

# Accessing Vietnam – Sustainable Value Investing in one of Asia’s Most Dynamic & Undervalued Market

Luong Cong Minh is Head of Research at Vietnam Holding Asset Management and in that role is central to the articulation of strategy for the Lumen Vietnam Fund, which is ultimately managed by the Swiss-based AQUIS Capital. He offered delegates a detailed and engaging presentation at the Hubbis Thailand Wealth Management Forum in Bangkok on May 24, providing some insights into the LVF fund and detailing why he is such a strong believer in Vietnam. He explained that the country is benefitting from the China Plus One Strategy, he said Vietnam is an excellent diversification for private portfolios and he outlined the multitude of advantages in the market’s favour.

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**Luong Cong Minh**  
Vietnam Holding Asset Management

**Zurich-headquartered AQUIS** Capital is the Investment Manager of the Lumen Vietnam UCITS Fund, which began life in 2012 and that invests in listed equities in Vietnam. Today, it is a roughly USD270 million strategy and is considered the first Vietnam-focused equity long-only fund worldwide to receive the UCITS label, back in 2013, later also becoming the first such fund to invest according to ESG criteria. It was fully invested as of May 24.

He reported that the LVF fund is fully invested in Vietnam, it is actively managed and long-only and is fully ESG compliant. Regarding the long-term performance, as of May 15 this year, he cited a return of 9% and our long-term out-performance compared to the Vietnam All-Share Index and two relevant ETFs in Vietnam.

The allocation focuses on the small and midcap stocks with tactical allocation into the midcap to take advantage of the market momentum, he explained.

Proponents of both Vietnam's markets and the fund believe that

with a major disconnect between Vietnam's rapid growth and huge potential and the stock market's low valuation metrics, the time is ripe for private investors to buy into the market. They argue that the LVF fund is the right vehicle, based on their market-leading performance and their long experience.

Minh explained that Swiss-based and FINMA-regulated AQUIS owns 100% of Vietnam Holding Asset Management and that its team on the ground in-country are there to provide objective and independent analysis and advice, and actually exclusively serve the Lumen Vietnam fund.

**“Minh said that Vietnam is a country on a formidable growth path, and that, albeit from a modest base, Vietnam is becoming an increasingly important country for inward portfolio investment by both leading asset management entities and also private investors. But accessing the right investments and the right research and information requires specialists, hence the importance of actively managed funds such as the LVF, which fulfil some of this rapidly rising investor demand.”**

Armed with an excellent slide presentation, Minh said that Vietnam is a country on a formidable growth path, and that, albeit from a modest base, Vietnam is becoming an increasingly important country for inward portfolio investment by both leading asset management entities and also private investors. But accessing the right investments and the right research and information requires specialists, hence the importance of

actively managed funds such as the LVF, which fulfil some of this rapidly rising investor demand.

He noted that Vietnam is home to approaching 100 million people – the 14th largest population in the world – and the people are young, with an average age of 32, they are relatively well-educated and eager to work and succeed.

These highly appealing demographics are proving a magnet for the growing number of global and international companies moving to Vietnam in recent years and bringing with them both large amounts of FDI and also technology and expertise.

Vietnam, he reported, grew 8% last year alone, and is performing well. He briefly articulated the evolution from a largely agrarian country to a modernising and diversifying economy that, for example, counts Samsung as a major producer, making 65% roughly of the group's tablets or phones with its approximately 200,000 employees in the country. Nike, Adidas and others make sporting goods, clothes and shoes. And the

economy is continuously moving up the value chain.

Thailand is a major investor in Vietnam, for example leading retailers, banks, breweries, and industrial parks.

He explained that the Vietnam currency, the Dong, had been stable against the dollar, retreating only marginally and performing better compared to many peers. He reported that debt to GDP was modest and well under control.

FDI increases some 7% yearly, driven, he said, by attractive costs, plentiful labour and national stability. He said many investors enter via Singapore entities formed specially to invest in Vietnam. He said the China Plus One strategy is another major driver for inward investment interest - Vietnam is actually the largest beneficiary of this trade and supply shift, and over the last 15 years, Vietnam has grown from the lowest position to become the



second largest exporter within ASEAN, all supported by friendly government policies toward FDI's, young labour force, competitive, cost and proximity to China.

He outlined key themes such as industrialisation, rising domestic consumption, strong demographics, urbanisation, the expansion of education, healthcare and leisure, the growth of the financial sector, and so forth.

Minh also explained that valuations in Vietnam's public markets are

very markedly below comparables in ASEAN such as Indonesia, the Philippines, Thailand, Indonesia, and also below China, whose indices are weak and far below the highs attained in the past five years. He said that while Vietnam remains a Frontier Market, it is heading steadily towards EM classification. And as a result, Minh reported there is much anticipation and growing excitement about the upgrade of the country to an emerging market, which he expects to take place by 2025.

**For further reading on the Lumen Vietnam Fund see this recent Hubbis article:**  
[The Attractions of Vietnam's Equity Market and why the Country should be on Private Client Radars](#)

**For a more detailed look at the country and the LVF, see the accompanying slide show Minh delivered in Bangkok:**  
<http://pdf.hubbis.com/pdf/lumen-thailand-wmf-2023-pdf.pdf>

