



Tuan Le
Lead Portfolio Manager

At a Glance

- In July, we increased positions in select banks and real estate stocks at attractive valuations.
- This was funded by reducing positions in steel companies, which are currently facing short-term pressures from dropping output prices.
- VEIL's portfolio of companies achieved strong 1H24 earnings results, with the FY24 outlook remaining on track despite global market volatility.

Rolling Ten Year Performance



Performance (%)

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

	Net Assets / Market Cap	NAV/share	Disc/Prem	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
VEIL NAV (USD)	\$1,803.4mn	\$9.30	N/A	1.2	5.6*	7.3	-2.1	-16.4	38.0	171.1
VNI (Reference Index)	N/A	N/A	N/A	1.5	4.7*	7.6	-2.1	-8.9	26.3	121.6
VEIL Share Price (USD)	\$1,421.4mn*	\$7.33	-21.13	-1.5	0.6	3.3	-12.8	-19.3	28.3	N/A
VEIL Share Price (GBP)	£1,107.2mn*	£5.71	-21.13	-3.1	-1.9	2.5	-12.7	-12.7	22.3	N/A

*Market capitalisation

*Reporting period excludes 26 April due to VN public holiday

Fund Commentary

We reduced exposure to steel producers in July, executing a short-term tactical rotation out of the sector due to potential near-term margin pressures as global output prices drop. However, our largest holding in the sector, HPG, is still seeing very good sales volume. HPG's stock price increased 6.2% in 1H24, reflecting its strong financial performance over the period. Net revenue reached US\$2.8bn, +25.5% YoY, and NPAT reached US\$247mn, +238.0% YoY. This robust recovery indicates a resurgence in public spending and private construction, aligning with our investment theme of infrastructure and real estate recovery. HPG remains a long-term holding for VEIL, with its investment appeal rooted in its dominant market position and expanding production capacity. The government has proposed anti-dumping legislation to address the issue of low-cost steel imports and we believe these short-term headwinds will not affect HPG's long-term prospects.

Proceeds from this reduction were used to increase our position in VCB in a block deal at a slight discount to market price. The banking sector has been performing well, contributing 0.56% of alpha to VEIL in 1H24. We believe most of the key banking metrics have now bottomed out, and margins should improve as expected Fed cuts will likely reduce FX and policy rate pressures. We also topped up in property developer KDH, again at a slight discount via a block deal. Despite declining 1.0% MoM, the stock price has rallied since the top-up and has performed well this year, increasing 11.0% in 7M24. As one of the safest mid-cap developers with a large land bank, and a strong track record of securing legal approvals and delivering projects, KDH is well-positioned for growth. We forecast 2024 revenue of \$141mn NPAT of \$33mn, an increase of c.69% and 15% YoY, respectively.

Stock in Focus: Becamex IDC Corporation (BCM)

Established in 1976 as an SOE, BCM has evolved into one of Vietnam's leading developers of industrial parks (IPs) and urban areas (UAs). Following partial equitisation in 2017, BCM has become known for its strategic focus in Binh Duong, one of Vietnam's top FDI provinces. BCM's investment appeal is rooted in its dominant market position in IP development, extensive land bank of approximately 2,000ha, and strategic partnerships. These include the Vietnam-Singapore Industrial Park (VSIP), the largest IP developer in the country, and a 30% stake in IP operator BW Industrial, which has 995ha across 50+ projects. BCM's ongoing IP expansion is set to add approximately 1,500ha of IP land, and the company's involvement in the Binh Duong New City project, a major urban development initiative, is expected to further enhance UA land sales in the coming years.

