

## Broadening capex cycle takes hold as external pressure persists



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Chief Economist

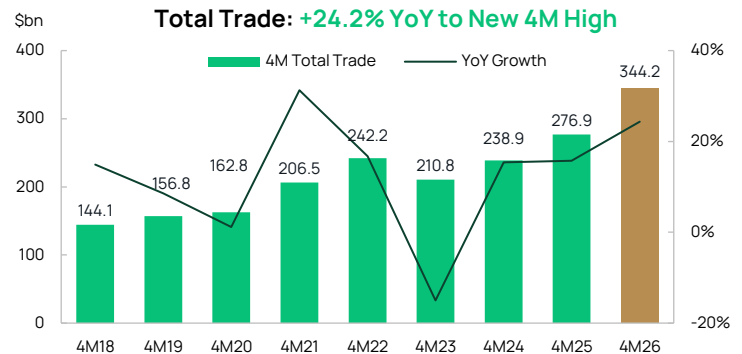
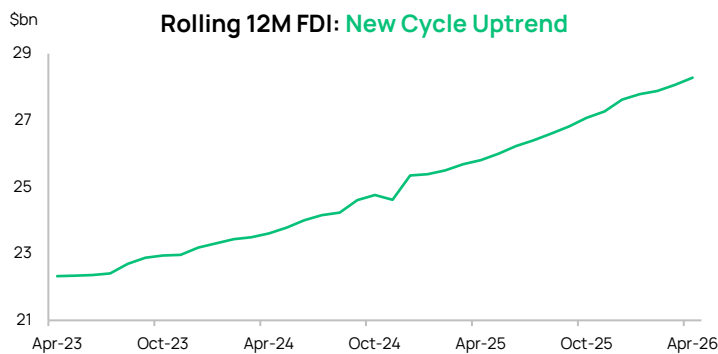
### Macroeconomics:

- ▶ Industrial output rose 9.9% YoY in April, with manufacturing up 10.0% and breadth widening, pointing to a wider capex cycle.
- ▶ Public investment reached \$7.1bn YTD (+10.4% YoY) and disbursed FDI was \$7.4bn, the highest four-month disbursement level in five years.
- ▶ CPI rose 5.5% YoY as oil prices remain elevated, but a 4M26 average of 4.0% remains below the government's 4.5–5.0% ceiling.

### Stock Market:

- ▶ The VNI rose 10.7% MoM in USD terms, recovering most of March's decline, though the rally was narrow and led by a small number of large-caps.
- ▶ Q1 fundamentals were broader than the rally suggests, with Top-100 earnings growth of approximately 56% YoY across 69 of 100 names.
- ▶ FTSE Russell confirmed Vietnam's upgrade to Secondary EM status on 8 April, effective September 2026, with the government targeting MSCI EM inclusion by 2030.

## CHARTS OF THE MONTH



## Monthly Insights

Vietnam is entering a more manufacturing and investment-led phase of growth. Industrial production, FDI, public investment, and business formation all accelerated in 4M 2026, while domestic consumption and services activity held firm. Although the Iran conflict continued to generate volatility across global markets, easing oil prices and domestic policy action helped moderate immediate inflation and supply concerns.

Industrial production rose 9.9% YoY in April, bringing 4M26 IIP growth to 9.2%, while manufacturing expanded 10.0% YoY in April and 9.9% YTD. Growth broadened further into investment and infrastructure-linked sectors, including chemicals (+20.6%), metals (+18.7%), non-metallic minerals (+17.9%), and motor vehicles (+17.0%), pointing to a recovery extending beyond electronics into a wider capex cycle. Domestic demand also strengthened. Retail sales and services revenue rose 12.1% YoY in April and 11.1% YoY YTD. Services activity continued to outperform, led by accommodation and food services (+13.4%) and tourism-related services (+12.1%), reinforcing the broadening of growth beyond manufacturing into consumer-facing sectors.

Investment indicators strengthened materially. Public investment disbursement reached \$7.1bn YTD, up 10.4% YoY and equivalent to nearly 20% of the 2026 disbursement plan. Disbursed FDI reached \$7.4bn (+9.8% YoY), the highest four-month level in five years, while registered FDI rose 32.0% YoY to \$18.2bn. Manufacturing accounted for approximately 69% of newly registered and expanded capital. Business formation also accelerated, with nearly 77,800 newly established enterprises (+50.7% YoY), and total active additions exceeding 119,000 (+32.8% YoY). That this is occurring against a more uncertain external trade backdrop strengthens the read.

