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“Money pouring into the Southeast Asian economy from the likes of manufacturers Samsung Electronics Co. and Intel Corp. is giving Vietnam a second run at becoming Asia’s next tiger economy”

(Bloomberg, 23 March, 2015)

Market Update

The market tumbled during the review period under strong foreign selling in both bourses and concerns over VND’s devaluation. Closing the month, both VN-Index and VN30 sharply dropped 6% to 551.1 and 579.9 respectively, whilst the HNX Index fell 4% and closed at 82.3. Poor performance in March has sent VN-Index back to almost where it started 2015, whereas VN30 and HNX even recorded negative YTD performances.

1Q2015 GDP accelerated much faster than expected, mostly driven by industrial sector

According to the GSO, Industrial Production Index recorded a healthy growth rate of 9.1% YoY in 1Q2015, significantly higher than the growth rate of 5.3% YoY in 1Q2014. Thanks to improvements in industrial and construction sector, the GDP advanced an impressive 6.03% YoY in the first quarter, the highest year-on-year increase during the last 5 years. Meanwhile, March’s CPI slightly increased 0.15% MoM, primarily driven by seasonal demand of the Tet holiday and simultaneous hiking of gasoline price and electric-

ity tariff. However, average CPI in 1Q2015 is still low at 0.74% YoY, the lowest level in the last 10 years.

Trade deficit widened due to robust growth of machineries and equipment imports

1Q2015 trade deficit came in at approximately USD 1.8bn, of which FDI sector (including crude oil) recorded a surplus of USD 2bn, mitigating the domestic sector’s deficit of USD 3.8bn. Whilst export grew 6.9% YoY to USD 35.7bn, import increased at a much faster pace of 16.3% YoY to USD 37.5bn. Rapid growth in import was mainly driven by the increase of 44% YoY in machineries and equipment imports to USD

6.9bn which accounted for 18.4% of total import value.

Exchange rate remained under control within the SBV’s target plan

Since the USD has been strengthening against most of the world’s important currencies, concern on the VND’s devaluation has driven the USD/VND exchange rate to 21,510-21,570, only 0.47% below the SBV’s ceiling, as at end of March. However, thanks to its healthy foreign reserves, the SBV has confidently announced that it would keep the official exchange rate unchanged in the mean time to support the domestic economy as a whole, rather than only support the export sector.

Our view

The stock market tumbled during the review period as concern on the VND’s devaluation coupled with foreign net selling outweighed positive macro indicators released in the month. Higher-than-expected GDP growth rate, driven by accelerating industrial and construction sectors, once again implies that the economy is indeed improving thanks to the Government’s priority in maintaining macro stability. This also affirms that manufacturing is the driving force for the economic recovery. Hence we do not think the increasing trade deficit is worrisome as rapid growth in machineries and equipment imports caused by manufacturing sectors would in turn stimulate export and economic growth in the future. Although the concern on VND devaluation still weighs heavily on investors’ mind, we think the stock market is still generally in an uptrend this year, as the economy is on the right track of recovery. We are taking opportunity of the current market correction to restructure our portfolio and will continue to load up on shares of companies which have positive growth prospect in the coming years.

Macro Statistics

	YTD 2015	FY 2014	FY 2013
GDP Y-o-Y	6.03%	5.98%	5.40%
Credit Growth	1.25%	12.62%	12.51%
CPI	-0.10%	1.84%	6%
Trade Balance (USD bn)	-1.80	2	0.86
Industrial Production Y-o-Y	9.10%	7.60%	5.90%
Real Retail Sales Y-o-Y	9.20%	6.30%	5.50%
Disbursed FDI (USD bn)	3.05	12.4	11.5
Exchange rate (USD/VND)	21,570	21,405	21,125
HSBC PMI (end of period)	50.7	52.7	51.8
Net foreign buying (USD mn)	2.1	172	321

Sources: GSO, Vietcombank, HOSE

VNIndex (VND)



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	-7.0	1.0	1.0	13.1	11.4	9.9	8.6	2.2	4.6	20.5	33.9	18.9	16.0	2.9
Automobiles & Components	1.3	-1.0	3.5	3.5	11.4	10.0	8.5	7.4	2.1	2.9	22.8	23.1	15.1	10.5	0.6
Banks	26.5	-6.8	16.1	16.0	15.3	13.7	12.0	10.2	1.4	4.0	10.5	40.8	15.2	10.7	11
Capital Goods	2.3	-0.5	0.3	-0.1	9.8	9.3	8.4	7.6	1.3	5.7	15.8	32.0	16.6	18.5	0.1
Commercial Services & Supplies	0.6	-2.4	-4.4	-1.4	15.7	13.2	11.9	10.5	2.8	2.9	22.7	26.6	16.3	14.5	-0.6
Consumer Durables & Apparel	0.6	2.1	2.9	3.2	8.7	8.0	6.2	5.6	1.4	4.5	17.8	15.5	8.7	5.0	0.8
Consumer Services	0.4	-4.8	-17.7	-11.0	8.1	7.5	7.0	6.5	1.2	-	19.9	48.2	36.9	32.7	-0.2
Diversified Financials	2.1	-15.2	-14.8	-14.2	12.1	10.7	9.9	8.9	1.2	5.3	10.8	58.5	52.0	51.0	-0.6
Energy	17.7	-16.4	-9.5	-7.1	8.3	8.1	7.9	7.0	2.5	4.7	32.8	23.9	19.9	16.2	-0.4
Food, Beverage & Tobacco	19.1	-3.7	3.7	3.1	17.2	15.0	12.9	11.4	4.2	4.1	29.7	35.5	18.5	15.8	-0.1
Health Care Equipment & Services	0.1	-4.2	23.4	17.7	12.9	12.4	10.8	9.5	0.8	-	7.1	34.5	30.3	14.5	-0.5
Household & Personal Products	0.4	-4.0	1.2	-0.5	10.4	11.3	9.3	9.8	1.1	4.7	11.9	27.5	9.4	9.3	-
Insurance	3.4	-5.8	6.3	3.9	4.9	4.3	4.2	3.8	0.5	3.9	12.1	44.9	7.7	26.9	-1.2
Materials	5.2	-5.6	-10.5	-10.7	9.4	8.4	7.8	7.0	1.4	6.0	18.9	21.2	13.6	10.7	0.4
Pharmaceuticals & Biotechnology	1.5	-2.5	-3.0	-2.5	14.1	12.2	10.0	8.3	2.5	3.7	22.5	48.3	15.9	12.1	-0.2
Real Estate	11.3	-5.6	-3.2	-3.1	16.7	11.5	8.2	6.6	1.1	5.9	10.3	41.1	32.2	26.0	0.8
Retailing	1.8	-15.7	0.8	1.0	16.2	13.4	12.1	10.5	4.2	5.1	36.9	13.5	4.8	3.7	-
Software & Services	0.1	13.8	24.0	25.4	-	-	-	-	-	-	-	-	-	-	-
Telecommunication Services	1.7	-3.2	-1.9	-1.6	7.9	6.4	5.4	4.6	1.7	6.2	27.5	19.3	9.9	7.1	-0.2
Transportation	1.9	-3.7	-2.0	-0.6	8.8	7.5	6.9	6.3	2.1	7.1	26.6	29.4	23.6	20.6	-
Utilities	2.0	-3.7	-5.8	-6.4	8.1	9.2	7.7	7.8	1.2	4.7	14.3	31.0	27.7	28.5	-0.1

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

Vietnam Emerging Market Fund (VEMF Cayman)

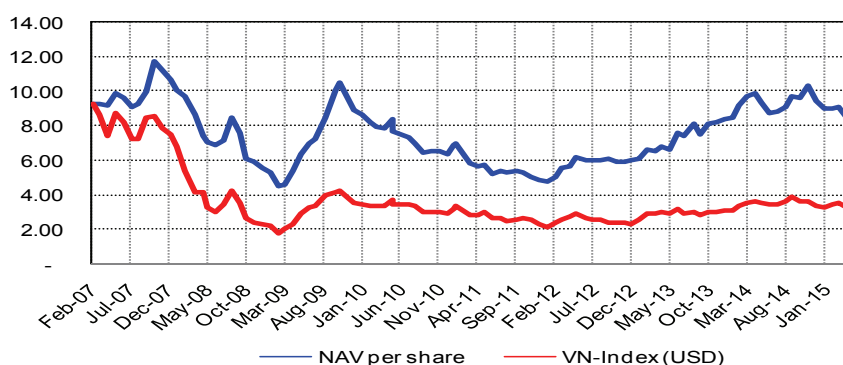
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end of March, the Fund's NAV was \$8.46. Despite a 7.03% MoM decrease, the Fund outperformed the VN-Index (US\$) by 0.86% MoM and 55.55% since inception. During the month, we increased the Fund's holdings in Banking, Transportation, and Real estate sectors. As at end of March, the Fund was fully invested.

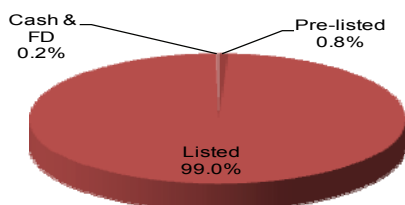
Fund performance

NAV per share	US\$8.46
Mar-15	-7.0%
YTD	-5.8%
07)	-8.6%
Reuters	65092798
Bloomberg	Equity
ISIN	KYG 936131005
CUSIP	G93613100

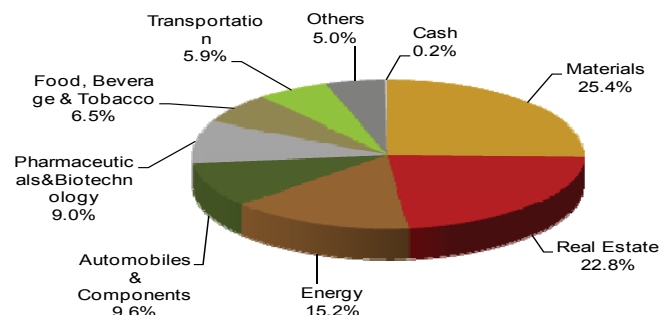
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



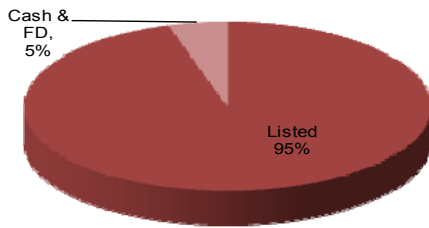
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B
NAV/share at inception (Jun 19, 2014)	EUR 1,000.00	EUR 1,000.00
NAV/share Apr 01, 2015	EUR 1,137.81	EUR 1,120.44
Reuters	68266524	68266525
Bloomberg	IPCVEMA LX	IPCVEMB LX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

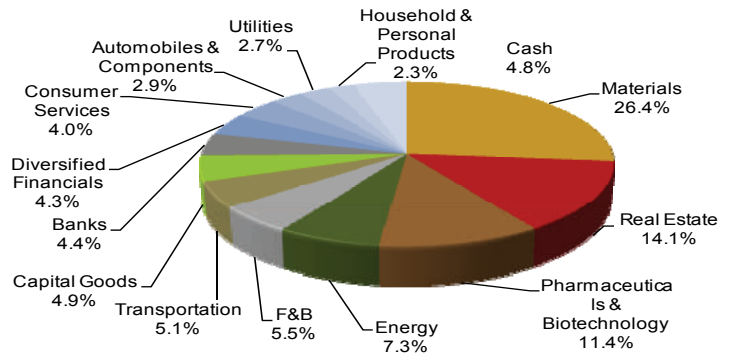
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily liquidity for European investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

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



VAM upcoming traveling

VAM CEO & CIO, Thu Nguyen, will be making a road show trip to Europe on 11th - 15th May, 2015 (please refer to the schedule here-with). If you have an interest in our funds and meet with Ms. Nguyen, please contact us at bd@vietnamam.com.

Itinerary

11th May	Helsinki
12th - 13th May	Stockholm
14th May	Zurich
15th May	Zurich and Munich

VAM in the News

VAM CEO & CIO, Thu Nguyen, was interviewed in the special edition "Private Banking Magazin Mono – Emerging Markets" of the German private banking magazine - Das Investment in April, 2015. In this issue, Ms. Nguyen provided insights into the Vietnamese economic situation and stock market, and also what stands behind the success of VAM proven funds she manages with her team.

For full article in German: [Vietnam kann mehr als Nike-Schuhe](#)

She was also interviewed by Vietnam Investment Review (VIR) in the issue No. 1226 on 13th April.

For full article in English, please refer: [Foreigners eye banks, real estate](#)

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