



MARKET REVIEW AND OUTLOOK

VNI +2.5% in Nov to reach all-time high, on record turnover

Rotational trading in small- and mid-cap's continued while big-cap's languished

Concern over record margin lending was offset by macro outlook – until Omicron

Market prospects are bright if Omicron is not a lethal variant

The VN Index gained 2.5% (\$TR) in Nov, reaching an all-time high of 1501 as vaccinations accelerated and recovery beckoned. The Index corrected slightly to close at 1478, but sentiment was strong and undeterred by another month of heavy foreign net-selling of some \$382m. Average daily turnover rose 47% mom to \$1,437m on the HOSE, and \$1,768m on the combined exchanges (with record volumes of \$1,670m and \$2,017m on 11 Nov). Bullishness continued into Dec, largely ignoring the global sell-off prompted by the Fed's new-found hawkishness and the Omicron variant. Then rumors of Omicron appeared in Vietnam and took the market lower. But so far, the mood seems to be one of uncertainly rather than panic.

Rotational trading in second-liners continued to dominate activity in Nov, with the small-cap index +8.6% mom, the mid-cap index +13.6% and the VN30 only +0.7%. In line with exploding volumes, brokerage stocks continued strong, rising an average 25%. A couple majors did outperform: VIC, +9.7% on announcing that VinFast would look to IPO at a valuation of ca \$30bn, with high-powered anchor investors; and MobiWorld was +5.8%, after stellar 10M results coming out of the lockdown. Against this, Hoa Phat fell 14.2% as global steel prices plunged, and PV Gas lost 21.0% as global oil prices did likewise. Banks attempted a rally towards the end of Nov, as they got higher credit quotas and news emerged that their FOLs would likely be increased from 30% to 35%. But the initial momentum was somewhat sluggish, and most stocks finished only marginally higher.

Margin lending hit record levels in Nov, and brokers started another round of capital-raising. VN Direct and Saigon Securities announced plans for a total of VND 11.5trn (\$500m) in new equity, and there were rumors that others would follow. Market-watchers worried that the incessant rise in margin trading, by ever more retail newbies, had to signal that corrections were imminent. The counter-argument was that lockdowns are ending, recovery is on the way, and recovery will be further boosted by a stimulus package. The arrival of Omicron has dashed this complacency for the moment.

Omicron is the immediate hurdle for the market. If it is another Delta, re-opening may be paused, though a second lockdown is unlikely. If existing vaccines offer sufficient protection, Vietnam should be able to resume the trajectory it was on in Nov. This was waiting for the recovery to take hold, with stocks inevitably responding, and leadership most likely shifting to bigger-cap names. They still offer superior value for sustainable growth, and they reflect top-down drivers best. Banking (FOLs) and Consumer (pent-up demand) are the likely key sectors.

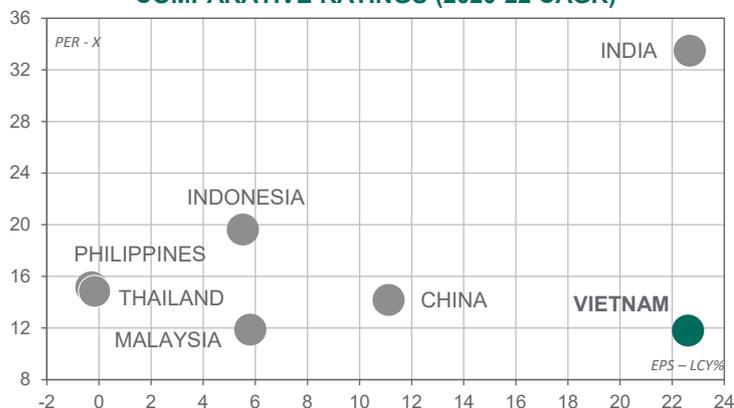
DC TOP-60 FORECASTS

30-Nov-21	Unit	2019	2020	2021F	2022F
PER	x	11.9	14.0	14.7	11.8
EPS Gro	%	11.7	5.6	40.2	24.6
PEG	x	1.0	2.5	0.4	0.5
Sales Gro	%	10.0	2.2	24.3	19.2
EBIT Gro	%	15.1	3.1	47.4	22.7
PBT Gro	%	13.2	6.0	38.6	25.6
NPAT Gro	%	12.9	5.9	43.4	24.6
Net DER	x	0.3	0.4	0.3	0.3
Yield	%	1.7	1.4	1.1	0.9

