



VIETNAM ENTERPRISE INVESTMENTS LIMITED – VEIL

VEIL rebounded 8.7% in November and outperformed the VNI by 0.7% (TR\$) amidst a month of lessened volatility.

After Japan's upgrade to CSP in November, we believe this will support some of VEIL's portfolio holdings, such as **FPT** and **DGC**. Japan accounts for approximately 40% of FPT's global 9M23 outsourcing revenue of US\$700m. Domestically, the upgrade will help fulfil Japan's future need for a digital presence in country, with FPT the obvious choice for software outsourcing and engineering as the largest operator in the country. Anticipated to grow by 20% in 2024, with outsourcing showing a strong forecast of 25% growth from Japan alone.

VEIL has recently increased its position in DGC as both a long-term play on the semiconductor industry and a short-term focus on the anticipated recovery in yellow phosphorus prices, which fell 36% in the first nine months of 2023. This decline was due to significant inventory digestion and production cuts at semiconductor companies, with demand from leaner semiconductor inventory and gradually improving consumer electronics demand driving the price back up.

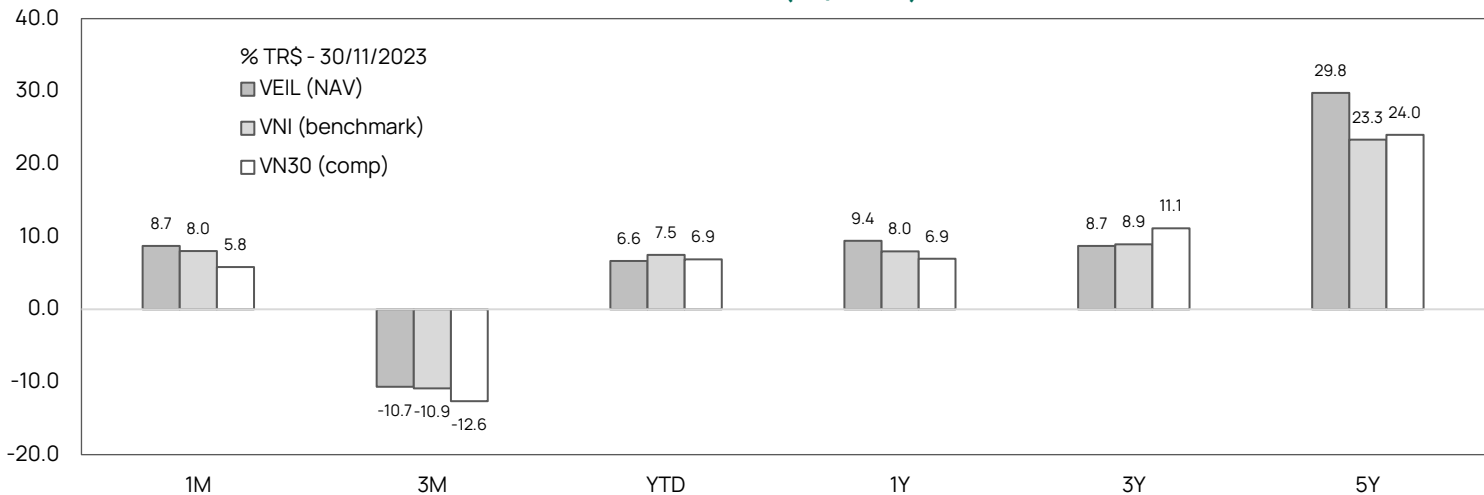
in the real estate sector, residential developers experienced a broad-based rally, particularly mid-caps including **KDH** (+10.5%), **DXG** (+21.6%), and **PDR** (+31.5%). This is largely attributed to the anticipation that current legal impediments such as the Land Law revision will see substantial progress by H1 2024, catalysing new project launches. KDH's recent Privia project launch in HCMC, with its near 90% uptake of 830 units out 1,024 available, underscores the enduring demand in key urban areas. Industrial park developer **KBC** also stood out with an estimated 40% YoY NPAT growth for 2023, largely driven by the leasing of circa 140ha of industrial parks. While we see FDI flows continuing to support the IP sector and maintain a sector overweight, we took profit in some developers in favour of residential property names due to their 2024 outlook.

