

# TIM Vietnam Actively Managed Certificate



## Certificate Unit Price

**USD 217.70** As of December 31, 2024

## Dealing Contact

**+41 44 204 56 78**

products@helvetischebank.ch

ISIN: CH0374214515

Actively Managed Certificate that offers investors 100% participation in fundamentally sound and fast-growing Vietnamese companies

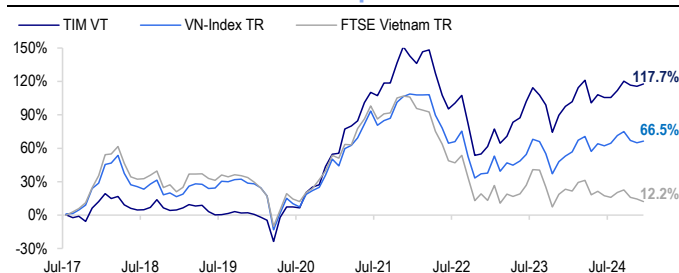
Swiss strategy manager with a 15-year investment track record and a local presence in Vietnam

Daily liquidity with Helvetische Bank AG as market maker

## Investment Objective

- Add value for risk-conscious long-term investors to benefit from future growth in emerging Vietnam, which stands at the beginning of industrialization.
- Our investment approach is based on fundamental analysis of the underlying business and fair price valuation, a leadership position in the local market, strong corporate governance, and above average earnings growth prospects compared to its local peers.

## Net Performance Since Inception in USD



## Certificate Facts

Type	Open-end Dynamic Tracker Certificate
Currency	US Dollar
Min. Investment	USD 100
Mgmt-/ Admin Fee	1.0% / 0.5%
Performance Fee	10% with High Water Mark (HWM)
ISIN	CH0374214515
Issuer	Helvetische Bank AG
Inception	14 July 2017
Reference Index	FTSE Vietnam Index
Strategy Manager	Turicum Investment Management AG
Market Maker	Issuer with 0.5% spread
Clearing Institution/ Clearing Code	SIX SIS AG/ CH116589

All in USD (%)	1-year	5-year	2017	2018	2019	2020	2021	2022	2023	2024
<b>TIM VN</b>	10.2	116.4	12.1	-6.7	-3.8	53.6	57.2	-33.5	22.3	10.2
<b>FTSE VN TR</b>	-8.9	-13.4	35.5	-10.7	7.1	18.7	34.0	-45.1	8.9	-8.9
<b>VN Index TR</b>	8.8	30.1	28.6	-9.5	9.9	17.4	39.0	-34.1	11.1	8.8

## Certificate Activities

- In December, the portfolio's Net Asset Value (NAV) rose by 0.9%, achieving an annual increase of 10.2% for 2024. This performance stands in sharp contrast to the FTSE Vietnam Index, which experienced an 8.9% decline over the same period. The portfolio's ability to outperform both the reference and the broader market underscores our successful bottom-up investment strategy, which prioritizes diligent stock selection to achieve consistent positive results.
- In 2024, Techcombank (TCB, +55.9%) was the top performance contributor. TCB reported a strong rebound in net profit, supported by the sector's strongest credit growth and a notable improvement in net interest margin. The bank benefited from low funding costs, driven by enhanced current account and savings account (CASA) growth through continuous innovation in customer acquisition and financial solutions. Binh Dinh Pharmaceutical (DBD, +27.0%) was the second-best performance contributor, which has gained recognition for its strong fundamentals, achieving positive performance despite industry challenges. The company's proactive capex updates and the government's approval of amendments to Vietnam's Pharmaceutical Law have positively influenced investor sentiment.

Binh Minh Plastics (BMP, +41.4%) has maintained strong performance following its breakout year in 2023. Despite initial concerns over construction material demand, and despite sales volumes declining in the first half of 2024, BMP demonstrated resilience with robust Q3 growth, capitalizing on steady demand in the construction sector. The company's performance was further bolstered by low PVC resin prices, driven by an oversupply in China due to the ongoing weakness in its real estate market. Internally, BMP continued to enhance efficiency through increased automation and improved procurement processes. These factors collectively highlight BMP's solid business foundation and its potential for continued growth.

Overall, the portfolio reflects a well-defined investment approach, focusing on companies with solid fundamentals and growth potential, positioning us favorably for continued success in the evolving market landscape of 2025

- As of the end of December, the portfolio trades at a 2025F P/E ratio of 10.9x and at a P/B ratio of 1.5x.

## Top 5 Holding

Ticker	Company Name	% Portf
DBD	Binh Dinh Pharmaceutical	12.7
DHC	Dong Hai JSC of Bentre	11.8
BMP	Binh Minh Plastics JSC	9.9
TCB	Vietnam Technological and Commercial JS Bank	9.9
TNH	TNH Hospital Group JSC	8.0

## Sector Allocation

Health Care	22.4%
Materials	16.8%
Financials	16.7%
Real Estate	15.4%
Consumer Staples	13.3%
Industrials	9.9%
Utilities	3.0%
Cash	2.5%

## Valuation

	P/E			P/B			EPS Growth			Yield		
	2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F
	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	(%)	(%)
TIM VN	13.4	12.9	10.9	1.8	1.6	1.5	-14.0	4.1	18.4	3.0	3.4	4.1
FTSE VN	16.7	14.6	12.8	1.6	1.5	1.3	-13.6	14.2	14.5	1.3	1.3	1.8
Top 100	15.2	12.9	10.9	1.9	1.7	1.5	-3.9	17.8	18.1	1.4	1.6	1.9

(\*) Multiples are calculated using the aggregated method.

## Statistics

TIM Vietnam	1 year		3 years	
Annualized volatility in %	Total	Downside	Total	Downside
- Portfolio	13.70	9.86	22.04	17.62
- FTSE	15.02	12.53	25.09	21.07
- VNI-TR (USD)	13.80	9.59	21.25	17.11
Sharpe ratio (x)	0.48		-0.19	
Sortino ratio (x)	0.67		-0.24	
Annual return (USD) in %				
- Portfolio	10.16		-3.59	
- FTSE	-8.95		-18.32	
- VNI-TR	8.82		-7.27	
- Risk free rate	4.10		3.04	
Vs. reference	VNI-TR	FTSE	VNI-TR	FTSE
Information ratio (x)	0.27	3.92	0.49	1.36
Alpha (%)	1.65	17.39	3.26	10.10
Beta (x)	0.93	0.87	0.96	0.78
Return indicated by beta (%)	8.51	-7.23	-6.86	-13.69

## Vietnam's Update – Economy

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Vietnam closed 2024 on a strong note, achieving a remarkable GDP growth of 7.1%, signaling a return to pre-pandemic momentum. The country launched Ho Chi Minh City's first metro line, set records in FDI disbursements and international tourism, and strengthened diplomatic ties with France, Australia, and Malaysia. The year also marked a leadership transition with the appointment of General Secretary To Lam.

**2024 Economic Growth: Agricultural and Industrials took the Lead.** Those sectors make up half of the GDP. Agriculture expanded by 3.3%, while industrials surged by 8.3%, driven by restocking in key export markets such as the U.S. and Europe. The service sector also posted a strong 7.4% growth, boosted by a record 17.6 million international tourists. However, domestic consumption showed signs of softness, with inflation-adjusted retail sales growing “only” by 5.9%, down from 6.8% in 2023.

**Building Momentum for an Infrastructure Boom.** The State Bank of Vietnam (SBV) pursued an accommodative monetary policy throughout 2024 to support economic growth. In contrast, fiscal policy saw a modest increase of just 2% year-on-year in public spending. Despite the slow fiscal pace, the government is gearing up for transformative changes, focusing on streamlining administrative structures and cutting recurring expenses to redirect savings toward growth-focused investments. These efforts will lay the groundwork for ambitious projects such as the \$67 billion North-South High-Speed Railway. For further details, please refer to our [Doi Moi 2.0](#) analysis

**2025F GDP Growth is projected at 7.4%**, powered by an expansionary fiscal policy focused on infrastructure investment. The National Assembly has approved a state budget for 2025 with development-related spending projected at VND790.7 trillion (USD 31.4 billion), a new record (+ 16.7% compared to 2024). Monetary policy, however, may tighten slightly, given foreign exchange rate pressures and rising credit demand.

