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Market Update

The market continued to move upward with mild corrections on the way, on the back of high expectation that TPP negotiations taking place in Hawaii during the last week of July would clear all remaining issues, leading to signing of the agreement by the end of this year. However, negotiations ended in no deal, causing a sharp broad-based market correction in the first trading days of August. Net foreign inflow into the market almost halved in July when compared to June, due partly to unclarity over the FOL opening. The VN-Index after reaching YTD high at 638.69 points in mid-July had a consolidation to end the month at 621.06, making a 4.7% gain, in line with the 4% surge of VN30 at 647.36. Meanwhile, the HNX-index also saw a similar pattern, but sharper corrections. After setting YTD high at 89.64 points in the second week of July, it closed the month at 85.13, almost unchanged versus its closing point of June.

Manufacturing kept expanding, FX reserves continued to grow

The Index of Industrial Production for July continued to rise 9.9% YoY, in which consumption in manufacturing and processing sector accounted for 80% of the total index. The continued-to-improve business conditions of the manufacturing sector were also confirmed by NIKKEI's Vietnam PMI reading for July of 52.6, slightly expansion from June's 52.2. In the meantime, CPI was up 0.13% MoM and 0.68% YTD, making FY estimate now way below previous consensus forecast of 5% for 2015. The credit growth has also accelerated, recorded a considerable surge of 7.32% as of July 2015 versus 3.15% over the same period last year. System-wide NPL ratio stood at 3.15% as of May 2015. On the trade balance, we saw a YTD deficit of US\$3.4bn, in which the trade deficit of local enterprises was US\$11.4bn and the trade surplus of FDI enterprises was US\$8bn. Though registered FDI in 7M2015 decreased 8% YoY, recorded at US\$8.8bn, disbursed FDI increased 8.8% YoY over the same period,

reaching US\$7.4bn. According to a recent announcement from the Governor of the State Bank of Vietnam (SBV), the country's foreign exchange reserves reached US\$37bn at end of July, equivalent to approximately 12 weeks of imports. This is exclusive of their reserves of 10 tons of gold. With the healthy reserves, the SBV continues to strive for their keeping the VND devaluation within their 2% target for this year, which could be challenging if the trade deficit is not improved in the remaining months of the year.

SBV's new circular to encourage foreigners to buy NPLs from local credit institutions

On 17th July 2015, the SBV issued a new Circular 09/2015 providing regulations on NPL secondary market, effective from 1st September this year. It sets clear and strict regulations on responsibilities of NPL buyers and sellers with the aim of preventing possible abuses in the debt trading market. Foreign credit institutions with bad debt ratios below 3% may participate in NPL buying process, subject to prior approval from the SBV; while their activities of selling NPLs are not required to get SBV's approval.

On the same note, the total NPLs purchased by VAMC is approximately US\$8.4bn up to date, but this company has been able to sell only about US\$359mn to investors so far due mainly to limited source of buyers. The new circular is expected to open a new potential source of buyers for a busier debt trading market in Vietnam.

Trans-Pacific Partnership (TPP) negotiations failed to reach agreement

The Vietnam stock market has highly expected TPP negotiations to be finalized in the ministerial level meeting in Hawaii in the last week of July. However, it failed to reach an agreement, making the chance of signing TPP this year much more difficult. Although significant progress has been made, there are still various outstanding issues to be negotiated and finalized by the Trade Ministers, particularly on the market access to dairy products, automobile and intellectual property rights for drug patents. Schedule for the next-round negotiations has not been set yet but member countries may continue to discuss bilaterally for tackling unresolved issues. The stock market might be negatively affected in short term.

Our view

Despite the latest TPP talks failing to reach final deal coupled with a trade deficit of US\$3.4 billion YTD, key macro indicators remained strong during the review period. Low inflation, solid uptrend of industrial production index and healthy FX reserves continue to support the economic recovery in mid and long-term. High season of construction, retail and export-import activities in 2H will boost GDP to likely achieve the growth target of 6.5% for 2015. Banking system has accelerated the restructuring and reducing of NPLs to less than 3% by the end of this year. So far, three weakest banks have been nationalized and several M&As among local banks have been approved or planned for this year. The stock market will also offer more investment opportunities to investors with many large SOEs being privatized in the upcoming time and opening of foreign ownership limit coming into effective in September. Overall, we maintain our optimistic view on the country's economy and take our closer look at the real estate, construction, financial and consumer goods sectors in this second half of 2015.

