



MARKET REVIEW

VNI +4.1% in Apr, with new peak at mid-month of 1286

Record volumes as HOSE trading system fixed for now

Foreign flows also much improved

1Q21 earnings up an astounding 81%, full-year forecasts may need upgrading

After consolidating in Mar, the VNI carried on advancing in Apr, posting a 4.1% gain (TR\$), supported by strong 1Q earnings. The Index convincingly cleared the 1200 milestone early on, and then climbed steadily to a new high of 1286, helped by fixes to the trading system and reinvigorated turnover. Profit-taking brought the benchmark back to 1239 at month-end, but it was very stable at the level going into May, even with another COVID outbreak.

After the technical issues in Feb-Mar, HOSE trading was put back on track when the exchange implemented technical upgrades that significantly increased capacity and will enable turnover of at least \$1bn per day to be handled. Volumes on the HOSE rose 19% to \$818m, with several \$900m days and no more late-morning / early-afternoon trading halts. Volumes across the three exchanges increased 17% to \$994m. The question now is how to achieve a permanent solution, based on further upgrades to the existing system or by the installation of an entirely new one. Operations should be fully sorted out by year-end.

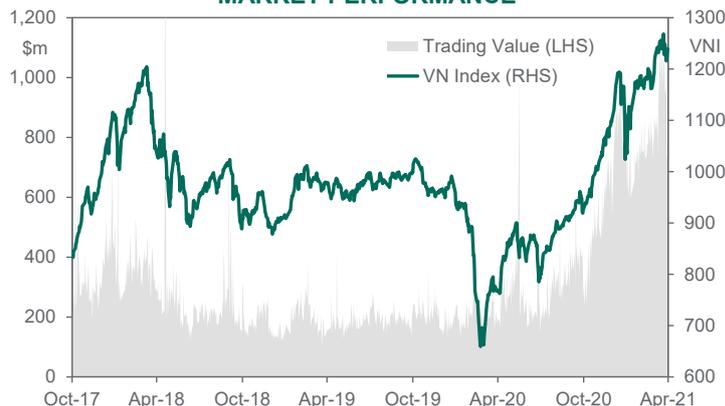
Also looking better were foreign flows. Net selling has been tapering off since Nov 2020, though with periodic relapses when Korean retail sales augment redemptions by global and regional institutions. In Apr, HOSE flows at last turned positive, if only at \$3m, but that was quite a turnaround from the \$492m net exodus in Mar. A couple of large purchases - the new Fubon ETF buying \$360m and a Vinhomes placement of \$94m - helped the turnaround. Certain large-cap names continued to be heavily sold: VNM \$60m, CTG \$70m, VPB \$71m. But the latter reflected profit-taking after its long-awaited sale of a 49% stake in its consumer-finance arm, FE Credit, to Sumitomo, on a \$2.8bn valuation. And while VPB is no longer obviously cheap, it has plenty more catalysts to keep the share price going. Meanwhile VIC received the most inflows in Apr, at \$49m, as it announced intentions to list its automotive unit, Vinfast – now a manufacturer of electric vehicles – at a target \$50bn in the US.

1Q21 results were exceptionally strong at +81% NPAT growth for the DC Top80 companies that are over 80% of combined market cap. Leading the numbers were banks, +77%; property, +61%; and steel, +224%. These are the three big interlocked sectors that are now driving much of the economy, as the middle class continues to develop, and urbanization progresses. There was secondary support from retail and tech. By contrast, the “re-opening” plays of transport and aviation were -49%, due to the COVID-19 outbreak during Tet. 1Q21 accounted for 26% of our full-year forecasts, easily justifying the 36% EPS growth we are predicting, and leaving us to wonder if it will be surpassed. The resulting PER of 12.6x is hardly demanding.