**Low inflation creates room for fiscal expansion.** Vietnam kept inflation well in check, with the CPI ending 2024 at a low level of 2.9%, thanks to decelerating food prices and lower gasoline prices, offsetting rising electricity costs. While inflation is expected to rise somewhat in 2025 due to significantly increased infrastructure spending, the current low inflation environment provides a stable foundation for fiscal stimuli.

**Potential Risk from Trump is likely overconcerned.** Vietnam's total trade grew by 14.6% in 2024, resulting in a trade surplus of \$24.8 billion. While the return of Donald Trump to the U.S. presidency and a \$100-billion trade surplus between Vietnam and the U.S. raises concerns about potential tariffs, the risks may appear overstated. Since Trump's first term, bilateral relations have strengthened, culminating in the recent agreement of a Comprehensive Strategic Partnership. Vietnam's strategic importance in the South China Sea, coupled with its role in the supply chains of not only the U.S., but also of Japan and South Korea, adds another layer of protection. Furthermore, ongoing negotiations for aircrafts and LNG purchases from the U.S. demonstrate Vietnam's commitment to balancing trade relations. Overall, although there are challenges under Trump 2.0, we think that Vietnam may be able to navigate successfully through eventually upcoming turbulence.

**FDI Boom: High-Tech Giants bet big on Vietnam.** FDI disbursement reached \$25.3 billion with giants in the high-tech industry such as Samsung, LG and Amkor accounting for most of this amount. However, the most notable event of FDI investment in 2024 was “the birth of Nvidia Vietnam”. With the upcoming second Trump presidency, FDI firms may at first apply a “wait and see” tactic in the early months of 2025. However, potential tariffs of 60% on China are with no doubt significant enough to trigger another wave of supply chain relocation. Hence, Vietnam with its strategic location, neutral diplomacy, and low manufacturing costs remains a top contender for investment.

**Short-term Pressure for the Vietnamese Dong should ease gradually.** The USD appreciated by 5% against the VND in 2024. Trump's recent communications suggest that the USD is likely to remain strong. We expect some pressure for the VND in the first few months of 2025, given Vietnam's limited foreign reserves, which were at around 2.6 months of imports by end of 2024. However, we think the pressure will ease at some point as the Federal Reserve is expected to cut interest rates, which will typically exert downward pressure on the USD. Investors' rising concern on the U.S. government debt may eventually also revert the trend of the USD, meaning less pressure for the Vietnam Dong.

