

In this issue

- Market update
- Our view
- Sector valuation
- VAM funds
- Fund factsheets:
 - [VEMF Cayman](#)
 - [VEMF SICAV \(UCITS-compliant fund\)](#)

Market Update

Vietnam stock market had an uneventful month in September with both VN-Index and HNX-Index fluctuating in a narrow range. Market uncertainty globally put investors on sideways most of the month, making average daily trading value drop by 30% on HSX and 21% on HNX MoM. Positive figures on GDP's growth and FDI's disbursement in 9M15 did not give much help. Closing the month, VN-Index stayed at 562.64 points while HNX-index at 77.97, almost unchanged on-month for both indexes.

Trans-Pacific Partnership (TPP) was successfully reached

After more than five years of negotiations, the 12 countries have struck a deal on TPP on October 5th. It is the biggest multilateral trade deal in years, encompassing countries in Asia and America that account for 40% of the world's economy. The agreement was reached amid declining international trade caused mainly by the slowdown of China's economy and weak global recovery. Many expect that TPP will spur trade and promote economic growth, but it will take further efforts and time before the implementation can be carried out (soonest in 2016). TPP also sets up minimum standards for intellectual property, workers and environment protection among the countries. Its impact on Vietnam's economy is remarkable, as a representative of World Bank said, TPP could enhance Vietnam's real GDP growth significantly in coming years, force local producers to be more competitive and support economic growth in long term.

Foreign direct investment (FDI) surged by 53% in 9M15 vs. 9M14

Year-to-date, total registered FDI hit US\$17.2 bn or +53% YoY, and disbursed FDI went up by 8.4% YoY at US\$9.65 bn. The increase was fuelled by the US\$2.4 bn investment

into Duyen Hai 2 Thermal Power Plant from Teknik Jana-kuasa - a Malaysian firm and the additional US\$3 bn investment by Samsung to expand its LCD production at Samsung Display Bac Ninh. In terms of newly registered FDI, Malaysia becomes the largest FDI contributor accounting for 22% of total newly registered FDI in 9M15, followed by South Korea (18%) and England (11%). Processing and manufacturing sector remained the magnet for FDI investments with more than 66% of registered FDI committed to this sector YTD at a value of US\$11.4 bn.

September CPI was at decade low

CPI fell by 0.21% MoM, marking the first time in a decade September CPI had a drop MoM and was almost flat YoY. Main reasons included (i) drastic petrol price cuts of a total of 10% were made during the tracking period, making transportation basket shrink by 3.17% MoM; (ii) domestic cooking gas price was curbed by nearly 5% following declining price of imported gas; (iii) weak electricity consumption dragged price index of household electricity down by 0.32% MoM as hot summer weather turned to autumn; and (iv) prices of food and food-related items diminished due to plenty food supplies and reduced transportation costs. With CPI standing at just 0.4% YTD, consensus esti-

mate on CPI FY2015 has been significantly revised down to around 2%.

ADB updated forecast for Vietnam's GDP growth

In its most recent Asian Development Outlook revision, ADB raised forecast for Vietnam's GDP growth to 6.5% and 6.6% in FY2015 and FY2016 respectively, higher than its previous rates of 6.1% and 6.2%, marking growth in Vietnam faster than in ASEAN-5 and average regional growth (5.8% and 6.0% in FY2015 and FY2016 respectively, due to slow recovery in large economies like China and India). In September, retail sales reached VND270.6 trn (US\$12 bn), +9.7% YoY, indicating strong demand for goods and services. For the first 9 months, GDP grew at a rate of 6.5% vs. 9M14. In his speech at the Euro-money's Vietnam Global Investment Forum held in Hanoi on September 30th, the Prime Minister was confident that Vietnam's GDP growth would reach 6.53% FY2015 at lowest. However, weakening demand from China and the region has started to have impact on Vietnamese manufacturing sector, as Nikkei Vietnam Manufacturing Index PMI dropped to 49.5 this month from 51.3 in August due to falling orders and contraction in production output, bring the two-year streak of expansion in the country's manufacturing sector to a halt.

