

Global trade tensions, strong local pulse. Resolution 68 formalises private sector push.



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Senior Economist

Macroeconomics:

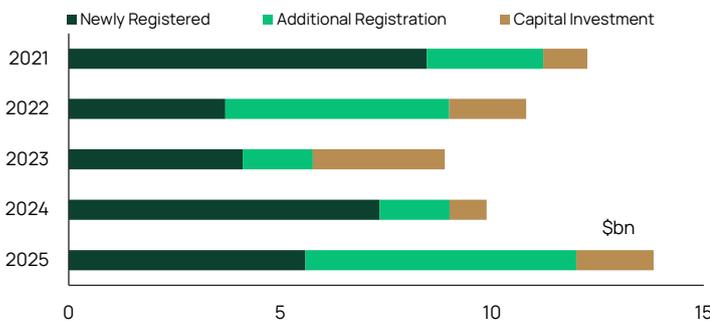
- ▶ FDI registrations reached \$13.8bn YTD, +39.9% YoY, driven by a sharp increase in capital adjustments and suggesting continued foreign investor confidence in Vietnam's long-term potential.
- ▶ Credit growth rose 3.9% by mid-April and 18.2% YoY to \$625bn, signalling healthy credit demand and a supportive environment for business expansion.
- ▶ International tourist arrivals to Vietnam have continued to grow, reaching circa 7.7 million YTD, +23.8% YoY.

Stock Market:

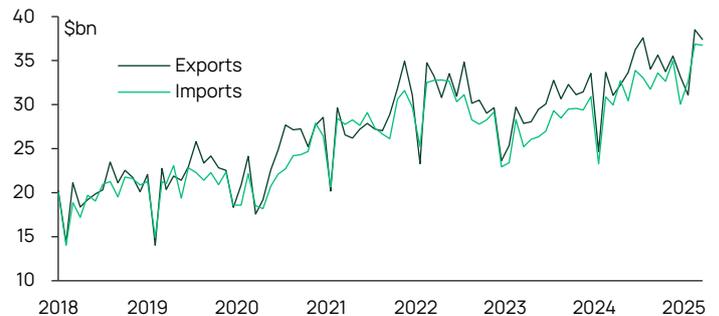
- ▶ April was a volatile month for Vietnam's equity market, dropping approximately 17% after Liberation Day before partially recovering to end 8.4% down MoM.
- ▶ The KRX trading system successfully went live in early May, but ongoing tariff uncertainty weighed on sentiment, with April seeing \$562mn in foreign outflows.
- ▶ Our Top 80 universe posted 10.2% NPAT growth in Q1, slightly ahead of expectations, led by banks, retail, and real estate, as domestic demand gained traction.

CHARTS OF THE MONTH

Total Registered FDI Surges 40% YoY



Vietnam's Trade Momentum Holds



Monthly Insights

In the first month following the introduction of reciprocal tariffs, Vietnam's macroeconomic indicators have shown no significant signs of stress, with underlying growth momentum largely holding firm. The Industrial Production Index rose 8.9% YoY in April and 8.4% over 4M25, led by a strong 10.1% expansion in manufacturing and processing. Retail sales of goods and services climbed 11.1% YoY in April and 9.9% over 4M25, well above the 8.6% pace seen in the same period last year, indicating healthy domestic demand despite external volatility.

That said, some signs of pressure did emerge. April's sharp drop in the PMI to 45.6, down from 50.5 in March, points to a contraction in manufacturing activity driven by weaker new orders and output. Exporters moved quickly to front-load shipments ahead of any potential disruption, inflating trade activity. Total trade rose 18.6% YoY in April, with exports and imports up 19.1% and 18.1%, respectively. Over the first four months, exports grew 12.8%, generating a \$5.0bn trade surplus, underscoring continued export strength, but also the potential for a subsequent soft patch in trade data once pre-emptive shipments ease. The US remains Vietnam's largest export destination, accounting for \$43.3bn in value, or 30% of total exports, reaffirming Vietnam's sensitivity to US demand and policy risks. However, Vietnam remains actively engaged in trade talks with the US, having concluded the first round of bilateral negotiations. Further rounds are scheduled in May and June, with discussions centred on issues such as third-country transshipment and commitments to increase imports of US goods.

