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Market Update

The market had a volatile month in April. The VN-Index moved upward in the first 6 trading days, reaching 731.33pts on Apr 11th but then experienced substantial adjustments in following days, retreating to 707.58pts on Apr 25th. Such adjustments, largely driven by profit taking and concerns on rising geopolitical tensions between the U.S. and Syria, Afghanistan, and North Korea, erased most of the gains since mid-February. However, the market liquidity remained high as in March and foreign investors continued to be net buyers in the 4th consecutive month with net buying value on both bourses of nearly US\$98mn. The VN-Index recovered in the last 3 trading days to close the month at 717.73pts (-0.6% MoM), while the HNX-Index ended April at 89.54pts (-1.4% MoM).

Moody upgrades Vietnam's rating outlook to positive from stable

On April 28th, Moody's Investors Service affirmed the Government of Vietnam's B1 issuer and revised the country's rating outlook to positive from stable. The positive outlook is based on Moody's expectations that "strong FDI inflows will continue to enhance economic performance; macroeconomic and external stability will be maintained; and strong growth and a stable macroeconomic environment will help stabilize government debt around current levels". In the first four months, disbursed FDI was US\$4.8bn (+3.2% YoY) while registered FDI reached US\$10.6bn (+40.5% YoY). Another bright note, the manufacturing sector continued to see a robust growth with Purchasing Managers' Index (PMI) reading at 54.1 in April, marking the 17th consecutive month of being above the 50 threshold. The strong expansion was driven by a solid increase in new export orders. Furthermore, the nominal growth of retail sales was also up 11.1%YoY in April, in which hospitality revenue increased 19.8% YoY with the tourist arrival growth of 34% YoY in 4M2017.

The banking sector performed well in the first quar-

ter; credit growth hit 6-year-high in 4M2017

Commercial banks in general reported good business results in the first quarter of this year. Vietcombank (VCB) for instance posted 1Q profit after tax of US\$97mn, up 20.1% against 1Q2016 and topped peers. Vietinbank (CTG) followed with a post-tax profit of US\$89.7mn (the highest growth since 2011), and Bank for Investment and Development of Vietnam (BID) came next with net gain of US\$81.3mn (+9% YoY). Smaller commercial banks such as Techcombank and Military Bank (MBB) also posted strong earnings for the period. Moody in early May upgrades ratings for 8 Vietnamese banks (VCB, CTG, BID, ABBank, ACB, MBB, VIB and Techcombank) to positive from stable, in line with the country's rating upgrade a few days earlier. On a related note, system-wide credit growth at end of April was estimated at +4.86% YTD (vs. 3% growth for the same period last year) – the highest growth in six years. The official target is still kept at 16-18% for the whole year. Meanwhile, CPI in April remained unchanged compared to last month and was +0.9% YTD and +4.3% YoY.

Deputy Prime Minister demands to accelerate listing of eligible SOEs and publish 578 equitized and not yet listed SOEs on official portals

In response to the direction by Deputy Prime Minister Vuong Dinh Hue, Head of the SOE Reform and Development Committee, the Ministry of Finance (MoF) reported in April that based on reports received from relevant governmental bodies and SOEs up to 4 April 2017, there are 578 equitized SOEs that are not yet listed. 72 of which already meet requirements but have not registered to be listed. The Deputy Prime Minister has demanded relevant bodies to accelerate listing of these SOEs, and requested the Government Office and the MoF to publish the 578 company list on official portals. Equitized enterprises are requested to get listed within 12 months from its successful IPO and delaying in listing will lead to an administrative fine of up to VND300-400mn. State officials who are responsible for the listing at each of these SOEs will also have to take liability for any delay in listing. This move one more time reaffirms the Government's strong determination in pushing forward SOEs reform, which is critical for the SOE sector and the whole economy. Furthermore, accelerating listing pace of SOEs will help support the Government's efforts in divesting its stakes from SOEs, attract foreign investors, and foster the development of the market.