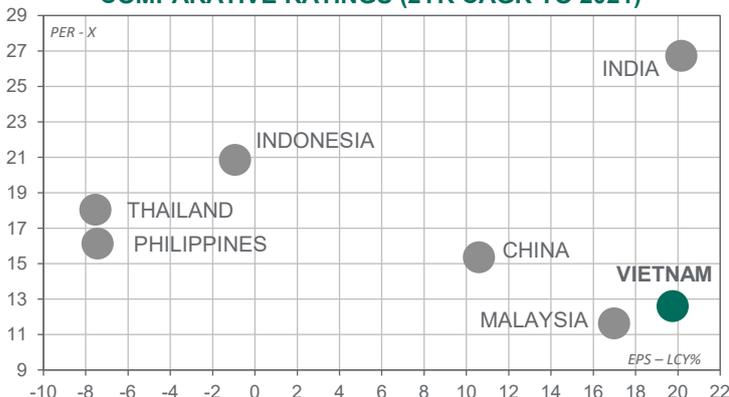
DC TOP-60 FORECASTS

30-Apr-21	Unit	2018	2019	2020	2021F
PER	x	12.8	11.9	14.1	12.6
EPS Gro	%	24.3	11.7	5.5	35.9
PEG	x	0.5	1.0	2.6	0.4
Sales Gro	%	15.0	10.0	2.2	27.0
EBIT Gro	%	19.7	15.1	3.1	40.8
PBT Gro	%	29.5	13.2	6.0	33.4
NPAT Gro	%	25.8	12.9	5.9	36.7
Net DER	x	0.4	0.3	0.3	0.2
Yield	%	2.5	2.0	1.8	1.8

MARKET PERFORMANCE



COMPARATIVE RATINGS (2YR CAGR TO 2021)



HOSE FOREIGN FLOWS TURNED POSITIVE IN APRIL





ECONOMY REVIEW

More encouraging macro numbers in Apr, all supportive of GDP at +7% in 2021

CPI higher in Apr but this is due to base effects; 3.5% is targeted for 2021

With containment of COVID-19, the focus is on vaccines; the problem is deliveries

70% immunization is the goal; could be in view by 4Q21, helping flights to open up

Macro numbers from Apr were robust. Industrial production increased by 24.1% yoy, pushing the 4M21 gain to +10%. New export orders from the US and Europe saw the PMI reach 54.7, the fifth consecutive month of expansion. Exports surged 28% in Jan-Apr to \$104bn, putting Vietnam on track to have a 1.8% share of global exports by year-end. Even with imports +31%, at \$103bn, on inventory re-stocking, there was a \$1.1bn trade surplus. A particularly interesting number was retail sales – strong despite periodic pandemic flare-ups and the complete cessation of international tourism. For Apr they were +2.3% mom and this put the 4MO total at +10% yoy. The explanation was e-commerce. Digital revenues were +16% at \$14bn and likely to be 5% of this year's GDP. And GDP is well-positioned to hit our 2021 forecast of +7%.

Consumer prices were -0.04% mom in Apr, although the 4MO number was +2.7% yoy because of low-base effects. The CPI nicely absorbed a 17.7% fuel-based rise in transport costs, which are nearly 10% of the basket. Financial markets don't appear to be worried about inflation since domestic rates remain stable: <1mo depo rates are still 3.5-4.0%, while 1mo interbank is still 1.0-1.2% pa, both unchanged from Jan. We expect inflation to peak in a few months, then fall in 2H when the low base is gone, and average 3.5% for the year. This assumes a steady oil price and no more swine flu – imported inflation being the threat, not inflation coming from monetary or fiscal extravagance at home. Vietnam's risks continue to be external ones, not domestic ones.

