

Market Update

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While Fed's interest rate hiking in mid December was highly anticipated, hence not having significant impact on the market, persistent net selling of foreign investors in the last two months of the year (US\$114 mn) apparently dampened market sentiment. Nevertheless, foreign investors kept their net buy position (over USD120mn) for the whole year. Closing a volatile 2015, the VN Index slightly increased 1.09% MoM in December while the HNX Index was down 0.81% MoM.

2015 GDP growth marked 5-year high, slightly exceeding government's target while inflation hit 14-year low

With 7% growth recorded in 4Q15, Vietnam achieved an impressive GDP growth rate of 6.68% for FY2015 amidst global slowdown, while inflation hit 14-year low at only 0.6% on falling fuel prices. Manufacturing (expanding by 10.6% in 2015 vs. 8.5% in 2014) remained a key growth driver, together with resilient domestic consumption and recovering property market. Remarkable recovery of domestic demand helped to some extent offset external weakened demand. Banking sector also sent positive signals with credit growth reaching 18% for FY2015 vs. 14% in 2014, system-wide NPLs having been brought to below 3% and consolidation process showing concrete progress (4 weak commercial joint-stock banks have been merged with stronger ones and 3 weakest have been nationalized). Currency devaluation (VND depreciated about 5% against USD in 2015) on the other side was still a major concern. Full-year trade deficit of estimated

US\$3.2 bn added further pressure on VND in the context of significant devaluations of CNY and regional currencies. However, the State Bank of Vietnam (SBV) generally did a good job during the year to handle the situation.

Free Trade Agreements (FTAs) and Trans Pacific Partnership Agreement (TPP) significantly increased Vietnam's attraction to FDI

FTAs (with the EU, ASEAN, South Korea, etc.) and TPP, signed in 2015, helped Vietnam have a strong surge in FDI in 2H15. Registered FDI went up by 12.5% YoY, reaching US\$22.8 bn - a highest level since 2009 while disbursed FDI reached 20-year record high at US\$14.5 bn, up 17.4% YoY. Samsung's US\$600M top-up in late December in one of its factories in Vietnam raised its total pledged investments to the country so far to more than US\$12 bn and made it to the top of Vietnam's FDI investor list. Since Vietnam is actively pursuing trade liberalization policies, FDI expectedly continues to be strong in 2016 and coming years, maintaining a firm foundation for economic growth in the medium term as

in fact FDI sector has become increasingly important in the economy.

State Bank of Vietnam applies a more flexible currency regime from 2016

On the first day of 2016, the SBV starts to apply a more flexible currency regime. Instead of adjusting the reference rate from time to time (made 3 times in FY2015, namely in January, May and August with +1% adjustment each time), they now move to daily fixing of the reference rate with a market-based approach. Daily fixing of the reference rate will take into account (i) onshore interbank weighted average rate of the previous day (ii) offshore currency movements of Vietnam's major trading partners, and (iii) a view to domestic macroeconomic conditions and monetary policies. Daily trading band is kept at $\pm 3\%$. The new approach enables the SBV to give VND a more floating mechanism while still keeping SBV's control over monetary policy. The move aims to facilitate VND to cope with anticipated market developments onshore and offshore in the coming time, hence support stability of the country's macroeconomic environment.

Our view

Vietnam ended 2015 with major macroeconomic targets successfully achieved. GDP growth rate of 6.7% was among the highest in the region, which was remarkable in the context of stalled global economy. Strong FDI inflows helps the country overcome difficulties caused by external unfavorable conditions in the short term and maintain a firm ground for further economic growth in the longer term. Current economic momentum makes the government's 2016 GDP growth target of 6.7% look feasible. Though VND's 5% depreciation against US dollar in 2015 was in the low boundary of regional currencies' depreciation range (5-20%), it remains a major concern in 2016. The new currency mechanism with daily adjustment will hopefully mitigate currency big shock, hence support stability and economic growth. On the stock market, strong commitment from the authorities regarding 2016 IPO schedule and divestments of state's stakes in big listed SOEs, as well as liquidity increasing measures such as intraday trading and derivatives, promise an interesting year ahead. Overall, though global uncertainties persist, we keep our positive view on Vietnam's economy and the stock market.

