



Tuan Le
Lead Portfolio Manager

At a Glance

- VEIL's NAV rose 4.5% in August, ahead of the VNI's 4.2% return. 3-month performance is 0.9% ahead of the reference index, while YTD is now on par at 12.1%.
- We are seeing signs of legal progress in some key property developments, a potential indicator of the anticipated recovery of the real estate sector.
- We increased holdings in real estate names we believe will be the first to benefit from this recovery.

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)	\$1,870.4mn	\$9.72	N/A	4.5	5.4	12.1	3.7	-13.4	40.9	169.3
VNI (Reference Index)	N/A	N/A	N/A	4.2	4.5	12.1	3.2	-7.3	32.0	114.4
VEIL Share Price (USD)	\$1,458.6mn*	\$7.40	-22.03	3.4	-1.2	6.8	-1.1	-20.5	27.3	N/A
VEIL Share Price (GBP)	£1,110.3mn*	£5.77	-22.03	1.1	-4.3	3.6	-4.6	-16.7	18.0	N/A

*Market capitalisation

Fund Commentary

We increased our holdings in the real estate sector, driven by notable progress in several long-stalled projects, reinforcing our view that the sector has likely bottomed and is beginning an upward trend. This shift is supported by regulatory reforms, including approvals of master plans in cities like Hanoi and Hai Phong, as well as updates to the Land Law, which are expected to drive momentum in the coming months. Additionally, the government's recent push to approve HCMC's long-awaited master plan has further strengthened the sector's outlook and investor confidence. In light of this, we topped up in VHM, which is preparing to launch the 385ha Co Loa project in Hanoi, a development we believe will significantly catalyse future growth. VHM's recently announced share buyback programme of 370 million shares (c.8.5% of OS), approved in early September, also contributed to a strong rally in the stock price. We topped up in DXG, which rallied on news of legal progress for its upcoming Gem Riverside project, a development that should substantially re-rate the stock. Additionally, we finalised the KDH block deal that was initiated in July.

Having completed our rotation in the banking sector, we are now satisfied with our weightings in both tier-one private banks and state-owned SOCBs. We believe these holdings reflect an optimal balance of strong performance and attractive valuation metrics. Specifically, MBB has shown significant improvement with an increase in NIM of 47bps QoQ to 4.7% in 2Q24, alongside a reduction in its non-performing loan ratio to 1.6%. TCB's NIM also rose to 4.2% in 1H24, with an NPL ratio of 1.2%, reflecting proactive management of asset quality. MBB and TCB are expected to achieve strong NPAT growth of 19.7% and 18.9% in 2025, respectively, and EPS growth of 20.3% and 18.9%, above the sector's EPS growth average of 18%.

Stock in Focus: Khang Dien House (KDH)

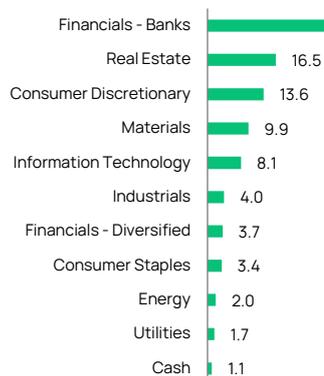
Established in 1990, KDH is one of Vietnam's largest property developers with a market capitalisation of \$1.4bn. The company focuses on residential and industrial projects in HCMC, capitalising on its significant clean land bank in the city and its ongoing urbanisation and development. These strengths align with our investment thesis of Vietnam's urbanisation and anticipated real estate recovery. Coupled with strong financials, and a reputation for clean, legal and timely delivery of projects, KDH is well-positioned to lead the country's real estate resurgence.

