



MARKET REVIEW

VNI +17.1% in April on stimulus-induced worldwide rebound

Following the historic sell-off in March, the VN Index rebounded by 17.1% (\$TR) in April. This was the VNI's biggest monthly gain since Aug 2009, on the back of synchronized global rallies thanks to massive, unprecedented monetary and fiscal stimulus deployed by central banks and governments worldwide. Vietnamese stocks rose across the board despite the country being under lockdown for three weeks. The best performers were the stocks that were hit hardest during the sell-off, namely consumer discretionary – Mobile World (MWG, +39.8%) and Sabeco (SAB, +32.5%). And while they still rose nicely, Vietcombank (VCB, +10.5%) and Vinamilk (VNM, +9.6%) were the biggest relative underperformers.

Foreign outflows high, but offset by local buying

Despite the recovery, trading activity fell slightly. Average daily traded value fell 2.9% mom to \$185m. For the third consecutive month, foreign investors dumped shares aggressively, pulling out a further \$262m from the HOSE – mostly from blue-chips: Vingroup (VIC, -\$52m), Vinamilk (-\$26m), and Vietcombank (-\$19m). This large foreign outflow was offset, however, by strong local buying. Companies continued to announce massive share buybacks, most notably \$110m from VP Bank (VPB) and \$70m from VNM. And retail sentiment improved further thanks to the Government's effective measures to contain the spread of the virus. Vietnam has reported no new local cases since 16 April.

1Q20 aggregate profit –23% yoy, due to a few companies hit by COVID-19

As 1Q20 results rolled out, aggregate net profit declined 23% yoy – mostly due to huge losses by airlines and oil & gas companies. Because of the significant drop in the oil price, Binh Son Refinery (BSR) and Petrolimex (PLX) both recorded net losses in the trillions of VND from inventory write-downs. Vietnam Airlines (HVN) and VietJet (VJC) suffered huge losses for the first time in many years due to extensive COVID-induced travel restrictions. Yet, not all was bad – a few companies still delivered positive surprises to the market. Vinhomes (VHM) reported 169% profit growth, driven by the recognition of a significant bulk sale transaction of one of its residential projects. And Hoa Phat (HPG) announced a robust 27% profit growth for 1Q20, thanks to strong steel sales and better-than-expected performance of its agriculture business.

Risks for earnings forecasts, but recovery in sight

Given the 1Q20 results, we see downside risks to our 2020 earnings forecasts. Still, as social distancing orders are being gradually removed and most businesses already started resuming operations in late April, Vietnam's domestic economic disruption seems to be at least partially over, paving the way for recovery.

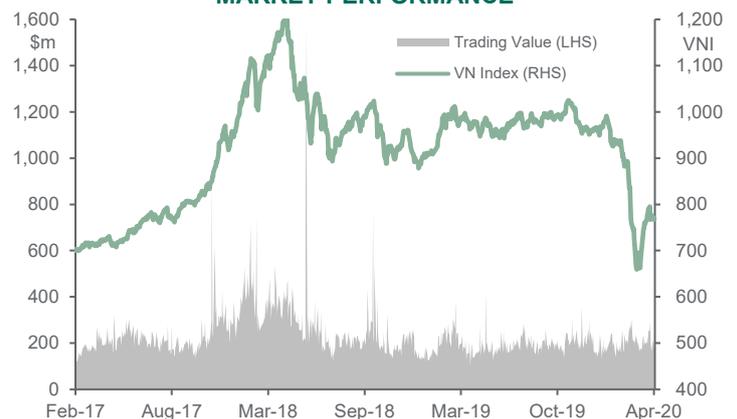
MARKET FORECASTS

30-Apr-20	Unit	2017	2018	2019E	2020F
PER	x	16.8	13.3	12.1	10.1
EPS Growth	%	18.7	19.4	15.0	-3.0
PEG	x	0.9	0.7	0.8	Neg
Sales Growth	%	25.0	15.7	11.6	10.7
EBIT Growth	%	20.5	25.4	18.4	10.6
PBT Growth	%	21.5	31.0	16.4	-1.1
NPAT Growth	%	23.0	27.9	16.3	-0.4
Net DER	x	0.38	0.36	0.32	0.22
Yield	%	2.0	2.3	1.6	1.8