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	1.0	2.9	6.1	19.8	14.1	12.7	11.2	2.8	4.3	19.3	33.9	17.7	15.1	4.2
Automobiles & Components	1.2	-6.0	-1.8	-7.2	12.6	6.7	8.9	9.0	2.1	7.8	22.6	30.1	25.6	20.8	0.4
Banks	32.3	2.8	-0.7	36.0	26.9	15.5	13.3	11.7	1.8	3.3	11.4	41.5	16.2	11.5	13
Capital Goods	2.7	3.0	17.7	21.5	13.0	10.7	9.2	8.1	1.9	5.2	17.9	30.4	16.0	14.2	0.1
Commercial Services & Supplies	0.7	4.1	14.6	20.6	15.8	10.9	8.9	8.2	2.3	2.7	29.8	28.8	16.8	10.3	-0.2
Consumer Durables & Apparel	0.7	9.9	21.3	41.0	22.0	7.8	6.7	6.0	1.8	2.9	25.9	22.8	15.4	9.7	0.9
Consumer Services	0.3	-0.8	8.4	-33.5	14.2	9.1	7.6	6.9	2.0	-	23.3	52.7	38.3	30.0	-0.1
Diversified Financials	2.0	-3.3	-6.9	-14.7	14.5	12.8	11.8	10.5	1.4	5.0	11.2	59.2	51.7	50.3	-0.6
Energy	10.3	-11.6	-17.6	-43.7	5.0	8.1	8.8	7.2	1.6	8.0	19.9	18.0	13.9	11.9	-0.5
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	18.3	4.6	15.2	32.5	26.7	19.8	18.3	16.8	6.2	3.3	32.2	37.3	19.7	16.9	-0.3
Health Care Equipment & Services	0.1	-15.9	14.6	-68.6	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.6	0.0	-0.2	9.9	9.8	10.6	14.4	9.4	1.4	4.7	14.9	24.5	12.2	10.7	0.1
Insurance	5.0	0.7	20.6	62.0	15.0	11.9	10.1	10.5	1.4	2.0	12.4	21.9	-0.6	18.8	-0.9
Materials	5.0	-0.5	4.2	-10.8	16.3	8.7	7.5	6.9	1.5	7.7	20.1	22.0	14.8	11.3	0.5
Pharmaceuticals & Biotechnology	1.3	0.7	2.2	-13.2	11.2	10.6	9.3	7.9	2.0	4.8	21.0	38.7	15.9	12.6	-0.2
Real Estate	11.2	2.5	5.8	-5.1	17.8	16.5	14.2	11.7	3.5	4.3	22.3	39.6	28.8	17.0	1.3
Retailing	1.6	5.2	27.0	2.4	12.2	12.7	10.9	9.5	4.1	5.3	31.9	12.9	4.8	0.4	0.4
Software & Services	0.2	4.1	5.4	69.0	12.8	18.3	14.5	13.7	1.1	3.6	6.2	31.4	14.7	9.7	0.4
Telecommunication Services	1.9	-0.4	6.2	12.5	11.9	11.3	9.1	7.4	2.2	4.1	19.8	18.3	7.0	4.5	0.1
Transportation	2.4	4.8	22.4	29.8	10.1	12.3	15.5	10.5	3.0	4.7	24.1	33.9	27.4	22.8	-
Utilities	2.4	-1.2	3.3	-6.2	15.5	7.8	7.1	7.0	1.3	6.2	19.6	32.6	26.5	58.6	0.6

* It is generated by VAM in-house Company Analysis System - VCAS at of 31 December, 2015 comprising of both bourses

