



ECONOMY REVIEW AND OUTLOOK

Gimme shelter: Vietnam slows in face of global headwinds

As Vietnam's trade openness leaves it particularly exposed to external demand, global headwinds have stifled the domestic economy. Despite a trade surplus of \$1.5bn, Vietnam's overall trade decreased by 18.8% YoY in April. Total exports were \$27.5bn, a decrease of 17.1%, driven by declines in the electronics, textile, and wooden product sectors. The reduction in orders impacted industrial production activities, which witnessed limited increases of 3.6% MoM and 0.5% YoY. Subsequently, we do not anticipate significant improvements over the coming months, with the higher-rate environment continuing to dampen consumer demand. PMI dropped to 46.7 in April from 47.7 in March, making it the fifth contraction in the past six months.

Tourism boosts local consumption

Despite the longest holiday after Tet not arriving until the end of the month, total retail sales rose by 11.5% YoY, with an increase of 16.6% and 21.1% in the tourism and services sectors, respectively. Foreign arrivals reached 984,000 in April and totalled 3.7m in 4M23, equivalent to the entirety of 2022, primarily driven by a 70% MoM increase in Chinese tourists after the reopening of its economy. This is still less than 20% of pre-covid levels, so there is still potential for a meaningful increase in 2H23 numbers.

The taxman takes a break

With fiscal policy requiring time for implementation, monetary policy is now the Government's primary tool. April CPI inched up modestly by 2.8% YoY as the Fed approaches its late cycle of rate hikes, spurring on the SBV in pursuing more accommodative policies. In April, they added to their FX reserves by \$1.6bn, now estimated at over \$90bn. The SBV aims to continue reducing local interest rates, which have declined by 1-2% YTD. The SBV also introduced several new regulations, including allowing banks to repurchase corporate bonds and providing loan forbearance. The new decrees (Circulars 02 and 03) have extended the effective dates of existing regulations by 6-18 months, giving more time for companies to adapt to new standards. Regarding fiscal policy, the government will raise the basic salary by 20.8% from 1 July 2023, and introduced a reduction in VAT from 10% to 8%, further incentivising domestic consumption.

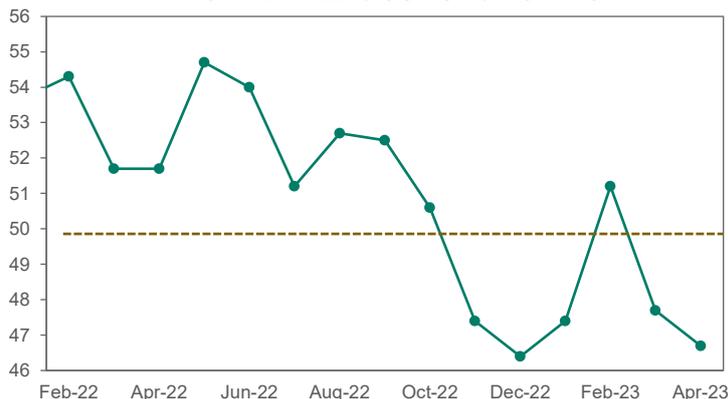
GDP revised down ahead of National Assembly meeting

Given ongoing global uncertainties, we have revised down the 2023 GDP growth forecast to 5.5%-6.0%. We believe that the upcoming National Assembly meeting on 22 May will introduce additional policies aimed at economic stimulus, including further solutions designed to extend and postpone the extension of taxes, fees, and land use levies in 2023. The speed and effectiveness of those measures will be crucial in determining how substantially they will impact the economic growth rate in 2023.

