

VIETNAM EQUITY MARKET OUTLOOK 2024

MIKE NGUYEN, CFA

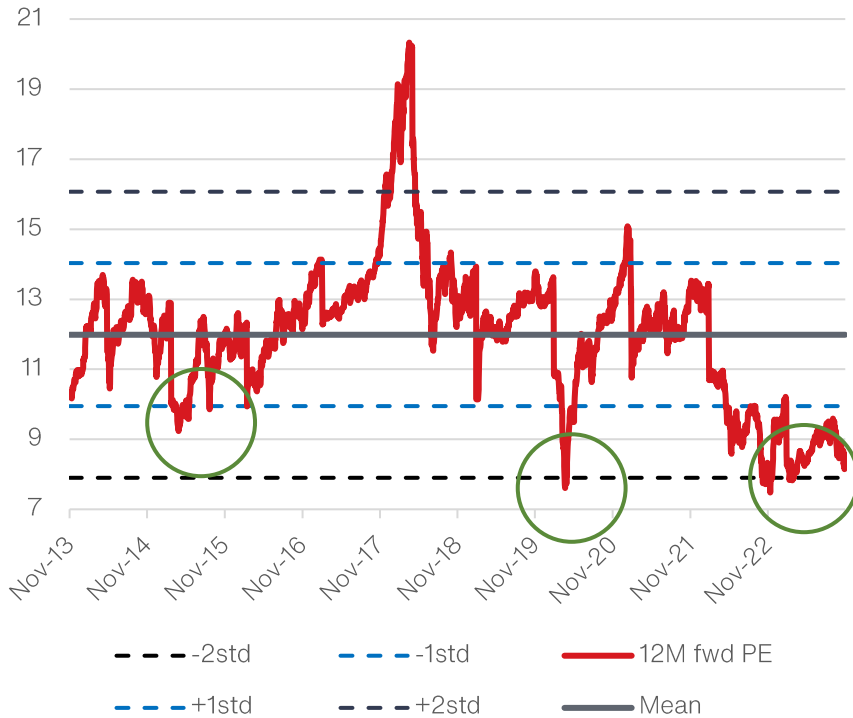
PORTFOLIO MANAGER, LISTED EQUITY

NOVEMBER 2023

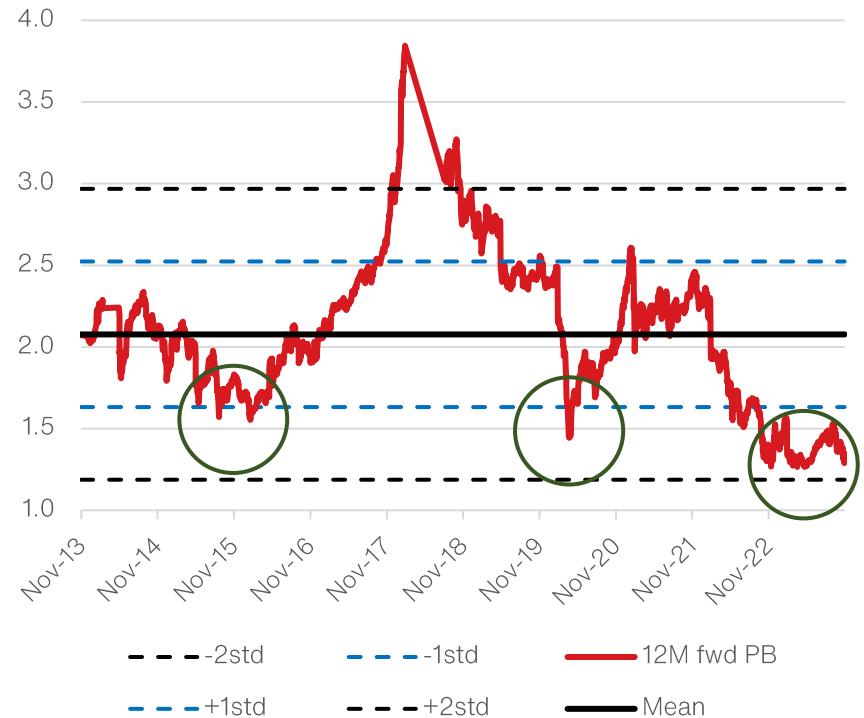


Value on Offer: Market Valuation Lowest in 10 Years

VNI 12M P/E forward (x)