VEIL strategically topped up in infrastructure construction company Vinaconnex (**VCG**), up 21.0% MoM. VCG is set to benefit from upcoming infrastructure projects, including the north-south expressway, the expansion of the existing HCMC airport in 2024, and the development of the new Long Thanh airport (servicing HCMC), with phase one completion target of 2025

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		
\$1,684.4m	\$8.37	0.69	-	8.7%	6.6%	7.2%	-4.0%	24.95	0.03
£1,330.5m	£6.61		£5.31	4.1%	1.2%	2.7%	-8.8%	-	-

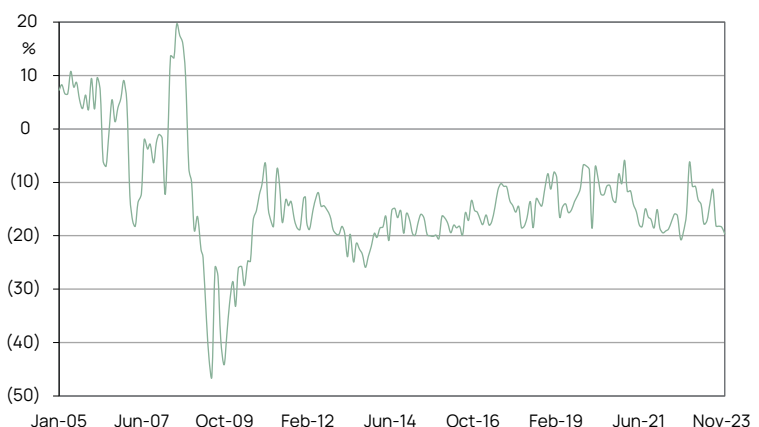
NAV PERFORMANCE (in \$ terms)



TOP TEN HOLDINGS (58.4% of NAV)

COMPANY	SECTOR	VNI %	NAV %	CH %
1 VP Bank	Banks	3.0	9.2	1.5
2 Hoa Phat	Mat's/Res	3.6	9.1	16.9
3 ACB	Banks	2.0	7.9	3.9
4 Vietcombank	Banks	11.0	7.3	-1.2
5 FPT Corporation	Software/Svc's	2.7	6.1	12.1
6 Mobile World	Retail	1.3	5.0	3.4
7 PV Gas	Energy	4.1	3.8	1.1
8 Vinhomes	Real Estate	4.2	3.8	7.2
9 Khang Dien House	Real Estate	0.6	3.2	10.5
10 Military Bank	Banks	2.1	3.0	5.4

DISCOUNT TO NAV





ECONOMY REVIEW AND OUTLOOK

Solid export numbers
repudiate PMI data

Vietnam's total November exports surpassed \$30bn for the fifth consecutive month (fig. 2), exceeding 1H23's average of \$27.5bn. Trade turnover for 11M23 was \$619.2bn, -8.3% YoY (imports -10.7% and exports -5.9%) with a YTD trade surplus of \$25.8bn projected for the goods balance. The fly in the ointment is that PMI dropped 2.6 points to 47.3. Both output and new orders declined, indicating that the trade outlook still has its challenges.

From fish to chips:
exports split awaiting
external growth

Sustained exports and a dip in PMI highlights uneven business performance across sectors. SMEs, especially in labour-intensive industries like textiles, fisheries, and wooden products, remain sluggish. In contrast, larger firms capable of meeting high-standard orders are sustaining growth, particularly in the sectors of transportation, electronic cameras and steel. Tightening spending budgets in Vietnam's primary export destinations pose further challenges. US shipments decreased YoY by 12.4%, Europe by 6.6% and Oceania by 2.7%. With high inventory level, businesses have destocked, and consumer behaviour has shifted. US wholesale inventory levels have declined from 1.4 to 1.2 months, a trend that may continue for another one to two quarters, or until levels revert to the 1.0-1.2-month norms.

China's appetite for
Vietnamese goods

China shines as a key export market, accounting for 17.3% of Vietnam's exports with an estimated turnover of \$56.0bn, a 6.2% increase YoY. This growth is attributed to China's open policy since February, which eased border congestion, facilitated customs clearance, and boosted exports. In that time, trade rose steadily from \$3.5bn in February to \$6.5bn in November. In 2023, increased agricultural exports to China is expected to reduce the Vietnam-China trade deficit by 23.1% to \$43.6bn and is one of the reasons for Vietnam's high 11-month 2023 trade surplus. Bilateral trade is anticipated to further improve, particularly after Xi Jinping's visit to Hanoi in mid-December.