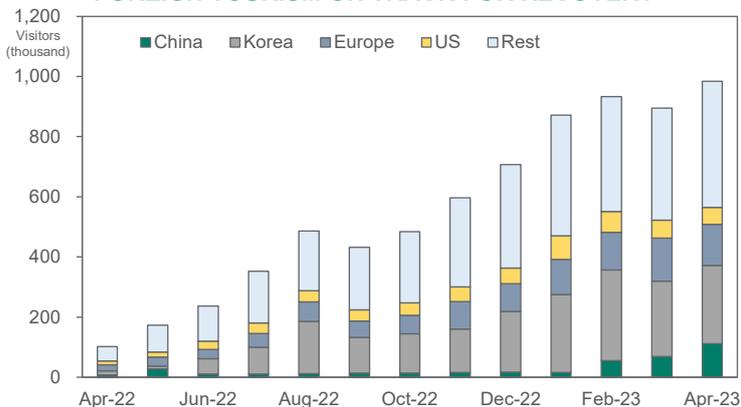
ECONOMIC FORECASTS

30-Apr-23	unit	2020	2021	2022	2023F
Real GDP Gro	%	2.9	2.6	8.0	6.5
Nominal GDP	\$bn	346.6	366.1	408.8	455.2
CPI (average)	%	3.2	1.8	3.2	4.5
Export Gro (cif)	%	6.5	19.0	10.5	2.7
Import Gro (cif)	%	3.6	26.7	7.8	1.9
Trade Bal (cif)	\$bn	19.1	3.3	12.4	14.4
FX Reserves	\$bn	98.0	106.5	85.0	95.0
FDI Disbursed	\$bn	20.0	19.8	22.4	20.9
VND:\$	1	23,085	22,800	23,550	23,450

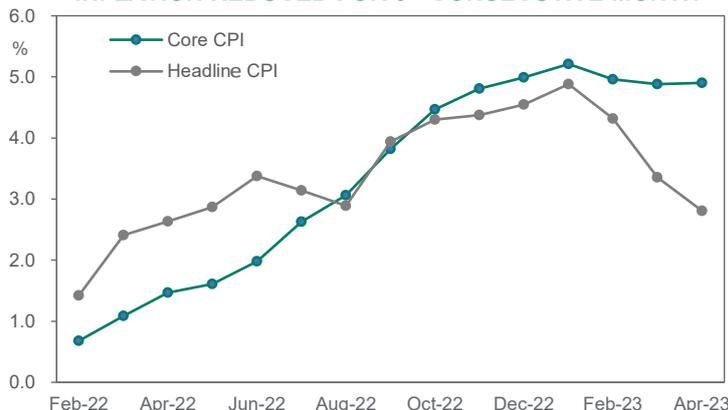
PMI CONTRACTED 5 OUT OF 6 MONTHS



FOREIGN TOURISM ON TRACK FOR RECOVERY



INFLATION REDUCED FOR 3rd CONSECUTIVE MONTH





MARKET REVIEW AND OUTLOOK

Investors take profit after selective rally

The VNI declined 1.4% in April (TR\$), driven by the underperformance of large-cap stocks, with several factors contributing to a cautious investor outlook. One factor was profit-taking, as signs of a slowing economy emerged, undoing many of the gains from a mid-March rally. Additionally, the long April holiday added to the contraction, as investors tended towards reducing exposure to equities before the break. Lastly, foreign investors net sold \$118m, focusing on large-cap stocks, creating a burden on the market and depressing retail sentiment.

The David's of real estate outperform the Goliaths

The Government introduced more regulatory reforms, of which one was the consideration of removing legal obstacles for seven projects in Dong Nai province, belonging to major developers including NVL, DIG, and NLG. This news was welcomed by local investors, leading to related small and mid-cap real estate players experiencing significant gains. As such, investors showed a pro-cyclical, high beta sentiment, favouring companies they perceived as recovering from their nadir, helping them outperform the large caps by a noteworthy 6.6%.

Government policies start to bear fruit

The additional release of Circular 02, aimed at supporting capital markets, will catalyse the banking sector's earnings outlook, supported by interest rate reduction, debt restructuring, and LDR policies. Bad debt remains a concern, but systematic risk has been significantly reduced. Similar to small and mid-caps leading the real estate recovery, private banks benefitted most from these policies, outperforming their SOCB counterparts (State-Owned Commercial Banks).

1Q23 profit down on weak demand

Within our top 80 universe, 1Q23 float-adjusted net profit declined by 28% on the back of a 6% drop in revenue. The banking sector, contributing 64% of total earnings, was resilient with a moderate 12% YoY decline. Despite pre-sales remaining muted, real estate profits slightly increased by 2% thanks to bulk sales from VHM and KBC, and we believe we have likely passed the bottom, while IT and Energy showed positive growth ranging from 6% to 20%. However, manufacturing and services experienced a 60% profit decrease on a 15% decline in revenue, primarily driven by challenges in the chemicals, metal, retail, and F&B sectors due to tumbling commodity prices and weak domestic consumer demand.

