



MARKET REVIEW AND OUTLOOK

VNI +0.9% in July amid anemic trading environment and cautious sentiment

The Vietnam Index inched up in July, rising 0.9% (TR\$) to 1206 points. This small rise was still the largest monthly gain of the year. Well-documented global tensions were external drivers, and on the domestic front, the Government's delay in raising credit growth quotas, and initial rate hikes, were unfavourable factors. Despite a total of nearly one million new trading accounts being opened in May and June, and a further 196,000 in July, average daily turnover fell 21% mom on the HOSE to \$498m, and by 22% on the combined exchanges to \$553m. Foreigners ended their buying streak, net selling a modest \$23.4m in July. The Index rebounded after hitting support levels between 1140-1150, but cautious sentiment remained as investors waited for and digested key economic readings from major developed markets.

Sectors hardest hit in 2Q22, industrial parks, brokers, construction, and mid-cap property, rebounded

Several sectors broke out from the sideways momentum of the market to make an at least temporary comeback. Industrial park names rose 15% due to solid lease prices, and Vietnam remains the regional magnet for FDI disbursement. Construction companies gained 14% amid a downtrend in construction material prices and repeated calls from the Government to accelerate public investment. Brokers rose 11% as the market appeared to have bottomed out and their quarterly earnings largely met market expectations. Mid-cap property names rebounded by 9% thanks to better-than-expected 2Q22 earnings and following steep share price corrections in Q2.

But retailers, exporters, large-cap property, steel and energy all fell

After outperforming in 2Q22, retail stocks fell 13% in July as weakened consumer purchasing power and slowing sales hurt their outlook. Exporters also fell by 8% on concerns of subdued global demand led by recessions in large developed economies. Property majors gave up 5% as their Q2 results missed earnings expectations, legal processes remained frozen, and rising mortgage rates concerned home buyers. Steelmakers pulled back by 4% amid a further decline in selling prices and muted residential construction demand, and energy stocks dropped 6% as mounting fears of a significant global economic slowdown dealt a blow to oil prices.

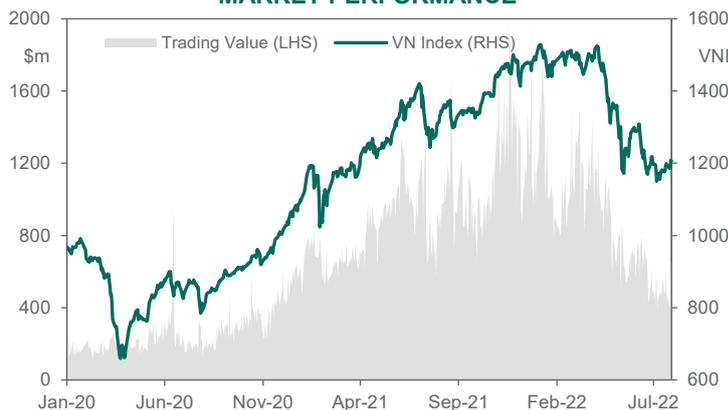
Q2 results reaffirm our confidence in promising earnings outlook for 2022

2Q22 earnings season concluded with a healthy 17% growth for the top 80 companies under our coverage, resulting in overall growth in 1H22 of 24%. In Q2, non-ferrous materials and energy delivered triple-digit increases, while banks posted a 34% yoy gain. We believe these Q2 and H1 results confirm both our view on the solid fundamentals displayed by Vietnamese corporates as well as the strength of the domestic economy in which they operate. We remain confident in our upbeat profit forecast for the year as Vietnam's economy recovers from the low base of 2H21, although we must be mindful of the economic challenges currently faced.

