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Market Update

The market steadily moved upward with a few mild corrections in June on the back of a slew of positive news on continued strong economic recovery, significant progress on TPP and Decree 60 setting a framework for opening of foreign ownership limit (FOL). Grexit and recent Chinese stock market volatility issues seem not to have much impact on investors' sentiment during the review period. Closing the month, the VN-Index and VN30 recorded a surge of 4.1% and 5.6% at 593.05 and 622.43, respectively, whilst the HNX after reaching its 7-month peak of 88.4, up 6.2% in mid-June, fell back to a modest gain of 2.1% at 84.94 at month-end.

Macroeconomic environment continues to have a positive outlook

CPI in June increased 0.35% MoM and 1% YoY mainly driven by gasoline price hikes and 13-15% hike in public hospital fees in HCM City since June 1st pushing up the transports & telecom and healthcare & pharmaceutical indices. GDP growth in 2Q2015 continued to be strong, making the 1H growth up 6.28% YoY with biggest contributors being industrial & constructive and service sectors. The Industrial Production Index in the same period increased 9.6% YoY, significantly higher than the recent years' respective numbers. NIKKEI's PMI reading for Vietnam in June was 52.2 showing the manufacturing activities continued their long expansion streak though at a weaker rate comparing to May. Total disbursed FDI in the first 6 months reached US\$ 6.3 billion, up 9.6% YoY mainly driven by the industrial processing and manufacturing sectors. Trade deficit YTD was recorded

at US\$ 3.7 billion as imports spent US\$ 81.5 billion, up 17.7% YoY, mainly on production raw materials, fuel, machinery and equipments, whilst exports reached US\$ 77.7 billion, up only 9.3% YoY.

FOL conditionally expanded and can be up to 100%

The Government issued Decree 60/2015 on June 26th, 2015 to amend Decree 58/2012 implementing the Securities Law. One of significant changes in the Decree is opening of foreign ownership limit of public companies in Vietnam. Effective from September 1st, 2015, public companies operating in a sector(s) which is not subject to specific foreign ownership limits under other laws or which is not conditional to foreign investors by other laws will be allowed to open up to 100% to foreign investors unless otherwise discretionarily stated in their company charters. Though it may take approximately 6 to 12 months for the new FOL regulation to be properly implemented once various supporting documentation

such as guidelines and restricted/non-restricted sector list by the Ministry of Planning and Investment has been finalized, this shows the Government is committed to the agreements on international integration.

SBV's Circular 06 to enforce the law on excess holdings of local banks

Circular 06/2015 issued by the State Bank of Vietnam, effective from July 15th, 2015, requires stakeholders of local banks to reduce any excess holdings in banks to the permitted limits (5% for individuals, 15% for institutions, and 20% combined for institutions plus their related parties set by the Law on Credit Institution) by the end of this year. By laying out various strong measures toward bank stakeholders who will still violate the regulations by the set deadline, the Circular is a part of the SBV's effort to tackle cross holdings, which is considered a serious form of systemic risk for the local banking sector.

Our view

Positive macroeconomic indicators coupled with recent opening of foreign ownership limit set by Decree 60, helped lift the market and enhance market liquidity in the review period. On the banking restructuring front, the VAMC has accelerated their NPLs purchase, bringing YTD swapped NPLs to VND42 trillion (US\$1.92bn), showing a significant improvement on the VND13.3 trillion (US\$609mn) swapped as of April 22nd. The SBV is striving to bring down system-wide NPLs to 3% by the end of this year from 3.25% at end of 2014. On a less positive note, YTD trade deficit of US\$3.7 billion put some pressure on the local currency amidst strengthening of the US dollars, though the SBV reassured they would keep the Dong within the set devaluation width of 2% for 2015. Overall, Vietnam's macro picture remains solid going into second half of 2015. Major market risks remain with the Greece's debt issue and geopolitical tension with China on the East Sea. We maintain our positive view on the economy and the market, particularly with very recent developments on TPP, signed FTAs and opening of foreign ownership limit, Vietnam would undoubtedly attract more FDI and FII in the coming time.

