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Market Update

Vietnam stock market rebounded steadily in the first half of April led by Banking and Energy sectors before losing its momentum due to profit taking activity. Ending the period, VN-Index and VN30 managed to record a small gain of 2.0% and 2.3% to close at 562.4 and 593.2 respectively, whilst the HNX Index was up almost 1% at 82.8.

Low inflation helps to boost manufacturing activities

Low inflation (0.04% YTD and 0.99% YoY in April), coupled with increasing client demand led to strong growth in manufacturing activities. In particular, the April HSBC PMI hiked to 53.5, a record high since its first launch in April 2011 whilst the Industrial Production Index also advanced to 9.4% YoY in 4M2015, well exceeding the growth rate of 5.5% in the same period last year, implying a significant improvement in manufacturing activities.

FDI continued to be the growth driving force

Although total registered FDI declined 77% YoY in 4M2015 due to the absence of large size projects, the FDI disbursement increased 5% YoY to USD 4.2bn. Industrial processing and manufacturing sectors continued to be the

most attractive sectors for FDI with USD 2.8bn, accounting for 76% of total registered FDI. Meanwhile, in the latest update, thanks to good performance of FDI sector and declining oil price, the World Bank raised its growth forecast for Vietnam's economy in 2015 to 6%, 0.5% higher than its forecast in October 2014.

New Decree to pave the way for VAMC to accelerate NPL resolving process

As per the new Decree 34/2015/ND-CP, the VAMC's charter capital was increased four-fold to VND 2trn (USD 94mn) in order to enhance VAMC's capacity to resolve NPLs. In 1Q2015, VAMC purchased VND 14trn (USD 648mn) worth of NPLs which was only 17.5% of its target this year. Notably, VAMC can now purchase bad debts at market price by issuing normal bonds which are transferable from local to foreign banks and

usable in OMO. These normal bonds can have various maturities whilst banks do not need to make provision for them. The new Decree 34 aims to assist VAMC in accelerating the NPL resolving process.

EU – Vietnam FTA expected to be signed by mid-2015

As European Union and Vietnam have agreed on numerous major issues during recent negotiations, both sides have shown their best efforts to accelerate the agreement conclusion and signing by mid-2015. When concluded, most import taxes between EU and Vietnam will be reduced significantly, even to 0% for some key Vietnam exports to EU such as textiles, footwear and foodstuff. Since EU has been one of the major trade partners of Vietnam, the EU-Vietnam FTA would further promote investment and trades between these two areas.

Our view

Amendments in regulations governing VAMC's operations, especially the clause allowing VAMC to purchase bad debt at market price, are expected to help accelerate the NPL recovery process. However, as some bad debts would inevitably have market prices at way below their book values, we think banks may not wish to sell whilst VAMC may also be reluctant to purchase these NPLs as it would need a comprehensive valuation of the assets. Thus we would be watchful on the effectiveness of the new VAMC regulations. With improving macro, accelerating manufacturing activities, drastic banking reform and new trade opportunities such as the Vietnam-EU FTA, we believe the overall economy is ready for its new upcycle. As historical data reveals that the stock market tends to exhibit big fluctuations in May, we would exercise caution to protect the Fund's performance.

Macro Statistics

	YTD 2015	FY 2014	FY 2013
GDP Y-o-Y	6.03%	5.98%	5.40%
Credit Growth	2.78%	12.62%	12.51%
Industrial Production Y-o-Y	9.40%	7.60%	5.90%
Real Retail Sales Y-o-Y	8.00%	6.30%	5.50%
CPI	0.04%	1.84%	6%
Trade Balance (USD bn)	-3.00	2	0.86
Disbursed FDI (USD bn)	4.2	12.4	11.5
Exchange rate (USD/VND)	21,630	21,405	21,125
HSBC PMI (end of period)	53.5	52.7	51.8
Net foreign buying (USD mn)	2.1	172	321

VNIndex (VND)