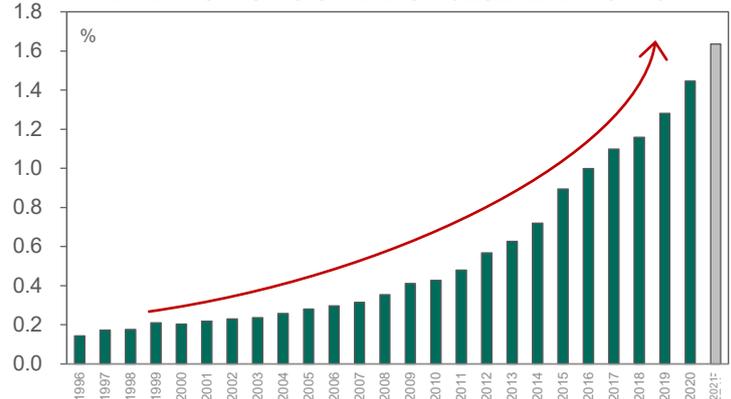
COVID-19 is another example of that. The pandemic remains a concern for Vietnam because of clusters that occasionally appear around the country. One such episode is underway now. But the Government is taking the usual tough measures to control it. The pandemic has long since been contained and public-health efforts are focused on getting the country inoculated and restoring international travel. The problem here is delivery of vaccines. Vietnam has contractually secured at least 70m AZ doses and has ready cash to pay for them, but vaccines are still not being readily distributed by developed countries.

Nonetheless, Vietnam has now received 930,000 doses and administered 740,000 of them to front-line workers. Another 1.6m are expected from the COVAX facility by 10 May, and the Government is hoping to get 15m more by Aug. Meanwhile the Ministry of Health is striving mightily to put all necessary logistics in place ahead of mass doses finally arriving. The goal is to immunize at least 70% of population. On current form this is a long way off but as more people get their jabs in the US/Europe, we think that the target could be in view by year-end. Flights could then start to move back up, still with quarantines in 3-4Q21, then without by 1Q22.

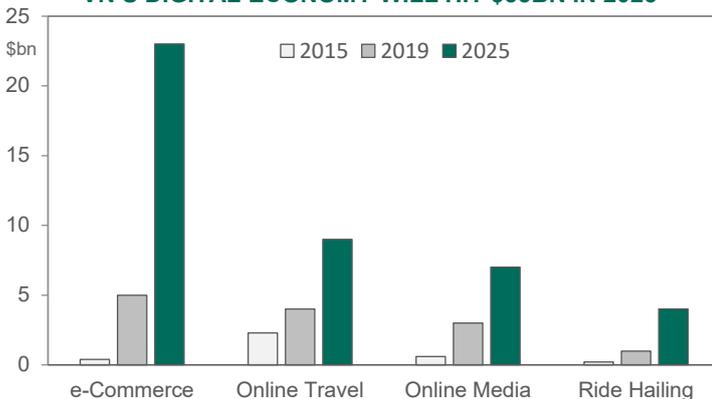
ECONOMIC FORECASTS

30-Apr-21	Unit	2018	2019	2020	2021F
Real GDP Growth	%	7.1	7.0	2.9	7.0
Nominal GDP	\$bn	313.3	335.2	343.1	367.1
CPI	%	3.0	5.2	3.2	3.5
Export Growth (cif)	%	13.8	9.1	6.5	22.1
Import Growth (cif)	%	11.5	7.7	3.7	25.4
Trade Balance (cif)	\$bn	6.8	9.4	19.1	15.6
FX Reserves	\$bn	61.0	80.0	98.0	108.0
FDI Disbursed	\$bn	19.1	20.4	20.0	21.1
VND:\$ (interbank)	1	23,235	23,150	23,085	23,050

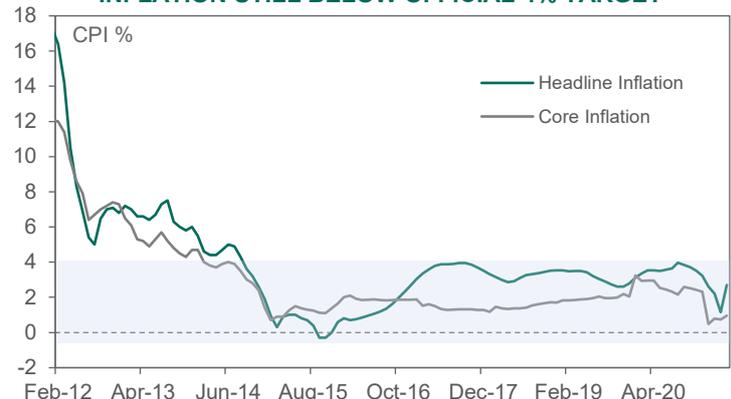
VIETNAM'S RISING SHARE OF GLOBAL EXPORTS



VN'S DIGITAL ECONOMY WILL HIT \$53BN IN 2025



INFLATION STILL BELOW OFFICIAL 4% TARGET





VIETNAM EQUITY (UCITS) FUND – VEF

VEF gained 8.8% in Apr while the FTSE VN Index rose 8.9%. With that gain, the Fund's active return ytd is 366 bps. Novaland (NVL), Hoa Phat (HPG) and Vietnam Prosperity Bank (VPB) were amongst the top contributors while PV Gas (GAS) and Petrolimex (PLX) were the biggest detractors.

NVL surged 63.4% on impressive 1Q business results, which showed revenue almost quadrupling, and a 67% growth in earnings. The growth was driven by higher handover of residential projects in Ho Chi Minh City, Dong Nai and some hospitality villas in coastal areas such as Phan Thiet and Mui Ne. At the recent AGM, NVL proposed and got approval for a prudent target of only 4% growth for 2021. We believe this is a conservative target, reflecting only a small delivery amongst its record high presales of VND 110trn, or \$4.7bn during the last three years. In terms of land bank development, NVL has shown strong determination to triple its land bank to 15,000 ha in the next few years, expanding more into hospitality property in hot tourism spots such as Binh Thuan, Ba Ria – Vung Tau, and Lam Dong.

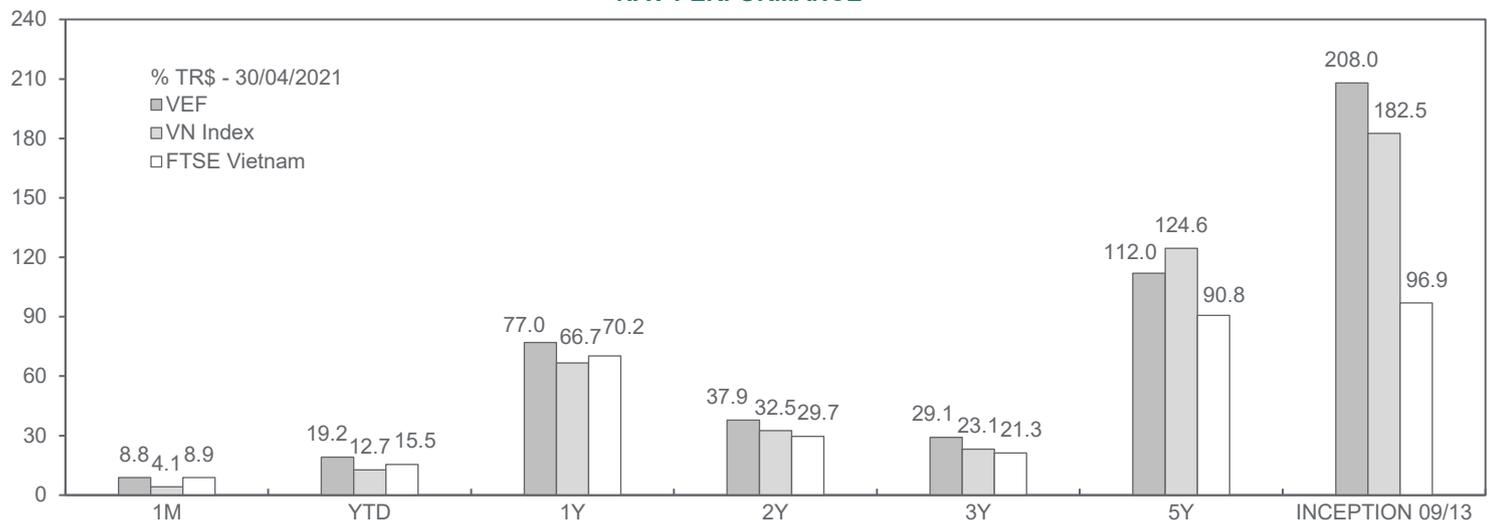
HPG rose 24.3%, extending its ytd rally to 40.4%. This strong gain was underpinned by solid 1Q earnings. Even though market expectations were already high, HPG managed to beat expectations. The leading steel company reported a tripling of 1Q21 earnings, driven by strong growth in both volume and selling prices. In the AGM, the company's management team expressed confidence about the potential for a better 2Q, evidenced by continuing strong volume and price momentum into Apr. We expect volume growth to remain strong throughout the year thanks to strong domestic demand of both flat and long steel, as well as global supply changes as China is turning from being a net exporter to a net importer.

VPB gained 31.6% as it finalized the deal to sell 49% of its consumer finance subsidiary FE Credit (FEC) to Sumitomo Mitsui Financial Group at an implied valuation of \$2.8bn. VPB's consolidated forward 2021F PBR would be 1.6x after this transaction. The chairman revealed in the recent AGM that VPB is looking for a strategic partner by selling the remaining treasury shares in combination with issuing primary shares in late 2021 or early next year. The Bank also released 1Q results, with net profit at VND 3.2trn (\$136m, +38.4% yoy). The strong results were driven by high credit growth (+2.8% ytd), NIM expansion (+21 bps) and higher recovery income, mostly from its subsidiary FEC.

PRICE AND NAV DATA

NAV/Share	NAV Change (%)		Net Assets		Std. Dev.	Sharpe Ratio
	Monthly	YTD	Total	Net Cash (% of NAV)		
\$30.80	8.8	19.2	\$163.2m	3.8	27.58	0.27

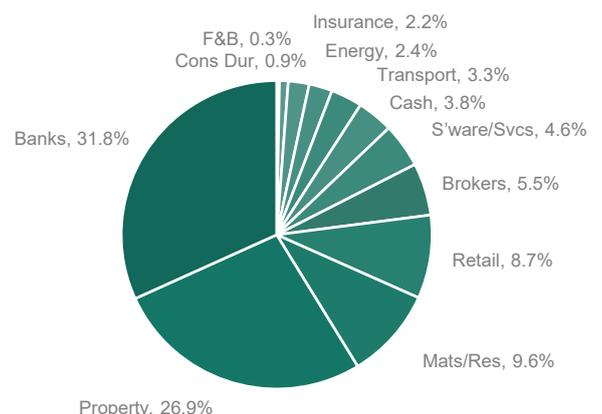
NAV PERFORMANCE



TOP 10 HOLDINGS (60.6% of NAV)

COMPANY	SECTOR	FTSE %	NAV %	CH %
1 Hoa Phat Group	Mat's/Res	15.05	9.58	24.3
2 Vingroup	Property	15.55	8.15	11.2
3 Asia Comm'l Bank	Banks	-	7.21	4.2
4 MB Bank	Banks	-	6.68	7.9
5 Novaland	Property	7.58	6.17	63.4
6 VP Bank	Banks	-	4.90	31.1
7 FPT Corp	S'ware/Svcs	-	4.63	4.2
8 Mobile World	Retail	-	4.58	8.7
9 Vietcombank	Banks	4.67	4.57	5.6
10 Phu Nhuan Jewelry	Cons Dur	-	4.17	16.1

