

Vietnam

Vietnam Enterprise Investments Ltd (VEIL)

Access to a rapidly growing economy



Vietnam

Facts and Figures

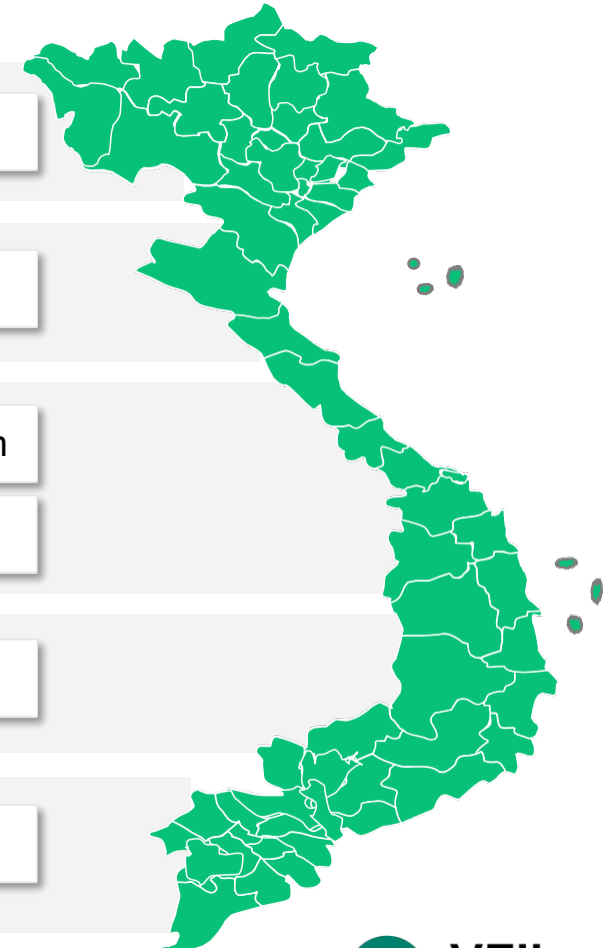
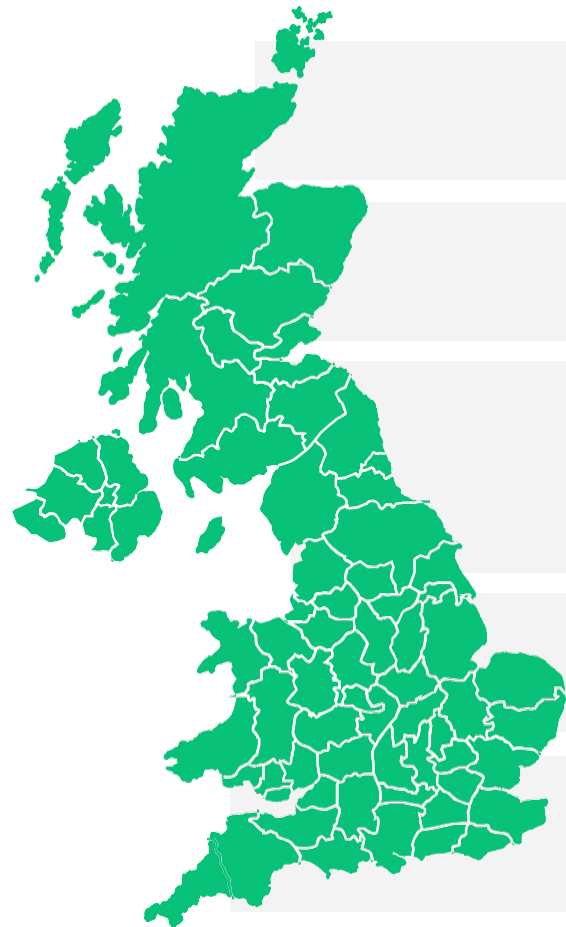
01

Vietnam: Size and Population

A Comparison with the UK

United Kingdom

Vietnam



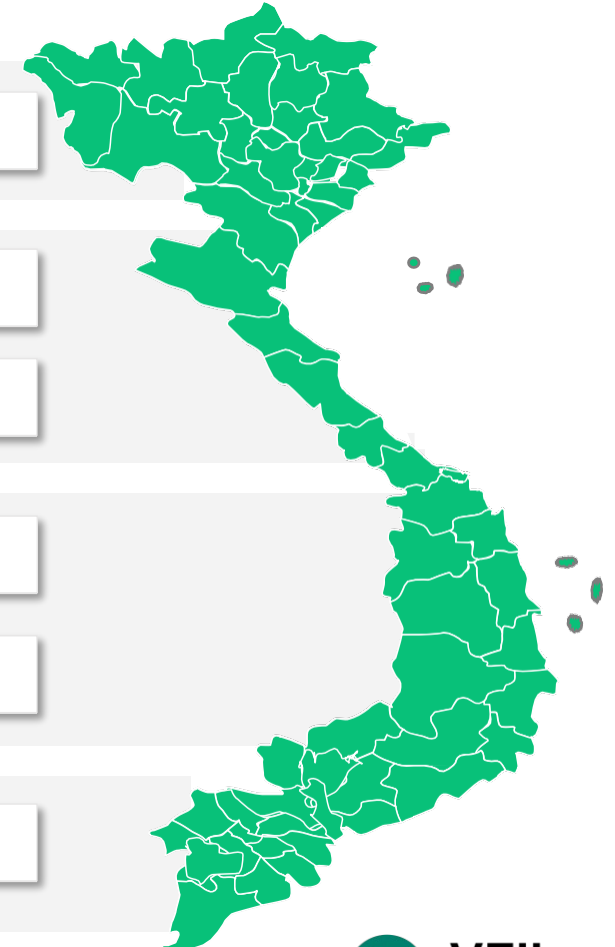
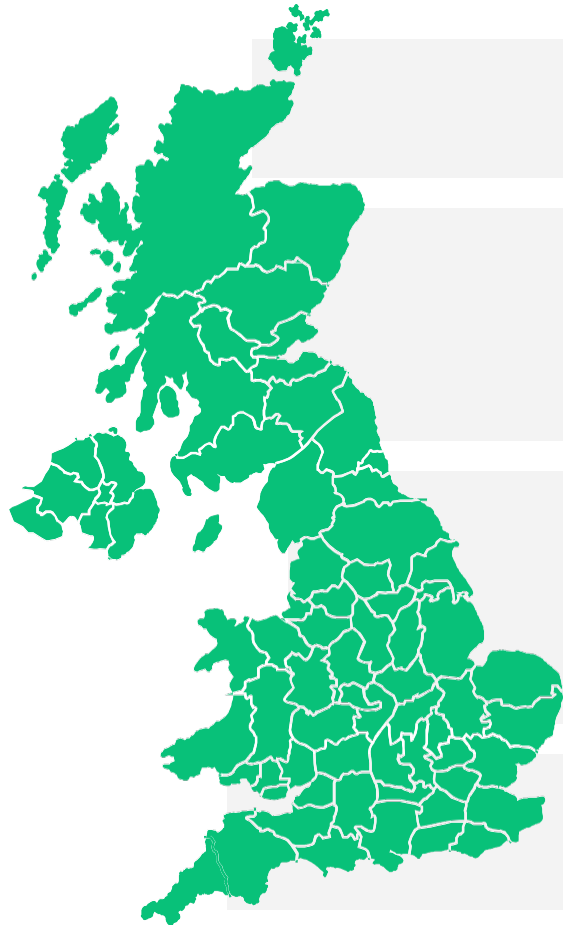
242 km ²	Land Area	331 km ²
68m people	Population	100m people
London 8.9m	Largest Cities	Ho Chi Minh City 8.3m
Birmingham 1.1m		Hanoi 7.4m
85%	Urbanisation	42%
36%	% Population under 35 years old	>70%

Vietnam: Economy

A Comparison with the UK

United Kingdom

Vietnam



United Kingdom		Vietnam
British Pound	Currency	Vietnam Dong
£2,274bn	GDP	£340bn
£33,271	GDP per Capita	£3,384
0.1%	2023 GDP Growth	5.1%
1.3% pa	Average GDP growth in the last 10 years	5.8% pa
5.1%	Inflation (CPI)	3.3%

Why Vietnam?

02

Vietnam Core Investment Themes

Supply Chain Shift

£16.7bn

Average annual disbursed FDI 2019-2023

Manufacturing wages 30-50% of China



Infrastructure Spending

£23.7bn

Planned annual public investments from 2023-2030



Middle-Class Formation

37m

Population to enter middle class by 2030

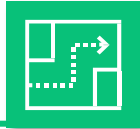
Driving domestic consumer demand



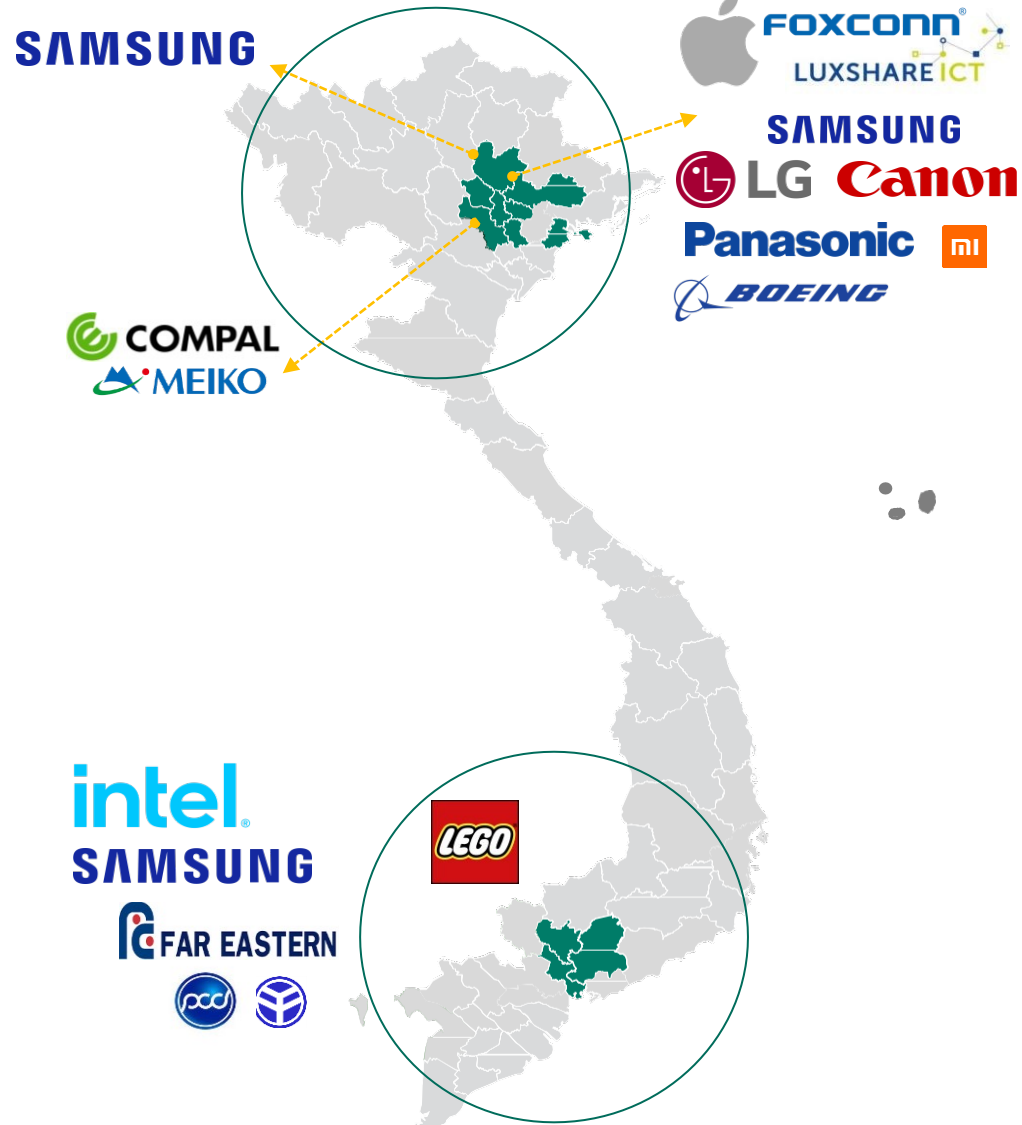
Urbanisation

41.7%

Projected 2.7% annual growth rate from 2022-2025, among the highest globally



Structural Global Supply Chain Shift



Apple

Strategic supply chain shift – 25 suppliers

since 2020
 since 2023
 in talks

Samsung

SAMSUNG

50% of Samsung phones are made in Vietnam

LG

LG: one of the largest TV manufacturing plants + hub for household appliances









Intel

up to 70% of Intel's global chip output

New Opportunities in the Semiconductor Industry

Vietnam is a strong player in Outsourced Semiconductor Assembly and Test (OSAT)

With potential to move up the value chain

				
Location (HQ)	 South Korea	 United States	 United States	 South Korea
Recent Investment	£2.6 bn	£1.2bn	£ 1.3bn	Undisclosed
Description	Trial of flip-chip ball grid array packaging by July 2023	Intel's biggest assembly, packaging and test base	Amkor's biggest OSAT factory opened in Vietnam in Oct 2023	Plans to increase its employees by 6x in three years

SAMSUNG

- Samsung has recently **launched a new R&D center in Hanoi** (~ £175m)
- Synopsys is helping the Vietnam National Innovation Center (NIC) to **train electrical engineers** and build up infrastructure for a **semiconductor design incubation center** in Hanoi

SYNOPSYS

- Synopsys signed an MoU with the Vietnam Ministry of Communications to establish a **semiconductor research institute**, consulting and providing insights on the strategic plan to set up an initial R&D fab and a high-end emulation center in Vietnam

Qualcomm

- Qualcomm has **established an R&D center in Hanoi**, with the goal of helping their equipment manufacturers to patent, develop and commercialise 'Make in Viet Nam' devices








intel.