2023 growth forecasts remain on track

The 1Q23 results completed 22% of our FY23 forecast, in line with expectations bar the consumer sector. We anticipate that 1Q23 marked the lowest point in YoY earnings growth due to the high base effect from a particularly strong 1Q22. With reduced financial costs, earnings growth is expected to improve in 2Q23, however, and will gain momentum in 2H23 compared to the low base of 2H22. Our FY23 profit growth forecast remains unchanged at ~5-7%.

DC TOP-80 FORECASTS

28-Apr-23	Unit	2020	2021	2022	2023F
PER	x	13.9	14.6	9.1	9.1
EPS Growth	%	5.6	38.9	-1.4	4.8
PEG	x	2.5	0.4	Neg	1.9
Sales Growth	%	2.2	22.0	12.3	4.1
EBIT Growth	%	3.2	50.8	2.5	13.3
PBT Growth	%	5.8	38.0	1.6	3.8
NPAT Growth	%	5.9	41.9	0.0	4.9
Net DER	x	0.4	0.3	0.3	0.2
Yield	%	1.4	1.0	1.8	1.4

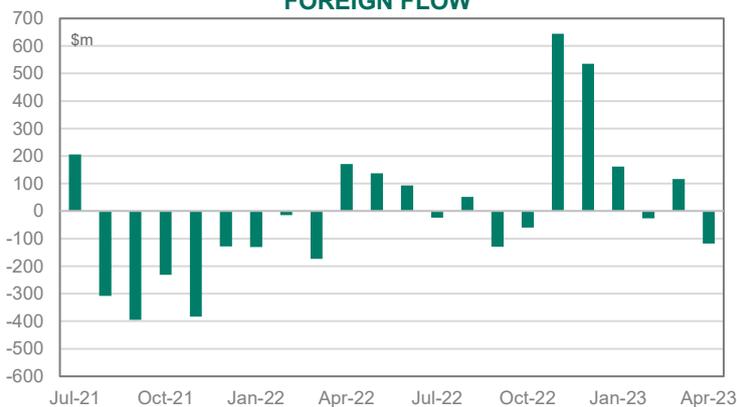
MARKET PERFORMANCE



VNI TRAILING 5Y PE



FOREIGN FLOW





VIETNAM EQUITY (UCITS) FUND – VEF

The Fund outperformed the benchmark VNI by 2.0%, rising 0.6% in April, with seven of its Top-10 holdings moving ahead of the index. With less dramatic turbulence and weak 1Q23 earnings largely priced in, the market was relatively stable for the month, and the VNI quietly retracted by a marginal 1.4%.

With accommodative policies making headlines, the real estate sector had a relatively good month, and the Fund's 15.5% holdings in this space benefited along with it. HDG, being both a representative for the real estate sector and a strong player in renewables, was one of the top contributors to the Fund's return, gaining 10.7% MoM. HDG recorded 1Q23 YoY revenue growth of 40% and NPAT growth of 24%. On the property side, HDG booked several real estate projects amounting to \$13.3m, with another \$85m investment slated for the ready-for-launch Charm Villa project, with real estate market conditions dictating the start date. With regards to its power division, revenue increased 14% YoY to \$23.1m in 1Q23, and the company continues to seek opportunities to expand their portfolio, eyeing another 25MW project in the near future.