BCM capitalised on its extensive land bank and partnerships, with revenue primarily driven by IP and UA land sales, which accounted for 85% of gross profit in 2023. The company's strong financial position is reflected in its net debt-to-equity ratio of 1.0x as of 2Q24. BCM's planned private placement to strategic shareholders, expected to raise c.\$590mn, received preliminary approval from the Prime Minister in 1Q24 for execution in 4Q24. This will further support its development pipeline and capital contributions to affiliates, ensuring growth momentum. We believe this will be a significant catalyst for stock price growth, increasing 15.4% MoM in July alone. With its substantial land bank and strategic partnerships, BCM offers significant long-term upside potential. We forecast 2025 NPAT to reach \$73mn, +13.1% YoY and EPS growth of 12.1% YoY.

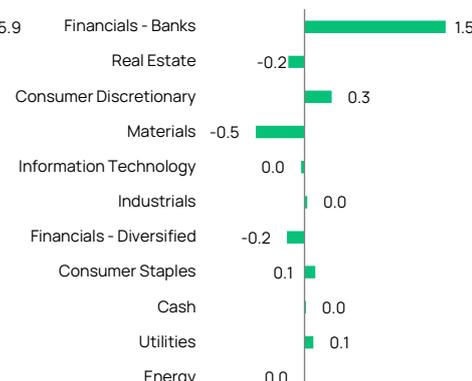
Top Ten Holdings (60.4% of AUM)

Company	Ticker	Sector	VEIL (%)	VNI (%)	CH (%)
Mobile World	MWG	Consumer Disc.	8.6	1.8	3.1
FPT Corporation	FPT	IT	7.9	3.7	-0.6
Hoa Phat Group	HPG	Materials	7.4	3.4	-3.1
Vietcombank	VCB	Financials (Banks)	7.3	9.7	5.6
VP Bank	VPB	Financials (Banks)	7.1	2.9	2.7
Asia Com. Bank	ACB	Financials (Banks)	7.0	2.1	4.0
Techcombank	TCB	Financials (Banks)	4.9	3.2	0.4
MB Bank	MBB	Financials (Banks)	3.5	2.5	10.8
SSI Corporation	SSI	Financials (Divs'd)	3.0	0.9	-5.6
Duc Giang Chem	DGC	Materials	2.9	0.8	-7.8

Sector Breakdown



Monthly Contribution



Political Transition, Economic Continuity: Vietnam's Growth Trajectory is Forming a Valuation Advantage



Hung Nguyen
Senior Economist

Macroeconomics:

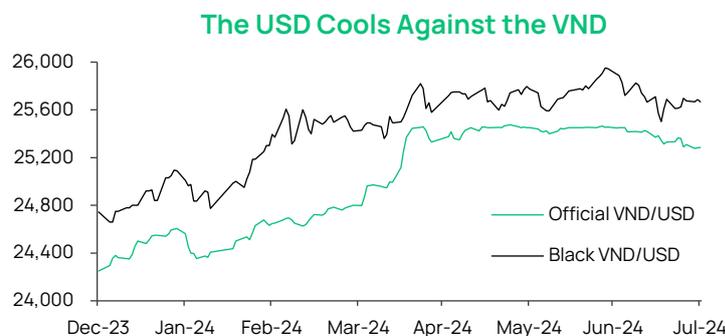
- ▶ Year-to-date total export-import turnover reached \$439.9bn, up 17.1% YoY, with Vietnam's exports to the US surging 24.4% YoY to \$66.1bn.
- ▶ Export orders were received across various sectors, particularly in textiles, where most companies have secured orders through 4Q24, with some into 1Q25.
- ▶ Electricity production grew 12.4% YTD, fully meeting production and consumption demand.

Stock Market:

- ▶ The VNI rose 1.5% in July (TR\$). Combined turnover across the three exchanges was subdued at \$763mn, with the HSX accounting for \$670mn, down 26.7% MoM.
- ▶ Combined net foreign selling eased significantly to \$328mn, down 50.4% MoM.
- ▶ 1H24 results for our coverage universe achieved NPAT growth of 18.6% YoY with forward P/E remaining 1 standard deviation below its 5-year mean at 11.4x.

