



ECONOMY REVIEW AND OUTLOOK

Comprehensive strategic profits as exports surge

While the Tet holiday continued to add a seasonal skew in February, the aggregated data for the first two months of the year showed promising economic indicators. Total exports rose 19.2% YoY to \$59.3bn in 2M24 (Fig. 2), while imports increased 18.0% YoY to \$54.5bn. Major markets where Vietnam has upgraded diplomatic relations have seen significant growth. Exports to the US and Japan surged 34% YoY and to China by 17.3%. The sustained recovery is further underscored by the PMI remaining above 50 for two consecutive months (50.3 and 50.4 in January and February, respectively), as companies received new export orders and increased hiring efforts. After Tet, many businesses announced they have orders until June 2024, especially in the textile and timber industries. This resurgence in activity extends to Vietnam's seaports, which handled nearly 112m tons of cargo, marking an 8% YoY increase in 2M24, alongside a 27% YoY increase in container cargo transports.

Easing the leash: monetary policy supports growth

The growth in exports further demonstrates the effects of easing monetary policy. Fixed lending rates for new two-year loans have nearly halved from 12-14% a year ago to just 6-8% p.a. Preferential interest rate packages have also been introduced by a group of commercial and state banks. A notable example is a \$20bn loan program offering preferential rates to retail and corporate clients of 4.0% p.a for short-term loans and 9% p.a for medium-to-long-term loans. A targeted \$1.2bn package also aims to bolster the agricultural, fishery, and timber sectors. Additionally, the recovery of South Korea's semiconductor exports in recent months was mirrored by Vietnam's increase in exports of phones, computers and other electronic products, up 33.9% YoY (Fig. 3).

Local heroes outshine FDI counterparts

Another encouraging trend is export growth of 33.3% from domestic enterprises outpacing 14.7% from FDI companies (including crude oil). After recent upgrades to infrastructure, production processes, and ESG standards, a robust domestic supply chain is emerging, enabling more local firms to comply with stringent rules of origin and gain access to more markets. Exports to Africa, West Asia, Eastern Europe, and North America grew by single digits in the first two months of the year. The solid growth of domestic businesses helps reduce Vietnam's reliance on FDI. Furthermore, domestic retail sales grew 5.0% YoY in 2M 2024, driven by holiday demand and tourism, indicating a recovery in domestic consumption. FDI showed continued strength, however, with registrations in 2M 2024 up 38.6% YoY to \$4.3bn. Among the countries investing in Vietnam in the first 2 months of 2024, Singapore accounted for nearly 50% of registrations. Disbursement over the same period reached \$2.8bn, up 9.8%, while February alone saw a record \$1.3bn disbursed.

Fig. 1

ECONOMIC FORECASTS

29-Feb-24	Unit	2021	2022	2023E	2024F
Real GDP Growth	%	2.6	8.0	5.1	6.0
Nominal GDP	\$bn	366.1	408.8	430.0	463.0
CPI (average)	%	1.8	3.2	3.3	4.0
Export Growth (cif)	%	19.0	10.6	-4.4	9.8
Import Growth (cif)	%	26.7	8.4	-9.2	10.2
Trade Bal (cif)	\$bn	3.3	12.4	28.0	29.3
FX Reserves	\$bn	106.5	85.0	89.0	100
FDI Disbursed	\$bn	19.8	22.4	23.2	24.2
VND:\$	1	22,800	23,550	24,500	25,000