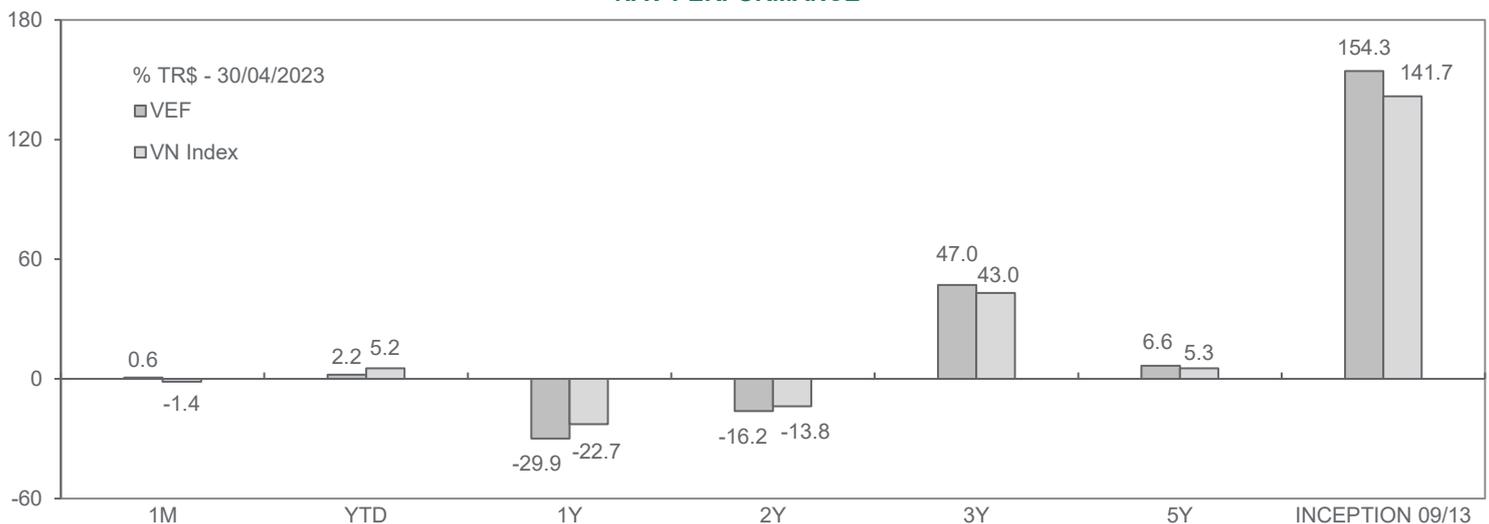
PVD (+3.3%) continued its strong performance with results coming in line with our expectations, with 1Q23 earnings up 22% QoQ at \$2.8m, as both jack-up rates and workloads increased. The drilling fleet is now operating at full capacity, and with 1Q23 likely to be the weakest quarter in terms of profit, we anticipate even higher earnings for 2H23.

On the downside, laggards faced profit-taking activities after significant price surges, including VPB (-5.4%) and STB (-3.4%). Global events in the US and Europe also negatively affected foreign sentiment, thereby impeding Diamond ETF inflow and its underlying constituents, some of which the fund holds positions in, though slowing inflow has become less of a concern recently. FPT (-2.0%) retreated despite solid 1Q23 results, with positive sales of 20.1% YoY and earnings of 20.6%. The core global IT services segment was strong with PBT growth of 33% YoY, and future earnings were secured by new orders up by 44%. FPT's education arm is also flourishing with revenue and PBT growth of 47% and 60% YoY, respectively.

PRICE AND NAV DATA

	NAV/Share	NAV Change (%)		Net Assets		Std. Dev.	Sharpe Ratio
		Monthly	YTD	Total	Net Cash (% of NAV)		
VEF – A	25.43	0.57	2.16	\$269m	1.99	25.37	0.48
VEF – B	1,296.69	-1.37	-0.87				

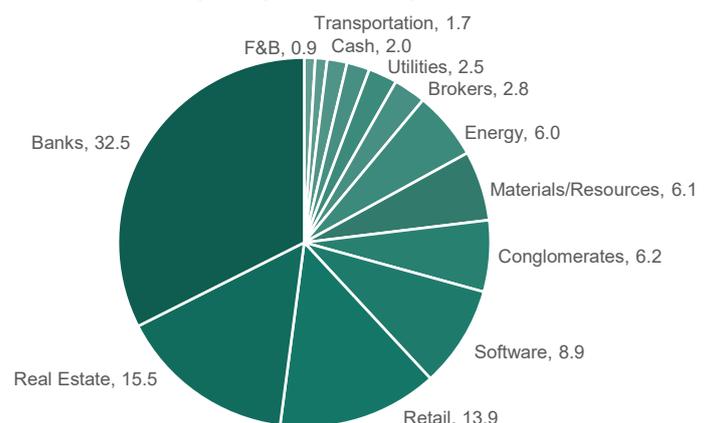
NAV PERFORMANCE



TOP 10 HOLDINGS (57.7% of NAV)

