

Market Update

After dropping more than 3% in the first two days of February, all three indices recovered quite impressively and bounced back to the level of mid-November 2014 on the back of strong foreign buying. Ending the Tet's month, the VN-Index increased 2.9% to 592.6, in line with a 2.0% gain of the VN30 whilst the HNX Index inched up merely 0.2% to close at 85.8.

Inflation continued to decline in the month of Tet whilst manufacturing accelerated

Despite seasonal demand for the Tet holiday, declining gasoline price continued to cause CPI to drop 0.05% MoM in February, which is the first Tet month in the last 10 years with a decline in CPI. Thanks to stable nation-wide price level, real retail sales hiked 10.7% YoY in 2M2015, beating last year's growth rate of 6.2% YoY. Although dropping 19.2% MoM in the month of Tet, the index-industry products advanced 12% YoY in 2M2015, significantly higher than the rate of 5.4% in 2M2014. Thanks to expanded manufacturing activities, PMI slightly increased to 51.7 in February which is the 17th consecutive month above the 50 benchmark.

Trade deficit narrowed thanks to contribution of FDI sector.

Export turnover dropped 28.4% MoM in February whilst import declined at a faster pace of 32.4% MoM. Consequently this

has narrowed the trade deficit from USD 361mn in January to USD 61mn as at end of February. In fact, whilst domestic sector caused a trade deficit of USD 2.07bn in 2M2015, FDI sector recorded a trade surplus of USD 2.01bn, helping to mitigate the overall trade deficit. Disbursed FDI has increased 7.1% YoY to USD 1.2bn despite a decline of 14.3% YoY in registered FDI value.

Business environment is set to be enhanced

As the FDI sector has been the main driving force of economic growth during the past few years, local private businesses need more support from the Government to be able to become the backbone driving national economic growth in the long term. As such the Ministry of Planning and Investment has proposed a law to the Government to assist SMEs in market access, preferential lending, brand development, etc. The law, if passed, would help to improve business environment and encourage more foreign and local investments.

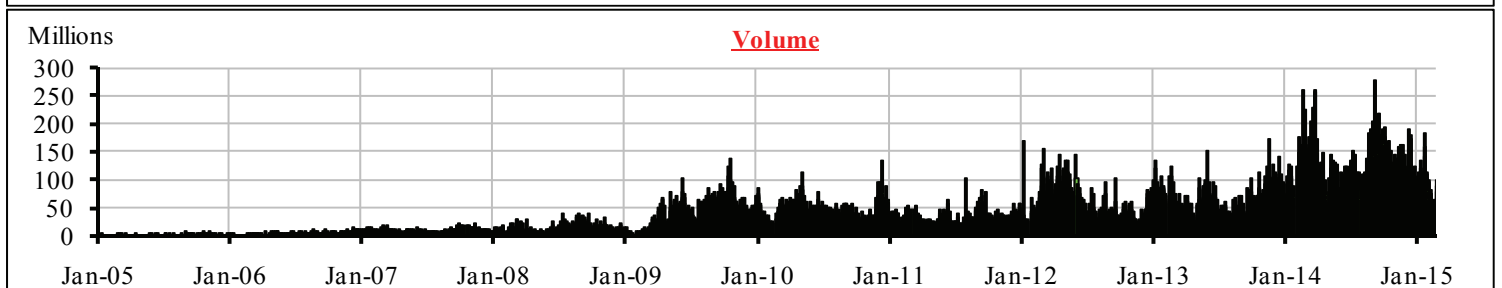
Vietnamese retail market attracts more foreign firms

Vietnam started to comply with WTO's obligations with effect from 11 January 2015 to fully allow wholly-owned foreign retailers to enter the Vietnamese market. Since 2009, a number of foreign retailers have been licensed to be fully operational

with 100% foreign ownership under a few restrictions such as limited number of outlets, Economic Needs Test entries for the business license, etc. These restrictions have recently been lifted. This will add more excitement to the domestic retail market as more foreign retail companies will come to Vietnam. Meanwhile, local enterprises have also setup new business to stay in the game. The exciting and competitive retail market will help to boost consumption and economic growth rate.

Our view:

Although February was a short month with only 14 trading sessions, the stock market sentiment was indeed bullish ahead of the Lunar New Year as the macroeconomic stability has been maintained relatively well since the beginning of 2015. In fact, manufacturing activities, which are the key driving force of the economic recovery, have been consistently accelerating, implying that the recovery is indeed on track. We believe that the SBV is taking some good steps in controlling its monetary policy in order to maintain macroeconomic stability and boost economic growth. Thus we maintain our positive view on the economy. As most listed companies have released their full year financial statements, we are closely monitoring their results and will continue to restructure our portfolio to best benefit from the economic development in 2015 and beyond.