With global trade in flux, Vietnam is accelerating efforts to strengthen domestic growth, principally via the private sector. The newly issued Resolution 68 aims to elevate the sector's role, currently comprising over 940,000 registered enterprises and five million household businesses. The sector contributes approximately 50% of GDP, over 30% of state budget revenues, and employs around 82% of the workforce. By 2030, the government targets at least two million operating businesses. Average annual growth is expected at 10–12%, lifting its contribution to GDP to 55–58%, budget revenues to 35–40%, and employment to 84–85%.

The new Resolution lays out a comprehensive policy agenda to help realise these goals. Notably, it includes a formal commitment to decriminalise civil and economic violations and strengthen property rights, critical assurances for business confidence and investment appetite. Incentives for innovation are also given top billing, with firms allowed to deduct 200% of science, technology, and R&D spending from taxable income. Additional support measures include cuts in taxes, fees, and land rental costs, as well as expanded credit access for private firms. Together, these reforms are designed to invigorate Vietnam's internal economic strength and mitigate exposure to external shocks, making the private sector a much more durable, long-term engine of growth amid rising global uncertainty. The resolution's successful implementation will hinge on bureaucratic follow-through and the private sector's capacity to absorb reform incentives at scale.

Turning to the equity market, Q1 results from our Top 80 universe showed resilient but decelerating quarterly performance, with NPAT growth of 10.2% YoY. Banks anchored earnings, but tighter margins and uneven profit recognition between state and commercial banks partially offset top-line credit growth. Residential real estate and retail posted standout results, underscoring solid domestic demand and continuing recovery in housing. In contrast, manufacturing and consumer staples lagged, reflecting export headwinds and continued pressure on margins. Overall, the data suggests domestic-facing sectors are gaining traction, while external-facing and cost-sensitive segments remain under strain.

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Mai Vu
Portfolio Manager

At a Glance

- VEF fell 9.0% in April, broadly tracking the VN Index drop of 8.4% amid sharp “Liberation Day” volatility.
- Our 10.3% cash position gave us the flexibility to defend in a falling market and capitalise on sharp price drops in oversold names.
- We selectively deployed the capital into high-conviction retail names like MWG and real estate stocks trading at attractive valuations.

Performance (%)

	Net Assets	NAV/Share	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
VEF A (USD)	\$182.59mn	\$28.87	-12.0	-9.0	-13.5	-4.3	-21.7	65.9	138.2
VEF B (EUR)	€55.32mn	€1,438.22	-19.6	-13.6	-20.8	-9.5	-26.6	61.7	N/A
VNI (Reference Index)	N/A	N/A	-5.0	-8.4	-6.3	0.6	-16.6	55.7	125.1

Fund Commentary

Anticipating turbulence around Liberation Day, we entered the month with a 10.3% cash position, which allowed us to absorb fund outflows of approximately \$12–13mn and selectively deploy capital during the sell-off. We used this window to add exposure to high-conviction names, including select real estate stocks and MWG, which were trading at attractive valuations. This action reflects our strategy of taking advantage of short-term market overreactions to strengthen long-term return potential.

