



VIETNAM EQUITY (UCITS) FUND – VEF

VEF gained 10.3% in November, with the majority of the portfolio's stocks recovering.

Energy stocks **PVD** and **PVS** rebounded strongly and extended the climb on the back of a continually bright revenue outlook. For PVD, new long-term contracts such as the three-year Pertamina contract in Indonesia from 2025 to 2027 and elevated jack-up rates further support the earnings growth case for 2024, forecast to reach over +100% YoY after a strong 2023. Likewise, PVS also racked up new contracts in both the energy and power sectors. PVS was awarded two new contracts related to the Block B project in south Vietnam valued at \$1.4bn, and another \$100m for the Feng Miao offshore wind substation. We expect the project backlog will start contributing strongly from 2025 to PVS' bottom line.

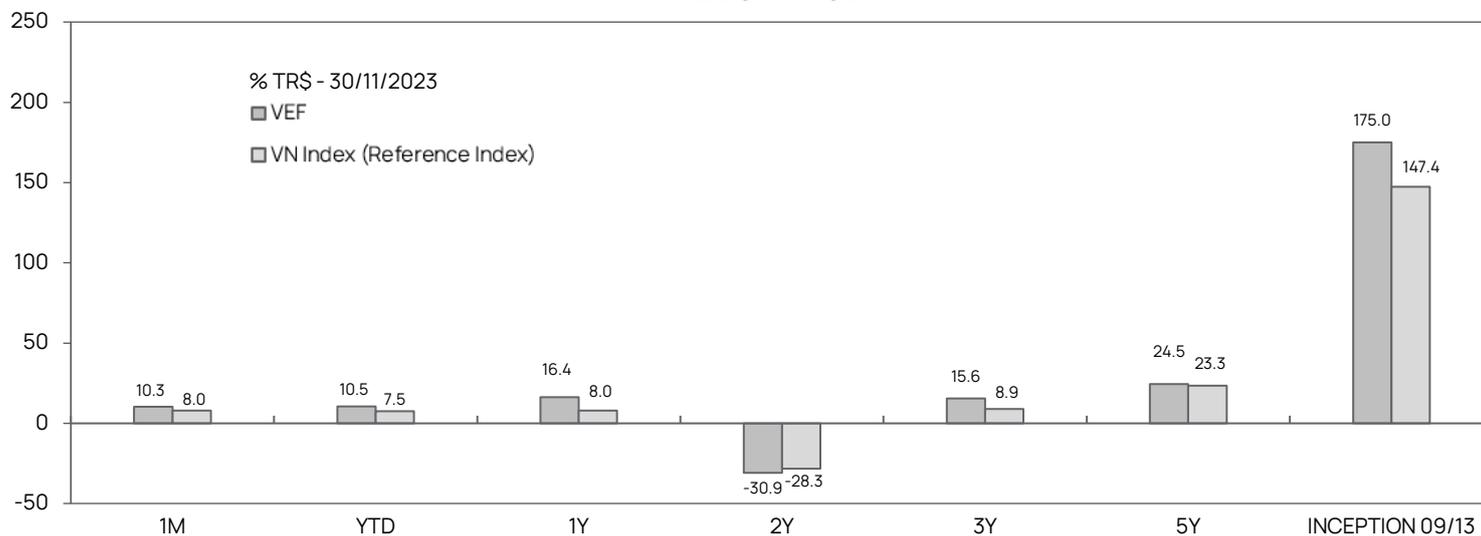
FPT Retail has also been delivering strong returns as the company continues to cement their position of being the number one pharmaceutical retailer. They have concurrently been consolidating the underpenetrated \$8bn industry dominated by independently owned stores. As of 3Q23, 447 new Long Chau pharmacies were opened, revenue is up 38% YTD while net margin remains resilient at 1.2% despite the massive expansion. Elsewhere, in their ICT segment, FPT Shop's gross margin gained 3.2% as the H1 price war eased. Net losses have also reduced from \$10m in Q2 to \$3m in Q3. As margins normalise going forward, we expect ICT segment profits will continue to recover into 2024.