Fig. 2

EXPORTS REBOUNDED IN 2M 2024

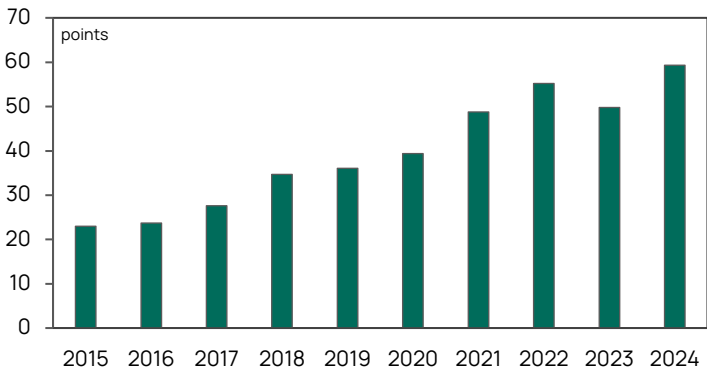
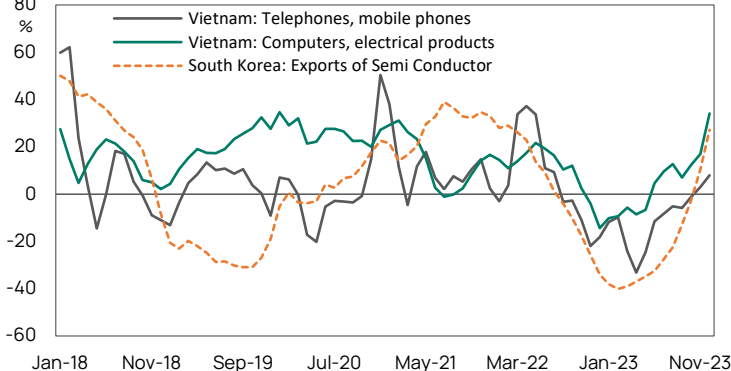
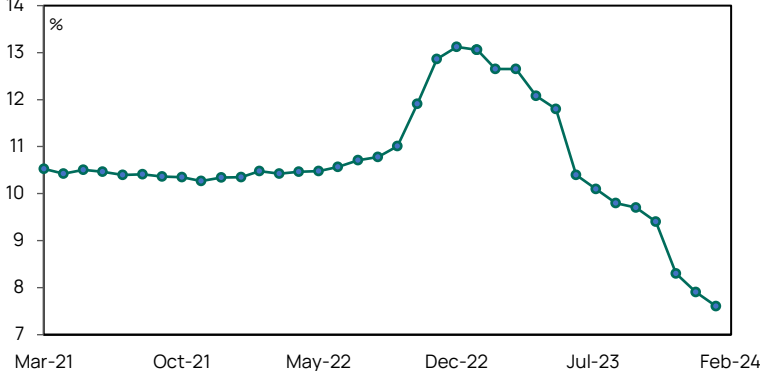


Fig. 3

ELECTRONICS EXPORTS CLIMBED



LENDING RATES DROPPED SHARPLY





MARKET REVIEW AND OUTLOOK

VNI rides liquidity wave to climb 6.6%

Low rates and government initiatives drive market returns

Foreign outflows shift down a gear

FTSE EM upgrade could be a small slice of a large pie

The VNI concluded February on a positive note, climbing 6.6% MoM (TR\$) to 1,252 and surpassing last year's high of 1,245. Activity was muted leading up to the Tet holiday in early February, but average daily turnover increased significantly from 15 February when the market reopened. This led to a 24.8% MoM increase in liquidity, reaching \$848mn/day.

Equities continue to offer an appealing alternative to fixed-term deposits, with current 12-month deposit rates averaging 4.7% vs. the 2023 peak of over 11%. Sector inflows were seen in IT (+13.1%), exports (+10.9%), materials (+9.6%), and banks (+9.1%). Export companies such as garment producer TNG Investment and Trading reported they were starting to rehire with an order backlog into 3Q24, and fishery exporter Vinh Hoan Corporation was propelled by news of rising average sales prices, with the Red Sea shipping crisis so far having limited impact. The materials sector was led by Hoa Phat Group after the Ministry of Finance reported a 21.8% YoY increase in domestic investment and development spending to \$2.4bn in 2M 2024. This push is set to invigorate the materials sector, spurred by increased demand from infrastructure initiatives.

While February's performance paints an optimistic picture, the continued net outflows from foreign investors, totalling \$1.1bn since January 2023, underscores the broader global economic uncertainties impacting investor sentiment and market stability. However, recent trends in foreign flow show potential signs of improvement, dropping to ~100m YTD after net outflows peaked in December 2023 at over \$400mn. The VNI's valuation remains attractive with a 2024F PE of 11.4x, compared to its ASEAN peers Thailand (16.0x), Malaysia (14.1x), Indonesia (13.0x), and the Philippines (12.6x).

