



MARKET REVIEW AND OUTLOOK

Index hit a ytd low before rallying when foreigners piled in

Margins calls, bond-fund redemptions threatened to create a doom-loop

Foreigners came to the rescue and developers found solutions

Worst may be over, market is in better shape to consolidate through potential global recession

The market had a volatile Nov, with the Index hitting an intraday low of 872 before recovering to end the month 2.9% higher (TR\$) at 1048. Cross-margin calls driven by plunging real estate stocks were the main culprit. Then foreign buying kicked off a sharp recovery. Offshore investors snapped up a net \$662m, which was the second-biggest monthly net inflow in the market's history. The Government made positive statements about improving the liquidity situation, and took some modest actions too, prompting locals to join the rally. Average daily turnover rose 0.5% on the HOSE to \$470m, and 0.1% on the combined exchanges to \$506m.

Fallout from the VTP investigation was acute early in the month as brokers continued reducing their margin exposure to property stocks. Developers like NVL, PDR, and HPX went limit-down for over ten consecutive sessions with no bids, reflecting the uncertain outlook for roll-over of their outstanding bonds. Since brokers could not exit these positions under any circumstances, they were forced to sell margin clients out of other stocks to recover loans. Bond funds also came under heavy redemption pressure, leading secondary yields to hit 30-40%.

As capital markets were roiled by fears of a doom-loop, foreign investors made their entry to tap valuations which had fallen to 10-year lows. Institutional funds were active, spending cash piles built during the downturn, and they were supported by new money from Taiwan-based ETFs. Troubled developers were able to find solutions to restructure debt repayments and secure new equity capital. Meanwhile the Government mused about revising Decree 65 governing new bond issuance, and it floated the possibility of higher loan-growth quotas. The SBV issued a circular allowing selected corporate valuable papers to be used in its OMO operations. At this point the bond market started to improve, and yields stabilized at 18-20%.

At this point, peak pessimism has subsided. The Government is looking for ways to help companies through the issues in the corporate-bond market, the margin wash-out is over and China re-opening impends. But sentiment is likely to be vulnerable as the property sector remains depressed and global recession continues to gather force. Vietnam's own macro-indicators point to an export-driven slowdown. And high domestic interest rates have yet to peak, even if flagging dollar strength brings some relief. We have revised earnings lower, but still find ample scope for stock selection, given that some companies will weather the downturn better than others. And with the decline equities have staged, the forward PER is barely 9.4x, well behind peers. If the panic is over, that will be a powerful base to spring from once recessionary forces abate.

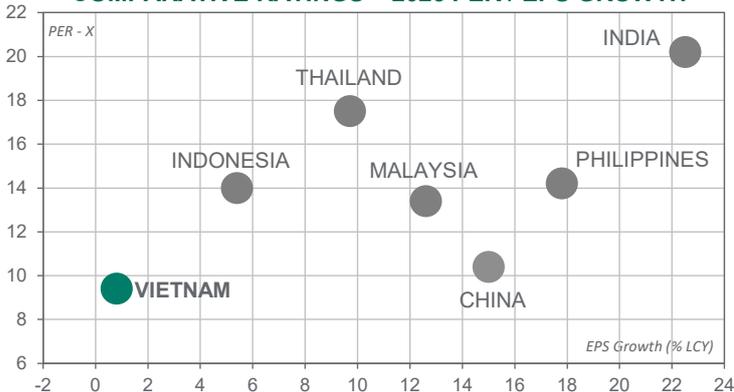
DC TOP-80 FORECASTS

30-Nov-22	Unit	2020	2021	2022	2023F
PER	x	13.9	14.7	9.5	9.4
EPS Growth	%	5.6	38.9	2.7	0.8
PEG	x	2.5	0.4	3.6	12.2
Sales Growth	%	2.2	22.0	14.1	-0.5
EBIT Growth	%	3.2	50.8	8.2	9.8
PBT Growth	%	5.8	38.0	6.1	1.5
NPAT Growth	%	5.9	41.9	4.1	0.8
Net DER	x	0.4	0.3	0.1	0.1
Yield	%	1.4	1.0	1.5	1.6

