VPF
VIETNAM
PHOENIX FUND

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DEAR INVESTORS OF THE VIETNAM PHOENIX FUND - CLASS A ("VPF-A"),

We are writing to update you with a review of Vietnam's macroeconomy and equity market in 2H 2021, your portfolio performance for the year, and our investment outlook for 2022.

The second half of 2021 saw Vietnam's economy struggle due to the new wave of the COVID-19 pandemic induced by the Delta variant, which was anticipated to arrive in the country in April 2021 but became more widespread from June 2021 onwards. Several provinces were placed into strict lockdowns for most of Q3 2021, proving to be very disruptive to the economy, particularly with manufacturing businesses and logistic chains impacted by the curtailed mobility of workers. However, the negative impact of the pandemic on the economy was mitigated towards the end of 2021, as all the provinces exited lockdowns by the end of September 2021 due to the accelerated implementation of vaccination programmes countrywide.

Despite the Vietnam macroeconomy struggling during 2021, the Vietnam equity market recorded robust performance during the year with the VN-Index rising 37.4% (in USD terms) in 2021, largely due to strong inflows from domestic investors.

We are pleased to report that the VPF-A Portfolio held up well during the year, with the VPF-A Portfolio NAV increasing 39.8% (in USD terms) during the year, outperforming the VN-Index by 2.4%.

Looking ahead to 2022, we expect a strong recovery in the economy and business environment for Vietnamese corporates, with the country vaccination rate currently above 80% and paving the way for the reopening of the country's borders. As such, while the Vietnam equity market has already demonstrated strong performance in 2021, we continue to see further upside for the Vietnam equity market in 2022 due to continued expected earnings growth of Vietnamese corporates on the back of reasonable valuations. We estimate the Vietnam equity market to be currently valued at approximately a 2022 price-to-earnings ("PE") ratio of 13x against an expected earnings growth of 31%, resulting in a reasonable 2022 price-to-earnings relative to growth ("PEG") ratio of 0.4x.

Further, we see other factors lending support to the Vietnam equity market during 2022, including (1) continued inflows from retail investors due to expected low domestic interest rates; (2) the successful implementation of the new trading system from Q2 2022 enabling almost immediate trade settlements, potentially increasing overall market liquidity and paving the way for Vietnam to move from its current frontier market classification to that of emerging market under MSCI, which is expected to boost inflows from foreign investors; (3) more IPO offerings and state divestments are expected to occur in 2022. IPO offerings in 2022 are expected to include the IPO of subsidiaries of Vietnam National Coal – Mineral Industries Holding Corporation Limited (Vinacomin) and Vietnam Northern Food Corporation (Vinafood), as well as the IPO of some large real estate companies such as Phu Long and Hung Thinh. State divestments are expected to include the divestment of stakes in Sabeco ("SAB"), Bao Viet Holding ("BVH"), FPT Corporation ("FPT"), and Bao Minh Insurance Corporation ("BMI").

The VPF-A investment team continue to be firm believers in Vietnam's multi-year structural growth story, driven by multiple engines of growth, of which, rising middle income class, increasing urbanization and continued foreign direct investment ("FDI") inflows are key. We continue to adopt a high-conviction, bottom-up fundamental investment approach. We seek to invest in companies that are expected to create shareholder value over the long-term, while selecting stocks that we assess to be trading at prices that do not fully reflect their long-term potential. We emphasize a long-term investment approach, as we believe that the creation of shareholder value takes time to execute over a multi-year horizon.

VPF-A PORTFOLIO REVIEW – 2H 2021

As at the end of 2021, the Net Asset Value per Share for VPF-A (the "Fund") increased by 39.8% YTD (in USD terms), outperforming the VN-Index benchmark by 2.4%.

The outperformance was mainly driven by the portfolio's top holdings having an overweight position in the portfolio relative to their weighting in the VN-Index, particularly that of FPT Corporation ("FPT") (whose share price increased +87% during the year), Mobile World Investment Corporation ("MWG") (+74%), Kinh Bac City (+152%), Hoa Phat Group (+54%), and SSI Securities (+145%).

During 2H 2021, the fund established new positions in PetroVietnam Gas ("GAS"), as well as in Vietnam Technological and Commercial Joint Stock Bank, commonly referred to as Techcombank ("TCB").

GAS is the dominant gas distributor in Vietnam. The company provides natural gas for all the gas thermal power plants and industrial parks in the country. The company also supplies 70% of the liquified petroleum gas ("LPG") available domestically[1]. We expect GAS to be the largest beneficiary of the expected recovery of energy consumption in 2022, post the ending of lockdown. Over the long-term, we expect its growth to be driven by several factors including: (1) the launch of Thi Vai LNG terminal's phase 1 with a capacity of 1-3 million metric tons per annum by 2023, and phase 2 with an additional capacity of 3 -6 million metric tons per annum by 2024; (2) its' GPP Dinh Co 2 terminal is expected to commence operations by 2024 with a capacity of 300,000 tons of LPG and 150,000 tons of natural gas condensate; (3) its' Block B-O Mon gas pipeline is expected to commence production by 2022. GAS is expected to transport up to 7 billion cubic meters of natural gas per annum by 2025, equivalent to around 70% of Vietnam's current piped gas output[2]. GAS is also expected to be a structural beneficiary from the country's expected shift to renewable energy over the long-term.

TCB is the sixth largest bank in Vietnam in terms of total assets. As at the end of September 2021, TCB's current account savings accounts ("CASA") reached 49% - the highest in Vietnam's banking industry[3]. TCB is extremely well positioned to capture the expected growth in domestic banking on the back of its' high CASA level enabling it to optimize funding costs relative to other domestic peers. Additionally, TCB's mortgages-to-gross loans ratio is among the highest in Vietnam, reflecting its strong competitive edge in real estate loans. As such, TCB is expected to be one of the largest beneficiaries of the expected recovery of Vietnam's real estate market over the next few years.

As at the end of FY2021, the top 3 holding of the fund were FPT, MWG, and Vinhomes ("VHM").

FPT CORPORATION – FPT

FPT is a leading technology company in Vietnam with dominant positions across all its core businesses including information technology, telecommunication, and education. FPT benefited from the acceleration in IT services demand amidst the COVID-19 pandemic, especially digital transformation (focusing on artificial intelligence, cloud computing, hyper network, cybersecurity) demand from the government and local corporates.

During the year 2021, FPT signed strategic contracts with 10 local provinces and several ministries and state-owned institutions (including the Ministry of Finance, the Ministry of Trade, and the Ministry of Education) for the implementation of digital transformation services between 2021 and 2025. The company also provides digital transformation services to multiple large listed and private corporations in Vietnam such as HPG, Thien Long, Dat Xanh, Coteccons, etc. As at the end of November 2021, FPT had signed c. USD 660 million of new contracts YTD, up 30% year-on-year ("YoY"). FPT software's labor force jumped by c.30% YoY to around 21,000 employees as of the end of November 2021[4].

We believe the company's strong backlog of contracts to provide IT services will support its growth over the medium term while FPT's digital transformation will be a key growth driver for the company over the long-term due to accelerating demand of digital transformation projects from corporate clients domestically and internationally. Vietnam's government is targeting an increase in the digital economy's share of gross

[1] Source: https://www.pvgas.com.vn/en-us/product-and-service/liquefied-petroleum-gas-lpg
[2] Source: GAS' management
[3] Source: Duxton's estimate
[4] Source: FPT's November 2021 monthly report

domestic product ("GDP") from 5% in 2019 to 20% in 2025[5].

MOBILE WORLD INVESMENT CORPORATION – MWG

MWG is one of the largest retailers in Vietnam, focusing on mobile phone, electronic products, and groceries. MWG has dominant market share in Vietnam in its main businesses. These include its mobile phone retail chain – Thegioididong, which has approximately 48% market share, and Dienmayxanh, its consumer electronic retail chain which had approximately 44% market share as at the end of 2020[6]. MWG launched its grocery stores chain Bachoaxanh ("BHX") in 2018, which has grown significantly to become one of the core growth drivers for MWG.

The COVID-19 pandemic has had both negative and positive impacts on MWG's businesses. MWG experienced weaker performance in its mobile phone and consumer electronic retail chains due to store closures during the lockdown and an environment of weaker discretionary spending. In contrast, its grocery store chain BHX and its online sales have grown strongly during the COVID-19 pandemic.

Despite the constraints from social distancing measures implemented during the COVID-19 pandemic, MWG has managed to expand its businesses with the launch of the TopZone chain – Apple Authorized Reseller and Apple Premium Reseller stores, in October 2021 and five other retail chains including AVASport (sporting goods), AVAFashion (apparel), AVAKids (mom and kid products), AVAJi (mass-market jewelry), and AVACycle (bicycles) in January 2022.

Due to its experienced management team, continued strong cash flows and wide customer base, MWG is able to build a durable franchise of multiple stores combined with a strong online presence that can further withstand competitive pressure, to capture the recovery of discretionary spending. We expect MWG to emerge in a stronger position from 2022 onwards.

VINHOMES – VHM

VHM is a leading real estate developer in Vietnam with the largest privately owned land bank in the country, consisting of 16,800 ha of land area (more than three times the size held by the next largest developer), comprising of 13,000 ha of residential and commercial land, and 3,800 ha of industrial land. 63% of its' total land bank is located in the north, 23% located in the south, and 14% in the central regions. As of September 2021, in terms of built area, VHM accounted for 41% market share in Vietnam's high-end condominium segment and 33% market share in Vietnam's mid-end residential segment[7].

As the lockdown restrictions have been easing steadily and the country's vaccination rate has reached above 80%, we expect the new sale launches of VHM's mega projects, including Wonder Park (133 ha in west Hanoi) and Dream City (Ocean Park 2 – 445ha in south Ha Noi) to support VHM's sales in 2022. For the long-term, we maintain a positive view on VHM due to several factors: (1) as the leader in Vietnamese real estate development sector, VHM is expected to be the largest beneficiary of the recovery of Vietnamese real estate market post lockdowns; (2) VHM's substantial residential land bank is sizeable enough to support VHM's growth for approximately the next 10 years; (3) with its sizable land bank at strategic locations in the North, VHM's industrial real estate segment should be well positioned to benefit from the structural shift of global manufacturing activity to Vietnam.

[5] Source: https://e.vnexpress.net/news/business/economy/vietnam-aims-digital-economy-to-represent-20-pct-of-gdp-4340822.html
[6] Source: MWG's management
[7] Source: https://ir.vinhomes.vn/wp-content/uploads/2021/10/2021.10.29-Vinhomes-Investor-presentation-slide-1.pdf

INVESTMENT OUTLOOK – 2022

While the COVID-19 pandemic is expected to persist, Vietnam's economy is expected to progressively adapt to a new normal. We believe the long-term structural drivers of Vietnam's equity market remain, which include: (1) an expanding middle class, which is expected to fuel continued growth in domestic consumption; (2) increasing urbanization and improving infrastructure which are supported by the government's robust public investment programme; (3) a stable political economy and currency; (4) strong FDI inflows with Vietnam being a long-term beneficiary of the adjustments in global supply chains; (5) healthy growth in trade flows, driven by the implementation of several free trade agreements ("FTA").

Looking ahead at 2022, we expect a strong recovery in the economy and business environment for Vietnamese corporates, which are driven by (1) the country's high vaccination rate which should reduce the probability of future widespread lockdowns; (2) the implementation of generous stimulus packages that are expected to boost domestic consumption and infrastructure investment; and (3) potential imminent re-opening of more travel borders that will support recovery of the Vietnam service sector, along with trade and FDI inflows.

Given an expectation of strong underlying economic recovery, we do see further upside for the Vietnam equity market in 2022 due to continued expected earnings growth of Vietnamese corporates. We view multiple sectors which are major beneficiaries of a recovering economy including:

- **Retail sector –** as the country vaccination rate is now trending above 80%, we do not expect any further lockdown restrictions that will cause store closures in 2022. Discretionary consumption is expected to rebound from its low base in 2021 due to the recovery in household incomes. The fast-moving-consumer-goods segment is forecast to grow at 3% YoY in urban areas and 6% YoY in rural areas during the TET holiday (January – February 2022)[8]. We expect the leading players to strengthen their positions and capture market share from smaller players post lockdown due to their strong resources. We also expect the modern trade channels (supermarkets, convenient stores) and e-commerce platforms to maintain their robust growth, gaining market share from traditional trades (kiosks, mom-and-pop shops, retailers, wholesalers).
- **Export-related sector –** we anticipate that the disruptions in supply chains and logistic bottlenecks will subside in 2022. Vietnam's key trading partners including the US, China, and Europe have recovered from several economic disruptions caused by the COVID-19 pandemic in 2020-2021 while the country has reopened its travel borders to its key trading partners from 1 Jan 2022. Vietnam Textile and Apparel Association forecasts Vietnam's textile exports to grow at 10% YoY in 2022 [9]while Vietnam Association of Seafood Exporters and Producers expects a growth of 13% YoY in Pangasius fish exports in 2022[10]. We expect large-scale producers to expand their production capacities to capture overall sector growth from the implementation of the Europe-Vietnam FTA and the Regional Comprehensive Economic Partnership FTA and gain market shares from small-scale producers who experienced several disruptions in their operation during the lockdowns.
- **Banking sector –** we expect stronger credit growth in 2022 as the borrowing demand from businesses has rebounded post lockdown. We also expect the banks' capital positions to continue strengthening on the back of private placements and subsidiary divestments. Net interest margins are expected to remain stable on the back of modest increases in both deposit rates and lending rates. Fee income is expected to retain its strong growth, supported by several factors including (1) the recovery in international transactions and financial services; (2) the investment in digital channel enabling banks to expand their customer portfolio rapidly, to boost the online transactions and current account savings accounts; (3) bancassurance continues to be a key contributor to fee incomes, due to increasing insurance penetration in Vietnam.
- **Infrastructure sector** – for 2022, the State's expenditure plan for infrastructure and development is budgeted at USD 22.9 billion, a 10% YoY growth compared to the planned budget for 2021. The Vietnamese government also plans to spend c.30% of its huge stimulus package for infrastructure development over the next 2 years (2022-2023). We expect the disbursement of public investment to rebound strongly in 2022 after significant disruptions caused by the fourth wave of the COVID-19 pandemic in 2021. We expect that the public investments will continue to focus on expressway and aviation projects.

Finally, we expect to see increased inflows from Environment-Social-Government ("ESG")-aligned funds investing into emerging and frontier markets, including Vietnam. We expect corporates that are able to progressively integrate comprehensive and more sustainable ESG practices to be well-positioned to receive these increased capital inflows. Although the integration of ESG considerations as part of the long-term

[8] Source: Kantar WorldPanel
[9] Source: https://thoibaotaichinhvietnam.vn/vietnams-apparel-sector-expected-to-grow-by-112-pct-this-year-96846.html
[10] Source: https://vietnamnews.vn/economy/1115037/viet-nam-expects-us17-billion-in-tra-fish-exports-in-2022.html

strategies of Vietnam businesses is still in its infancy, we do expect that there will be an increased focus on the adoption of more sustainable practices by Vietnamese corporates going forward as international investors increase their scrutiny on such practices. As with other markets globally, investment themes in relation to renewable energy, recycling, sustainable manufacturing, as well as water and waste management, are expected to be subject to investor focus over the next few years. We will aim to allocate increasing capital to corporates with sustainable and growing business models in these sectors.

VIETNAM MACROECONOMIC REVIEW – 2H 2021

THE LOWEST GDP IN HISTORY – after an impressive performance in 1H 2021, Vietnam's economy was harshly hit by the fourth wave of the COVID-19 pandemic with the breakout of Delta variant in most provinces in Q3 2021. Vietnam's GDP contracted 6.2% YoY in Q3 2021 – the lowest GDP growth level in recorded history for Vietnam. The number of cases related to the fourth wave of COVID-19 started to increase in June and several provinces were placed into strict lockdowns for most of Q3 2021, including Hanoi, Ho Chi Minh and 18 other provinces in the south which together contributed over 70% of Vietnam's total GDP in 2020.

The COVID-19 situation has been more stable from late August with the rapid COVID-19 vaccine rollout enabling provinces to loosen lockdown restrictions from mid-September. From 30 August 2021 to 31 December 2021, the number of administered vaccines rose from 20.2 million to 150.9 million, covering 75% of the country's population[11]. Social distancing measures had been removed, and manufacturers had resumed their operations post lockdown. As a result, GDP recovered strongly, recording a growth of 5.2% YoY in Q4 2021.

For full-year 2021, Vietnam recorded a GDP growth of 2.6% YoY - one of the lowest GDP growth rates in Southeast Asia. The main contributors were the industrial and construction sectors with a growth of 4.0% YoY, contributing 37.9% to total GDP. This is followed by the services sector with a growth of 1.2% YoY, contributing 40.9% to total GDP, and the agriculture, forestry and fisheries sector with a growth of 2.9% YoY, contributing 12.4% to total GDP.

