

Results analysis: Vietnam Enterprise Investments

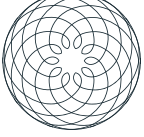
- Vietnam Enterprise Investments (VEIL) has reported interim results for the six months to 30/06/2026, a period which saw the outbreak of war in the Middle East create uncertainty for energy importers like Vietnam.
- VEIL's NAV return was -2.3% in sterling terms, 9.1 percentage points behind the index' 6.8%. As much as half of this was due to the underweight position in the Vingroup complex, an expensive group with low free float which has become an extremely large position in the index. Vingroup and its subsidiary Vinhomes alone made up 26.4% of the index as of 30/06/2026.
- VEIL's underweight meant that it lagged the index in the recovery seen in Q2. According to the manager, the index fell 0.8% over the quarter in USD terms excluding the impact of Vingroup-related names, while including the group it rose 12.1%.
- While the managers have increased their position in Vingroup following positive guidance upgrades at the April AGMs, they continue to hold a significant underweight, arguing their valuation discipline should be rewarded over the long term.
- In share price terms, VEIL delivered a -4.2% return in sterling terms. The discount slightly widened over the period, from 11.7% to 13.3%, although it remains significantly narrower than the average discount over 2025, which was 18.4%.
- The board made two tender offers during the period for up to 10% of NAV, with both being met in full and £147.4m and £116.2m being returned to shareholders. The board currently intends to announce details of a third tender offer in due course, although this remains subject to director discretion and a shareholder vote.
- Buybacks have returned a further £57.5m, or 4.6% of the shares, and the board remains committed to targeting a discount below 10% over the medium term.
- Despite the difficulties in equity markets, Vietnam's economic performance has been extremely strong, with GDP growth of 8.2% over the half-year, and VEIL's managers expect that growth to accelerate.
- Interim chair of the board, Charles Cade, said: " Investors in an early-stage equity market such as Vietnam will inevitably face some volatile periods. However, the Board believes that Vietnam's core long-term drivers of economic growth remain compelling, with healthy foreign direct investment, rising urbanisation and the emergence of the middle-class consumer. The government is also highly supportive of growth, with an ambitious plan for infrastructure investment and business-friendly policies."

Vietnam's
GDP
growth is
soaring.
Thomas
McMahon
28
September
2026 [View
latest
version](#)

Kepler View

While [Vietnam Enterprise Investments' \(VEIL\)](#) results for 2026 so far have been disappointing, they follow a very strong 2025 in which the trust was by a long way the best-performing Vietnam specialist trust and the only one to post positive returns. This has been a difficult period for the Vietnamese market, with few stocks outperforming and the market being overwhelmingly driven by Vingroup. In both the rising market of 2025 and in 2026 so far, the key factor behind VEIL underperforming the local index was the significant underweight to this company and its subsidiary Vinhomes. Few active managers would be willing to let one stock rise to 19% of their portfolio, or 26% including Vinhomes, even before considering the low free float and the high valuation – the managers assess it trades at a premium to their reappraised asset value. Vingroup is a major beneficiary of the government's investment plans, but it has risen more than 3.5x in 12 months and more than 13x since the start of 2025. Additionally, retail investors have used large amounts of leverage to take positions. As such, there are clearly downside risks and investors may not be happy to have so much of their Vietnam exposure in one stock, especially considering the potential in the rest of the market.

That potential is based in a truly exciting fundamental backdrop. Vietnam delivered its highest GDP growth for years in H1, with investment, consumption and industrial output all strong. Retail and service sectors performed well, and inflation remained below the 4.5%-5% target ceiling, and peaked in May. The success is rooted in domestic factors, most importantly a massive public investment programme and ambitious series of reforms all aimed at boosting the private sector as the engine of Vietnam's economic growth. VEIL's portfolio is 80% invested in domestic credit and consumption and the domestic investment cycle, with the positioning having become more bullish towards the end of the reporting period. VEIL's managers expect Vietnam's top 100 listed companies to deliver outstanding EPS growth of 20.9% in 2026. Yet the market is trading at trough multiples excluding Vingroup. The manager's forward P/E for their portfolio is just 10.2x, while excluding Vingroup it falls to 9.2x, on even higher EPS growth of 28%.



Vietnam was upgraded by FTSE Russell from Frontier Market to Secondary Emerging Market status on 21/09/2026, and this is expected to bring passive inflows of \$1.5–2.0bn from index-tracking mandates, and FTSE Russell estimates a further \$5-6bn of potential investment from actively managed funds. This suggests liquidity could improve over the coming months. Foreign outflows have been substantial in recent years, with the market rising despite a net \$11.8bn withdrawal since the start of 2024. As such, we think any resumption of foreign inflows could be the catalyst needed to correct the market and portfolio's low valuations. In our view, the value at the portfolio level and in the discount make VEIL a particularly attractive way to get broad exposure to a market with an exceptional growth outlook.

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