



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.

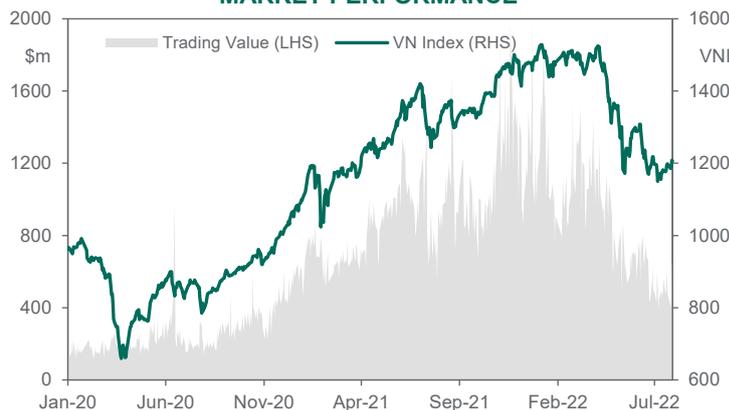
Q2 results reaffirm our confidence in promising earnings outlook for 2022

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.

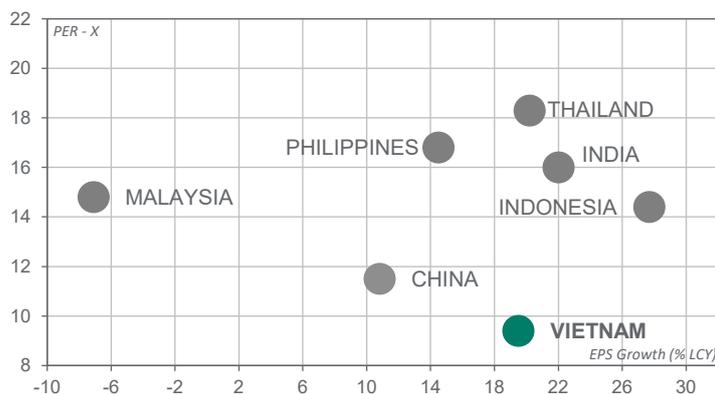
DC TOP-80 FORECASTS

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

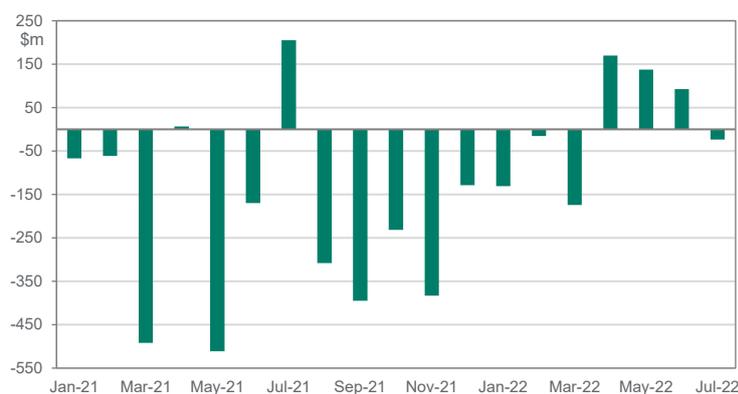
MARKET PERFORMANCE



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.

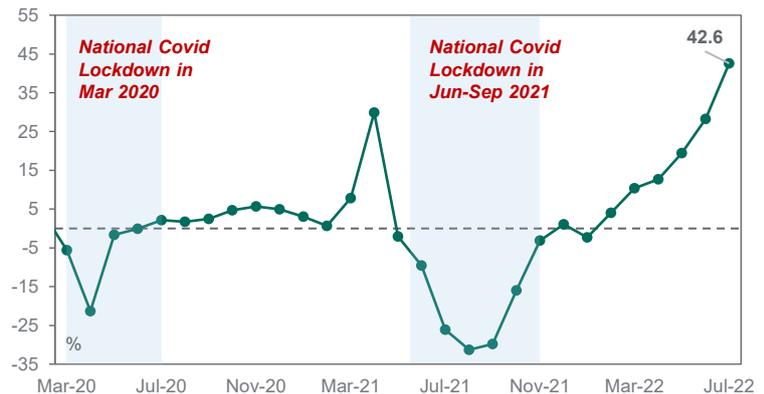
Vietnam still has fiscal room to maintain stability near term

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.

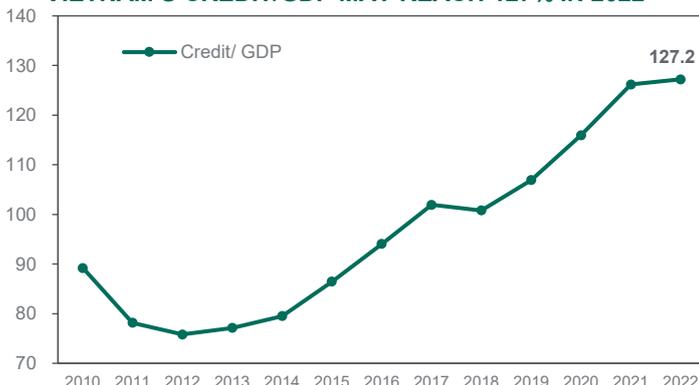
ECONOMIC FORECASTS

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

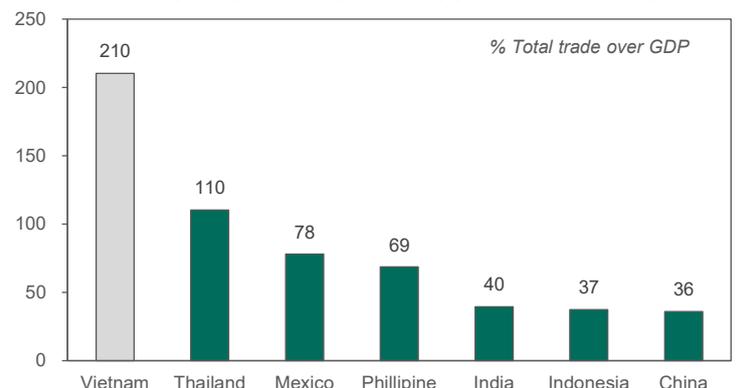
RETAIL SALES OF +42.6% SIGNALS ROBUST RECOVERY



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



VIETNAM'S ECONOMIC OPENNESS- 3RD IN THE WORLD





VIETNAM ENTERPRISE INVESTMENTS LIMITED – VEIL

July was another difficult month for VEIL as it lost 1.7%, lagging the VN Index (TR\$) by 2.6%. Previously downtrend-bucking Mobile World Group (MWG) was the victim of heavy profit taking and was the only double-digit drop in the Fund's top-10 holdings. On the other hand, with 2Q22 earnings season concluded, private banks such as Asia Commercial Bank (ACB) and Techcombank (TCB) posted strong earnings numbers, which have attracted investor attention.

Following its resilience during the market downturn, sentiment in MWG deteriorated in July following the announcement of its less-than-stellar 2Q22 results. Whilst sales grew 8.5% yoy for the Group, grocery retailer Bach Hoa Xanh's (BHX) sales were down 8.9% yoy due to (1) the high base effect from last year COVID's lockdown, which benefited the grocery segment; and (2) the restructuring of its store format across the chain, and closing 10% of its stores due to underperformance. This exercise had a significant impact on the bottom line due to the termination costs of the store closures, thereby dampening 2Q22 earnings, which fell 6.9% yoy. Nevertheless, the exercise is a necessary step in the preparation process to pre-IPO the segment as per management guidance at the AGM, which should be a game-changing catalyst for the company.

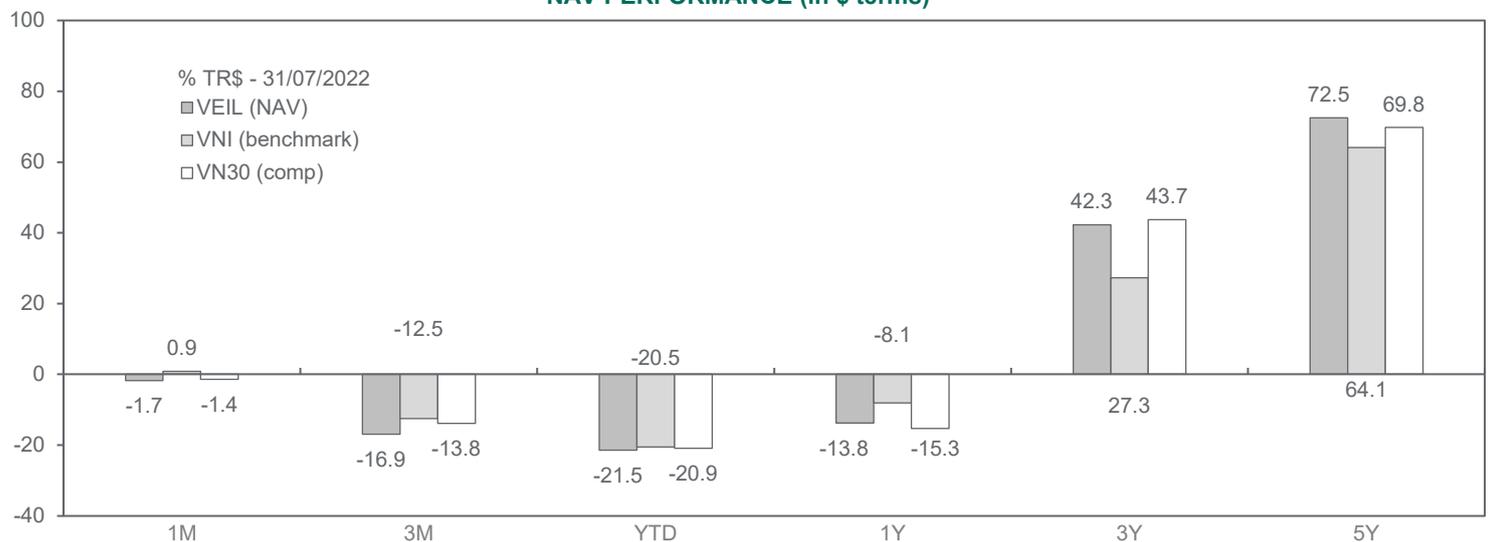
ACB's share price reacted to excellent 2Q22 numbers, with PBT up 51% whilst maintaining its strong asset quality. In addition to solid growth from Net Interest Income (NII) of 12% and overall Total Operating Income (TOI) growth of 11%, ACB booked over \$38m of reversal of previous bad debt provisions. At the same time, the bank's Non-performing Loan (NPL) ratio remained at just 0.8% while its Loan Loss Reserve (LLR) ratio stands at 185%.

As for TCB, sentiment in the bank improved markedly following the announcement of its 2Q22 results in which PBT was up 22% yoy, relieving previous concerns that the turmoil in the corporate bond market would materially impact the bank's earnings. NII growth was strong at 18.3% yoy, with the loan mix starting to shift towards more mortgage lending. Even though the bank has had to make some provisions for its bond holdings, its NPL ratio remained low at just 0.6% and, similar to ACB, it maintained a high LLR ratio of 172%.

PRICE AND NAV DATA

Net Assets	NAV/Share	Cash (% of AUM)	Price	NAV Change (%)		Price Change (%)		Std. Dev.	Sharpe Ratio
			EOD	Monthly	YTD	Monthly	YTD		
\$1,995.0m	\$9.59	2.53	-	-1.7	-21.5	-2.2	-22.5	28.15	0.42
£1,639.4m	£7.88		£6.60	-2.0	-12.5	-2.4	-13.7	-	-

NAV PERFORMANCE (in \$ terms)



TOP 10 HOLDINGS (62.8% of NAV)

COMPANY	SECTOR	VNI %	NAV %	CH %
1 VPBank	Banks	2.7	11.3	-1.3
2 ACB	Banks	1.7	11.1	2.2
3 Mobile World	Retail	1.9	10.4	-14.9
4 Hoa Phat	Mat's/Res	2.6	5.8	-3.8
5 Vinhomes	Property	5.5	5.0	-3.8
6 FPT	Software/Svc's	1.9	4.8	-3.4
7 Dat Xanh	Property	0.3	3.8	26.8
8 Techcombank	Banks	2.8	3.7	6.3
9 Vietcombank	Banks	7.4	3.5	-0.4
10 PV Gas	Energy	4.3	3.4	-4.6

DISCOUNT TO NAV





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
Government	\$bn	39.6	42.9	46.3	47.0	47.7	49.0	47.9	49.5
Enterprises (incl. FDI)	\$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).	

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

This document has been prepared and is distributed by Dragon Capital Management (HK) Limited for the information of existing investors, and other eligible recipients. This update has been provided to you following your express request to be included in such distributions, and your confirmation of eligibility. If you wish to unsubscribe from future updates at any time, please email unsubscribe@dragoncapital.com.

This document does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire, securities of any entity, or any vehicle to be incorporated in connection with any possible transaction, or an inducement to enter into investment activity in any country, or in any other jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of the document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No disclosure, reference or other information included in this document shall be considered as offering or solicitation of any product or service. Nothing in this document shall be construed as investment advice or a recommendation to acquire or invest in any securities or other instrument or financial product. Any investment performance and market information provided in this presentation, including information about any particular companies, are provided for illustrative purposes only and are not investment recommendations.

No person is promulgating or providing any financial or other advice to any person, and is not making and does not intend to make an offer or solicitation in relation to any product, whether referred to in this document or otherwise. Any person requiring investment advice should consult a suitably qualified professional adviser prior to taking any investment decision.

The information contained in this document is subject to updating, and the accuracy, certainty or completeness of such information is not guaranteed. No representation or warranty, express or implied, is made, and no liability whatsoever is accepted by any other person, in relation thereto.

This document 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.

For 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 us if you require the full analysis from KPMG.

For Swiss Investors only: This is an advertising document. The representative for Vietnam Equity (UCITS) Fund (“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.