On the external front, total trade turnover reached \$344.2bn YTD, up 24.2% YoY, with exports rising 19.7% and imports up 28.7%. Import growth was concentrated in machinery, electronics, and intermediate goods, with production-related imports accounting for over 94% of total imports. Electronics and computer component imports alone rose 52.3% YoY to \$65.3bn, suggesting firms continue to expand production capacity despite ongoing tariff repricing and energy-driven volatility.

Inflation moved higher in April, the first material evidence that lagged energy pass-through has begun as April CPI rose 5.5% YoY. CPI averaged 4.0% in 4M26, with core inflation at 3.9%. Both remain below the government's 4.5–5.0% ceiling, but the cushion narrows if oil stays elevated. Policy support has helped soften the impact: Decree 72's tariff cuts on refined products and fuel-tax reductions have limited domestic pass-through, with both measures up for review at end-June and room to extend if conditions warrant.

Equity markets recovered, with the VNI up 10.7% MoM in USD terms, but the rally was narrow. FTSE Russell confirmed Vietnam's upgrade to Secondary EM status on 8 April, effective September 2026, with the government targeting MSCI EM inclusion by 2030. Beyond the index move, underlying fundamentals are broader: Dragon Capital's Top-100 universe reported Q1 NPAT growth of around 56% YoY, the strongest YoY change since the post-Covid period, with 69 of 100 names posting positive growth. The combination of broadening earnings and a narrow price move points to scope for prices to converge with fundamentals once the external picture settles. The H2 path depends on whether the policy buffers are extended, oil stabilises, and earnings momentum broadens beyond the largest contributors.

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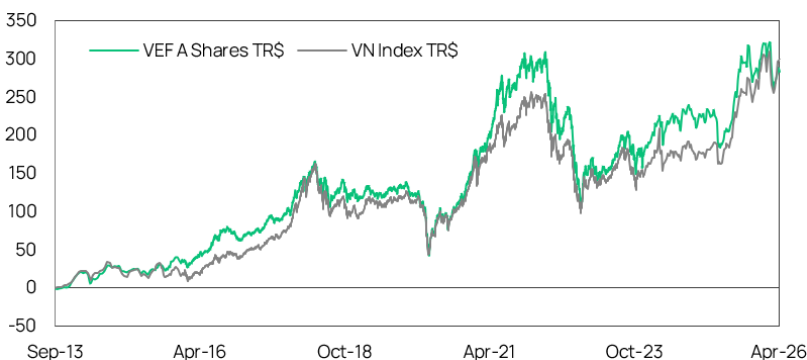
### At a Glance

- VEF rose 3.7% in April vs. the VNI's 10.7% gain, narrowly led by VIC and VHM on strong AGM guidance.
- The underweight in VIC and VHM accounted for the bulk of the lag, but Q1 portfolio earnings broadened materially across the universe.
- Q2 earnings season and September's FTSE EM inclusion provide the near-term catalysts to close the price-fundamentals gap through H2.

### Performance (%)

	Net Assets	NAV/Share	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	SI
VEF A (USD)	\$231.31mn	\$38.29	-4.4	3.7	-8.6	32.7	50.6	24.4	282.9
VEF B (EUR)		€1,864.47	-3.8	1.7	-6.7	29.6	43.8	31.7	90.0
VEF C (GBP)		£949.36	-	1.5	-	-	-	-	-4.3
VNI (Reference Index)	-	-	3.9	10.7	-0.1	51.7	65.6	41.7	300.4

### % NAV Performance



All reporting on this page is in total return US dollar terms to 29 April 2026 due to Vietnam national holidays

Past performance cannot be relied upon as a guide to future performance

### Fund Commentary

The Fund recovered from March's decline with a gain of 3.7% in April, trailing the VNI's 10.7% as the rally concentrated in Vingroup (VIC) and Vinhomes (VHM) following strong AGM guidance. We had reduced exposure to both names in January after their 2025 outperformance. At the time of writing, VIC represents ~8% of the Fund against ~19% of the Index, while the Fund maintains a slight overweight in VHM at ~7%.

Beyond this, April was largely characterised by earnings reviews, AGM updates, and management outlook discussions rather than significant portfolio repositioning. The Fund's high-conviction holdings delivered solid 1Q26 results, broadly in line with expectations. Core bank holdings MBB, CTG, TCB and BID continued to post steady earnings, supporting the sector's expected c.17% 2026F earnings growth. Retail holdings delivered exceptional Q1 growth, with MWG +78%, PNJ +95% and FRT +72%, driven in part by government crackdowns on unregulated or untaxed distribution channels. HPG reported outstanding Q1 results, with earnings rising 2.7x YoY on domestic demand, record infrastructure spending, firmer steel prices and capacity expansion. In energy, Binh Son Refinery (BSR) posted ~\$127mn in 1Q26 earnings, up around 8x YoY; fertiliser producer DCM grew 92% YoY; and PVS rose 25% YoY on a substantial work pipeline as Vietnam accelerates energy infrastructure investment.

Stock prices, however, diverged materially from fundamentals, with most correcting c.10% post-release. With earnings broader than the rally suggests, we expect Fund performance to pick up as share prices realign. Other news of interest was General Secretary To Lam's recent state visit to China, with emphasis on science & technology, infrastructure connectivity, and urban development. We continue to see these themes reflected in Vietnam's broader economic transformation, as evidenced in the recent, fast-paced revamp of Hanoi's cityscape.

### Stock in Focus: Vinhomes (VHM)

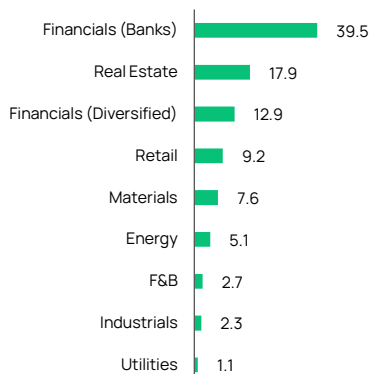
Vinhomes (VHM), the residential property subsidiary of Vingroup, is Vietnam's largest listed developer with a market cap of around US\$23bn. Focused on large-scale developments, VHM was among the strongest-performers in April and remains supported by unmatched landbank scale, execution track record, an integrated township strategy, and direct alignment with Vietnam's urbanisation and infrastructure development agenda. The combination positions VHM to benefit from both the property cycle and Vietnam's broader structural growth.

1Q26 earnings came in ahead of expectations, driven by continued handovers at key township projects and bulk sales activity. Management communicated full-year guidance with revenue growth of 56% YoY and net profit growth of 38% YoY to above \$2bn. Unbilled bookings should contribute ~30-40% of 2026 guidance, with the remainder from new presales. VHM is targeting 2026 presales of \$11-13bn, with ~\$3bn already secured in 1Q26 on bulk sales at the Can Gio project. A generous dividend announcement of \$900mn cash plus a 100% bonus share issuance further supported sentiment. Despite the scale of its ongoing projects, VHM continues to maintain strong liquidity and financing flexibility, reinforcing confidence for its broader long-term development ambitions, including plans to build a 9,000 hectares urban development project around Hanoi, underscoring the group's strategic alignment with Vietnam's accelerating urbanisation and infrastructure development agenda.

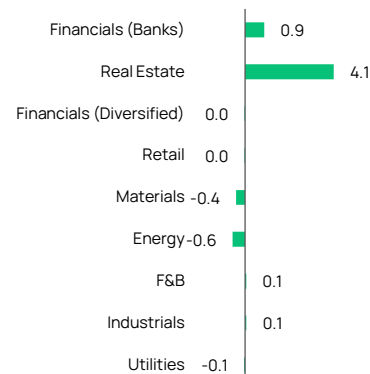
### Top Ten Holdings (56.6% of AUM)

Company	Ticker	Sector	VEF (%)	VNI (%)	MoM (%)
MB Bank	MBB	Financials (Banks)	8.7	2.4	-1.6
Vietinbank	CTG	Financials (Banks)	7.3	3.1	1.0
Vingroup	VIC	Real Estate	7.2	18.9	58.5
Mobile World	MWG	Consumer Discretionary	6.0	1.4	2.6
Vinhomes	VHM	Real Estate	5.2	6.9	41.7
Techcombank	TCB	Financials (Banks)	4.8	2.8	10.2
Hoa Phat Group	HPG	Materials	4.7	2.4	3.1
BIDV Bank	BID	Financials (Banks)	4.7	3.2	1.7
Vietcap Securities	VCI	Financials (Diversified)	4.1	0.3	-1.9
Sacombank	STB	Financials (Banks)	3.9	1.5	8.5