The portfolio's decline was largely driven by weakness in the banking sector, where foreign outflows weighed on sentiment. While the sector was down 8.1%, our holdings MBB and TCB showed relative strength. MBB's AGM guidance for 10% YoY PBT growth, proposed share buyback, and private placement supported sentiment, while TCB's 15% PBT growth target and potential IPO from brokerage arm TCBS reinforced our long-term view. We continue to favour banks with clear earnings visibility, strong digitalisation strategies, and stable funding bases, key factors we believe will drive outperformance as volatility normalises. We trimmed jewellery retailer PNJ following its continued correction, as high gold prices have dampened jewellery demand and FY24 earnings are now forecast to decline. Despite this, PNJ remains a quality name, and we will reassess positioning as growth returns. FPT also declined after a regulatory announcement regarding the transfer of SCIC's stake in FPT Telecom to the Ministry of Public Security. While this will likely have minimal operational implications this year, and earnings are still projected to grow in the high teens, temporary uncertainty triggered selling pressure.

In contrast, our two largest retail holdings, MWG and FRT, held up well. MWG's Q1 earnings rose 71% YoY on revenue growth of 15%, driven by its now-profitable grocery segment, with full-year earnings expected to grow around 40%. FRT was supported by news of a 13% private placement in its pharmacy chain Long Chau to Creador. Long Chau now accounts for 69% of group revenue, which rose 29% YoY in Q1. Store count surpassed 2,000 pharmacies and 140 vaccination centres, with profitability and revenue per store continuing to trend positively. With earnings expected to double this year and grow a further 50% in 2026, Long Chau remains FRT's key growth engine and a high-conviction holding for the Fund.

Stock in Focus: MB Bank (MBB)

Founded in 1994, MBB is Vietnam's largest private commercial bank by total assets of \$46.3bn, known for its strong financial performance and strategic positioning across retail, SME, and corporate banking. MBB's investment appeal lies in its market positioning and effective cost management.

MBB delivered strong earnings growth in Q1, with NPAT rising 45% YoY, supported by a 28% increase in total operating income, helped by a low base in 1Q24. Net interest income grew 29% YoY on the back of loan expansion, while non-interest income rose 23% despite a slowdown in bancassurance, thanks to FX gains and effective bad debt recovery. Credit cost remained contained at 1.5%, and the loan loss reserve (LLR) was healthy at 92%, providing solid coverage against a moderate increase in NPLs (1.8%) and group 2 loans (3.2%). NIM edged down slightly to 4.2%, but liquidity remained strong, with an LDR of 99% and CASA stable at 36% YoY, reaffirming MBB's resilient margin and funding base. The bank currently trades at a F2025 P/B of 1.1x and a P/E of 6.0x, around 20% below its five-year average. We forecast MBB to achieve net revenue of \$2.6bn (+15.1% YoY), NPAT of \$1.0bn (+9.5%), and EPS growth of 9.3%, reflecting continued momentum and strong operational leverage.

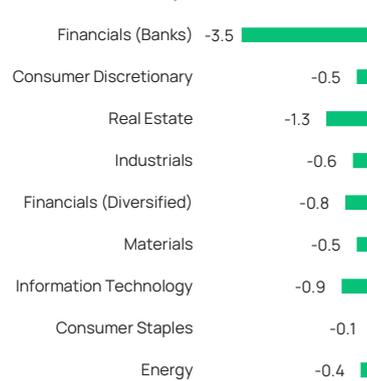
Top Ten Holdings (55.4% of AUM)

Company	Ticker	Sector	VEF (%)	VNI (%)	CH (%)
Mobile World	MWG	Consumer Discretionary	8.5	1.8	0.0
MB Bank	MBB	Financials (Banks)	7.7	2.8	-3.0
FPT Retail	FRT	Consumer Discretionary	6.7	0.4	-2.3
Vietinbank	CTG	Financials (Banks)	5.0	3.9	-11.5
Techcombank	TCB	Financials (Banks)	4.9	3.6	-6.1
FPT Corporation	FPT	Information Technology	4.8	3.1	-13.2
BIDV Bank	BID	Financials (Banks)	4.8	4.7	-13.1
VP Bank	VPB	Financials (Banks)	4.4	2.6	-15.4
Asia Com. Bank	ACB	Financials (Banks)	4.4	2.1	-8.8
Phu Nhuan Jewelry	PNJ	Consumer Discretionary	4.1	0.5	-14.7

