers and clear origin documentation should be better positioned to adapt.
- For portfolio management, we prefer companies that can demonstrate that most value is created in Vietnam, rely less on a single input source and retain room to adjust selling prices. US revenue exposure remains an important indicator, but it is insufficient on its own unless assessed together with input structure and the degree of actual processing and manufacturing undertaken in Vietnam.

TARIFFS / RULES OF ORIGIN
Higher landed costs, higher compliance costs, slower deliveries
→ **Electronics • machinery • metals • plastics • textiles**

›

PRODUCTION
Orders shift; higher localization requirements
→ **Suppliers • CAPEX • new FDI**

›

FDI & INDUSTRIAL PARKS
Factory-expansion decisions slow if the tariff advantage narrows
→ **IPs • construction • industrial power demand**

›

TRADE & CREDIT
Port throughput, working-capital demand and corporate cash flow weaken
→ **Logistics • banks**

›

HOUSEHOLDS
Employment/income in export hubs comes under pressure
→ **Retail • housing • discretionary consumption**

AVOID / UNDERWEIGHT	PREFER	RELATIVELY DEFENSIVE
Value chains with high China linkages, low domestic value added, dependence on a single market and thin margins.	Companies with high localization, diversified end-markets, pricing power and the ability to demonstrate substantial transformation in Vietnam.	Utilities, telecommunications, domestic services and beneficiaries of domestic investment with low trade dependence.

MARKET DYNAMICS

- Market sentiment remains weak in July and August with daily matched turnover hovering ~ VND14tn, compared to VND22tn in 1H26.
- However, the outstanding level of margin lending reached a new record in 2Q26 driven by accelerating demand of deal financing. It is not fundamtentally a risk in itself yet it further bolstered the case of bottleneck in credit.

2Q26 EARNINGS

- Q2 earnings continue to support the market, but liquidity, funding costs and index concentration mean opportunities remain more attractive at the company level than through broad sector exposure.

FTSE MARKET UPGRADE

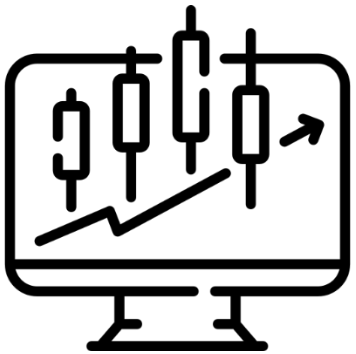
- On Aug 21, 2026, FTSE Russell announced the constituent list for the FTSE GEIS. We estimate that during the September 2026 rebalance, 27 Vietnamese stocks would attract around VND5,588bn (US$216mn) of passive net buying.
- The September implementation is too small to rerate the entire market. The market upgrade will have greater value as passive flows increase over time alongside the institutionalization of Vietnam's market through 2027.

OUTLOOK & STRATEGY

- Favor FTSE EM blue chips that still offer attractive valuations and resilient earnings prospects, with a focus on banks with strong funding franchises, retail, steel and technology.
- Oil & gas/refining and fertilizers remain complementary exposures because of their lower sensitivity to funding costs and tariff risks. Securities companies should be approached more selectively while market liquidity remains weak and global interest rates stay high.

ACBS

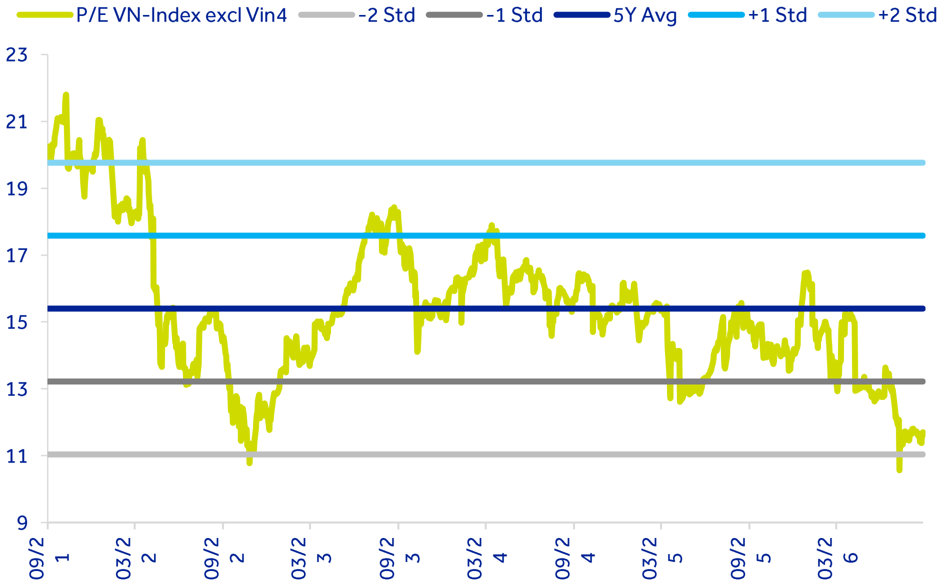
THE MARKET HAS REBOUNDED, BUT LIQUIDITY AND BREADTH REMAIN THE TEST



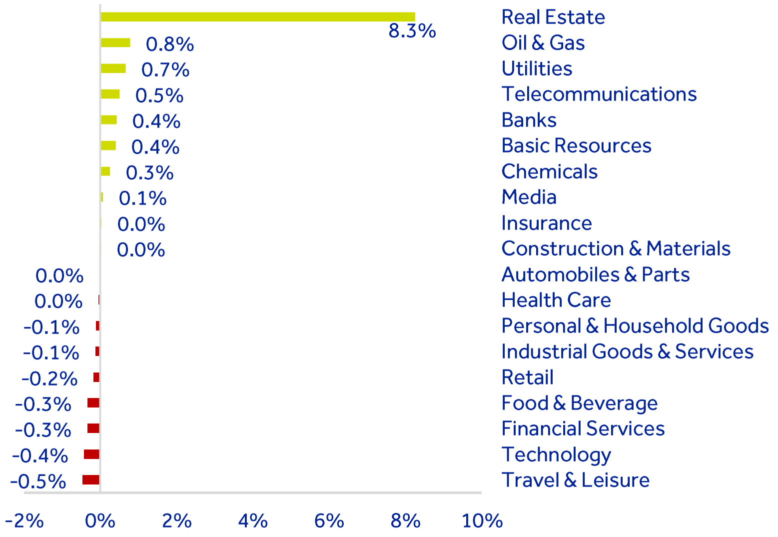
MARKET DYNAMICS

Seeking alpha instead of a broad-based bullish call.

- **Since the previous reporting period, the VN-Index has rebounded after falling more than 14% from its all-time high.** However, it remains too early to conclude that the market has entered a sustainable uptrend, as average matched trading value on the VN-Index has been only around VND14tn per session.
- **At the market level, we maintain the view that investors are still awaiting clearer signals on the domestic interest-rate outlook and the global geopolitical backdrop.** The positive scenario depends on when domestic funding costs peak. Renewed Fed tightening narrows the SBV's room to ease through the USD–VND interest-rate differential and exchange-rate channels, although it does not yet require domestic tightening. Earnings growth can therefore continue to support share prices, but current conditions are not sufficient for broad-based P/E expansion.
- Following recent volatility, overall market valuations excluding Vingroup-related stocks have become more attractive, falling below the -2 standard-deviation band while total market NPAT in 2Q26 grew more than 51% YoY. This reinforces our view that medium- and long-term accumulation opportunities are improving. However, the market is increasingly shifting toward alpha generation, meaning companies with stronger competitive advantages than sector peers.



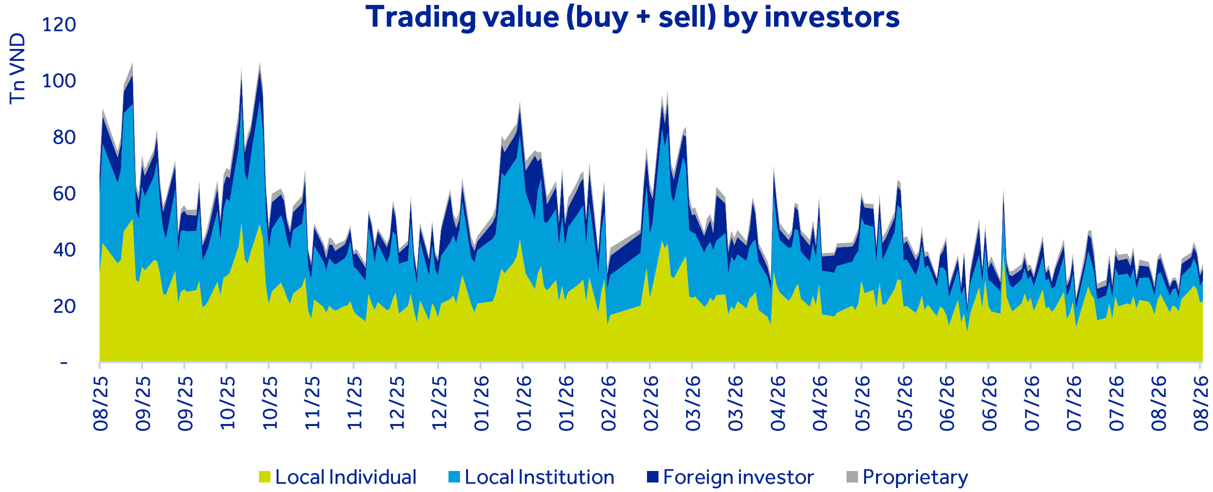
Sectors' contributions to whole market YTD

