

Global Macroeconomics

Global economic growth in 2025 is expected to remain subdued amid heightened policy uncertainty and escalating trade tensions, with the IMF highlighting a rapid build-up in global public debt and a widening development gap across economies. The World Bank forecasts global growth at only around 2.3% in 2025, its weakest non-recession level in 17 years, driven by softening trade flows and persistently weak investment across emerging markets.

Looking ahead to 2026, the growth outlook remains lackluster, as both the United Nations and the IMF project global expansion of roughly 2.7%, still below the pre-crisis average. Elevated sovereign debt burdens, rising geopolitical risks, and weakened business sentiment continue to weigh on the macro environment. Nevertheless, easing inflation and a gradual shift toward monetary loosening may provide some support to consumption and investment demand across major economies.

Vietnam Macroeconomics

Strong Growth Prospects Amid Manageable Risks

Vietnam enters 2026 with a positive outlook, backed by a high GDP growth target, robust public investment plans, and ongoing regulatory reforms. The Government has set an ambitious GDP growth target of 10% for 2026, exceeding the pace recorded in 2025, and aims to sustain growth of at least 10% annually during the 2026–2030 period. Infrastructure spending is expected to rise further, creating spillover benefits for manufacturing and services sectors. Ongoing structural and regulatory reforms - particularly those related to administrative simplification, digital government initiatives and supportive policies for both private and state-owned businesses - are contributing to a more conducive business environment. While global uncertainties and shifting trade policies may present headwinds, Vietnam's competitive tariff structure, sound fiscal fundamentals, and accommodative monetary stance provide a solid foundation for supporting high and sustainable growth.

Robust GDP Growth Signals Strong Year-End Momentum

Vietnam's economy closed 2025 with Q4 GDP growth reaching 8.5% YoY, the strongest quarterly performance since 2011. The increase in Q4 was led by services, up 8.82% YoY, and industry and construction, which rose 9.73% YoY. Manufacturing and construction activities were particularly vibrant, supported by rising domestic demand and infrastructure development. This robust growth underscores Vietnam's resilience and positions the economy well for its ambitious targets in 2026.

Inflation Under Control Amid Seasonal Pressures

Headline inflation in December rose 0.19% MoM and 3.48% YoY, bringing average CPI in 2025 to 3.31% YoY. The increase was largely attributed to higher foodstuffs prices ahead of year-end festivities. However, this was partially offset by a decline in domestic gasoline prices, which helped contain overall inflation. The ability to maintain inflation below the government's 4.5% cap demonstrates effective policy measures and stable market conditions.

Manufacturing and Trade Reached Record Highs

Industrial production surged in December, with the overall IIP climbing 2.2% MoM and 10.1% YoY, marking the strongest growth in seven years. Manufacturing sub-sector IIP expanded 10.9% YoY, driven by robust output in motor vehicles and basic metals. Complementing this, the Manufacturing PMI stood at 53.0 in December, signaling sustained improvement in sector conditions and rising business confidence. On the external front, exports reached a record USD 44.1 bn (+23.9% YoY), while imports hit USD 44.7 bn (+27.7% YoY), reflecting strong demand for electronics and machinery ahead of Tet. Despite a monthly trade deficit of USD 0.64 bn, the full-year trade surplus remained solid at USD 20.1 bn, underscoring Vietnam's competitive edge in global markets.