- Intel is considering setting up R&D facility in Vietnam



The Strategic Nexus of Global Commerce & Geopolitics

6 Comprehensive Strategic Partnerships: China, India, Russia, South Korea, United States, and Japan
 17 FTAs: Deepening Integration Within the Global Supply Chain

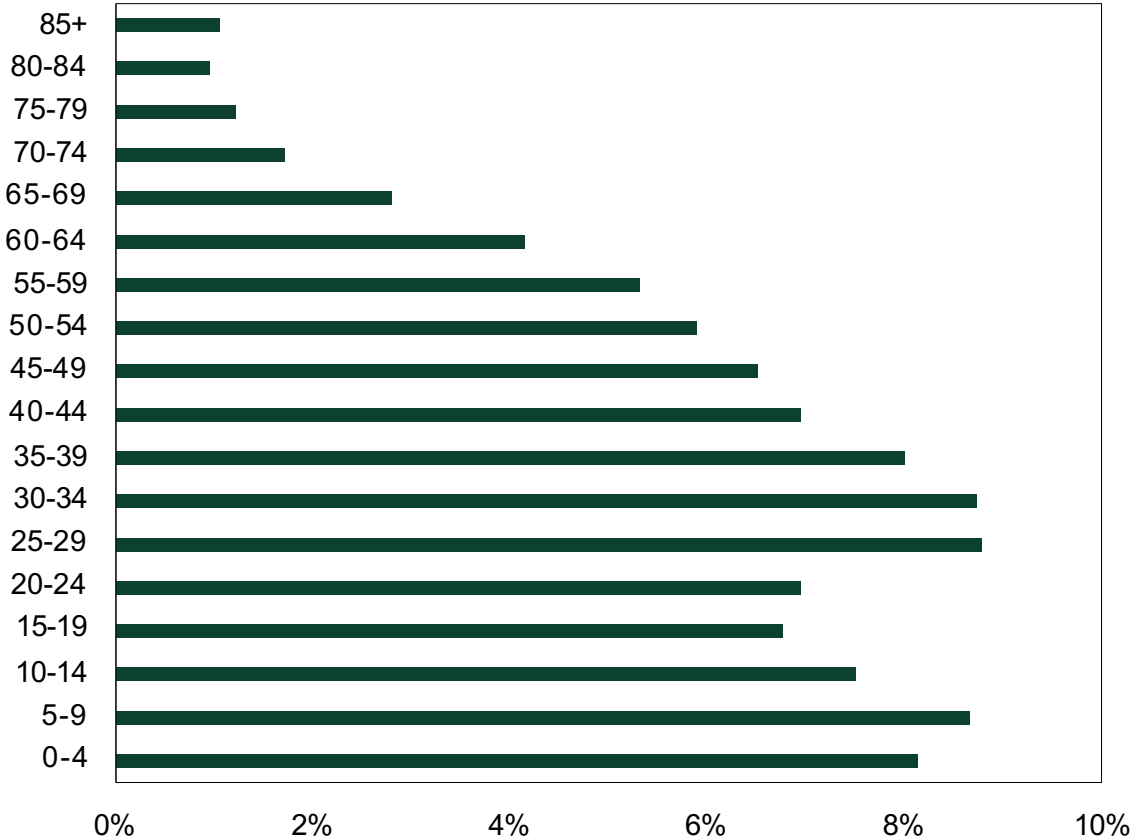
STRATEGIC FTAs	 VN=9	 MY=7	 TH=6	 PH=6	 ID=5	 KH=5	 CN=3
AFTA	✓	✓	✓	✓	✓	✓	✗
AFTA – CHINA	✓	✓	✓	✓	✓	✓	✓
INDIA	✓	✓	✓	✓	✓	✓	✗
KOREA	✓	✓	✓	✓	✓	✓	✓
JAPAN	✓	✓	✓	✓	✓	✓	✗
CPTPP	✓	✓	✗	✗	✗	✗	✗
EU	✓	?	?	?	?	✗	?
US	✗	?	?	✗	✗	✗	?
UK	✓	✗	✗	✗	✗	✗	✗
RCEP	✓	✓	✓	✓	✗	✗	✓

✓ Signed ✗ Not Yet ? In Negotiation

Demographics: Young & Educated

Young Population: 100m people

Population growth rate: 0.84% (2023)



Vietnam highly values education

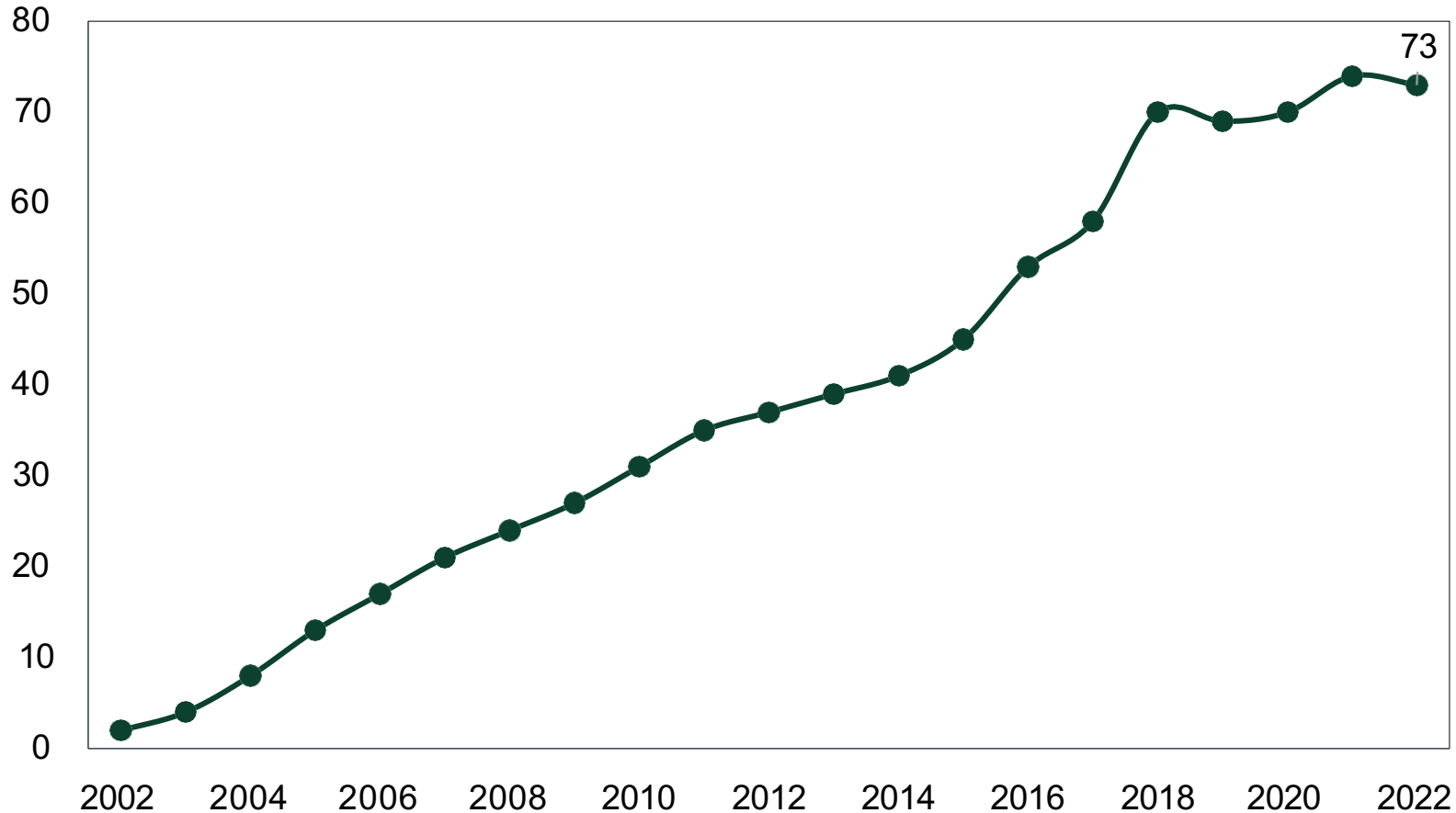
PISA Score 2nd Highest In Region

Country	Maths	Science	English
Singapore	575	561	543
OECD average	472	485	476
Vietnam	469	472	462
Malaysia	409	416	388
Thailand	394	409	379
Indonesia	366	383	359
Philippines	355	356	347

- ▶ 11% of domestic labour force is highly skilled
- ▶ 26% are trained workers with degrees and certificates
- ▶ 42% tertiary school enrolment rate

Technology: Vietnam's Digital Metrics Have Exhibited Remarkable Growth

Vietnamese Internet Users (% of Population)



12th
Biggest Internet User Worldwide

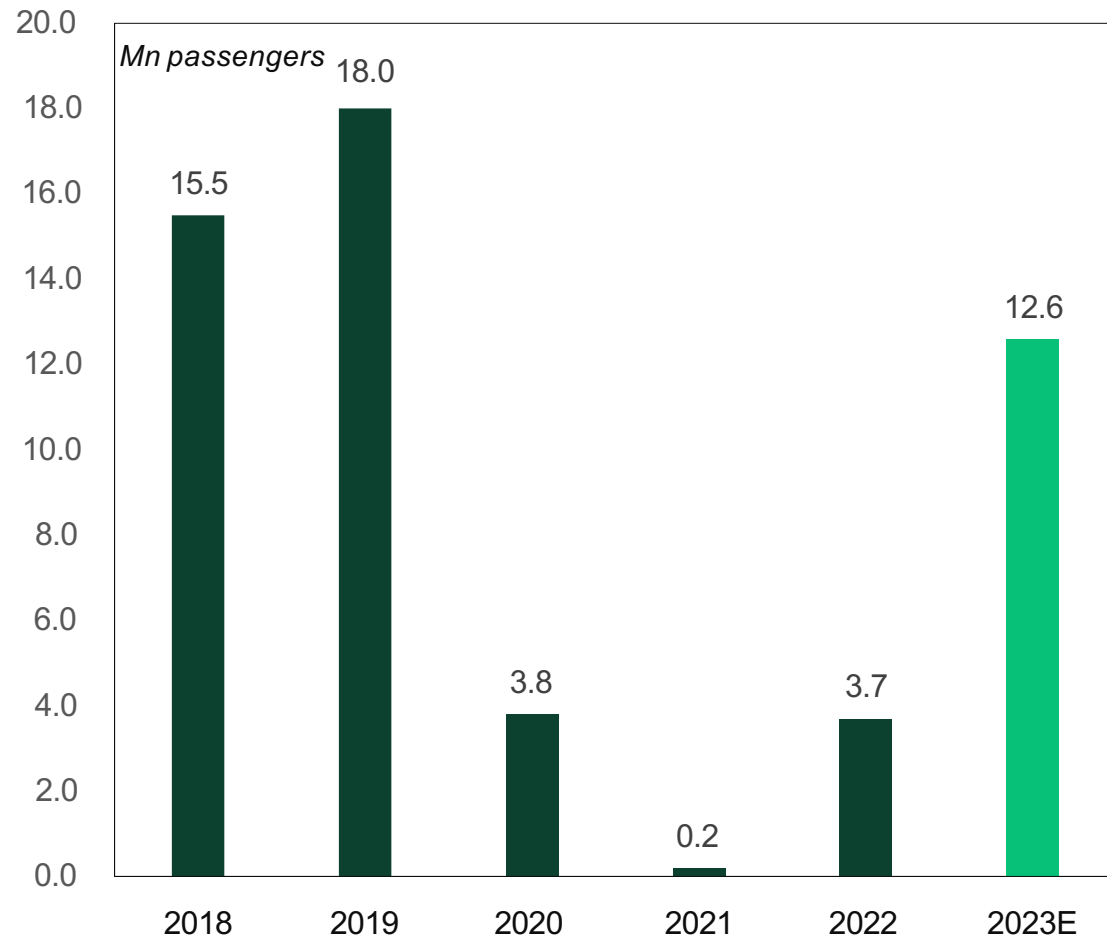
94%
Daily Internet Users

82M
Mobile Broadband Subscribers

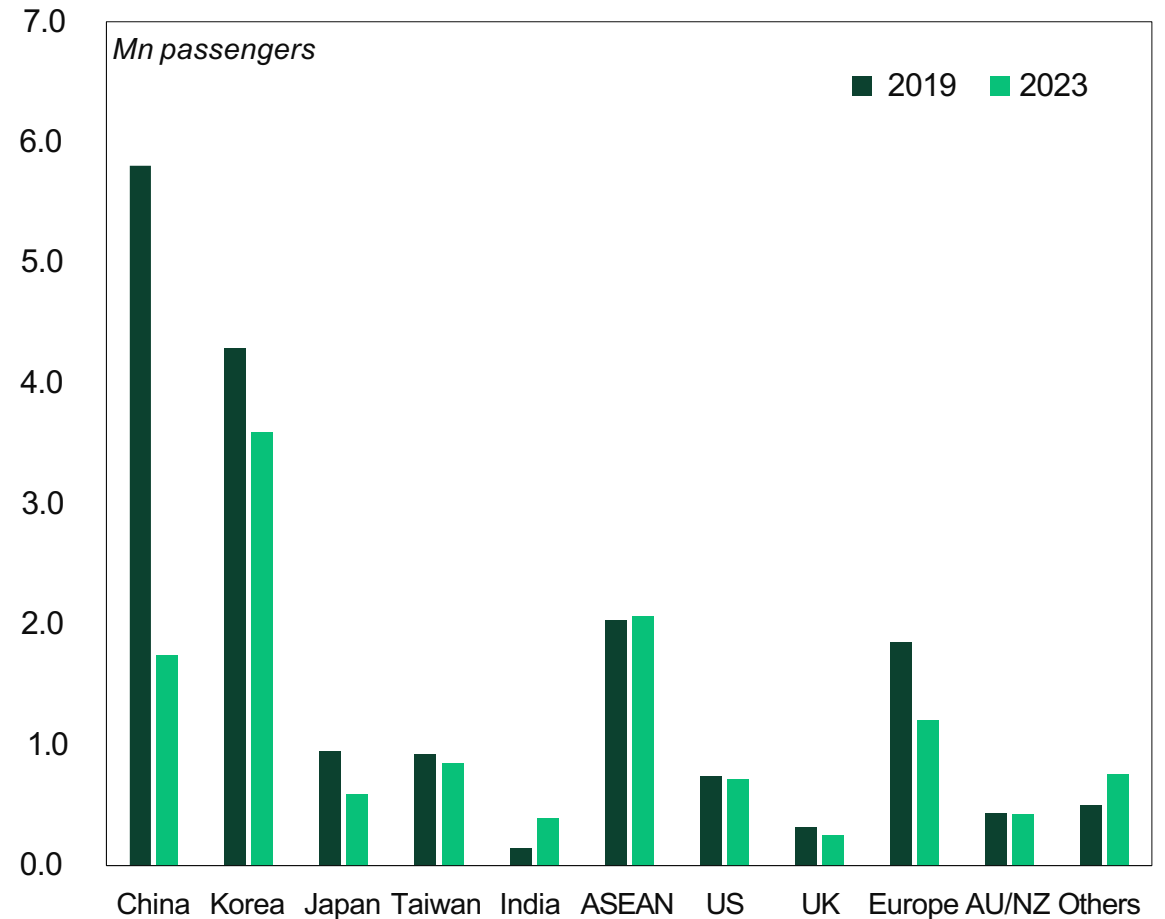
7
Average Daily Hours Spent on The Internet

