

Macroeconomics

Global Macroeconomics

As of the end of May 2025, the global economy has experienced notable volatility, largely driven by escalating trade tensions between the United States and China. In the U.S., the Federal Reserve decided to maintain its benchmark interest rate at 4.25%–4.50% during the FOMC meeting on May 7, 2025, while also warning of rising risks related to inflation and unemployment.

Meanwhile, China saw its exports to the U.S. plunge by 34.5% in May — the steepest monthly decline since the onset of the pandemic. The country's Consumer Price Index (CPI) remained in negative territory for the fourth consecutive month, signaling persistent deflationary pressure. Manufacturing activity also continued to contract, with the PMI staying below the 50-point threshold in May.

Notably, on May 12, the U.S. and China reached a provisional trade agreement in Geneva, Switzerland. Under the deal, the U.S. agreed to lower tariffs on Chinese imports from 145% to 30%, while China reduced tariffs on American goods from 125% to 10%. Both sides also agreed to suspend most of the remaining tariffs for 90 days to allow further negotiations — a move seen as a step toward de-escalating tensions and resetting bilateral trade relations.

Vietnam Macroeconomics

Macroeconomic Outlook remains Promising despite Challenges ahead

Vietnam's 2025 macroeconomic outlook remains positive, supported by strong public investment alongside with stronger participation from the private sector and accommodative monetary policy. Public investment rose 17.5% YoY in the first five months, reflecting the government's proactive fiscal stance and its focus on infrastructure-led growth. However, recent U.S. tariff actions and potential reciprocal measures pose threats to exports and FDI. While the 90-day tariff suspension offers temporary relief, the outcome of ongoing trade talks will be crucial. With sound fiscal and monetary frameworks in place, Vietnam is well-positioned to sustain its growth momentum.

Inflation Remains Contained While Retail Sales Growth was Steady

Vietnam's inflation rose slightly to 3.24% YoY in May, mainly due to higher housing and construction costs. Despite this, inflation remains well below the government's target. Retail sales grew 10.2% YoY and 0.4% MoM, supported by strong accommodation, food and beverage services demand. However, the rollout of new tax rules for household businesses starting June 1 may cause short-term disruptions as businesses adjust to new compliance requirements.

Manufacturing Output Expanded, But PMI Signaled Caution

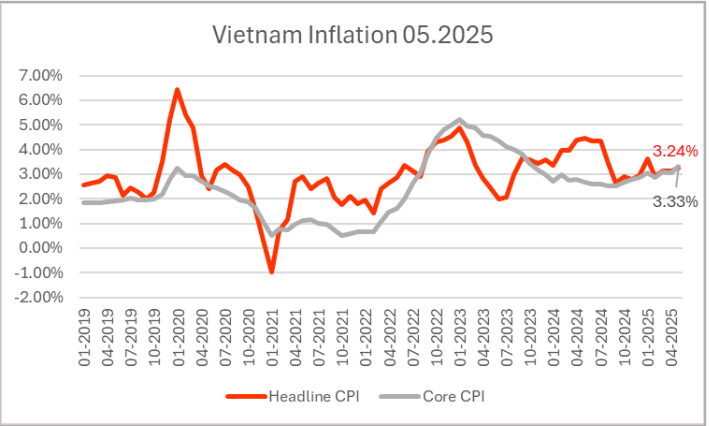
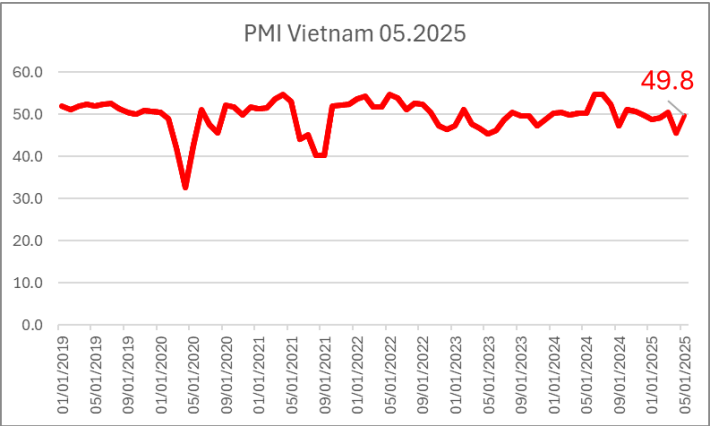
Vietnam's industrial production index (IIP) rose 9.4% YoY in May, reflecting continued strength in manufacturing output for front-loading activities. However, the Manufacturing Purchasing Managers' Index (PMI) remained below the neutral 50 mark at 49.8, indicating uncertainty in orders due to tariff concerns. This divergence suggests that while output remains high, underlying sectoral challenges persist, possibly due to weak new orders and external uncertainties.