## Vietnam's Update – Stock Market

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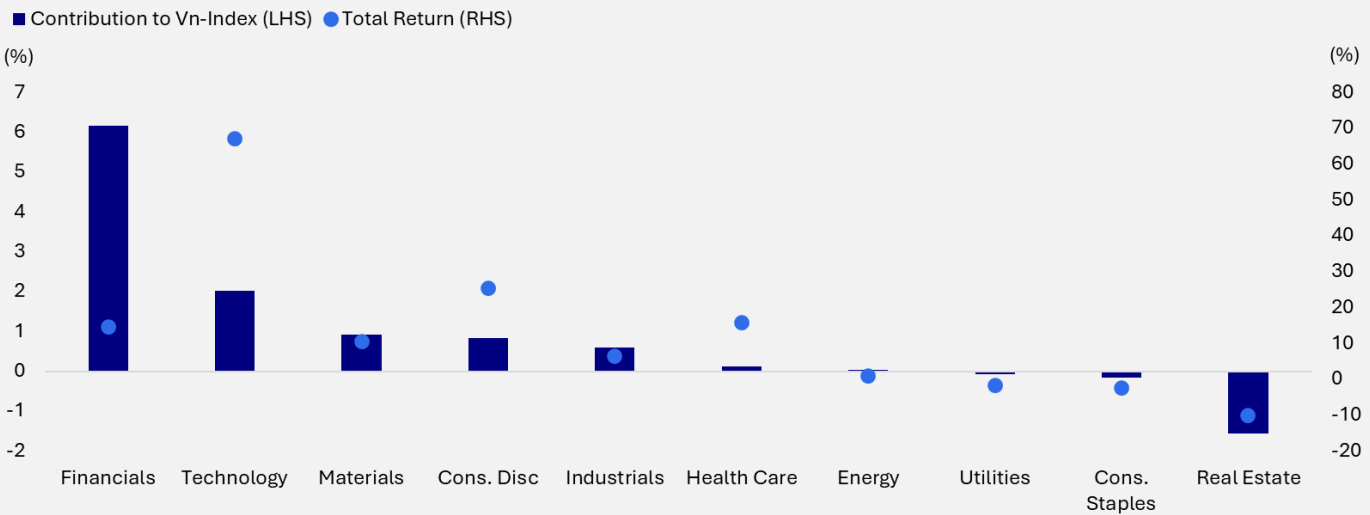
**The VN-Index Closed 2024 with positive Momentum.** In December, the VN-Index continued its upward trajectory, posting a 0.9% increase, bringing the total gain for 2024 to 8.8%. The year started very well with the index surging some 15% in the first quarter. However, subsequent quarters encountered challenges such as the appreciation of the USD/VND, escalating global geopolitical tensions, and uncertainties surrounding the U.S. elections. These factors have triggered substantial foreign outflows amounting to \$3.7 billion. But domestic investors absorbed the selling pressure, maintaining an average daily trading volume of \$844 million, up by 21.1% y/y. Despite this resilience, foreign investor sell-offs, particularly in stocks like MSN and Vingroup-related equities, dragged the FTSE Vietnam Index down by 8.9% in all 2024. Moving ahead, the return of foreign investors may be one of the supporting factors for the general market in 2025.

**Sector Highlights: Financials and Technology led the upturn, while Real Estate struggled.** Financials emerged as the key driver for the VN-Index in 2024, advancing by 14.6%, fueled by robust domestic economic momentum and by a strong 15% credit growth. Technology followed closely, with FPT leading the charge, benefiting from renewed interest in digital transformation, AI, and semiconductors. Industrials (+6.5%) and materials (+10.5%) also recorded solid gains, reflecting Vietnam's strengthened manufacturing and trade activities. Conversely, the real estate sector faced a 10.0% decline as late-year regulatory reforms failed to offset challenges from earlier in the year.



**VN-Index 2024 total return attribution by sectors**

Financials and Technology were the leaders



Source: Bloomberg

**2025 Outlook: Opportunities amid global Uncertainties.** As we approach 2025, the global market landscape remains unpredictable, with capital flows predominantly concentrated in the U.S. market. This scenario creates opportunities for diversification, positioning Vietnam’s stock market as an appealing alternative. Investors can leverage Vietnam’s robust economic growth at attractive valuations. While short-term volatility is anticipated as the Trump presidency begins in only couple of weeks, it could present a good entry point for acquiring high-quality companies at reasonable prices. A potential upgrade to a FTSE Emerging Market status in September 2025 could further catalyze market growth and encourage foreign investor inflows.

**Investment Themes for 2025: Infrastructure, Banking, and Healthcare in Focus.** We favor companies in the materials and industrials sectors, which are well-positioned to benefit from the government’s infrastructure development initiatives. The banking sector also offers compelling opportunities, underpinned by robust credit demand and sustained economic growth. Enhanced risk management, governance and appealing valuations compared to regional peers further bolster its attractiveness. Additionally, the healthcare sector is well-positioned to benefit from long-term growth in drivers such as a rising middle-income population and increasing consumer focus on health and wellness. By offering more incentives, the government is also enhancing its efforts to support private and domestic firms, including both pharmaceutical producers and hospital operators. This strategic push aims to alleviate the financial burden on the government from subsidizing healthcare service fees, promoting a more sustainable healthcare ecosystem.

At the end of December 2024, Vietnam’s Top 100 stocks have an expected 2025F EPS growth of 18.1%. According to Bloomberg, by end of December, the VN-Index’s 2025F P/E of 10.9x remains competitive compared to regional peers such as Thailand (16.3x), Indonesia (15.1x), Malaysia (14.2x), and the Philippines (12.7x), presenting attractive opportunities for value-oriented investors.

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