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	2.3	3.4	8.6	14.8	12.7	11.0	9.5	2.4	4.3	21.1	34.3	19.3	16.5	3
Automobiles & Components	1.3	2.1	-2.7	4.5	10.0	8.2	7.2	6.4	1.9	3.9	25.2	26.4	20.8	16.8	0.4
Banks	25.6	5.7	31.9	24.4	18.2	16.1	13.9	11.6	1.6	3.3	10.8	41.8	15.2	10.8	11.8
Capital Goods	2.4	-1.1	0.5	0.4	9.7	9.3	8.4	7.6	1.3	5.7	15.8	32.2	16.5	18.7	0.1
Commercial Services & Supplies	0.6	-0.2	-5.4	1.0	16.0	13.5	12.2	10.7	2.8	2.9	22.4	27.8	16.8	15.1	-0.6
Consumer Durables & Apparel	0.6	0.4	-0.6	1.1	8.2	7.6	5.9	5.4	1.3	5.0	17.8	15.5	8.6	4.9	0.8
Consumer Services	0.4	-0.1	-17.3	-6.6	16.1	12.9	10.9	9.5	2.4	-	21.7	65.3	50.0	41.4	-0.4
Diversified Financials	2.2	-1.1	-11.6	1.1	16.0	14.1	12.6	11.3	1.5	4.4	11.2	60.7	54.9	54.3	-0.6
Energy	17.7	-1.0	-16.4	11.1	10.0	9.8	9.5	8.5	2.9	3.9	32.8	23.9	20.0	16.3	-0.5
Food, Beverage & Tobacco	19.0	4.1	6.3	7.0	17.1	14.8	12.7	11.2	4.3	4.2	30.3	37.2	19.4	16.6	-0.3
Health Care Equipment & Services	0.1	0.5	23.5	22.9	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.4	3.7	-5.8	3.7	10.4	11.3	9.3	9.8	1.1	4.9	12.3	26.8	9.5	9.1	-
Insurance	3.3	5.6	6.2	10.3	9.5	8.3	7.4	7.0	1.0	2.9	12.6	22.6	-0.2	20.4	-0.9
Materials	5.7	-4.6	-4.2	-5.4	9.1	8.4	7.6	7.5	1.5	5.6	19.8	21.6	14.4	11.2	0.4
Pharmaceuticals & Biotechnology	1.5	0.6	-2.0	0.1	14.4	12.3	10.1	8.4	2.6	3.6	22.8	48.4	15.9	12.3	-0.2
Real Estate	11.7	2.6	-0.7	2.6	16.6	11.7	8.0	6.3	1.2	5.5	10.6	40.0	31.2	25.3	0.8
Retailing	1.7	10.2	13.4	19.9	19.7	16.3	14.6	12.9	5.3	5.0	37.2	13.3	4.7	3.7	-
Software & Services	0.1	5.2	7.2	10.2	-	-	-	-	-	-	-	-	-	-	-
Telecommunication Services	1.7	1.1	-0.9	1.7	8.3	6.7	5.6	4.8	1.6	6.1	26.8	19.2	9.8	7.0	-0.2
Transportation	2.0	-0.2	-7.1	3.2	14.5	8.3	8.0	6.7	2.1	6.8	24.8	27.7	21.8	19.4	0.2
Utilities	2.1	-0.2	1.7	-2.8	9.3	8.1	8.7	7.7	1.2	3.3	15.8	29.7	27.0	28.8	-0.1

* It is generated by VAM in-house Company Analysis System - VCAS as of 27 Feb, 2015 comprising of both the Ho Chi Minh Stock Exchange (HSX) and the Hanoi Stock Exchange (HNX).

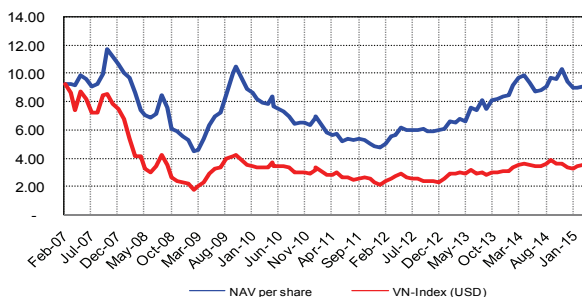
Vietnam Emerging Market Fund (VEMF Cayman)

NAV per share	US\$9.1
Feb-15	0.8%
YTD	1.3%
Since inception (Feb 07)	-1.7%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

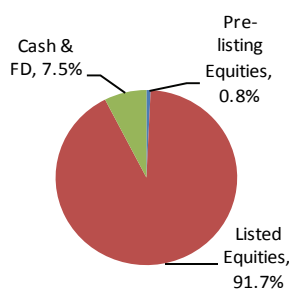
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end of February, the Fund's NAV was \$9.1. With a 0.78% MoM increase, the fund was up 1.34%YTD, continued to lead the VN-Index (US\$), recording outperformance of 59.4% since inception. As at end of February, the fund was 92.48% invested.

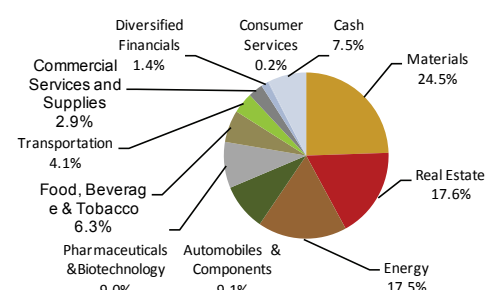
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown

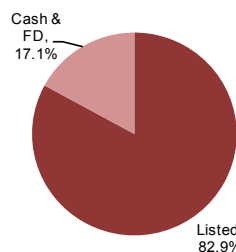


Vietnam Emerging Market Fund SICAV (VEMF SICAV)

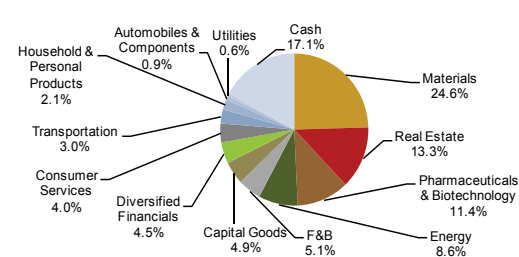
	Class A	Class B
NAV/share at inception (Jun 19, 2014)	EUR 1,000.00	EUR 1,000.00
NAV/share Mar 02, 2015	EUR 1,150.39	EUR 1,131.53
Reuters	68266524	68266525
Bloomberg	IPCHEMA LX	IPCHEMA BX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

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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