

Market Update

The global oil price slump continued to cause investors' pessimism and drove the VN-Index down to a seven-month low in the last two weeks of December 2014. Fortunately, the market eventually rebounded on the last 2 trading days of the year, after a few recovery attempts during the review period, as investors stood ready for the highly-anticipated New Year rally. The VN-Index ended the year at 545.6, a drop of 3.7% from last month's end, whilst the VN30 declined 1.6%. The HNX-Index notably fell 5.1% to close at 82.97. For the whole of 2014, the VN-Index managed to record a moderate gain of 8.1% YoY, in line with a 7% YoY increase in the VN30-Index. The HNX-Index was the star of the 3 main indices, jumping 22.3% over the same period.

Vietnam successfully achieved all major macroeconomic targets in 2014

The General Statistics Office reported that 2014 was the third consecutive year of trade surplus for Vietnam, with an approximate value of US\$2 bn. This is a significant achievement compared to the \$0.28 bn and \$0.86 bn surpluses recorded in 2012 and 2013, respectively. The overall export value in 2014 surged 13.6% YoY, mostly contributed by the FDI sector, while total import value increased 12.1% YoY. The total FDI disbursement in 2014 reached US\$12.4 bn, up 7.4% YoY, which we think is an achievement considering the brief overhang caused by the China conflict in May. Industrial manufacturing, processing and electronic equipment remain the most attractive sectors for investments, followed by real estate and property construction. The 2014 GDP growth of 5.98% YoY was the

highest in the last 4 years, a proof that the Government's reform measures have been effective. CPI declined 0.24% MoM in December, which brought the full-year inflation headline to 1.84% YoY, the lowest annual inflation in the last 13 years. Keeping inflation at a low rate will still be one of the top priorities of the Government's in 2015.

SBV continues to closely monitor NPLs and push for consolidation

The State Bank of Vietnam on 16th December 2014 issued the Document No. 9332 to instruct its branches nationwide to closely monitor the NPLs of local credit institutions and accelerate their progress of bad debt restructuring as per instruction of the National Assembly. Local credit institutions are required to keep resolving NPLs by making risk provisions and selling bad debts via the VAMC. The VAMC has bought US\$4.76 billion worth of bad debts so far. The SBV has recently submitted its proposal to the Government for an increase in the VAMC's charter capital to \$95.25m from the current \$23.8m to accelerate the bad debt restructuring activities. Consolidation in the banking industry is also being pushed by the SBV, with two big state-owned banks (Vietcombank and BIDV) allegedly working out their M&A plans in 2015.

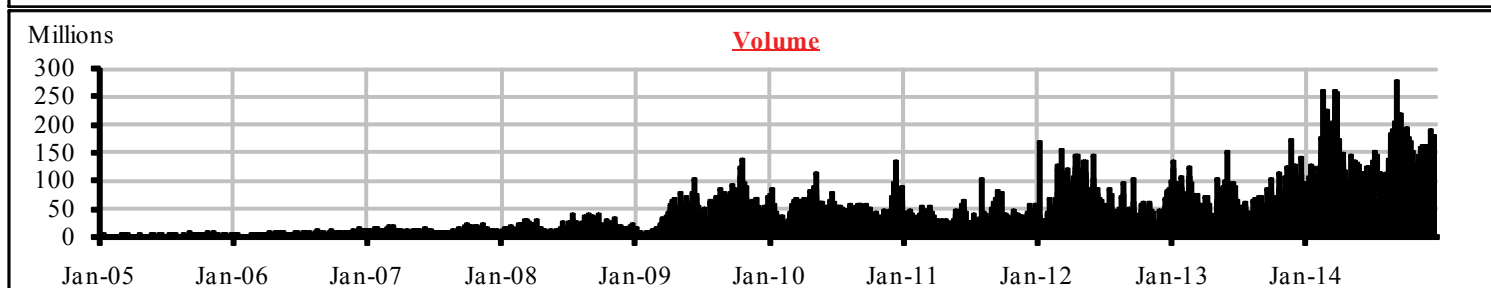
Free Trade Agreement conclusions for the year 2015

Vietnam and South Korea announced the conclusion of bilateral FTA negotiation on 10th December 2014 after nearly 2.5 years of discussion. This bilateral agreement is expected to be officially signed in early 2015 while a few technical

issues are to be resolved. The bilateral FTA will remove tariff barriers on more than 90% products, including e-commerce and legal institutions. South Korea is currently Vietnam's largest foreign investor and the second largest ODA provider. Additionally, the 8th FTA negotiation round between Vietnam and Customs Union of Belarus-Kazakhstan-Russia has been concluded on the agreement's key issues. Both parties have signed the announcement and will exchange on remaining text finalization for the agreement signing in early 2015.