CHART OF THE MONTH

- The official VND/USD exchange rate cooled from 25,480 to 25,280, reducing the YTD depreciation from 4.9% to 3.6%. The black-market rate also fell significantly from 26,000 to 25,550 VND/USD.
- The SBV has lowered the SBV-Bill and Open Market Operation (OMO) rates by 25 bps, which serve as the guiding rates in the interbank market.
- Further interest rate cuts are possible if exchange rate pressures ease and CPI continues to be well-managed at 4.1%.



Monthly Insights

Nguyễn Phú Trọng, the General Secretary of the Communist Party Central Committee, passed away on 19 July at the age of 80 following a prolonged illness. On 3 August 2024, President Tô Lâm was unanimously elected as the new General Secretary of the 13th Central Committee. In his inaugural address, Tô Lâm called for cooperation from the Central Committee to overcome future challenges and reiterated his commitment to the continuity of pro-business policies and economic relief.

The economy's continued recovery reflects this position, with growth drivers on the supply side showing improvement. Agricultural production and services maintained strong momentum, with a YoY increase of 11.2% in July and 8.5% in 7M24, and the manufacturing and processing industry grew by 9.5%. July's PMI remained at 54.7, marking the fourth consecutive month above 50 and confirming the ongoing recovery in production activities. Demand-side growth drivers have also rebounded. Total registered FDI for 7M24 exceeded \$18bn, up 10.9% YoY, while disbursed FDI reached approximately \$12.6bn, up 8.4% YoY. July's total retail sales of goods and consumer service revenues increased by 9.4% YoY and 8.7% over 7M24.

July CPI increased by 0.5% MoM, rising 4.4% YoY and 4.1% YTD, remaining within the government's target range. The MoM growth was driven by low-base effects from 2023 and base salary increases. However, inflation is expected to gradually decrease for the rest of the year as the base effect wanes, likely bringing the annual CPI to around 4.0%, well within the government's FY24 target.

Since early 2023, Vietnam has maintained its loose monetary policy to support economic recovery, with occasional mid-cycle adjustments to address external pressures on currency and inflation. Following two 25bps hikes of the OMO and the SBV-bill interest rates from April, the SBV has since reduced them by 25bps in early August. This move underscores the SBV's commitment to stabilise interest rates and helps counteract recent increases in bank deposit rates. As the DXY cools, reflecting clearer expectations of Fed rate cuts, and with domestic inflation under control, the SBV is likely to maintain its loose monetary stance.

Despite the recent volatility in global financial markets, we believe the impact on Vietnam will be moderate. With global rate cuts on the horizon, Vietnam can sustain supportive policies and focus on growth. The VNI's forward P/E and P/B ratios are now one standard deviation below their 5-year average as of the end of July. The VNI's forward P/E stands at 11.8x, while our Top-80 universe is 11.4x with an EPS growth forecast of 18%. In contrast, Malaysia's forward P/E is 14.9x with a forecast EPS decline of 2%, and Indonesia's is 12.5x with 2% EPS growth. This makes Vietnam's equity market valuation comparatively attractive, offering a favourable risk-reward scenario with strong downside protection. In 1H24, our float-adjusted Top-80 universe achieved an NPAT growth of 18.6% YoY and revenue growth of 10.2% YoY, aligning with our FY24 NPAT growth forecast of 16-18%.

