

In this issue

- Market update
- Our view
- Sector valuation
- VEMF SICAV (UCITS-compliant fund)

Market Update

The VN-Index experienced high volatility in April. It soared to a record-high of 1,204.33 points on April 9th, and slumped by roughly 12.8% since then. The VN-Index wrapped up April at a four-month low of 1,050.26 points, down by 10.6% MoM in local currency but still delivering a YTD gain of 6.7%. Albeit solid macro-economic data and upbeat corporate results in Q1, market sentiment became increasingly bearish over the month and strong selling pressure was observed across the board, led by many large-cap stocks in different sectors. Similarly, the HNX-Index dropped to 122.64 points at month-end, down 7.4% MoM. The combined average daily trading value (HSX, HNX, UPCoM) fell slightly by 0.3% MoM, at US\$394 million. Foreign investors' net inflows strengthened this month, reaching US\$68.7 million compared to only US\$5.4 million in the previous month. This was primarily supported by the put-through transaction of NVL shares on April 20th of around US\$150 million.

Vietnam continued to witness robust expansion of manufacturing and retail sectors, coupled with substantial trade surplus and steady FDI disbursement.

The country's macro-economic data continued to show encouraging results in April, with manufacturing and retail sectors remaining major growth engines. Notably, the PMI this month jumped to 52.7, up from 51.6 in March, displaying a sound monthly improvement in manufacturing sector, supported by accelerated growth rates in output and new orders on stronger client demands. Accordingly, Vietnamese manufacturers boosted their job creation rate in April, marking the 25th consecutive month of job growth. As for retail sector, April retail sales also picked up 9.5% YoY, leading to an increase in inflation-adjusted retail sales of 8.5% YoY for the first four months of 2018. This was partly driven by a 29.5% YoY surge in international tourist arrivals for January – April period, besides domestic consumption. On trade front, ex-

port turnover in April declined by 13.9% MoM largely due to fewer working days and Samsung's latest flagship smartphones, Galaxy S9 and S9+, being exported mainly in March. Nonetheless, the first four-month period's exports still climbed 19% YoY to reach US\$73.76 billion, exceeding imports of US\$70.37 billion (+10.1% YoY) and resulting in a YTD trade surplus of US\$3.39 billion. Furthermore, while YTD registered and added FDI was still low (at approximately US\$5.8 billion, down 37% YoY), realized FDI over January – April remained solid, amounting to US\$5.1 billion (+6.3% YoY).

Administrative procedures continued to be removed and simplified, creating more favorable conditions for businesses.

Following the Decision No. 1408/QĐ-BCT dated April 27, 2018, the Ministry of Industry and Trade (MoIT) will remove 12 administrative procedures and simplify 42 others across 10 fields under its management consisting of energy,

electricity, competitiveness management, trade promotion, food safety and import-export. This represented the third time that the ministry has streamlined redundant processes, facilitating business operations. Some notable moves included the removal of 9 administrative procedures related to trade promotion activities, as well as the reduction in the time for obtaining necessary documents to export rice from 15 to 10 working days. The MoIT has been the only ministry to meet the Government's requirements regarding administrative restructuring, and it has also been applauded for eliminating 402 out of 702 import-export products from special check-up list. Such significant improvements implemented in the industry and trade sector will hopefully prompt administrative reforms in other sectors to remove more barriers for businesses and further boost economic activities.

Our view

The Vietnam economy had another good month of solid growth and broad macroeconomic stability in April. In addition to positive sector performance, sizable trade surplus and healthy disbursed FDI, inflation was also kept in check this month, up 0.08% MoM, and 2.8% YoY on average in the first four months vs. a surge of 4.8% YoY over the same period in 2017. Moreover, the country's foreign reserves at month-end advanced to a new-record level of approximately US\$63 billion, which contributed to the current stable USD/VND exchange rate. Despite the supporting macro-economic environment and positive corporate earnings reported for Q1 in general, the stock market suffered strong corrections under profit-taking pressure, with weak investor sentiment continuing into May. After such steep plunges, current valuation of listed shares looks fairly attractive. Market liquidity has remained below average in recent days though. We think the market will eventually resume its uptrend after the normal correction. On a positive note, the Ho Chi Minh Stock Exchange is going to welcome 2 big names to the board, namely Vinhomes (market cap estimated at US\$13.5 billion, and Techcombank at US\$6.1 - US\$6.5 billion) tentatively in May and early June, respectively.

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	-10.6	-5.4	6.7	24.5	29.3	16.0	8.7	2.5	25.1	15.4	5.7
Automobiles & Components	0.1	-6.6	-10.5	-9.6	12.8	22.7	8.2	1.5	8.7	18.0	17.5	0.8
Banks	27.2	-15.1	-0.5	19.3	30.7	22.1	15.4	2.4	2.0	15.9	13.4	15.1
Capital Goods	4.0	-24.9	-25.1	-27.1	9.4	9.0	8.0	1.4	4.6	17.6	16.0	0.4
Commercial Services & Supplies	0.5	0.2	8.3	18.1	15.3	18.9	11.2	2.5	1.7	21.1	13.0	0.1
Consumer Durables & Apparel	0.9	-9.1	6.4	11.4	20.8	22.7	16.1	4.9	1.4	38.9	8.3	0.3
Consumer Services	0.2	-4.6	-11.2	-17.9	7.0	11.3	6.1	1.1	-	17.1	27.6	1.5
Diversified Financials	1.8	-8.9	3.8	27.9	15.5	15.3	7.8	4.2	-0.2	29.4	78.9	-
Energy	12.1	-15.2	-15.6	14.4	18.1	53.2	9.8	1.0	8.3	9.9	4.8	0.4
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	19.4	-13.2	-13.6	-5.3	28.7	26.4	20.7	29.2	1.9	37.2	16.7	0.1
Health Care Equipment & Services	0.0	-11.7	-12.0	-13.1	6.3	24.4	4.3	0.3	-	6.6	13.4	0.4
Household & Personal Products	0.2	1.4	-10.3	-11.3	302.2	7.3	9.5	1.4	3.6	13.4	5.8	0.6
Insurance	2.8	-3.4	10.1	36.7	24.7	40.2	24.3	2.8	1.9	11.2	6.2	-
Materials	4.4	-10.5	-15.8	13.0	11.2	10.6	9.4	2.3	5.7	26.3	13.4	1.1
Pharmaceuticals & Biotechnology	1.0	-9.2	2.8	-7.7	14.7	18.1	11.8	3.0	3.4	24.4	16.1	0.2
Real Estate	13.4	6.3	38.7	61.2	20.3	68.8	16.2	5.2	2.0	30.0	16.7	1.3
Retailing	4.8	-6.6	-1.7	4.5	17.2	13.8	9.4	3.6	1.7	41.1	4.5	0.4
Software & Services	1.2	-3.9	2.4	9.5	15.0	10.4	11.5	2.2	3.6	16.3	9.2	0.4
Technology Hardware & Equipment	0.0	-2.6	-20.7	-30.9	-	-	-	-	-	-	-	-
Telecommunication Services	0.0	1.7	1.0	-1.6	5.0	13.0	4.5	0.6	-	19.2	6.8	0.5
Transportation	4.9	-19.4	-6.4	13.3	19.0	16.3	17.8	4.9	4.2	30.1	11.0	1.2
Utilities	1.0	0.8	3.5	-1.3	11.0	9.5	9.0	1.4	8.3	15.7	27.3	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 Apr 30th 2018

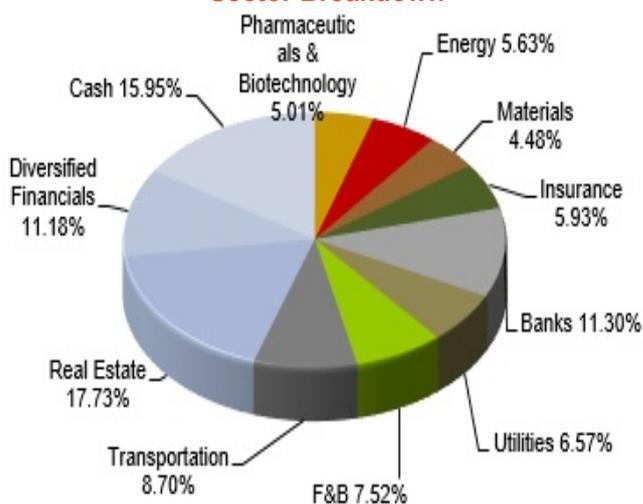
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1335.01	EUR 1288.72	USD 1223.26
MoM change	-5.42%	-5.56%	-6.98%
YTD change	3.69%	3.44%	3.23%
Since inception	33.5%	28.87%	22.33%
Bloomberg	IPCVEMA LX	IPCVEMB LX	IPCVEMC LX
ISIN	LU1042536018	LU1042536281	LU1218444351
Securities No.	A1XE8U	A1XE8V	A14RPQ

VEMF SICAV is a Luxemburg-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.

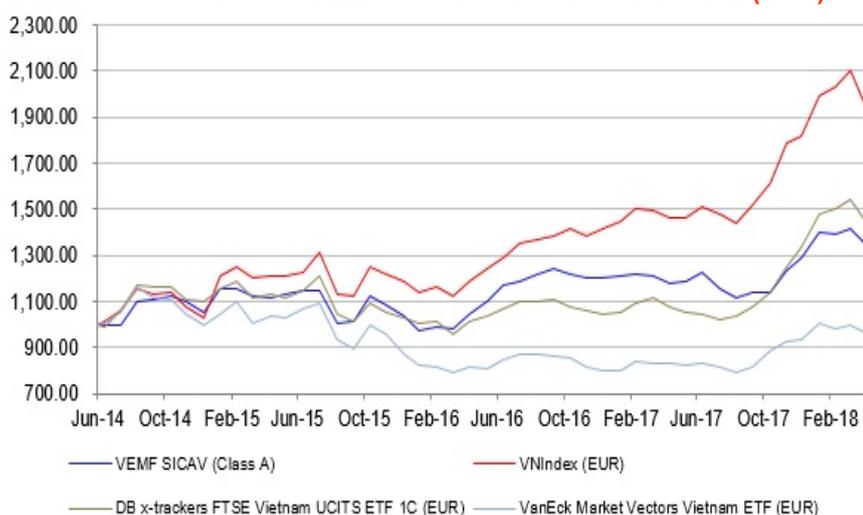
In April, the Fund decreased 5.42% MoM, outperformed the VN-Index by 2.9% and outperformed the DB x-trackers FTSE Vietnam UCITS ETF 1C by 1.66% (all in EUR term).

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).

This document is prepared by Vietnam Asset Management Ltd ("VAM") on the basis of information obtained from sources VAM considered to be reliable, but VAM does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. The information contained in this document is for background purposes only and is subject to updating, revision and amendment, and no liability whatsoever is accepted by VAM or any other person, in relation thereto. Please refer to the Fund's prospectus for more information on the Fund and its risks. This document is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Past performance is not necessarily a guide to the future. The value of shares in the Fund and the income derived there from may go down as well as up. You are advised to exercise caution in relation to this document. If you are in any doubt about this document or any information contained in this document, you should obtain independent professional advice. This report shall not be a substitute for the exercise of the recipient's judgment in making an investment decision and VAM accepts no liability for investment losses.

VAM, its affiliates, related companies and its respective directors and employees accept no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein or further communication thereof, even if VAM or any other person has been advised of the possibility thereof. No part of this report may be reproduced or distributed without the prior consent of Vietnam Asset Management Limited. This report may only be distributed as permitted by applicable law.

c/o: Unit 01-A, 15th Floor, The Landmark, 5B Ton Duc Thang, Dist.1, HCMC, Vietnam,
T: +84 (28) 3910 3757 - F: +84 (28) 3910 3794 - E: bd@vietnamam.com - W: www.vietnamam.com