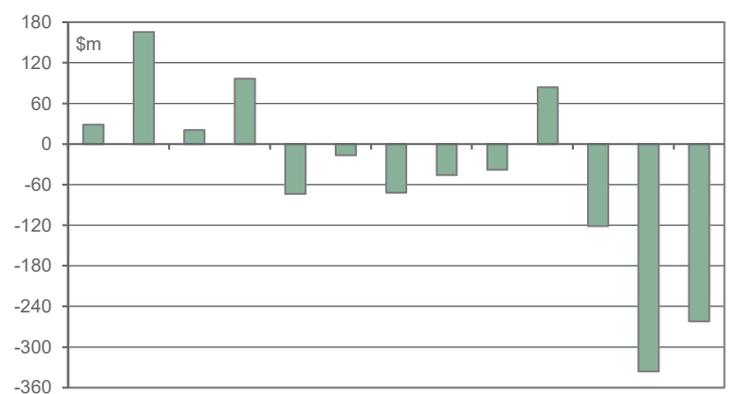
COMPARATIVE RATINGS, 2020

Although we have adjusted our market forecasts in response to the COVID-19 virus, full downward revisions from other countries are not available at this time. Therefore it is not meaningful to include this chart at present.

MARKET PERFORMANCE



FOREIGN SELLING DOWN, BUT STILL HIGH





ECONOMY REVIEW

Economy poised for recovery after shutdown lifted

Virus successfully contained in April

But at the cost of manufacturing and services

VND stable on healthy external balance, debt ownership structure

Manufacturing shifting out of China into Vietnam

The COVID-19 pandemic continued its worldwide rampage in April, and Vietnam was not spared. The Government implemented strict social distancing measures to contain the virus, pushing the economy to a standstill for several weeks. As a result, manufacturing and service activities contracted by the most ever, while trade value also deteriorated. But because of the Government's aggressive response, Vietnam's economy is poised for recovery.

During the most critical period of the virus from 1 to 23 April, all non-essential businesses were closed. Local infections were brought under control, and as no new cases had been recorded for 25 days, social distancing measures started being eased in late April.

The impact of the shutdown on the domestic economy was severe. The contraction in manufacturing was observable in total electricity consumption, which declined 6.8% yoy, while the composite PMI Index fell to 32.7 in April, the lowest reading ever. Regarding the services sector, the number of international passengers coming to Vietnam plunged by 98% to only 26,000, of which most were engineers arriving to maintain production during the lockdown. Total retail sales slumped 26% compared to same period last year. And the sharp decline in global demand caused trade to decline, directly affecting Vietnam's imports and exports, which are expected to have fallen by 15% in April.

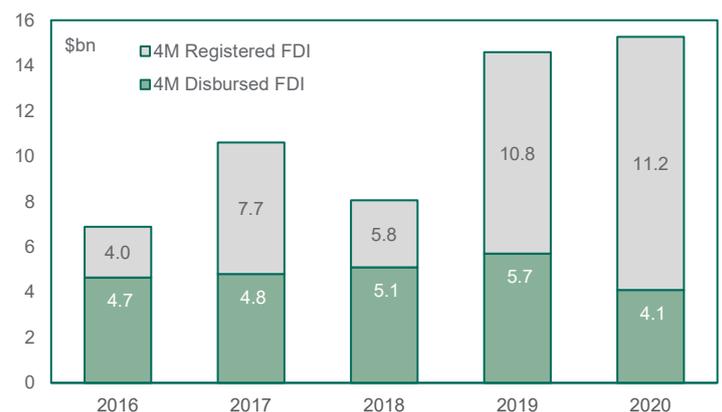
In the financial market, a healthy external balance – and less than 1% of total debt being owned by foreigners – helped stabilize the VND without any intervention by the SBV. By contrast, many other currencies are being hit hard by either the easing of monetary policy by central banks, or by outflows from fixed-income markets. Despite loan growth of only 1.32% in 4M2020, the lowest since 2011 due to weaker demand and strict lending rules, we expect faster credit disbursement in the remainder of the year thanks to the continued dovish stance on the monetary side, expansion of preferential loan packages, and more aggressive infrastructure spending from the Government. This could support the 10% credit growth target for the year.

Vietnam's outstanding performance in controlling the virus is creating new opportunities for the country in the post-COVID world. Despite the Tet holiday and the lockdown, total registered FDI increased by 4.5% in the first four months of 2020 and dozens of companies that want to exit China are working with Vietnam's Government to shift their factories to the country.