The world waxes off,
Vietnam waxes on

The major global economies continue to struggle in regaining growth momentum, leading to a weak overall recovery pace. This trend is expected to persist for the next three to six months, as global consumption has not yet shown significant recovery. However, Vietnam benefits from the varied economic phases of different countries and the anticipated global trade rebound of 3-4%. We anticipate that the country's exports will grow by 8-10% in 2024, a moderate pace of restoration. The effects of trade agreements and the recent enhancement of bilateral relations (fig. 4), including Japan's diplomatic upgrade to Vietnam's highest level of Comprehensive Strategic Partnership (CSP) this month, will further boost friend-shoring to Vietnam and the flow of goods.

Fig. 1

ECONOMIC FORECASTS

30-Nov-23	Unit	2021	2022E	2023E	2024F
Real GDP Growth	%	2.6	8.0	5.0	6.0
Nominal GDP	\$bn	366.1	408.8	446.4	489.8
CPI (average)	%	1.8	3.2	3.3	4.0
Export Growth (cif)	%	19.0	10.6	-5.5	9.8
Import Growth (cif)	%	26.7	8.4	-9.9	10.2
Trade Bal (cif)	\$bn	3.3	12.4	26.4	28.1
FX Reserves	\$bn	106.5	85.0	95.0	110.0
FDI Disbursed	\$bn	19.8	22.4	20.9	22.0
VND:\$	1	22,800	23,550	24,500	24,300

Fig. 2

IMPROVING EXPORTS & IMPORTS

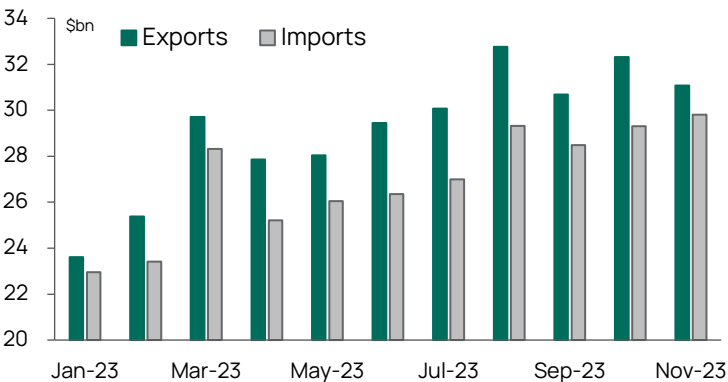


Fig. 3

11M23 SHIFTS IN TOP TEN EXPORT PRODUCTS

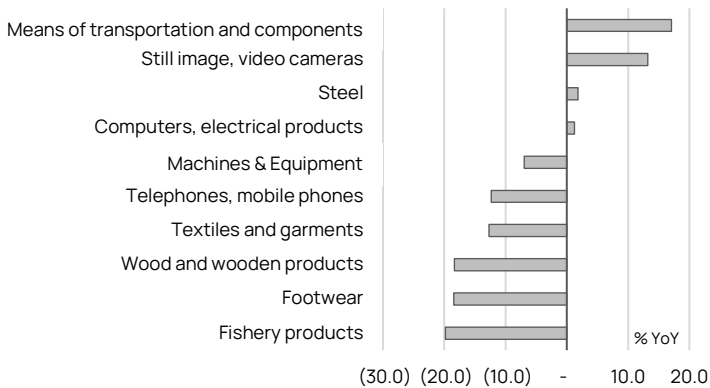


Fig. 4

RECENT VIETNAM PARTNERSHIP UPGRADES

COUNTRY	DATE	UPGRADED TO
JAPAN	Nov 2023	Comprehensive Strategic Partnership
UNITED STATES	Sep 2023	Comprehensive Strategic Partnership
SOUTH KOREA	Dec 2022	Comprehensive Strategic Partnership
NEW ZEALAND	Jul 2022	Strategic Partnership
NETHERLAND	Apr 2019	Strategic Partnership
HUNGARY	Sep 2018	Strategic Partnership
AUSTRALIA	Mar 2018	Strategic Partnership



MARKET REVIEW AND OUTLOOK

Economic entente: SBV, Fed, and FX reverse the VNI

The VNI saw a recovery of 8.0% after declining 17.5% in September and October (TR\$). Retail investor sentiment rose after the softening DXY and the Fed's indications of ending the rate hike cycle. This helped allay investor concerns over the higher-for-longer narrative and VND volatility. The SBV ceased SBV-bill issuance from 9 November as concerns over FX depreciation subsided, net injecting approximately \$7.5bn into the banking system. With some SOCBs' deposit rates already at pre-Covid levels of 4.8% and abundant liquidity in the banking system, we believe this explains the 16.8% MoM rise in turnover (fig. 4) as investors moved out of term deposits and sought higher returns in the capital markets.