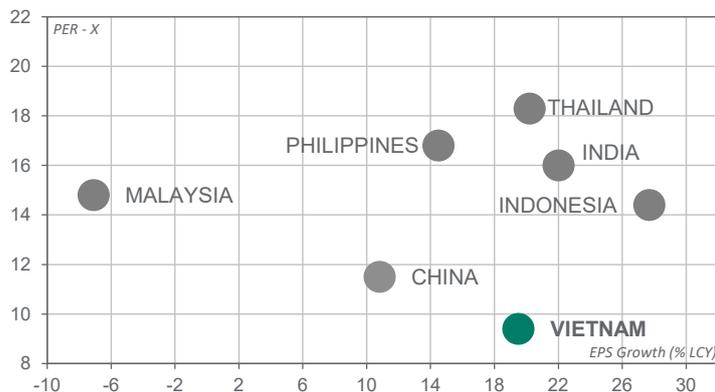
DC TOP-80 FORECASTS

31-July-22	Unit	2019	2020	2021	2022F
PER	x	11.9	13.9	14.8	9.4
EPS Growth	%	11.4	5.6	38.8	19.5
PEG	x	1.0	2.5	0.4	0.5
Sales Growth	%	10.0	2.2	22.0	19.2
EBIT Growth	%	15.1	3.2	50.5	16.3
PBT Growth	%	13.2	5.8	38.1	21.7
NPAT Growth	%	12.9	5.9	41.9	20.7
Net DER	x	0.3	0.4	0.3	0.2
Yield	%	1.7	1.4	1.0	1.1

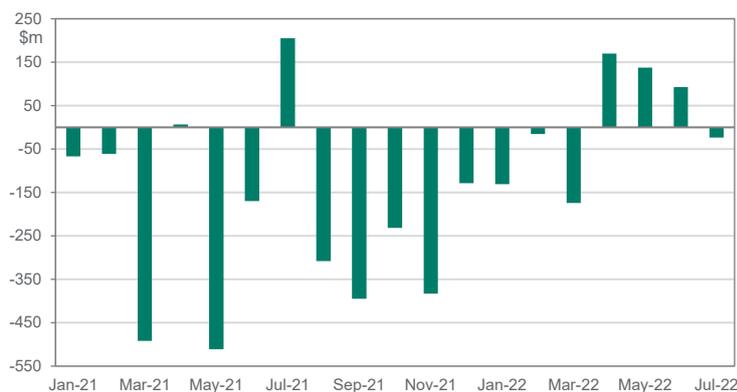
MARKET PERFORMANCE



COMPARATIVE RATINGS – 2022 PER / EPS GROWTH



FOREIGN NET SELLING MODERATE IN JULY



Sources: DC, Bloomberg, Credit Suisse / Refinitiv – all adjusted for free float



ECONOMY REVIEW AND OUTLOOK

Economic activity recovers to pre-COVID levels

Vietnam's economic activity has recovered to pre-COVID levels. The Industrial Production Index rose 11.2% yoy in July and 8.8% yoy for 7M22. The services sector also contributed to the strong growth, with total retail sales hitting a record high, up 2.4% mom and 42.6% yoy. However, the economy is facing many challenges going forward, including rising prices, pressure on the currency, and a reduction in global demand.

Slower trade as the US and EU may enter technical recession

Trade slowed on a decline in exports of electronic products after Samsung cut its smartphone production in Vietnam. Exports were \$30.3bn, -7.7% mom, while imports were \$30.3bn, -6.0% mom. In the remaining five months of 2022, exports may face more obstacles, as some large markets such as the EU and US are showing early signs of a slowdown, leading to lower demand, as reflected by Vietnam's PMI falling from 54.0 last month to 51.2 in July. Vietnam also still net purchases a lot of energy products, which, combined with global market uncertainties and Vietnam's open economy, could possibly turn the country's trade balance from the current \$1.2bn surplus to a deficit \$3-4bn by year end.