Vietnam Emerging Market Fund (VEMF Cayman)

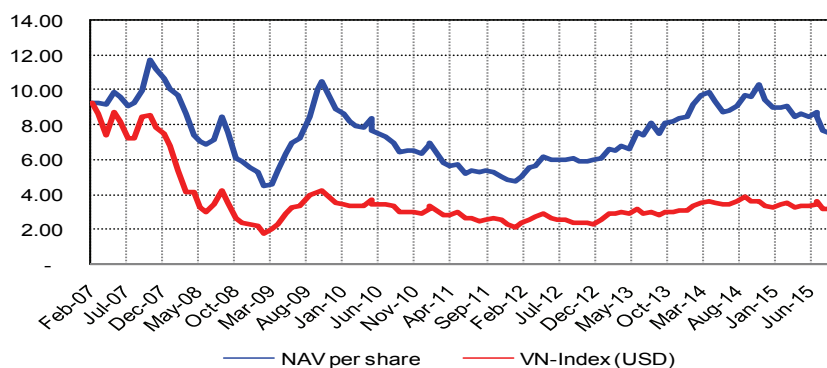
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

In December, the Fund declined -3.2% MoM, underperformed the VN-Index which increased 1.1% in USD term during the same period. For full year 2015, the Fund declined -18.3%, but outperformed Market Vectors Vietnam ETF by 3.2%.

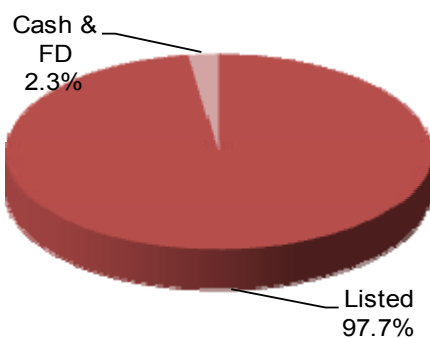
Fund performance

NAV per share	US\$7.58
Dec-15	-3.17%
YTD	-18.26%
Since inception (Feb 07)	-20.73%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

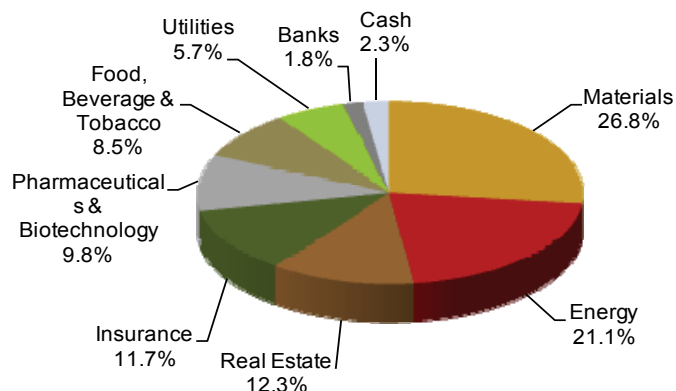
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



Vietnam Emerging Market Fund SICAV (VEMF SICAV)