Sources: GSO, Vietcombank, HOSE

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	2014 PE	2015 PE	2016 PE	2017 PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.0	3.2	-2.4	3.1	13.9	12.5	10.4	9.1	2.3	4.5	19.1	33.7	18.9	14.1	3.2
Automobiles & Components	1.3	1.3	3.3	5.8	12.8	12.6	9.9	8.6	2.1	2.9	21.6	27.4	19.2	14.3	0.7
Banks	26.6	2.1	1.2	19.2	17.1	15.2	13.0	10.8	1.5	3.4	10.5	40.3	14.7	10.4	12
Capital Goods	2.4	0.8	-0.2	1.3	9.7	9.1	8.2	7.5	1.4	5.4	17.2	33.1	16.8	18.9	0.1
Commercial Services & Supplies	0.5	4.9	2.0	3.2	11.3	11.4	7.3	6.6	1.7	3.3	20.8	33.5	13.4	10.0	0.1
Consumer Durables & Apparel	0.6	3.3	6.5	7.3	12.0	9.0	6.8	11.3	1.7	4.0	18.1	15.4	8.6	4.3	0.9
Consumer Services	0.4	-4.4	-8.3	-14.2	16.1	13.7	11.9	10.6	2.1	-	17.5	59.3	35.5	28.8	-0.1
Diversified Financials	2.0	-2.8	-17.6	-15.7	12.0	10.6	9.8	8.8	1.2	5.3	10.9	59.2	52.3	50.7	-0.6
Energy	16.7	3.3	-14.9	-4.6	8.4	11.3	10.2	9.0	2.7	4.5	25.1	20.6	16.5	13.8	-0.4
Food, Beverage & Tobacco	19.2	7.6	6.8	9.8	17.0	14.6	12.6	11.1	4.2	4.4	30.2	36.4	19.0	16.4	-0.3
Health Care Equipment & Services	0.1	2.9	-0.9	21.1	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.4	0.7	1.3	1.4	11.0	13.7	8.9	9.4	1.1	4.9	38.2	26.7	9.3	-4.0	0.2
Insurance	3.4	3.6	3.3	7.9	9.1	7.9	7.0	6.6	1.0	2.9	12.6	22.5	-0.3	20.4	-0.9
Materials	5.7	1.3	-8.5	-9.3	9.6	8.4	7.9	7.1	1.5	5.4	19.0	21.6	14.1	11.2	0.5
Pharmaceuticals & Biotechnology	1.5	0.1	-1.5	-2.1	13.3	12.1	10.9	9.6	2.5	4.0	21.7	47.2	16.6	12.7	-0.2
Real Estate	11.8	0.6	-2.1	-2.1	16.6	11.6	5.7	5.5	1.1	5.9	10.3	44.9	36.0	27.4	1
Retailing	1.7	2.3	-5.1	3.3	16.2	13.6	12.1	10.5	4.5	4.9	32.6	13.2	4.7	3.2	0.1
Software & Services	0.1	10.7	28.7	34.8	-	-	-	-	-	-	-	-	-	-	-
Telecommunication Services	1.7	3.8	3.5	4.1	8.7	7.0	5.6	4.8	1.8	5.8	32.6	19.4	9.9	-79.7	-0.2
Transportation	2.0	1.5	-2.6	0.7	8.8	7.5	7.3	6.6	2.1	7.0	26.3	29.2	23.6	20.6	-
Utilities	2.0	3.7	-0.1	-2.7	8.5	8.8	7.4	7.6	1.2	5.0	15.5	34.0	30.5	29.7	-

* It is generated by VAM in-house Company Analysis System - VCAS at of 31 March, 2015 comprising of both the HOSE and the HSX

Vietnam Emerging Market Fund (VEMF Cayman)

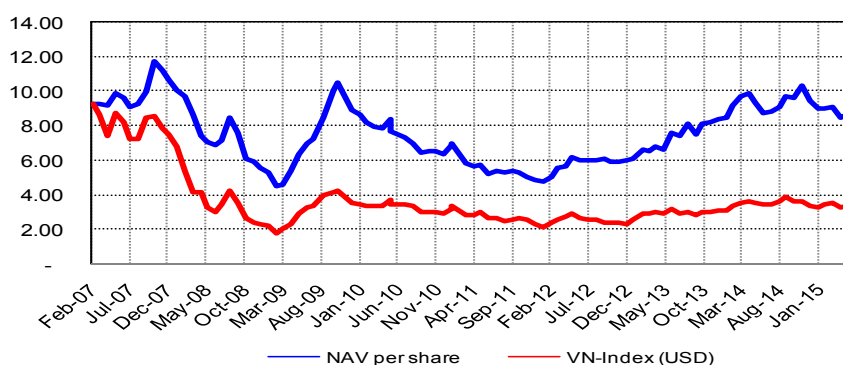
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end of April, the Fund's NAV was \$8.66. With a 2.36% MoM increase, the Fund outperformed the VN-Index (US\$) by 0.48% MoM and 57.04% since inception. During the month, we slightly restructured the portfolio, taking profit from some top holdings that have done well. As at end of April, the Fund was 98% invested.