Macro Statistics

	FY 2013	FY 2014	YTD 2015
GDP Y-o-Y (1H2015)	5.40%	5.98%	6.11%
Credit Growth	12.51%	12.62%	6.28%
Industrial Production Y-o-Y	5.90%	7.60%	11.10%
Real Retail Sales Y-o-Y	5.50%	6.30%	9.20%
CPI	6%	1.84%	0.55%
Trade Balance (USD bn)	0.86	2	-3.70
Disbursed FDI (USD bn)	11.5	12.4	6.3
Exchange rate (USD/VND)	21,125	21,405	21,840
HSBC PMI (in June)	51.8	52.7	54.8
Net foreign buying (USD mn)	321	172	222

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	4.1	8.8	8.7	15.7	14.4	12.5	10.9	2.6	4.1	19.3	33.1	17.9	13.2	3.37
Automobiles & Components	1.4	-3.0	3.2	7.2	12.3	8.0	6.7	5.8	1.8	3.2	27.1	31.5	24.4	20.6	0.5
Banks	28.3	6.3	21.4	39.7	21.8	19.4	16.7	13.9	1.9	2.8	10.5	40.5	14.8	10.5	11.9
Capital Goods	2.4	3.5	2.2	1.6	9.8	8.7	7.5	7.0	1.3	5.3	16.9	32.9	16.8	19.2	0.1
Commercial Services & Supplies	0.6	1.2	7.6	5.0	16.7	11.7	8.0	7.4	1.8	2.9	17.9	27.2	15.5	12.6	-0.1
Consumer Durables & Apparel	0.7	4.5	12.6	15.2	11.8	9.6	7.1	10.4	1.8	3.8	19.5	15.4	8.5	4.5	0.8
Consumer Services	0.4	-2.5	-8.0	-18.7	15.5	11.3	9.8	8.7	1.7	-	20.5	59.8	39.5	32.5	-
Diversified Financials	1.8	12.3	13.7	-3.4	14.5	12.8	12.0	10.7	1.4	4.5	11.5	62.5	55.1	53.6	-0.7
Energy	15.4	0.3	0.8	-8.9	8.0	10.7	9.7	8.6	2.5	4.8	24.6	20.5	16.4	13.7	-0.4
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	19.1	3.0	10.0	12.5	19.4	17.0	15.3	13.5	4.6	4.2	28.1	36.4	18.4	15.0	-0.3
Health Care Equipment & Services	0.1	-63.4	-60.5	-53.7	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.5	1.4	5.3	4.4	7.4	10.4	7.0	6.6	2.0	4.7	23.4	26.6	10.4	-4.2	0.2
Insurance	3.4	7.1	16.3	18.0	11.4	9.0	7.7	7.8	1.0	2.7	12.2	22.6	-0.2	18.9	-0.9
Materials	5.2	5.3	-5.6	-16.1	9.6	8.8	8.2	7.4	1.5	6.1	19.6	21.0	13.2	10.2	0.5
Pharmaceuticals & Biotechnology	1.5	-0.8	-7.1	-9.1	11.8	10.5	9.1	7.9	2.1	4.3	22.1	45.8	16.3	12.5	-0.2
Real Estate	11.7	7.0	5.4	1.0	17.1	14.7	11.9	10.5	3.0	4.9	20.3	41.1	30.9	19.4	1.2
Retailing	1.6	-3.0	-9.7	-9.1	11.6	12.5	10.6	9.8	3.8	5.6	35.9	13.3	4.7	3.5	0.3
Software & Services	0.2	2.1	26.0	53.7	-	-	-	-	-	-	-	-	-	-	-
Telecommunication Services	1.8	3.3	9.5	7.9	10.0	9.5	7.7	6.6	2.1	6.5	27.1	19.4	8.4	-56.5	0.1
Transportation	2.0	-0.8	2.0	-0.3	9.5	8.4	7.7	6.9	2.1	8.0	26.5	30.3	24.6	21.2	-

