

Fund Manager's Report

In December, the Fund gained 3.2% to ₱1.94, underperforming the MSCI Vietnam TR (+7.0%) in Peso terms. For 2025, the Fund gained 10.8%, trailing the MSCI Vietnam Total Return Index, which rose 69.4%. While the gap is obvious, single-year results are a poor yardstick for judging long-term investment success. Since inception, the Fund has gained 93.5%, comfortably ahead of the benchmark's 68.1% gain, a comparison we believe is far more meaningful in assessing the effectiveness of our approach.

Vietnamese equities finished the year strongly, with the VNI closing December at a record 1,784 and delivering a 40.9% gain for 2025, far ahead of regional peers. That headline performance, however, masks a high degree of concentration. Much of the index's advance was driven by the Vingroup complex (VIC, VHM, VRE, and VPL) which together represented nearly a quarter of the VNI by year-end. Excluding these four names, the index's 2025 return would have been a far more modest 12.8%. The influence of the parent company, VIC, was especially pronounced: with a weight of 15.7%, its extraordinary 736.5% gain accounted for more than half of the VNI's total return in 2025.

In this context, any portfolio that did not own VIC, including ours, was almost certain to lag. VIC's extraordinary rally reflected a sharp rebound after several years of underperformance and heightened enthusiasm around VinFast, Vietnam's electric vehicle manufacturer. We remain unconvinced by the VinFast investment case: the business is capital-intensive, highly competitive, and continues to generate widening losses. With a path to breakeven still unclear and the stock trading near 100 times earnings, we do not believe allocating capital at current levels meets our standard for prudent, long-term investment.

Despite the Fund's short-term underperformance, the underlying businesses we own continued to make meaningful progress. Across the portfolio, most holdings delivered double-digit growth in both revenues and earnings during 2025, with a portfolio-weighted average revenue increase of roughly 30% and earnings growth of about 60%. These are not one-off gains but the result of businesses that are strengthening their competitive positions and reinvesting at attractive rates. We do not expect markets to reward this progress in a straight line. Over time, however, business value has a way of asserting itself. As these companies continue to compound earnings, we expect valuations to follow in due course, a process that has historically proven far more durable than short-term market enthusiasm.

Beyond a strong equity market, Vietnam posted solid economic results in 2025 that point to durable momentum. Full-year GDP growth reached 8%, with 4Q growth accelerating to 8.5%, the second-highest annual expansion since 2011. Industrial production and retail sales both grew 9.2% YoY, while foreign direct investment remained resilient, with disbursements rising 9.0% to USD 27.6 billion. Public finances were also healthy, with a fiscal surplus of USD 9.4 billion, and trade flows produced a USD 20 billion surplus.

Looking ahead, Vietnam appears well positioned for continued expansion, with GDP growth forecast at 8.5% in 2026 and 8.8% in 2027. Supportive fiscal and monetary policies, ongoing institutional reforms, and measures aimed at strengthening the private sector provide a constructive backdrop. Rising employment, higher minimum wages, tax relief, and a VAT reduction should continue to underpin domestic consumption, while export competitiveness remains intact relative to regional peers.

Finally, Vietnam’s expected upgrade to Emerging Market status by FTSE in September 2026 could mark an important milestone for its capital markets. Such a reclassification would broaden the investor base and potentially attract meaningful incremental capital over time. Estimates suggest that combined foreign net inflows could reach up to USD 10 billion in a bull scenario. At the same time, corporate earnings are expected to continue growing at a healthy pace—19% in 2026—providing a fundamental underpinning for equity returns rather than reliance on valuation expansion alone.

We remain bullish on Vietnam’s long-term prospects. We wish you all a healthy and prosperous year ahead!

Historical Performance, net of all fees (in PHP); (start date 22Feb19)