SBV raises OMO and interbank rates to support the VND, other policy rates may increase next year

Fed rate hikes, lower receipts from foreign tourism, and a decline in trade are pressuring the VND. The SBV continued selling foreign currencies to stabilise the exchange rate and has changed the mechanism for open-market rates from fixed to floating, which makes OMO rates more market-oriented, causing them to surge from 2.5% to 4.5%. After this move, the interbank rate spiked by 300-400 bps, establishing a new base of 4.0-5.0%, higher than the USD rate of 2.6% in same tenor. We believe that monetary policy has shifted to a more cautious and tighter stance, especially as the total credit over GDP may reach 127% in 2022, relatively high vs peers. However, the State Bank may delay raising other policy rates, including the cap for deposit, discount, and refinancing rates to next year, which could push rates higher. The total loan to deposit ratio of nearly 100% is also causing banks to compete to raise rates.

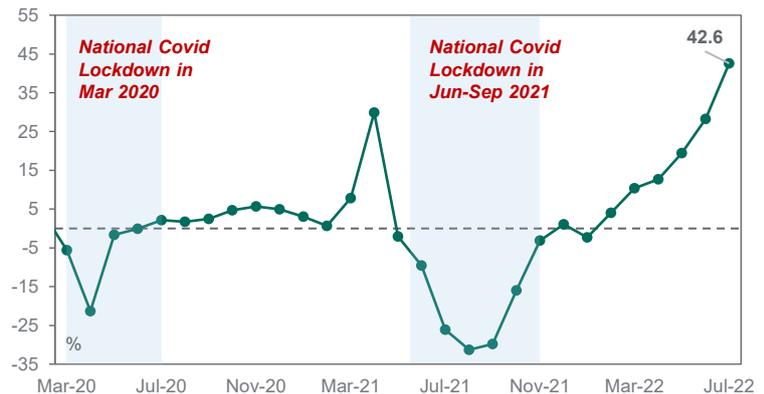
Vietnam still has fiscal room to maintain stability near term

Global commodity prices decreased slightly, which temporarily eased inflationary pressure in July. Inflation increased by 3.1% yoy and by +0.4% mom, but notably, core CPI surged by 2.6%, showing a spillover effect of the gasoline price on other groups. The Government has decided to cut fuel taxes to stave off inflation until 2023-24. Still, Vietnam's macro situation remains one of the most stable in the region. The public debt ratio is only 43.7% of GDP and budget revenue is in surplus for 7M22, showing that Vietnam still has the fiscal space to maintain stability. The biggest risk is that prolonged inflation could burn through the macro reserves accumulated over many years.

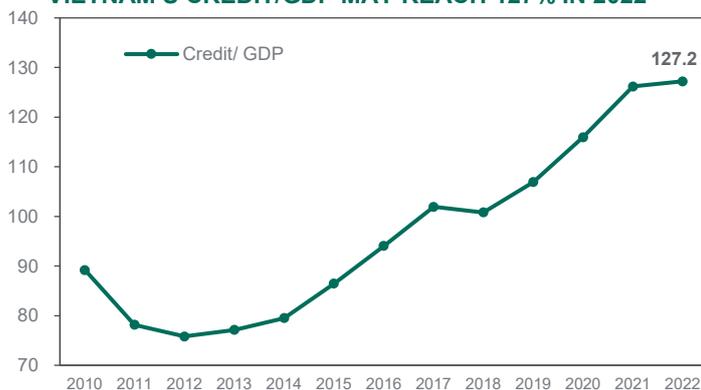
ECONOMIC FORECASTS

31-July-22	unit	2019	2020	2021	2022F
Real GDP Gro	%	7.4	2.9	2.6	7.5
Nominal GDP	\$bn	334.4	346.6	366.1	405.8
CPI	%	2.8	3.2	1.8	4.2
Export Gro (cif)	%	9.0	6.5	19.0	14.6
Import Gro (cif)	%	7.7	3.6	26.7	16.8
Trade Bal (cif)	\$bn	10.8	19.9	4.0	-3.5
FX Reserves	\$bn	80.0	98.0	106.5	95.0
FDI Disbursed	\$bn	20.4	20.0	19.8	23.8
VND:\$	1	23,150	23,085	22,800	23,500

