



Quynh Le
Lead Portfolio Manager

At a Glance

- VEF's NAV increased 2.2% December, 1.3% ahead of the reference Vietnam Index (VNI).
- We continued to top up on select brokerage positions in anticipation of the potential FTSE EM upgrade.
- We were encouraged by the 9.0% increase in retail sales in 2024, with our holding in the retail sector continuing to show solid earnings, expanding their operations in line with evolving consumer trends.

Performance (%)

| | Net Assets | NAV/Share | YTD | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------|------------|-----------|------|---------|----------|--------|---------|---------|----------|
| VEF A (USD) | \$233.52mn | \$32.80 | 15.7 | 2.2 | -3.4 | 15.7 | -17.6 | 47.3 | 171.6 |
| VEF B (EUR) | €65.56mn | €1,788.12 | 24.4 | 4.0 | 4.2 | 24.4 | -8.8 | 62.5 | N/A |
| VNI (Reference Index) | N/A | N/A | 8.8 | 0.9 | -4.8 | 8.8 | -20.3 | 30.1 | 142.4 |

All reporting on this page is in total return US dollar terms from the last business day in Vietnam unless otherwise stated

Past performance cannot be relied upon as a guide to future performance

Fund Commentary

The VNI finished the year on a modest high note, albeit on low volume, supported by strong preliminary Q4 earnings results despite the headwinds of a rising DXY. We anticipate our top-80 coverage universe to deliver earnings growth of 15-17% in 2024. Throughout the month, we strategically increased our stakes in brokerage firms such as SSI, VCI, and BSI in anticipation of a potential upgrade to FTSE Emerging Market status in September, which is likely to boost broker profitability through heightened investor activity and increased turnover volumes.

Banking stocks saw a notable rebound in December as credit growth inched past the SBV's 15% annual target, reaching 15.1%. With the 2025 credit growth target raised to 16% to support higher economic growth, we are optimistic this higher target can be achieved. This optimism is driven by increased infrastructure spending targets, an anticipated real estate market recovery boosting developer lending and retail mortgage demand, and sustained FDI. Bank earnings for 2024 are expected to remain strong at 16-17%, with momentum likely to continue into 2025. Valuations are attractive, with the sector's current P/B at 1.5x compared to the 5-year average of 1.7x, and most of VEF's banking holdings near the lower range.

Private spending remained resilient, with retail sales of goods and services rising 9.0% in 2024. Beyond organic growth driven by increasing incomes, our key retail holdings are capitalising on shifting consumer trends. FRT is expanding its healthcare ecosystem through retail pharmacy distribution and vaccination services; MWG is enhancing its modern and convenient grocery offerings both in-store and online; and PNJ is increasing its presence in the mass-market jewellery segment. Looking ahead, the Fund remains focused on growth, targeting strong companies positioned for above-average expansion as Vietnam enters a new phase of accelerated economic development.

Stock in Focus: Vietinbank (CTG)

Founded in 1988, CTG is one of Vietnam's largest state-owned commercial banks (SOCBs) and a cornerstone of the country's financial system, accounting for approximately 10% of Vietnam's total credit market. Leveraging its substantial asset base, VietinBank is undergoing a digital transformation aimed at optimising operating expenses, enhancing customer experience, and improving asset quality, paving the way for sustainable growth.

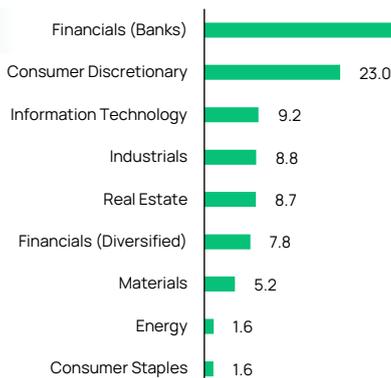
Among SOCBs, VietinBank stands out as the most aggressive lender, with credit growth of 17% in 2024, outperforming the sector average of 14%. This proactive strategy has enabled CTG to maintain a resilient net interest margin (NIM) and grow operating income, advantages not commonly observed among its SOCB peers. As a result, CTG is uniquely positioned to deliver growth rates on par with leading private banks.

Over the past two years, CTG has made substantial progress in resolving legacy asset issues, writing off \$2bn in bad debts. This restructuring has significantly improved asset quality and strengthened the bank's capacity to deliver strong earnings growth. For 4Q24, CTG is forecast to achieve earnings growth of 61% QoQ and 37% YoY, marking the beginning of a new growth phase. We forecast EPS growth of 25% in 2025, and looking further ahead, earnings are expected to continue growing at a 25% CAGR over the next three years, significantly outpacing the current 10-15% pace and underscoring CTG's potential as a key player in Vietnam's evolving banking sector.

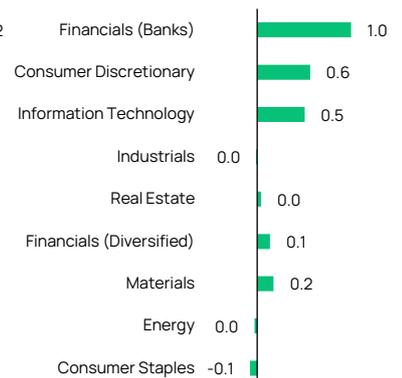
Top Ten Holdings (61.4% of AUM)

| Company | Ticker | Sector | VEF (%) | VNI (%) | CH (%) |
|-------------------|--------|------------------------|---------|---------|--------|
| FPT Corporation | FPT | Information Technology | 9.2 | 4.3 | 5.8 |
| FPT Retail | FRT | Consumer Discretionary | 8.5 | 0.5 | 3.4 |
| Mobile World | MWG | Consumer Discretionary | 8.0 | 1.7 | 0.3 |
| Phu Nhuan Jewelry | PNJ | Consumer Discretionary | 6.6 | 0.6 | 4.8 |
| MB Bank | MBB | Financials (Banks) | 6.0 | 2.6 | 3.4 |
| Sacombank | STB | Financials (Banks) | 4.7 | 1.3 | 10.2 |
| Asia Com. Bank | ACB | Financials (Banks) | 4.7 | 2.2 | 1.8 |
| Vietinbank | CTG | Financials (Banks) | 4.7 | 3.9 | 5.2 |
| VP Bank | VPB | Financials (Banks) | 4.7 | 2.9 | 0.3 |
| Gemadept | GMD | Industrials | 4.4 | 0.5 | 0.2 |

Sector Breakdown



Monthly Contribution



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Key Indicators

| Item | Unit | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F |
|-------------------------------------|------|--------|--------|--------|--------|--------|--------|
| GDP | \$bn | 346.6 | 366.1 | 408.8 | 430.0 | 465.6 | 502.1 |
| Real GDP Growth | % | 2.9 | 2.6 | 8.0 | 5.1 | 6.8 | 6.8 |
| Services Growth | % | 2.5 | 1.2 | 10.0 | 6.9 | 7.5 | 8.2 |
| Agriculture Growth | % | 2.8 | 2.9 | 3.4 | 2.6 | 3.0 | 2.8 |
| Ind'l and Const'n Growth | % | 3.3 | 4.1 | 7.8 | 3.5 | 7.8 | 7.5 |
| Retail Sales Growth | % | 2.6 | -3.8 | 10.2 | 8.3 | 6.4 | 7.2 |
| Prices | | | | | | | |
| CPI (Average YoY) | % | 3.2 | 1.8 | 3.2 | 3.3 | 3.7 | 4.0 |
| Money, FX and Interest Rates | | | | | | | |
| Money Supply M2 | % | 14.5 | 8.9 | 6.2 | 12.5 | 12.7 | 13.0 |
| Average Lending Rate | % | 8.6 | 8.5 | 13.7 | 8.7 | 8.2 | 8.7 |
| 5-yr VGB | % | 1.1 | 0.9 | 4.7 | 1.6 | 1.4 | 1.7 |
| VND : \$ | \$1 | 23,085 | 22,800 | 23,550 | 24,250 | 25,300 | 25,800 |
| External Sector | | | | | | | |
| Trade Balance | \$bn | 19.9 | 3.3 | 12.4 | 28.0 | 25.1 | 30.2 |
| Current Account | \$bn | 15.1 | -7.8 | -1.5 | 17.4 | 20.7 | 22.4 |
| Current Account / GDP | % | 4.3 | -2.1 | -0.4 | 4.0 | 4.4 | 4.5 |
| FDI Registered | \$bn | 28.5 | 38.5 | 27.7 | 36.6 | 35.0 | 38.0 |
| FDI Disbursement | \$bn | 20.0 | 19.8 | 22.4 | 23.2 | 24.2 | 25.0 |
| FX Reserves | \$bn | 98.0 | 106.5 | 85.0 | 89.0 | 85.0 | 90.0 |
| Public Debt Fiscal Balance | | | | | | | |
| External Debt | \$bn | 130.1 | 138.8 | 141.2 | 138.0 | 140.3 | 151.0 |
| Government | \$bn | 49.0 | 47.9 | 48.8 | 44.4 | 44.5 | 47.8 |
| Enterprises (incl. FDI) | \$bn | 81.1 | 90.9 | 92.4 | 93.6 | 95.8 | 103.2 |
| External Debt (% GDP) | % | 37.5 | 37.9 | 34.5 | 30.3 | 30.3 | 30.1 |
| Fiscal Balance (% GDP) | % | -3.9 | -4.0 | -4.0 | -3.6 | -3.6 | -3.8 |

All forecasts are Dragon Capital estimates

Key Stock Market Data

| | HSX | | HNX | | UPCoM | | Total | |
|-----------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 |
| Market cap (\$m) | 187,799 | 204,673 | 12,738 | 13,569 | 43,775 | 63,824 | 244,313 | 282,066 |
| Number of stocks | 394 | 393 | 327 | 310 | 861 | 889 | 1,582 | 1,592 |
| Number of large cap stocks (> \$400m) | 70 | 76 | 10 | 11 | 19 | 17 | 99 | 104 |
| Stocks with no room for foreigners | 63 | 65 | 92 | 93 | 237 | 266 | 392 | 424 |
| Market cap of stocks with no room (\$m) | 23,620 | 25,793 | 1,904 | 2,295 | 13,446 | 23,255 | 38,970 | 51,342 |
| Share of Market Cap with No Room (%) | 12.6 | 12.6 | 15.0 | 16.9 | 30.7 | 36.4 | 16.0 | 18.2 |

Top 25 Companies by Market Cap

| No | Company | 31-Dec Price (VND) | Price YTD (%) | Mkt Cap (\$m) | Wt in VNI (%) | PER | | | PBV | | | Yield | | |
|----|-------------------------|--------------------|---------------|---------------|---------------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|-----------|
| | | | | | | 2023 (x) | 2024E (x) | 2025E (x) | 2023 (x) | 2024E (x) | 2025E (x) | 2023 (%) | 2024E (%) | 2025E (%) |
| 1 | Vietcombank | 91,200 | 13.6 | 20,032 | 9.80 | 15.6 | 16.7 | 15.6 | 2.7 | 2.6 | 2.2 | - | - | - |
| 2 | Airports Corporation VN | 125,900 | 90.8 | 10,771 | - | 22.1 | 34.1 | 28.1 | 2.9 | 4.5 | 3.8 | - | - | - |
| 3 | BIDV | 37,550 | 4.7 | 10,179 | 5.00 | 15.2 | 14.6 | 13.2 | 2.1 | 1.9 | 1.7 | 0.1 | - | - |
| 4 | FPT | 152,500 | 85.0 | 8,817 | 4.30 | 20.4 | 31.8 | 26.6 | 4.8 | 7.5 | 6.5 | 2.4 | 1.7 | 2.0 |
| 5 | Vietinbank | 37,800 | 39.5 | 7,977 | 3.90 | 8.5 | 9.8 | 7.8 | 1.2 | 1.4 | 1.2 | - | - | - |
| 6 | Masan Consumer | 255,000 | 238.7 | 7,262 | - | 7.6 | 22.8 | 20.4 | 2.1 | 5.4 | 4.3 | 0.4 | - | - |
| 7 | Techcombank | 24,650 | 59.9 | 6,844 | 3.30 | 6.2 | 7.9 | 6.8 | 0.8 | 1.2 | 1.0 | - | 3.1 | 3.0 |
| 8 | Hoa Phat Group | 26,650 | 4.9 | 6,699 | 3.30 | 24.3 | 13.8 | 10.9 | 1.6 | 1.5 | 1.4 | - | 1.3 | 1.7 |
| 9 | Vinhomes | 40,000 | -7.4 | 6,457 | 3.20 | 5.6 | 6.0 | 6.3 | 1.0 | 0.9 | 0.7 | - | - | - |
| 10 | PV Gas | 68,100 | -0.9 | 6,270 | 3.10 | 14.2 | 15.7 | 16.3 | 2.5 | 2.4 | 2.3 | 4.1 | 4.3 | 4.3 |
| 11 | Vingroup | 40,550 | -9.1 | 6,094 | 3.00 | 79.1 | 680.4 | 30.4 | 1.5 | 1.3 | 1.2 | - | - | - |
| 12 | VP Bank | 19,200 | 5.3 | 5,987 | 2.90 | 14.5 | 10.0 | 8.5 | 1.1 | 1.0 | 1.0 | 5.2 | 3.0 | 3.5 |
| 13 | Military Bank | 25,100 | 37.5 | 5,234 | 2.60 | 4.7 | 6.1 | 5.3 | 1.0 | 1.2 | 1.0 | 2.3 | - | - |
| 14 | Vinamilk | 63,400 | -0.9 | 5,207 | 2.50 | 16.9 | 15.3 | 14.7 | 4.2 | 4.1 | 4.0 | 5.8 | 6.1 | 6.1 |
| 15 | ACB | 25,800 | 28.5 | 4,529 | 2.20 | 5.7 | 6.9 | 6.2 | 1.3 | 1.4 | 1.1 | 3.6 | 1.5 | 1.6 |
| 16 | Masan Group | 70,000 | 4.5 | 3,957 | 1.90 | 229.0 | 47.2 | 25.3 | 3.6 | 3.5 | 3.1 | 0.3 | 0.2 | 0.2 |
| 17 | LienViet Post Bank | 31,250 | 131.7 | 3,669 | 1.80 | 7.2 | 11.7 | 10.4 | 1.2 | 2.2 | 1.8 | - | - | - |
| 18 | Mobile World | 61,000 | 43.7 | 3,504 | 1.70 | 370.4 | 22.7 | 16.6 | 2.7 | 3.2 | 2.8 | 1.2 | 0.9 | 1.7 |
| 19 | HD Bank | 25,500 | 56.9 | 3,503 | 1.70 | 5.6 | 6.9 | 5.8 | 1.3 | 1.6 | 1.3 | 4.3 | - | - |
| 20 | Becamex IDC | 70,900 | 14.4 | 2,884 | 1.40 | 26.5 | 30.5 | 29.1 | 3.5 | 3.6 | 3.4 | 1.3 | - | - |
| 21 | Sabeco | 55,500 | -3.3 | 2,798 | 1.40 | 18.3 | 16.8 | 16.0 | 3.0 | 3.0 | 3.0 | 4.2 | 6.3 | 6.3 |
| 22 | Binh Son Refining | 22,800 | 26.2 | 2,778 | - | 6.5 | 61.6 | 29.8 | 1.0 | 1.3 | 1.3 | 3.8 | 3.1 | 3.1 |
| 23 | Sacombank | 36,900 | 32.0 | 2,734 | 1.30 | 6.8 | 7.0 | 5.9 | 1.2 | 1.3 | 1.1 | - | - | - |
| 24 | Vietnam Airlines | 28,650 | 133.9 | 2,493 | 1.20 | neg | 10.3 | 11.5 | neg | neg | neg | 1.1 | - | - |
| 25 | VIB | 19,700 | 24.6 | 2,307 | 1.10 | 5.6 | 8.4 | 7.0 | 1.2 | 1.4 | 1.3 | 6.4 | - | - |

All forecasts are Dragon Capital estimates

| Fund | Bloomberg | ISIN | LEI | SEDOL | CUSIP | Listed |
|-------|------------|--------------|----------------------|-------|-------|--------|
| VEF-A | VIETNAM ID | IE00BD5HPH84 | | - | - | - |
| VEF-B | VIETEUR ID | IE00BV8WVB25 | 254900EVTJZ4VAUG4M43 | - | - | - |
| VEF-C | VIETGBP ID | IE000LEKRJK0 | | - | - | - |

| Price Providers | Funds | Bloomberg | Contact |
|-----------------|-------|-----------|----------------------------------------------------------------------------------------|
| SEI Investments | VEF | - | Transfer Agency Department TADublin@seic.com |

| VEF |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subscription & Withdrawals Daily |
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