Flash update: Vietnam Enterprise Investments

Vietnam Enterprise Investments unveils punchy new tender proposals.

Update
16 December 2025

- **The board of Vietnam Enterprise Investments (VEIL) has proposed to hold a 10% tender offer in January 2026, and stated it intends to hold two more of the same magnitude over the next 12 months. This will allow investors to realise their shares at a 3% discount to NAV to NAV, if the plans are approved by shareholders at a General Meeting on 08/01/2026.**

- **Three smaller tenders are envisaged rather than one 30% tender in order to account for the illiquidity of Vietnamese stocks, allowing the manager to spread sales over time and get a better result for shareholders. The tender price is to be 3% below NAV on the calculation date, to account for the cost of the transactions and the tender. It therefore represents a better price than could be achieved in the market, with the shares trading on a c. 13% discount prior to the publication of the proposals. There is also an option to receive units in an open-ended UCITS fund run by Dragon Capital, Vietnam Equity Fund, instead of cash. However, this is only open to shareholders able to roll over at least £100,000 worth of shares. The background is a vote by 20% of shareholders against continuation over the summer, following which the board has been consulting shareholders on the future direction for the company.**

- **The board has reiterated its commitment to the five-year performance-related 100% conditional tender offer, which will be triggered if the NAV total return underperforms the index in the five years to 31/03/2025.**

Kepler View

The board of **Vietnam Enterprise Investments (VEIL)** have devoted considerable capital to buybacks over recent years, repurchasing over 12% of the shares in issue in 2025 alone. These new proposals are a further demonstration of a commitment to shareholder value. We note that the discount has narrowed considerably over 2025, but the board has continued to buy back at size, the average purchase price being at a c. 14% discount to NAV this year compared to c. 19% in 2024, and now they have introduced further proposals.

Investors will now able to realise at least some of their investment close to NAV, assuming the proposals are voted through in January. With the discount at c. 13% on the day of the announcement, we calculate this implies a c. 10.3% gain to

Analysts:
Thomas McMahon
+44 (0)203 795 0070

shareholders (depending on what happens to the NAV in the interim). This is essentially equivalent to one year of VEIL's annualized five year NAV returns, and well behind the 16% annualized delivered over ten years.

In our view, Vietnam is one of the most exciting frontier/emerging markets in the world. It has a strong position in the ongoing trade tensions between China and the US, with good trading relations with both. It has a young and educated workforce making it an attractive destination for global multi-nationals. It also has authorities committed to growing the private sector, with huge infrastructure and urbanization projects underway. Vietnam saw a major sell-off in 2022 and has had some difficulties since, but over 2025 seems to be in an upswing, with political leadership refocussed on reform and on the private sector. Technical support should come from a reclassification to emerging markets status by FTSE next year.

The potential gain to be made in the tender offer therefore has to be placed against the outlook for compounding NAV gains over a likely five to ten year holding period. We think Vietnam is an attractive place to be invested with the potential to deliver 10% plus compounded over multiple years. The board's demonstrated commitment to tackling the discount impacts the risk/reward outlook in our view, as it reduces one potential worry for long-term shareholders, that they will be trapped in a trust on a wide discount. As such, we think the tender offers improve the case for staying invested, and for new shareholders to buy on a double digit discount.

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