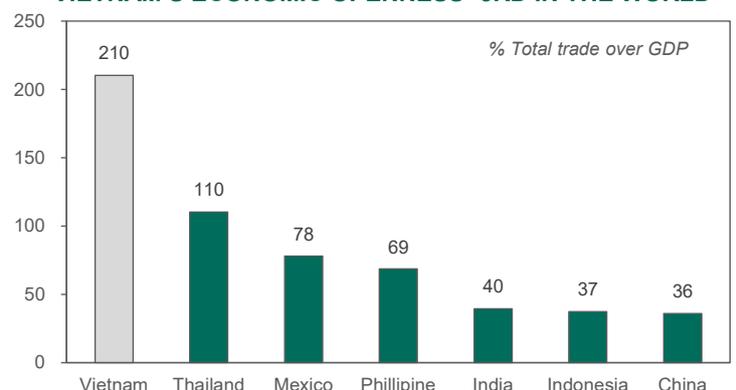
RETAIL SALES OF +42.6% SIGNALS ROBUST RECOVERY



VIETNAM'S CREDIT/GDP MAY REACH 127% IN 2022



VIETNAM'S ECONOMIC OPENNESS- 3RD IN THE WORLD





VIETNAM EQUITY (UCITS) FUND – VEF

The VN Index started to stabilise in July, gaining 0.9%, while VEF lost 0.5%. The Fund's mid-cap property developers rebounded, with two of the Fund's mid-cap property holdings in the Top-10 making double-digit gains. Kinh Bac City (KBC), the largest industrial park developer in the north, was up 15% as 1H22 results came in strong. NPAT climbed 271% yoy, while the bulk of its earnings were from an \$82m revaluation gain following an increase in its stake (from 19% to 48%) in associate company Saigon Danang Investment (SDN), which holds 1,080 ha of industrial park land in central Vietnam. Ha Do Group (HDG) maintained its upward momentum from last month, rising 12% in July on encouraging 1H22 earnings growth of 78% yoy on the back of secured income from 500MW of renewables and strong property bookings. Banking stocks were also steady while awaiting news on the credit front. Our top holding MB Bank (MBB) rose 5.7%, while Sacombank (STB) regained nearly 15% of its 40% loss in May. Both stocks are currently trading at undemanding PBRs of 1.3x and 1.1x for 2022, respectively, and have low NPL ratios in the range of 1.2-1.3% and high LLRs of 221% and 140%.

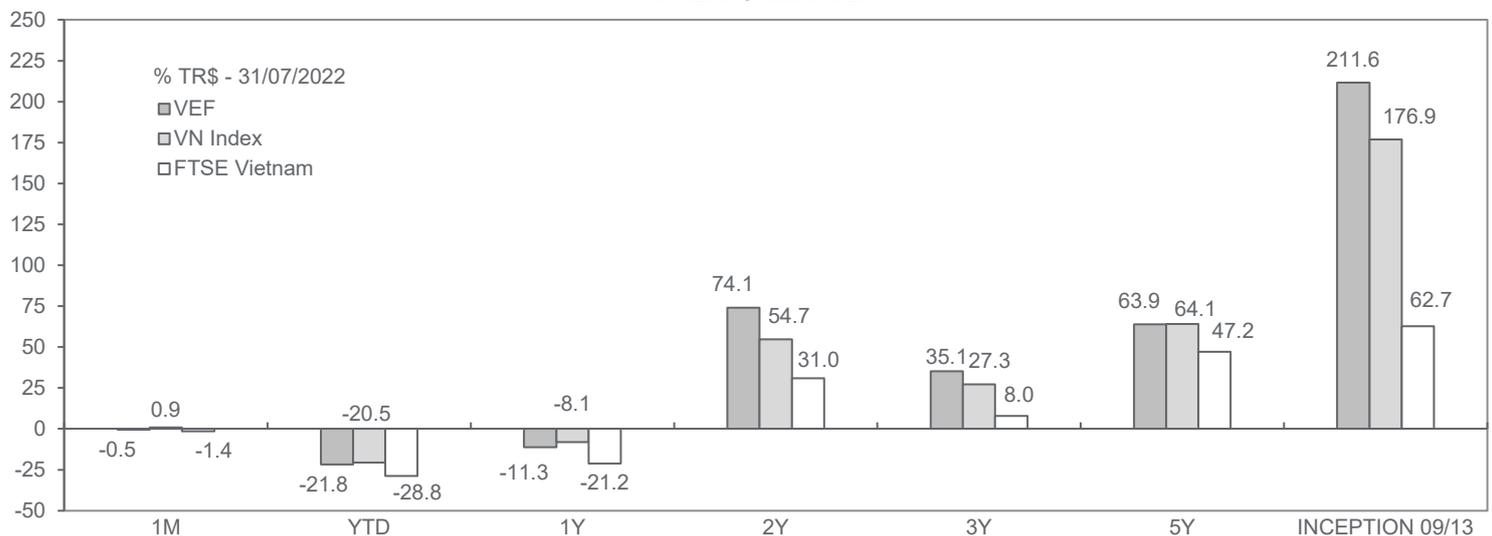
On the downside, the Fund's performance was hampered by retailers Mobile World (MWG) and Phu Nhuan Jewelry (PNJ) as the Diamond ETF experienced withdrawals. Sentiment in Mobile World turned negative after management announced the closure of 251 inefficient Bach Hoa Xanh stores (out of a total of 2,140) then posted mediocre 1H22 results of essentially flat earnings yoy. That said, the company's restructuring has started to yield some positive results: Bach Hoa Xanh's monthly average revenue/store for June was VND 1.2bn, a 10% mom increase and 25% higher than before the restructuring (1Q22). And July was even better at VND 1.3bn. Meanwhile revenues at the company's mobile phone and consumer electronics segments grew by +11.3% yoy in 2Q. And PNJ's business remains strong, with 1H sales +81% yoy and NPAT +65% yoy on pent-up demand. Its valuation is more than reasonable, with a current PER of 13.8x for this year.

Another laggard for the Fund was Duc Giang Chemicals (DGC), which lost 24% when yellow phosphorus prices fell almost 20% in anticipation of weaker global demands for semiconductors as recession fears loom. The company's 1H22 earnings results were broadly in line with expectations at +415% yoy and +34% qoq.

PRICE AND NAV DATA

	NAV/Share	NAV Change (%)		Net Assets		Std. Dev.	Sharpe Ratio
		Monthly	YTD	Total	Net Cash (% of NAV)		
VEF – A	31.2	-0.5	-21.8	\$296m	5.35	29.11	0.34
VEF – B	1,716.0	2.7	-12.5				

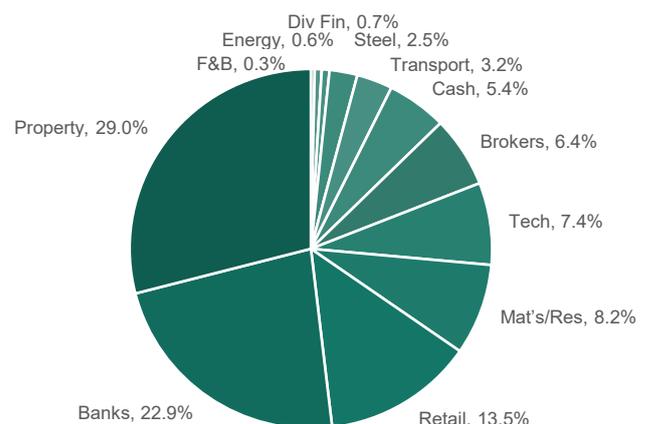
NAV PERFORMANCE



TOP 10 HOLDINGS (46.7% of NAV)

COMPANY	SECTOR	FTSE %	NAV %	CH %
1 MB Bank	Banks	2.02	9.02	5.7
2 Mobile World	Retail	1.86	8.63	-14.9
3 FPT Corporation	Software/Svc's	1.91	7.38	-3.4
4 VN Prosperity Bank	Banks	2.66	5.17	-1.3
5 PNJ Jewelry	Retail	0.58	4.86	-11.5
6 Kinh Bac City Dev'	Property	0.60	4.48	15.0
7 Ha Do Group	Property	0.27	4.37	12.1
8 Duc Giang Chem'	Materials	0.69	4.30	-23.6
9 Sacombank	Banks	0.97	4.14	14.6
10 Hung Thinh Land	Property	-	3.32	-

SECTOR BREAKDOWN





APPENDIX 1: MACRO

Key Indicators

Item	Unit	2015	2016	2017	2018	2019	2020	2021F	2022F
GDP									
GDP	\$bn	239.5	257.1	281.4	310.1	334.4	346.6	366.1	405.8
Real GDP Growth	%	7.0	6.7	6.9	7.5	7.4	2.9	2.6	7.5
Services Growth	%	6.3	7.0	7.4	7.0	7.3	2.5	1.2	8.8
Agriculture Growth	%	2.4	1.4	2.9	3.8	2.0	2.8	2.9	2.8
Ind'l and Const'n Growth	%	9.6	7.6	8.0	8.9	8.9	3.3	4.1	8.1
Retail Sales Growth	%	9.5	10.2	10.9	11.7	11.8	2.6	-3.8	10.8
Prices									
CPI (Average YoY)	%	0.6	2.7	3.5	3.5	2.8	3.2	1.8	4.2
Money, FX & Interest Rates									
Money Supply M2	%	16.2	18.4	15.0	12.4	14.8	14.5	8.9	8.5
Average Lending Rate	%	8.6	9.0	9.3	9.5	9.7	8.6	8.5	9.7
5-yr VGB	%	6.6	5.5	4.3	4.5	1.9	1.1	0.9	3.8
VND : \$	\$1	22,540	22,750	22,750	23,235	23,150	23,085	22,800	23,500
External Sector									
Trade Balance	\$bn	-3.5	1.8	2.1	6.8	10.8	19.9	4.0	-3.5
Current Account	\$bn	-2.0	0.6	-1.6	5.8	12.2	14.9	-4.9	-1.7
Current Account / GDP	%	-0.9	0.2	-0.6	1.9	3.6	4.3	-1.0	-0.4
FDI Registered	\$bn	22.8	24.4	35.9	35.5	36.0	28.5	31.2	37.7
FDI Disbursement	\$bn	14.5	15.8	17.5	19.1	20.4	20.0	19.8	23.8
FX Reserves	\$bn	31	41.1	52.0	61.0	80.0	98.0	106.5	95.0
Public Debt & Fiscal Balance									
External Debt	\$bn	80.9	91.4	109.2	112.1	122.8	130.1	138.8	146.0
<i>Government</i>	\$bn	39.6	42.9	46.3	47.0	47.7	49.0	47.9	49.5
<i>Enterprises (incl. FDI)</i>	\$bn	41.2	48.5	62.9	65.1	75.0	81.1	90.9	96.5
External Debt (% GDP)	%	33.8	35.6	38.8	36.2	36.7	37.5	37.9	36.0
Fiscal Balance (% GDP)	%	-3.3	-3.0	-2.6	-2.9	-2.6	-3.4	-4.0	-5.1



APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	31-Jul-21	31-Jul-22	31-Jul-21	31-Jul-22	31-Jul-21	31-Jul-22	31-Jul-21	31-Jul-22
Market Cap (\$m)	214,624	205,292	18,158	14,552	51,245	53,223	284,026	273,067
Number of Stocks	385	402	360	341	903	857	1,648	1,600
Number of Large Cap Stocks (> \$400m)	58	64	9	10	19	21	86	95
Stocks with No Room for Foreigners	16	14	1	1	1	0	18	15
Market Cap of Stocks with No Room (\$m)	32,465	35,367	11	12	515	0	32,992	35,379
Share of Market Cap with No Room (%)	15.1	17.2	0.1	0.1	1.0	0.0	11.6	13.0

