Results analysis: Vietnam Enterprise Investments

Vietnam has rebounded strongly after the tariff tantrum.

Update
24 September 2025

- **Vietnam Enterprise Investments (VEIL) has reported interim results for the six months to 30/06/2025, a period which captures the selloff in Vietnam after 'Liberation Day', but not the full and striking rally since tariffs were watered down.**

- **For the half year, the NAV per share fell 7.7% in sterling terms (down 2.3% in USD), with the VNI Index down 2.3% in sterling (up 6.9% in USD). However, post-period end the NAV rose by 27.7% in sterling terms to 31/08/2025, outperforming the VNI Index by around 4%.**

- **In the half year to the end of June, there were two main factors behind the underperformance. Large-cap stocks were hardest hit by foreign outflows when Trump announced a punitive initial tariff schedule. Additionally, the Vingroup conglomerate and related companies outperformed, with VEIL long having held an underweight position on quality grounds.**

- **A tilt to domestic-oriented sectors helped the portfolio to outperform in the recovery, after a lower level of tariffs was agreed.**

- **The board repurchased c. 5% of the share capital over the period, at an average discount of 20.6%, adding 1.1% to NAV per share. Since the end of the period, it has repurchased about the same amount again. The board has stated it wants the discount to narrow to 10% or less and will consider further steps to achieve this. At the time of writing the discount is 17.1%.**

- **The board is currently consulting with shareholders after more than 20% voted in favour of discontinuation at the June AGM, and is due to report on its conclusions by the end of the year.**

- **Chairman of the board Sarah Arkle commented: "The structural case for Vietnam is compelling. The policy drive to modernise institutions, the continued buildout of infrastructure, and the rising depth of local savings and capital markets should be powerful, multi-year tailwinds."**

Analysts:

Thomas McMahon
+44 (0)203 795 0070

Kepler View

Vietnam has genuinely exciting prospects which have been little-dimmed by the tariff fiasco. Domestic demand and government investment boosted GDP growth to 7.7% in just the first half of 2025 alone. **Vietnam Enterprise Investment's (VEIL)** manager, Tuan Le Anh, comments that its growth is domestically-driven, which he hopes will make it more durable than past cycles. VEIL is positioned accordingly, with core positions in banks, real estate and consumption-related companies. A key reason, in our eyes, to remain bullish on Vietnam is the commitment of the authorities to reform and to grow the private sector. We think this should strengthen the link between GDP growth and corporate earnings growth which could see Vietnamese equities deliver good returns. Important reforms in process include the consolidation of provinces and ministries, which has been completed, faster rollout of infrastructure and tax reform. Meanwhile, liberalisation of permitting and planning rules in the real estate sector led to it performing well in June.

Tariff rates of 20% have been agreed with the US, a significantly lower figure than the 46% originally threatened, although there is a higher rate for transshipments, i.e. goods routed through a third country before reaching the US. The Dragon Capital team estimate that only around 2% of the revenues of Vietnamese equities will be directly affected by these tariffs. Meanwhile, 85% of earnings are domestically-generated. The agreement of this lowered rate seems to have boosted FDI over the period. While further volatility in economic policy can't be ruled out, we think this looks like a solid base to build on and shouldn't hamper Vietnam's growth trajectory, which is being driven by radical reform, a young and educated workforce and rapid urbanisation.

Turning to the stock market, Vietnam is expected to be upgraded to Emerging Market status by FTSE this month, which could boost foreign investment in its equities and increase liquidity. Dragon Capital are projecting EPS growth for its universe of 80 investable stocks of around 20% for 2025 as a whole, yet at the end of June they traded on an average forward P/E of just 10.4x. Low valuations and high earnings growth could lead to exceptional returns, with concerns about tariffs, the health of key trading partner China, and general risk aversion in a world of high interest rates likely contributing to the current low rating.

The cheapness is compounded by the discount on VEIL's shares, which stood at 17% at the time of writing. The board has demonstrated significant commitment to narrowing it, buying back 8% of the share capital in 2024 and c. 10% in 2025 so far. We expect it to report on the result of its shareholder consultations by the end of the year, and this should provide clarity on the way forward. VEIL's manager, Dragon Capital, is the oldest-standing investment manager in the country with exceptional access, contacts and expertise. We think this and the discount, along with the commitment by the board to narrow it, make VEIL an attractive way to invest in Vietnam's strong growth trajectory.

Click here to read the HY report on RNS

Click here to read our latest research on VEIL

Click here to add VEIL to your watchlist

Disclaimer

This report has been issued by Kepler Partners LLP. **The analyst who has prepared this report is aware that Kepler Partners LLP has a relationship with the company covered in this report and/or a conflict of interest which may impair the objectivity of the research.**

Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you invested when you decide to sell your investments. It is strongly recommended that if you are a private investor independent financial advice should be taken before making any investment or financial decision.

Kepler Partners is not authorised to make recommendations to retail clients. This report has been issued by Kepler Partners LLP, is based on factual information only, is solely for information purposes only and any views contained in it must not be construed as investment or tax advice or a recommendation to buy, sell or take any action in relation to any investment.

The information provided on this website is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Kepler Partners LLP to any registration requirement within such jurisdiction or country. In particular, this website is exclusively for non-US Persons. Persons who access this information are required to inform themselves and to comply with any such restrictions.

The information contained in this website is not intended to constitute, and should not be construed as, investment advice. No representation or warranty, express or implied, is given by any person as to the accuracy or completeness of the information and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information, for any errors, omissions or misstatements, negligent or otherwise. Any views and opinions, whilst given in good faith, are subject to change without notice.

This is not an official confirmation of terms and is not a recommendation, offer or solicitation to buy or sell or take any action in relation to any investment mentioned herein. Any prices or quotations contained herein are indicative only.

Kepler Partners LLP (including its partners, employees and representatives) or a connected person may have positions in or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time, but will at all times be subject to restrictions imposed by the firm's internal rules. A copy of the firm's Conflict of Interest policy is available on request.

PLEASE SEE ALSO OUR TERMS AND CONDITIONS

Kepler Partners LLP is authorised and regulated by the Financial Conduct Authority (FRN 480590), registered in England and Wales at 70 Conduit Street , London W1S 2GF with registered number OC334771.