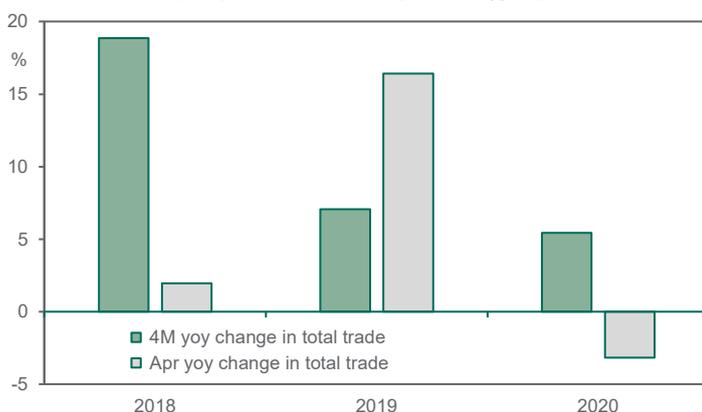
ECONOMIC FORECASTS

	unit	2017	2018	2019F	2020F
Real GDP Growth	%	6.8	7.1	7.0	4.9
Nominal GDP	\$bn	220.1	242.4	263.9	276.8
CPI	%	2.6	3.0	5.2	4.5
Export Growth (cif)	%	21.2	13.8	8.2	-1.8
Import Growth (cif)	%	20.8	11.5	7.1	-2.8
Trade Balance (cif)	\$bn	2.9	6.8	9.4	13.5
FX Reserves	\$bn	52.0	61.0	80.0	90.0
FDI Disbursed	\$bn	17.5	19.1	20.4	14.9
VND:\$ (interbank)	1	22,750	23,235	23,150	23,450

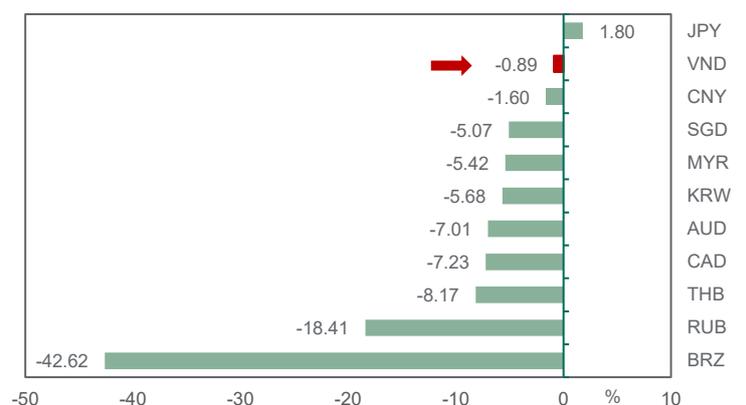
HIGHER REGISTERED FDI IN FIRST 4 MONTHS OF 2020



VIETNAM'S TOTAL TRADE DOWN 15% YOY IN APRIL



VND AMONG BEST PERFORMING CURRENCIES VS USD YTD





VIETNAM EQUITY (UCITS) FUND – VEF

VEF gained 21.8% in April, outperforming the FTSE VN Index, which rose 15.9%. The market rebound was attributable to expectations of a strong recovery of the economy after the Government relaxes social distancing measures. Sectors that will most directly benefit from the resumption of business, such as retail, transportation, and exports, led the gains. Mobile World (MWG), FPT Corp (FPT), Airports Corp (ACV) and Vinh Hoan (VHC) were the largest contributors to the Fund's return.

MWG gained 39.8% after reaffirming its leading position amidst the intensifying COVID-19 pandemic. The company announced 1Q20 results, including net revenue of VND 29.4trn (\$1.3bn, +17% yoy) and net earnings of VND 1.1trn (\$49m, +9% yoy). The company's grocery retail chain BHX emerged as a big beneficiary of the virus, offsetting the lower sales faced by TGDD and DMX (the company's cellphone and consumer electronics divisions). BHX's average sales per store reached VND 1.8bn in April, much higher than the VND 1.5bn during the first two months of 2020 and 1.3bn in the same period in 2019. Despite COVID-19, BHX store expansion accelerated, with 90 news stores opened in April vs 60 in 2M20.