KDH's 1H24 results recorded revenue at \$40mn, down 3% YoY, with NPAT falling by 25% YoY to \$14mn. This decline was quite understandable, because most of KDH's handovers for 2024 are expected to fall in the latter half of the year. We expect that the company will begin the handover of its project, The Privia, in October, a fully presold development of 1,040 high-rise units. This development is expected to support a 14.8% YoY increase in 2024 NPAT, reaching \$35mn. Additionally, KDH is set to launch presales for its 6ha JV with Keppel Land in late 2024 or early 2025, with the company having already neared the completion of development's construction prior to the launch date. KDH has also been active in expanding its land bank inventory by 70% over the past 1.5 years, totalling around 500ha. With its substantial land banks, strong reputation, and forecast EPS growth surging to 47.2% in 2025, KDH is best in class for those looking for exposure to Vietnam's property sector and growth potential.

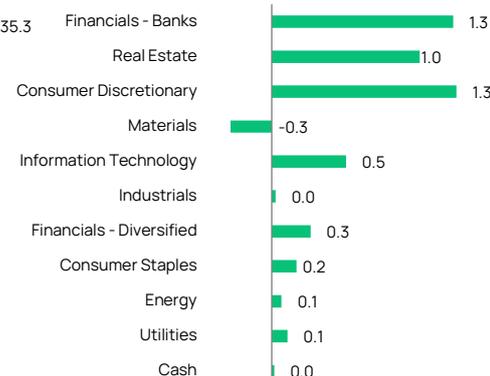
Top Ten Holdings (59.1% of AUM)

Company	Ticker	Sector	VEIL (%)	VNI (%)	CH (%)
Mobile World	MWG	Consumer Disc.	9.4	1.9	11.0
FPT Corporation	FPT	IT	8.3	3.7	6.4
Vietcombank	VCB	Financials (Banks)	7.0	9.7	4.3
VP Bank	VPB	Financials (Banks)	6.9	2.9	1.2
Asia Com. Bank	ACB	Financials (Banks)	6.2	2.1	2.5
Hoa Phat Group	HPG	Materials	6.0	3.1	-4.8
Techcombank	TCB	Financials (Banks)	4.8	3.1	1.9
Khang Dien House	KDH	Real Estate	3.6	0.7	5.6
Vinhomes	VHM	Real Estate	3.6	3.4	14.8
Vietinbank	CTG	Financials (Banks)	3.3	3.6	11.2

Sector Breakdown



Monthly Contribution



The economy's momentum is back, and now is the time to consider higher growth targets



Hung Nguyen, CFA
Senior Economist

Macroeconomics:

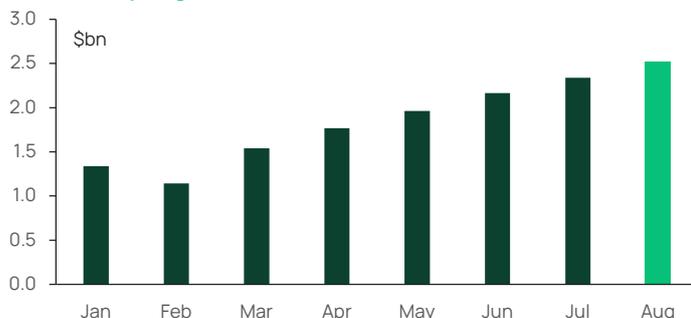
- ▶ Vietnam's total export-import turnover reached \$511.1bn in 8M24, a 16.7% increase YoY, contributing to a trade surplus of \$19.1bn, further stabilising the VND.
- ▶ Total retail sales in August are an estimated \$21.4bn, +7.9% YoY, bringing the 8M24 total to +8.5% YoY.
- ▶ Businesses and individuals have enjoyed an estimated \$3.7bn in tax exemptions, reductions, deferrals, fees, and rental support YTD.

Stock Market:

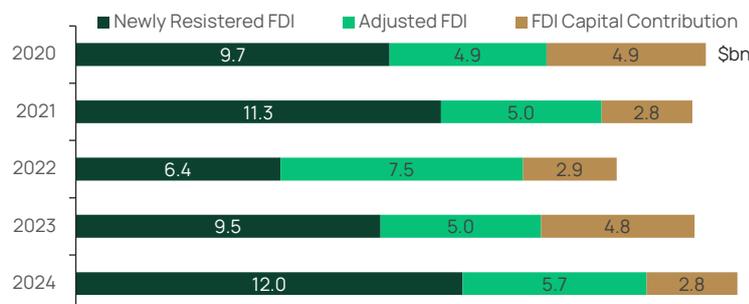
- ▶ The VNI rose 4.2% in August (TR\$), stabilising towards month-end following global volatility.
- ▶ The banking, IT, and retail sectors are expected to maintain strong growth momentum into 2025, with forward P/E levels offering attractive valuations.
- ▶ The anticipated release of the Non-Prefunding Circular may be implemented by year-end, likely serving as a catalyst for attracting market inflows.

CHART OF THE MONTH

Key Legal Reforms Accelerate Public Investment



Vietnam Remains a Top FDI Destination



Monthly Insights

Following August's Central Committee meeting, Vietnam finalised its government appointments with a full roster of five Deputy Prime Ministers, each assigned distinct responsibilities. Notably, Deputy Prime Minister Trần Hồng Hà will oversee public investment disbursement, while Deputy Prime Minister Nguyễn Hòa Bình will join the Politburo. With key Party and Government roles fulfilled the cabinet has accelerated its legislative agenda. Many laws, decrees, and circulars are being discussed for revision, with nearly 30 laws expected to be amended in the 2024-25 National Assembly sessions. The implementation of the "one law amending multiple laws" approach, which modifies several related laws under a single framework, aims to address long-standing obstacles and overlapping issues that previous sessions could not fully resolve through individual amendments. This approach is expected to bring significant positive changes to the country's economic and social landscape over the next five to ten years.

Economic indicators remain positive. Vietnam posted a record single-month export value of \$37.6bn and a trade surplus of \$4.5bn, with PMI at 52.4, continuing its expansionary trend. Investment activity was robust with registered FDI totalling \$20.5bn for 8M24, up 7.0% YoY, and disbursed FDI reaching \$14.2bn, up 8.0% YoY. Public investment disbursement in August hit circa \$2.5bn, the highest this year, signalling an acceleration in project execution as legal resolutions take effect. Additionally, long-delayed real estate projects, including VHM's Co Loa and DXG's Gem Riverside, have made legal progress, likely beginning construction soon.

Key monetary conditions are showing improvement. August inflation remained stable, unchanged from July at +3.5% YoY. The exchange rate strengthened sharply from VND 25,300 to 24,600 per USD in early September, bringing the VND's YTD depreciation to just over 1%. With the USD weakening and the likelihood of a Fed rate cut increasing, Vietnam's 8M24 inflation remains manageable at 4.0% YoY. The stabilisation of the exchange rate should ease pressure on the State Bank of Vietnam, increasing the likelihood of achieving a 15% credit growth whilst still able to maintain supportive interest rates.

The VNI gained 4.2% (TR\$) in August, stabilising after earlier global market volatility. As international markets face uncertainty, with investors weighing the impact of rate cuts against economic slowdowns, Vietnam's market performance will heavily depend on balancing global growth with domestic policy support. As investors become more prudent, strategies might shift from small-cap growth stocks, which benefited from the earlier recovery, toward a more balanced approach. We expect sectors like banking, IT, and retail to demonstrate sustained growth in 2025, offering clearer earnings visibility with 2025F NPAT growth of an estimated 18%, 17%, and 32%, while avoiding inflated valuations. This strategy should help traverse global uncertainties while capitalising on the resilience of Vietnam's domestic equity market. We also anticipate the release of the official Non-Prefunding Circular could be approved as early as September, with potential implementation by year-end, serving as a catalyst for attracting market inflows.

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-Aug-23	31-Aug-24	31-Aug-23	31-Aug-24	31-Aug-23	31-Aug-24	31-Aug-23	31-Aug-24
Market cap (\$m)	203,136	211,971	13,015	13,502	45,796	59,250	261,947	284,722
Number of stocks	394	396	331	312	860	878	1,585	1,586
Number of large cap stocks (> \$400m)	69	75	9	11	12	17	90	103
Stocks with no room for foreigners	61	60	92	92	222	263	375	415
Market cap of stocks with no room (\$m)	24,142	16,948	1,963	1,964	13,803	20,074	39,908	38,986
Share of Market Cap with No Room (%)	11.9	8.0	15.1	14.5	30.1	33.9	15.2	13.7

Top 25 Companies by Market Cap

No	Company	31-Aug 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	91,700	14.2	20,606	9.70	14.4	15.6	16.1	2.8	2.7	2.6	0.9	-	-
2	BIDV	48,900	12.7	11,207	5.30	14.1	15.2	14.7	2.0	2.1	2.0	0.2	0.1	-
3	Airports Corporation VN	110,000	66.7	9,628	-	32.8	22.1	29.8	4.2	2.9	4.0	-	-	-
4	FPT	134,800	62.4	7,915	3.70	16.9	20.6	27.9	3.9	4.9	6.6	2.6	2.4	2.0
5	PV Gas	83,300	10.3	7,692	3.60	12.9	15.3	18.9	3.1	2.7	2.8	3.0	4.1	3.6
6	Vietinbank	35,050	29.3	7,567	3.60	9.2	8.5	9.1	1.2	1.2	1.3	2.9	-	-
7	Vinhomes	41,500	-3.9	7,265	3.40	7.2	5.6	6.4	1.4	1.0	0.9	4.5	-	-
8	Vingroup	44,200	-0.9	6,795	3.20	23.4	79.1	575.5	1.9	1.5	1.4	1.7	-	-
9	Techcombank	23,350	51.4	6,614	3.10	4.5	6.2	7.4	0.8	0.8	1.1	0.1	-	3.2
10	Hoa Phat Group	25,500	0.4	6,558	3.10	12.6	24.3	13.9	1.1	1.6	1.5	2.2	-	1.4
11	Vinamilk	73,900	10.7	6,210	2.90	19.9	17.6	17.2	5.1	4.4	4.7	5.1	5.8	5.2
12	Masan Consumer	211,200	148.4	6,093	-	9.0	8.6	18.7	2.3	2.4	4.5	0.2	0.4	-
13	VP Bank	18,950	3.9	6,045	2.90	6.0	14.5	10.9	1.1	1.1	1.0	-	5.2	2.8
14	Military Bank	24,850	36.2	5,301	2.50	4.4	4.7	6.0	1.0	1.0	1.2	-	2.3	-
15	ACB	24,800	23.5	4,454	2.10	5.1	5.7	6.1	1.2	1.3	1.3	-	3.6	1.7
16	Masan Group	76,500	14.2	4,424	2.10	37.1	229.0	59.8	5.1	3.6	3.9	1.0	0.3	0.2
17	Mobile World	69,800	64.4	4,103	1.90	15.0	370.4	25.0	2.6	2.7	3.7	1.2	1.2	0.7
18	HD Bank	27,700	42.1	3,244	1.50	4.7	5.6	6.8	1.0	1.3	1.4	-	4.3	-
19	LienViet Post Bank	31,400	99.4	3,229	1.50	5.0	7.2	13.3	0.9	1.2	2.2	-	-	-
20	Becamex IDC	72,000	14.5	2,996	1.40	48.8	26.9	30.8	4.9	3.5	3.6	0.9	1.3	-
21	Binh Son Refining	23,900	28.5	2,979	-	2.7	6.7	16.0	0.8	1.0	1.2	3.3	3.8	2.9
22	Sabeco	57,500	-3.4	2,965	1.40	19.5	18.9	17.4	4.3	3.2	3.1	2.3	4.2	6.1
23	Petrolimex	48,600	46.4	2,483	1.20	26.3	14.9	18.2	1.6	1.6	2.3	4.3	2.5	3.1
24	VEAM Corp	44,000	27.9	2,351	-	6.4	7.4	9.9	1.9	1.8	2.4	11.1	12.3	11.4
25	Sacombank	30,550	9.3	2,316	1.10	8.4	6.8	6.5	1.1	1.2	1.1	-	-	-

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
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