

Market Update

After rallying in the first two weeks of 2015 on New Year optimism, both VN-Index and HNX-Index went sideways in the second half of January as effective date of the Circular 36 drew closer. Ending the month, the VN-Index managed to record an impressive gain of 5.6% at 576.1, in line with a 3.1% increase in the HNX whilst the VN30 inched up merely 0.8% to close at 606.5.

Retail sales and Industry Production Index accelerated on the back of low inflation

The CPI in January inched down 0.2% MoM mainly due to two gasoline price cuts in the review period leading to the drop in transportation cost. Thanks to low nation-wide price level, retail sales hiked 11.9% YoY, significantly higher than the growth rate of 7.2% YoY in the same period last year. On the supply side, the Industry Production Index also recorded a high growth rate of 17.5% YoY, but this was mainly due to the timing difference of the Tet holiday in 2014 and 2015. Amidst improving macro economy, the Government is confident that its 2015 targets for GDP and inflation of 6.2% and 5%, respectively, will be met.

SBV pushing for rate cuts to boost credit growth

The State Bank of Vietnam (SBV) on January 27th issued Directive No.01 requesting that credit institutions lower their medium- and long-term lending rates by 1% to 1.5% p.a. in order to support the economy. Whilst credit priority would be granted to agriculture, exports, SMEs and manufacturers with high-tech application, the SBV aims to boost overall credit growth to 13%-15% in 2015. Since credit growth did reach 12.62% in 2014, we think the credit growth target for 2015 is quite feasible amidst improving manufacturing activities and declining borrowing cost.

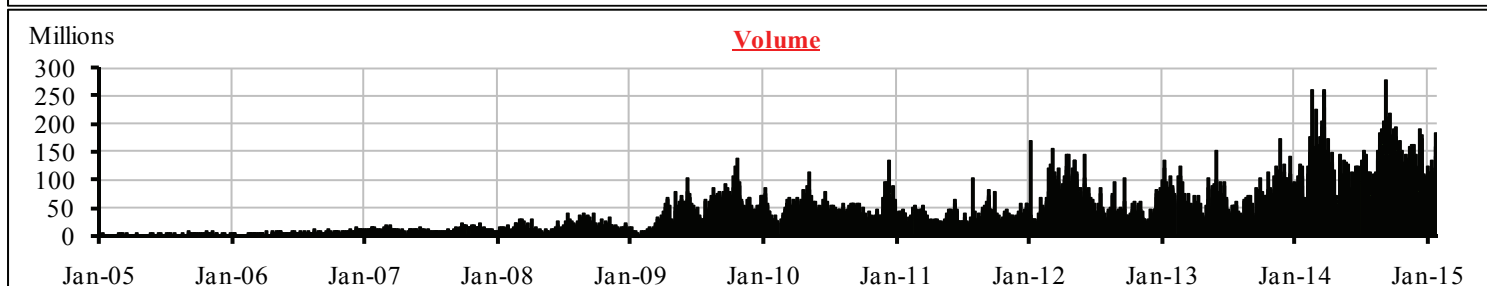
SBV determined to bring the NPLs down to below 3% by end of 2015

SBV has requested that credit institutions resolve at least 60% of their bad debts scheduled for clearance in 2015, and sell at least 75% of their 2015 bad debt sale plan to the VAMC by June 30th of this year. Meanwhile, the SBV keeps working with the Government to improve the legal framework and assist the VAMC in resolving NPLs more effectively. This instruction gave banks and VAMC a strict schedule in resolv-

ing bad debts as the SBV wants to ensure that the banking sector would be able to meet their ambitious target of bringing down NPLs to below 3% by the end of 2015.

Our view:

Similar to the last few years, the first month of 2015 also saw a stock market rally. But this time, it was firmly backed by the evidently improving macro economy, and not just sentiment. Amidst weak consumption, the significant decline in fuel price will be a boon to manufacturers and we think it will soon be passed on to consumers in terms of lower prices to further stimulate aggregate demand. With strong determination of the SBV in resolving bad debts through giving stricter deadlines and schedules, we think the banking reform progress would accelerate from the beginning of the year rather than being left until the last few months as the norm, and the NPL situation would likely be improved by the end of this year. Overall, we maintain our positive view on economic outlook in 2015 and will continue to like stocks that would benefit from the economic turnaround.