Key Indicators

Item	Unit	2019	2020	2021	2022E	2023E	2024F
GDP	\$bn	334.4	346.6	366.1	408.8	430.0	465.6
Real GDP Growth	%	7.4	2.9	2.6	8.0	5.1	6.8
Services Growth	%	7.3	2.5	1.2	10.0	6.9	7.5
Agriculture Growth	%	2.0	2.8	2.9	3.4	2.6	3.0
Ind'l and Const'n Growth	%	8.9	3.3	4.1	7.8	3.5	7.8
Retail Sales Growth	%	11.8	2.6	-3.8	10.2	8.3	6.4
Prices							
CPI (Average YoY)	%	2.8	3.2	1.8	3.2	3.3	4.0
Money, FX and Interest Rates							
Money Supply M2	%	14.8	14.5	8.9	6.2	12.5	12.7
Average Lending Rate	%	9.7	8.6	8.5	13.7	8.7	8.2
5-yr VGB	%	1.9	1.1	0.9	4.7	1.6	1.4
VND : \$	\$1	23,150	23,085	22,800	23,550	24,250	25,500
External Sector							
Trade Balance	\$bn	10.8	19.9	3.3	12.4	28.0	25.1
Current Account	\$bn	12.2	15.1	-7.8	-1.5	17.4	20.7
Current Account / GDP	%	3.6	4.3	-2.1	-0.4	4.0	4.4
FDI Registered	\$bn	36.0	28.5	38.5	27.7	36.6	38.0
FDI Disbursement	\$bn	20.4	20.0	19.8	22.4	23.2	24.2
FX Reserves	\$bn	80.0	98.0	106.5	85.0	89.0	86.0
Public Debt Fiscal Balance							
External Debt	\$bn	122.8	130.1	138.8	141.2	138.0	140.3
Government	\$bn	47.7	49.0	47.9	48.8	44.4	44.5
Enterprises (incl. FDI)	\$bn	75.0	81.1	90.9	92.4	93.6	95.8
External Debt (% GDP)	%	36.7	37.5	37.9	34.5	32.1	30.1
Fiscal Balance (% GDP)	%	-2.6	-3.4	-4.0	-3.6	-4.0	-3.6

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	31-Jul-23	31-Jul-24	31-Jul-23	31-Jul-24	31-Jul-23	31-Jul-24	31-Jul-23	31-Jul-24
Market cap (\$m)	205,777	202,675	12,806	13,013	46,539	59,228	265,122	274,915
Number of stocks	393	395	332	314	863	876	1,588	1,585
Number of large cap stocks (> \$400mn)	68	71	9	10	19	18	96	99
Stocks with no room for foreigners	60	59	91	93	217	262	368	414
Market cap of stocks with no room (\$mn)	26,564	17,181	1,988	1,904	12,088	20,749	40,640	39,834
Share of Market Cap with No Room (%)	12.9	8.5	15.5	14.6	26.0	35.0	15.3	14.5