COMPANY	SECTOR	VNI %	NAV %	CH %
1 FPT Corporation	Software/Svc's	2.0	8.9	-2.0
2 VP Bank	Banks	3.2	7.5	-5.4
3 Phu Nhuan Jewelry	Retail	0.6	7.3	-0.9
4 MB Bank	Banks	2.0	6.2	1.1
5 Sacombank	Banks	1.1	5.7	-3.4
6 Vietcombank	Banks	10.2	4.8	-0.9
7 Ha Do Group	Conglomerates	0.2	4.7	10.7
8 Mobile World	Retail	1.4	4.6	1.7
9 Vietinbank	Banks	3.3	4.2	-1.1
10 PV Drilling	Energy	0.3	3.7	3.3

SECTOR BREAKDOWN





APPENDIX 1: MACRO

Key Indicators

Item	Unit	2016	2017	2018	2019	2020	2021	2022E	2023F
GDP									
GDP	\$bn	257.1	281.4	310.1	334.4	346.6	366.1	408.8	450.7
Real GDP Growth	%	6.7	6.9	7.5	7.4	2.9	2.6	8.0	5.5
Services Growth	%	7.0	7.4	7.0	7.3	2.5	1.2	10.0	7.5
Agriculture Growth	%	1.4	2.9	3.8	2.0	2.8	2.9	3.4	2.6
Ind'l and Const'n Growth	%	7.6	8.0	8.9	8.9	3.3	4.1	7.8	4.4
Retail Sales Growth	%	10.2	10.9	11.7	11.8	2.6	-3.8	10.2	8.2
Prices									
CPI (Average YoY)	%	2.7	3.5	3.5	2.8	3.2	1.8	3.2	4.5
Money, FX & Interest Rates									
Money Supply M2	%	18.4	15.0	12.4	14.8	14.5	8.9	6.2	7.8
Average Lending Rate	%	9.0	9.3	9.5	9.7	8.6	8.5	13.7	11.4
5-yr VGB	%	5.5	4.3	4.5	1.9	1.1	0.9	4.7	2.8
VND : \$	\$1	22,750	22,750	23,235	23,150	23,085	22,800	23,550	23,450
External Sector									
Trade Balance	\$bn	1.8	2.1	6.8	10.8	19.9	3.3	11.2	16.1
Current Account	\$bn	0.6	-1.6	5.8	12.2	15.1	-7.8	-1.5	3.0
Current Account / GDP	%	0.2	-0.6	1.9	3.6	4.3	-2.1	-0.4	0.7
FDI Registered	\$bn	24.4	35.9	35.5	36.0	28.5	38.5	27.7	25.2
FDI Disbursement	\$bn	15.8	17.5	19.1	20.4	20.0	19.8	22.4	20.9
FX Reserves	\$bn	41.1	52.0	61.0	80.0	98.0	106.5	85.0	95.0
Public Debt & Fiscal Balance									
External Debt	\$bn	91.4	109.2	112.1	122.8	130.1	138.8	141.2	147.0
<i>Government</i>	\$bn	42.9	46.3	47.0	47.7	49.0	47.9	48.8	52.4
<i>Enterprises (incl. FDI)</i>	\$bn	48.5	62.9	65.1	75.0	81.1	90.9	92.4	94.6
External Debt (% GDP)	%	35.6	38.8	36.2	36.7	37.5	37.9	34.5	32.6
Fiscal Balance (% GDP)	%	-3.0	-2.6	-2.9	-2.6	-3.4	-4.0	-4.3	-6.0



APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	28-Feb-22	28-Feb-23	28-Feb-22	28-Feb-23	28-Feb-22	28-Feb-23	28-Feb-22	28-Feb-23
Market Cap (\$m)	236,196	178,346	18,324	11,082	59,743	41,731	314,263	231,159
Number of Stocks	408	400	348	338	858	856	1,614	1,594
Number of Large Cap Stocks (> \$400m)	76	62	12	6	26	16	114	84
Stocks with No Room for Foreigners	46	57	45	85	130	210	221	352
Market Cap of Stocks with No Room (\$m)	40,668	24,938	3,113	2,199	14,656	10,526	58,437	37,662
Share of Market Cap with No Room (%)	17.2	14.0	17.0	19.8	24.5	25.2	18.6	16.3