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	4.7	10.4	13.8	20.1	14.6	12.7	10.5	2.6	4.1	18.7	33.3	17.9	13.1	4
Automobiles & Components	1.3	-6.5	-5.3	0.2	13.1	8.3	8.5	7.5	1.9	3.5	23.2	33.5	27.0	23.1	0.4
Banks	31.1	8.4	27.1	51.5	34.4	18.8	15.9	11.0	2.0	3.1	10.8	40.2	15.1	10.5	12.9
Capital Goods	2.4	6.7	7.0	8.4	10.6	9.1	8.4	7.2	1.4	5.0	16.3	33.2	16.7	15.9	0.1
Commercial Services & Supplies	0.6	-1.6	0.1	3.3	14.3	10.5	7.2	6.7	1.9	2.9	25.2	28.7	17.8	13.9	-0.1
Consumer Durables & Apparel	0.6	4.8	12.6	20.8	12.3	8.9	7.2	15.3	1.7	4.1	19.7	16.2	8.8	5.0	0.8
Consumer Services	0.4	-2.3	-7.3	-20.5	12.8	11.5	10.2	9.2	1.6	-	19.8	56.7	37.0	30.0	-0.1
Diversified Financials	2.0	3.5	18.6	0.0	15.5	13.7	12.8	11.4	1.5	4.2	11.5	62.5	55.0	53.4	-0.7
Energy	15.1	-5.5	-9.8	-13.9	7.6	10.1	9.2	8.1	2.4	5.1	24.9	20.3	16.3	13.7	-0.4
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	18.6	8.3	11.0	21.9	20.8	18.1	16.3	14.5	5.0	4.0	28.0	36.4	18.4	15.0	-0.3
Health Care Equipment & Services	0.1	1.3	-61.3	-53.1	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.5	-1.6	1.4	2.7	7.5	10.3	6.9	6.5	0.9	5.1	44.1	27.4	10.5	-5.5	0.2
Insurance	3.4	24.7	36.3	47.1	14.1	11.3	9.6	9.9	1.4	2.1	12.3	22.2	-0.4	18.9	-0.9
Materials	5.0	5.6	-2.3	-11.4	10.1	9.3	8.6	7.7	1.6	5.9	19.1	21.1	13.4	10.2	0.6
Pharmaceuticals & Biotechnology	1.4	-1.0	-8.1	-10.1	11.8	11.1	9.7	8.5	2.1	4.3	20.9	44.3	16.1	12.3	-0.2
Real Estate	10.2	-2.9	0.1	-1.9	17.4	14.8	12.2	10.9	2.7	5.2	19.0	41.5	31.6	21.1	1.2
Retailing	1.5	-1.4	-13.2	-10.4	11.2	12.2	10.3	9.6	3.8	5.3	31.0	13.1	4.6	3.1	0.3
Software & Services	0.2	-4.2	9.3	47.3	21.3	23.8	29.2	68.6	1.4	6.3	3.7	16.2	2.9	0.8	0.8
Telecommunication Services	1.8	1.6	5.4	9.7	10.2	9.6	7.8	6.7	2.1	6.3	27.6	19.4	8.4	-63.2	0.1
Transportation	1.9	7.8	6.6	7.4	10.3	10.2	9.3	8.3	2.1	5.5	22.4	29.3	22.7	18.8	-
Utilities	2.0	3.6	0.8	-1.9	8.2	9.4	7.6	7.7	1.3	4.9	14.8	38.0	34.1	30.4	0.1

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

Vietnam Emerging Market Fund (VEMF Cayman)

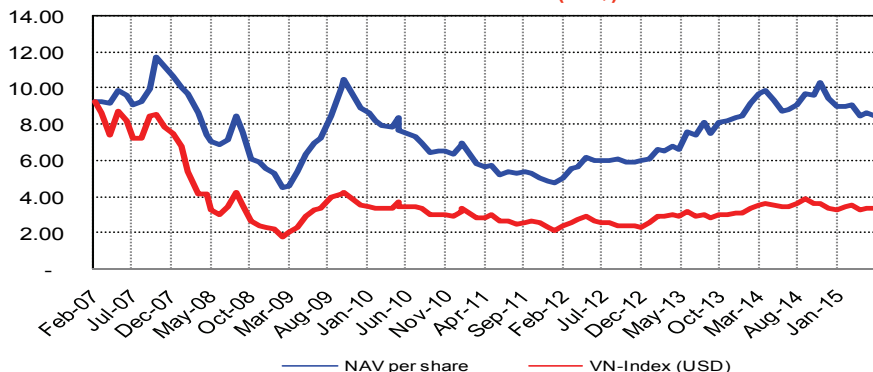
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

In July, the Fund decreased 4% MoM, underperformed the VN-Index by 8.8% in USD term due mainly to keeping a high cash position in first half of the month for scheduled redemption proceeds while the market went up strongly, and having high exposure to the insurance sector which corrected sharply after strong performance. As at end of July, the Fund was 95.5% invested.