Prime Minister Chinh chaired a conference for developing the stock market alongside the MoF, SBV, major state and commercial banks, and listed companies. It laid out a strategy to elevate Vietnam to FTSE's secondary emerging market status by 2025. Our analysis suggests around \$700-\$800bn is currently benchmarked against this index. Should Vietnam secure inclusion, its share of this investment pool could represent 0.2%, equivalent to an inflow of approximately \$1.4bn. Such efforts are complemented by initiatives such as the new Korean trading system, which HOSE began testing at the beginning of March and is targeting for implementation in 2024.

Fig. 1

DC TOP-80 FORECASTS

29-Feb-24	Unit	2021	2022	2023	2024F
PER	x	14.3	9.0	11.7	10.5
EPS Growth	%	39.3	-1.6	-4.4	18.6
PEG	x	0.4	Neg.	Neg.	0.5
Sales Growth	%	22.1	12.3	1.4	13.0
EBIT Growth	%	50.8	2.4	1.0	27.1
PBT Growth	%	38.3	1.3	-1.2	21.0
NPAT Growth	%	42.3	-0.2	-2.7	22.9
Net DER	x	0.2	0.3	0.3	0.2
Yield	%	1.0	1.9	2.2	1.7

Fig. 3

VNI TRAILING 5Y PB

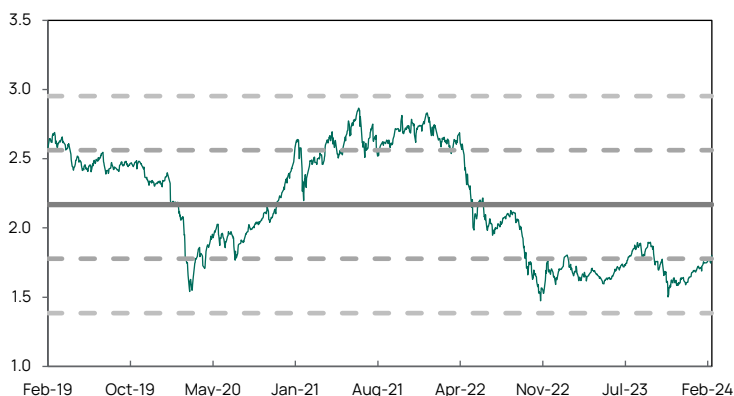


Fig. 2

MARKET PERFORMANCE

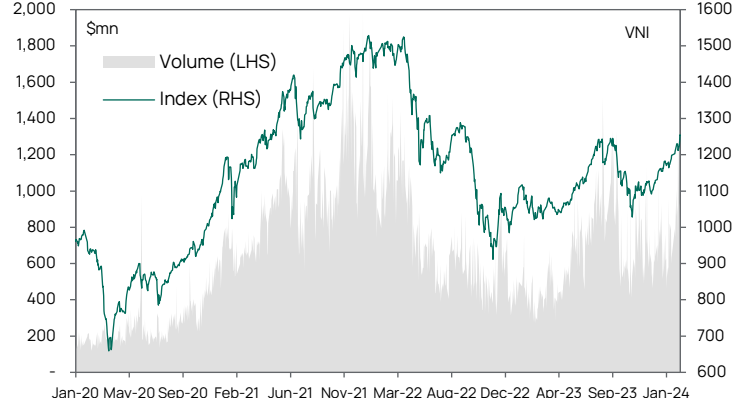
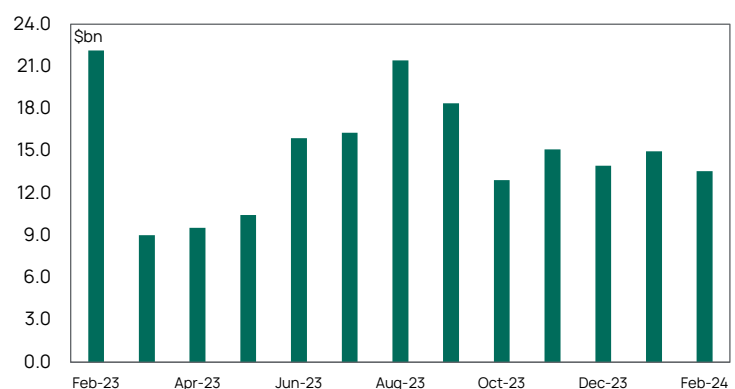


Fig. 4

VNI MONTHLY VOLUME



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



VIETNAM ENTERPRISE INVESTMENTS LIMITED – VEIL

VEIL increased by 6.2% in February with all of the portfolio's top ten holdings ending the month positively. Standout contributions continued to come from the banking sector, IT, and a strong performance from top holding Hoa Phat Group.