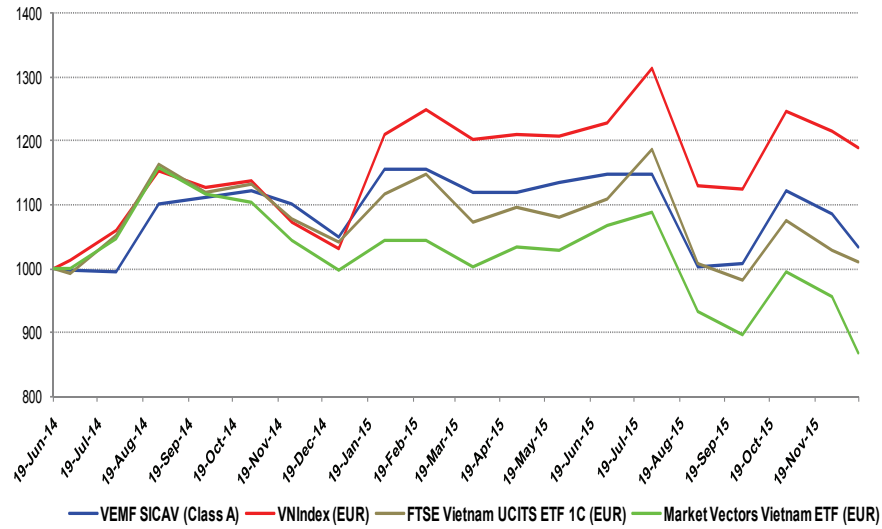
VEMF SICAV is a Luxembourg-incorporated UCITS compliant open-ended fund with daily liquidity for European investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In December, the Fund declined -4.8% MoM, underperformed the VN-Index which declined -2.2% in Euro term during the same period. For full year 2015, the Fund declined -1.5%, but strongly outperformed its peers FTSE Vietnam UCITS ETF and Market Vectors Vietnam ETF by 3.1% and 9.7%, respectively.

Fund performance

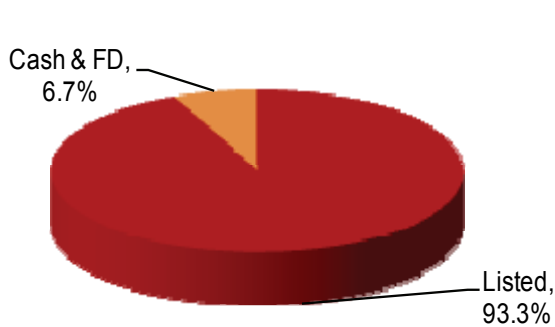
	Class A	Class B
NAV per share	EUR 1,033.96	EUR 1,014.98
30-Dec-15	-4.81%	-4.85%
YTD	-1.50%	-1.70%
Since inception (Jun 19, 2014)	3.40%	1.50%
Reuters	68266524	68266525
Bloomberg	IPCVEMA LX	IPCVEMB LX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

Performance of Class A vs. VN-Index (EUR) and ETFs (EUR)

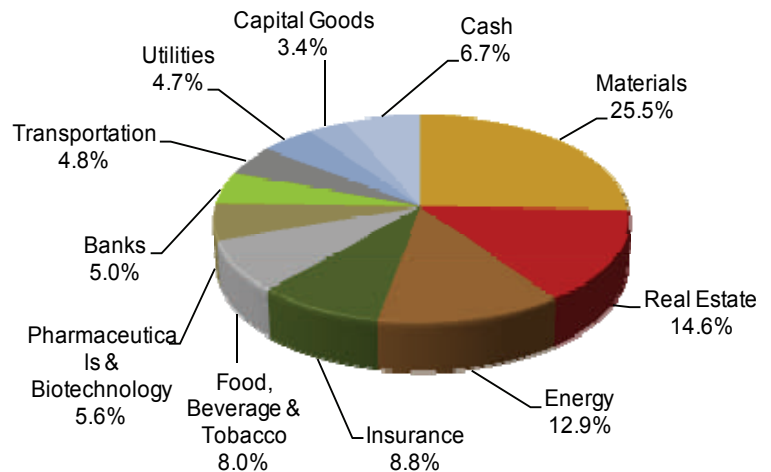


Source: Bloomberg, HOSE, VAM, HSBC exchange rate

Fund Breakdown



Sector Breakdown



Source: Union Investment Financial Services S.A.

Disclaimer:

The current Sales Prospectus, the Key Investor Information Document (KIID), the Articles of Association as well as the annual and semi-annual reports of the Vietnam Emerging Market Fund SICAV ("the Fund") are the sole binding basis for the purchase of fund shares. These documents can be obtained in English and free of charge from the Fund Manager's website (www.vietnamam.com) and the Management Company's website (www.ipconcept.com), the source of NAV.

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