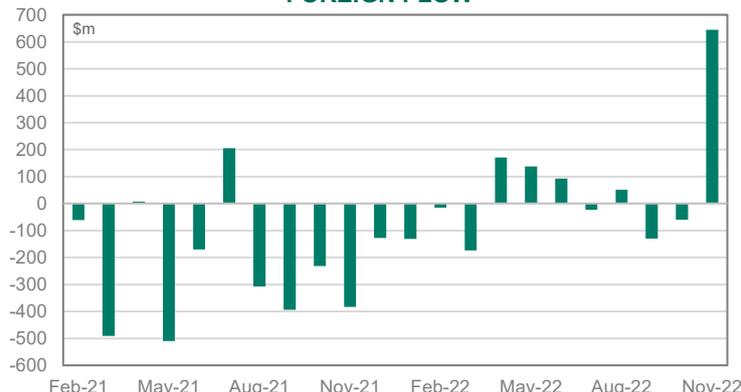
MARKET PERFORMANCE



COMPARATIVE RATINGS – 2023 PER / EPS GROWTH



FOREIGN FLOW



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



ECONOMY REVIEW AND OUTLOOK

Domestic economy maintains recovery but...

...industrial activity slumps as recession forces build – FDI in robust shape though

Prospect of less aggressive Fed hikes spur VND recovery – with uptick in 2023?

Tight liquidity will aggravate the effects of global recession, but the Government is working on solutions

The domestic economy kept up its recovery momentum in Nov. Retail sales were +17.5% yoy at \$21.4bn. Travel also continued to surge, with air, rail, road and ship passengers reaching 4.5m people, or 96.3m ytd, more than in all of 2019, and equivalent to almost 100% of the country's population. International arrivals were robust too – visitors were +23.2% mom. Meanwhile, inflation stayed under good control at +4.4% yoy, about the same as Oct.

The problem was that industrial activity slumped, as global recession forces carried on accelerating. Exports and imports both fell yoy in Nov, by around 8%. They were still up 13.4% and 10.1% ytd, respectively, but that was well off the 15-20% seen in previous months. And there was still a trade surplus of \$0.8bn in Nov, making for \$10.6bn ytd, but clearly the engine is sputtering. In the same vein, industrial production was only +5.3% yoy and the PMI fell to 47.4, from 50.6 in Oct. There was a silver lining though. Disbursed FDI was estimated to be \$19.7bn, a record high. In addition, Vietnam and Korea officially upgraded their relationship to “comprehensive strategic partnership”. To mark this, Korean companies immediately pledged to invest \$15bn in new plants, including \$6bn from LG and Samsung. So top FDI exporters are still bulking up capacity even if right now they are shipping fewer goods.

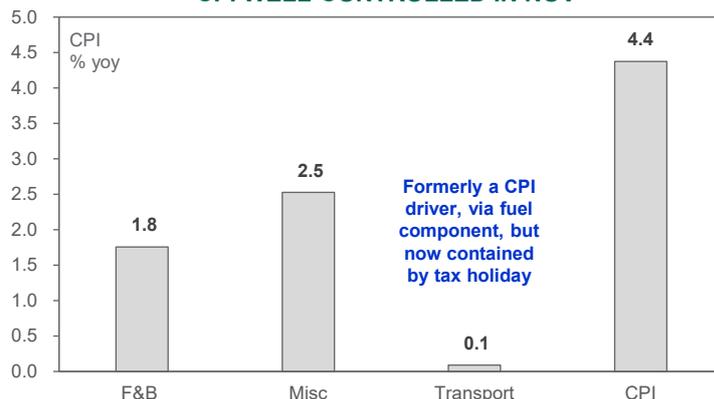
Meanwhile, Fed hints that it would reduce the magnitude of rate hikes clipped the wings of the dollar. Money flowed into riskier assets like EM/FM or commodities, and Vietnamese equities got their fair share of this. The VND enjoyed a sharp recovery, rising 4.4% from its low to 23,783:\$1, cutting the year's decline to 4.9% from 9.7%. Although the current account is still in deficit, and errors and omission remain elevated, diminishing US rate hikes take some of the pressure off the dong and we think it will keep ticking up in 2023. The SBV should now have greater scope to concentrate on other problems, in the form of Vietnam's constrained liquidity – shown by M2 this is only +3.4% ytd and interest rates that are steadily rising.