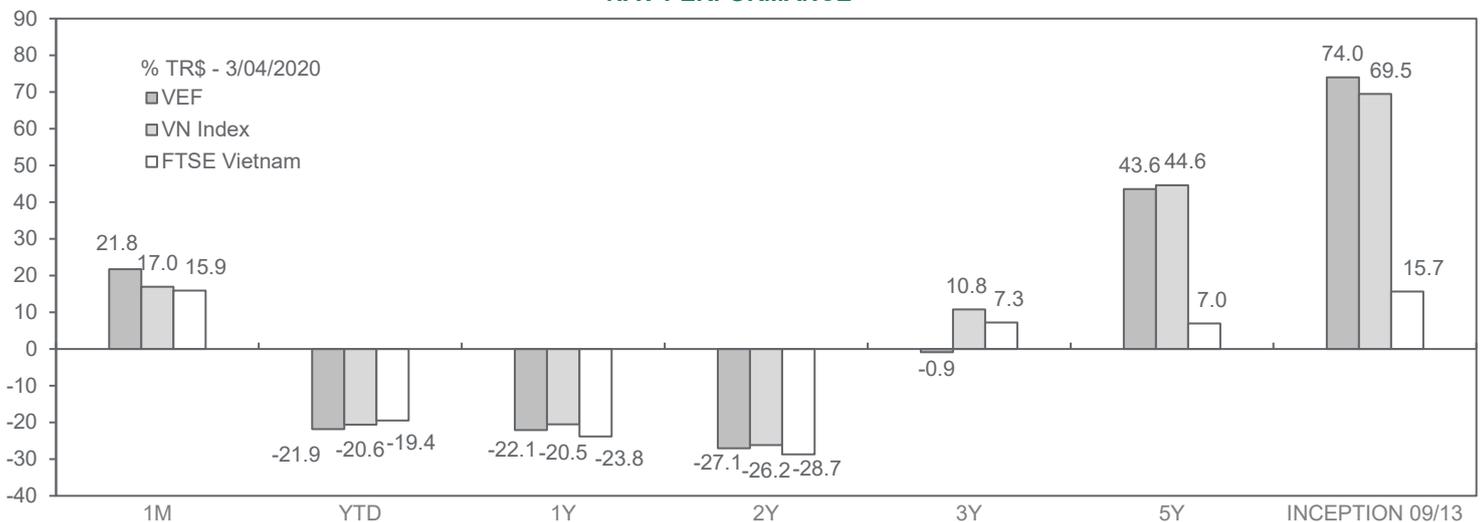
Pangasius exporter VHC rose 45.9% on the expectation of a better 2Q after the first quarter was hit hard by lower demand from key export markets such as the US, China, and the EU. With the containment of the virus in China, the country has returned to 50% of its normal demand and should reach 100% in May, buffering the lower exports to the US. Orders from the EU remain at normal levels since VHC is selling directly to supermarket chains with increasing demand amidst social distancing. Vinh Hoan was recently reaffirmed as one of a few companies with a zero anti-dumping tariff export tax to the US, according to the latest review done by the US Department of Commerce. This is very positive for the Vietnam pangasius sector in general, and for VHC in particular.

Airport operator ACV gained 41.6% on the expectation that its business has reached a bottom since Vietnam suspended/limited all international and domestic flights due to the virus. From 16 April, after the distancing policy was partially lifted, Vietnam's aviation authorities are proposing a phased increase in domestic flight frequency, with the expectation of reaching normal frequency by end-May.

PRICE AND NAV DATA

NAV/Share	NAV Change (%)		Net Assets		Std. Dev.	Sharpe Ratio
	Monthly	YTD	Total	Net Cash (% of NAV)		
\$17.40	21.8	-21.9	\$82.6m	14.8	25.48	-0.09

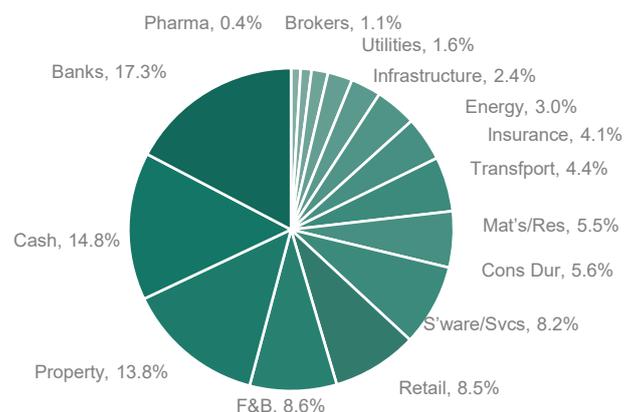
NAV PERFORMANCE



TOP 10 HOLDINGS (57.6% of NAV)