Top 25 Companies

No	Company	31-Jul	Price	Mkt	Wt	PER			PBV			Yield		
		Price	YTD	Cap	in VNI	2020	2021	2022E	2020	2021	2022E	2020	2021	2022E
		(VND)	(%)	(\$m)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)
1	Vietcombank	74,700	-5.2	15,137	7.42	22.3	19.6	15.1	3.8	3.4	2.6	0.8	0.5	-
2	Vinhomes	59,900	-24.8	11,168	5.48	10.3	8.9	8.8	3.3	2.8	1.6	0.1	1.5	-
3	Vingroup	64,000	-32.7	10,452	5.13	67.0	0.0	41.0	4.6	3.6	3.0	-	0.5	-
4	PV Gas	107,500	14.8	8,810	4.32	20.4	21.2	16.1	3.2	3.5	3.6	4.4	3.3	3.2
5	Airports Corporation VN	87,000	0.0	8,110	-	119.1	268.2	46.6	4.7	5.0	4.4	-	-	-
6	BIDV	37,300	0.5	8,079	3.96	36.4	23.8	15.1	2.4	2.2	2.0	1.4	0.7	-
7	Vinamilk	72,800	-11.3	6,515	3.20	20.8	18.2	19.0	6.6	5.2	4.9	3.8	4.4	5.2
8	Masan Group	106,100	-25.0	6,468	3.17	83.2	23.4	23.8	6.4	6.1	3.8	1.4	1.7	-
9	Novaland	74,500	-18.1	6,220	3.05	16.6	54.5	27.7	2.5	5.0	3.7	0.1	-	-
10	Techcombank	37,900	-24.2	5,698	2.79	9.2	10.0	6.3	1.5	1.9	1.2	0.1	-	-
11	Vietinbank	27,200	-19.8	5,597	2.74	11.2	13.5	8.8	1.5	1.7	1.1	1.5	-	-
12	VP Bank	28,700	-19.8	5,463	2.72	7.7	13.6	6.5	1.5	1.8	1.5	-	-	-
13	Hoa Phat Group	21,500	-38.8	5,353	2.63	10.5	6.2	5.2	2.3	2.3	1.1	1.1	0.8	3.4
14	Sabeco	180,000	21.8	4,943	2.42	27.4	25.8	19.5	6.1	4.5	4.6	3.1	1.2	1.9
15	Military Bank	25,650	-11.2	4,150	2.04	8.1	8.9	5.8	1.3	1.7	1.3	-	-	-
16	FPT	83,500	8.7	3,922	1.92	14.1	21.4	19.0	2.9	4.7	4.0	4.2	2.7	2.7
17	Mobile World	61,000	-9.6	3,823	1.88	13.6	19.6	16.5	3.4	4.7	3.5	1.3	0.3	0.8
18	ACB	24,600	-10.9	3,558	1.74	8.1	9.9	6.4	1.7	2.1	1.4	-	-	-
19	Becamex IDC	73,500	14.8	3,257	1.60	21.1	47.2	18.2	2.6	4.1	4.0	1.0	1.3	1.1
20	Binh Son Refining	24,500	7.4	3,253	-	0.0	11.3	4.5	1.0	1.9	1.5	-	0.7	3.3
21	Vietjet Air	125,700	-2.0	2,915	1.43	954.6	931.7	61.6	4.4	4.1	2.4	-	-	-
22	Vincom Retail	28,000	-7.0	2,724	1.37	30.0	52.0	27.5	2.4	2.2	1.9	-	-	-
23	VEAM Corp	44,500	0.2	2,532	-	10.5	10.3	10.4	2.3	2.5	2.6	19.5	13.7	9.9
24	VIB	26,600	-24.1	2,401	1.18	8.0	11.8	7.0	2.0	3.0	1.7	-	-	-
25	Petrolimex	41,100	-23.7	2,236	1.12	66.3	24.1	20.4	3.1	2.7	2.5	6.1	2.4	6.7

VIETNAM MONTHLY REPORT

31 July 2022

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 depository. 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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