

Market Update

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The market had a good month in November with both main bourses maintaining impressive upward movements in local currency. In particular, the VN-Index soared to 949.93 points at the month-end, advancing 13.45% MoM, the biggest monthly gain since January 2013. Likewise, the HNX-Index climbed 9.09% MoM to finish November at 114.72 points. Such phenomenal market rallies were mainly attributable to several large-cap stocks, including VNM, VIC, VJC, SAB, etc. Also, market sentiment was buoyed by the successful APEC Summit in Da Nang. Market liquidity was improved strongly this month, with aggregate average daily trading value expanding by 65.8% MoM to USD355.9 million. Foreign investors continued supporting the market positively with an exceptional high net buying value of USD511.3 million in November.

Vietnam successfully played host to Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Week, officially closing the APEC Year 2017.

The APEC Economic Leaders' Week in Da Nang city from November 6 – 11, which successfully concluded the APEC Year 2017 hosted by Vietnam, was an excellent foreign affair achievement of the country. It was an exclusive occasion with the attendance of leaders of all 21 member economies and attracted approximately 11,000 high rank business delegates, reflecting the world and the region's significant attention to APEC. In addition, the week also contributed substantially to the deepening of relations between Vietnam and member economies as the country welcomed four separate national-level visits by General Secretary of the Communist Party and President of China Xi Jinping, US President Donald Trump, Chilean President Michelle Bachelet Jeria, and Canadian Prime Minister Justin Trudeau. Nearly 50 bilateral meetings between Vietnamese leaders and foreign partners

also took place during this occasion. In terms of economic achievement, a total of 121 cooperation agreements and contracts valuing roughly USD20 billion were signed between Vietnam and other nations. Notably, the US and Vietnam signed a number of trade agreements worth up to USD12 billion, primarily in the natural gas sector, transport and aviation. Furthermore, 83 trade deals were also signed between China and Vietnam with a total value of USD1.94 billion, mainly in textile, pharmaceutical, agriculture, petrochemical and commercial trading industries. Impact of this event would also be seen in the country's tourist industry in coming time.

FDI hit a new high, CPI calmed inflation concern in November.

Vietnam FDI continued to increase as registered FDI consisting of newly registered capital, additional funds, and share purchase reached USD33.09 billion in 11M2017, an impressive surge of 82.8% YoY. Meanwhile, disbursed FDI amounted to USD16 billion, up 11.9% YoY. Among a

total of 112 countries and territories investing in Vietnam, Japan topped the list YTD with total investment capital of USD8.94 billion, followed by South Korea (USD8.18 billion) and Singapore (USD4.69 billion). Regarding sector performance, positive signals continued to be seen from the industrial sector with a gain in the Production Index of 17.2% YoY in November. While such positive performance was offset by the manufacturing sector (+24.3% YoY), the mining sector still lagged far behind (-4.1% YoY). Although the PMI witnessed another month of slight decline, as the figure fell to 51.4 in November from October's 51.6, it still recorded its 24th consecutive month of economic expansion (above the 50 threshold). Concerning inflation, CPI posted only a slight increase of 0.13% MoM in November, compared to a 0.41% MoM rise in October, leading to a YTD CPI growth of 2.38% and a monthly average CPI growth of 3.61% YoY. However, with high credit growth this year, inflation remains a risk to be watched.