SECTOR BREAKDOWN





APPENDIX 1: MACRO

Key Indicators

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021F
GDP									
GDP	\$bn	241.7	257.9	273.9	292.5	313.3	335.2	343.1	367.1
Real GDP Growth	%	6.0	6.7	6.2	6.8	7.1	7.0	2.9	7.0
Services Growth	%	6.2	6.3	7.0	7.4	7.0	7.3	2.5	7.8
Agriculture Growth	%	3.4	2.4	1.4	2.9	3.8	2.0	2.8	2.9
Ind'l and Const'n Growth	%	6.4	9.6	7.6	8.0	8.9	8.9	3.3	10.5
Retail Sales Growth	%	10.6	9.5	10.2	10.9	11.7	11.8	0.8	12.5
Prices									
CPI (year-end)	%	1.8	0.9	4.7	2.6	3.0	5.2	3.2	3.5
Money, FX & Interest Rates									
Money Supply M2	%	16.0	18.0	18.0	18.0	11.3	13.1	13.2	12
Average Lending Rate	%	9.7	8.6	9.0	9.3	9.5	9.7	8.6	9.0
5-yr VGB	%	5.2	6.6	5.5	4.3	4.5	1.9	1.1	1.3
VND : \$	\$1	21,390	22,540	22,750	22,750	23,235	23,150	23,085	23,050
External Sector									
Trade Balance	\$bn	1.9	-3.5	1.8	2.9	6.8	9.4	19.1	15.6
Current Account	\$bn	6.0	3.0	3.8	6.0	9.4	7.1	9.9	9.0
Current Account / GDP	%	2.5	1.2	1.4	2.1	3.0	2.1	2.9	2.4
FDI Registered	\$bn	20.3	22.8	24.3	35.9	35.5	36.0	28.5	34.2
FDI Disbursement	\$bn	12.5	14.5	15.8	17.5	19.1	20.4	20.0	21.1
FX Reserves	\$bn	34.2	31	41.1	52.0	61.0	80.0	98.0	108.0
Public Debt & Fiscal Balance									
External Debt	\$bn	70.5	78.1	88.5	107.6	111.5	110.0	112.0	113.5
<i>Government</i>	\$bn	38.1	39.6	42.9	46.3	47.7	49.1	51.5	53.5
<i>Enterprises (incl. FDI)</i>	\$bn	32.4	38.5	45.6	61.3	63.8	60.9	60.5	60.0
External Debt (% GDP)	%	29.2	30.3	32.3	36.8	35.6	32.8	32.5	30.8
Fiscal Balance (% GDP)	%	-3.6	-3.3	-3.0	-2.6	-2.9	-2.6	-3.9	-4.0



APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Apr-20	30-Apr-21	30-Apr-20	30-Apr-21	30-Apr-20	30-Apr-21	30-Apr-20	30-Apr-21
Market Cap (\$m)	114,960	201,521	8,671	15,175	34,421	45,110	158,052	261,806
Number of Stocks	381	391	368	361	887	914	1,636	1,666
Number of Large Cap Stocks (> \$400m)	32	58	4	6	15	19	51	83
Stocks with No Room for Foreigners	18	15	8	1	32	1	58	17
Market Cap of Stocks with No Room (\$m)	10,189	22,307	1,524	10	628	424	12,341	22,741
Share of Market Cap with No Room (%)	8.9	11.1	17.6	0.1	1.8	0.9	7.8	8.7