Top 25 Companies

No	Company	28-Feb	Price	Mkt	Wt	PER			PBV			Yield		
		Price	YTD	Cap	in VNI	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E
		(VND)	(%)	(\$m)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)
1	Vietcombank	90,500	13.1	18,254	10.23	19.6	14.4	13.6	3.4	2.8	2.5	0.5	0.9	-
2	BIDV	43,500	12.7	9,378	5.26	23.8	14.1	13.1	2.3	2.0	1.9	0.7	0.2	-
3	Vinhomes	49,500	3.1	9,186	5.15	8.9	7.2	7.6	2.8	1.4	1.3	1.5	4.5	-
4	Vingroup	52,100	-3.2	8,469	4.75	0.0	23.4	43.6	3.6	1.9	1.8	0.5	1.7	-
5	PV Gas	92,800	-8.6	7,570	4.24	21.1	13.4	15.8	3.5	3.2	2.8	3.2	3.0	3.8
6	Airports Corporation VN	78,000	-7.8	7,237	-	268.2	29.0	27.5	5.0	4.2	3.4	-	-	-
7	Vinamilk	70,000	-8.0	6,235	3.49	17.9	21.0	19.1	5.1	5.3	4.5	4.2	5.1	3.5
8	Vietinbank	28,850	5.9	5,909	3.31	13.5	9.2	8.6	1.8	1.2	1.1	-	2.9	-
9	VP Bank	19,900	11.2	5,694	3.21	13.6	6.6	8.9	2.0	1.2	1.2	-	-	-
10	Hoa Phat Group	21,650	20.3	5,366	3.01	6.2	12.6	15.6	2.3	1.1	1.3	0.8	2.2	3.6
11	Sabeco	172,000	3.6	4,701	2.63	26.1	20.8	23.2	4.4	4.6	4.3	1.1	2.3	2.2
12	Masan Group	73,100	-21.4	4,436	2.49	23.4	37.1	44.9	6.1	5.1	3.6	1.7	1.0	1.2
13	Techcombank	29,500	14.1	4,422	2.48	10.0	4.7	6.1	1.9	0.8	0.8	-	0.1	-
14	FPT	77,500	0.8	3,624	2.03	21.0	17.4	14.6	4.6	4.0	3.5	2.7	2.6	3.4
15	Military Bank	18,450	7.9	3,565	2.00	8.9	4.6	4.3	1.8	1.0	0.9	-	-	-
16	ACB	24,200	10.5	3,484	1.95	9.9	5.5	5.1	2.1	1.3	1.1	-	-	-
17	Becamex IDC	78,700	-2.4	3,472	1.95	46.8	49.5	20.5	4.1	4.9	4.0	1.3	0.9	1.0
18	Vincom Retail	27,700	5.3	2,683	1.54	52.0	21.5	15.9	2.2	1.8	1.7	-	-	-
19	Mobile World	39,200	-8.6	2,445	1.37	19.6	15.3	14.4	4.7	2.6	2.1	0.3	1.2	-
20	Vietjet Air	97,000	-11.4	2,239	1.25	931.7	0.0	32.9	4.1	4.0	2.8	-	-	-
21	Binh Son Refining	16,100	21.1	2,128	-	11.3	2.8	7.9	1.9	0.8	0.9	0.7	3.3	5.0
22	VEAM Corp	37,100	-9.1	2,101	-	9.3	7.2	7.4	2.3	2.2	1.9	13.7	11.1	11.8
23	Sacombank	25,300	12.4	2,033	1.14	17.4	8.4	5.2	1.7	1.1	1.0	-	-	-
24	Petrolimex	37,450	18.1	2,028	1.16	23.1	27.8	17.0	2.6	1.6	1.8	2.4	4.3	3.3
25	HD Bank	18,800	17.9	2,015	1.14	10.2	5.2	5.0	2.1	1.1	1.0	-	-	-

VIETNAM MONTHLY REPORT

30 April 2023

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
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