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Market Update

The market was quite inactive most of the month due to the effect of a week-long Lunar New Year holiday in mid-February. Liquidity improved in the last week when the festive mood of investors seemed largely over. A mega put-through deal of Vinamilk (VNM) in late February helped bring up average daily trading value on the HOSE by 6.2% MoM while flat on the HNX. Foreign investors maintained a net sold position, to a very modest degree. Closing February, both indexes slightly went up, with VN-Index +2.6% MoM to 559.4 points, and HNX-Index up 2.4% to 78.7 points.

Influx of FDI continued with nearly US\$3b committed in the first 2 months

Committed FDI strongly surged by 135% YoY, achieving US\$2.8b in 2M16 while disbursed FDI also increased by 15.4% on-year, reaching US\$1.5b. Manufacturing sector continued to get a big portion (71.2% of the capital inflow) with sizeable projects such as Maple Ltd.'s \$100-million apparel-making factory (from Singapore), New Wing Interconnect Technology's \$100-million headphone-making factory (South Korea) and Schneider Electric's \$45-million manufacturing plant (France). A more liberalizing trade policy pursued by the country's leaders with 12 actively signed/joined FTAs so far, including the Trans-Pacific Partnership Agreement (TPP), coupled with a stable macro-economic environment reinforces Vietnam as a FDI magnet and emerging manufacturing hub in the region. The Government looks set to enhance trade liberalization further when seen to have been in

negotiations for another 2 FTAs: Regional Comprehensive Economic Partnership (RCEP-ASEAN+6) and Vietnam-European Free Trade Association (including Iceland, Liechtenstein, Norway, and Switzerland). The first could be concluded by the end of 2016 while the second may take more time.

Purchasing Managers' Index (PMI) ticked at 50.3 points in February

February was the 3rd consecutive month that Vietnam's PMI stood above the 50-point threshold, indicating that the manufacturing sector continued its improvement for 3 months in a row now, albeit at a slower pace this month with PMI reading at 50.3 versus 51.5 in January. Growth in new orders, output and employment remained positive but lower than last month. Though there was faster growth in new export orders, plunging oil prices contributed to a sharper reduction of input costs and output prices even decreased further. Comparing to neighbor countries, this was encouraging for Vietnam when Malaysia's PMI posted

at 47.8 points in February, Indonesia at 48.7 and China at 48.

A return of trade surplus in 2M16 after a deficit in FY2015

Preliminary estimates by the General Statistics Office of Vietnam showed a trade surplus of US\$100m in February, bringing YTD trade surplus to US\$865m. Export turnover reached US\$ 23.7b, up 2.9% YoY in the first 2 months. The United States remained Vietnam's biggest export market with an export turnover of US\$5.1b (+15.5% YoY) during the period, followed by the EU with US\$4.7b (+6.4% YoY). On the contrary, import turnover went down by 6.6% YoY to US\$22.8b in the same period due to a reduction in importing machinery and equipment (-14% YoY), phones & spare parts (-8% YoY) and steel (-8% YoY). Main reasons behind the fall included a drop of imports' prices, as in the case of steel, crude oil and rubber, and a slowdown of domestic manufacturing due to a long Lunar New Year holiday.

Our view

External factors such as continued concerns on China's hard landing (both the economy and the stock market) and volatile crude oil prices apparently impacted on Vietnamese stock market in February. Though positive YTD macro indicators with trade surplus, stable forex market, manufacturing keeping expansion and solid FDI inflow did not help much to get the bull market back yet, it surely uplifted investor sentiment with significantly improving liquidity in the market after the long Lunar New Year holiday. On the market side, AGM season has just begun with high expectations on 2015 audited corporate earnings and strong payout ratio in general. Furthermore, we are seeing concrete improvements in relaxation of foreign ownership limit (FOL) from roughly ten listed firms. The FOL implementation is getting more visible and feasible. This together with a busier IPO pipeline and SCIC divestment schedule, if done properly, will create a lot more investment opportunities for investors in the coming time. Also, the Vietnamese market is trading at strong discount in valuation against regional markets. Overall, we remain confident on 2016 outlook for Vietnam and the stock market.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	2016 PE	2017 PE	2018 PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.00	2.59	-4.03	-3.40	12.4	11.2	9.9	2.5	5.3	18.9	34.3	18.4	16.3	4
Automobiles & Components	1.25	4.89	-11.50	-5.13	8.9	7.1	6.2	1.5	6.5	22.3	27.2	21.7	17.4	0.4
Banks	30.64	1.62	-7.57	-5.36	12.3	10.8	9.5	1.5	3.7	12.7	40.3	16.6	11.8	13.1
Capital Goods	3.37	4.24	1.73	-0.34	9.1	8.0	7.7	1.6	5.2	18.6	26.9	13.7	12.5	-
Commercial Services & Supplies	0.72	0.11	-0.41	-3.01	8.3	7.6	6.7	1.7	3.1	22.6	28.6	16.2	14.1	-0.4
Consumer Durables & Apparel	1.04	0.27	12.15	2.60	9.6	8.6	8.0	2.2	4.2	23.9	17.0	10.2	7.0	0.8
Consumer Services	0.31	6.92	3.06	2.91	11.7	10.9	10.1	1.4	-	17.8	48.8	28.4	23.8	0.3
Diversified Financials	1.86	10.12	-2.46	4.66	12.5	11.0	9.8	1.5	4.8	11.5	58.2	51.8	50.8	-0.6
Energy	8.60	7.04	-4.97	11.45	11.2	9.0	7.9	1.8	7.2	16.3	17.3	12.9	11.2	-0.3
Food, Beverage & Tobacco	19.14	6.97	4.01	0.42	19.7	19.7	17.7	6.3	3.4	32.5	36.4	18.3	16.0	-0.4
Health Care Equipment & Services	0.05	32.37	-26.87	-9.25	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.50	13.08	9.21	11.66	7.4	7.4	6.4	1.2	4.4	17.3	27.1	12.1	12.2	-0.1
Insurance	4.70	1.98	-2.82	-1.98	9.7	10.2	5.9	1.2	2.0	13.6	22.6	-0.1	21.0	-0.9
Materials	5.57	2.50	-4.12	-1.15	7.7	7.6	7.1	1.3	8.6	19.5	22.3	14.8	11.6	0.3
Pharmaceuticals & Biotechnology	1.33	21.67	21.03	21.94	11.8	9.9	8.7	2.2	3.7	20.8	42.0	17.1	13.8	-0.3
Real Estate	12.20	-5.57	-4.92	-8.62	7.5	5.5	5.2	0.8	9.1	12.1	40.1	30.1	22.0	0.5
Retailing	1.63	1.37	0.86	-2.21	10.9	9.2	7.7	2.6	7.7	28.1	13.1	4.9	4.0	-0.1
Software & Services	0.20	5.13	9.50	4.42	19.6	17.9	15.1	1.6	4.9	7.9	22.9	9.3	6.9	0.4
Telecommunication Services	1.86	2.93	-2.58	0.06	9.5	7.4	6.5	1.9	4.2	19.6	18.8	7.3	4.7	0.3
Transportation	2.60	1.66	-0.30	-2.76	11.4	9.9	8.8	2.6	4.9	23.8	30.8	24.3	20.6	-
Utilities	2.54	-0.74	-4.91	-2.67	7.8	7.0	6.4	1.2	9.2	16.5	36.2	30.3	46.9	0.3

* The Sector valuation table is generated by the VAM Company Analysis System - VCAS

* It is generated by VAM in-house Company Analysis System - VCAS at of 29 February, 2016 comprising of both bourses

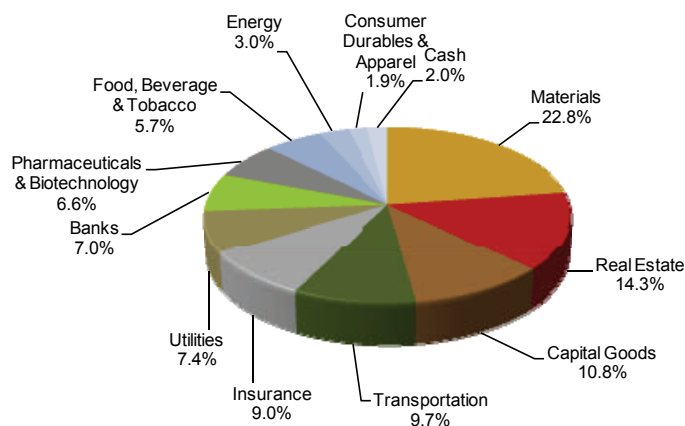
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B
Inception date	19-Jun-14	31-Jul-14
NAV per share	EUR 991.46	EUR 972.44
29-Feb-16	1.71%	1.67%
YTD	-4.11%	-4.19%
Since inception	-0.58%	-2.76%
Reuters	68266524	68266525
Bloomberg	IPCVEMALX	IPCVEMBLX
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.

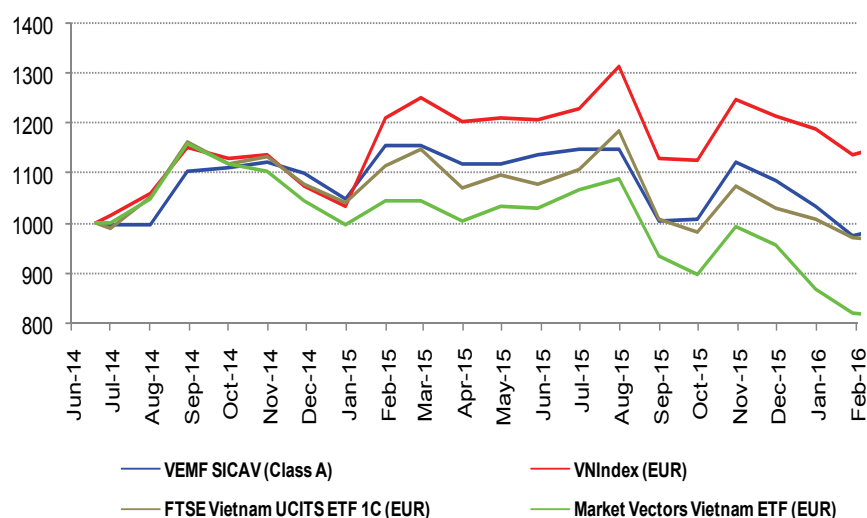
In February, the Fund (Class A) increased 1.7% MoM versus +2% MoM of the VN-Index in Euro term. The Fund outperformed the DB x-trackers FTSE Vietnam UCITS ETF and the Market Vectors Vietnam ETF by 1.5% and 2.6% in EUR term, respectively. During the month, foreign investors net sold US\$11m versus US\$54,5m in January.

Sector Breakdown



Source: Union Investment Financial Services S.A.

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



Source: Bloomberg, HOSE, VAM, HSBC exchange rate

Vietnam Emerging Market Fund (VEMF Cayman)

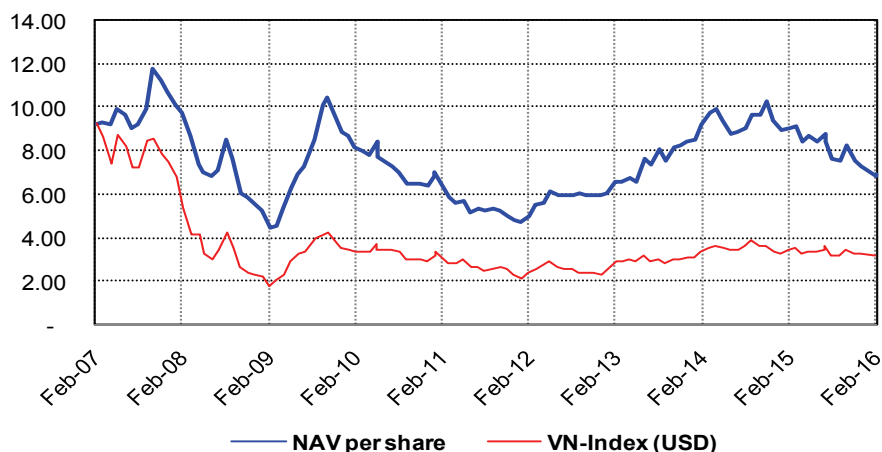
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

In February, VEMF increased 1.8% MoM versus +2.3% MoM of the VN-Index in USD term. The Fund outperformed the DB x-trackers FTSE Vietnam UCITS ETF and the Market Vectors Vietnam ETF by 2.3% and 2.5% in USD term, respectively.

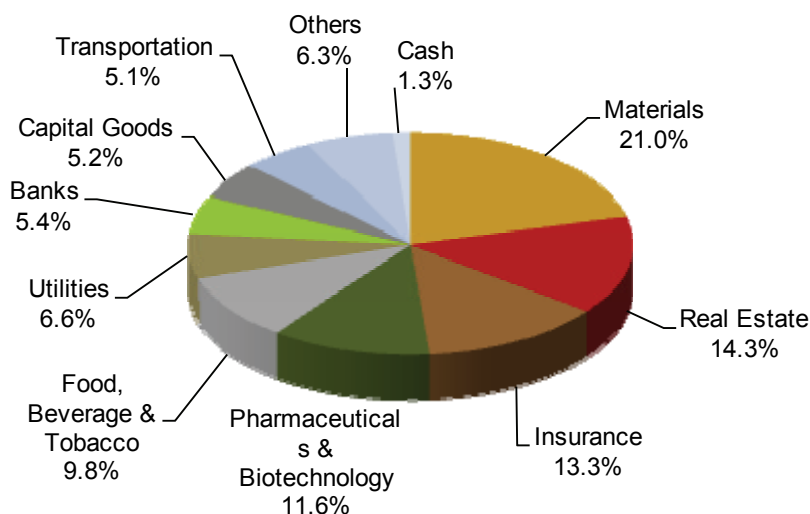
Fund performance

NAV per share	US\$6.97
Feb-16	1.75%
YTD	-5.04%
Since inception (Feb 07)	-24.73%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

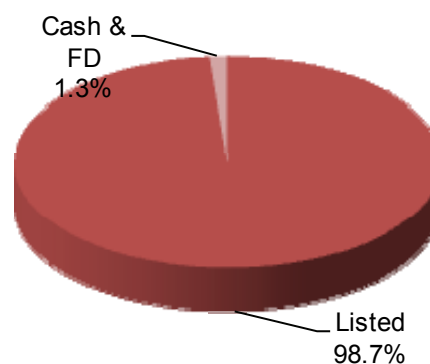
Performance vs. VN-Index (US\$)



Sector Breakdown



Fund Breakdown



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).

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