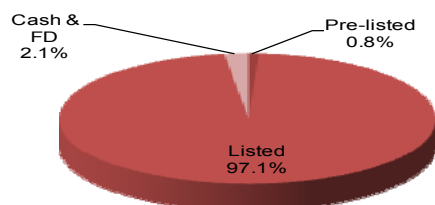
Fund performance

NAV per share	US\$8.66
Apr-15	2.4%
YTD	-3.6%
07)	-6.5%
Reuters	65092798
Bloomberg	Equity
ISIN	KYG 936131005
CUSIP	G93613100

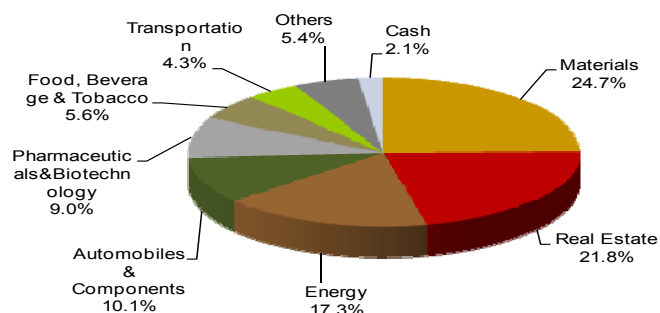
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



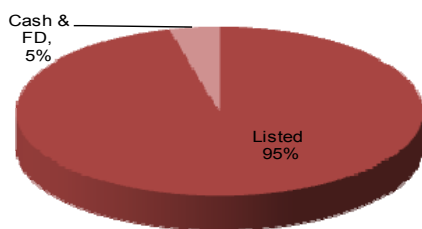
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B
NAV/share at inception (Jun 19, 2014)	EUR 1,000.00	EUR 1,000.00
NAV/share Apr 30, 2015	EUR 1,118.23	EUR 1,100.85
Reuters	68266524	68266525
Bloomberg	IPCVEMA LX	IPCVEMB LX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

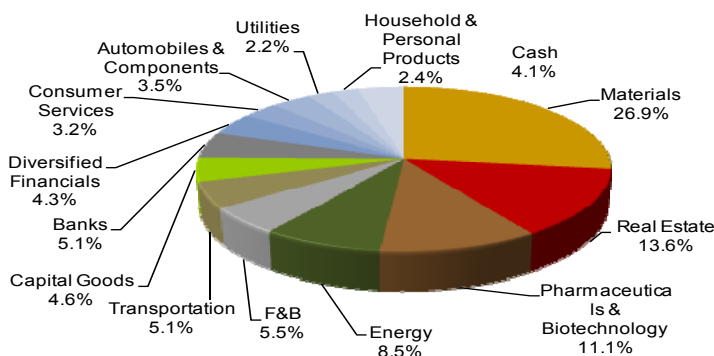
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily liquidity for European investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

Kindly note that this UCITS Fund does not have sufficient performance data for one complete calendar year in order for the fund manager to provide a useful indication of past performance to investors. We shall only provide the Fund's performance data after its first twelve months of operation, in accordance with the Commission Regulation (EU) No. 583/2010 of 01 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council.

Fund Breakdown



Sector Breakdown



VAM in the News

German Euro fundspress interviewed Ms Thu Nguyen – CEO/CIO of Vietnam Asset Management – in April 2015 regarding her view on the Vietnam stock markets and the country's current economic status. Ms. Nguyen particularly commented on the advantages the country has against its peers and what investors can expect from investing in the stock market and from investing with VAM. For the full article in German and English translation, please refer at: [Tigerstaat vor dem großen Sprung \(Euro fundspress, issue No. 17, 2015\)](#)

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