

## Macroeconomics

### Global Macroeconomics

In February 2025, the U.S. economy maintained its growth momentum as the Purchasing Managers' Index (PMI) reached 52.7 for the manufacturing sector and 51.0 for the services sector. The Personal Consumption Expenditures (PCE) inflation index recorded a positive increase of 2.5% year-over-year, down 0.1% from the previous month. The labor market cooled as the unemployment rate rose to 4.1%, along with non-farm payrolls increasing by 151,000 jobs, which was below expectations. With the unclear impacts of President Donald Trump's continuously adjusted tariff policies with partners such as Canada, Mexico, and China, the Federal Reserve maintained a cautious stance on early rate cuts, with forecasts indicating no rate cuts from the Fed before the FOMC meeting in June this year.

China is facing deflationary pressures as the Consumer Price Index (CPI) in February decreased by 0.7% year-over-year, marking the first decline in 2025. The Producer Price Index (PPI) also fell by 2.2% year-over-year, indicating downward price pressure from the production side. Weak consumer demand and the ongoing trade war with the U.S. continued to negatively impact the economy. To quickly escape the risk of prolonged deflation, China is expected to avoid extending the trade war as during President Donald Trump's previous term. Additionally, China may soon revert to monetary easing policies to continue supporting domestic consumption amid the current gloomy outlook.

### Vietnam Macroeconomics

#### Macroeconomic Outlook Remains Strong

Vietnam's macroeconomic outlook for 2025 remains robust. Stronger public investments, strong FDI inflows and supportive monetary measures are expected to drive economic growth. Public investment is expected to play a crucial role. Additionally, robust FDI inflows further underscore Vietnam's economic resilience and growth prospects. Despite external risks such as VND depreciation pressure and potential US tariffs, Vietnam's economy is well-positioned to maintain its growth trajectory, supported by sound fiscal and monetary policies.

#### Inflation Moderates in February

Vietnam's Consumer Price Index (CPI) moderated to 2.91% year-on-year (YoY) in February, with a month-on-month (MoM) increase of 0.34%. This moderation was driven by lower contributions from food and transport sectors, coupled with a favorable base effect.

#### Retail Sales Supported by International Tourist Arrivals

Retail sales in February rose by 9.4% YoY, despite a 2.5% decline MoM. The YoY growth was significantly supported by sales of accommodation, food, and beverages, which increased by 12.7% YoY, coupled with a favorable base effect. Additionally, international tourist arrivals surged by 23.7% YoY in February, further boosting retail sales.

#### Manufacturing Activities Show Improvement

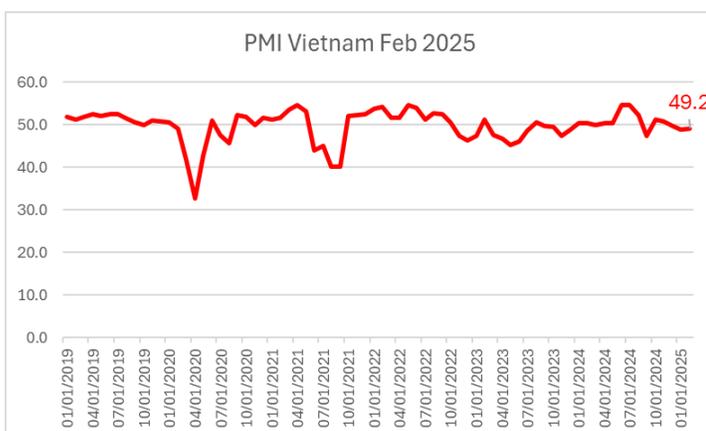
PMI manufacture has been remaining below the 50.0 threshold for the third consecutive month, the sector showed a slight improvement. The PMI rose slightly to 49.2, up from a four-month low of 48.9 in January, indicating a gradual improvement in manufacturing activity. The Industrial Production Index (IIP) for manufacturing increased by 17.2% YoY in February, supported by a low base from the previous year, when the Lunar New Year fell in February.

#### Imports surge considerably in February

Vietnam's export value showed a 25.7% YoY increase, while imports surged 40.0% YoY in February 2025, largely influenced by seasonal effects due to fewer working days in February last year. On a MoM basis, exports saw a 6.3% decline MoM, but imports increased 8.6% MoM. The significant rise in imports suggests robust domestic demand and potential stockpiling by businesses in anticipation of future growth. Notably, imports of motor vehicles and computers and electrical products experienced substantial increases. An estimated trade deficit of 1.55 billion USD was recorded in February, narrowing the trade surplus for the first two months of 2025 to 1.5 billion USD.

#### FDI Implementation Continues to Grow

Disbursed Foreign Direct Investment (FDI) reached 1.4 billion USD in February, a 9.1% YoY increase. This growth in FDI implementation indicates sustained investor confidence in Vietnam's economic prospects and its favorable investment climate. FDI commitments also rose, underscoring the long-term attractiveness of Vietnam as an investment destination.