* It is generated by VAM in-house Company Analysis System - VCAS at of 29 May, 2015 comprising of both the HOSE and the HSX

Vietnam Emerging Market Fund (VEMF Cayman)

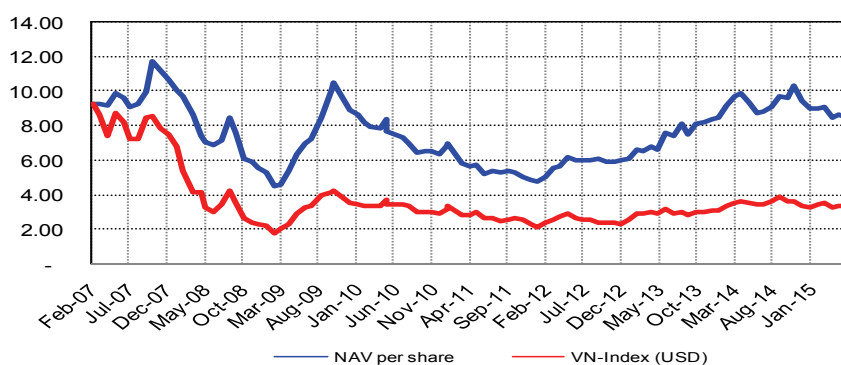
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end June, the Fund's NAV was at \$8.79 per unit, moved in line with the index by 4.02% MoM thanks to strong performance of the top holdings, which are in the construction material and energy sectors. Since inception the Fund outperformed the index by 56.89%.

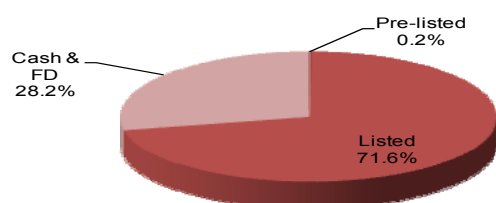
Fund performance

NAV per share	US\$8.79
Jun-15	4.02%
YTD	-2.12%
Since inception (Feb 07)	-5.08%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

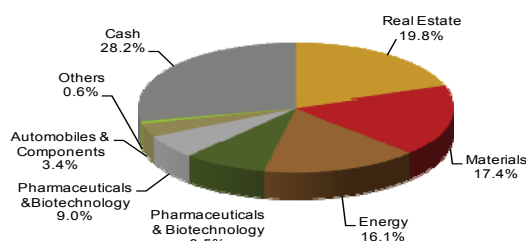
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



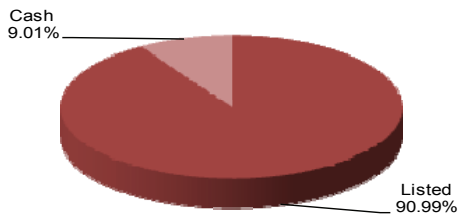
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B
NAV/share at inception (Jun 19, 2014)	EUR 1,000.00	EUR 1,000.00
NAV/share June 30, 2015	EUR 1,147.19	EUR 1,129.62
Reuters	68266524	68266525
Bloomberg	IPCVEMA LX	IPCVEMB LX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

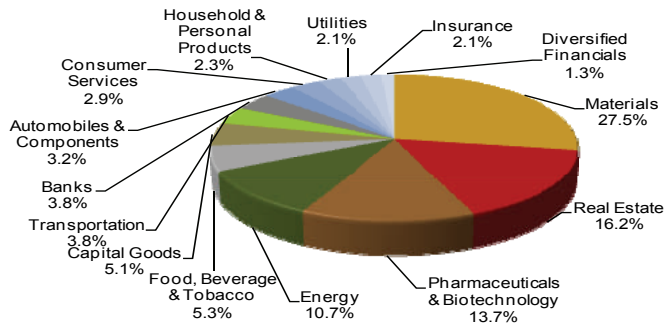
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily liquidity for European investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

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



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