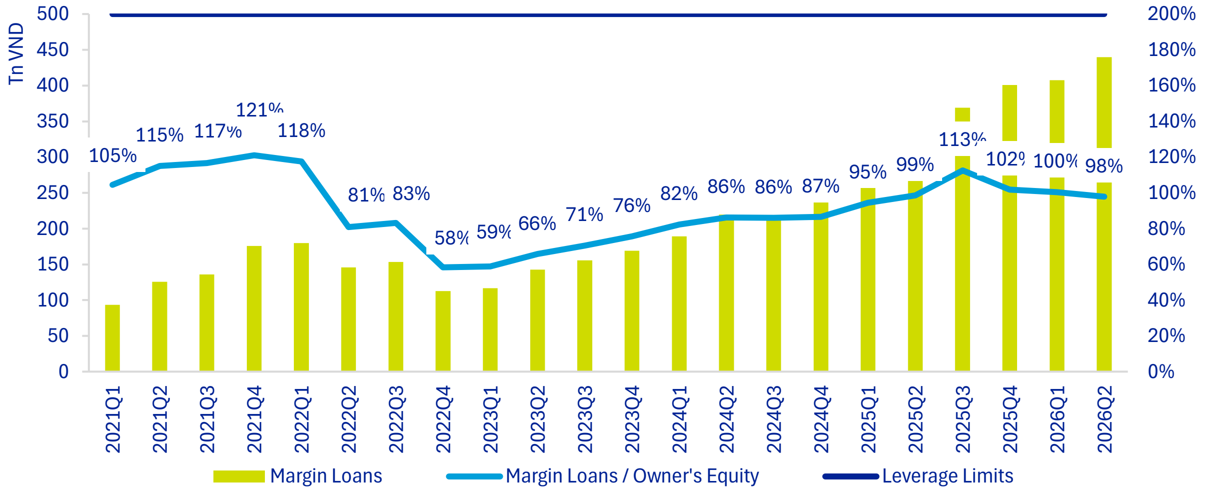


Source: FiinPro. Data as of September 11, 2026.