Hold me close my mid-cap beta

There was sector divergence this month, with high-beta mid-cap names showing strong performance. This has played out through most of the year's volatility, with conglomerates such as MSN and VIC c.25% below the VNI and mid-caps c.25% above. Thus, returns within the brokerage and materials sectors of up to 30% were not uncommon as the market rallied. In turn, the large-cap banking sector was an underperformer with all names lagging the VNI. Despite no change to fundamentals within the sector, banks were further hindered by slower-than-expected NIM expansion and overall credit growth of 8.3%.

Changing of the lightbulb in the Land Law spotlight

The Housing Law was approved, a positive for property developers, removing the 20% social housing requirement for projects. The delayed vote on Land Law revision means developers will likely wait for clearer guidance on land use rights. Despite being more stringent, it will create positive long-term transparency for larger, higher quality developers by H1 2024.

Domestic dispatches: local insights nod to 2024 recovery

Our year-end company visits showed that on-the-ground consensus is that the VN economy is rebounding from its H1 2023 low. Banks we spoke to are optimistic about a late December credit growth push to hit the 12% target. They are also anticipating stronger credit demand from the manufacturing sector in 2024, reflecting a broader economic rebound. Competitive interest rate promotions could see rates drop by a further 50bps, bolstering a stable 2024 equity market. The materials sector is also upbeat, with HPG noting November sales volume increases of over 50%, while real estate firms in HCMC report rising pre-sales. Companies linked to FDI observed a surge in interest in the semiconductor area following the CSP upgrade with the US. We expect tangible outcomes from negotiations between large US corporations and local partners in the near term. Overall, feedback showed that despite low visibility and margin uncertainties, companies under our coverage expect 2024 is likely to see a recovery in sales growth, positively impacting their cash flow.

Fig. 1

DC TOP-80 FORECASTS

30-Nov-23	Unit	2021	2022	2023E	2024F
PER	x	14.5	9.1	10.7	9.1
EPS Growth	%	37.1	-1.4	-1.4	18.5
PEG	x	0.4	neg	neg	0.5
Sales Growth	%	22.0	12.3	2.5	11.1
EBIT Growth	%	50.8	2.5	6.2	21.1
PBT Growth	%	38.0	1.5	1.4	17.6
NPAT Growth	%	41.9	0.0	0.3	18.5
Net DER	x	0.2	0.3	0.2	0.2
Yield	%	1.0	1.9	1.6	1.5