The Government is searching for ways to resolve the liquidity issue, which largely flows from its crackdown on corporate bonds. It has topped up loan-growth quotas by a further 1.5-2.0%, and talked about other initiatives, such as amending Decree 65, to relax some of its more drastic curbs on bond issuance. Infrastructure spending would be the easiest and most productive way of putting money into the system. Funds marked for public works are piled up at State banks, but local governments are passing resolutions to demand that projects are accelerated. We expect that ways to relieve the liquidity crunch will be found. GDP may slip for a while in 2023, but as external circumstances improve, Vietnam can put its growth policies back into high gear.

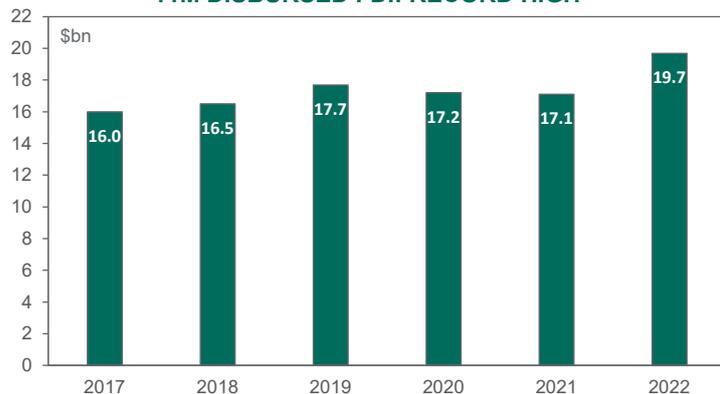
ECONOMIC FORECASTS

30-Nov-22	unit	2020	2021F	2022E	2023F
Real GDP Gro	%	2.9	2.6	7.8	6.5
Nominal GDP	\$bn	346.6	366.1	391.3	435.5
CPI (average)	%	3.2	1.8	3.5	4.5
Export Gro (cif)	%	6.5	19.0	10.6	8.7
Import Gro (cif)	%	3.6	26.7	8.4	7.6
Trade Bal (cif)	\$bn	19.9	3.3	11.0	12.0
FX Reserves	\$bn	98.0	106.5	85.0	95.0
FDI Disbursed	\$bn	20.0	19.8	23.8	22.2
VND:\$	1	23,085	22,800	23,500	23,000

CPI WELL-CONTROLLED IN NOV



11M DISBURSED FDI: RECORD HIGH



VND VS PEERS





VIETNAM ENTERPRISE INVESTMENTS LIMITED – VEIL

Nov was a tale of two halves and perhaps the first indication that the Vietnam equity market may have finally found its footing. The VN Index (TR\$) was down by as much as 14.8% at one point during the first half of the month before recovering to finish 2.9% higher. VEIL followed a similar trajectory but ended the month 1.0% behind the VNI. In a month of high volatility, performances were mixed. Among the Fund's top ten holdings, names that have been out of favour recently such as Hoa Phat Group (HPG) and Vinhomes (VHM) have started experiencing rebounds in investor sentiment, while the share prices of companies with exceptionally solid operational performance such as Vietcombank (VCB) and Phu Nhuan Jewelry (PNJ) continued showing strength. Mobile World Group (MWG) was the Fund's only top ten holding to fall significantly.