Export and Import Momentum Accelerated, Led by Electronics

Exports reached USD 32.2 billion in May, up 17.0% YoY, with notable contributions from computers and electrical products, machinery and equipment, and coffee. This strong performance reflects front-loading activity ahead of potential trade policy shifts. Import value in May totaled USD 31.6 billion, up 14.1% YoY, primarily driven by computers and electrical products, machinery, and motor vehicles. This surge reflects both strong domestic consumption and the continued recovery of industrial activity. Vietnam recorded a trade surplus of USD 0.6 billion in May.

FDI Disbursement Grows Steadily, Driven by Project Expansions

Disbursed foreign direct investment (FDI) reached USD 8.9 billion in the first five months of 2025, up 7.9% YoY. In May alone, FDI implementation rose 9.6% YoY. The surge in FDI commitments – up 51.2% YoY – was fueled by a sharp increase in additional capital from existing project adjustments and strong capital contributions and share purchases. This trend underscores continued investor confidence in Vietnam's long-term economic prospects.



Market Overview

Vietnam equity market presents both opportunities and challenges.

The VN-Index surged 8.7% in May 2025 to close at 1,332.6, marking a strong recovery and lifting its year-to-date (YTD) gain to 5.2%. Key drivers behind the market's strength included easing US-China trade tensions, progress in Vietnam-US tariff negotiations, and robust gains in global equity markets. In May 2025 market liquidity weakened, with average daily trading value (ADTV) on the HSX falling 9.0% month-on-month (MoM) to 836.8 million USD. Foreign investors returned to net buying in May, recording inflows of 35.2 million USD. This marked the end of a 15-month net monthly selling streak and provided a modest boost to market sentiment. The VN-Index's trailing P/E ratio was at 13.5x, indicating it more attractive relative to regional peers.

Looking ahead, the Vietnam equity market presents both opportunities and challenges. The VN-Index's current valuation remains undemanding, suggesting room for upside if macroeconomic conditions turn more favorable. This could attract renewed investor interest. The launch of the Korea Exchange (KRX) trading system in early May 2025 modernized market infrastructure, potentially boosting investor confidence. Additionally, a possible upgrade to FTSE Emerging Markets status may increase foreign fund allocations. However, investor sentiment may remain cautious as markets await the outcome of U.S.-Vietnam tariff negotiations—an important factor for export momentum and foreign direct investment.

Sector performance.

In terms of sector performance, Real Estate led the market with a remarkable 27.0% monthly return in May 2025, followed by Industrials (+9.2%). These sectors significantly outpaced the VN-Index, reflecting strong investor interest, primarily driven by VIC (+44.7%), NLG (+40.1%), VHM (+32.9%), GEX (+40.5%) and GEE (+23.7%). On the other hand, Consumer Goods (+2.7%), Insurance (+3.9%) and Banks (+4.3%) underperformed the broader market, suggesting weaker momentum or less favorable sector-specific developments during the month.

Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	25.4%	47.1%	53.7%	17.57	0.10	172.0%	3.2%	36.0%	60.1%
Basic Materials	1.0%	-13.3%	-20.6%	34.69	0.19	541.0%	10.5%	86.4%	-81.5%
Oil & Gas	6.6%	-16.6%	-22.6%	19.90	0.22	407.0%	11.1%	28.3%	5.5%
Utilities	14.8%	15.9%	13.6%	26.05	0.18	421.0%	4.7%	459.6%	116.9%
Banks	7.7%	1.6%	6.2%	15.78	0.09	156.0%	5.7%	-20.2%	-11.2%
Consumer Goods	7.0%	-1.9%	2.8%	13.61	0.12	202.0%	5.4%	14.6%	-29.0%
Industrials	4.1%	-5.7%	-8.4%	16.30	0.13	225.0%	5.8%	6.6%	-10.6%
Health Care	4.9%	-2.5%	2.7%	8.99	0.17	141.0%	1.5%	1.8%	4.2%
Consumer Services	6.0%	1.6%	4.0%	15.97	0.11	171.0%	5.7%	4.4%	14.0%
Technology	5.2%	-18.3%	-12.8%	30.39	0.04	110.0%	1.9%	-67.1%	-11.4%
Telecommunications	5.8%	-9.2%	4.3%	18.01	0.09	150.0%	4.4%	35.0%	-3.3%
Real Estate	20.5%	32.1%	39.3%	17.46	0.09	164.0%	3.0%	21.6%	56.0%



Source: FiinproX, Bloomberg.

Introduction

In April, **PRUlink Sustainable Development Equity fund** has been launched in response to the investment trend in enterprises that commit to ESG of SDG – UN. Hence, up to now there are 7 **PRUlink Funds** established from premium of unit-linked product policies provided by Prudential Vietnam, with an aim to maximize total income in the medium-to-long term for policyholders who are signed policies with Prudential Vietnam and does not apply to other individuals. These funds are designed for customers with low to high risk tolerance levels corresponding to investment strategy into assets with stable income (such as deposits...) to high capital growth (such as stocks...) or both high capital growth and meet the **ESG** trend in the world.

PRUlink Funds Performance

Year	Prulink ESG Since 08.03.24	PRUlink Vietnam Equity	PRUlink Growth	PRUlink Balance	PRUlink Stable	PRUlink Bond	PRUlink Preserver	VNIndex	Gold	USD	Deposit rate of 12 months
2020		16.4%	16.0%	14.7%	12.5%	9.0%	5.6%	14.9%	31.9%	-0.6%	7.1%
2021		40.0%	28.5%	20.8%	13.3%	3.0%	4.2%	35.7%	9.7%	-1.6%	6.2%
2022		-23.8%	-17.6%	-13.3%	-8.9%	-2.0%	4.8%	-32.8%	8.1%	3.4%	5.7%
2023		13.5%	15.5%	16.8%	18.1%	20.2%	6.7%	12.2%	10.8%	2.9%	6.7%
2024	6.3%	17.9%	13.7%	10.5%	7.4%	2.8%	4.2%	12.1%	15.3%	5.9%	5.9%
5M2025	-1.9%	-3.8%	-2.2%	-1.1%	-0.1%	1.5%	1.8%	5.2%	40.7%	2.2%	2.4%

NAV data as of 29 May 2025

Commentary

As of 31 May 2025, **PRUlink** funds achieved returns as follows:

- **PRUlink** ESG Fund decreased 1.9% from year to date (YTD).
- **PRUlink** Equity Fund decreased 3.8% YTD.
- **PRUlink** Growth Fund decreased 2.2% YTD.
- **PRUlink** Balance Fund decreased 1.1% YTD.
- **PRUlink** Stable Fund decreased 0.1% YTD.
- **PRUlink** Bond Fund increased 1.5% YTD.
- **PRUlink** Preserver Fund increased 1.8% YTD.

**PRUlink** funds customers are always recommended to focus on investment goals with a long-term vision rather than focusing on short-term fluctuations because the unit-linked investment product (ILP) is designed with specific investment goals and maximum maximize profits in the medium and long term.

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