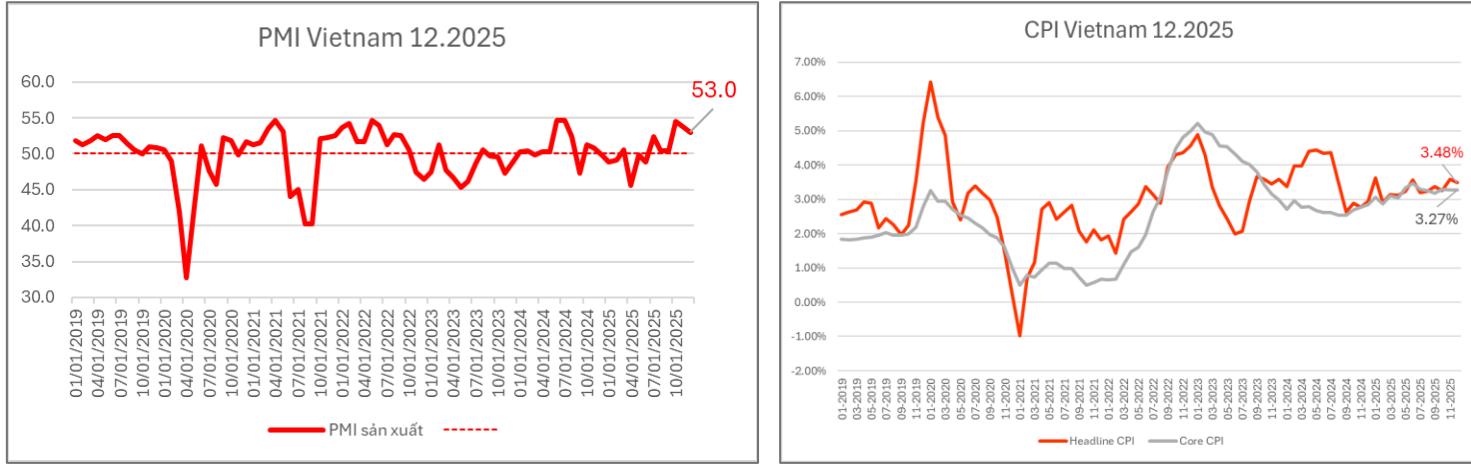
Investment Activity Accelerated to Support Growth

December witnessed a significant boost in investment flows. Disbursed FDI hit USD 4.0 bn, up 9.5% YoY, marking the highest monthly level since 2012. Manufacturing and real estate sectors continued to dominate foreign capital allocation, reinforcing Vietnam's attractiveness as an investment destination. Public investment also surged, with disbursements reaching VND 178.7 tn in December as authorities pushed to meet annual targets. This fiscal stimulus is expected to generate multiplier effects across the economy, supporting infrastructure development and long-term growth.

Eastspring Vietnam Newsletter – Dec 2025

Stock Market

Market Overview



Equity market overview.

Vietnam Equity Market Review and 2026 Outlook

Vietnam's equity market closed 2025 on a strong note, with the VN-Index reaching 1,784.5 points, up 5.5% MoM in December and an impressive 40.9% YTD. The rally was primarily driven by Vingroup stocks and robust blue-chip leadership. Market liquidity in December improved as average daily trading value on HSX climbed to USD 899 million, marking a 4.0% MoM increase. Foreign investors returned to net buying after four consecutive months of selling, contributing USD 64.3 million in net inflows across the three bourses. Valuation also edged higher, with the VN-Index trailing P/E rising to 17.3x, reflecting the market's strong momentum.

Vietnam's equity market continues to stand out as an attractive long-term investment destination, supported by solid macroeconomic background, accommodative monetary policies and a market upgrade. FTSE Russell has announced that Vietnam will transition from Frontier Market to Secondary Emerging Market status in September 2026. This shift is anticipated to strengthen investor confidence, improve liquidity, and drive valuations higher, aligning with Vietnam's robust GDP growth prospects. These structural advancements are expected to draw significant foreign capital and expand investor participation. Nonetheless, certain challenges persist. External factors, particularly potential changes in U.S. trade policy, could impact Vietnam's export performance and its ability to maintain strong FDI inflows. Effectively navigating these risks will be critical to sustaining momentum and unlocking the full potential of Vietnam's equity market in the years ahead.

Sector performance.

Sector performance highlighted clear winners and losers in December. Real Estate led the market with a remarkable 16.9% gain, fueled by sharp rallies in VIC (+30%) and VHM (+21%). Utilities followed with a solid 6.0% increase, supported by GAS (+14%) and GEG (+8%), while Insurance posted a healthy 5.1% rise, driven by BVH and PVI. On the downside, Technology suffered the steepest decline at -7.0%, reflecting sector-specific pressures. Basic Materials also underperformed with a -4.9% drop, weighed down by DGC and peers, while Financial Services slipped -0.9%, signaling weakness in non-bank financial stocks.

Bond market overview

Government and Corporate bond market in December 2025: improved liquidity and accelerated year-end funding activity

In December 2025, the total value of Government bond (VGB) auctions reached VND 83 trillion, with a winning rate of 77.8%, a notable improvement from the previous month. The 10-year tenor remained dominant, accounting for 95.6% of total winning volume, equivalent to VND 61.7 trillion. Average winning yields across most tenors trended higher compared with November. For the full year, the State Treasury mobilized nearly VND 371.5 trillion, fulfilling 74.3% of the 2025 annual plan.