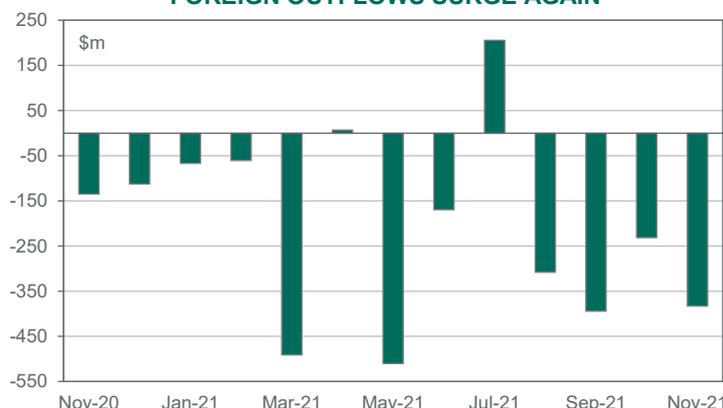
MARKET PERFORMANCE



COMPARATIVE RATINGS (2020-22 CAGR)



FOREIGN OUTFLOWS SURGE AGAIN





ECONOMY REVIEW AND OUTLOOK

Recovery continued in Nov, services still struggling and COVID not over yet

Cases increasing again but they are mild and ex-HCMC – thanks to vaccination

Even with taper, VND risk is small, given low inflation and many other factors

We forecast GDP at 6.1-9.6%, depending on stimulus and re-opening to travel

Vietnam's post-lockdown recovery continued apace in Nov. Businesses in the pandemic hotspot of HCMC moved closer to full operation and the PMI posted a solid 52.2. IP inched up 5.5% mom and 5.6% yoy. Trade returned to a surplus, with 11M exports +17.4% at \$299.7bn and imports +27.5% at \$299.5bn. That gave a differential of only \$0.2bn, but in coming months, as forced inventory accumulation drops out of the numbers, export growth is likely to accelerate while import growth falls. However, the service sector is still struggling. Retail sales were +6.2% mom but -12.2% yoy, and the hospitality industry will be depressed until international travel resumes. Also, COVID is not over, and now there is the Omicron variant to worry about.

Vietnam's daily cases bottomed at around 3,000 in Sep but with the country coming out of lockdown they are currently averaging 13,500. But most of these cases are mild, stay-at-home ones, they are in regions that do not account for a lot of GDP, and they are not overwhelming hospital systems. They have a low death rate of 0.8% vs 2.4% at the height of the pandemic. This shows the success of Vietnam's vaccination campaign. The country has administered nearly 130m doses, with 75% of the adult population now jabbed once and 55% twice. Localities are moving on to teens and children, and boosters will become available in Dec. Meanwhile, with COVID expected to remain a threat for several years, Vietnam is working on local production of vaccines. It has received technology transfer for Sputnik-V, and 39 domestic pharma companies are approved to produce Merck's COVID pills, Molnupiravir.

Assuming Omicron is not unduly lethal, and the global economy holds up, the main macro worry for investors seems to be the currency. But the risk seems low. External-account surpluses are returning, and reserves will keep increasing. And – as in the rest of ASEAN – inflation is under control. There are numerous reasons for this: lack of fiscal and monetary excesses, falling food prices, stable power prices, administered health and education prices, minimal ownership of cars and other consumer goods dependent on imported inputs. Inflation is put at 2.6-3.1% this year, and 3.5% next. The VND is already +1.9% ytd, and tapering is unlikely to reverse this given low foreign debt, positive real rates and negligible foreign investment in bonds.

The 2022-23 stimulus package will be finalised soon. The amount is still uncertain, but the focus will be on infrastructure spending, tax cuts and interest rate subsidies. Omicron permitting, this will cement recovery. We have a 2022 GDP forecast of 6.1-9.6%, depending on how forcefully the stimulus is implemented (political will being more important than size of funds) and how quickly international flights resume (we expect 2Q22).