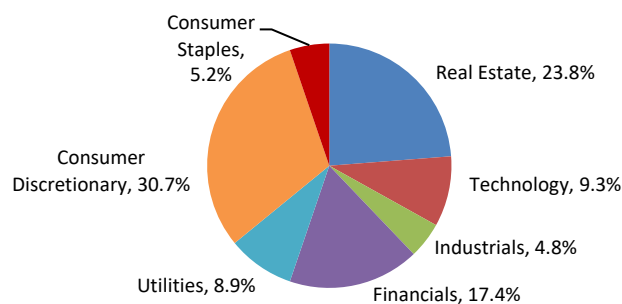
net of fees	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	4.1%	-5.9%	-3.1%	-6.0%	7.5%	4.0%	7.6%	0.3%	-0.7%	3.8%	-3.2%	3.2%	10.8%
MSCI VN TR ¹	1.5%	1.5%	0.9%	-7.7%	11.1%	4.8%	19.4%	10.2%	2.1%	2.8%	2.5%	7.0%	69.4%
2024	2.8%	12.3%	4.6%	2.0%	5.8%	3.7%	-1.1%	-0.8%	-1.0%	-1.8%	-0.8%	0.6%	28.6%
MSCI VN TR ¹	0.6%	5.8%	2.9%	-8.0%	5.3%	-2.8%	-1.0%	-0.3%	1.4%	-1.9%	-1.2%	-2.0%	-2.1%
2023	4.6%	-11.1%	-3.1%	0.8%	2.6%	7.7%	26.6%	1.7%	-0.6%	-10.6%	6.5%	5.3%	28.7%
MSCI VN TR	7.7%	-10.1%	4.8%	-0.4%	1.4%	3.9%	8.8%	2.3%	-9.0%	-14.5%	9.1%	4.1%	4.8%
2022	-3.2%	9.0%	8.3%	-1.8%	-8.6%	3.8%	-10.5%	8.8%	-13.6%	-11.4%	-13.0%	0.2%	-30.8%
MSCI VN TR	-3.3%	-2.9%	0.1%	-7.1%	-7.3%	-2.8%	-0.3%	5.8%	-8.6%	-14.5%	-0.9%	-3.3%	-37.9%
2021	-2.3%	9.2%	0.9%	-2.7%	2.4%	5.7%	5.9%	0.4%	3.1%	4.5%	3.3%	11.1%	48.9%
VNI TR	-4.1%	12.0%	1.2%	4.3%	6.3%	7.6%	-3.5%	1.3%	2.7%	7.4%	2.2%	1.8%	45.1%
2020	-4.0%	-1.2%	-17.5%	16.6%	17.2%	-5.7%	-2.0%	4.7%	1.8%	-2.1%	8.7%	12.2%	25.8%
VNI TR	-2.5%	-5.8%	-24.7%	15.0%	12.8%	-6.0%	-3.7%	8.5%	2.9%	2.3%	8.8%	9.7%	10.8%
2019		-0.8%	-0.5%	-2.6%	-1.4%	0.1%	-1.7%	0.0%	0.6%	-4.5%	-5.8%	-3.4%	-18.6%
VNI TR		-2.5%	3.3%	-2.2%	-1.4%	-0.9%	3.7%	1.9%	0.8%	-1.6%	-3.1%	-0.7%	-3.0%

¹ MSCI Vietnam Total Return Index;

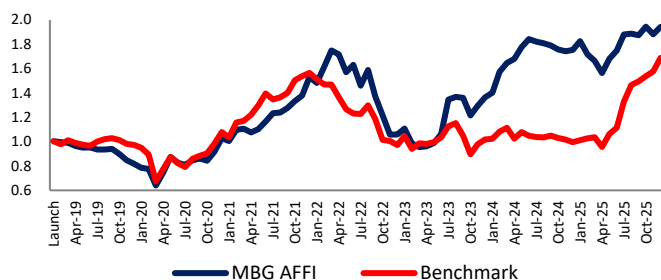
Portfolio Characteristics

	MBG AFFI	MSCI VN
Volatility (3σ, 1-day)	+/- 4.0%	+/- 4.9%
Correlation to MSCI VN	0.9	1.0
Beta	0.7	1.0
Stock holdings	92.4%	100.0%
Large cap (> \$1bln)	85.5%	83.8%
Mid cap (\$100mln to \$1bln)	8.9%	16.1%
Small cap (< \$100mln)	5.6%	0.1%
Vietnam allocation	94.4%	100%
Singapore allocation	5.6%	0.0%

Sector Allocation



MBG AFFI Performance vs. Benchmark (in PHP)



*Rescaled to 1.0040 on 22 February 2019 (NAV of fund prior to first trade date)

Fund Statistics, since first trade date (22Feb19)

(net of all fees)	MBG AFFI	MSCI VN
3 months	3.6%	12.8%
6 months	11.1%	51.5%
1 year	10.8%	69.4%
3 years (annualized)	22.4%	20.2%
Inception (cumulative)	93.5%	68.1%
Inception (annualized)	10.1%	7.9%
Months with gains	55.4%	56.6%
Volatility of returns p.a.	+/- 18.9%	+/- 24.0%
1-yr Sharpe ratio (RFR 6%)	0.25	2.64

Fund Information

Inception	February 22, 2019
Master fund	Seahedge Asia Frontier Fund SP (Cayman Islands-domiciled)
Management fee	1%
Fund administration fee	0.25%
Minimum subscription	PHP 100,000 or USD equivalent
Dealing	Daily
Lock-up period and penalty	1 year; 5% penalty
Fund AUM	PHP 673 million
Custodian	Deutsche Bank Manila
Auditor	SGV & Co. (Ernst & Young Ltd)
Legal advisors	Mata-Perez & Francisco
Fund manager	Russell Virata / Michael B. Garcia
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