Tourism: International Travellers Gradually Returning

Inbound tourism has recovered 75%

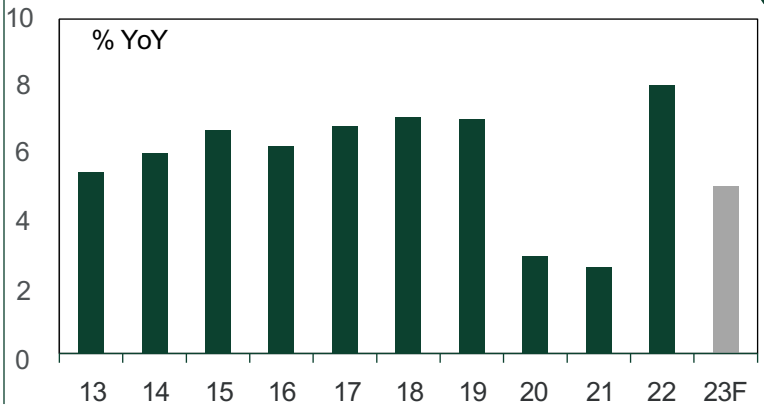


Main lag is from China

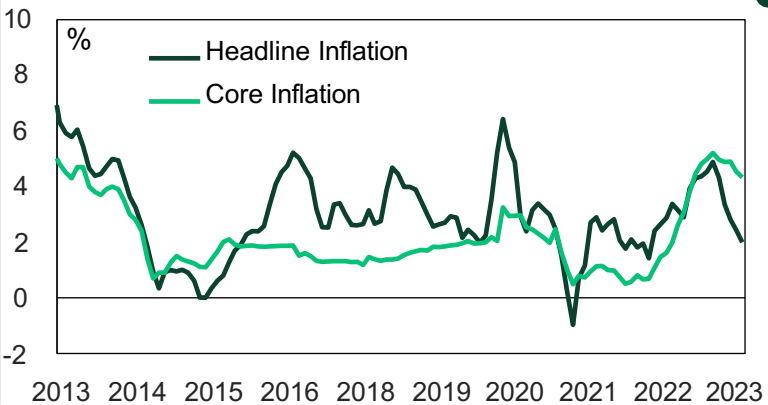


Policy Foundation: Growth With Stability

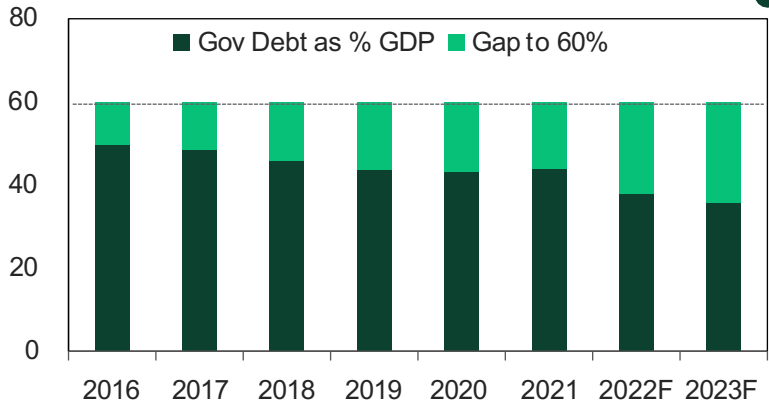
Sustainable GDP Growth



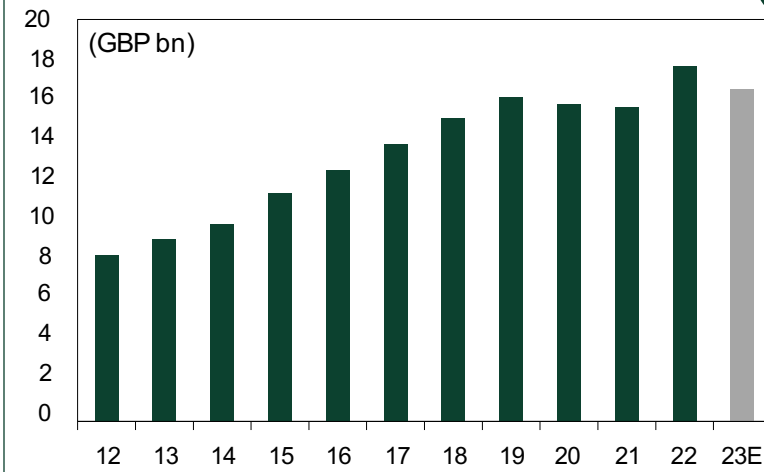
Well-Managed Inflation



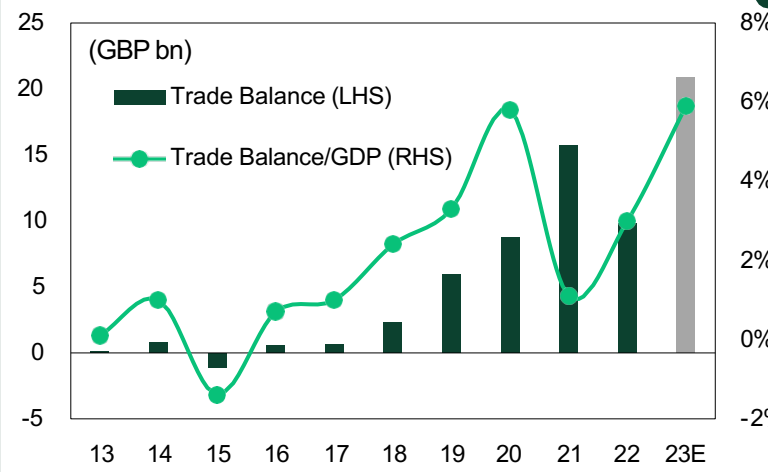
Healthy Fiscal Situation



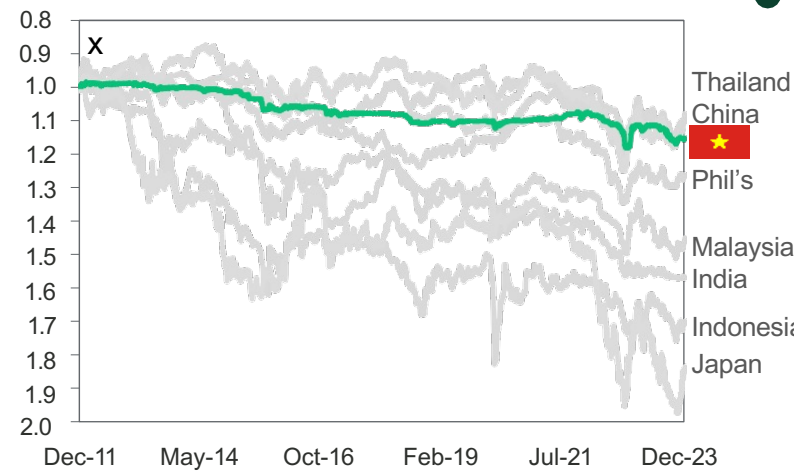
Robust FDI Inflow



Trade Balance Surplus



Stable Local Currency



Vietnam Stock Market

03

Vietnam Stock Market Overview

Size

- ▶ £198bn over three exchanges in HCMC and Hanoi
- ▶ HSX, HNX and UPCoM
- ▶ Grown from £42bn a decade ago

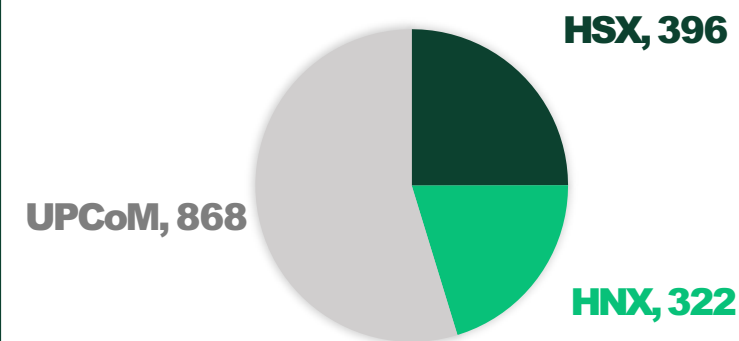
Liquidity

- ▶ c.50 stocks over £750m market cap
- ▶ Average daily trading value of £600m+
- ▶ Foreign ownership limits (FOLs) in place for most stocks
 - ▶ Typically 49% or 30% for banks
- ▶ Limited free-float for many stocks

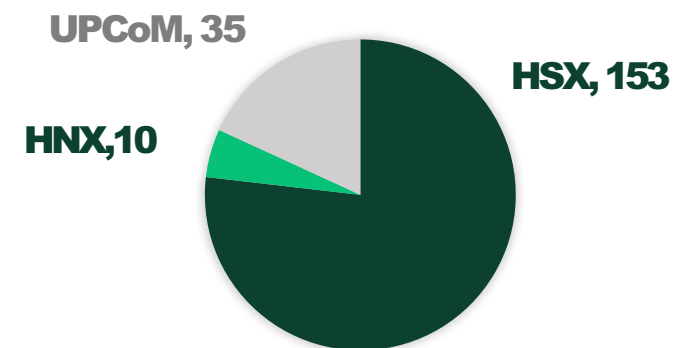
Ownership

- ▶ Government, domestic retail and foreign
- ▶ Trade currently dominated by retail investors (c.80%)
- ▶ Potential for MSCI EM entry in future

VN Stock Exchange:
Number of Stocks



VN Stock Exchange:
Market Cap £bn



Vietnam Stock Market – Sector Breakdown

HSX Sector Breakdown

Sector	%
Financials	44.93
Real Estate	14.45
Consumer Staples	8.70
Materials	8.92
Industrials	8.18
Utilities	6.17
Consumer Discretionary	3.19
Information Technology	3.16
Energy	1.52
Health Care	0.72
Unclassified	0.01
Communication Services	0.07

- ▶ Exposure to domestic economy
- ▶ Financials are the largest sector making up 45% of the VNI, followed by Real Estate at 14%
- ▶ We forecast 15-18% NPAT growth in 2024 reflecting a broad-based recovery
- ▶ The sectors to exhibit the most significant influence on earnings will be:
 - ▶ Banking (+18% YoY),
 - ▶ Consumer discretionary (+47% YoY),
 - ▶ Materials (+41% YoY),
 - ▶ Contributing a potential 71% to the Vietnam Index earnings.