ECONOMIC FORECASTS

31-Nov-21	unit	2019	2020	2021F	2022F
Real GDP Gro	%	7.0	2.9	2.4	9.6
Nominal GDP	\$bn	335	343	351	385
CPI	%	5.2	3.2	3.1	3.5
Export Gro (cif)	%	9.1	6.5	16.5	30.0
Import Gro (cif)	%	7.7	3.7	24.9	26.0
Trade Bal (cif)	\$bn	9.4	19.1	1.1	6.7
FX Reserves	\$bn	80.0	98.0	101.0	109.0
FDI Disbursed	\$bn	20.4	20.0	18.7	20.2
VND:\$	1	23,150	23,085	22,650	22,535

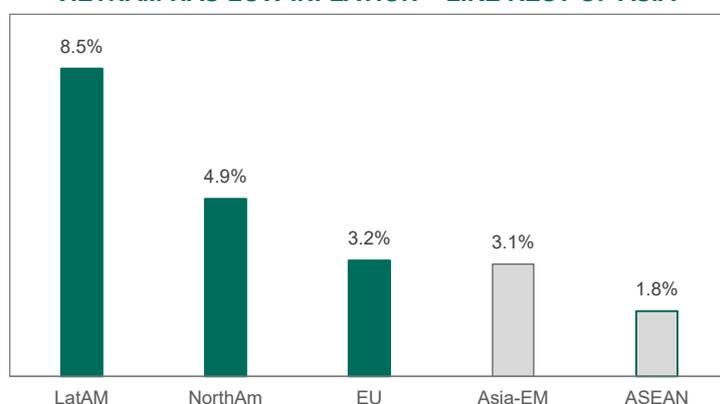
VIETNAM GDP FORECAST, 2022



TRADE SURPLUS DOWN BUT NOW RECOVERING



VIETNAM HAS LOW INFLATION – LIKE REST OF ASIA





VIETNAM EQUITY (UCITS) FUND – VEF

VEF rose 2.3% in Nov while the VN Index gained 2.5%. Contributing the most to the Fund's performance was the brokerage sector, followed by property. The Fund is ahead of the VN Index by 16.7% ytd through Nov. VN Direct (VND), Viet Capital Securities (VCI) and Dat Xanh Group (DXG) were the biggest contributors while Hoa Phat (HPG) was the largest detractor.

The Fund's brokerage holdings such as VN Direct (VND) and Viet Capital Securities (VCI) registered solid gains as sentiment remained positive on sustained high trading volumes and a strong earnings outlook for 4Q21. The stock market welcomed another record-high 221,000 new investors in Nov, bringing the total number of securities accounts to 32.6m. VND's 38.7% rise made it the largest contributor to performance this month. Aside from its brilliant full-year earnings outlook, sentiment was also boosted by the upcoming capital raising via rights issue to increase its equity to approximately VND 12trn (or \$530m), on par with the largest brokerage firm, Saigon Securities (SSI). With the larger capital base, VND can access higher profile customers by offering a wider range of products and services aside from basic stock brokerage.