As the liquidity issue deepened, both VHM and HPG, Vietnam's biggest domestic property developer and steel producer respectively, endured intense selling. Both stocks' valuations fell to historic lows at the Nov bottom. VHM's price-to-book ratio hit its lowest level since listing in 2018, and HPG's ratio approached levels last seen in the crisis years of 2009 and 2012. Both companies remain in good health financially and as such attracted heavy buying as the market rebounded.

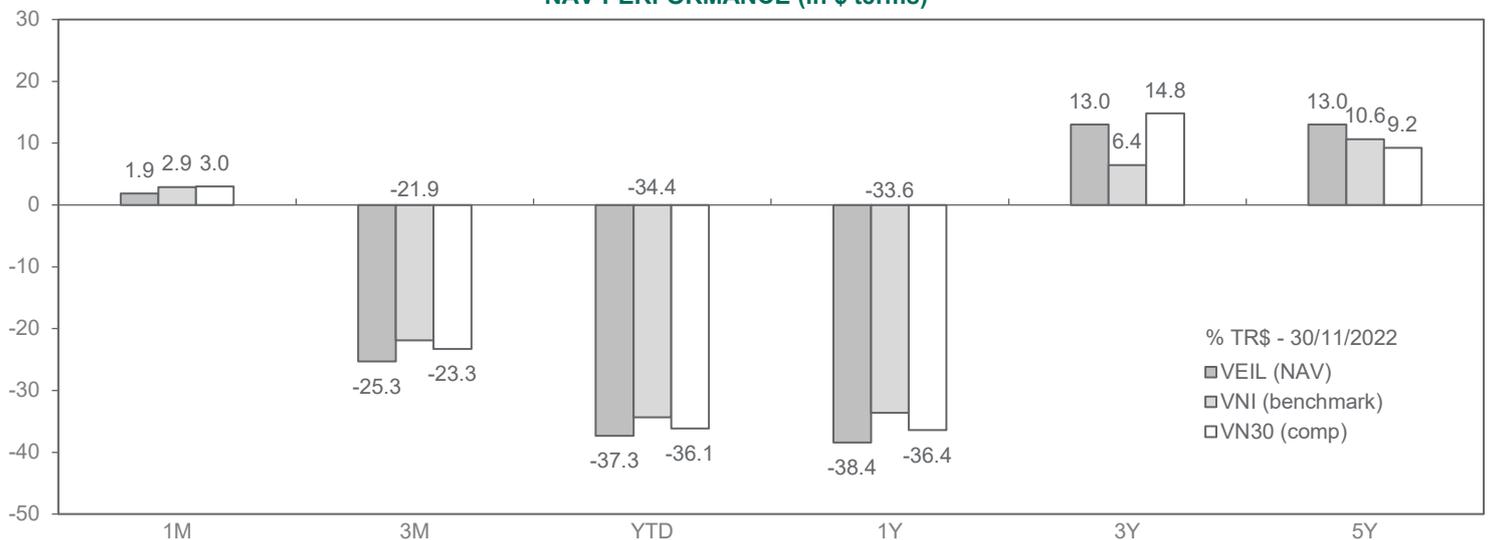
VCB and PNJ were the other two top ten holdings with double-digit share price gains. Whilst the banking sector has gone through a derating process, VCB continues to benefit from a flight to quality. The bank's fundamentals are arguably the strongest in the industry, with low exposure to the property sector, excellent asset quality, and a solid capital base - an encouraging mix for investors during these turbulent times. PNJ's monthly reports continue to impress investors, with its 10-month results exceeding the company's full year target by 12%, up 114% yoy from the low base of a COVID-dampened 2021.

By contrast, sentiment in MWG deteriorated quickly following its latest analyst meeting during which the company revised its guidance to a 10% drop in earnings this year due to weak demand in consumer electronics. MWG is still expected to return to double-digit earnings growth next year whilst the company continues exploring different options regarding its potential pre-IPO placement of BHX, its grocery business.

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		
\$1,581.8m	\$7.65	6.53	-	1.9	-37.3	7.8	-34.3	31.38	0.10
£1,328.3m	£6.42		£5.72	-1.5	-28.7	4.2	-25.2	-	-

NAV PERFORMANCE (in \$ terms)



TOP 10 HOLDINGS (64.4% of NAV)

COMPANY	SECTOR	VNI %	NAV %	CH %
1 ACB	Banks	1.8	11.9	-0.6
2 VP Bank	Banks	2.7	11.9	3.5
3 Mobile World	Retail	1.5	8.9	-13.9
4 Vietcombank	Banks	9.2	5.6	11.0
5 FPT	Software	2.0	5.1	-0.6
6 Vinhomes	Property	5.7	4.7	22.0
7 PV Gas	Energy	5.1	4.7	-0.1
8 Hoa Phat Group	Mat's/Res	2.6	4.2	18.5
9 Becamex IDC	Property	2.0	3.9	-0.5
10 Phu Nhuan Jewelry	Retail	0.7	3.4	10.7

DISCOUNT TO NAV





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	391.3	435.5
Real GDP Growth	%	6.7	6.9	7.5	7.4	2.9	2.6	7.8	6.5
Services Growth	%	7.0	7.4	7.0	7.3	2.5	1.2	9.3	7.6
Agriculture Growth	%	1.4	2.9	3.8	2.0	2.8	2.9	2.8	2.8
Ind'l and Const'n Growth	%	7.6	8.0	8.9	8.9	3.3	4.1	8.4	6.8
Retail Sales Growth	%	10.2	10.9	11.7	11.8	2.6	-3.8	11.9	8.8
Prices									
CPI (Average YoY)	%	2.7	3.5	3.5	2.8	3.2	1.8	3.5	4.5
Money, FX & Interest Rates									
Money Supply M2	%	18.4	15.0	12.4	14.8	14.5	8.9	8.5	9.0
Average Lending Rate	%	9.0	9.3	9.5	9.7	8.6	8.5	13.7	14.0
5-yr VGB	%	5.5	4.3	4.5	1.9	1.1	0.9	5.8	4.5
VND : \$	\$1	22,750	22,750	23,235	23,150	23,085	22,800	23,500	23,000
External Sector									
Trade Balance	\$bn	1.8	2.1	6.8	10.8	19.9	3.3	11.0	12.0
Current Account	\$bn	0.6	-1.6	5.8	12.2	14.9	-4.9	-9.5	-2.5
Current Account / GDP	%	0.2	-0.6	1.9	3.6	4.3	-1.0	-2.3	-0.1
FDI Registered	\$bn	24.4	35.9	35.5	36.0	28.5	31.2	37.7	29.2
FDI Disbursement	\$bn	15.8	17.5	19.1	20.4	20.0	19.8	23.8	22.2
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	135.0	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	86.2	94.6
External Debt (% GDP)	%	35.6	38.8	36.2	36.7	37.5	37.9	34.5	33.8
Fiscal Balance (% GDP)	%	-3.0	-2.6	-2.9	-2.6	-3.4	-4.0	-5.1	-4.3



APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Nov-21	30-Nov-22	30-Nov-21	30-Nov-22	30-Nov-21	30-Nov-22	30-Nov-21	30-Nov-22
Market Cap (\$m)	253,232	169,077	21,694	10,184	65,889	40,388	340,816	219,648
Number of Stocks	404	402	346	341	890	859	1,640	1,602
Number of Large Cap Stocks (> \$400m)	76	56	14	7	31	14	121	77
Stocks with No Room for Foreigners	16	17	1	0	1	1	18	18
Market Cap of Stocks with No Room (\$m)	40,345	29,201	13	0	670	7	41,028	29,208
Share of Market Cap with No Room (%)	15.9	17.3	0.1	0.0	1.0	0.0	12.0	13.3

Top 25 Companies

No	Company	30-Nov	Price	Mkt	Wt	PER			PBV			Yield		
		Price	YTD	Cap	in VNI	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E
		(VND)	(%)	(\$m)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)
1	Vietcombank	81,000	2.8	15,488	9.19	19.6	16.6	13.3	3.4	2.9	2.4	0.5	-	-
2	Vingroup	69,600	-26.8	10,725	6.36	neg	42.7	72.4	3.6	2.5	2.4	0.5	-	-
3	Vinhomes	54,500	-31.6	9,588	5.69	8.9	8.3	10.5	2.8	1.4	1.2	1.5	-	-
4	PV Gas	110,200	17.7	8,522	5.06	21.1	15.8	21.6	3.5	3.5	3.3	3.3	3.1	3.1
5	BIDV	41,100	10.8	8,400	4.98	23.8	15.4	11.5	2.2	2.2	1.8	0.7	-	-
6	Airports Corporation VN	84,500	-2.9	7,432	-	268.2	27.7	23.3	5.0	4.1	3.4	-	-	-
7	Vinamilk	82,800	0.8	6,992	4.15	18.2	22.1	18.9	5.2	5.3	5.1	4.4	4.6	4.6
8	Masan Group	102,000	-27.9	5,867	3.48	23.4	36.9	30.6	6.1	3.9	3.5	1.7	0.9	0.9
9	Vietinbank	27,250	-19.6	5,291	3.14	13.5	8.7	8.3	1.7	1.2	1.1	-	-	-
10	Sabeco	180,000	21.8	4,664	2.77	25.8	20.6	17.6	4.5	4.7	4.0	1.2	2.0	2.0
11	VP Bank	16,800	-29.6	4,557	2.72	13.6	5.6	6.0	1.8	1.1	0.9	-	-	-
12	Hoa Phat Group	18,400	-47.6	4,323	2.56	6.2	13.3	14.4	2.3	1.1	1.1	0.8	4.4	4.4
13	Techcombank	25,900	-48.2	3,681	2.18	10.0	4.6	5.5	1.9	0.8	0.7	-	-	-
14	Becamex IDC	80,800	27.3	3,379	2.00	46.8	21.1	20.6	4.1	4.3	3.7	1.3	1.0	1.0
15	FPT	74,600	-1.7	3,307	1.96	21.1	16.5	13.8	4.6	3.9	3.3	2.7	3.1	3.6
16	Military Bank	17,400	-27.8	3,187	1.89	8.9	4.7	4.6	1.7	1.0	0.8	-	-	-
17	ACB	22,100	-19.9	3,016	1.79	9.9	5.7	4.9	2.1	1.3	1.0	-	-	-
18	Vincom Retail	30,550	1.5	2,805	1.71	52.0	25.8	20.6	2.2	2.1	1.9	-	-	-
19	Mobile World	44,100	-34.7	2,608	1.55	19.6	14.4	11.5	4.7	2.8	2.5	0.3	3.5	3.6
20	Vietjet Air	103,000	-19.7	2,254	1.34	931.7	82.9	25.7	4.1	2.0	1.9	-	-	-
21	VEAM Corp	39,400	-1.1	2,115	-	9.3	7.4	8.3	2.3	2.1	2.1	15.2	11.7	11.4
22	Binh Son Refining	14,800	-35.1	1,854	-	11.3	3.2	6.7	1.9	0.9	0.9	0.7	5.5	5.5
23	Novaland	23,350	-74.3	1,840	1.09	54.5	18.1	45.8	5.0	1.2	1.2	-	-	-
24	VIB	20,250	-42.2	1,724	1.02	11.8	6.2	6.0	3.0	1.4	1.1	-	-	-
25	HD Bank	15,550	-37.0	1,580	0.94	10.2	5.1	4.7	2.0	0.9	0.8	-	-	-

VIETNAM MONTHLY REPORT

30 November 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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