

## Fund Manager's Report

In February, the Fund declined 1.5% to ₱1.96, underperforming the MSCI Vietnam TR (+2.6%) in Peso terms. Since inception, the Fund has gained 95.5%, outperforming the benchmark (+69.7%). The VNI took investors on a brief round trip this month. It declined 4.1% in the first half as investors locked in profits ahead of the Tet holidays—a seasonal habit in the market—before staging a sharp recovery and finishing the month up 2.8% overall. Much of the rebound was driven by a surge in Vingroup (VIC), which rose 21.6% during the month. The market also welcomed news from the U.S. that universal tariffs would be reduced from 20% to 10%, a development that should benefit Vietnam's export-oriented economy. Trading activity cooled somewhat, with average daily turnover falling 17.6% to about USD 1.2 billion. Foreign investors remained sellers, withdrawing a net USD 302 million from the market.

Vietnam's economy maintained solid momentum in the first two months of 2026. Retail sales grew 7.9% YoY, supported by a rebound in tourism as international arrivals rose 18.1% to 4.7 million visitors. Industrial production expanded 10.4%, while the PMI reached 54.3, signaling improving business conditions. Trade activity remained strong, with exports and imports rising 18.3% and 26.3%, respectively. While newly registered FDI declined to USD 6 billion, actual disbursements rose 8.8% to USD 3.2 billion. Rising tensions involving Iran could place short-term pressure on energy prices, the VND, and inflation. However, Vietnam maintains reasonable buffers, including energy inventories and diversified LPG imports. Over the longer run, we believe the country's domestic growth engines—rising incomes, urbanisation, and the formalisation of the economy—remain firmly intact, which benefits the companies we own. A further catalyst may come from the FTSE review this March, where Vietnam is widely expected to pass the assessment that could lead to an upgrade to Secondary Emerging Market status by September 2026.

Following our recent trip to Vietnam, we initiated two new positions in the portfolio. The first is Phu Nhuan Jewelry (PNJ), the country's leading jewelry retailer with 431 stores nationwide, far ahead of its nearest competitor with 168. As Vietnam's middle class expands and household incomes rise, we expect demand for branded jewelry to grow steadily. At the same time, the industry is undergoing consolidation as stricter regulatory requirements are forcing many smaller family-run shops to scale down or exit the market. PNJ, as the most established and trusted brand in the sector, is well positioned to gain market share as this process unfolds. Our second investment is MB Bank (MBB), one of Vietnam's leading private sector banks. The bank has built a strong deposit franchise and is the country's leader in digital banking, with nearly all transactions conducted through its digital platforms. MBB maintains a high CASA ratio of 37%, a low non-performing loan ratio of 1.3%, and generated a 21.6% return on equity in 2025, one of the highest in the sector. With the central bank targeting strong credit growth this year, we believe MBB is well positioned to continue compounding earnings in the years ahead.

In the near term, markets will continue to react to developments in the Middle East. The war involving Iran has pushed oil prices higher and disrupted energy flows, particularly through the Strait of Hormuz, which carries a significant share of the world's oil supply. For energy-importing economies such as Vietnam, higher oil prices can temporarily weigh on currencies and inflation. Encouragingly, recent developments suggest that a resolution may be closer than previously expected, and markets have already begun to price in the

possibility that the conflict may prove to be short-lived. When the dust settles and energy markets normalise, Vietnam’s underlying growth drivers—strong domestic consumption, industrial expansion, and rising foreign investment—should once again take center stage. In our view, that environment will allow the country, and the companies we own, to resume their long-term compounding journey.

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

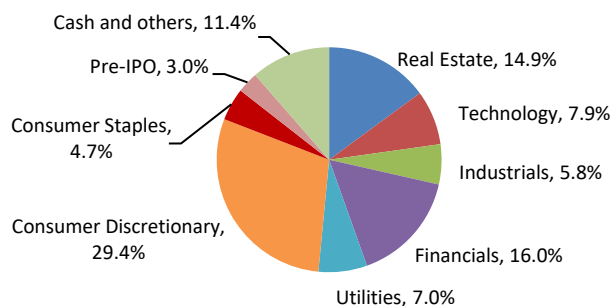
net of fees	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2026	2.6%	-1.5%											1.0%
MSCI VN TR <sup>1</sup>	-1.7%	2.6%											0.9%
2025	4.1%	-5.9%	-3.1%	-6.0%	7.5%	4.0%	7.6%	0.3%	-0.7%	3.8%	-3.2%	3.2%	10.8%
MSCI VN TR <sup>1</sup>	1.5%	1.5%	0.9%	-7.7%	11.1%	4.8%	19.4%	10.2%	2.1%	2.8%	2.5%	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 <sup>1</sup>	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%

<sup>1</sup> MSCI Vietnam Total Return Index;

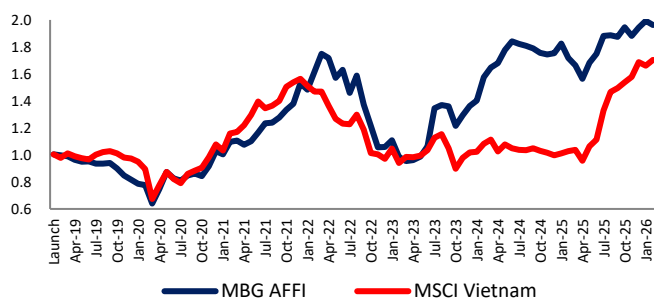
**Portfolio Characteristics**

	MBG AFFI	MSCI VN
Volatility (3σ, 1-day)	+/- 3.8%	+/- 4.9%
Correlation to MSCI VN	0.9	1.0
Beta	0.7	1.0
Stock holdings	85.6%	100.0%
Large cap (> \$1bln)	86.4%	83.1%
Mid cap (\$100mln to \$1bln)	8.2%	16.8%
Small cap (< \$100mln)	5.4%	0.1%
Vietnam allocation	80.9%	100%
Singapore allocation	4.6%	0.0%
Pre-IPO allocation	3.0%	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	4.2%	8.0%
6 months	4.0%	16.3%
1 year	14.2%	65.8%
3 years (annualized)	25.8%	21.9%
Inception (cumulative)	95.5%	69.7%
Inception (annualized)	10.0%	7.8%
Months with gains	55.3%	56.5%
Volatility of returns p.a.	+/- 19.4%	+/- 24.9%
1-yr Sharpe ratio (RFR 6%)	0.42	2.40

**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 707 million
Custodian	Deutsche Bank Manila
Auditor	SGV & Co. (Ernst & Young Ltd)
Legal advisors	Mata-Perez & Francisco
Fund manager	Russell Virata / Michael B. Garcia
	MBG Investment Management, Inc. (Licensed Investment Company Adviser SEC C.R. No. 01-2017-00284)
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