COMPANY	SECTOR	FTSE %	NAV %	CH %
1 FPT Corp	S'ware/Svcs	-	8.17	24.6
2 Vietcombank	Banks	6.18	8.08	10.5
3 Mobile World	Retail	-	7.37	39.8
4 MB Bank	Banks	-	6.58	18.6
5 Vinhomes	Property	13.26	5.68	16.5
6 Hoa Phat Group	Mat's/Res	9.03	4.50	28.6
7 Airports Corp VN	Transport	-	4.44	41.6
8 Vinamilk	F&B	16.03	4.35	9.6
9 Vinh Hoan	F&B	-	4.29	46.0
10 Bao Viet Holding	Insurance	-	4.12	25.8

SECTOR BREAKDOWN





APPENDIX 1: MACRO

Key Indicators

Item	Unit	2013	2014	2015	2016	2017	2018	2019E	2020F*
GDP									
GDP	\$bn	169.7	184.0	186.0	197.6	220.1	242.4	263.9	276.8
Real GDP Growth	%	5.4	6.0	6.7	6.2	6.8	7.1	7.0	4.9
Services Growth	%	6.7	6.2	6.3	7.0	7.4	7.0	7.3	3.6
Agriculture Growth	%	2.6	3.4	2.4	1.4	2.9	3.8	2.0	1.6
Ind'l and Const'n Growth	%	5.1	6.4	9.6	7.6	8.0	8.9	8.9	7.4
Retail Sales Growth	%	13.5	10.6	9.5	10.2	10.9	11.7	11.8	7.8
Prices									
CPI (year-end)	%	6.0	1.8	0.9	4.7	2.6	3.0	5.2	4.5
Money, FX & Interest Rates									
Money Supply M2	%	18.0	16.0	18.0	18.0	18.0	11.3	13.1	12.5
Average Lending Rate	%	13.2	9.7	8.6	9.0	9.3	9.5	9.7	9.0
5-yr VGB	%	8.2	5.2	6.6	5.5	4.3	4.5	1.9	3.0
VND : \$	\$1	21,250	21,390	22,540	22,750	22,750	23,235	23,150	23,450
External Sector									
Trade Balance	\$bn	0.0	1.9	(3.5)	1.8	2.9	6.8	9.4	13.5
Current Account	\$bn	6.8	6.0	3.0	3.8	6.0	9.4	7.1	7.9
Current Account / GDP	%	4.0	3.2	1.5	1.9	2.7	3.8	2.7	2.9
FDI Registered	\$bn	21.6	20.3	22.8	23.4	29.7	25.5	22.5	19.9
FDI Disbursement	\$bn	11.5	12.5	14.5	15.8	17.5	19.1	20.4	14.9
FX Reserves	\$bn	32.1	34.2	31.0	41.1	52.0	61.0	80.0	90.0
Public Debt & Fiscal Balance									
External Debt	\$bn	63.3	70.5	78.1	88.5	107.6	111.5	120.9	123.5
<i>Government</i>	\$bn	36.2	38.1	39.6	42.9	46.3	47.7	49.1	50.6
<i>Enterprises (incl. FDI)</i>	\$bn	27.1	32.8	41.2	48.5	62.8	63.8	71.8	68.5
External Debt (% GDP)	%	37.3	38.3	42.0	44.8	48.9	46.0	45.8	44.6
Fiscal Balance (% GDP)	%	(5.0)	(4.7)	(4.6)	(4.2)	(3.5)	(3.7)	(3.6)	(5.6)



APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20
Market Cap (\$m)	138,303	114,960	8,822	8,671	40,227	34,421	187,352	158,052
Number of Stocks	375	381	377	368	814	887	1,566	1,636
Number of Large Cap Stocks (> \$400m)	34	32	5	4	17	15	56	51
Stocks with No Room for Foreigners	20	18	10	8	24	32	54	58
Market Cap of Stocks with No Room (\$m)	16,799	10,189	2,178	1,524	961	628	19,938	12,341
Share of Market Cap with No Room (%)	12.1	8.9	24.7	17.6	2.4	1.8	10.6	7.8

Top 25 Companies

No	Company	30-Apr Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2018 (x)	2019 (x)	2020F (x)	2018 (x)	2019 (x)	2020F (x)	2018 (%)	2019 (%)	2020F (%)
1	Vingroup	91,900	-20.1	13,336	11.54	75.0	47.7	59.5	5.7	5.1	3.9	0.4	0.6	0.7
2	Vietcombank	68,000	-24.6	10,820	9.36	13.2	18.1	12.5	3.1	4.1	2.3	1.5	0.7	1.3
3	Vinhomes	63,600	-25.0	8,976	7.91	17.2	12.8	10.3	5.7	5.0	2.5	0.4	1.3	-
4	Vinamilk	99,000	-15.0	7,396	6.40	22.7	21.3	17.1	8.1	7.4	5.9	3.5	3.9	6.0
5	BIDV	35,600	-22.9	6,143	5.32	20.0	27.7	18.6	2.3	2.5	1.7	0.1	2.6	-
6	PV Gas	59,300	-22.8	5,538	-	35.5	22.1	25.4	6.4	4.4	3.2	1.0	1.2	1.6
7	Airports Corporation VN	63,400	-32.3	5,206	4.50	14.8	15.4	17.4	3.7	3.7	2.8	4.6	4.6	9.3
8	Sabeco	163,000	-27.2	4,484	3.88	43.7	30.8	30.3	11.4	7.8	5.8	2.3	-	5.1
9	Vietinbank	20,000	-4.3	3,195	2.76	18.0	11.0	10.6	1.1	1.0	0.9	-	0.0	-
10	Masan Group	58,800	4.1	2,949	2.55	18.2	11.8	41.8	3.1	1.5	1.5	1.4	0.6	-
11	Techcombank	115,500	-21.0	2,596	2.32	12.2	18.2	neg	4.6	5.0	4.8	3.1	0.7	5.2
12	Vietjet Air	17,200	-27.0	2,583	2.23	10.7	8.2	5.4	1.7	1.3	0.8	-	-	-
13	Novaland	21,500	-8.5	2,547	2.20	8.0	9.0	8.2	1.6	1.4	1.1	0.0	0.0	-
14	Hoa Phat Group	23,100	-32.1	2,252	2.00	27.0	25.4	18.6	2.3	2.7	1.7	-	3.2	-
15	Vincom Retail	53,200	-10.6	2,213	1.91	18.6	17.2	16.7	3.1	2.6	2.1	0.0	0.0	-
16	Petrolimex	38,000	-16.1	2,166	-	7.4	8.2	6.7	2.1	2.2	1.9	1.1	0.0	-
17	VP Bank	20,500	2.5	2,144	1.87	6.7	5.9	5.5	1.4	1.2	1.0	0.3	-	-
18	VEAM Corp	40,300	-24.2	2,059	1.94	17.0	15.8	21.1	3.0	2.8	2.0	6.0	5.1	7.3
19	Military Bank	15,950	-23.3	1,650	1.44	7.2	6.6	4.7	1.3	1.3	0.8	2.6	2.7	3.8
20	ACB	26,900	-20.3	1,637	1.42	20.1	20.4	neg	2.6	2.6	3.0	2.8	3.6	-
21	FPT	81,700	-28.3	1,587	1.37	13.4	13.5	8.7	4.3	4.3	2.4	1.3	1.3	2.0
22	Bao Viet Holding	50,800	-12.9	1,486	1.29	10.0	14.0	11.0	1.9	2.8	2.3	6.6	3.8	5.8
23	Mobile World	46,200	-32.7	1,471	1.27	62.1	51.4	31.2	4.2	2.7	1.7	0.0	0.0	-
24	Vietnam Airlines	20,500	-10.1	1,462	-	7.4	6.3	5.2	1.4	1.4	1.0	0.3	-	-
25	HD Bank	10,550	-7.9	1,060	0.92	19.6	10.7	9.7	1.5	1.0	0.9	0.9	2.8	4.0

VIETNAM MONTHLY REPORT

Performance Data as at 30 April 2020

DRAGON CAPITAL



Fund	Bloomberg	ISIN	SEDOL	CUSIP	Listed
VEF-A	VIETNAM ID	IE00BD5HPH84	n/a	n/a	n/a
VEF-B	VIETEUR ID	IE00BV8WVB25	n/a	n/a	n/a

Price Providers	Funds	Bloomberg	Reuters	Contact
SEI Investments	VEF	-	-	Transfer Agency Department TADublin@seic.com

VEF

Subscription & Withdrawals Daily

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