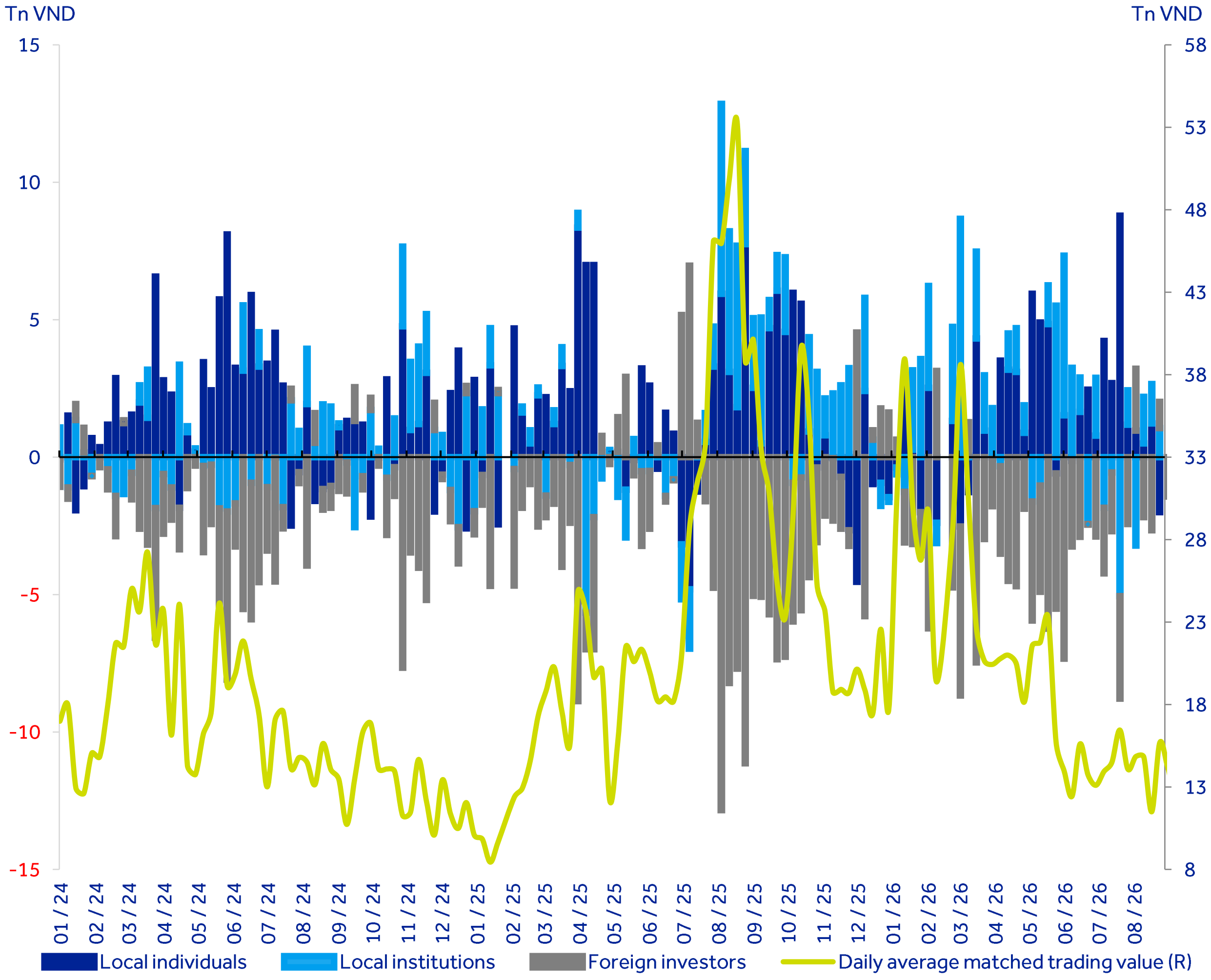
ACBS

LIQUIDITY HAS NOT IMPROVED WHILE LEVERAGE REMAINS HIGH



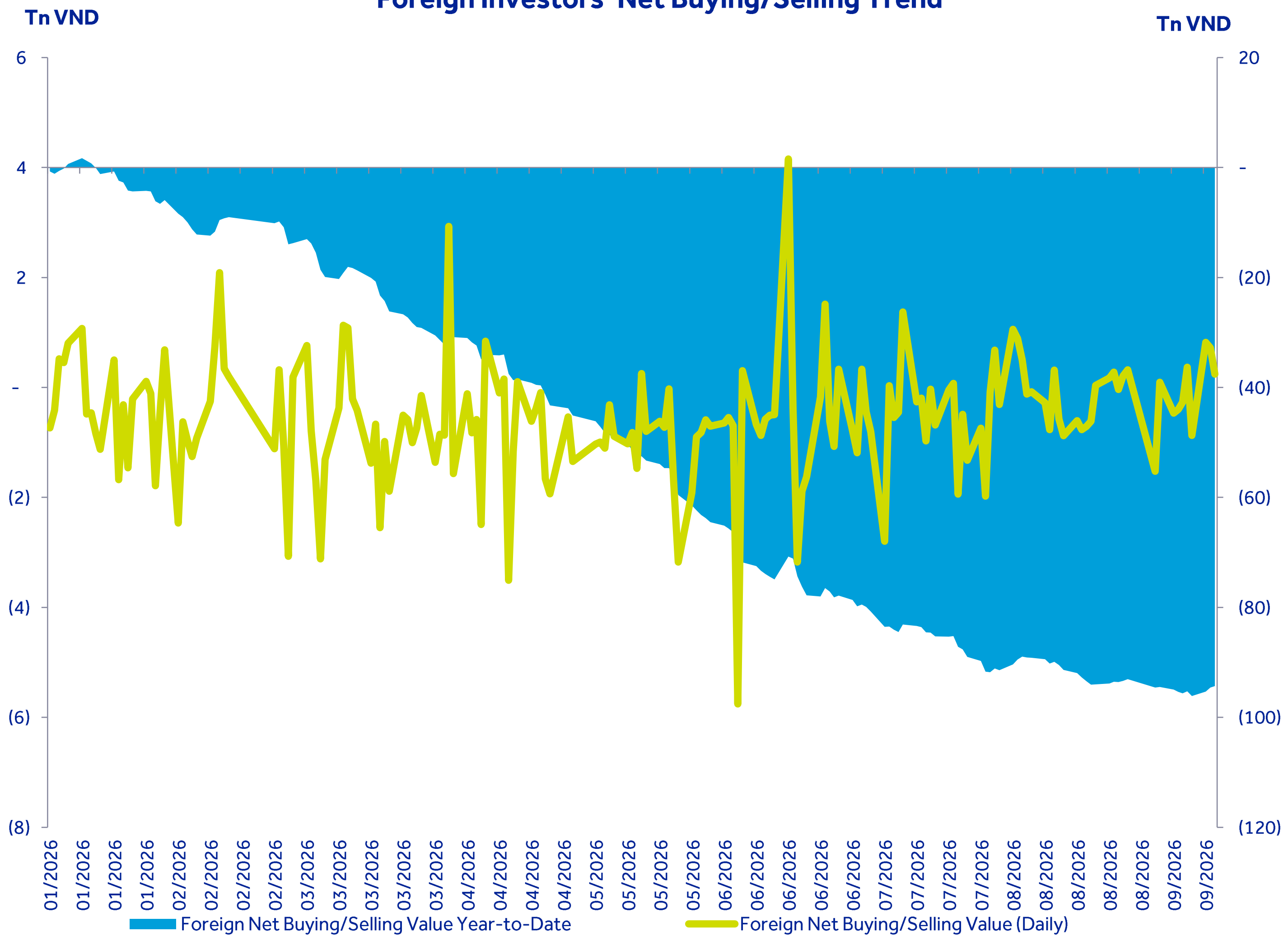


Source: FiinPro, ACBS

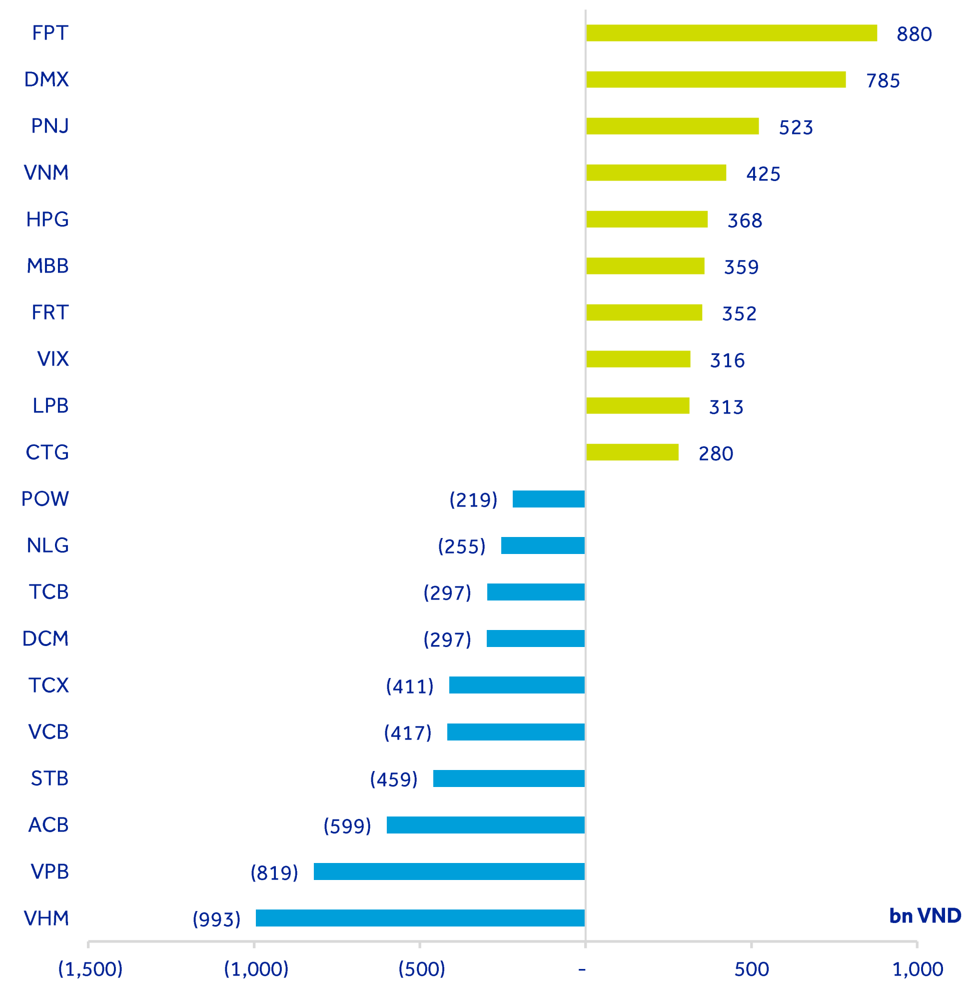


Source: FiinPro, ACBS. Data updated through Aug 28, 2026, when HOSE stopped publishing trading data by investor group from September 2026 onward.

FOREIGN INVESTORS NET SOLD ONLY VND1.64TN IN AUGUST



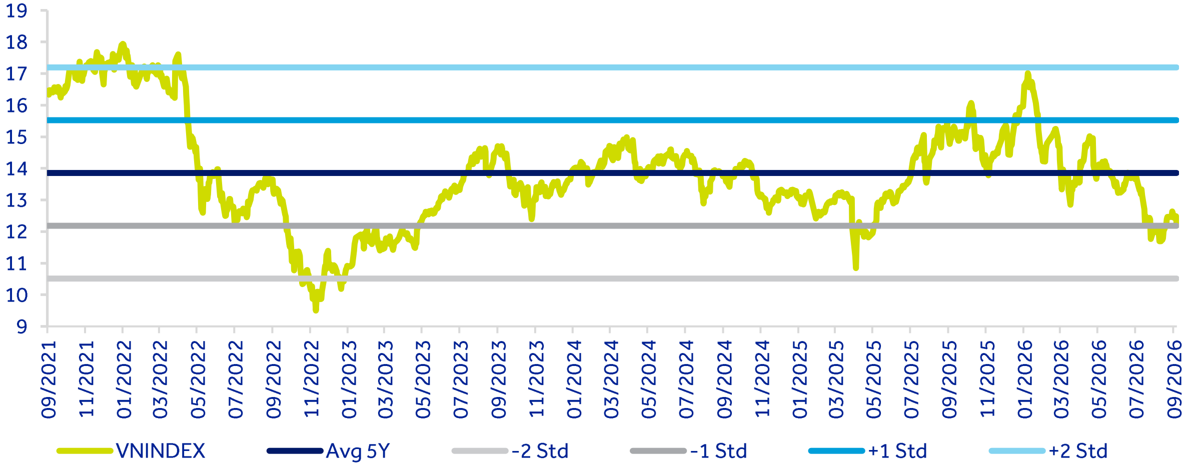
Source: FiinPro, ACBS



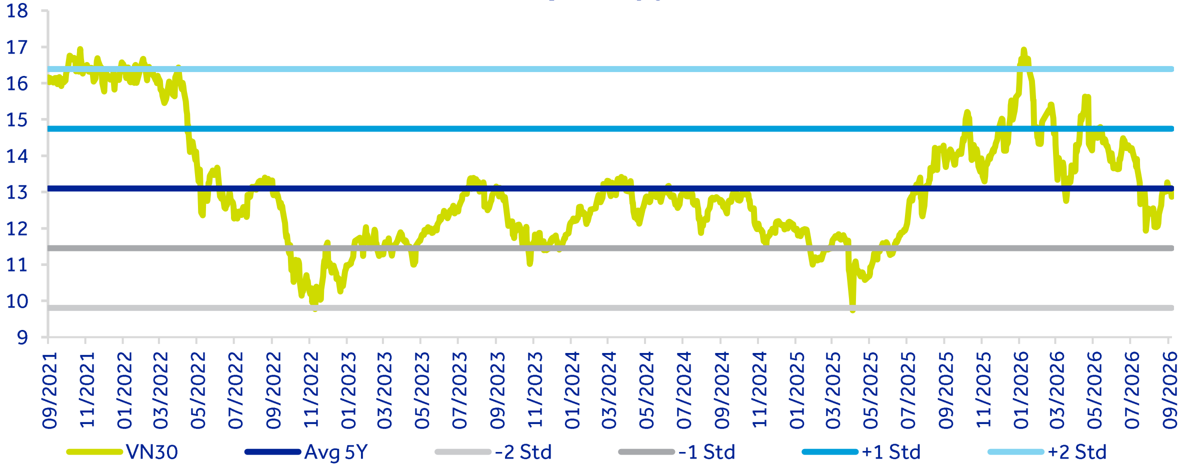
Source: FiinPro, ACBS

VALUATIONS OUTSIDE THE VINGROUP COMPLEX ARE ALREADY COMPRESSED TO HISTORICAL LOWS

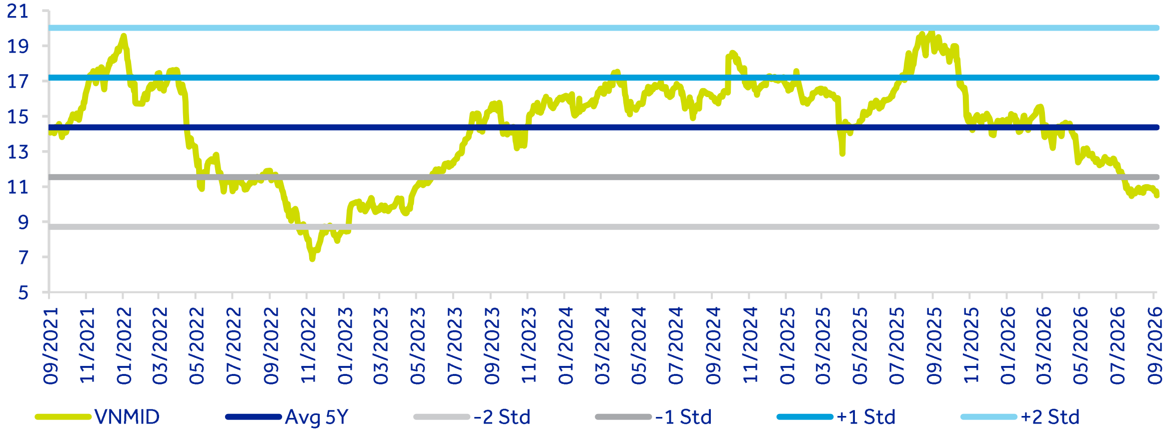
P/E VN-Index



P/E VN30

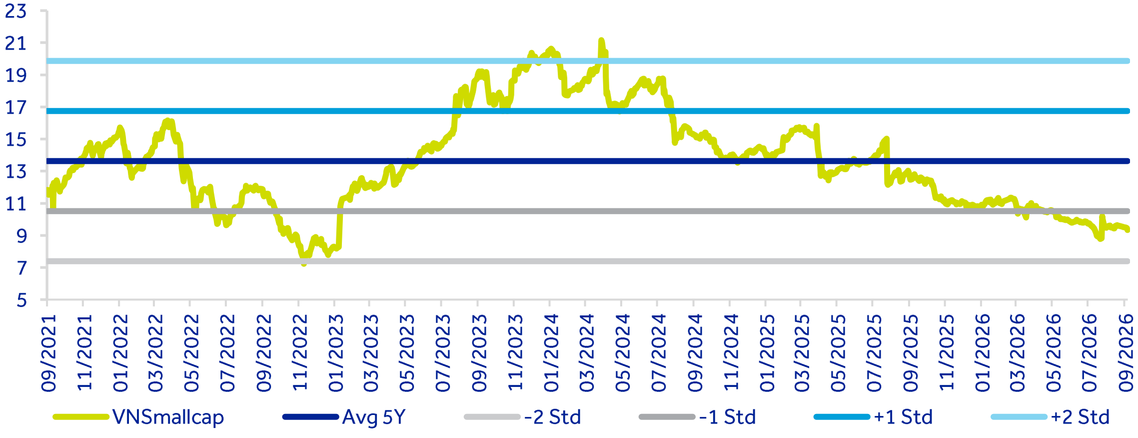


P/E VN Mid-caps



Source: FiinPro, ACBS

P/E VN Small-caps



Source: FiinPro, ACBS

ACBS

VN-INDEX: SHORT-TERM TREND REMAINS RELATIVELY WEAK

Technical Factors:

- Short-term trend (1 month): Sideways
- Medium-term trend (3 months): Sideways
- Resistance 1: 1,890 (highs recorded on June 24, 2026, and April 23, 2026)
- Resistance 2: 1,930–1,920 (highs recorded on May 19, 2026, and January 14, 2026)
- Support 1: 1,780–1,790 (MA200 and MA50)
- Support 2: 1,720 (August 17, 2026 low)
- Momentum indicator (RSI14): Neutral.
- Trend indicator (ADX): Indicates the short-term trend remains relatively weak.

Assessment and Recommendation:

- VN-Index remains in a sideways trend over both the short and medium term, indicating that the market is still consolidating and has yet to establish a clear direction.
- Improving liquidity suggests that capital flows are gradually returning to the market; however, the short-term trend remains relatively weak.
- In the short term, VN-Index is likely to sustain its recovery and retest the 1,890 resistance level. Meanwhile, the 1,780–1,790 range remains a key support zone if selling pressure returns.

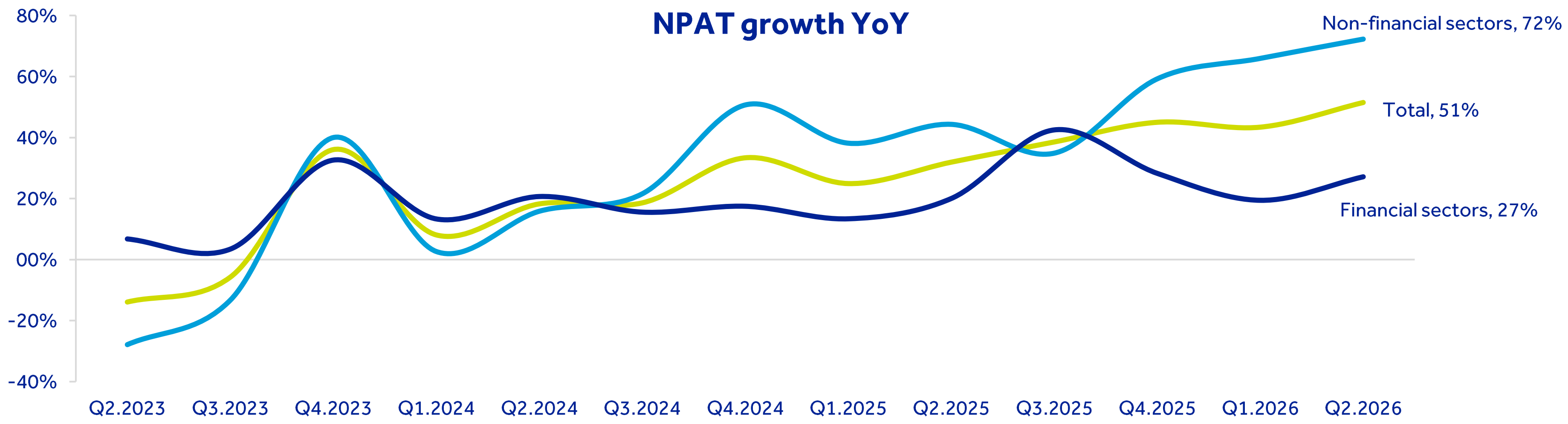
ACBS

A MARKET OF CHAMPIONS, NOT SECTORS

2Q26 EARNINGS

2Q earnings are strong enough to reject weakness in the economy — but not broad enough to justify indiscriminate beta.

- **Aggregate NPAT rose 51% YoY across three exchanges, marking a fifth consecutive quarter of strong earnings growth.** Non-financial companies grew 72.3%, materially faster than the 27.1% increase for financials.
- **Real estate was the single largest accelerator**: excluding property companies, market-wide NPAT growth falls from 51% to roughly 30%, while non-financial growth falls from 72.3% to 40%. Even the lower figures remain strong enough to reject any weakening signals across listed firms.
- **Among 379 HoSE companies for which annual-plan progress was available, 65.4% had completed less than 45% of their FY2026 profit target after six months.** These companies still represented around 46% of the sample's 1H profit. Aggregate earnings can therefore be strong at the same time that a majority of companies are running behind plan. This is not a contradiction; it is evidence that earnings leadership has become concentrated.
- **The implication for strategy is straightforward.** The market should increasingly reward companies that can demonstrate three things simultaneously: real demand, operating leverage and balance-sheet capacity to fund growth without destroying cash returns. Q2 provides enough evidence to remain invested, but the return distribution is likely to become more stock-specific as the cycle matures.

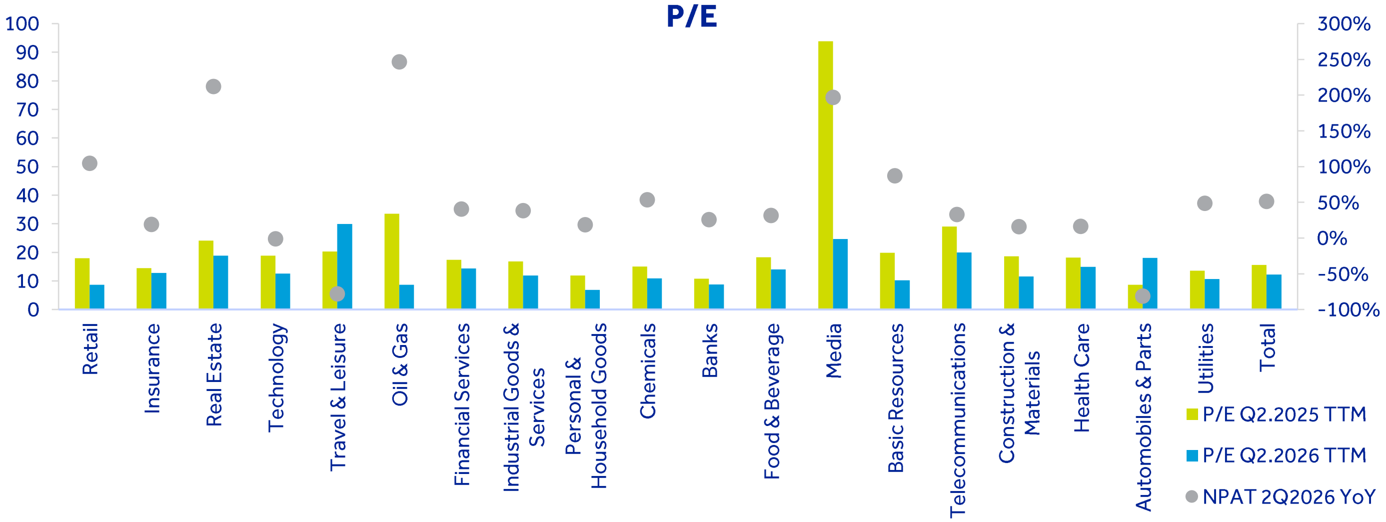


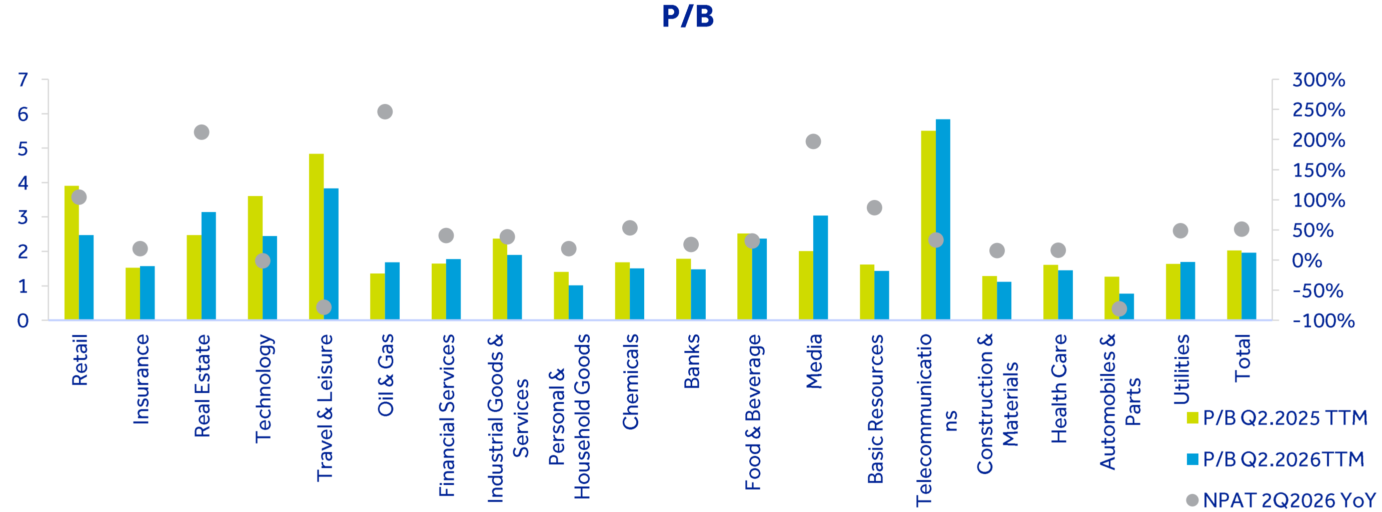
Source: FiinPro, ACBS

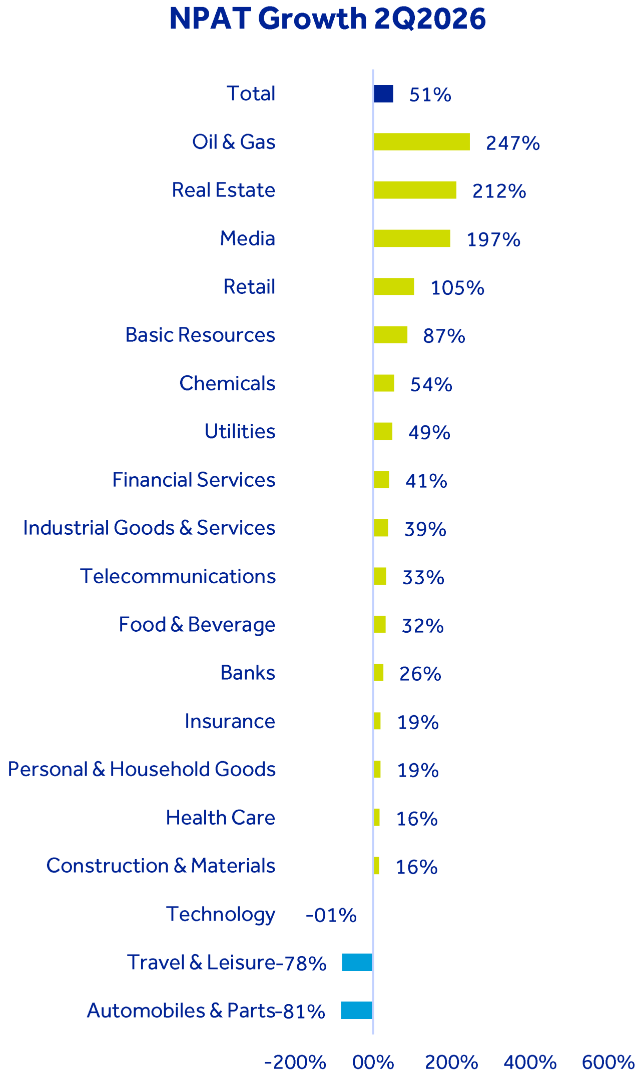
ACBS

A MARKET OF CHAMPIONS, NOT SECTORS

2Q26 EARNINGS







ACBS

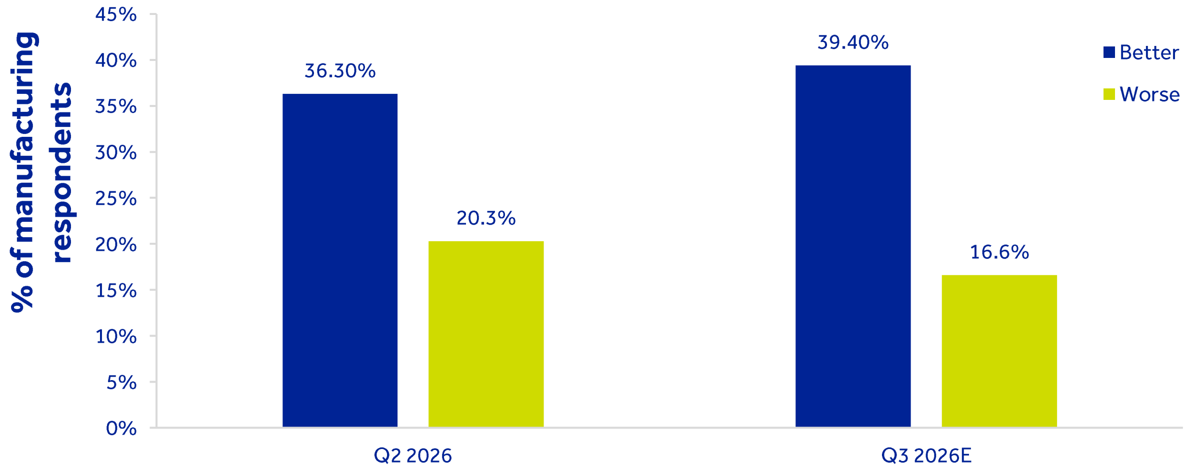
INVESTMENT CONTINUES TO EXPAND, BUT THE COST OF CAPITAL IS DRIVING WIDER EARNINGS DISPERSION

2Q26 EARNINGS

The macro backdrop remains expansionary; the constraint is no longer demand alone, but the cost of converting demand into returns.

- **The corporate environment is not consistent with a generalized investment freeze.** Total social investment rose 14.1% YoY in Q2, accelerating from the first quarter. In 1H26, state investment increased 12.5%, private investment 12.8% and FDI-sector investment 13.5%. The breadth matters: capital formation is being supported by public infrastructure, private domestic expansion and foreign manufacturing investment at the same time.
- **Manufacturing surveys from the NSO tell the same story from the demand side.** In Q2, 36.3% of manufacturers reported better business conditions and 20.3% reported deterioration, producing a positive net balance of 16.0ppt. For Q3, the balance improves to 22.8ppt as 39.4% expect conditions to improve and only 16.6% expect deterioration. The new-order balance rises from 13.5ppt in Q2 to 21.6ppt for Q3, while average equipment utilization reached 75.5%. This is an environment in which selective CAPEX remains economically rational.
- **The same survey also explains why a strong macro cycle is not translating into uniform earnings.** Some 28.4% of manufacturers cited high borrowing rates as a material constraint, rising to 38.0% in wood products, 37.3% in textiles and 36.8% in metals. At the same time, 38.3% of firms reported higher unit production costs than in Q1 and only 5.4% reported lower costs. Demand is improving, but so is the hurdle rate required to turn that demand into acceptable returns.

Manufacturing confidence improves into Q3



Source: NSO, ACBS

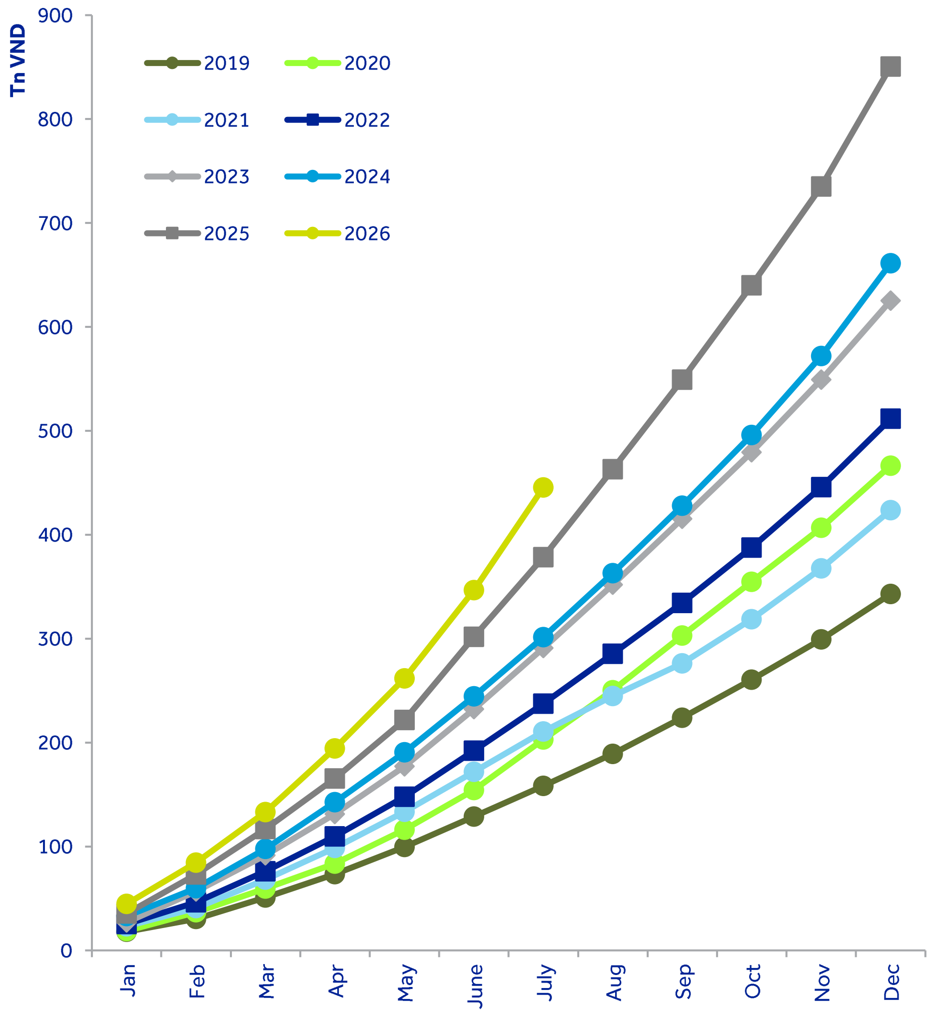
ACBS

INVESTMENT FLOWS CONTINUE TO EXPAND; FDI MIX IMPROVES

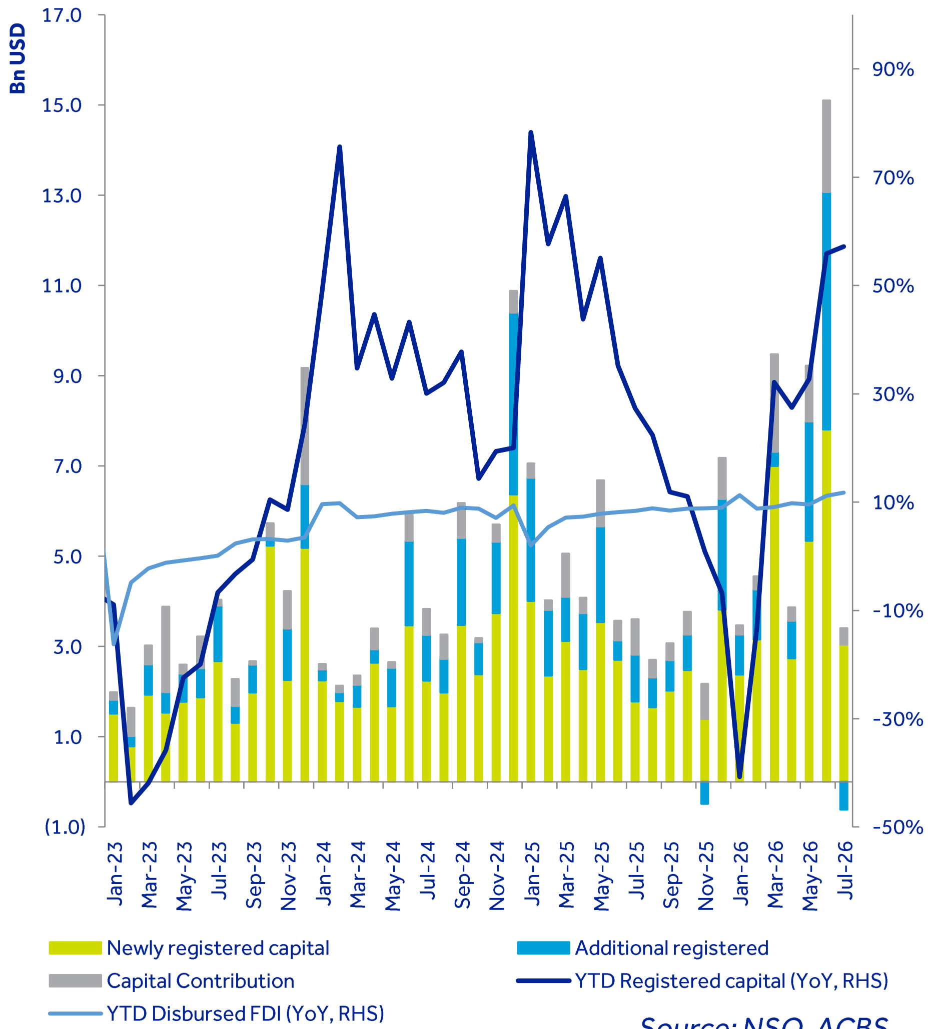
2Q26 EARNINGS

Growth momentum remains positive; the key question is whether new investment can generate capacity, earnings and cash flow quickly enough to offset the high cost of capital.

Investment Capital from the State Budget



FDI inflow composition displays improvement compared to 1Q26



Source: NSO, ACBS

ACBS

THE COST OF CAPITAL IS DRIVING WIDER EARNINGS DISPERSION

2Q26 EARNINGS

Higher interest rates are reallocating earnings power.

- **HPG is the clearest example of financial leverage being matched by productive assets.** At end-2Q26, HPG's borrowings stood at approximately VND98.5tn, up nearly VND7.9tn QoQ; inventories rose VND12.1tn as Dung Quat 2 ramped up capacity. Quarterly interest expense reached VND1.52tn, 3.5x the year-earlier level, mainly because interest previously capitalized during construction began to be recognized in the income statement after the project entered operation. Nevertheless, revenue still rose 53.6% and NPAT increased 50.7%, while HRC output grew 64%. Borrowings and financing costs increased, but the new capacity has begun to generate sufficient operating earnings to absorb the additional cost.

- **GEX is at an earlier stage of the investment cycle.** 2Q revenue increased 43.1% and PBT rose 16.8%, but interest expense surged 109.4% YoY to VND571bn as investments in infrastructure, industrial real estate and associates continued to require funding. Core operations are still growing, but financing costs are absorbing a larger share of incremental earnings. The investment case for GEX therefore depends increasingly on improvements in ROIC and cash flow over the coming periods rather than revenue growth alone.

- **DBC and BAF illustrate the opposite outcome.** DBC's borrowings increased 23.2% YTD to approximately VND7.24tn and interest expense rose 30.8% YoY, while 2Q NPAT-MI fell 43%. At BAF, borrowings increased 56.8% YTD to approximately VND6.24tn, interest expense rose 136.4% and NPAT-MI fell 50%. Both companies continue to expand fixed assets, but operating earnings have not yet increased sufficiently to match the heavier financing burden.

- **The effect of high interest rates therefore cannot be reduced to a blanket conclusion that indebted companies will underperform.** The more important question is whether incremental EBIT and cash flow exceed the incremental interest burden. Companies that have already commissioned new capacity, operate at high asset utilization rates and retain pricing power can absorb a higher cost of capital; companies that must continually expand their balance sheets to sustain growth face materially greater pressure.

EARNINGS MAY GROW AT THE SAME TIME, BUT THEIR QUALITY CAN DIFFER MATERIALLY

2Q26 EARNINGS

The same NPAT growth rate can represent fundamentally different economics.

➢ **Q2 contains at least four distinct earnings regimes.**

- The first is recurring operating growth. VNM reported Q2 revenue growth of 12.5% and NPAT growth of 28%, supported by domestic recovery, exports and better mix.
- The second is CAPEX monetisation. FPT's AI Factory clusters in Vietnam and Japan were already operating above 90% utilization and profitable in Q2, while AI & Data Analytics revenue increased 54% YoY. HPG and POW fit the same framework in steel and power: previously deployed capital is becoming operating capacity.
- The third regime is economically legitimate but lumpy recognition. VHM's 1H revenue reached VND116.6tn and NPAT VND52.1tn, with handovers, presales and unbilled revenue supporting the result. Those earnings are real; they are simply not a sensible quarterly run-rate for market EPS because property accounting concentrates recognition around project delivery.
- The fourth regime is non-recurring or financial income. GMD's reported Q2 NPAT-MI rose 155%, but VND609bn came from disposal gains. Removing the gain leaves estimated core NPAT around VND524bn, still up roughly 18%. The core business is healthy, but the reported number materially exaggerates sustainable growth.

Company profile	Characteristics	Key indicators	Investment implication
CAPEX entering operation	Previously deployed investment begins to convert into fixed assets and working capital supporting production.	Utilized capacity, revenue and EBIT grow faster than financing costs.	Highest-quality profile; a temporary increase in debt can be acceptable if the new assets generate cash flow.
Productive reinvestment	CAPEX remains high, but end-demand and returns are sufficient to justify continued investment.	CFO may be below CAPEX in the near term, but backlog, asset utilization and ROIC remain positive.	Selective exposure is warranted; valuation must reflect execution risk and the cost of capital.
Debt refinancing/ restructuring	New borrowing is used mainly to replace existing obligations or extend maturities.	Interest expense increases without a corresponding rise in productive capacity.	Highly rate-sensitive; not suitable for broad rerating.
Low-efficiency expansion	Debt and fixed assets grow faster than operating earnings and cash flow.	Revenue may increase, but margins, interest coverage and FCF weaken.	Requires further monitoring; limit deployment even if the sector backdrop still appears favorable.

A MARKET OF CHAMPIONS, NOT SECTORS

2Q26 EARNINGS

Macro trends may benefit an entire sector, but investment opportunities are concentrated in companies able to convert those tailwinds into earnings and cash flow.

➢ **Steel and basic resources — prefer HPG rather than buying the entire sector**

- Public investment, construction demand and trade-protection measures continue to support the steel sector, but company-level outcomes differ materially due to product mix, scale and balance-sheet quality. HPG is the clearest choice as Dung Quat 2 has moved from construction into operation: 2Q HRC output reached a record high, core earnings increased and most of the heavy construction CAPEX is now behind the company. Interest expense is materially higher, but the new capacity is already generating sufficient earnings to absorb it. We therefore prefer companies that have commissioned new capacity over those still in the construction phase.

➢ **Construction — demand is improving, but working capital determines earnings quality**

- Industry surveys show that the net balance for new contracts increased from +5.9 ppts in 2Q to +11.6 ppts for 3Q, while public investment continues to support demand. Construction, however, is working-capital intensive; a large backlog does not automatically translate into cash if receivables and funding requirements rise rapidly. CTD is a relatively clear choice, with FY2026 revenue up 38%, earnings up 73%, a sizeable backlog and customer advances providing an additional funding source. The key variable is whether backlog can be converted into cash without receivables and funding costs rising faster than gross profit.

➢ **Power and refining — prefer new productive assets and strong cash buffers**

- POW and BSR represent two different sources of quality growth. Nhon Trach 3&4 have entered operation, helping POW's 2Q revenue rise 116% and creating a new earnings base from prior CAPEX. BSR recorded approximately 60% 2Q revenue growth and nearly 9x NPAT growth, while holding more than VND47tn in term deposits. Refining-capacity tightness in August further reinforces the BSR thesis: when diesel, jet fuel and gasoline prices rise faster than crude input costs, operating refinery capacity can benefit from wider crack spreads. By contrast, PLX/OIL may face replacement-cost and working-capital pressure, while airlines and fuel-intensive logistics face clearer cost headwinds. We therefore prefer exposure to refining margins rather than the Oil & Gas sector as a whole.

➢ **Technology — FPT remains the clearest listed proxy for the AI theme**

- AI becomes a sufficiently credible investment thesis only when infrastructure utilization and commercial revenue can be observed. FPT meets this threshold better than most domestic companies: both AI Factory clusters reached utilization rates above 90% and were profitable in 2Q, while AI & Data Analytics revenue rose 54%. New data from Anthropic and OpenAI continue to validate end-demand at scale, but the very wide divergence in margins also shows that high utilization does not necessarily translate into strong economics. FPT therefore remains our preferred exposure because revenue and asset utilization have already been validated, rather than extending the thesis to every AI-linked stock.

A MARKET OF CHAMPIONS, NOT SECTORS

2Q26 EARNINGS

Macro trends may benefit an entire sector, but investment opportunities are concentrated in companies able to convert those tailwinds into earnings and cash flow.

➢ **Fertilizers — DCM benefits from pricing and export mix**

- DCM's 2Q revenue increased 11.2% and NPAT rose 35.8%. The key driver was mix: urea revenue increased 60.2%, with export urea revenue up 261.8%, offsetting a 28.3% decline in the domestic market. The current strength therefore mainly reflects favorable international fertilizer prices and export mix rather than a broad-based improvement in domestic agricultural demand. DCM remains a preferred name while urea pricing and export margins remain supportive.

➢ **Ports and logistics — prefer recurring throughput over accounting gains**

- The trade and FDI cycle continues to support port throughput, but reported earnings should be adjusted for non-recurring items. GMD recorded 17.9% 2Q revenue growth and 154.6% growth in NPAT-MI, although most of the increase came from a VND609bn divestment gain. Core earnings still grew by approximately 18%, sufficient to sustain a positive investment thesis without relying on a one-off gain. GMD therefore remains more attractive than logistics companies whose earnings depend heavily on asset disposals or highly volatile freight rates.

➢ **Consumer — prefer companies improving returns on each unit of capital**

- Consumption is recovering, but not strongly enough for all retailers to benefit equally. Real retail sales increased 7.3% YoY in 1H26, versus 12.9% nominal growth, indicating that inflation is still absorbing a meaningful share of household purchasing power.
- Within the MWG ecosystem, Dien May Xanh recorded 1H revenue growth of 27% and NPAT growth of 73%, with a 20.1% gross margin. The operating strategy has shifted from store expansion at any cost toward improving store productivity, services, logistics and technology deployment. This is a more suitable form of growth in a high-rate environment because earnings rise through better utilization of existing capital rather than continued heavy CAPEX.
- VNM is the more defensive choice. 2Q revenue increased 12.5% and NPAT rose 28%, supported by a domestic-market recovery and continued export growth. Earnings growth is slower than in some cyclical sectors, but is more recurring. The strategy is therefore not to overweight the entire consumer sector, but to prioritize companies where volume, brand strength and margins are improving simultaneously.

A MARKET OF CHAMPIONS, NOT SECTORS

2Q26 EARNINGS

Macro trends may benefit an entire sector, but investment opportunities are concentrated in companies able to convert those tailwinds into earnings and cash flow.

➢ Seafood — common export exposure, different earnings quality

- Seafood is one of the clearest demonstrations of why sector-level calls are insufficient. The industry faces the same U.S. tariff and trade-remedy uncertainty, but cost structure and product mix produce very different earnings outcomes.
- FMC's 2Q revenue fell 11% as the company deliberately limited shipments to the US while awaiting developments in the anti-dumping case. Nevertheless, NPAT-MI increased 93% as gross margin rose to 15.0%, raw-shrimp prices fell faster than selling prices, and a higher share of value-added products supported profitability. Interest expense increased 45%, but interest income from deposits grew even faster. This shows that a company can protect earnings even when export revenue declines.
- The appropriate conclusion is therefore not that the "seafood sector is resilient," but that highly integrated processors with raw-material advantages, a larger value-added product mix and diversified end-markets are more likely to outperform peers facing the same policy shock.

➢ Agriculture and livestock — favorable commodity prices are not enough to offset leverage

- Agriculture is one of the most dispersed sectors. High agricultural commodity prices can support revenue, but feed costs, biological cycles and debt-funded capacity expansion can offset those benefits. DBC and BAF are clear examples: assets and borrowings increased, financing costs rose sharply, while 2Q earnings declined materially. The issue is not weak demand, but that returns on incremental capital have not yet been sufficient to compensate for balance-sheet expansion.

➢ Rubber — DPR currently has a clearer recurring earnings mix

- DPR recorded 2Q revenue growth of 39% and PBT growth of 60%, with a 40.4% gross margin supported by higher selling prices and contributions from rubber, plantation liquidation and industrial-park services. PHR posted faster profit growth, but a material share came from compensation income related to industrial-park projects. Both companies own valuable assets, but DPR currently has a clearer recurring earnings profile.

FTSE: A CATALYST FOR INVESTABLE CHAMPIONS, NOT THE BROAD MARKET

MARKET UPGRADE

The September rebalance remains small relative to overall market capitalization and liquidity.

- Vietnam was officially upgraded by FTSE to Secondary Emerging Market status effective Sep 21, 2026, while the list of eligible stocks was announced on Aug 21. The official list contains 27 Vietnamese stocks that may enter the FTSE Global All Cap Index, with estimated aggregate passive net buying of approximately US$215mn in the September rebalance. This is positive, but remains small relative to total market capitalization and average market turnover. The first wave of passive flows alone is therefore insufficient to support broad-based rerating, particularly while underlying market liquidity remains low and foreign investors have had several months to position ahead of the event.

Ticker	Marketcap (USD mn)	Investable marketcap (USD mn)	Size marker	Est. Net Buy Value (USD mn)	Est. Net Buy Value (VND bn)	Foreign Trading Value (VND bn)	Average Daily Trading Value (VND bn)	Est. Trading Sessions
VIC	64.940	22.729	Large	80,67	2.091,80	166	1.016	2
VHM	23.884	7.165	Large	25,43	659,42	232	678	1
VCB	19.908	2.190	Large	7,77	201,54	59	283	1
BID	11.824	709	Mid	2,52	65,29	18	159	0
VPB	8.206	2.462	Mid	8,74	226,55	60	352	1
HPG	7.535	3.692	Mid	13,11	339,82	91	513	1
MCH	6.711	2.013	Small	6,07	157,36	13	56	3
VPL	6.169	925	Small	2,79	72,32	5	43	2
STB	5.329	1.599	Small	4,82	124,97	40	254	0
HDB	4.956	1.338	Small	4,03	104,59	33	266	0
TCX	4.718	708	Small	2,13	55,31	17	65	1
FPT	4.610	2.259	Small	6,81	176,55	94	424	0
VNM	4.387	1.755	Small	5,29	137,16	87	312	0
VJC	4.110	1.233	Small	3,72	96,37	14	164	1
MSN	4.033	2.420	Small	7,29	189,15	61	292	1
VCK	3.087	1.544	Small	4,65	120,65	9	72	2
SHB	2.774	832	Small	2,51	65,04	38	620	0
SSI	2.563	1.794	Small	5,41	140,22	52	498	0
VRE	2.481	992	Small	2,99	77,56	35	146	1
SSB	2.128	638	Small	1,92	49,89	3	33	2
MSB	1.936	581	Small	1,75	45,40	13	98	0
VIX	1.586	1.586	Small	4,78	123,98	49	611	0
GEX	1.576	788	Small	2,38	61,60	41	316	0
NVL	1.141	559	Small	1,69	43,70	22	224	0
HCM	1.125	551	Small	1,66	43,09	6	120	0
VCI	1.070	749	Small	2,26	58,57	19	199	0
VND	1.032	774	Small	2,33	60,50	11	185	0
Total				215,52	5.588,40			

ACBS

FTSE IMPACT IS CONCENTRATED IN A FEW STOCKS; THE GREATER VALUE LIES IN INSTITUTIONALIZATION

MARKET UPGRADE

Passive flows add momentum only when stocks also have clear earnings fundamentals and satisfy investability criteria.

- **The stock-level impact is highly uneven.** VIC is estimated to attract around US$80mn and VHM nearly US$25mn, meaning the two stocks account for almost 50% of total passive buying demand in the first wave. For most of the remaining names, estimated buying is equivalent to less than one average trading session; MCH, VPL and VCK are the main exceptions, at roughly two to three sessions. The near-term impact therefore depends more on the size of inflows relative to each stock's actual liquidity and free float.

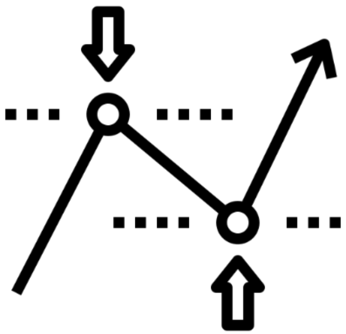
- **This concentration also creates a short-term paradox.** VIC and VHM already account for a substantial share of VN-Index movements; the first rebalance could therefore further increase index concentration rather than improve market breadth. This does not diminish the positive significance of the upgrade, but it does show that the initial mechanical impact and the longer-term benefits operate through different channels.

- **The Aug 21 announcement may create trading opportunities from two sources.** The first is constituent-list surprise: stocks that were almost certain to be included had ample time to price in expectations, while marginal additions or exclusions can generate greater relative volatility. The second is liquidity surprise: a stock with low free float and limited foreign trading can react more sharply even if the absolute buying amount is not large. Neither factor changes intrinsic value, however, and both lose relevance as expected flows become fully priced in.

- **We therefore do not buy a stock solely because it may be added to an index.** A stronger setup is when FTSE eligibility is paired with an independent fundamental thesis, as in HPG, FPT or VNM, where earnings growth, new capacity or brand strength have already been validated. In such cases, passive flows are an additional catalyst rather than the primary reason to own the stock.

- **The more important benefit lies in 2026–2027.** Secondary Emerging Market status broadens the universe of global funds permitted to invest in Vietnam, encourages brokers and international custodians to invest further in market infrastructure, and sustains reform pressure on foreign ownership, settlement and market access. The strategic value of FTSE should therefore be assessed by whether foreign flows become broader, more persistent and less concentrated in a handful of large-cap stocks during 2027.

ATTRACTIVE VALUATION IS A NECESSARY CONDITION, NOT A SUFFICIENT REASON TO BUY AN ENTIRE SECTOR



OPPORTUNITIES & CHALLENGES

Prioritize companies that convert growth into EBIT, cash flow and returns on invested capital.

- **Headline valuation gives an incomplete picture.** According to the latest available market estimates, the VN-Index is trading at around 12.5x trailing P/E and 12.9x 2026F P/E. Excluding Vingroup-related stocks, market valuation falls to roughly 9.6–10.6x, depending on the stock universe and estimation methodology. The precise number varies by earnings universe, but the message is robust: a large part of the market is substantially cheaper than the benchmark suggests. That discount creates opportunity, but Section 09 shows why it should not automatically be converted into a broad sector call.

- **Earnings also require closer scrutiny.** Aggregate NPAT across the three exchanges increased 51% YoY in 2Q, but growth falls to around 30% excluding real estate; non-financial earnings excluding real estate increased 40%. These figures confirm that the earnings cycle remains positive, but do not indicate that every company can sustain the same pace. At the individual-stock level, priority should be given to recurring operating earnings, cash conversion and returns on incremental invested capital.

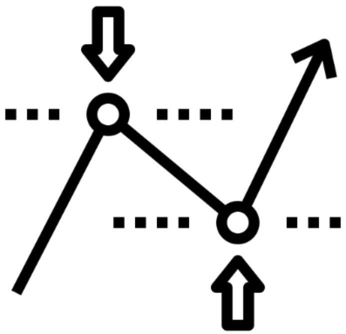
- **The opportunity cost of holding cash is a second constraint.** Long-term deposit rates in August were around 6–9%, while the earnings yield for the market excluding Vingroup was approximately 9–10.5%. The nominal spread is only a few percentage points before accounting for equity-price volatility, earnings risk and liquidity. At these deposit rates, domestic capital has sufficient reason to remain selective and demand a clearer risk premium at the company level.

- **Our highest-probability scenario for 2H26 is that corporate earnings continue to support share prices, but market-wide P/E expansion remains limited while performance dispersion between stocks widens.** Trading flows are likely to rotate increasingly toward companies that have commissioned CAPEX and are generating incremental EBIT even if the index P/E remains unchanged. Conversely, companies dependent on new borrowing, low-return expansion or one-off profit recognition may still look inexpensive but remain unattractive over the long term.

- **A broader rerating still requires changes at the macro level:** domestic funding costs must stabilize or peak; pressure from the global rate-hiking cycle must not intensify further; underlying market liquidity must improve; foreign flows must broaden; and Section 301/oil-price risks must not raise the equity risk premium. Until these conditions emerge, sector views should be used only to identify opportunity pools; final investment decisions should depend on company quality.

ACBS

STRATEGY: OWN EARNINGS CONVERSION, NOT SECTOR BETA



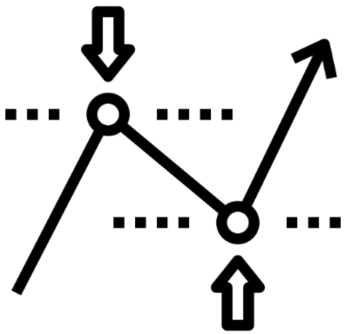
OPPORTUNITIES & CHALLENGES

Higher valuations are justified only when companies can demonstrate superior capital efficiency and a stronger ability to fund growth than peers.

Sector / opportunity	Preferred names	Supporting thesis	Thesis-change trigger
Banks	VCB, CTG, MBB, VPB	Credit demand remains high, but the relative advantage shifts toward banks with stable deposit franchises, strong funding-cost control and sufficient asset quality to protect NIM/ROE as the room for domestic rate easing narrows.	Funding costs continue to rise; FX pressure forces tighter liquidity conditions; or new NPL formation outpaces the ability to build capital buffers.
Steel & construction	HPG; CTD	HPG has converted completed CAPEX into capacity and output; CTD has an existing backlog, execution capability and better working-capital discipline.	Demand weakens before capacity/backlog converts into earnings, or working-capital needs and financing costs absorb incremental EBIT.
Consumer	MWG; VNM	Real consumption is still growing; both companies can improve margins and operating productivity rather than relying solely on nominal revenue growth.	Household purchasing power weakens materially or margins reverse.
Technology	FPT	AI and digital infrastructure already operate at high utilization, allowing the CAPEX thesis to rest on actual revenue and usage rather than expectations.	Backlog or utilization weakens, or valuation rises faster than the improvement in actual earnings and cash flow.
Power / refining / fertilizers	POW; BSR; DCM	New assets, power demand, crack spreads and fertilizer prices provide company-specific earnings drivers that can partly offset a high cost of capital.	Energy conditions normalize faster than expected, asset utilization falls or project timelines slip.
Ports & logistics	GMD	Port throughput and FDI/trade activity support recurring operating earnings; prefer cash flow from port operations over divestment gains or debt-funded fleet expansion.	A trade shock materially reduces volumes, or new capacity generates returns below the cost of capital.
Seafood / agriculture	FMC; DPR	Cost structure, a higher value-added product mix and financial discipline support stronger revenue-to-profit conversion than a broad sector approach to seafood/livestock.	Tariff risk or customer concentration overwhelms margin benefits, or commodity prices reverse while leverage remains high.
Property / exporters	Highly selective; VHM where handover progress and cash flow are visible; prefer exporters with high domestic value added	The legal framework and external demand still offer opportunities, but these two groups show the widest dispersion in revenue-recognition timing, debt restructuring and Section 301/rules-of-origin exposure.	Debt restructuring absorbs most operating cash flow, or trade measures broaden to core product groups.

ACBS

STRATEGY: OWN EARNINGS CONVERSION, NOT SECTOR BETA



OPPORTUNITIES & CHALLENGES

- **The base case continues to favor sector leaders, but the investment implications are now clearer.** Stronger 2Q earnings and positive 3Q macro data reduce the probability of a broad market-wide earnings downturn, while high domestic funding costs and low matched-market liquidity make it difficult for the index P/E to return to elevated levels. This is an environment for disciplined accumulation of companies that have converted earnings into cash flow and maintained strong capital efficiency, but not for index buying or broad sector deployment simply because the macro backdrop is positive.
- **The signal that would justify changing the broad market view is not another quarter of strong GDP growth.** More important would be evidence that funding costs have peaked, underlying market liquidity is improving and earnings growth is broadening to the median company. When deposit competition eases, stable funding catches up with credit growth, foreign flows broaden and median-company earnings estimates are revised upward, the same macro cycle can support both EPS growth and P/E expansion.
- **Until those conditions emerge, the market can still rally, but performance will remain more dependent on alpha generation.** Our base strategy therefore continues to favor companies with high earnings quality, strong cash generation, sound financial foundations and adequate stock liquidity.

Scenario	Macro / funding	Earnings	Valuation / liquidity	Strategy
Upside: Rally broadens	Stable funding catches up with credit growth; FX pressure eases enough to give the SBV more policy room; matched-market liquidity improves; FTSE broadens foreign inflows; and trade risks remain contained.	Earnings growth broadens to more companies; cash conversion improves.	Market P/E expands moderately as the liquidity premium declines and market breadth improves.	Gradually increase beta; broaden exposure from current leaders toward high-quality sector leaders and cyclicals.
Base: Leaders outperform; index P/E remains capped	Domestic growth and credit remain high, but the Fed has resumed hiking and the FOMC still leaves room for at least one further increase. The SBV continues to prioritize liquidity management and credit transmission rather than aggressive easing; trade and energy risks remain present.	Aggregate earnings remain positive, but differences in capital efficiency and financing costs keep company-level dispersion high.	Returns come mainly from stock-level EPS/FCF growth; index rerating remains incomplete.	Prioritize stock selection over raising broad-market beta; focus on companies with strong cash conversion, solid financial foundations and adequate stock liquidity.
Downside: Liquidity-driven weakness	Funding costs rise further or a Section 301/oil-price/FX shock emerges while underlying market liquidity remains low.	Earnings forecasts are revised down; debt-restructuring costs and interest expenses overwhelm operating growth at highly leveraged companies.	P/E compresses more sharply among low-free-float or highly leveraged stocks.	Raise cash and defensive exposure; retain only companies with strong investment theses, sound balance sheets and high market liquidity.

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