Our view

Weakening global growth, deceleration of China's economy and possible rate hike of FED by the end of this year spurred investors' caution toward frontier and emerging markets. Vietnam was no exception with foreign net outflow being recorded at USD45 million in September. Vietnam started to feel impact of China's economic slowdown as Nikkei Vietnam Manufacturing Index PMI of September read at 49.5 from 51.3 in August, the first month of contraction for the local manufacturing sector after two years of expansion. Having said that, Vietnam's medium- to long-term outlook is still positive given key economic factors remain strong, such as stable FDI inflows, increasing domestic consumption, low inflation and strong GDP growth. Furthermore, TPP deal just signed on October 5th is expected to boost Vietnam's economy in the long term by giving Vietnamese producers more favorable market access to many key export destinations as well as driving its economy and enterprises more market-oriented to adapt to requirements and challenges of this landmark trade agreement. On the stock market, cheap valuations on the backdrop of stable and improving fundamentals maintain attractiveness of Vietnamese equities against regional peers.

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	-1.4	-5.1	3.1	18.5	12.8	11.0	10.0	2.2	4.9	17.6	34.7	18.7	15.7	4.25
Automobiles & Components	1.2	2.9	-11.9	-5.6	11.3	6.6	7.5	6.8	1.9	5.1	24.3	28.8	22.1	18.2	0.4
Banks	33.1	1.3	-2.0	37.0	28.7	15.7	13.4	11.6	1.8	3.2	11.4	41.4	16.2	11.4	13
Capital Goods	2.5	-0.2	1.7	3.3	14.1	9.2	8.6	7.5	1.5	5.8	17.9	34.3	16.4	15.8	0.1
Commercial Services & Supplies	0.6	1.5	0.2	5.2	16.1	9.6	7.6	7.0	1.7	2.8	22.9	28.6	18.1	14.6	-0.2
Consumer Durables & Apparel	0.7	1.7	0.9	16.3	12.9	8.3	6.8	20.9	1.7	4.5	19.0	16.1	9.0	4.6	0.8
Consumer Services	0.5	-15.3	-24.6	-38.7	9.7	10.7	9.4	8.5	1.6	-	18.3	53.7	32.8	25.6	-0.1
Diversified Financials	2.2	-8.7	-5.1	-8.4	15.3	13.5	12.5	11.1	1.5	4.6	11.1	59.0	51.5	50.0	-0.6
Energy	11.9	-3.7	-25.0	-31.7	6.1	8.0	7.2	6.3	1.9	6.5	24.6	20.1	16.2	13.6	-0.5
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	17.4	-4.4	2.2	15.1	21.0	16.2	14.8	13.1	5.1	5.1	31.1	36.5	18.7	16.3	-0.3
Health Care Equipment & Services	0.1	-11.1	-40.8	-72.6	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.5	7.3	5.5	10.2	7.8	8.2	7.4	7.1	1.4	5.0	18.0	28.2	13.7	12.3	-0.1
Insurance	4.2	-3.5	13.8	34.3	14.8	9.0	7.1	8.6	0.7	3.7	8.7	31.6	6.3	21.3	-0.9
Materials	5.2	-1.4	2.0	-14.4	9.6	8.0	7.4	6.6	1.6	6.2	20.6	21.2	14.3	11.2	0.5
Pharmaceuticals & Biotechnology	1.4	-1.5	-6.5	-15.0	11.4	10.6	9.3	8.1	2.0	4.6	21.3	44.2	15.9	12.5	-0.2
Real Estate	11.3	-0.3	-11.2	-10.2	15.5	13.3	9.9	8.9	0.8	7.2	7.9	40.7	31.8	25.7	0.7
Retailing	1.4	-2.7	-11.3	-19.4	9.5	10.9	10.0	9.2	3.4	5.7	28.5	13.0	4.7	3.1	0.3
Software & Services	0.2	9.8	4.4	60.5	12.1	18.1	13.7	13.0	1.1	3.9	6.2	33.7	17.0	11.8	-
Telecommunication Services	1.7	0.2	-1.8	6.0	9.6	9.1	7.6	6.5	2.0	6.7	23.1	19.3	8.5	5.3	0.1
Transportation	2.1	3.3	6.4	6.0	10.7	10.2	9.4	8.3	2.4	5.4	23.7	31.3	24.7	20.3	-
Utilities	1.9	-2.3	-4.1	-9.1	8.1	8.9	7.4	7.5	1.2	5.3	15.0	39.8	35.8	31.6	0.1

* It is generated by VAM in-house Company Analysis System - VCAS at of 30th September, 2015 comprising of both bourses

Vietnam Emerging Market Fund (VEMF Cayman)

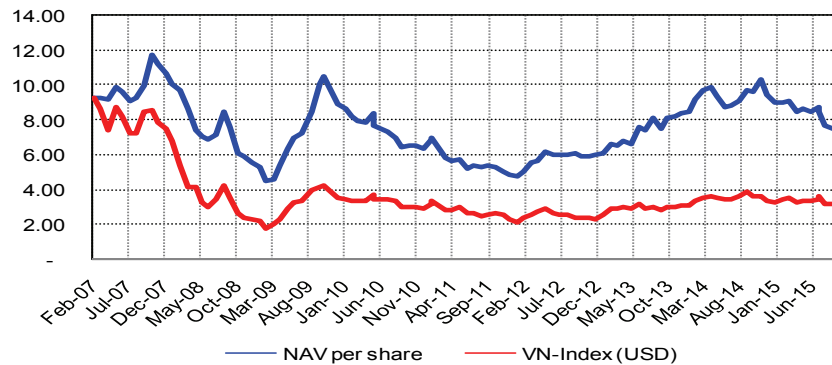
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

After a significant drop in August, VN-Index moved sideways in September with a slight decrease of 0.4% MoM in USD term as market was still cautious on currency risk with USD/VND rate experiencing volatility during the month. Moving in line with the market, the VEMF decreased 1.4% MoM.

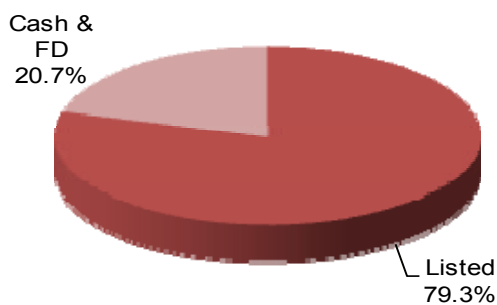
Fund performance

NAV per share	US\$7.54
Sep-15	-1.44%
YTD	-16.04%
Since inception (Feb 07)	-18.57%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

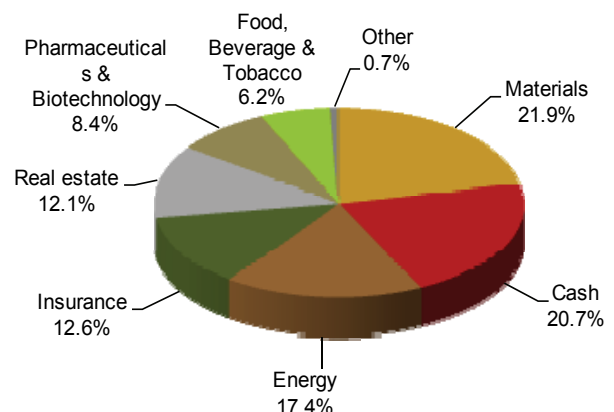
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



Vietnam Emerging Market Fund SICAV (VEMF SICAV)

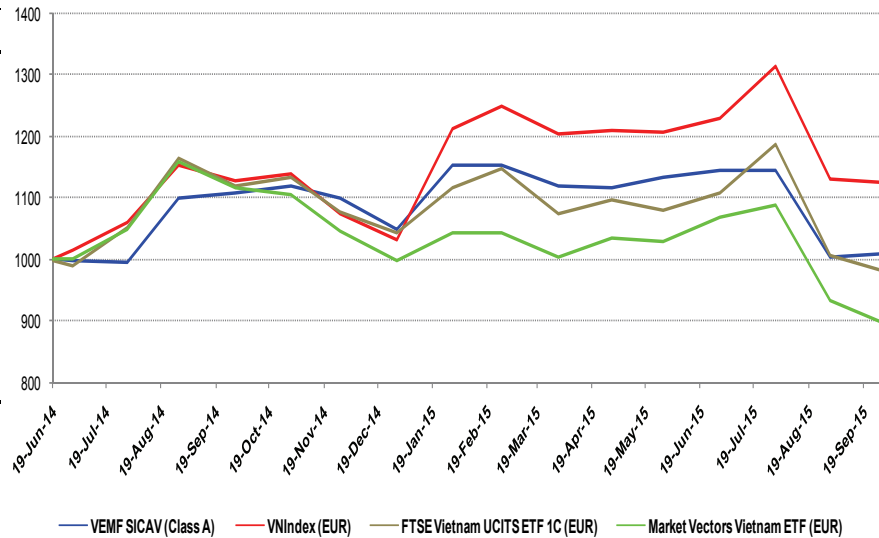
VEMF SICAV is a Luxembourg-incorporated UCITS compliant open-ended fund with daily liquidity for European investors. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In September, VN-Index decreased slightly by 0.5% MoM in EUR term. Moving in line with the market, VEMF SICAV dropped 1% MoM.

Fund performance

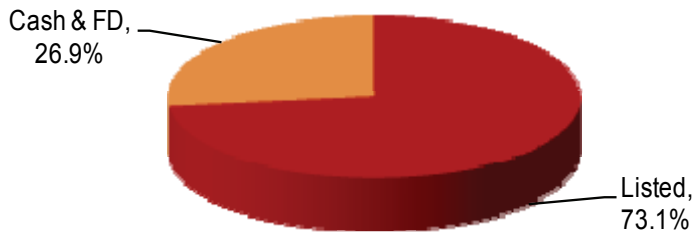
	Class A	Class B
NAV per share	EUR 1,009.51	EUR 992.43
30-Sep-15	-1.03%	-1.07%
YTD	-7.30%	-7.40%
Since inception (Jun 19, 2014)	0.95%	-0.76%
Reuters	68266524	68266525
Bloomberg	IPCVEMA LX	IPCVEMB LX
ISIN	LU1042536018	LU1042536281
Securities No.	A1XE8U	A1XE8V

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

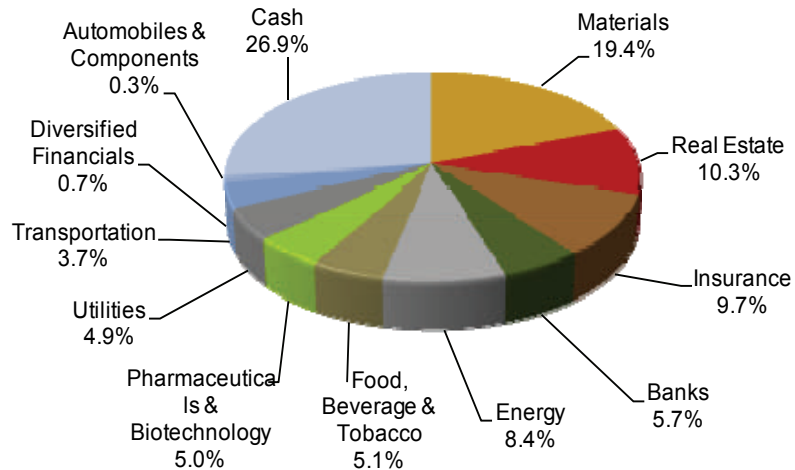


Source: Bloomberg, HOSE, VAM, HSBC exchange rate

Fund Breakdown



Sector Breakdown



Source: Union Investment Financial Services S.A.

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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