VEIL's strategic 5x overweight position (2.5% vs 0.5% of the Vietnam Index) in real estate developer Khang Dien House ("KDH"), up +12.1% MoM, aligns with our projection of a sector recovery. KDH's performance was in part due to the recent amendments to the Land Law, which prioritises developers with ready land banks for project approvals. With one of the largest land banks in HCMC, KDH is well-positioned to lead the sector revival. These comprise five short-to-medium-term projects totalling ~1,400 apartments, a 110ha industrial park extension starting in 2025, and a major 329ha mixed-use project starting in 2026.

The banking sector's performance has maintained its momentum following a robust showing in January. **ACB** has increased 17.2% YTD, bolstered by growing investor sentiment after recording the highest 2023 ROE among its peers of 24.8% and 4Q23 credit growth of 17.2%, well above the 13.7% industry average. ACB's strategic pivot towards more sustainable SME and household lending is set to catalyse a projected 18% growth in NPAT and EPS for 2024.

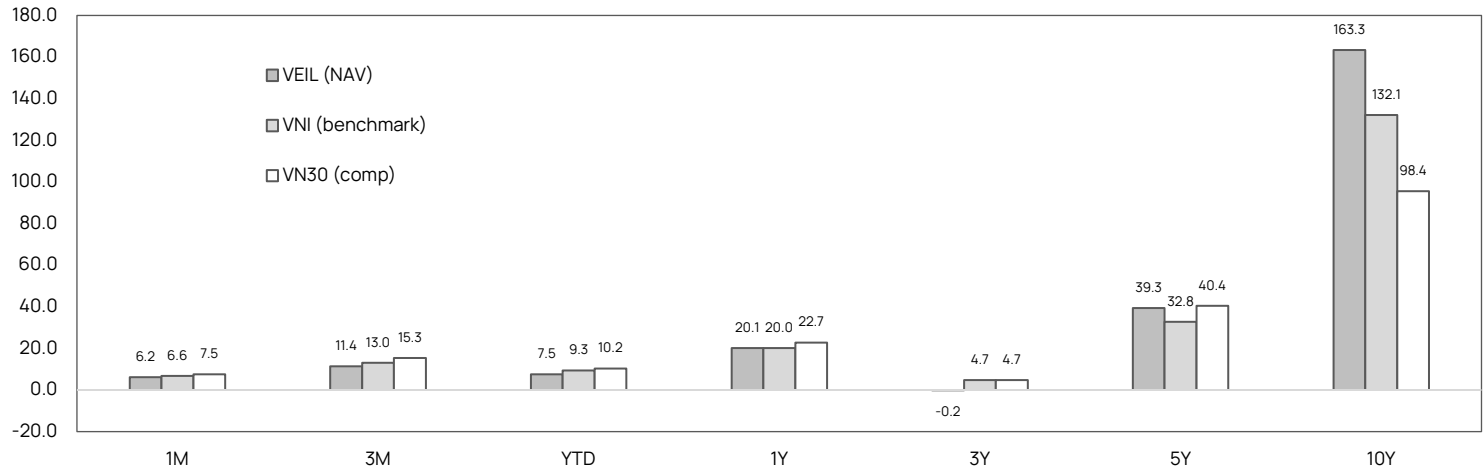
Sentiment improved for **HPG** after announcing investor visits to its new hot rolled coil (HRC) plant set for launch by early 2025. HRC is the company's most profitable line, and this expansion is set to increase HRC production from 3.4mn to 8.0mn tons over the next 12-24 months. In 2M 2024, HRC volume grew by 99% YoY to 542k tons due to rising demand, helping total sales rise 26.9% YoY to 1.3m tons. Exports surged to 181k tons, an increase of 112% YoY due to a low base effect in early 2023.