Top 25 Companies

No	Company	30-Apr Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2019 (x)	2020 (x)	2021F (x)	2019 (x)	2020 (x)	2021F (x)	2019 (%)	2020 (%)	2021F (%)
1	Vingroup	131,000	21.1	19,221	9.53	51.3	67.0	69.9	5.1	4.6	5.2	0.6	-	-
2	Vietcombank	100,000	2.1	16,088	7.98	20.7	22.6	17.8	4.1	3.9	3.1	0.7	0.8	-
3	Vinhomes	99,300	10.9	14,169	7.15	12.8	10.8	10.7	5.0	3.4	2.7	1.3	0.1	-
4	Vinamilk	93,500	-13.3	8,477	4.20	20.5	22.5	19.1	7.1	7.2	6.0	4.0	3.5	4.3
5	Hoa Phat Group	58,100	40.2	8,350	4.14	8.9	10.2	7.7	1.3	2.3	2.4	0.0	1.0	1.7
6	BIDV	41,000	-14.4	7,153	3.55	17.6	22.1	12.7	2.4	2.4	2.0	2.7	1.4	-
7	PV Gas	83,500	-3.6	6,932	3.44	14.7	21.6	17.0	3.5	3.4	3.0	4.8	4.1	4.2
8	Airports Corporation VN	72,500	-10.5	6,846	-	22.2	119.1	57.8	4.4	4.7	3.8	1.2	-	-
9	Vietinbank	40,800	18.1	6,590	3.27	10.1	11.5	10.9	1.0	1.5	1.4	0.0	1.5	-
10	Techcombank	41,000	30.2	6,234	3.09	7.9	8.7	8.6	1.3	1.5	1.6	-	0.1	-
11	VP Bank	58,500	80.0	6,229	3.09	5.9	7.7	11.2	1.2	1.5	2.2	-	-	-
12	Novaland	131,400	101.4	6,126	2.80	16.5	16.6	23.6	2.5	2.5	3.9	0.0	0.1	-
13	Masan Group	98,000	10.2	4,994	2.48	11.7	84.6	37.6	1.5	6.6	6.1	0.6	1.3	-
14	Sabeco	167,100	-13.6	4,648	2.31	29.5	28.0	18.9	7.5	6.2	5.2	0.8	3.0	3.6
15	Military Bank	30,350	32.0	3,685	1.83	5.9	7.4	7.1	1.2	1.3	1.4	2.7	-	-
16	ACB	34,650	23.3	3,249	1.61	6.6	7.9	7.6	1.4	1.7	1.7	-	-	-
17	Vincom Retail	32,000	1.9	3,154	1.60	27.1	30.0	23.1	2.9	2.4	2.3	3.2	-	1.6
18	Mobile World	140,900	18.5	2,906	1.41	13.0	13.7	13.9	4.1	3.5	3.4	1.3	1.3	1.0
19	Vietjet Air	124,900	-0.1	2,838	1.46	20.1	935.7	57.5	5.1	4.4	4.0	0.7	-	-
20	FPT	80,900	36.9	2,769	1.36	13.5	14.6	16.5	2.7	2.9	3.7	3.9	4.1	3.4
21	Petrolimex	50,300	-7.9	2,714	1.40	15.0	67.7	16.4	2.7	3.1	2.6	5.4	6.0	5.9
22	VIB	55,600	71.6	2,676	1.33	4.9	7.7	10.0	1.2	2.0	2.6	2.7	-	-
23	VEAM Corp	40,800	-18.1	2,352	-	7.4	11.8	7.9	2.0	2.6	2.2	0.0	17.1	-
24	Binh Son Refining	14,700	48.5	1,977	-	9.6	neg	7.8	0.7	1.0	1.4	2.0	0.0	0.7
25	HD Bank	27,250	14.7	1,884	0.94	7.5	8.9	8.8	1.3	1.5	1.5	0.6	-	-

VIETNAM MONTHLY REPORT

30 April 2021

DRAGON CAPITAL



Fund	Bloomberg	ISIN	SEDOL	CUSIP	Listed
VEIL	VEIL LN	KYG9361H1092	BD9X204	G9361H109	London (Main Market)
VEF-A	VIETNAM ID	IE00BD5HPH84	n/a	n/a	n/a
VEF-B	VIETEUR ID	IE00BV8WVB25	n/a	n/a	n/a
VDeF-B	VNDEBTB	KYG936151136	B3K9234	G93615113	Ireland

Price Providers	Funds	Bloomberg	Reuters	Contact
Jefferies International	VEIL	JCEF	n/a	Michele White / Trevor Hunt +44 207 898 7127 invcos@jefferies.com
SEI Investments	VEF	-	-	Transfer Agency Department TADublin@seic.com

Operational VEIL	
Trading	Shares trade as depositary interests on the London Stock Exchange
Clearing	CREST Participant ID 393 (UK Equity)
Settlement	BIC Code: JEFFGB2X
Legal Entity Identifier (LEI)	213800SYT3T4AGEVW864

VEF	
Subscription & Withdrawals	Daily
The Fund has appointed SEI Investments – Global Fund Services Limited as its fund administrator and transfer agent, and SEI Investments – Depositary and Custodial Services (Ireland) Limited as its depositary. A range of third-party fund platforms also include VEF in their product offerings, including Clearstream (www.clearstream.com), Fundsettle (www.euroclear.com), Banco Inversis (www.inversis.com), IFSAM (www.ifsam.lu), Pareto Securities (www.paretosec.com), Attrax (www.attrax.lu), MFEX (www.mfex.com), and Allfunds (www.allfunds.com).	

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