Vietnam Stock Market - Performance

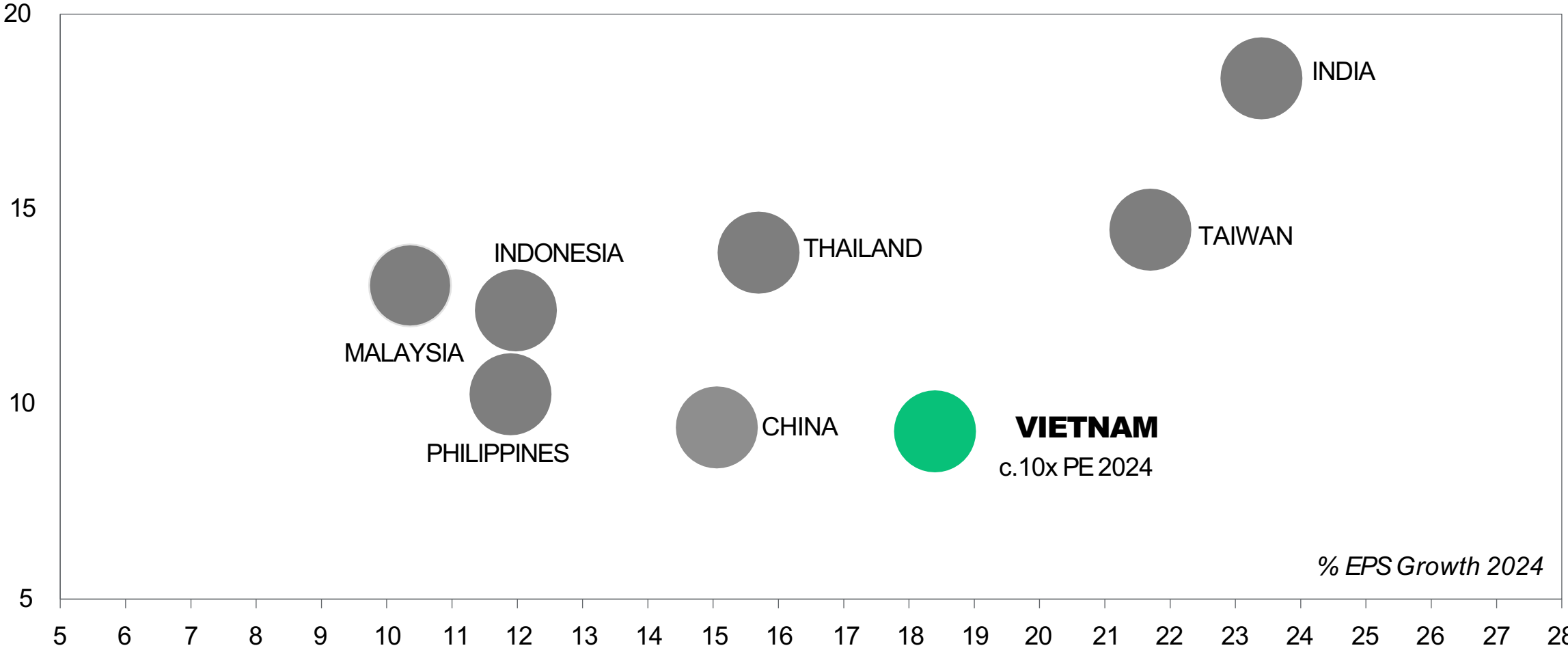
Total Return in GBP



Past performance is not a reliable indicator of current and future results

Market Forecasts and Valuations

Value For Growth vs. Asian Peers



How to Invest in Vietnam Equities

Direct

- ▶ Not easy for UK retail investors
- ▶ Poor quality of broker research

ETFs

- ▶ To-date these have struggled to match the VN Index returns
- ▶ FOLs and liquidity constraints mean they often track other indices

Open-ended funds

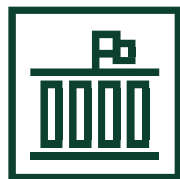
- ▶ Often small and have high fees
- ▶ Not widely distributed in UK

London-Listed Funds

- ▶ Long-established
- ▶ Independent directors oversee shareholders interests
- ▶ Discounts to NAV currently attractive

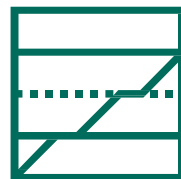
Vietnam Enterprise Investments Ltd (VEIL)

VEIL: An Overview



London-Listed Investment Company

- Long track record - launched in 1995, listed on London SE in 2016
- £1.4bn net assets
 - ▶ The largest Single-country London-listed fund
 - ▶ Member of FTSE 250 index



Mandate

- Invests in focused portfolio of listed companies in Vietnam
- Potential to participate in pre-IPOs and SOE equitisations



Shareholders

- Largest shareholders include Bill & Melinda Gates Foundation and UK institutional investors such as Baillie Gifford and Schroders
- But growing UK retail presence with availability on most major retail trading platforms including HL, ii and AJ Bell

Managed by Dragon Capital: A well-resourced Vietnam-based team running £4.5bn

VEIL: An Overview

Performance

- Seeks to outperform the VN Index over a rolling 3-year period
- Strong long-term record
 - ▶ 237% (12.9% pa) over the past decade vs 199% (11.6% pa) for VN Index (TR£)

Discount

- Currently trading at a 20% discount to NAV
 - ▶ Reflects weak sentiment to Emerging Markets in general
 - ▶ As well as a tough period for Vietnam equities
 - ▶ Supported by share buybacks

Fees

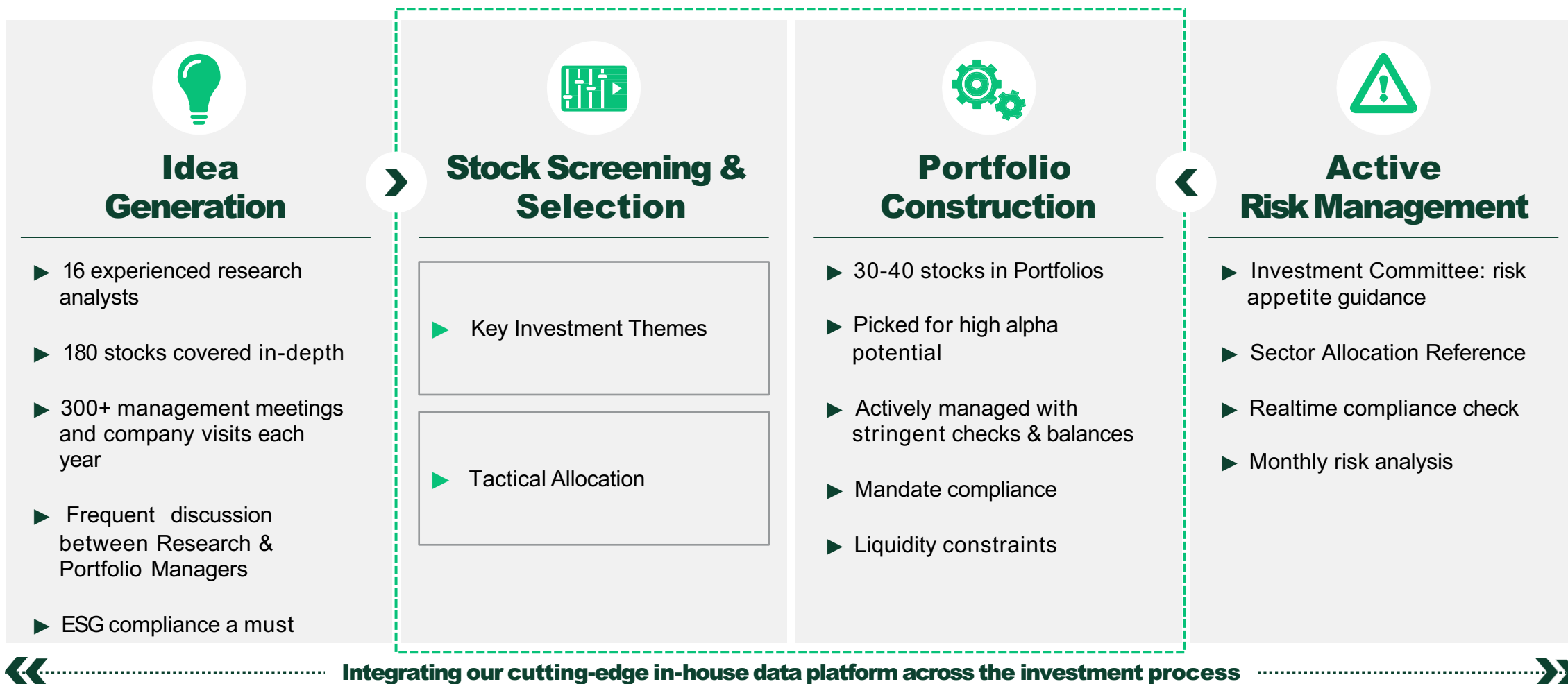
- Base fee cut to 1.5% of net assets from 1 July 2024
- No performance fee

