

Market Update

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After 4 consecutive months of corrections, the VN-Index rebounded considerably in August, finishing the month at 989.54 points, jumping 3.5% MoM in local currency. The VN-Index's rallies were mainly supported by several large-cap stocks across different sectors such as banking, brokerage, and oil & gas. The HNX-Index, similarly, enjoyed an upward trend in August, reaching 112.79 points at month-end, producing a monthly gain of 6.2%. Market liquidity was enhanced this month, as aggregate average daily trading value (HSX, HNX, UPCoM) advanced to US\$227.5 million, up 13.4% MoM. Foreign investors continued to be net sellers in August, yet net outflow was reduced to US\$53.2 million from last month's figure of US\$109.3 million.

Performance across key economic sectors remained encouraging through August.

Regarding sector performance, the Industrial Production Index in August surged by 13.4% YoY, primarily thanks to a continued upturn in manufacturing and processing sector (+16% YoY), coupled with a recovery in the mining sector (+2.4% YoY). The Vietnam PMI, which posted 53.7 in August from 54.9 in July, also displayed a further solid expansion of manufacturing sector, albeit at a slower pace, but still the highest in the region. The slowdown in August was attributable to a slower rise in output and employment compared to July, yet growth of new orders remained sharp on the back of improving client demand. Besides, real retail sales registered an increase of 8.53% YoY over 8M2018 versus 8.36% YoY in 8M2017, reflecting steady consumer demand. As for the tourism sector, while international tourist arrivals in August witnessed a rather slow growth at 7.7% YoY with a notable drop in the arrivals from China (-1.7% YoY compared to

average +36.1% YoY in 1H2018), growth was still strong at 22.8% YoY for 8M2018. On trade front, Vietnam recorded a trade surplus of US\$2.8 billion in 8M2018 as both exports (approximately US\$155.41 billion, +14.5% YoY) and imports (US\$152.66 billion, +11.6% YoY) improved. As regards foreign investment, total FDI commitments in 8M2018 reached US\$24.35 billion, up 4.2% YoY, while disbursed FDI remained robust, climbing to US\$11.25 billion (+9.2% YoY).

Moody's upgraded Vietnam's ratings to Ba3 from B1, and changed outlook to stable.

On August 10th, Moody's Investors Service ("Moody's") upgraded the Government of Vietnam's long-term issuer and senior unsecured ratings to Ba3 from B1 and changed the outlook to stable from positive. According to Moody's, the upgrade to Ba3 was driven by Vietnam's strong growth potential, thanks to increasingly efficient use of labor and capital in the economy. In addition

to high growth, Vietnam's economic strength also exhibited high competitiveness as the economy kept shifting towards high value-added sectors. Accordingly, Moody's forecasted Vietnam's GDP growth of 6.4% over 2018 – 2022, higher than the median for B1-rated sovereigns at 3.7%, and Ba-rated sovereigns at 3.5%. Furthermore, the government debt's long average maturity and a decreasing proportion of foreign-currency debt, coupled with potentially sustained strong growth, likely result in a stable and gradually moderating government debt burden over time. The upgrade also demonstrated lower systematic risks in the banking sector. Meanwhile, the stable outlook reflected balanced risks at the Ba3 rating level. In particular, downside risks, which possibly arise from remaining weakness in the banking system and perhaps a significant slowdown in global trade, are balanced by upside risks from further improvements in debt affordability and better trade performance.

Our view

Despite external headwinds from possibility of escalating trade war between the US and China, continued strengthening of the US dollar and weakening of many other currencies, esp. of emerging markets, etc. Vietnam's economy kept growing well in August. The country's bright economic prospects were also recognized externally as Moody's recently upgraded Vietnam's ratings to Ba3 from B1 with a stable outlook. Concerning macroeconomic stability, inflation remained a concern as it picked up by 0.45% MoM and 2.59% YTD in August. We saw that the state bank of Vietnam (SBV) already tightened credit growth (+8.5% YTD through August compared to +11.5% over the same period last year) and the government also directed relevant bodies to apply measures to curb inflation until year end. The target of 4% average inflation for FY2018 will likely be met. Another concern was with devaluation of the dong as the dollar continued to strengthen while many other currencies kept weakening. The SBV with current healthy foreign reserves can interfere if needed to keep the dong within its target range for this year, unless external shocks become bigger and prolong. Regarding the stock market, August saw a good recovery with increasing liquidity. Market sentiment generally improved somewhat. The government's explicit commitment stated in August to help upgrade Vietnam market to Emerging Market status in 2 years definitely supported investors' confidence. Once the upgrade is realized, it will be a big catalyst for the market in immediate and longer term.

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 | 3.5 | 1.9 | 0.5 | 27.5 | 28.5 | 13.3 | 5.4 | 2.9 | 25.0 | 17.3 | 4.28 |
| Automobiles & Components | 0.4 | 0.9 | 2.0 | -10.0 | 14.8 | 16.7 | 6.1 | 1.2 | 9.7 | 22.9 | 21.6 | 0.8 |
| Banks | 24.0 | 7.7 | -0.2 | 6.1 | 24.7 | 20.7 | 12.8 | 2.1 | 2.4 | 17.3 | 14.7 | 14.3 |
| Capital Goods | 2.6 | 1.6 | -10.4 | -41.6 | 12.1 | 13.9 | 8.9 | 3.7 | 6.0 | 0.2 | -27.0 | 0.6 |
| Commercial Services & Supplies | 0.5 | -2.3 | -5.9 | 2.4 | 13.2 | 15.7 | 9.5 | 2.0 | 2.1 | 23.8 | 10.3 | 0.1 |
| Consumer Durables & Apparel | 0.3 | 3.7 | -30.1 | -24.2 | - | 8.9 | - | 1.7 | 5.2 | 38.4 | 9.3 | 0.1 |
| Consumer Services | 0.2 | 3.2 | 2.3 | -17.6 | 8.0 | 17.4 | 6.9 | 1.7 | - | 17.8 | 31.2 | 0.3 |
| Diversified Financials | 3.8 | 10.3 | -7.0 | 6.7 | 42.5 | 27.4 | 26.2 | 28.6 | 3.0 | 19.7 | 28.0 | 1 |
| Energy | 9.1 | 15.5 | 14.5 | 13.9 | 28.2 | 23.3 | 22.3 | 4.5 | 3.2 | 18.4 | 10.4 | 0.2 |
| Food & Staples Retailing | - | - | - | - | - | - | - | - | - | - | - | - |
| Food, Beverage & Tobacco | 15.2 | -0.7 | -2.9 | -12.5 | 26.2 | 24.4 | 19.2 | 7.3 | 2.2 | 37.5 | 16.7 | 0.1 |
| Health Care Equipment & Services | 0.0 | -0.1 | -1.1 | -33.8 | 4.8 | 18.6 | 3.3 | 0.2 | - | 6.6 | 13.4 | 0.4 |
| Household & Personal Products | 0.2 | -0.3 | -10.5 | -24.1 | 4.3 | 7.3 | 3.1 | 0.6 | 5.8 | 22.6 | 3.7 | 0.5 |
| Insurance | 2.5 | 12.6 | 3.3 | 34.3 | 40.0 | 37.4 | 39.2 | 4.5 | 1.2 | 11.2 | 6.2 | - |
| Materials | 4.1 | 4.7 | -20.3 | -12.7 | 8.6 | 10.4 | 5.6 | 1.9 | 6.8 | 30.0 | 16.8 | 1 |
| Pharmaceuticals & Biotechnology | 0.9 | -6.5 | -11.3 | -18.0 | - | 16.2 | - | 3.2 | 3.7 | 24.4 | 15.7 | 0.1 |
| Real Estate | 25.2 | -3.1 | -7.8 | 35.5 | 49.7 | 63.1 | 7.7 | 6.7 | 2.1 | 31.1 | 17.5 | 1.1 |
| Retailing | 5.2 | 0.3 | -2.0 | -1.1 | 16.0 | 28.7 | - | 5.0 | 1.5 | 33.4 | 62.2 | 0.5 |
| Software & Services | 1.1 | 2.9 | -14.0 | -23.7 | 3.2 | 8.1 | 2.2 | 1.4 | 4.6 | 31.4 | 10.0 | 0.2 |
| Technology Hardware & Equipment | 0.0 | 0.4 | -10.6 | -23.9 | - | 25.6 | - | - | - | - | - | - |
| Telecommunication Services | 0.0 | -5.2 | -6.8 | -10.3 | 4.7 | 11.4 | 4.2 | 0.6 | - | 20.1 | 7.4 | 0.4 |
| Transportation | 3.9 | 6.0 | 4.2 | -0.7 | 10.8 | 15.4 | 7.9 | 4.9 | 6.1 | 29.1 | 10.2 | 1.3 |
| Utilities | 1.1 | 0.2 | 1.0 | -3.1 | 11.4 | 9.3 | 7.8 | 1.4 | 8.7 | 15.9 | 28.8 | 0.7 |

* It is generated by VAM in-house Company Analysis System - VCAS, comprising of both bourses and based on VAM covered universe, as of Aug 31st 2018

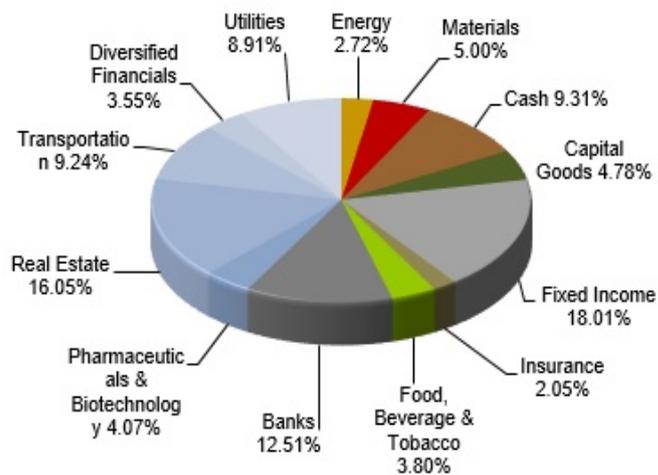
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

| | Class A | Class B | Class C |
|-----------------|--------------|--------------|--------------|
| Inception date | 19 Jun, 2014 | 31 Jul, 2014 | 05 Aug, 2016 |
| NAV per share | EUR 1263.51 | EUR 1216.67 | USD 1117.97 |
| MoM change | 3.22% | 3.18% | 2.75% |
| YTD change | -1.87% | -2.34% | -4.18% |
| Since inception | 26.35% | 21.67% | 11.8% |
| 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.

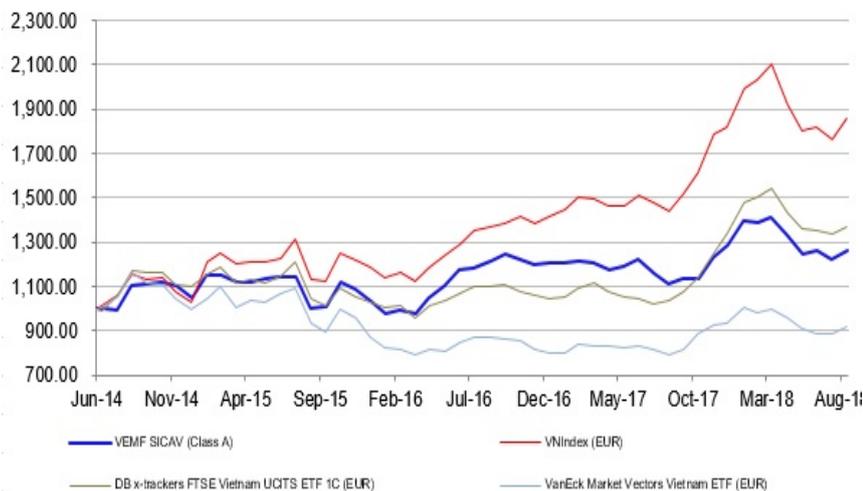
In Aug, the Fund increased 3.22% MoM, underperformed the VN-Index by 2.14% and outperformed the DB x-trackers FTSE Vietnam UCITS ETF 1C by 1.01% (all in EUR term).

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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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