## Stock Market

### Market Overview

#### The bright outlook for Vietnam's stock market in 2025

In February 2025, the VN-Index reached 1,305.40, marking its highest level since June 2022, up 3.2% in February and 3.0% year-to-date (YTD). The increase was supported by the Vietnamese government's proactive measures to stimulate economic growth. The approval of major infrastructure projects and efforts to upgrade the stock market infrastructure further bolstered investor confidence. Trading turnover on the HSX reached its highest level since October 2024, with the average daily trading value surging to USD 623.2 million, a 39.2% increase from January. However, foreign investors continued their net selling streak for the 13th consecutive month, with net outflows of USD 377 million on the HSX. The market's trailing P/E ratio rose to 14.1x, reflecting higher investor optimism.

The outlook for Vietnam's stock market in 2025 appears bright, driven by supportive economic policies and the solid earnings growth outlook of corporates. The government's ambitious economic targets, including an 8% GDP growth goal in 2025, are expected to stimulate economic activities and bolster investor confidence. Furthermore, the acceleration of public investment, the recovery of the property sector, efforts to upgrade the stock market infrastructure, a potential FTSE Emerging Markets status upgrade, and increased foreign direct investment will enhance market performance. However, investors may remain cautious due to declining trade activities during Trump's presidency. Despite potential short-term volatility, the combination of supportive government measures and a resilient economic outlook positions the Vietnam market for robust growth in this year.

#### Sector Performance

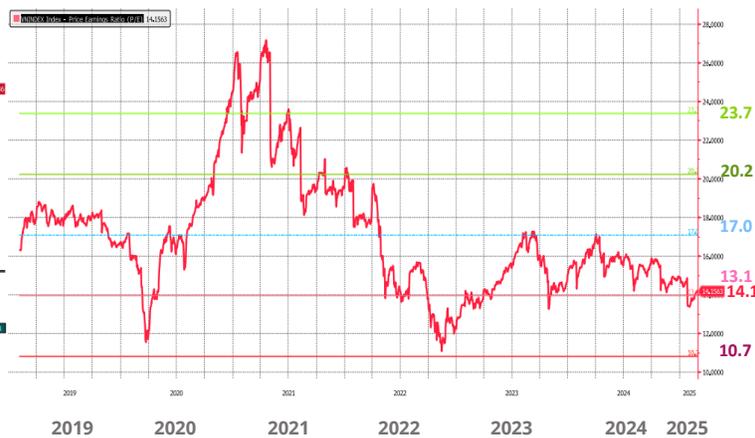
The top three outperforming sectors in February 2025 were Basic Materials, Financial Services, and Insurance, with monthly returns of 10.6%, 9.3%, and 8.6%, respectively. These sectors significantly outpaced the VN-Index's 3.2% gain in February. On the other hand, Technology, Consumer Services, and Health Care underperformed, with returns of -7.8%, -1.7%, and 0.2%, respectively. The Technology sector faced substantial challenges, lagging the broader market.

Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	6.7%	6.9%	5.4%	16.38	1.30	8.7%	2.6%	-4.7%	-9.9%
Basic Materials	15.0%	18.9%	14.9%	21.94	1.76	8.6%	4.2%	46.5%	34.9%
Oil & Gas	6.2%	11.6%	6.8%	26.77	1.37	5.6%	2.6%	-54.3%	-319.9%
Utilities	2.8%	3.7%	2.4%	17.34	1.87	10.6%	5.5%	-15.1%	-21.2%
Banks	3.4%	7.8%	5.3%	9.81	1.54	17.3%	1.5%	-1.5%	12.3%
Consumer Goods	1.5%	1.9%	-2.8%	17.80	2.55	14.6%	6.0%	14.2%	-3.6%
Industrials	0.6%	8.9%	4.8%	17.43	2.16	14.2%	5.3%	28.6%	37.6%
Health Care	4.5%	8.3%	4.5%	16.17	1.79	11.2%	6.5%	-12.3%	24.8%
Consumer Services	-0.7%	0.7%	-1.2%	22.55	4.13	5.2%	0.9%	-580.8%	-18.2%
Technology	-7.7%	-1.5%	-7.2%	26.11	5.15	25.3%	10.3%	11.5%	12.2%
Telecommunications	-9.7%	-7.6%	-8.4%	34.91	6.45	23.5%	12.4%	175.1%	351.9%
Real Estate	5.7%	4.9%	4.4%	15.84	1.23	8.6%	2.6%	-3.2%	-11.6%

VnIndex



P/E ratio



Source: FiinproX, Bloomberg.

### Introduction

In March, **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	6.7%	18.9%	14.3%	10.9%	7.5%	2.6%	4.2%	12.1%	15.3%	5.9%	5.9%
2M2025	1.7%	1.4%	1.1%	1.0%	0.8%	0.6%	0.7%	3.0%	7.5%	0.2%	1.0%

NAV data as of 27 Feb 2025

### Commentary

As of 28 February 2025, **PRUlink** funds achieve positive growth, specifically:

- **PRUlink** ESG Fund increased 1.7% from year to date (YTD).
- **PRUlink** Equity Fund increased 1.4% YTD.
- **PRUlink** Growth Fund increased 1.1% YTD.
- **PRUlink** Balance Fund increased 1.0% YTD.
- **PRUlink** Stable Fund increased 0.8% YTD.
- **PRUlink** Bond Fund increased 0.6% YTD.
- **PRUlink** Preserver Fund increased 0.7% 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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