The Government's tech drive includes a programme for IT enrolment and it is yielding tangible benefits, particularly for IT services company **FPT**. Management reported recruitment is becoming easier and plans to hire up to 6,000 engineers this year, doubling the 2023 figure of approximately 3,000. This is underpinned by an anticipated 22-25% growth in global IT revenue for 2024, with Japan projected as the fastest-growing market at 35%. FPT's recent acquisition of Next Advance Communications, a Japanese IT services firm, is a strategic move that establishes a solid foothold in Japan and sets a clear path towards achieving its \$1bn revenue target in Japan by 2027 from the 2023 figure of \$388mn, approximately 38% of its global IT revenue.

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		
\$1,863.1mn	\$9.32	1.70	-	6.2%	7.5%	2.3%	4.8%	23.93	-0.11
£1,472.8mn	£7.37		£5.88	7.0%	8.4%	3.0%	5.6%	-	-

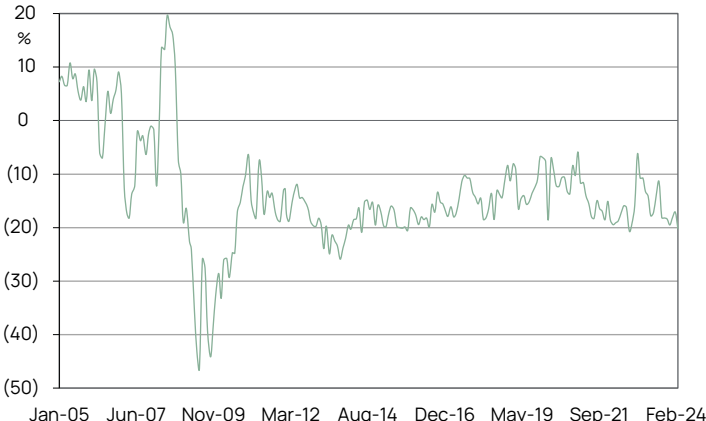
NAV PERFORMANCE (in \$ terms)



TOP TEN HOLDINGS (60.0% of NAV)

	COMPANY	SECTOR	NAV %	VNI %	CH %
1	Hoa Phat Group	Materials	9.9	3.6	10.7
2	ACB	Banks	9.0	2.2	7.7
3	VP Bank	Banks	8.8	3.1	1.6
4	Vietcombank	Banks	7.3	10.8	8.9
5	FPT Corporation	Software/Svc's	6.4	2.7	12.9
6	Mobile World	Retail	4.2	1.3	1.7
7	Techcombank	Banks	4.1	2.9	21.0
8	MB Bank	Banks	3.6	2.5	10.0
9	Vinhomes	Real Estate	3.4	3.7	3.6
10	PV Gas	Energy	3.3	3.5	1.7

DISCOUNT TO NAV



APPENDIX 1: MACRO

Key Indicators

Item	Unit	2017	2018	2019	2020	2021	2022E	2023E	2024F
GDP	\$bn	281.4	310.1	334.4	346.6	366.1	408.8	430.0	463.0
Real GDP Growth	%	6.9	7.5	7.4	2.9	2.6	8.0	5.1	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	24,250	25,000
External Sector									
Trade Balance	\$bn	2.1	6.8	10.8	19.9	3.3	12.4	28.0	29.3
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	4.0	4.5
FDI Registered	\$bn	35.9	35.5	36.0	28.5	38.5	27.7	36.6	38.0
FDI Disbursement	\$bn	17.5	19.1	20.4	20.0	19.8	22.4	23.2	24.2
FX Reserves	\$bn	52.0	61.0	80.0	98.0	106.5	85.0	89.0	100.0
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	32.1	30.3
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	
	28-Feb-23	29-Feb-24	28-Feb-23	29-Feb-24	28-Feb-23	29-Feb-24	28-Feb-23	29-Feb-24
Market Cap (\$mn)	171,799	205,622	10,789	12,893	41,027	47,029	223,616	265,544
Number of Stocks	402	396	342	322	857	870	1,601	1,588
Number of Large Cap Stocks (>\$400mn)	59	71	6	11	15	17	80	99
Stocks with No Room for Foreigners	57	65	80	94	204	253	341	412
Market Cap of Stocks with No Room (\$mn)	27,305	29,262	2,056	1,865	10,346	14,827	39,707	45,954
Share of Market Cap with No Room (%)	15.9	14.2	19.1	14.5	25.2	31.5	17.8	17.3

Top 25 Companies

No	Company	29-Feb Price (VND)	Price YTD (%)	Mkt Cap (\$mn)	Wt in VNI (%)	PER			PBV			Yield		
						2022 (x)	2023 (x)	2024F (x)	2022 (x)	2023 (x)	2024F (x)	2022 (%)	2023 (%)	2024F (%)
1	Vietcombank	97,300	21.2	22,062	10.80	14.4	15.6	16.6	2.8	2.7	2.7	0.9	-	-
2	BIDV	53,000	22.1	12,257	6.00	14.1	15.2	15.3	2.0	2.1	2.3	0.2	0.1	-
3	Vietinbank	35,550	31.2	7,745	3.80	9.2	8.4	10.5	1.2	1.1	1.3	2.9	-	-
4	Vinhomes	43,400	0.5	7,667	3.70	7.2	5.7	5.4	1.4	1.1	0.9	4.5	-	-
5	Airports Corporation VN	83,200	26.1	7,348	-	29.0	18.9	19.0	4.2	2.8	2.8	-	-	-
6	Hoa Phat Group	31,000	10.9	7,313	3.60	12.6	24.3	15.0	1.1	1.6	1.6	2.2	-	1.3
7	PV Gas	77,400	2.5	7,212	3.50	12.9	15.3	16.5	3.1	2.7	2.6	3.0	4.1	3.9
8	Vingroup	45,000	0.9	6,980	3.40	23.4	82.7	57.1	1.9	1.4	1.5	1.7	-	-
9	VP Bank	19,900	3.6	6,405	3.10	6.3	15.2	10.5	1.2	1.1	1.1	-	5.2	2.8
10	Vinamilk	72,000	6.5	6,105	3.00	20.1	17.8	18.1	5.1	4.5	4.7	5.1	5.8	5.4
11	Techcombank	42,200	32.7	6,030	2.90	4.7	6.4	6.8	0.8	0.9	1.0	0.1	-	3.6
12	FPT	109,000	13.4	5,616	2.70	17.0	20.7	19.4	3.9	4.9	4.6	2.6	2.4	2.8
13	Military Bank	24,150	29.5	5,108	2.50	4.5	4.8	5.3	1.0	1.0	1.1	-	2.3	-
14	ACB	28,000	17.2	4,412	2.20	5.3	5.9	5.8	1.2	1.3	1.2	-	3.6	1.7
15	Masan Group	70,400	5.1	4,087	2.00	37.1	229.0	71.2	5.1	3.6	3.4	1.0	0.3	1.2
16	Sabeco	58,500	-4.9	3,044	1.50	20.1	19.6	17.8	4.5	3.3	3.0	2.3	4.2	4.8
17	Mobile World	46,200	7.9	2,741	1.30	15.2	373.3	23.4	2.6	2.7	2.6	1.2	1.2	1.1
18	HD Bank	23,300	14.8	2,734	1.30	4.9	5.8	5.5	1.0	1.3	1.1	-	4.3	-
19	Becamex IDC	63,300	0.6	2,658	1.30	48.8	26.7	30.9	4.9	3.6	3.3	0.9	1.6	1.1
20	Binh Son Refining	19,900	7.0	2,503	-	2.7	6.8	10.7	0.8	1.0	1.0	3.3	3.8	5.0
21	Vincom Retail	26,500	13.7	2,443	1.20	21.5	12.0	12.9	1.8	1.4	1.4	-	-	-
22	Sacombank	31,550	12.9	2,413	1.20	8.4	6.8	5.8	1.1	1.2	1.0	-	-	-
23	Vietjet Air	103,100	-4.5	2,265	1.10	0.0	170.5	110.5	4.0	3.7	3.3	-	-	-
24	VIB	21,900	15.0	2,254	1.10	4.4	5.8	5.4	1.1	1.3	1.2	-	6.4	6.5
25	SSI	37,000	12.8	2,250	1.10	15.4	21.9	20.4	1.1	2.1	2.2	3.8	3.0	-

VIETNAM MONTHLY REPORT

29 February 2024

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

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