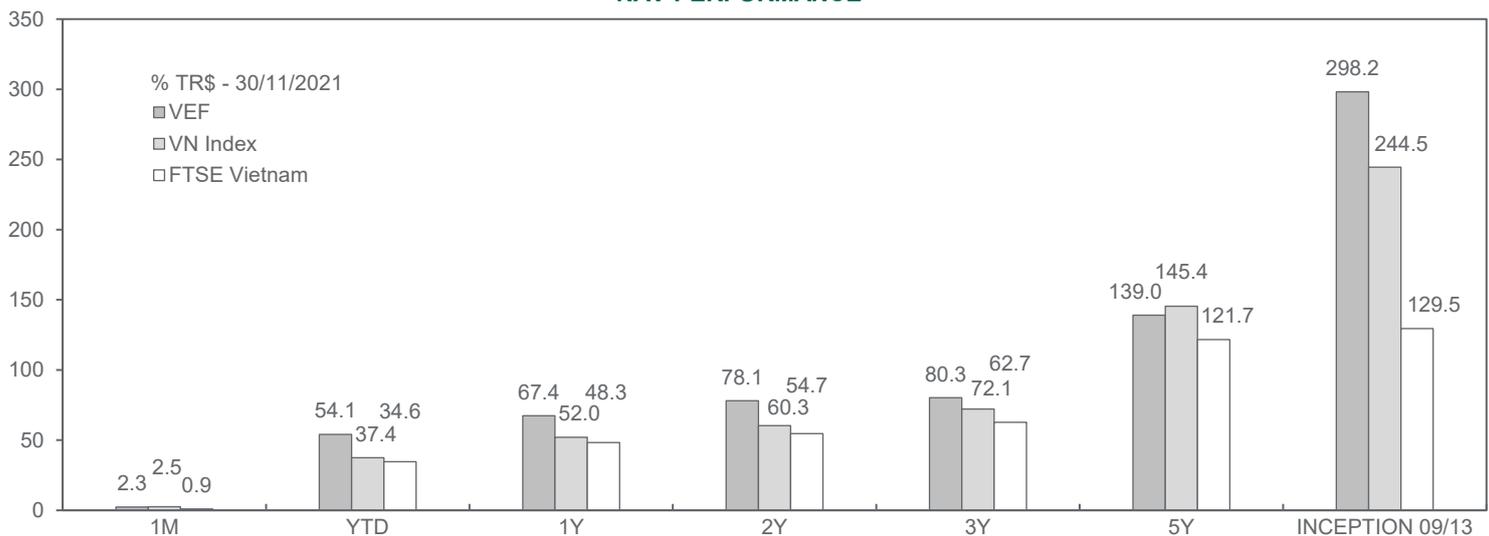
DXG was the largest contributor amongst property positions as its share price surged 35.5%. Management revealed in its recent analyst meeting that the company will cancel its planned private placement due to a market price that the company considers to be significantly undervalued. Instead, DXG is raising \$450m in new debt for land bank expansion rather than using equity capital as had been planned. Although 3Q results were negatively impacted by COVID and social-distancing, the market seems to be looking forward to next year, with better prospects for presales and profit booking. We are projecting next year's earnings at +33%, translating to a forward PER of 12.1x and PBR of 1.8x. Aside from solid earnings growth, completing the legal process of some projects in Ho Chi Minh City would be another strong catalyst for the share price.

On the downside, HPG fell 14.2% as selling pressure mounted on falling global steel prices despite the company's continuing good 4Q earnings outlook. In the domestic market, HPG has reduced the selling prices of its key products by 4% from the peak in early Oct 2021 as demand softened in Nov. Recently, HPG made an offer to the authorities of Quang Ngai Province to acquire 1,200 hectares of land to develop Dung Quat Phases 2 and 3 during 2021-25, which will double the current hot-roll-coil capacity.

PRICE AND NAV DATA

NAV/Share	NAV Change (%)		Net Assets		Std. Dev.	Sharpe Ratio
	Monthly	YTD	Total	Net Cash (% of NAV)		
\$39.82	2.28	54.08	\$263m	0.96	27.57	0.75

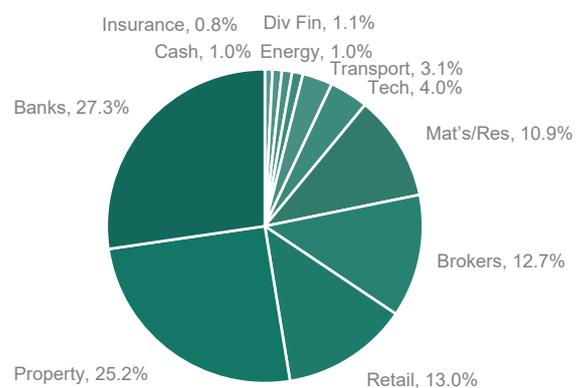
NAV PERFORMANCE



TOP 10 HOLDINGS (57.2% of NAV)

COMPANY	SECTOR	FTSE %	NAV %	CH %
1 Mobile World	Retail	1.72	9.19	5.8
2 MB Bank	Banks	1.90	8.09	1.9
3 Hoa Phat Group	Mat's/Res	3.80	7.39	-14.2
4 VN Prosperity Bank	Banks	2.91	6.20	-0.8
5 VNDirect Securities	Brokers	0.60	5.84	38.7
6 Vinhomes	Property	6.40	4.77	-1.0
7 Techcombank	Banks	3.16	4.37	0.5
8 VietCapital Sec	Brokers	0.46	4.27	24.6
9 FPT Corp	Tech	1.53	3.97	0.3
10 Ha Do Group	Property	0.21	3.10	12.2