INFLATION REMAINED WELL-MANAGED – Vietnam's average consumer price index (CPI) rose 1.84% YoY in 2021 – the lowest average full-year CPI since 2016. This figure was well below the government's target of 4%. The increase in CPI was mainly due to the increases in gasoline and commodities prices. However, these increases were partly offset by the reduction in telecom services and education services prices in a bid to support households and businesses who were impacted by the COVID-19 pandemic.

A RECORD HIGH IN FDI – as of 20 December 2021, Vietnam YTD has attracted USD 24.26 billion (+16% YoY) of total newly registered FDI and additional FDI from existing investors. Disbursed FDI dipped by 1% YoY to USD 19.74 billion. The main contributors to registered FDI in 2021 were manufacturing projects of traditional partner countries including the Long An LNG Power Plants I & II project with a registered capital of USD 3.1 billion from Singapore, LG Display Hai Phong project with a registered capital of USD 2.1 billion from South Korea and O Mon II Thermal Power Plant with a registered capital of USD 1.3 billion from South Korea. Despite the constraints from travel restrictions, FDI strongly bounced back from negative performance in 2020, implying positive expectations of foreign investors regarding to recovery of Vietnam once the COVID-19 pandemic subsides.

TRADE RECOVERED STRONGLY – According to Vietnam's General Statistics Office, Vietnam exported USD 336.25 billion (+19% YoY) and imported USD 332.25 billion (+26% YoY), generating a trading surplus of USD 4.0 billion (-80% YoY). Mobile phones and mobile phone components remained the largest contributor to Vietnam's exports with total exports of USD 57.5 billion (+12% YoY), followed by computers, electronics, and electronic components with total exports of USD 51.1 billion (+14% YoY). In terms of imports, computers, electronics, and electronic components were the largest contributor with total imports of USD 75.9 billion (+19% YoY), followed by machinery with total imports of USD 46.2 billion (+24% YoY).

Vietnam's key trading partners recovered strongly in 2021. The US continued to be Vitenam's largest export destination with total exports of USD 95.6 billion (+24% YoY), followed by China with total exports of USD 55.9 billion (+14% YoY) and the EU with total exports of USD 39.9 billion (+14% YoY). On the import side, China remained the largest import source with total imports of USD 109.9 billion (+30% YoY), followed by South Korea with total imports of USD 56.1 billion (+20% YoY) and ASEAN countries with total imports of USD 41.1 billion (+35% YoY).

HIGHER CREDIT GROWTH RATE – Vietnam's State Bank estimated the credit growth of 2021 to reach 14% YoY – higher than a credit growth of 12% last year. The stronger credit growth rate was mainly due to a

[11] Source: https://covidvax.live/location/vnm

decrease of c.1% in borrowing rates and several packages from commercial banks to support the customers whose businesses were impacted by the COVID-19 pandemic. However, due to the impact of the COVID-19 pandemic, the proportion of bad debt and potential bad debt in the economy's total borrowing rose from 5.1% as at the end of FY2020 to 8.2% as at the end of FY2021.

APPRECIATION IN LOCAL CURRENCY – as of 31 December 2021, the VND appreciated by 1.2% YTD against the USD. The appreciation in local currency was driven by several factors including (1) strong FDI inflows; (2) the trading surplus; and (3) Vietnam's State Bank reduced its foreign currency purchase from local commercial banks by half to approximately USD 10 billion.

INCREASED UNEMPLOYMENT – Vietnam's labor market suffered due to the fourth wave of the COVID-19 pandemic. Vietnam's unemployment rate increased from 2.3% as at the end of FY2020 to 3.0% as at the end of FY2021. Vietnam's General Statistic Office estimated that there were 23.8 million people aged 15 and over negatively impacted by the fourth wave of the COVID-19 pandemic in Q4 2021. This accounts for 49% of Vietnam's total labour force as at the end of 2021, of which 4.7 million people lost their jobs, 14.7 million people were stood down from employment, and 18.9 million people had their income reduce[12].

VIETNAM WAS THE SEVENTH-BEST PERFORMING STOCK MARKET – VN-Index increased by 37.4% in USD terms, marking it as the seventh best performing stock market in the world in 2021[13]. The strong performance of Vietnam's stock market was mainly driven by robust inflows from local investors. According to Vietnam Securities Depository, 1.5 million new trading accounts opened in 2021, equivalent to 1.5x of total new openings in the previous 3 years (2017-2020). The average daily trading value ("ADTV") tripled to USD 1.05 billion in 2021, of which domestic investors accounted for 92% of ADVT in 2021. The booming inflows from local investors was mainly due to lower interest rate coupled with the developing electronic know-your- customer systems which enables domestic investors to approach the stock market with greater ease.

VIETNAM MACROECONOMIC OUTLOOK – 2022

COVID-19 STILL PERSISTS BUT THE NEW NORMAL IS ADAPTED – Vietnam recorded a daily average of 16,000 cases of community infections in the first 10 days of January 2022. No community infections caused by the new Omicron variant have been recorded in Vietnam as of 10 January 2021. Vietnam's COVID-19 vaccination rate has increased robustly and as of 12 January, 80% of the population has been fully vaccinated[14]. Vietnam reached the second highest vaccination rate in Southeast Asia, after Singapore. With a high vaccination rate, the country has re-opened its travel borders with 8 countries including Taiwan (China), Japan, South Korea, Thailand, Singapore, Laos, Cambodia, and the US from 1 January 2022. The country expects to reopen its borders to its other traditional trading partners in 1H 2022 including Australia and Europe.

GENEROUS STIMULUS PACKAGE – Vietnam's government has approved a stimulus package to bolster the country's economy with a total commitment of USD 15.3 billion for the period 2022-2023, equivalent to 4.2% of the government's FY2022 target nominal GDP[15]. This stimulus package is much broader than the total fiscal support of 2.7% of 2020 nominal GDP for the period 2020-2021. In this stimulus package, USD 7.7 billion is expected to be used to support individuals and businesses against the pandemic (mostly in the form of interest rate and tax rate cut, and healthcare and social security, labor, employment supports), USD 4.5 billion will be disbursed to develop infrastructure, and USD 2.8 billion will be used for tax cuts. As a part of the stimulus package, the value added tax has been cut from 10% to 8% from 1 Jan 2022.

INTEREST RATE IS EXPECTED TO REMAIN LOW – Despite the government plans to use USD 2 billion for interest rate cut of 2% per year for people and businesses who have been impacted by the COVID-19 pandemic, we expect a modest increase in average interest rates in 2022 due to increasing borrowing demands from businesses who have resumed their operations coupled with the hike in global interest rates.

MODEST INFLATION – as the country continues to expand its fiscal spending to boost its economy, the inflation pressure is expected to accelerate. However, due to the cautious travel border reopening and the capability to control the hike in food and utility prices, we believe the government is able to manage the CPI to under 4% this year.

CONTINUED STRONG TRADE –The Ministry of Trade is targeting a growth of 6-8% YoY in 2022 trade value[16]. We view the target is achievable due to several factors: (1) Vietnam continues to reopen its borders with its

12 Source: Vietnam's General Statistics Office
13 Source: https://vietnamnews.vn/economy/1111584/stock-market-to-make-robust-gains-as-2022-arrives.html
14 Source: https://covidvax.live/location/vnm
15 Source: https://e.vnexpress.net/news/business/economy/vietnam-eyes-15-bln-stimulus-package-4411906.html
16 Source: https://en.vietstock.vn/2022/01/trade-ministry-targets-6-8-export-growth-in-2022-974-467627.htm

key trading partners who have recovered strongly; (2) logistic processes are expected to be improved this year after disruptions caused by the COVID-19 pandemic; (3) the free trade agreement - RCEP (The Regional Comprehensive Economic Partnership) with 15 Asian and Oceanian countries who account for 30% of the world's economy will take effect from 1 January 2022[17].

REOPENING TO ATTRACT FDI – High vaccination rates and a "Living with COVID" strategy allow Vietnam to reopen its borders earlier than other peer countries. Loosening travel restrictions and quarantine requirements for foreigners entering to Vietnam, and well-trained workers who adapt to COVID-19 restrictions are the country's key advantages to attract FDI flows from the recovery of global manufacturing.

RESUMED GDP GROWTH - for full-year 2022, Vietnam's government is targeting a GDP of 6.0-6.5%[18]. We view this target is achievable due to (1) the high vaccination rates which will mitigate the need for strict lockdowns which had caused several disruptions in the economy last year; (2) a generous stimulus package to boost the domestic consumption and construction investment; (3) travel border reopening would support a recovery in the domestic service sector and maintain strong performance of trade and FDI.

[17] Source: https://asean.org/rcep-agreement-enters-into-force/
[18] Source: https://vietnamnews.vn/society/1112354/viet-nam-sets-gdp-target-6-65-per-cent-vaccine-coverage-highest-among-nations.html

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