### Sector Breakdown (%)



### Monthly Contribution (%)



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## Key Indicators

Item	Unit	2021	2022	2023	2024	2025E	2026F
GDP	\$bn	366.1	408.8	430.0	476.3	514.0	561.8
Real GDP Growth	%	2.6	8.0	5.1	7.1	8.0	9.3
Services Growth	%	1.2	10	6.9	7.4	8.6	9.5
Agriculture Growth	%	2.9	3.4	2.6	3.3	3.8	4.0
Ind'l and Const'n Growth	%	4.1	7.8	3.5	8.3	9.0	10.5
Retail Sales Growth	%	-3.8	10.2	8.3	9.0	9.2	10.0
<b>Prices</b>							
CPI (Average YoY)	%	1.8	3.2	3.3	3.6	3.3	4.0
<b>Money, FX and Interest Rates</b>							
Money Supply M2	%	8.9	6.2	12.5	12.7	15.0	12.5
Average 12M Deposit Rate	%	6.0	8.0	5.0	5.0	5.8	6.3
5-yr VGB	%	0.9	4.7	1.6	1.4	3.3	3.5
VND:\$	\$1	22,800	23,550	24,250	25,450	26,300	27,310
<b>External Sector</b>							
Trade Balance	\$bn	3.3	12.4	28.0	24.4	20.0	25.0
Current Account	\$bn	-8.1	1.4	25.8	30.5	34.5	40.0
Current Account / GDP	%	-2.2	0.3	6.0	6.4	6.7	7.1
FDI Registered	\$bn	38.5	27.7	36.6	35.0	38.4	41.9
FDI Disbursement	\$bn	19.8	22.4	23.2	25.4	27.6	30.1
FX Reserves	\$bn	106.5	85.0	89.0	80.0	78.0	80.0
<b>Public Debt, Fiscal Balance</b>							
External Debt	\$bn	138.8	141.2	138	140.3	151.0	168.54
Government	\$bn	47.9	48.8	44.4	44.5	47.8	50.0
Enterprises (incl. FDI)	\$bn	90.9	92.4	93.6	95.8	103.2	118.54
External Debt (% GDP)	%	37.9	34.5	30.3	30.3	29.4	30.0
Fiscal Balance (% GDP)	%	-4.0	-4.0	-3.6	-3.6	-4.2	-4.0

All forecasts are Dragon Capital estimates

## Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Apr-25	30-Apr-26	30-Apr-25	30-Apr-26	30-Apr-25	30-Apr-26	30-Apr-25	30-Apr-26
Market cap (\$mn)	197,100	331,638	13,356	17,062	52,581	50,856	263,037	399,556
Number of stocks	391	402	310	302	889	833	1,590	1,537
Number of large cap stocks (>\$400mn)	74	84	11	11	15	22	100	117
Stocks with no room for foreigners	62	63	97	111	278	316	437	490
Market cap of stocks with no room (\$mn)	16,770	27,161	2,924	2,725	20,164	23,572	39,858	53,457
Share of Market Cap with No Room (%)	8.5	8.2	21.9	16.0	38.3	46.3	15.2	13.4