Fig. 3

VNI TRAILING 5Y PB

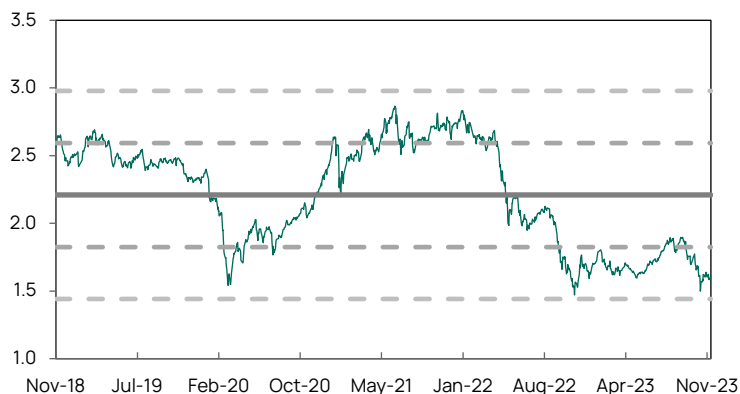


Fig. 2

MARKET PERFORMANCE

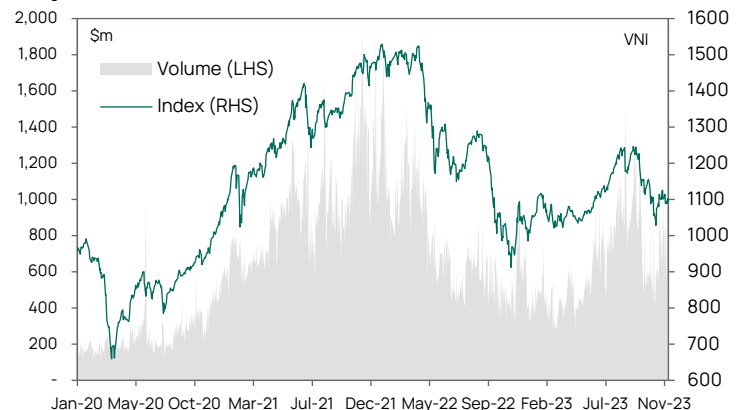
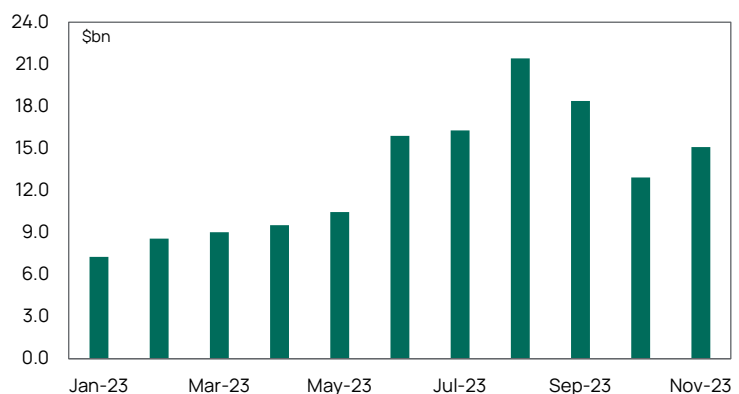


Fig. 4

VNI MONTHLY VOLUME



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

APPENDIX 1: MACRO

Key Indicators

Item	Unit	2017	2018	2019	2020	2021	2022E	2023F	2024F
GDP	\$bn	281.4	310.1	334.4	346.6	366.1	408.8	446.4	489.8
Real GDP Growth	%	6.9	7.5	7.4	2.9	2.6	8.0	5.0	6.0
Services Growth	%	7.4	7.0	7.3	2.5	1.2	10.0	6.9	8.0
Agriculture Growth	%	2.9	3.8	2.0	2.8	2.9	3.4	2.6	2.8
Ind'l and Const'n Growth	%	8.0	8.9	8.9	3.3	4.1	7.8	3.5	5.0
Retail Sales Growth	%	10.9	11.7	11.8	2.6	-3.8	10.2	8.3	8.5
Prices									
CPI (Average YoY)	%	3.5	3.5	2.8	3.2	1.8	3.2	3.3	4.0
Money, FX & Interest Rates									
Money Supply M2	%	15.0	12.4	14.8	14.5	8.9	6.2	10.0	11.5
Average Lending Rate	%	9.3	9.5	9.7	8.6	8.5	13.7	8.7	8.2
5-yr VGB	%	4.3	4.5	1.9	1.1	0.9	4.7	1.6	1.4
VND : \$	\$1	22,750	23,235	23,150	23,085	22,800	23,550	24,500	25,000
External Sector									
Trade Balance	\$bn	2.1	6.8	10.8	19.9	3.3	12.4	26.4	30.2
Current Account	\$bn	-1.6	5.8	12.2	15.1	-7.8	-1.5	17.4	20.7
Current Account / GDP	%	-0.6	1.9	3.6	4.3	-2.1	-0.4	3.9	4.2
FDI Registered	\$bn	35.9	35.5	36.0	28.5	38.5	27.7	25.2	28.0
FDI Disbursement	\$bn	17.5	19.1	20.4	20.0	19.8	22.4	20.9	22.0
FX Reserves	\$bn	52.0	61.0	80.0	98.0	106.5	85.0	95.0	110.0
Public Debt & Fiscal Balance									
External Debt	\$bn	109.2	112.1	122.8	130.1	138.8	141.2	138.0	140.3
Government	\$bn	46.3	47.0	47.7	49.0	47.9	48.8	44.4	44.5
Enterprises (incl. FDI)	\$bn	62.9	65.1	75.0	81.1	90.9	92.4	93.6	95.8
External Debt (% GDP)	%	38.8	36.2	36.7	37.5	37.9	34.5	30.9	28.6
Fiscal Balance (% GDP)	%	-2.6	-2.9	-2.6	-3.4	-4.0	-3.6	-4.0	-3.6