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	343.0	351.0
Real GDP Growth	%	6.0	6.7	6.2	6.8	7.1	7.0	2.9	2.4
Services Growth	%	6.2	6.3	7.0	7.4	7.0	7.3	2.5	2.1
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	6.0
Retail Sales Growth	%	10.6	9.5	10.2	10.9	11.7	11.8	2.6	-2.2
Prices									
CPI (year-end)	%	1.8	0.9	4.7	2.6	3.0	5.2	3.2	3.1
Money, FX & Interest Rates									
Money Supply M2	%	16.0	18.0	18.0	18.0	11.3	13.1	13.2	12.0
Average Lending Rate	%	9.7	8.6	9.0	9.3	9.5	9.7	8.6	8.5
5-yr VGB	%	5.2	6.6	5.5	4.3	4.5	1.9	1.1	1.0
VND : \$	\$1	21,390	22,540	22,750	22,750	23,235	23,150	23,085	22,650
External Sector									
Trade Balance	\$bn	1.9	-3.5	1.8	2.9	6.8	9.4	19.1	1.1
Current Account	\$bn	6.0	3.0	3.8	6.0	9.4	7.1	9.9	-3.0
Current Account / GDP	%	2.5	1.2	1.4	2.1	3.0	2.1	2.9	-0.9
FDI Registered	\$bn	20.3	22.8	24.3	35.9	35.5	36.0	28.5	28.2
FDI Disbursement	\$bn	12.5	14.5	15.8	17.5	19.1	20.4	20.0	18.7
FX Reserves	\$bn	34.2	31	41.1	52.0	61.0	80.0	98.0	101.0
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-Nov-20	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20	30-Nov-21
Market Cap (\$m)	156,826	253,232	11,336	21,694	39,432	65,889	207,594	340,816
Number of Stocks	388	404	353	346	904	890	1,645	1,640
Number of Large Cap Stocks (> \$400m)	43	76	4	14	16	31	63	121
Stocks with No Room for Foreigners	20	16	9	1	37	1	66	18
Market Cap of Stocks with No Room (\$m)	15,218	40,345	2,617	13	673	670	18,508	41,028
Share of Market Cap with No Room (%)	9.7	15.9	23.1	0.1	1.7	1.0	8.9	12.0