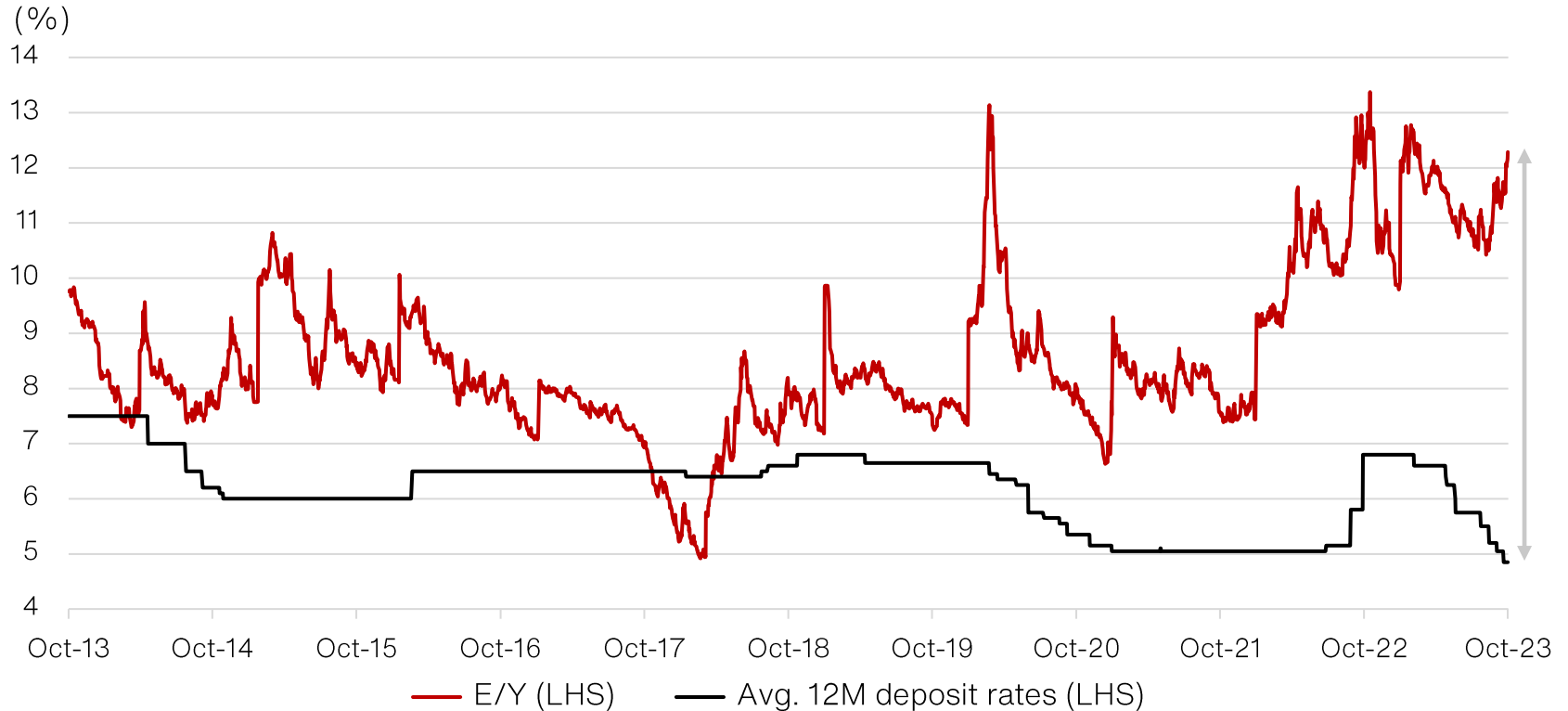


VNI 12M P/B forward (x)



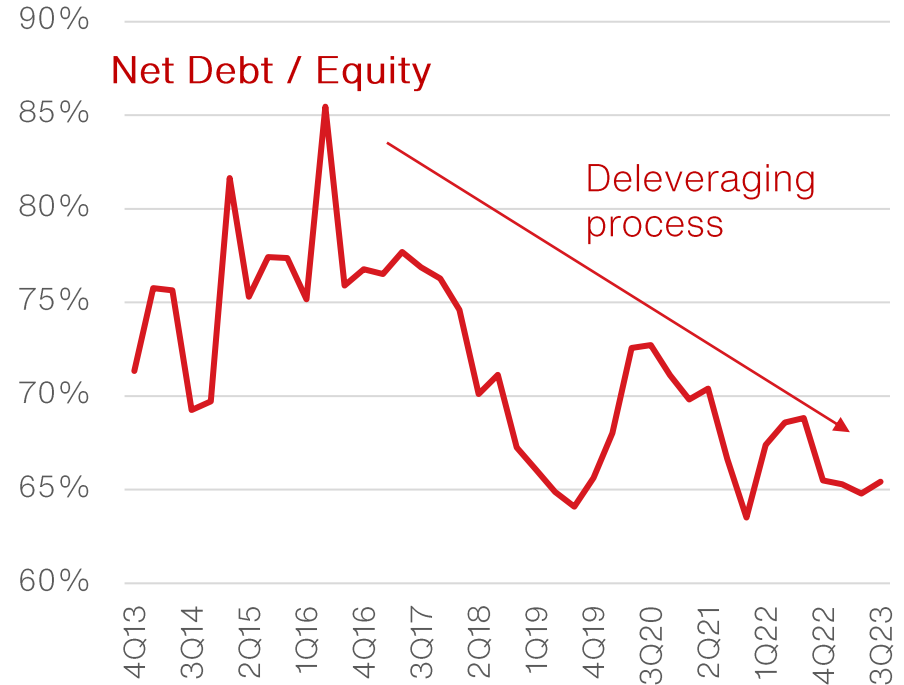
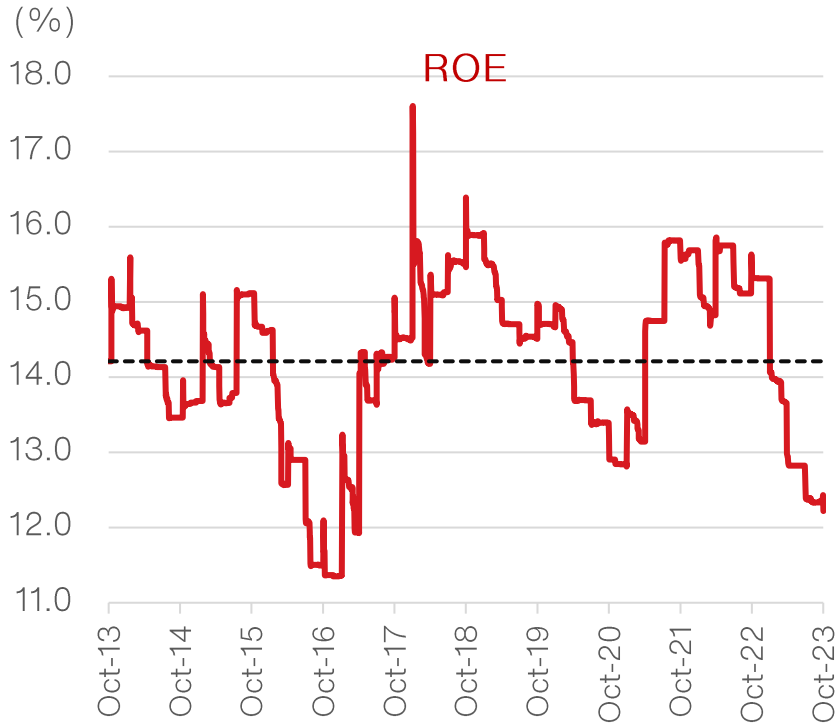
Source: Bloomberg, VinaCapital; Data as of 02 November 2023

Appealing Valuation from Earnings Yield Spread Perspective



Note: "12M Forward Earnings Yield" is based on VN Index's consensus estimates; "12M Deposit Rate" is based on public quote rates of Vietcombank
 Source: Bloomberg, VinaCapital

Resilient return on capital coupled with stronger balance sheet



Source: Bloomberg

Why Active Management is Critical for Success

10Y Performance (USD term)



As of 31 Oct 2023

Active Management Leads to Long-Term Outperformance

In USD	YTD	3Y	5Y	2023 ROE	2023 P/E	2023 P/B	2023 EPS growth	Active Share
VVF	0.7%	38.0%	38.0%	16.9%	9.1x	1.9x	27.6%	65.8%
VAF	11.0%	50.8%	62.9%	15.2%	9.8x	1.9x	25.8%	89.4%
VN Index	-1.8%	4.8%	6.8%	13.9%	10.6x	1.5x	3.7%	

In VND	YTD	3Y	5Y	2023 ROE	2023 P/E	2023 P/B	2023 EPS growth	Active Share
VEOF	6.5%	55.8%	60.1%	17.0%	11.0x	2.3x	13.7%	62.0%
VESAF	18.0%	80.1%	98.7%	15.5%	9.5x	1.9x	29.8%	89.4%
VN Index	2.1%	11.1%	12.4%	13.9%	10.6x	1.5x	8.6%	

As of 31 Oct 2023
Source: Bloomberg, VinaCapital

Can Vietnam Decouple from the Global Slowdown?

Three Factors Contributing to Vietnam's Resilience and Long-term Growth

1) Strong Demographics

Vietnam's Unique Demographics & Urbanization are still Key Drivers

2) Geopolitical Positioning

Current Geopolitics Benefit Vietnam as the Biggest Winner of China+1

3) Increasing Sophistication of Exports

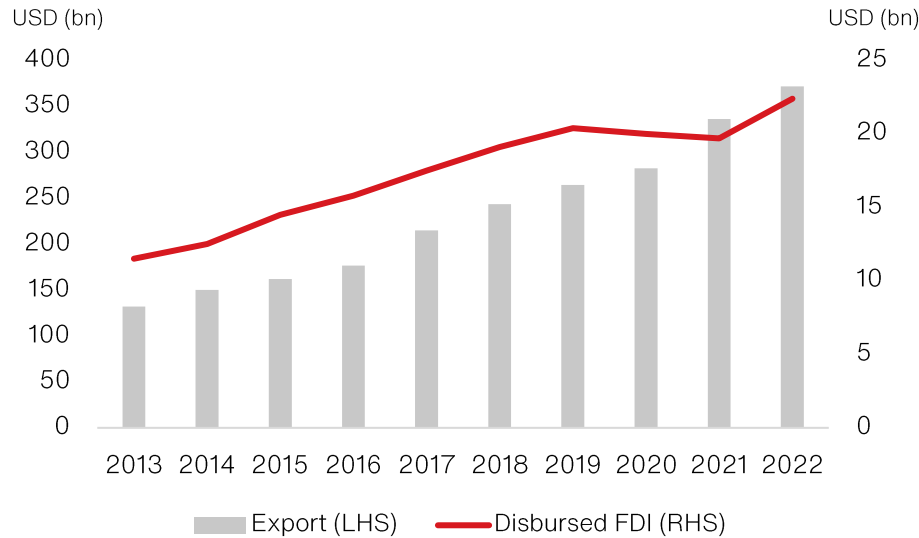
Rising High-Tech FDI is Driving Vietnam's Economic Evolution

	2022	2023F	2024E	Pre-COVID Average*
GDP	+8.0%	+4.7%	+6.5%	+7.0%
Retail Sales	+15.6%	+7.0%	+7.5%	+9.0%
Manufacturing	+8.1%	+1.0%	+9.0%	+12.0%

*Average Over 2015 - 2019

Rising Manufacturing & Export Hub with Strong FDI Inflows

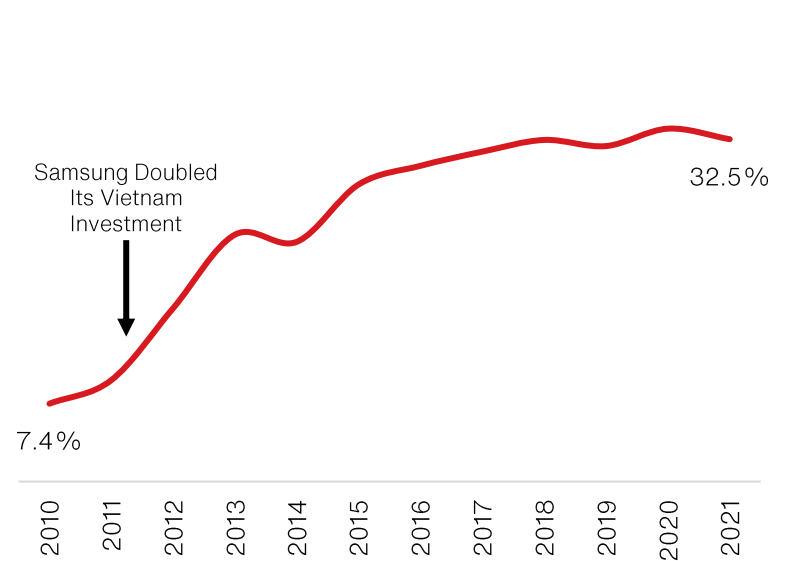
Disbursed FDI & Exports by Year (USD bn)



2013-2022 Export CAGR: 12.5%

2013-2022 Disbursed FDI CAGR: 7.7%

High-tech Exports (% of Manufactured Exports)

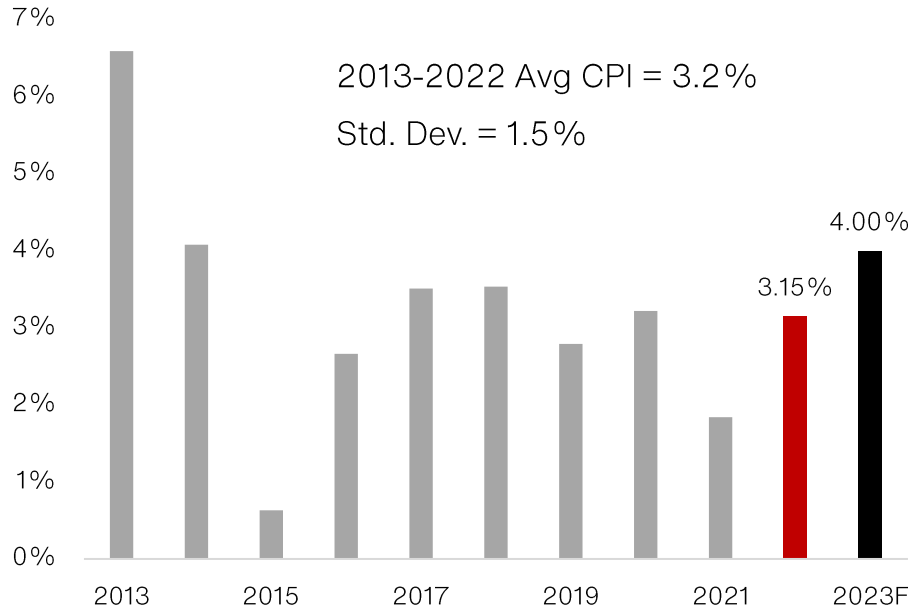


Vietnam ranks 5th highest in ratio of Hi-tech Exports over Manufactured Exports (World Bank)

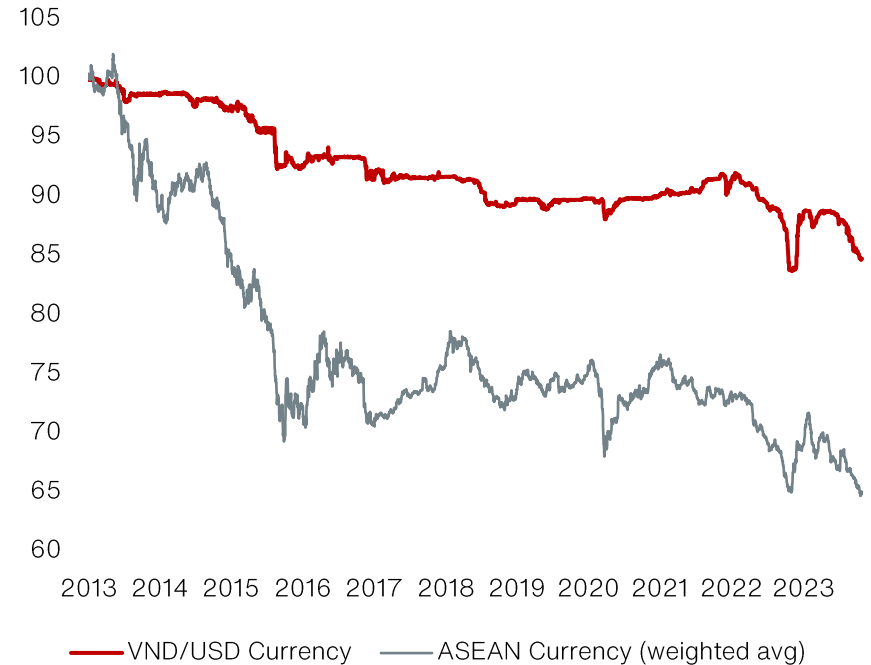
Source: World Bank, Government Statistics Office of Vietnam, CEIC, VinaCapital;

Government policies create stable macroeconomic environment

Manageable Inflation - CPI (%)

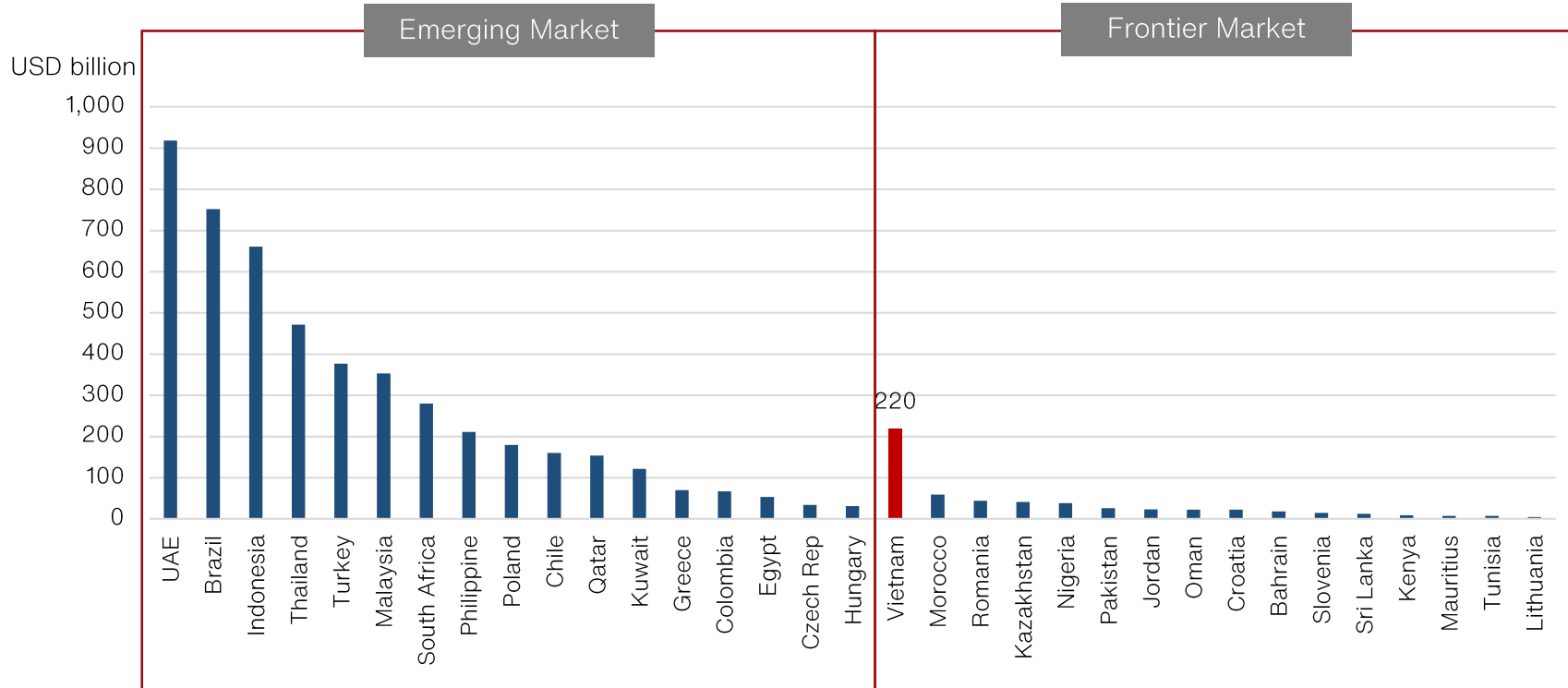


Stable Currency (VND) with Potential Short-term Appreciation



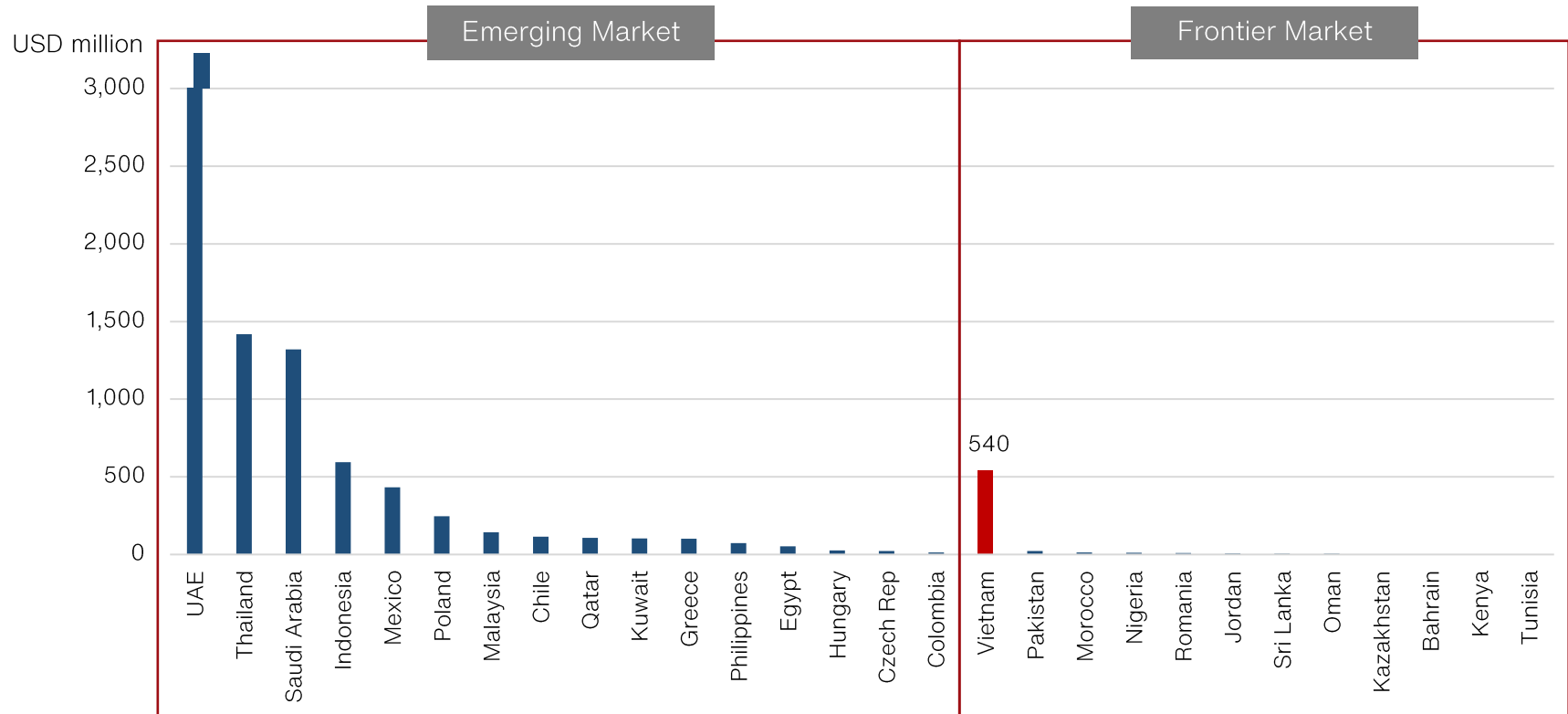
Sources: General Statistics Office, Bloomberg, VinaCapital research & analysis, as of 31 October 2023

More Emerging than Frontier market: Vietnam's market cap



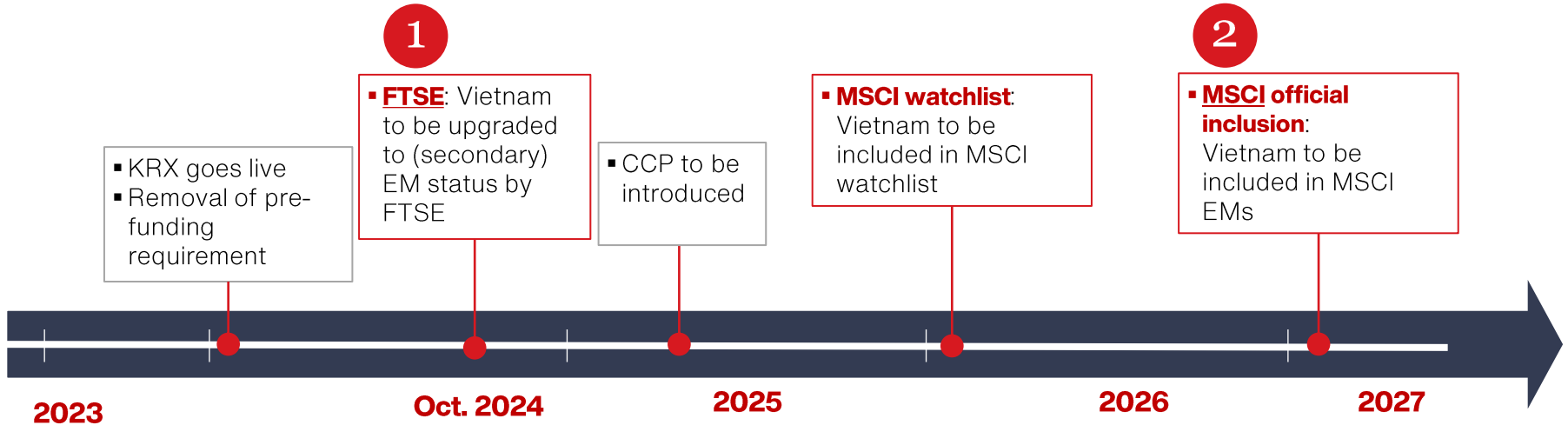
Source: Bloomberg, as of 31 October 2023

More Emerging than Frontier market: Vietnam's market liquidity



Source: Bloomberg, average T12M turnover as of 31 October 2023

Expected timeline for Vietnam's upgrading to Emerging Market



FTSE Russell (secondary) EM Index

- Meet 7/9 criteria as of now
- Main criteria to be resolved:
 - ❌ **Removal of prefunding requirement**
- Next preliminary review: Mar. 2024
- Official review: Sep. 2024

MSCI EM Index

- Meet 8/17 criteria as of now
- Main criteria to be resolved:
 - ❌ **Removal of prefunding requirement**
 - ❌ **Limitations on foreign ownership**

Source: FTSE Russell, MSCI Index, VinaCapital compilations

Thank You

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