## Top 25 Companies by Market Cap

No	Company	30-Apr Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2024 (x)	2025 (x)	2026E (x)	2024 (x)	2025 (x)	2026E (x)	2024 (%)	2025 (%)	2026E (%)
1	Vingroup	214,000	26.2	62,577	18.90	13.0	115.1	50.1	1.1	8.9	9.1	0.4	0.2	-
2	Vinhomes	146,000	17.7	22,756	6.90	5.2	12.2	10.0	0.8	2.1	1.9	0.4	0.2	-
3	Vietcombank	59,800	4.0	18,961	5.70	17.2	15.7	14.2	2.6	2.1	1.9	-	0.8	-
4	BIDV	40,100	3.1	11,078	3.20	13.3	11.9	11.7	1.8	1.6	1.5	-	1.2	-
5	Viettel Global Investment	89,700	26.7	10,361	-	49.1	23.2	24.8	8.0	5.3	-	0.4	1.9	-
6	Vietinbank	34,950	-2.2	10,301	3.10	8.8	8.9	7.5	1.4	1.6	1.3	-	0.9	-
7	Techcombank	33,850	-3.0	9,102	2.70	8.1	10.1	8.6	1.2	1.5	1.3	3.0	2.9	2.4
8	Hoa Phat Group	27,750	5.1	8,082	2.40	14.2	13.1	9.2	1.5	1.6	1.4	-	-	1.8
9	VP Bank	26,500	-7.5	7,978	2.40	9.4	9.5	7.0	1.0	1.4	1.1	5.2	1.8	4.2
10	MB Bank	26,050	3.0	7,962	2.40	6.0	7.8	6.9	1.2	1.5	1.3	2.1	1.0	-
11	PV Gas	75,200	3.9	6,886	2.10	15.2	15.7	12.5	2.6	2.6	2.5	8.7	2.9	4.7
12	Masan Consumer	137,000	-23.4	6,729	2.00	23.0	34.8	24.2	16.7	12.8	8.6	12.4	1.2	2.7
13	Airports Corporation VN	44,000	-10.0	5,981	-	29.1	18.0	19.8	4.6	2.5	2.0	-	-	-
14	Vinpearl	85,700	-9.0	5,832	1.80	-	153.4	56.1	-	4.6	3.9	-	-	-
15	LienViet Post Bank	47,300	13.2	5,362	1.60	8.9	10.9	10.9	2.0	2.6	2.3	-	6.0	-
16	HD Bank	26,600	-10.4	5,052	1.50	7.0	9.0	6.7	1.6	2.0	1.1	3.3	-	-
17	FPT	75,500	-21.2	4,881	1.50	30.7	18.5	12.4	7.4	4.5	2.9	1.5	2.8	3.5
18	Vinamilk	60,900	-0.5	4,830	1.50	14.5	15.2	15.1	3.8	4.2	4.2	6.2	8.8	7.1
19	Sacombank	67,500	16.4	4,829	1.50	6.9	18.4	19.8	1.3	1.8	2.0	-	-	-
20	Mobile World	84,000	-5.0	4,681	1.40	23.6	18.6	13.4	3.2	4.0	3.1	0.8	1.1	1.2
21	ACB	23,500	-2.1	4,581	1.40	6.7	8.0	6.6	1.3	1.3	1.1	3.4	3.6	1.6
22	Binh Son Refining	23,600	46.6	4,484	1.40	112.0	15.5	4.4	1.3	1.3	1.4	3.1	-	1.7
23	Techcom Securities	50,600	8.8	4,438	1.30	23.8	18.9	17.6	3.5	2.4	2.3	1.3	-	-
24	Masan Group	76,800	-0.3	4,214	1.30	50.4	27.1	15.4	3.3	3.1	2.6	1.7	0.8	0.8
25	Vietjet Air	180,000	-13.9	4,041	1.20	38.6	53.3	340.7	3.2	4.6	5.2	0.1	-	-

All forecasts are Dragon Capital estimates



Fund	Bloomberg	ISIN	LEI	SEDOL	CUSIP	Listed
VEF-A	VIETNAM ID	IE00BD5HPH84		-	-	-
VEF-B	VIETEUR ID	IE00BV8WVB25	254900EVTJZ4VAUG4M43	-	-	-
VEF-C	VIETGBP ID	IE000LEKRJK0		-	-	-

Price Providers	Funds	Bloomberg	Contact
SEI Investments	VEF	-	Transfer Agency Department <a href="mailto:TADublin@seic.com">TADublin@seic.com</a>

VEF
Subscription & Withdrawals    Daily
The Fund has appointed <b>SEI Investments – Global Fund Services Limited</b> as its fund administrator and transfer agent, and <b>SEI Investments – Depositary and Custodial Services (Ireland) Limited</b> as its depository. A range of third-party fund platforms also include VEF in their product offerings, including Clearstream ( <a href="http://www.clearstream.com">www.clearstream.com</a> ), Fundsettle ( <a href="http://www.euroclear.com">www.euroclear.com</a> ), Banco Inversis ( <a href="http://www.inversis.com">www.inversis.com</a> ), IFSAM ( <a href="http://www.ifsam.lu">www.ifsam.lu</a> ), Pareto Securities ( <a href="http://www.paretosec.com">www.paretosec.com</a> ), Attrax ( <a href="http://www.attrax.lu">www.attrax.lu</a> ), MFEX ( <a href="http://www.mfex.com">www.mfex.com</a> ), and Allfunds ( <a href="http://www.allfunds.com">www.allfunds.com</a> ).

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