Top 25 Companies

No	Company	30-Nov Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2020 (x)	2021E (x)	2022E (x)	2020 (x)	2021E (x)	2022E (x)	2020 (%)	2021E (%)	2022E (%)
1	Vingroup	105,000	9.2	17,579	7.00	67.0	202.1	205.7	4.6	4.9	4.8	-	-	-
2	Vinhomes	84,600	24.6	16,207	6.46	10.6	11.2	10.9	3.4	2.9	2.3	0.1	-	-
3	Vietcombank	98,900	1.0	16,138	6.43	22.6	19.7	14.9	3.9	3.1	2.6	0.8	-	-
4	Hoa Phat Group	48,950	60.6	9,633	3.84	10.7	6.0	5.3	2.3	2.3	1.6	1.0	1.0	2.0
5	PV Gas	98,300	17.1	8,278	3.30	20.9	20.3	17.7	3.3	3.7	3.6	4.3	4.1	4.6
6	Vinamilk	87,600	-16.3	8,055	3.21	21.9	18.7	17.7	7.0	5.8	5.7	3.6	4.6	4.6
7	Techcombank	51,800	64.4	8,001	3.19	9.2	10.6	8.7	1.5	2.0	1.6	0.1	-	-
8	BIDV	44,400	-7.3	7,857	3.13	36.6	22.6	15.5	2.4	2.1	1.9	1.4	-	-
9	Airports Corporation VN	81,100	0.1	7,768	-	119.1	182.0	30.0	4.7	4.6	3.9	-	-	-
10	Masan Group	149,200	69.3	7,749	3.09	83.9	57.5	47.6	6.5	9.3	7.8	1.4	-	-
11	VP Bank	37,700	108.8	7,374	2.93	7.7	13.4	9.4	1.5	1.9	1.6	-	-	-
12	Novaland	110,000	128.7	7,132	2.84	16.6	37.9	24.8	2.5	4.7	3.9	0.1	-	-
13	Vietinbank	33,550	25.3	7,094	2.83	11.5	13.9	10.5	1.5	1.6	1.3	1.5	-	-
14	Military Bank	29,000	71.8	4,821	1.92	7.4	8.8	6.9	1.3	1.8	1.5	-	-	-
15	Mobile World	138,900	75.8	4,356	1.74	13.7	20.5	14.5	3.5	5.1	3.9	1.3	0.7	0.7
16	Sabeco	154,000	-20.4	4,345	1.73	28.0	27.7	24.4	6.2	4.8	4.1	3.0	3.9	3.9
17	ACB	33,300	48.1	3,959	1.58	8.0	8.9	6.7	1.7	2.0	1.6	-	-	-
18	FPT	97,100	92.9	3,877	1.54	14.3	23.2	18.7	2.9	5.1	4.5	4.2	2.4	3.0
19	Petrolimex	54,100	1.2	3,024	1.23	66.3	21.4	18.1	3.1	3.2	3.0	6.1	-	-
20	Vincom Retail	29,800	-5.1	2,979	1.22	30.0	36.3	24.9	2.4	2.3	2.2	-	1.7	3.4
21	Vietjet Air	122,500	-2.0	2,919	1.16	954.6	506.9	30.5	4.4	4.4	3.8	-	-	-
22	VIB	42,200	82.3	2,884	1.15	7.7	10.6	8.5	2.0	2.7	2.1	-	-	-
23	Binh Son Refining	21,000	112.1	2,865	-	neg	11.8	10.3	1.0	2.0	1.7	0.0	0.5	0.5
24	VEAM Corp	46,200	5.3	2,701	-	10.5	12.7	10.8	2.3	2.6	2.7	19.5	10.8	9.7
25	HD Bank	30,500	60.5	2,673	1.07	8.9	9.8	8.0	1.5	2.1	1.7	-	-	-

VIETNAM MONTHLY REPORT

30 November 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).	

VDeF	
Subscription & Withdrawals	Monthly
Contact:	info@dragoncapital.com

DISCLAIMER

This is an advertising document. It has been prepared by Dragon Capital Markets Limited ("Dragon Capital") on behalf of: Dragon Capital Management (HK) Limited (for VEIL, VEF and VDeF), for the information of their respective shareholders and other eligible recipients.

This document contains a review of the investment case for Vietnam and is neither a prospectus nor an offer or a solicitation to sell or buy or subscribe for securities, investment products or other financial instruments, nor does this document contain any advice or recommendation with respect to such securities, investment products or other financial instruments.

You are advised to exercise caution in relation to this document. Past performance is no guarantee of future performance, and the value of shares in the funds (and any income derived therefrom) may go down as well as up. The NAV of the funds are calculated by reference to the closing price of the relevant shares on the Vietnamese stock exchanges. Funds domiciled outside of Vietnam are subject to certain foreign ownership limits, therefore the price at which the funds can trade shares may be different from the price at which shares are traded locally. If you have any doubt about any information contained in this document, then you should obtain independent professional advice.

All information in this document remains subject to revision and amendment at any time. Dragon Capital makes no representation or warranty as to the accuracy, completeness or context of the document, and expressly disclaims all liability whatsoever arising from reliance upon this document or any part of it.

All rights reserved. The information contained in this document may be confidential and must not be distributed or otherwise made available to third parties without the consent of Dragon Capital, and then only to such recipients who have confirmed that distribution of such information is in compliance with all securities laws and regulations which apply to them.

Information specific to UK investors in VEIL: According to an analysis performed on behalf of VEIL by KPMG, VEIL does not meet the definition of an "offshore fund" for the purposes of the Offshore Fund Regulations in the UK. On the basis of this analysis, the Offshore Fund Regulations do not apply to VEIL, and therefore the reporting fund status regime is not relevant to VEIL or its UK investors. Please contact a member of the client group if you require the full analysis from KPMG.

Representative and Paying Agent in Switzerland: The representative for VEF in Switzerland is Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland, and the paying agent is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich, Switzerland. The VEF prospectus, the key investor information documents (KIIDs), the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE.