



Tuan Le
Lead Portfolio Manager

At a Glance

- VEIL's NAV rose 3.3% in September and outperformed the VNI's 2.1% return. On a YTD basis, VEIL has risen 15.8% and pulled ahead of the VNI by 1.4%.
- The VEIL portfolio restructuring is now complete with no significant changes in September.
- We were encouraged by the 8.5% YTD increase in credit growth vs. 6.6% in 9M23, which should further support our holdings in the banking sector.

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	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
VEIL NAV (USD)	\$1,911.4mn	\$10.04	N/A	15.8	3.3	9.3	13.5	-12.4	41.4	184.4
VNI (Reference Index)	N/A	N/A	N/A	14.4	2.1	7.9	12.8	-6.4	32.7	131.8
VEIL Share Price (USD)	\$1,513.5mn*	\$7.95	-20.8	12.0	4.9	6.8	9.9	-16.9	28.1	N/A
VEIL Share Price (GBP)	£1,128.9mn*	£5.93	-20.8	6.5	2.8	0.7	0.0	-16.5	17.7	N/A

*Market capitalisation

Fund Commentary

The 3Q24 macroeconomic data strongly reaffirmed our view that Vietnam's economic recovery is well underway. The VEIL team has held this conviction from the start of the year, and the portfolio has been positioned toward high-conviction growth stocks that offer the best exposure to this rebound. The restructuring of the portfolio, initiated earlier in the year, is now complete, with only minor adjustments made in September. As a result, VEIL's performance is pulling ahead of the VNI and its turnover ratio for September was 3.4%, the lowest in six months.

The most notable portfolio transaction was our subscription to a rights issue from the brokerage SSI. This placement was aimed at bolstering the company's capital in preparation for SSI's roll-out of a pre-funding service. The circular on pre-funding was issued by the regulator last month and will take effect in early November. This will provide the legal framework for certain brokers like SSI to bridge the short-term funding gap between a matched order and settlement date. Given SSI's position as one of the largest brokers in terms of capital, this development should strengthen the company's competitive advantage. We forecast 2025 NPAT of \$141mn, up from 2024's estimate of \$123mn, with 2025 EPS growth of c.15%.

In terms of attribution for September, the banking sector was the biggest contributor, with all four of VEIL's overweight tier-1 banks (VPB, ACB, TCB, and MBB) outperforming the VNI. Sentiment in the sector has picked up following accelerating demand for credit in the economy (+8.5% YTD), a strong indication of improved economic activity when compared to previous years. We also observed similar improvement in sentiment in the property sector, where the portfolio's three largest property holdings (VHM, KDH, and DXG) all outperformed the reference benchmark.

Stock in Focus: SSI Securities Corporation (SSI)

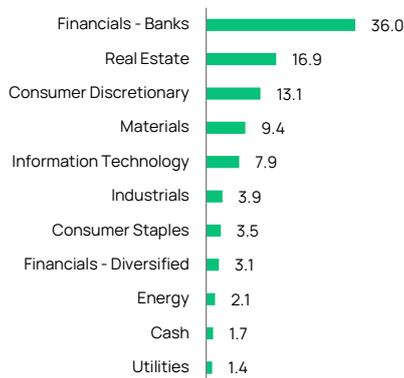
Established in 1999, just before Vietnam's stock market launched in 2000, SSI has grown to become one of the country's largest stockbrokers, with a market capitalisation of \$2.2bn. Over the past 24 years, SSI is rare in that it has evolved into a full-service financial firm, ranking among the top players in brokerage, institutional services, investment banking, and asset management. As a leading name in the sector, the company has been a great proxy for investors to gain exposure to the fast-growing Vietnamese stock market.

SSI's 1H24 performance was a return to form for the company, recording NPAT growth of 52.8% YoY. The growth was attributable to the strong rebound in its brokerage business where the average daily trading value in 1H24 rose by 68.7% YoY from \$584mn to \$985mn, helping to boost SSI's 1H24 brokerage revenue by over 70% YoY. Consequently, margin lending saw significant growth, with balances reaching \$825mn by end of 1H24, up 52% YoY, contributing to a 42% YoY rise in income for this segment. SSI recently completed a rights issue that will further cement its status as one of the largest and best-capitalised brokerages in Vietnam. As the capital market develops in its sophistication, SSI's large capital base is set to become a key competitive advantage for the company, enhancing its underwriting capabilities and margin lending activities, as well as new initiatives such as pre-funding services to institutional clients. Revenue, NPAT, and EPS are all forecast to grow by approximately 15% in 2025.

Top Ten Holdings (59.4% of AUM)

Company	Ticker	Sector	VEIL (%)	VNI (%)	CH (%)
Mobile World	MWG	Consumer Disc.	9.0	1.9	-1.2
FPT Corporation	FPT	IT	8.2	3.7	1.0
VP Bank	VPB	Financials (Banks)	7.3	3.0	7.4
Vietcombank	VCB	Financials (Banks)	6.9	9.7	1.6
Asia Com. Bank	ACB	Financials (Banks)	6.1	2.2	5.1
Hoa Phat Group	HPG	Materials	5.6	3.2	4.6
Techcombank	TCB	Financials (Banks)	5.1	3.2	4.9
Vinhomes	VHM	Real Estate	3.9	3.5	4.4
Vietinbank	CTG	Financials (Banks)	3.7	3.8	6.7
Khang Dien House	KDH	Real Estate	3.7	0.7	4.5

Sector Breakdown



Monthly Contribution



Vietnam achieved 7.4% GDP growth in Q3, on track for the government's full-year 7.0% target despite typhoon Yagi's Impact



Hung Nguyen, CFA
Senior Economist

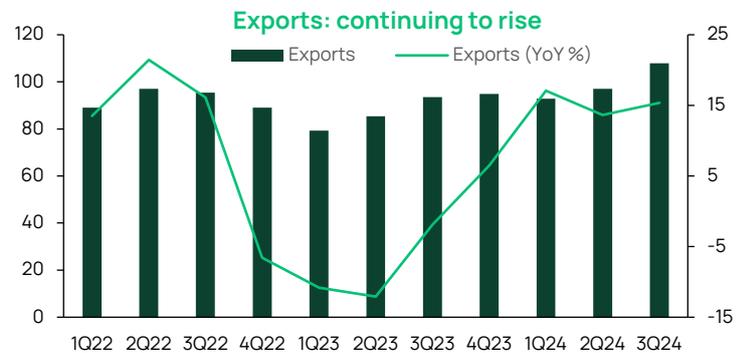
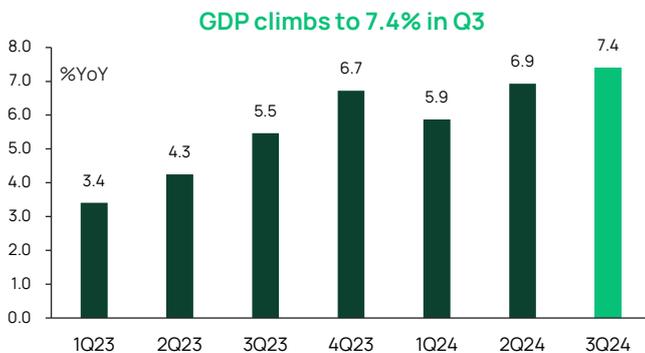
Macroeconomics:

- ▶ Vietnam's GDP growth was led by the industrial and construction sectors, contributing nearly half of the total GDP, a significant increase from earlier quarters.
- ▶ The approval of the \$65-70bn North-South high-speed railway is expected to create millions of jobs and add around 1.0% to annual GDP growth by 2035.
- ▶ Typhoon Yagi's damage may reach \$4-5bn but swift Govt. action is expected to limit GDP impact to ~0.2%.

Stock Market:

- ▶ The VNI rose 2.1% in September and 14.4% YTD (TR\$), still meeting resistance when trying to break 1,300.
- ▶ 3Q24 corporate earnings are projected to grow 16-18% YoY, aligning with expectations. China's unexpected stimulus package, a clearer path to EM status, and the non-prefunding circular approval rallied sentiment.
- ▶ Geopolitical tensions and inconsistent foreign cash flows may lead to potential short-term volatility.

CHART OF THE MONTH



Monthly Insights

Vietnam's economy grew by 7.4% YoY in Q3, accelerating from 6.9% in Q2 and 5.7% in Q1, with some northern provinces growing as much as 13.9%. The industrial and construction sectors were key contributors, expanding 9.1% YoY and accounting for 48.9% of total GDP. Within this, the processing and manufacturing sector increased 11.4%. Vietnam's export-import turnover also saw substantial gains, reaching \$212.4bn in Q3, +19.1% YoY. Key drivers of this growth include the ongoing strike in Bangladesh (the world's second-largest textile exporter), climate change impacts on agricultural markets, and the continued trend of manufacturers shifting production to Vietnam. The recovery of domestic consumption also contributed 47.0% to Q3's growth; September retail sales increased by 7.6% YoY and 8.8% in 9M24, driven by growth in accommodation and food services (+13.6% YoY) and travel services (+16.7% YoY). Credit growth improved by an estimated 8.5% YTD, compared to 6.6% over the same period in 2023, reflecting a more positive consumer outlook.

The Central Committee approved the investment policy for the North-South high-speed railway project in September. This ambitious project, with a total investment of \$65-70bn, will span 1,541 km from Hanoi to Ho Chi Minh City and reach speeds of 350km/hr. The investment is expected to create a construction market worth approximately \$33.5bn, creating significant opportunities for the sector. Including additional investments in rail infrastructure and equipment, this could swell to \$75.6bn, with vehicles and equipment worth \$34.1bn. Set for completion in 2035, the project is expected to create millions of jobs and add approximately 1.0% to annual GDP growth.

The fly in the ointment is public investment, with disbursement reaching 42.9% of the 2024 target, indicating projects await the amended Public Investment Law in October's National Assembly meeting. In contrast, private investment is making a strong comeback; 9M24 investment reached \$54.6bn, +7.1% YoY, accounting for 55.3% of total social investment. The agriculture, forestry, and fishery sectors were badly impacted by typhoon Yagi, growing by just 2.6% YoY in Q3. Economic damage from the typhoon is estimated at \$3.3bn, though this may rise to \$4-5bn. Thanks to the government's disaster relief plan of \$1-2bn to mitigate damage and accelerate infrastructure reconstruction, overall impact on GDP is forecast at 0.15-0.2%. Given Q3's strong GDP growth, FY24 GDP is on target to reach 6.8-7.0%.

Underlying drivers have exhibited significant improvement for the VNI, primarily buoyed an enhanced macroeconomic outlook and appealing valuations (2025F PE and EPS growth for our top-80 universe is 10.1x and 17%, respectively). Despite these positive indicators, we believe short-term volatility will return, influenced in part by ongoing global conflicts and potential erratic foreign capital flows (foreign net selling was down from \$152mn in August to \$67.7mn in September). 3Q24 corporate earnings are projected at +16-18% YoY, aligning with expectations and no major surprises. The outlook for the medium-term remains optimistic; political and regulatory frameworks are crystallising, providing clearer direction for market participants, with the National Assembly expected to discuss the Securities Law in October aimed at enhancing efficiency and transparency. Additionally, the 2025 forward PE may not alone reflect the market's potential, particularly as Vietnam edges closer to emerging market reclassification. With this upgrade expected to create substantial interest and investment, we are seeing some emerging market investors such as Mobius Capital already increasing their exposure to Vietnam.

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	
	30-Sep-23	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23	30-Sep-24
Market cap (\$m)	190,379	214,770	13,035	13,453	44,568	58,411	247,982	286,634
Number of stocks	394	394	330	311	859	884	1,583	1,589
Number of large cap stocks (> \$400m)	67	76	11	11	18	17	96	104
Stocks with no room for foreigners	61	60	94	93	223	269	378	422
Market cap of stocks with no room (\$m)	23,323	17,504	2,026	1,900	13,082	19,802	38,431	39,206
Share of Market Cap with No Room (%)	12.3	8.1	15.5	14.1	29.4	33.9	15.5	13.7

Top 25 Companies by Market Cap

No	Company	30-Sep 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	92,000	14.6	20,895	9.70	14.4	15.6	16.7	2.8	2.7	2.6	0.9	-	-
2	BIDV	49,700	14.5	11,513	5.40	14.1	15.2	15.0	2.0	2.1	2.1	0.2	0.1	-
3	Airports Corporation VN	103,800	57.3	9,182	-	32.8	22.1	28.1	4.2	2.9	3.7	-	-	-
4	Vietinbank	36,950	36.3	8,063	3.80	9.2	8.5	9.6	1.2	1.2	1.3	2.9	-	-
5	FPT	134,500	62.1	7,982	3.70	16.9	20.6	27.9	3.9	4.9	6.6	2.6	2.4	2.0
6	Vinhomes	42,800	-0.9	7,573	3.50	7.2	5.6	6.6	1.4	1.0	0.9	4.5	-	-
7	PV Gas	73,200	6.5	6,968	3.20	12.0	14.2	16.9	2.9	2.5	2.5	3.0	4.1	4.0
8	Techcombank	24,200	56.9	6,928	3.20	4.5	6.2	7.7	0.8	0.8	1.2	0.1	-	3.1
9	Hoa Phat Group	26,350	3.7	6,849	3.20	12.6	24.3	14.3	1.1	1.6	1.5	2.2	-	1.3
10	Vingroup	42,000	-5.8	6,526	3.00	23.4	79.1	546.9	1.9	1.5	1.3	1.7	-	-
11	VP Bank	20,100	10.3	6,480	3.00	6.0	14.5	11.3	1.1	1.1	1.1	-	5.2	2.7
12	Vinamilk	70,100	8.7	5,953	2.80	19.2	17.0	16.3	4.9	4.3	4.5	5.1	5.8	5.5
13	Masan Consumer	199,000	153.4	5,860	-	8.4	7.9	17.8	2.1	2.2	4.3	0.2	0.4	-
14	Military Bank	25,700	40.8	5,542	2.60	4.4	4.7	6.2	1.0	1.0	1.2	-	2.3	-
15	ACB	25,750	28.3	4,674	2.20	5.1	5.7	6.4	1.2	1.3	1.3	-	3.6	1.6
16	Masan Group	75,700	13.0	4,425	2.10	37.1	229.0	68.3	5.1	3.6	3.9	1.0	0.3	0.2
17	Mobile World	68,100	60.4	4,046	1.90	15.0	370.4	24.4	2.6	2.7	3.6	1.2	1.2	0.8
18	HD Bank	28,200	44.6	3,338	1.60	4.7	5.6	6.9	1.0	1.3	1.5	-	4.3	-
19	LienViet Post Bank	31,950	102.9	3,321	1.50	5.0	7.2	13.6	0.9	1.2	2.2	-	-	-
20	Binh Son Refining	24,100	29.6	3,036	-	2.7	6.7	16.2	0.8	1.0	1.3	3.3	3.8	2.9
21	Sabeco	57,800	-2.8	3,012	1.40	19.5	18.9	17.5	4.3	3.2	3.1	2.3	4.2	6.1
22	Becamex IDC	70,200	11.6	2,953	1.40	48.8	26.9	30.0	4.9	3.5	3.5	0.9	1.3	-
23	Sacombank	33,350	19.3	2,555	1.20	8.4	6.8	7.1	1.1	1.2	1.2	-	-	-
24	VEAM Corp	44,800	30.2	2,419	-	6.4	7.4	10.1	1.9	1.8	2.4	11.5	12.3	11.2
25	VIB	19,300	22.1	2,336	1.10	4.3	5.6	7.5	1.1	1.2	1.2	-	6.4	-

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
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SEI Investments	VEF	-	Transfer Agency Department TADublin@seic.com

VEF
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