Our view

November was an eventful month for the Vietnam economy and stock market, highlighted by the success of APEC Economic Leaders' Week and strong market performance. The former contributed to improving the country's position in the global arena and also created socio-economic benefits for Vietnam in coming years. Major macro-economic indicators in November kept reinforcing the country's strong economic growth, concerns on inflation and potential overheating of the economy remain though. The stock market also had an active month with soaring market liquidity and strong foreign capital inflows. After the market strong rally in November, corrections and profit taking are expected, but market outlook in longer term remains positive on the back of supportive macro-economic environment. With IPO and listing of large groups and private commercial banks as well as sizeable state divestments in coming time, the market will expectedly continue to offer good investment opportunities for foreign investors.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	2017 PE	2018 PE	2019 PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	13.5	21.4	42.9	20.4	16.2	14.2	4.3	3.4	23.0	13.6	4.59
Automobiles & Components	0.6	10.4	-6.4	-5.7	13.0	10.0	8.8	1.9	8.8	16.8	14.8	0.9
Banks	23.2	15.2	26.4	52.5	23.8	13.6	12.1	2.4	2.4	11.3	10.0	15.3
Capital Goods	8.0	-6.0	26.7	27.6	11.7	11.1	9.6	2.2	2.7	22.4	12.3	0.6
Commercial Services & Supplies	0.7	0.1	-4.0	8.7	11.5	10.2	9.0	2.5	2.5	22.3	10.7	0.2
Consumer Durables & Apparel	0.8	9.0	9.6	53.5	15.4	12.1	14.5	4.2	1.4	31.6	6.4	1.3
Consumer Services	0.3	33.8	17.9	17.8	7.6	7.6	7.2	1.6	0.5	16.1	27.3	0.4
Diversified Financials	1.7	16.6	16.5	88.4	16.7	15.7	14.9	2.6	3.1	15.6	35.9	0.7
Energy	7.8	11.8	24.7	30.7	22.0	19.6	17.2	3.6	4.2	16.0	9.7	0.2
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	25.0	35.5	48.1	77.1	27.6	22.9	18.9	9.3	3.3	35.2	15.8	0.4
Health Care Equipment & Services	0.0	1.9	15.6	18.4	6.6	5.3	4.5	0.4	-	5.7	12.0	0.4
Household & Personal Products	0.4	4.1	2.0	-9.5	11.5	11.0	9.6	1.5	4.8	14.1	8.0	0.7
Insurance	2.7	11.0	8.4	9.0	24.7	25.8	24.3	3.0	2.0	12.3	7.4	-
Materials	4.8	8.9	8.1	18.2	9.9	8.9	8.1	2.1	6.7	26.2	13.8	0.6
Pharmaceuticals & Biotechnology	1.6	3.4	-4.8	38.2	16.3	14.7	13.2	3.8	3.0	23.6	15.6	0.1
Real Estate	11.9	20.7	32.8	56.4	14.8	14.8	12.5	3.7	2.9	24.1	17.6	0.9
Retailing	2.7	5.2	14.7	48.0	11.1	8.5	7.0	3.5	1.1	42.0	3.5	1.2
Software & Services	1.5	16.8	19.8	46.9	15.2	14.9	11.5	2.5	3.5	17.3	10.6	0.8
Technology Hardware & Equipment	0.0	-5.3	34.1	78.3	-	-	-	-	-	-	-	-
Telecommunication Services	0.0	31.3	26.0	26.3	5.8	5.6	5.2	0.8	-	22.3	7.4	0.9
Transportation	4.8	12.7	28.0	49.3	15.0	14.1	13.4	4.7	4.5	36.2	14.0	1.1
Utilities	1.6	10.7	8.9	23.0	11.6	10.7	9.5	1.7	7.3	15.4	28.0	0.9

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

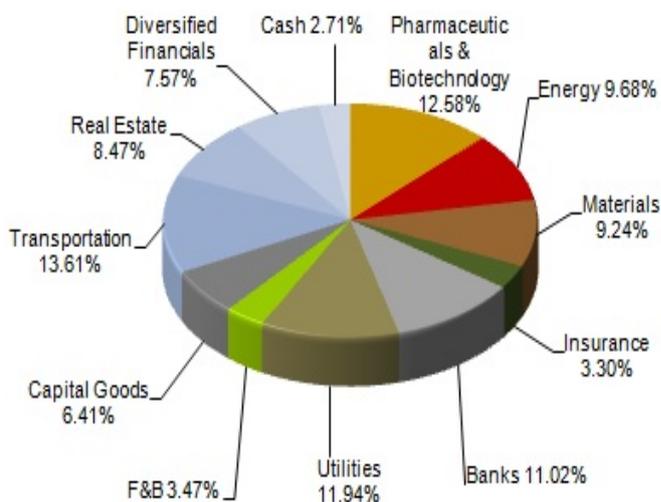
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1231.85	EUR 1194.81	USD 1115.49
MoM change	8.37%	8.33%	9.17%
YTD change	2.42%	2%	14.44%
Since inception	23.19%	19.48%	11.55%
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.

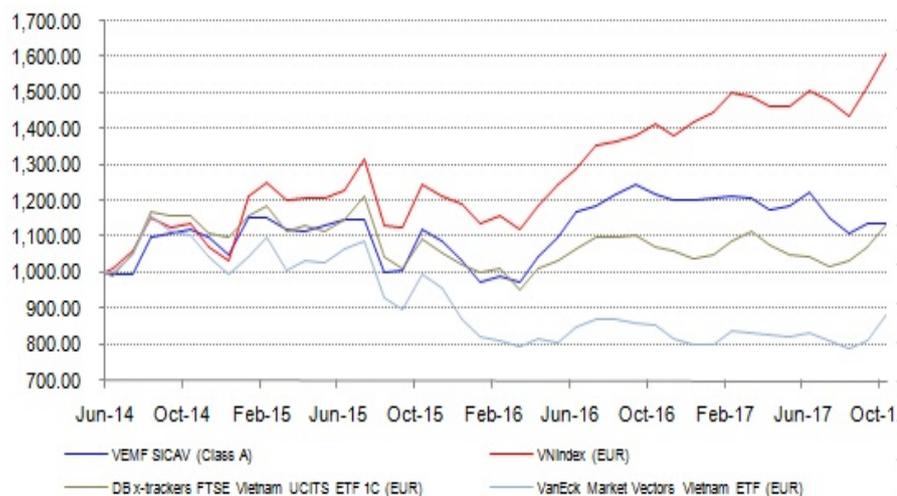
In November, the Fund increased 8.37% MoM, underperformed the VN-Index by 2.14% and outperformed the Van Eck Market Vectors Vietnam ETF by 4.14% (all in EUR term).

Sector Breakdown



Source: Union Investment Financial Services S.A.

Performance of VEMF SICAV 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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