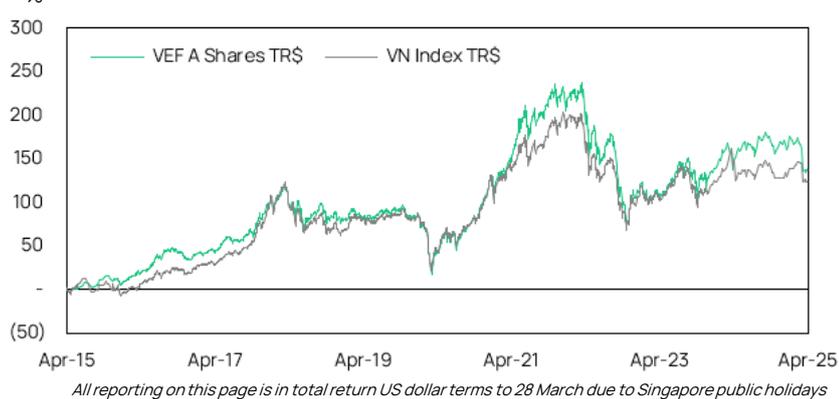
Sector Breakdown



Monthly Contribution



Ten Year NAV Performance



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

Key Indicators

Item	Unit	2020	2021	2022	2023	2024E	2025F
GDP	\$bn	346.6	366.1	408.8	430.0	476.3	529.5
Real GDP Growth	%	2.9	2.6	8.0	5.1	7.1	8.0
Services Growth	%	2.5	1.2	10.0	6.9	7.4	8.9
Agriculture Growth	%	2.8	2.9	3.4	2.6	3.3	5.5
Ind'l and Const'n Growth	%	3.3	4.1	7.8	3.5	8.3	8.7
Retail Sales Growth	%	2.6	-3.8	10.2	8.3	9.0	9.4
Prices							
CPI (Average YoY)	%	3.2	1.8	3.2	3.3	3.6	4.2
Money, FX and Interest Rates							
Money Supply M2	%	14.5	8.9	6.2	12.5	12.7	14.5
Average Lending Rate	%	8.6	8.5	13.7	8.7	8.4	8.4
5-yr VGB	%	1.1	0.9	4.7	1.6	1.4	1.9
VND : \$	\$1	23,085	22,800	23,550	24,250	25,450	26,500
External Sector							
Trade Balance	\$bn	19.9	3.3	12.4	28.0	24.4	18.8
Current Account	\$bn	15.1	-7.8	-1.5	17.4	20.7	14.6
Current Account / GDP	%	4.3	-2.1	-0.4	4.0	4.4	2.8
FDI Registered	\$bn	28.5	38.5	27.7	36.6	35.0	31.0
FDI Disbursement	\$bn	20.0	19.8	22.4	23.2	25.4	23.1
FX Reserves	\$bn	98.0	106.5	85.0	89.0	80.0	75.0
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	-4.2

All forecasts are Dragon Capital estimates

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Apr-24	30-Apr-25	30-Apr-24	30-Apr-25	30-Apr-24	30-Apr-25	30-Apr-24	30-Apr-25
Market cap (\$m)	194,324	197,100	12,159	13,356	49,706	52,581	256,189	263,037
Number of stocks	398	391	322	310	871	889	1,591	1,590
Number of large cap stocks (> \$400m)	72	74	9	11	16	15	97	100
Stocks with no room for foreigners	67	62	95	97	254	278	416	437
Market cap of stocks with no room (\$m)	30,295	16,770	1,781	2,924	18,047	20,164	50,123	39,858
Share of Market Cap with No Room (%)	15.6	8.5	14.6	21.9	36.3	38.3	19.6	15.2