In property, **KDH** launched the high-rise Privia project in November comprising of 1,043 units. The first phase offering of 830 units had very positive take-up rates of around 90%, with the remaining units likely to be offered mid-January. Such strong uptake is in part due to the company's well respected brand name, and also the fact the sales and purchase agreements could be signed right away, something not all developers are able to offer. Further bolstering our investment case for the company, KDH is one of the few developers with sound legal status on their ready-to-launch projects when the market starts to show signs of warming up. In addition to Privia, KDH started ground-breaking on 6 October of a 6ha mixed used project (200 low-rise and 600 mid-rise) in HCMC in cooperation with Keppel Land.

PRICE AND NAV DATA

	NAV/Share	NAV Change (%)		Net Assets		Std. Dev.	Sharpe Ratio
		Monthly	YTD	Total	Net Cash (% of NAV)		
VEF – A	27.51	10.27	10.48	\$246m	0.72	21.94	0.41
VEF – B	1,410.89	6.34	7.86				

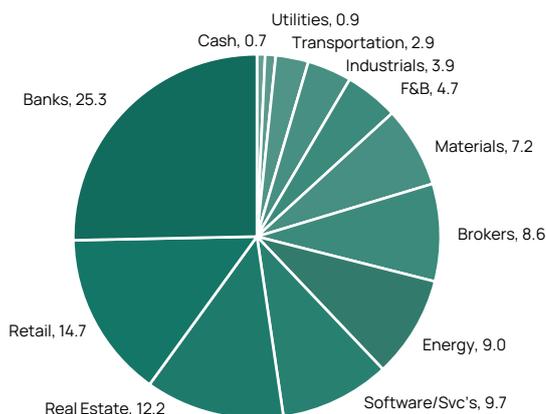
NAV PERFORMANCE



TOP TEN HOLDINGS (56.5% of NAV)

COMPANY	SECTOR	VNI %	NAV %	CH %
1 FPT Corporation	Software/Svc's	2.7	9.7	12.1
2 MB Bank	Banks	2.1	7.8	5.4
3 Phu Nhuan Jewelry	Retail	0.6	7.0	13.2
4 Sacombank	Banks	1.2	5.9	3.1
5 PV Drilling	Energy	0.4	4.6	20.4
6 Vietcombank	Banks	11.0	4.5	-1.2
7 FPT Retail	Retail	0.3	4.5	19.2
8 PV Services	Energy	N/A	4.4	18.4
9 Khang Dien House	Real Estate	0.6	4.1	10.5
10 Ha Do Group	Industrials	0.2	3.9	10.9

SECTOR BREAKDOWN





ECONOMY REVIEW AND OUTLOOK

Solid export numbers repudiate PMI data

Vietnam's total November exports surpassed \$30bn for the fifth consecutive month (fig. 2), exceeding 1H23's average of \$27.5bn. Trade turnover for 11M23 was \$619.2bn, -8.3% YoY (imports -10.7% and exports -5.9%) with a YTD trade surplus of \$25.8bn projected for the goods balance. The fly in the ointment is that PMI dropped 2.6 points to 47.3. Both output and new orders declined, indicating that the trade outlook still has its challenges.

From fish to chips: exports split awaiting external growth

Sustained exports and a dip in PMI highlights uneven business performance across sectors. SMEs, especially in labour-intensive industries like textiles, fisheries, and wooden products, remain sluggish. In contrast, larger firms capable of meeting high-standard orders are sustaining growth, particularly in the sectors of transportation, electronic cameras and steel. Tightening spending budgets in Vietnam's primary export destinations pose further challenges. US shipments decreased YoY by 12.4%, Europe by 6.6% and Oceania by 2.7%. With high inventory level, businesses have destocked, and consumer behaviour has shifted. US wholesale inventory levels have declined from 1.4 to 1.2 months, a trend that may continue for another one to two quarters, or until levels revert to the 1.0-1.2-month norms.

China's appetite for Vietnamese goods

China shines as a key export market, accounting for 17.3% of Vietnam's exports with an estimated turnover of \$56.0bn, a 6.2% increase YoY. This growth is attributed to China's open policy since February, which eased border congestion, facilitated customs clearance, and boosted exports. In that time, trade rose steadily from \$3.5bn in February to \$6.5bn in November. In 2023, increased agricultural exports to China is expected to reduce the Vietnam-China trade deficit by 23.1% to \$43.6bn and is one of the reasons for Vietnam's high 11-month 2023 trade surplus. Bilateral trade is anticipated to further improve, particularly after Xi Jinping's visit to Hanoi in mid-December.

The world waxes off, Vietnam waxes on

The major global economies continue to struggle in regaining growth momentum, leading to a weak overall recovery pace. This trend is expected to persist for the next three to six months, as global consumption has not yet shown significant recovery. However, Vietnam benefits from the varied economic phases of different countries and the anticipated global trade rebound of 3-4%. We anticipate that the country's exports will grow by 8-10% in 2024, a moderate pace of restoration. The effects of trade agreements and the recent enhancement of bilateral relations (fig. 4), including Japan's diplomatic upgrade to Vietnam's highest level of Comprehensive Strategic Partnership (CSP) this month, will further boost friend-shoring to Vietnam and the flow of goods.

Fig. 1

ECONOMIC FORECASTS

30-Nov-23	Unit	2021	2022E	2023E	2024F
Real GDP Growth	%	2.6	8.0	5.0	6.0
Nominal GDP	\$bn	366.1	408.8	446.4	489.8
CPI (average)	%	1.8	3.2	3.3	4.0
Export Growth (cif)	%	19.0	10.6	-5.5	9.8
Import Growth (cif)	%	26.7	8.4	-9.9	10.2
Trade Bal (cif)	\$bn	3.3	12.4	26.4	28.1
FX Reserves	\$bn	106.5	85.0	95.0	110.0
FDI Disbursed	\$bn	19.8	22.4	20.9	22.0
VND:\$	1	22,800	23,550	24,500	24,300

Fig. 2

IMPROVING EXPORTS & IMPORTS



Fig. 3

11M23 SHIFTS IN TOP TEN EXPORT PRODUCTS

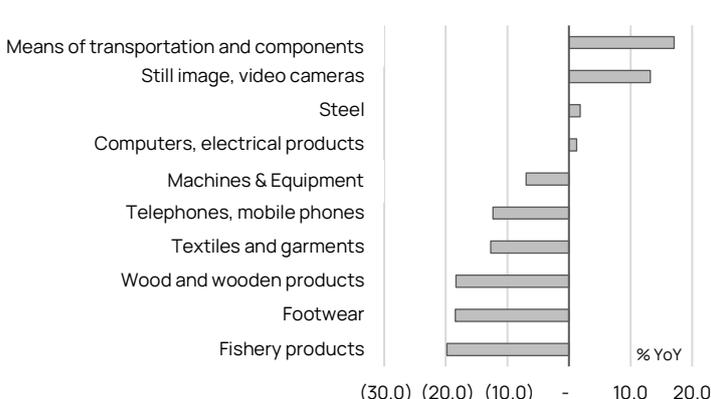


Fig. 4

RECENT VIETNAM PARTNERSHIP UPGRADES

COUNTRY	DATE	UPGRADED TO
JAPAN	Nov 2023	Comprehensive Strategic Partnership
UNITED STATES	Sep 2023	Comprehensive Strategic Partnership
SOUTH KOREA	Dec 2022	Comprehensive Strategic Partnership
NEW ZEALAND	Jul 2022	Strategic Partnership
NETHERLAND	Apr 2019	Strategic Partnership
HUNGARY	Sep 2018	Strategic Partnership
AUSTRALIA	Mar 2018	Strategic Partnership



MARKET REVIEW AND OUTLOOK

Economic entente: SBV, Fed, and FX reverse the VNI

The VNI saw a recovery of 8.0% after declining 17.5% in September and October (TR\$). Retail investor sentiment rose after the softening DXY and the Fed's indications of ending the rate hike cycle. This helped allay investor concerns over the higher-for-longer narrative and VND volatility. The SBV ceased SBV-bill issuance from 9 November as concerns over FX depreciation subsided, net injecting approximately \$7.5bn into the banking system. With some SOCBs' deposit rates already at pre-Covid levels of 4.8% and abundant liquidity in the banking system, we believe this explains the 16.8% MoM rise in turnover (fig. 4) as investors moved out of term deposits and sought higher returns in the capital markets.

Hold me close my mid-cap beta

There was sector divergence this month, with high-beta mid-cap names showing strong performance. This has played out through most of the year's volatility, with conglomerates such as MSN and VIC c.25% below the VNI and mid-caps c.25% above. Thus, returns within the brokerage and materials sectors of up to 30% were not uncommon as the market rallied. In turn, the large-cap banking sector was an underperformer with all names lagging the VNI. Despite no change to fundamentals within the sector, banks were further hindered by slower-than-expected NIM expansion and overall credit growth of 8.3%.

Changing of the lightbulb in the Land Law spotlight

The Housing Law was approved, a positive for property developers, removing the 20% social housing requirement for projects. The delayed vote on Land Law revision means developers will likely wait for clearer guidance on land use rights. Despite being more stringent, it will create positive long-term transparency for larger, higher quality developers by H1 2024.

Domestic dispatches: local insights nod to 2024 recovery

Our year-end company visits showed that on-the-ground consensus is that the VN economy is rebounding from its H1 2023 low. Banks we spoke to are optimistic about a late December credit growth push to hit the 12% target. They are also anticipating stronger credit demand from the manufacturing sector in 2024, reflecting a broader economic rebound. Competitive interest rate promotions could see rates drop by a further 50bps, bolstering a stable 2024 equity market. The materials sector is also upbeat, with HPG noting November sales volume increases of over 50%, while real estate firms in HCMC report rising pre-sales. Companies linked to FDI observed a surge in interest in the semiconductor area following the CSP upgrade with the US. We expect tangible outcomes from negotiations between large US corporations and local partners in the near term. Overall, feedback showed that despite low visibility and margin uncertainties, companies under our coverage expect 2024 is likely to see a recovery in sales growth, positively impacting their cash flow.

Fig. 1

DC TOP-80 FORECASTS

30-Nov-23	Unit	2021	2022	2023E	2024F
PER	x	14.5	9.1	10.7	9.1
EPS Growth	%	37.1	-1.4	-1.4	18.5
PEG	x	0.4	neg	neg	0.5
Sales Growth	%	22.0	12.3	2.5	11.1
EBIT Growth	%	50.8	2.5	6.2	21.1
PBT Growth	%	38.0	1.5	1.4	17.6
NPAT Growth	%	41.9	0.0	0.3	18.5
Net DER	x	0.2	0.3	0.2	0.2
Yield	%	1.0	1.9	1.6	1.5

Fig. 3

VNI TRAILING 5Y PB



Fig. 2

MARKET PERFORMANCE

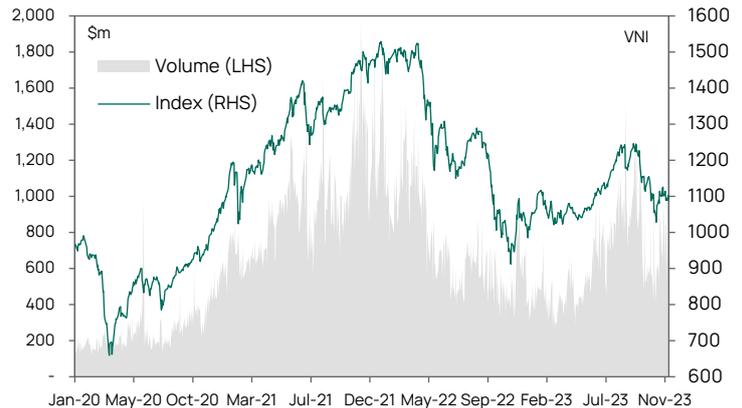
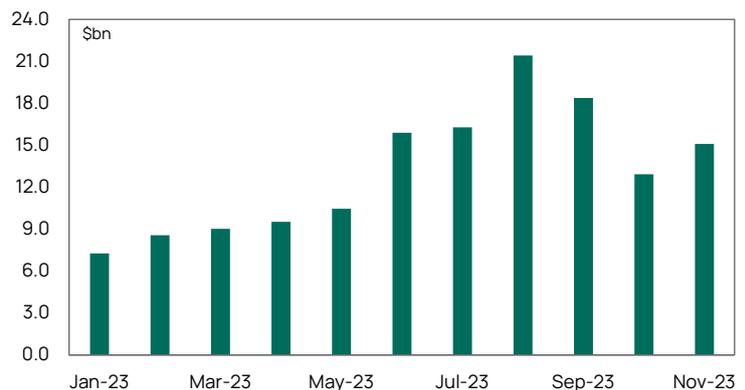


Fig. 4

VNI MONTHLY VOLUME





APPENDIX 1: MACRO

Key Indicators

Item	Unit	2017	2018	2019	2020	2021	2022E	2023F	2024F
GDP	\$bn	281.4	310.1	334.4	346.6	366.1	408.8	446.4	489.8
Real GDP Growth	%	6.9	7.5	7.4	2.9	2.6	8.0	5.0	6.0
Services Growth	%	7.4	7.0	7.3	2.5	1.2	10.0	6.9	8.0
Agriculture Growth	%	2.9	3.8	2.0	2.8	2.9	3.4	2.6	2.8
Ind'l and Const'n Growth	%	8.0	8.9	8.9	3.3	4.1	7.8	3.5	5.0
Retail Sales Growth	%	10.9	11.7	11.8	2.6	-3.8	10.2	8.3	8.5
Prices									
CPI (Average YoY)	%	3.5	3.5	2.8	3.2	1.8	3.2	3.3	4.0
Money, FX & Interest Rates									
Money Supply M2	%	15.0	12.4	14.8	14.5	8.9	6.2	10.0	11.5
Average Lending Rate	%	9.3	9.5	9.7	8.6	8.5	13.7	8.7	8.2
5-yr VGB	%	4.3	4.5	1.9	1.1	0.9	4.7	1.6	1.4
VND : \$	\$1	22,750	23,235	23,150	23,085	22,800	23,550	24,500	25,000
External Sector									
Trade Balance	\$bn	2.1	6.8	10.8	19.9	3.3	12.4	26.4	30.2
Current Account	\$bn	-1.6	5.8	12.2	15.1	-7.8	-1.5	17.4	20.7
Current Account / GDP	%	-0.6	1.9	3.6	4.3	-2.1	-0.4	3.9	4.2
FDI Registered	\$bn	35.9	35.5	36.0	28.5	38.5	27.7	25.2	28.0
FDI Disbursement	\$bn	17.5	19.1	20.4	20.0	19.8	22.4	20.9	22.0
FX Reserves	\$bn	52.0	61.0	80.0	98.0	106.5	85.0	95.0	110.0
Public Debt & Fiscal Balance									
External Debt	\$bn	109.2	112.1	122.8	130.1	138.8	141.2	138.0	140.3
Government	\$bn	46.3	47.0	47.7	49.0	47.9	48.8	44.4	44.5
Enterprises (incl. FDI)	\$bn	62.9	65.1	75.0	81.1	90.9	92.4	93.6	95.8
External Debt (% GDP)	%	38.8	36.2	36.7	37.5	37.9	34.5	30.9	28.6
Fiscal Balance (% GDP)	%	-2.6	-2.9	-2.6	-3.4	-4.0	-3.6	-4.0	-3.6



APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Nov-22	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22	30-Nov-23
Market Cap (\$m)	169,077	181,640	10,184	12,566	40,388	43,083	219,648	237,288
Number of Stocks	402	395	341	330	859	859	1,602	1,584
Number of Large Cap Stocks (> \$400m)	56	70	7	9	14	18	77	97
Stocks with No Room for Foreigners	56	64	73	94	192	232	321	390
Market Cap of Stocks with No Room (\$m)	30,331	23,385	2,045	1,902	8,891	13,511	41,267	38,799
Share of Market Cap with No Room (%)	17.9	12.9	20.1	15.1	22.0	31.4	18.8	16.4

Top 25 Companies

No	Company	30-Nov Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2022 (x)	2023E (x)	2024F (x)	2022 (x)	2023E (x)	2024F (x)	2022 (%)	2023E (%)	2024F (%)
1	Vietcombank	84,700	25.0	19,505	10.96	14.4	16.4	14.5	2.8	2.8	2.4	0.9	-	-
2	BIDV	38,850	13.4	9,125	4.55	14.1	13.4	11.2	2.0	2.0	1.7	0.2	-	-
3	Vinhomes	41,300	-14.0	7,410	4.16	7.2	4.5	5.1	1.4	1.0	0.8	4.5	-	-
4	PV Gas	76,500	-6.3	7,239	4.07	12.9	16.4	16.3	3.1	2.8	2.6	3.0	6.1	3.9
5	Vingroup	41,750	-22.4	6,561	3.68	23.4	41.2	52.9	1.9	1.4	1.4	1.7	-	-
6	Hoa Phat Group	26,550	47.5	6,361	3.57	12.6	29.3	18.9	1.1	1.5	1.4	2.2	-	-
7	VP Bank	19,100	11.9	6,244	2.98	6.3	12.3	10.1	1.2	0.9	1.0	-	5.2	3.0
8	Airports Corporation VN	67,900	-19.7	6,090	-	29.0	17.2	15.5	4.2	2.8	2.3	-	-	-
9	Vietinbank	26,300	7.8	5,819	2.92	9.2	9.1	7.9	1.2	1.1	1.0	2.9	-	-
10	Vinamilk	67,400	-8.5	5,804	3.26	20.3	18.2	17.0	5.2	4.3	4.3	5.1	3.6	5.7
11	FPT	91,900	40.7	4,809	2.70	17.0	19.9	16.6	3.9	4.5	3.9	2.6	2.9	3.3
12	Techcombank	29,500	14.1	4,281	2.40	4.7	6.0	5.2	0.8	0.8	0.7	0.1	-	-
13	Military Bank	17,800	22.7	3,824	2.15	4.5	4.7	3.9	1.0	1.0	0.8	-	-	-
14	Masan Group	60,500	-34.9	3,567	2.00	37.1	153.1	61.2	5.1	3.1	2.9	1.0	1.5	1.5
15	ACB	21,950	20.0	3,513	1.97	5.3	5.3	4.5	1.2	1.2	1.0	-	1.9	2.3
16	Sabeco	65,000	-21.0	3,435	1.93	20.6	20.3	19.8	4.6	3.4	3.3	2.3	2.9	4.4
17	Becamex IDC	58,200	-26.8	2,482	1.39	48.8	27.0	28.4	4.9	3.3	3.0	0.9	1.2	1.2
18	Binh Son Refining	18,800	46.7	2,402	-	2.7	7.0	10.2	0.8	1.0	1.0	3.3	5.3	5.3
19	Mobile World	38,500	-9.4	2,320	1.30	15.2	348.4	19.6	2.6	2.3	2.1	1.2	-	1.3
20	Vietjet Air	102,000	-6.8	2,276	1.28	0.0	119.1	109.3	4.0	3.6	3.3	-	-	-
21	HD Bank	18,000	36.8	2,145	1.21	4.9	5.8	5.1	1.0	1.1	0.9	-	-	-
22	Sacombank	27,500	22.2	2,136	1.20	8.4	6.6	4.6	1.1	1.1	0.9	-	-	-
23	Vincom Retail	22,100	-16.0	2,069	1.19	21.5	10.9	10.8	1.8	1.3	1.2	-	-	-
24	VIB	18,700	26.3	1,955	1.10	4.5	5.0	4.1	1.1	1.2	0.9	-	-	-
25	SSI	31,300	83.8	1,933	1.09	15.4	20.4	17.2	1.1	2.0	1.9	3.8	2.7	-



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

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