Our view

Amidst impacts from rising geopolitical tensions in the world during the month, Vietnam's economy continued to show positive results. Some most noteworthy were the continued FDI influx, the strong expansion of the manufacturing sector mainly driven by a rise in new export orders, and the robust growth of retail sales thanks in part to significant tourist arrival growth in the first four months. On currency, the Vietnam dong was almost unchanged against the US dollar despite widening trade deficit of US\$2.74bn YTD. Business-wide, with the Prime Minister's direction to the Central Bank to reduce the lending rates if possible or at least maintain lending rates at current levels and robust lending activities at banks, businesses especially those in the Government's priority sector list will continue to benefit from the low-interest and capital-accessible environment. These factors should translate into higher economic growth in coming quarters. On the stock market, the liquidity continued to improve. With another strong push from the Government in April on accelerating listing of eligible equitized SOEs, we expect to see more investment opportunities to come.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	2016 PE	2017 PE	2018 PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	-0.6	2.9	8.0	18.7	16.1	12.7	4.2	4.1	24.4	14.5	3.62
Automobiles & Components	0.8	-3.5	1.3	0.6	10.5	10.9	7.7	1.5	9.0	18.8	19.3	0.4
Banks	21.4	-4.2	-2.8	7.2	4.6	18.4	9.8	1.9	2.8	11.6	9.7	17
Capital Goods	8.2	-0.4	13.0	17.3	11.7	10.1	9.7	2.2	2.9	23.5	13.9	-
Commercial Services & Supplies	0.8	0.3	4.9	3.0	17.0	12.9	11.1	2.6	2.2	20.2	10.9	-0.3
Consumer Durables & Apparel	0.8	8.8	22.9	23.1	18.6	13.0	9.2	-4.6	1.8	-7.2	3.2	2.6
Consumer Services	0.2	4.2	0.0	-2.1	51.4	20.1	16.8	3.1	0.5	22.4	28.9	-0.3
Diversified Financials	1.4	-2.8	12.6	13.5	17.7	13.7	11.7	50.3	4.2	11.5	41.3	0.7
Energy	8.1	3.4	-5.8	-5.4	42.4	16.5	14.7	2.5	5.7	15.6	9.4	-0.3
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	25.4	2.1	9.0	10.3	22.5	23.0	18.3	8.3	4.1	40.5	17.9	-0.4
Health Care Equipment & Services	0.0	-6.1	-10.0	-10.3	-	-	-	-	-	-	-	-
Household & Personal Products	0.5	1.3	-1.5	-3.7	8.9	8.9	8.7	1.6	4.8	19.2	15.4	-0.2
Insurance	3.7	-2.6	-1.7	2.0	11.9	11.1	7.5	1.3	1.8	12.0	17.0	-0.8
Materials	4.7	3.1	5.1	2.3	7.1	7.4	6.3	1.4	7.3	25.1	13.5	0.3
Pharmaceuticals & Biotechnology	1.6	6.0	19.8	26.7	16.8	15.2	13.8	3.5	2.5	23.3	14.7	-0.2
Real Estate	12.2	-1.9	5.8	7.1	36.9	11.6	13.1	2.5	5.3	23.7	18.3	0.7
Retailing	2.5	2.2	7.5	9.3	16.3	14.3	11.0	4.3	0.9	41.3	3.3	1
Software & Services	1.5	-1.8	2.6	1.7	11.0	10.2	10.0	1.6	4.4	17.4	10.8	-
Technology Hardware & Equipment	0.0	7.3	-2.0	-1.4	-	-	-	-	-	-	-	-
Telecommunication Services	0.1	-9.2	-3.6	3.1	13.6	3.5	3.2	0.6	-	16.4	7.6	0.2
Transportation	4.6	-0.1	6.9	9.0	14.1	13.3	12.3	4.0	4.6	34.4	13.9	0.5

* It is generated by VAM in-house Company Analysis System - VCAS, comprising of both bourses and based on VAM covered universe, as of 30 Apr, 2017.

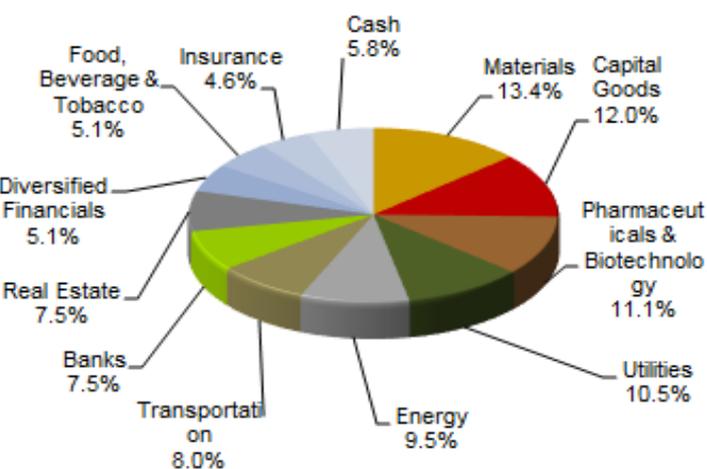
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 14	31 Jul, 14	05 Aug, 16
NAV per share	EUR 1176.9	EUR 1144.3	USD 988.3
MoM change	-2.6%	-2.7%	-1.5%
YTD change	-2.1%	-2.3%	1.4%
Since inception	17.7%	14.4%	-1.2%
Bloomberg	IPCVEMA LX	IPCVEMB LX	IPCVEMC LX
ISIN	LU1042536018	LU1042536281	LU1218444351
Securities No.	A1XE8U	A1XE8V	A14RPQ

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

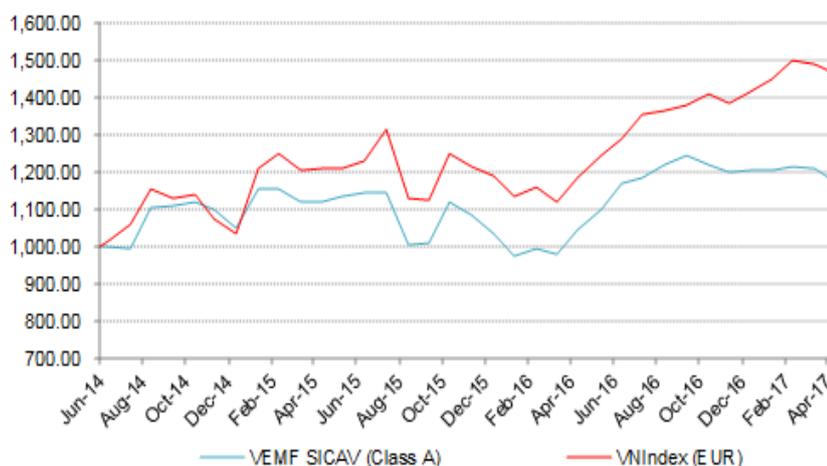
In April, the Fund decreased -2.64% MoM, slightly underperformed the market as the VN-Index dropped -1.89% MoM in EUR term.

Sector Breakdown



Source: Union Investment Financial Services S.A.

Performance of VEMF S CIAV Class A vs. VN-Index (EUR)



Source: Bloomberg, HOSE, VAM, HSBC exchange rate

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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