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	5.6	-4.1	5.6	14.6	12.6	10.6	9.2	2.4	4.6	21.1	35.2	20.3	17.3	2.5
Automobiles & Components	1.3	8.3	-0.3	5.7	10.7	9.1	7.9	7.1	2.0	3.9	24.9	21.5	15.0	10.4	0.4
Banks	23.5	18.8	26.1	18.7	18.0	16.0	13.0	10.7	1.6	4.2	10.3	41.0	16.0	11.2	10.5
Capital Goods	2.5	3.3	2.0	-0.1	9.4	9.2	8.3	7.6	1.4	5.6	16.6	33.9	16.8	19.3	0.1
Commercial Services & Supplies	0.6	0.8	-6.1	-0.3	15.9	13.4	12.0	10.6	2.8	2.9	22.7	26.6	16.4	14.6	-0.6
Consumer Durables & Apparel	0.6	3.9	6.8	0.9	8.2	7.6	5.9	5.4	1.3	5.0	18.0	15.4	8.6	4.9	0.8
Consumer Services	0.5	-12.0	-8.7	-5.5	14.0	11.3	9.6	8.4	2.0	-	20.7	61.2	45.6	38.1	-0.4
Diversified Financials	2.4	3.6	-13.2	0.4	14.7	13.0	12.1	10.8	1.4	4.6	11.3	61.4	54.8	54.1	-0.7
Energy	18.3	7.0	-28.0	8.6	10.7	10.0	9.1	8.2	3.2	3.9	34.2	24.2	19.1	15.5	-0.4
Food, Beverage & Tobacco	19.1	6.5	1.3	3.9	16.6	14.3	12.4	11.0	4.1	4.6	29.5	35.8	18.7	15.9	-0.2
Health Care Equipment & Services	0.1	45.6	44.5	33.1	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.5	3.4	-0.1	-2.1	11.8	13.1	10.7	11.5	1.2	4.5	10.9	26.1	7.7	8.1	0.1
Insurance	3.4	11.6	-1.2	3.9	6.7	6.3	6.2	3.8	0.6	3.9	10.7	34.4	6.3	26.1	-1
Materials	5.8	-3.2	-4.5	-4.8	8.5	7.9	7.3	8.6	1.4	6.2	19.6	21.3	14.5	11.5	0.5
Pharmaceuticals & Biotechnology	1.6	1.9	-4.9	0.2	14.2	12.2	10.0	8.4	2.6	3.5	23.4	48.3	16.0	12.5	-0.2
Real Estate	12.3	1.6	-2.8	-0.5	17.6	12.5	8.6	6.8	1.1	4.7	9.7	44.3	35.0	29.0	0.8
Retailing	1.6	14.0	8.2	11.2	19.0	15.6	14.0	12.1	5.1	5.3	37.7	14.1	5.2	4.3	-
Software & Services	0.1	6.3	5.5	5.3	30.5	28.1	25.2	21.8	1.1	8.3	4.0	16.9	3.4	1.9	0.5
Telecommunication Services	1.8	2.7	-5.4	-0.5	7.8	6.3	5.2	4.4	1.6	6.4	27.5	19.3	9.9	7.1	-0.2
Transportation	2.0	3.5	-6.3	1.9	9.5	7.4	6.1	5.3	1.2	5.1	17.7	23.2	18.1	15.9	0.2
Utilities	2.1	0.6	6.1	-1.7	8.4	7.9	8.0	7.0	1.1	4.3	15.9	35.5	31.9	32.3	-

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

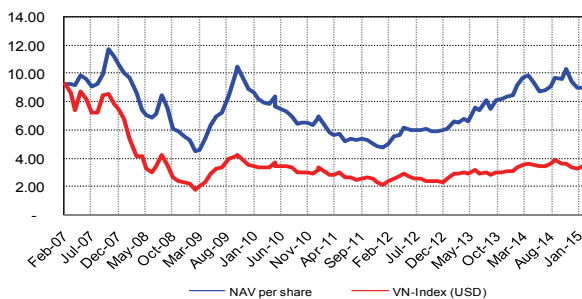
Vietnam Emerging Market Fund (VEMF Cayman)

NAV per share	US\$9.03
Jan-15	0.6%
YTD	0.6%
Since inception (Feb 07)	-2.5%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

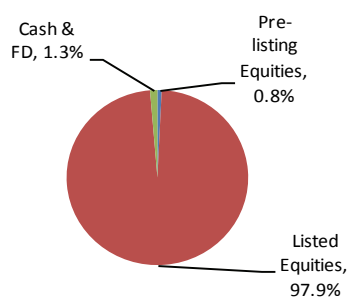
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end of January, the Fund's NAV was \$9.03. With a 0.56% MoM increase, the fund continued to lead the VN-Index (US\$), recording outperformance of 59.66% since inception. As at end of January, the fund was 98.7% invested.

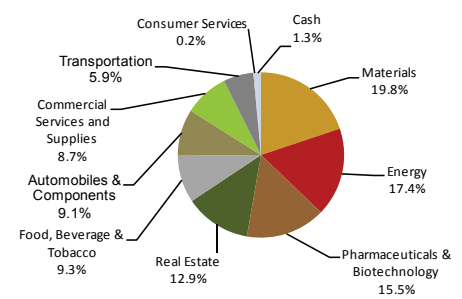
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown

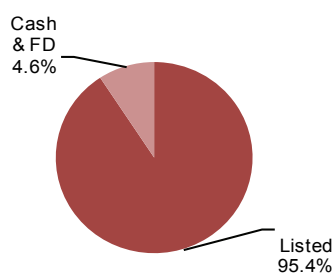


Vietnam Emerging Market Fund SICAV (VEMF SICAV)

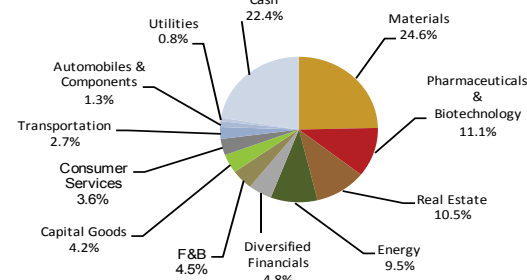
	Class A	Class B
NAV/share at inception (Jun 19, 2014)	EUR 1,000.00	EUR 1,000.00
NAV/share Feb 02, 2015	EUR 1,150.38	EUR 1,130.90
Reuters	68266524	68266525
Bloomberg	IPCHEMA LX	IPCHEMA BX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

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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