In the corporate bond market, December 2025 recorded VND 62.4 trillion in new issuance, up 77% month-on-month but down 24% year-on-year. Private placements contributed VND 58.7 trillion, while public offerings reached VND 3.77 trillion. On a cumulative basis, total corporate bond issuance for 2025 amounted to VND 589.3 trillion, marking a 25% increase versus 2024. During the month, corporates executed VND 35.82 trillion in early redemptions, down 15% from the same period in 2024. On the secondary market, the trading value of privately placed bonds reached VND 176.8 trillion, with an average daily turnover of VND 7.69 trillion, a strong 39% increase month-on-month.

Source: FiinproX, Bloomberg, VBMA.

Eastspring Vietnam Newsletter – Dec 2025

Stock Market

Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	13.39%	27.03%	159.05%	26.83	2.90	10.48%	3.15%	32.55%	19.49%
Basic Materials	-3.63%	-5.32%	14.45%	14.78	1.49	10.51%	5.35%	23.59%	-6.12%
Oil & Gas	4.99%	5.45%	18.12%	20.90	1.39	6.84%	3.21%	-32.59%	-19.15%
Utilities	5.44%	8.54%	18.77%	14.16	1.79	13.40%	6.99%	20.47%	-24.53%
Banks	2.70%	-3.03%	29.82%	10.06	1.63	17.04%	1.48%	0.92%	-1.91%
Consumer Goods	1.56%	15.19%	16.07%	17.49	2.58	14.55%	6.75%	18.55%	-13.59%
Industrials	-4.93%	-13.14%	-21.63%	12.21	1.95	13.70%	5.96%	23.74%	36.78%
Health Care	3.34%	3.71%	17.11%	18.07	1.72	9.01%	5.38%	-10.23%	-4.36%
Consumer Services	2.00%	15.00%	50.35%	25.93	4.32	20.30%	5.40%	46.80%	-34.85%
Technology	-0.08%	4.96%	-22.83%	17.98	3.68	22.71%	11.21%	17.54%	10.34%
Telecommunications	-2.99%	2.26%	-17.24%	20.68	5.27	29.29%	15.39%	114.89%	38.86%
Real Estate	17.70%	39.37%	211.09%	33.08	3.28	9.93%	3.05%	30.20%	-4.06%

VN-Index



P/E ratio



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 Vietnam S.D.E	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%
2025	9.6%	13.4%	10.5%	8.4%	6.3%	3.4%	4.5%	40.9%	84.1%	3.2%	7.2%

NAV data as of 29 Dec 2025

Commentary

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

- **PRUlink** ESG Fund increased **9.6%** from year to date (YTD).
- **PRUlink** Equity Fund increased **13.4%** YTD.
- **PRUlink** Growth Fund increased **10.5%** YTD.
- **PRUlink** Balance Fund increased **8.4%** YTD.
- **PRUlink** Stable Fund increased **6.3%** YTD.
- **PRUlink** Bond Fund increased **3.4%** YTD.
- **PRUlink** Preserver Fund increased **4.5%** 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.

Disclaimer

This document is only intended to provide the information and opinions of Eastspring Investments Fund Management Limited Liability Company ("Eastspring Vietnam") and may not be used for publication, circulation, republication or partial distribution or in whole to anyone else without the prior written consent of Eastspring Vietnam.

Eastspring Vietnam has taken all reasonable care so that the information contained in this document is not false or misleading when published. However, Eastspring Vietnam does not guarantee the accuracy or completeness of such information. The information and opinions contained in this document are subject to change without notice. Eastspring Vietnam does not accept any liability for the use or interpretation of the information contained in this presentation by others or for any loss arising directly or indirectly from any person's actions. based on any information or opinions contained in this presentation.

Note: EIVN's past investment results do not necessarily represent the future investment results of ILP Funds. Investing in ILP Funds is subject to investment risks, including the possible loss of initial investment. Investors should consult with a financial expert before deciding to invest in ILP Funds.

Eastspring Vietnam is a company of Prudential Group plc of the UK. Eastspring Vietnam and Prudential Group plc are not affiliated in any way with Prudential Financial Inc., a company headquartered in the United States of America, and Prudential Assurance Company, a company subsidiary of M&G Group plc, incorporated in the United Kingdom.