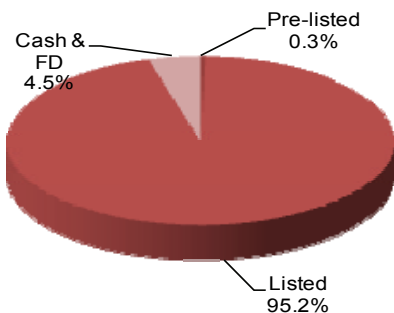
Fund performance

NAV per share	US\$8.44
Jul-15	-3.98%
YTD	-6.01%
Since inception (Feb 07)	-8.86%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

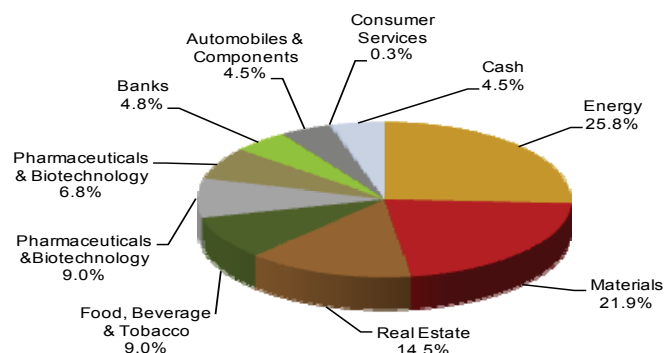
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



Vietnam Emerging Market Fund SICAV (VEMF SICAV)

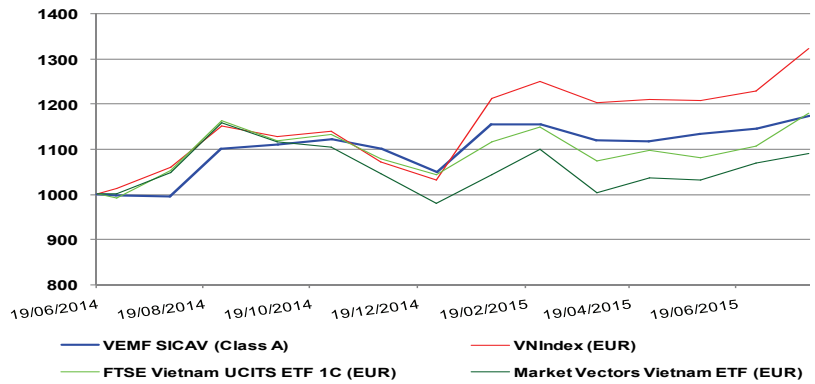
VEMF SICAV is a Luxembourg-incorporated UCITS compliant open-ended fund with daily liquidity for European investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In July, VEMF SICAV advanced 1.51%, underperformed the VN-Index by 5.5% in EUR term. The Fund's underperformance was due mainly to its lower weighting in banking stocks and some other blue-chips as the market's performance was mostly contributed by the big caps, and high exposure to the insurance sector which corrected sharply after strong performance. As at end of July, the Fund was 93.7% invested.

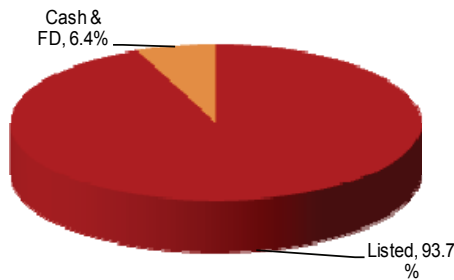
Fund performance

	Class A	Class B
NAV/share at inception (Jun 19, 2014)	EUR 1,000.00	EUR 1,000.00
NAV/share July 31, 2015	EUR 1,164.54	EUR 1,145.79
Reuters	68266524	68266525
Bloomberg	IPCVEMA LX	IPCVEMB LX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

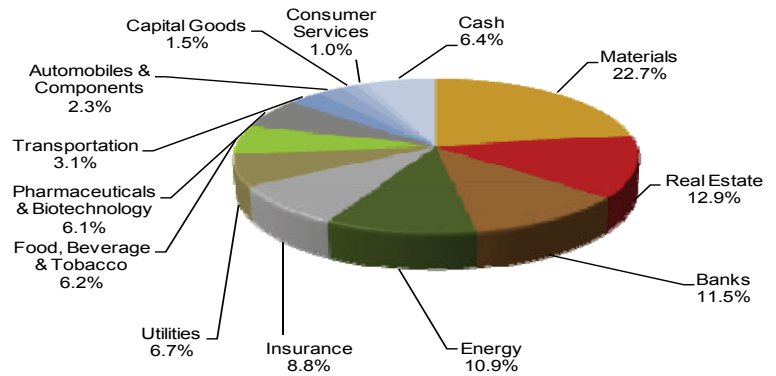
Performance of Class A vs. VN-Index (EUR) and ETFs (EUR)



Fund Breakdown



Sector Breakdown



Source: Bloomberg, VAM

VAM upcoming trip

Mr. Minh Nguyen, our Fund Manager, will be making a road-show trip to Europe on 14th - 18th September, 2015 (please refer to the schedule herewith). If you have an interest in our funds and meet with Mr. Nguyen, please contact us at bd@vietnamam.com.

Itinerary

14th September	Helsinki
15th September	Oslo
16th September	Stockholm
17th September	Luxemburg
18th September	Amsterdam

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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