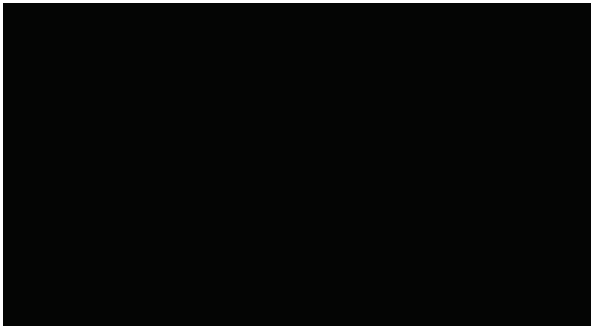
Our view:

2014 ended on a positive note with macroeconomic stability sustained and most Government's targets achieved. Despite the numerous challenges in both domestic and global economies as well as in diplomatic relations (with China in particular), Vietnam was able to achieve a healthy GDP growth rate, low inflation, stable currency, sustained trade surplus and good performance of the FDI sector. As recovery signs of the economy have become visible, we are looking forward to Year 2015 with higher growth rate, more rapid progress in banking and SOEs reform, as well as an upturn in the real estate and consumer markets. We believe that with serious determination of the Government and the hard lessons they have gone through, macroeconomic stability and sustainable development will not only be priority in 2015, the last year of the 5-year 2011-2015 socio-economic development plan, but also will become top priority of the Government in the following 5-year term. We maintain our positive view on the economy and stock market.



* It is generated by VAM in-house Company Analysis System - VCAS as of 30 Nov, 2014 comprising of both the Ho Chi Minh Stock Exchange (HSX) and the Hanoi Stock Exchange (HNX).

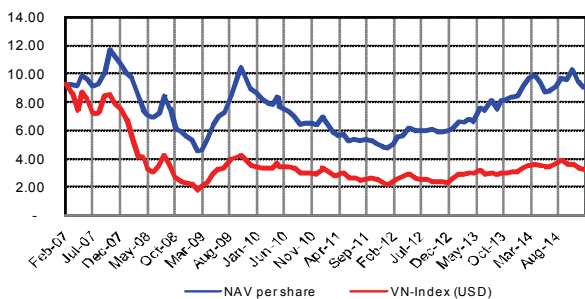
Vietnam Emerging Market Fund (VEMF Cayman)



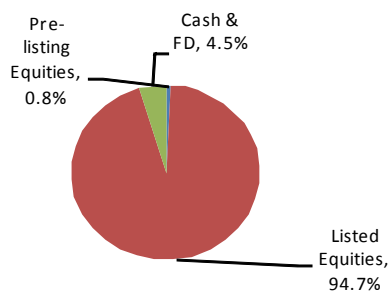
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end of December, the Fund's NAV was \$8.98. Despite a 4.77% MoM decrease, the fund was up 5.4% YTD and continued to lead the VN-Index (US\$), recording outperformance of 61.25% since inception. As at end of December, the fund was 95.5% invested.

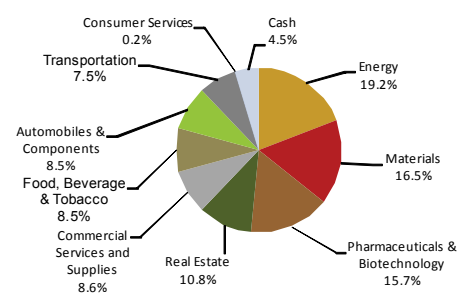
Performance vs. VN-Index (US\$)



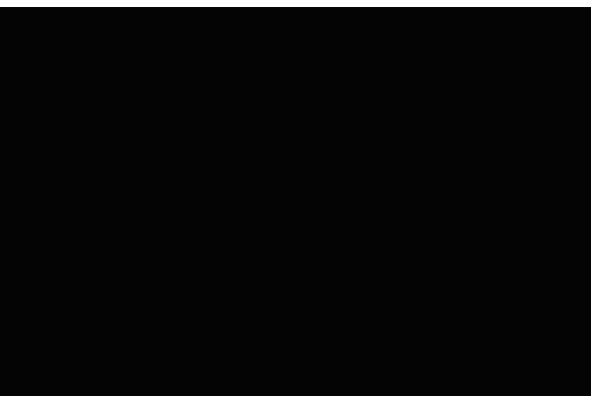
Fund Breakdown



Sector Breakdown

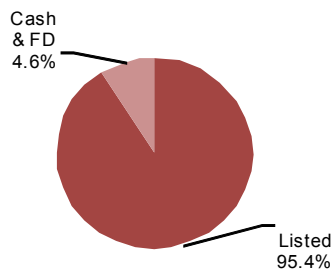


Vietnam Emerging Market Fund SICAV (VEMF SICAV)

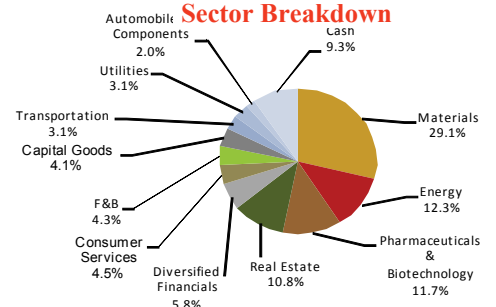


VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily liquidity for offshore investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

Fund Breakdown



Sector Breakdown



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