Top 25 Companies by Market Cap

No	Company	30-Apr Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2023 (x)	2024 (x)	2025E (x)	2023 (x)	2024 (x)	2025E (x)	2023 (%)	2024 (%)	2025E (%)
1	Vietcombank	57,300	-6.1	18,422	9.30	15.6	17.3	15.6	2.7	2.6	2.1	-	-	-
2	Vingroup	68,000	67.7	10,004	5.10	79.1	13.0	22.1	1.5	1.1	1.7	-	0.4	-
3	BIDV	34,550	-8.0	9,334	4.70	15.2	13.5	11.7	2.1	1.9	1.5	0.1	-	-
4	Vinhomes	58,400	46.0	9,229	4.70	5.6	5.2	5.8	1.0	0.8	1.0	-	0.4	-
5	Airports Corporation VN	94,100	-25.3	7,882	-	22.1	29.1	20.0	2.9	4.6	2.8	-	-	-
6	Vietinbank	37,200	-1.6	7,686	3.90	8.5	8.9	7.5	1.2	1.4	1.2	-	-	-
7	Techcombank	26,300	6.7	7,149	3.60	6.2	8.4	7.9	0.8	1.2	1.1	-	3.0	2.6
8	Hoa Phat Group	25,500	-4.3	6,276	3.20	24.3	14.2	10.3	1.6	1.5	1.3	-	-	2.0
9	FPT	109,400	-28.3	6,192	3.10	20.4	31.3	18.8	4.8	7.5	4.5	2.4	1.5	2.4
10	MB Bank	23,550	7.9	5,529	2.80	4.7	6.1	6.0	1.0	1.2	1.1	2.3	2.1	-
11	PV Gas	58,300	-14.4	5,255	2.70	14.2	15.7	12.9	2.5	2.6	2.2	4.1	8.7	6.0
12	VP Bank	16,550	-13.8	5,052	2.60	14.5	9.7	7.1	1.1	1.1	0.8	5.2	5.2	4.2
13	Masan Consumer	119,600	-33.3	4,839	-	7.6	23.7	15.1	2.1	17.3	7.2	0.4	12.4	3.8
14	Vinamilk	57,600	-9.1	4,632	2.30	16.9	15.8	15.2	4.2	4.1	3.9	5.8	6.2	7.6
15	Asia Commercial Bank	24,050	-6.8	4,133	2.10	5.7	7.0	6.0	1.3	1.4	1.1	3.6	3.4	1.7
16	LienViet Post Bank	32,550	4.2	3,741	1.90	7.2	9.6	8.8	1.2	2.2	1.8	-	-	-
17	Mobile World	60,800	-0.3	3,460	1.80	370.4	24.0	16.8	2.7	3.2	2.8	1.2	0.8	1.7
18	Masan Group	62,500	-10.7	3,459	1.80	229.0	50.4	24.9	3.6	3.3	2.8	0.3	1.7	0.3
19	HD Bank	21,450	-15.9	2,885	1.50	5.6	7.0	5.1	1.3	1.6	1.1	4.3	3.3	-
20	Sacombank	39,100	6.0	2,836	1.40	6.8	6.9	6.5	1.2	1.3	1.1	-	-	-
21	Vietnam Airlines	31,600	10.3	2,692	1.40	neg	8.4	11.4	neg	neg	15.9	1.1	0.4	-
22	Sabeco	48,100	-13.3	2,374	1.20	18.3	16.8	14.3	3.0	3.1	2.9	4.2	6.5	10.4
23	Becamex IDC	55,000	-22.4	2,190	1.10	26.5	33.6	26.2	3.5	3.7	3.3	1.3	1.4	-
24	Vincom Retail	23,650	37.9	2,068	1.00	12.0	9.5	11.9	1.4	0.9	1.2	-	-	-
25	VEAM Corp	38,900	-2.3	1,989	-	6.6	7.2	6.7	1.6	2.0	1.9	12.3	12.9	12.0

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

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