Website

- www.veil-dragoncapital.com

Past performance is not a reliable indicator of current and future results

VEIL: Investment Process



IRIS By Dragon Capital

VEIL: Portfolio Pre-positioning For 2024 Recovery

VEIL - Sector Allocation		FOL Stocks	Earnings Growth
<p>■ VNI ■ VEIL Unit: %</p>		24.4%	2024F
Bank	VNI: 40.1, VEIL: 38.7	15.7	+19.4%
Residential Real Estate	VNI: 10.4, VEIL: 14.6		+9.0%
Industrial Park	VNI: 2.7, VEIL: 4.3		+6.6%
Steel	VNI: 5.5, VEIL: 12.4		+70.4%
Retail	VNI: 2.7, VEIL: 7.4	2.7	+170.0%
Tech	VNI: 2.8, VEIL: 6.0	6.0	+20.7%
F&B	VNI: 2.6, VEIL: 7.0		+3.0%
Oil & Gas	VNI: 5.2, VEIL: 4.0		-10.6%
Others	VNI: 25.2, VEIL: 9.9		+21.2%

VEIL Portfolio Matrix

VEIL		Ticker	Sector	Portfolio wt (%)	VNI wt (%)	Market Cap. (£mn)	Return YTD (% GBP)	Return in 2023 (% GBP)
31/1/2024								
1	Hoa Phat Group	HPG	Materials	9.5	3.4	5,195	(1.0)	43.3
2	Vietnam Prosperity Bank	VPB	Banks	9.1	3.3	4,955	0.8	4.0
3	Asia Commercial Bank	ACB	Banks	8.8	2.1	3,220	7.4	20.5
4	Vietcombank	VCB	Banks	7.1	10.5	15,925	9.9	9.4
5	FPT Corporation	FPT	Software	6.0	2.6	3,913	(0.7)	35.7
6	Mobile World	MWG	Retail	4.7	1.4	2,119	4.8	(7.1)
7	Techcombank	TCB	Banks	3.5	2.6	3,918	8.3	13.5
8	Military Bank	MBB	Banks	3.4	2.4	3,651	16.3	18.7
9	PetroVietnam Gas	GAS	Energy	3.4	3.7	5,575	(0.4)	(14.6)
10	Vinhomes	VHM	Real Estate	3.3	3.8	5,818	(4.2)	(16.9)
	Others			43.4	25.3			

Past performance is not a reliable indicator of current and future results

Risks in an Emerging Economy



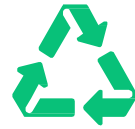
Bureaucracy

- ▶ A lot of red tape exists particularly in relation to permits for developing real estate
- ▶ Inefficient management of state owned enterprises (SOEs)



Corruption

- ▶ Vietnam 77th of 180 countries in Corruption Perception Index produced by Transparency International
 - But steady improvement in recent years (score of 42 has risen from 33 in 2018)
 - By comparison UK is ranked 18th with score of 73 (but down from 80 in 2018)



Potential for Boom/Bust Cycles

- ▶ Particularly in real estate sector



Sensitivity to Global Growth

- ▶ Vietnam has a trade-oriented economy



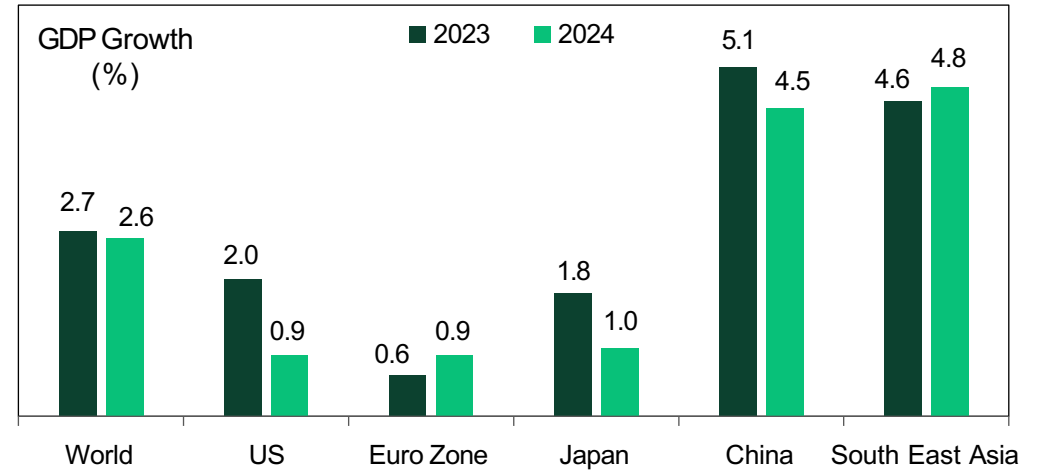
Investors should Expect Volatility

- ▶ The Vietnam stock market (TR£)
 - Increased 40.2% in 2021
 - Fell 26.2% in 2022
 - Increased 5.3% in 2023

Key Takeaways

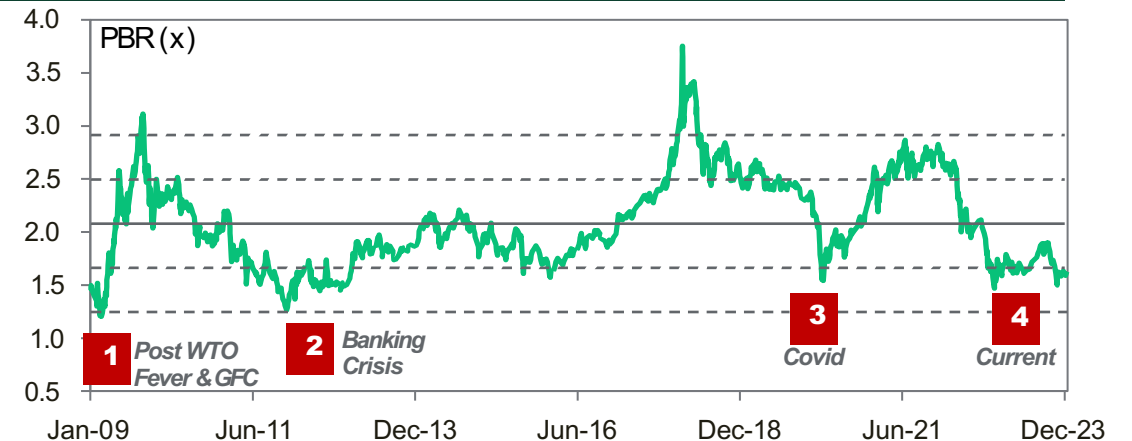
Core Investment Themes are Intact

- ▶ Beneficiary from structural global supply chain shift
- ▶ Accelerating infrastructure investments
- ▶ Rapid middle-class expansion and fast urbanisation
- ▶ Average-10yr GDP growth of 5.8% (6.0% forecast for 2024)



VEIL: London-Listed Fund Providing Access to Vietnam's Equity Markets

- ▶ Proven 10-year track-record of 12.9% p.a. (TR£)
- ▶ Earnings growth returns to double digits in 2024
- ▶ Undemanding valuation (est. PE ratio of <10x for 2024)



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Thank You



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