APPENDIX 2: MARKET

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Nov-22	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22	30-Nov-23
Market Cap (\$m)	169,077	181,640	10,184	12,566	40,388	43,083	219,648	237,288
Number of Stocks	402	395	341	330	859	859	1,602	1,584
Number of Large Cap Stocks (> \$400m)	56	70	7	9	14	18	77	97
Stocks with No Room for Foreigners	56	64	73	94	192	232	321	390
Market Cap of Stocks with No Room (\$m)	30,331	23,385	2,045	1,902	8,891	13,511	41,267	38,799
Share of Market Cap with No Room (%)	17.9	12.9	20.1	15.1	22.0	31.4	18.8	16.4

Top 25 Companies

No	Company	30-Nov Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2022 (x)	2023E (x)	2024F (x)	2022 (x)	2023E (x)	2024F (x)	2022 (%)	2023E (%)	2024F (%)
1	Vietcombank	84,700	25.0	19,505	10.96	14.4	16.4	14.5	2.8	2.8	2.4	0.9	-	-
2	BIDV	38,850	13.4	9,125	4.55	14.1	13.4	11.2	2.0	2.0	1.7	0.2	-	-
3	Vinhomes	41,300	-14.0	7,410	4.16	7.2	4.5	5.1	1.4	1.0	0.8	4.5	-	-
4	PV Gas	76,500	-6.3	7,239	4.07	12.9	16.4	16.3	3.1	2.8	2.6	3.0	6.1	3.9
5	Vingroup	41,750	-22.4	6,561	3.68	23.4	41.2	52.9	1.9	1.4	1.4	1.7	-	-
6	Hoa Phat Group	26,550	47.5	6,361	3.57	12.6	29.3	18.9	1.1	1.5	1.4	2.2	-	-
7	VP Bank	19,100	11.9	6,244	2.98	6.3	12.3	10.1	1.2	0.9	1.0	-	5.2	3.0
8	Airports Corporation VN	67,900	-19.7	6,090	-	29.0	17.2	15.5	4.2	2.8	2.3	-	-	-
9	Vietinbank	26,300	7.8	5,819	2.92	9.2	9.1	7.9	1.2	1.1	1.0	2.9	-	-
10	Vinamilk	67,400	-8.5	5,804	3.26	20.3	18.2	17.0	5.2	4.3	4.3	5.1	3.6	5.7
11	FPT	91,900	40.7	4,809	2.70	17.0	19.9	16.6	3.9	4.5	3.9	2.6	2.9	3.3
12	Techcombank	29,500	14.1	4,281	2.40	4.7	6.0	5.2	0.8	0.8	0.7	0.1	-	-
13	Military Bank	17,800	22.7	3,824	2.15	4.5	4.7	3.9	1.0	1.0	0.8	-	-	-
14	Masan Group	60,500	-34.9	3,567	2.00	37.1	153.1	61.2	5.1	3.1	2.9	1.0	1.5	1.5
15	ACB	21,950	20.0	3,513	1.97	5.3	5.3	4.5	1.2	1.2	1.0	-	1.9	2.3
16	Sabeco	65,000	-21.0	3,435	1.93	20.6	20.3	19.8	4.6	3.4	3.3	2.3	2.9	4.4
17	Becamex IDC	58,200	-26.8	2,482	1.39	48.8	27.0	28.4	4.9	3.3	3.0	0.9	1.2	1.2
18	Binh Son Refining	18,800	46.7	2,402	-	2.7	7.0	10.2	0.8	1.0	1.0	3.3	5.3	5.3
19	Mobile World	38,500	-9.4	2,320	1.30	15.2	348.4	19.6	2.6	2.3	2.1	1.2	-	1.3
20	Vietjet Air	102,000	-6.8	2,276	1.28	0.0	119.1	109.3	4.0	3.6	3.3	-	-	-
21	HD Bank	18,000	36.8	2,145	1.21	4.9	5.8	5.1	1.0	1.1	0.9	-	-	-
22	Sacombank	27,500	22.2	2,136	1.20	8.4	6.6	4.6	1.1	1.1	0.9	-	-	-
23	Vincom Retail	22,100	-16.0	2,069	1.19	21.5	10.9	10.8	1.8	1.3	1.2	-	-	-
24	VIB	18,700	26.3	1,955	1.10	4.5	5.0	4.1	1.1	1.2	0.9	-	-	-
25	SSI	31,300	83.8	1,933	1.09	15.4	20.4	17.2	1.1	2.0	1.9	3.8	2.7	-



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

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