Top 25 Companies by Market Cap

No	Company	31-Jul Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2022 (x)	2023 (x)	2024F (x)	2022 (x)	2023 (x)	2024F (x)	2022 (%)	2023 (%)	2024F (%)
1	Vietcombank	89,200	11.1	19,755	9.70	14.4	15.6	15.6	2.8	2.7	2.5	0.9	-	-
2	BIDV	47,600	9.7	10,752	5.30	14.1	15.2	14.4	2.0	2.1	2.0	0.2	0.1	-
3	Airports Corporation VN	115,900	75.6	9,998	-	32.8	22.1	28.6	4.2	2.9	4.1	-	-	-
4	FPT	128,600	54.9	7,442	3.70	16.9	20.6	26.6	3.9	4.9	6.3	2.6	2.4	2.1
5	PV Gas	79,900	5.8	7,272	3.60	12.9	15.3	18.1	3.1	2.7	2.7	3.0	4.1	3.8
6	Hoa Phat Group	27,200	7.0	6,894	3.40	12.6	24.3	13.7	1.1	1.6	1.5	2.2	-	1.3
7	Vietinbank	32,000	18.1	6,809	3.40	9.2	8.5	8.3	1.2	1.2	1.2	2.9	-	-
8	Techcombank	23,250	50.8	6,491	3.20	4.5	6.2	7.4	0.8	0.8	1.1	0.1	-	3.3
9	Vingroup	42,300	-5.2	6,409	3.20	23.4	79.1	550.8	1.9	1.5	1.3	1.7	-	-
10	Vinhomes	36,700	-15.0	6,332	3.10	7.2	5.6	5.7	1.4	1.0	0.8	4.5	-	-
11	VP Bank	19,000	4.2	5,973	2.90	6.0	14.5	10.9	1.1	1.1	1.0	-	5.2	2.7
12	Vinamilk	71,600	7.3	5,930	2.90	19.9	17.6	17.6	5.1	4.4	4.7	5.1	5.8	5.4
13	Masan Consumer	202,000	137.5	5,743	-	9.0	8.6	17.9	2.3	2.4	4.3	0.2	0.4	-
14	MiB Bank	24,400	33.7	5,131	2.50	4.4	4.7	5.9	1.0	1.0	1.1	-	2.3	-
15	Asia Commercial Bank	24,550	22.3	4,345	2.10	5.1	5.7	6.1	1.2	1.3	1.3	-	3.6	1.7
16	Masan Group	74,100	10.6	4,223	2.10	37.1	229.0	57.9	5.1	3.6	3.8	1.0	0.3	0.2
17	Mobile World	63,800	50.3	3,696	1.80	15.0	370.4	22.8	2.6	2.7	3.4	1.2	1.2	0.8
18	HD Bank	26,300	34.9	3,035	1.50	4.7	5.6	6.4	1.0	1.3	1.4	-	4.3	-
19	Becamex IDC	73,000	16.1	2,994	1.50	48.8	26.9	43.0	4.9	3.5	3.8	0.9	1.3	-
20	LienViet Post Bank	29,150	85.1	2,954	1.50	5.0	7.2	14.9	0.9	1.2	2.1	-	-	-
21	Sabeco	55,400	-6.9	2,816	1.40	19.5	18.9	16.7	4.3	3.2	3.0	2.3	4.2	6.3
22	Binh Son Refining	22,800	22.6	2,801	-	2.7	6.7	15.3	0.8	1.0	1.2	3.3	3.8	3.1
23	Petrolimex	45,900	38.2	2,311	1.10	26.3	14.9	17.2	1.6	1.6	2.1	4.3	2.5	3.3
24	Vietjet Air	105,900	-1.9	2,273	1.10	neg	253.7	26.4	4.0	3.8	3.3	-	-	-
25	VEAM Corp	42,800	24.4	2,254	-	6.4	7.4	9.6	1.9	1.8	2.3	11.1	12.3	11.8

Fund	Bloomberg	ISIN	LEI	SEDOL	CUSIP	Listed
VEIL	VEIL LN	KYG9361H1092	213800SYT3T4AGEVW864	BD9X204	G9361H109	London (Main Market)
VEF-A	VIETNAM ID	IE00BD5HPH84	254900EVTJZ4VAUG4M43	-	-	-
VEF-B	VIETEUR ID	IE00BV8WVB25		-	-	-
VEF-C	VIETGBP ID	IE000LEKRJK0		-	-	-

Price Providers	Funds	Bloomberg	Contact
Jefferies International	VEIL	JCEF	Michele White / Trevor Hunt +44 207 898 7127 invcos@jefferies.com
SEI Investments	VEF	-	Transfer Agency Department TADublin@seic.com

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 depositary. 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).

Marketing / Investor Relations	
Will Ross	willross@dragoncapital.com
Rachel Hill	rachelhill@dragoncapital.com
Ailsa Cuthbert	ailsacuthbert@dragoncapital.com
Kenji Hamada	kenjiamada@dragoncapital.com
Steven Mantle	stevenmantle@dragoncapital.com
Thanh Le	thanhle@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 in VEF: 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, key information document (PRIIP-KID), the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

For Belgian investors in VEF: This is an advertising document. This document is intended only for professional investors (A) that are “qualified investors” in the meaning of Article 2, (e) of the EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended from time to time or any successive legislation that may enter into force (each, a “Qualified Investor”), and (B) any such Qualified Investor shall act in its own name and for its own account and shall not act as intermediary, or otherwise sell or transfer, to any other investor, unless any such other investor would also qualify as a Qualified Investor.

For Italian investors in VEF: This is an advertising document (*materiale di marketing*). For professional investors only.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE