

Market Update

In this issue

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

Despite a few considerable one-day losses in tandem with global markets amid mounting global trade concerns, the VN-Index still enjoyed an overall upward trend in March. It closed the month at 1,174.46 points, producing a monthly gain of 4.7% in local currency. The VN-Index's rallies were primarily driven by large-cap stocks such as MSN (+27.2%), PNJ (+23.6%), VIC (+23.5%), GAS (+15.4%), VJC (+12.0%), and BID (+11.3%). The HNX-Index also climbed 3.4% MoM, closing out March at 132.46 points. Market liquidity picked up this month, as aggregate average daily trading value (HSX, HNX, UPCoM) soared 7.9% MoM to USD395.2 million. Foreign investors' net inflows weakened though, with a marginal net buying value of USD5.4 million vs. USD122 million in the previous month.

Vietnam's GDP growth in Q1 achieved the highest first-quarter growth in a decade.

Vietnam registered an outstanding GDP growth of 7.38% YoY in Q1/2018, extending strong momentum from the second half of last year. While such a decade-high economic expansion in the first quarter was partly attributable to the low base effect (Q1/2017 GDP growth at only 5.15% YoY), that pace of acceleration was still impressive with positive signals being observed across sectors. Remarkably, the agriculture, forestry and fishery sector improved by 4.05% YoY in Q1/2018, the biggest jump in 7 years, and surpassed the Government's target of 3%. The manufacturing and processing sector remained a bright spot, surging 13.56% YoY over the reviewed period, contributing 2.46 percentage points to the overall expansion. This substantial advancement was contributed by new big FDI projects including Samsung Display and Formosa. Furthermore, the mining sector displayed signs of modest recovery (+0.4% YoY) after 2 consecutive years of contraction, driven by positive performance of coal, natural gas,

and iron ore production. On trade front, Vietnam posted a YTD trade surplus of approximately USD1.3 billion, as a result of stronger exports (USD54.31 billion, up 22% YoY) and imports (USD53.01 billion, up 13.6% YoY). Notably, EU became the largest export market of Vietnam in Q1/2018, at a value of USD9.8 billion (+19.7% YoY), while China continued to rank first among Vietnam's import markets with a turnover of USD14.3 billion (+13.7% YoY). As regards foreign investment, total registered FDI declined to USD5.8 billion, down 24.8% YoY owing to the absence of mega-projects such as Samsung Display's USD2.5 billion expansion project in Q1/2017. Nonetheless, FDI disbursement remained healthy, reaching USD3.88 billion, an increase of 7.2% YoY.

Vietnam ranked as the 7th most optimistic country in the world in terms of consumer confidence.

Despite falling 1 point to 115 points in Q4/2017 compared to the previous quarter, Vietnamese consumer confidence continued to be ranked 7th worldwide, according to the latest issue of the Conference Board

Global Consumer Confidence Survey, in collaboration with Nielsen. The high level of optimism among Vietnamese consumers throughout 2017 was largely supported by rapid economic growth and stable macro-economic environment, coupled with abundant foreign investment inflows, rising household income as well as growth-oriented Government policies. Similar to many past quarters, after paying for essential living expenses, Vietnamese consumers showed eagerness to spend on big-ticket items for improvement of life quality such as new clothes (49% of respondents) and vacations (44% of respondents). Nevertheless, a strong affinity for savings was still demonstrated among Vietnamese consumers, as 72% of respondents put their spare cash into savings (versus 66% in the previous quarter). Southeast Asian region witnessed consistently high confidence scores in 2017, with three countries achieving the highest positions globally, comprising the Philippines, Indonesia and Vietnam.

Our view

The Vietnam economy ended the first three months of 2018 on a strong note, displaying the best first-quarter GDP performance in a decade, fueled by upbeat results in most major sectors, resilient export growth, and steady disbursed FDI. Besides, subdued inflation was also observed in March, as this month's CPI decreased by 0.28% MoM, bringing Q1 CPI to a rise of 2.82% YoY, which was substantially lower than last year's figure of 4.96%. In the midst of heightened concerns over a trade war, signed FTAs and improving global consumption are expected to continue boosting Vietnam's exports. Moreover, the CPTPP, which was officially signed on March 8th by 11 members, has sent a powerful signal against protectionism. The CPTPP is likely to come into effect by the end of this year or shortly thereafter, and should strengthen the members' economies as well as deepen their relationships. As for the stock market, albeit some short-term volatilities, the VN-Index still generated the highest returns among global markets over Q1/2018, up 19.3% YTD in local currency, with total market capitalization on three main bourses reaching USD182.4 billion at the end of March. Potentially favorable Q1 corporate business results (to be released in April) in general should support the market positively.

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	4.4	19.3	19.3	29.1	22.3	19.8	11.4	2.2	23.6	14.4	4.75
Automobiles & Components	0.4	6.2	-0.4	-1.9	11.7	8.5	7.5	1.6	8.9	16.7	14.9	0.8
Banks	27.9	2.9	43.4	38.6	36.0	20.6	18.4	2.9	1.7	15.7	13.4	15
Capital Goods	4.4	-1.7	-9.1	-6.2	10.1	9.7	8.5	1.6	4.1	19.2	15.3	0.5
Commercial Services & Supplies	0.6	-3.4	20.0	17.4	14.2	12.0	10.6	2.3	1.7	21.4	12.3	0.2
Consumer Durables & Apparel	0.8	14.0	28.3	30.1	24.4	18.8	18.8	5.8	1.3	40.5	8.2	0.3
Consumer Services	0.2	-7.1	-16.4	-16.6	8.6	7.7	7.1	1.4	-	19.5	39.0	3
Diversified Financials	1.8	8.9	43.1	41.4	20.5	15.5	15.9	4.6	-	24.5	61.8	0.7
Energy	11.8	9.5	36.6	38.6	35.4	31.6	27.8	14.5	2.6	18.2	10.4	0.1
Food & Staples Retailing	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	19.1	5.6	8.5	6.6	36.2	30.2	25.6	24.2	1.7	34.6	15.2	0.2
Health Care Equipment & Services	0.0	-1.3	5.4	-1.3	7.2	5.8	4.9	0.4	-	6.6	13.4	0.4
Household & Personal Products	0.2	-3.6	-12.9	-12.8	363.8	11.6	9.7	1.5	3.0	13.5	5.8	0.5
Insurance	2.7	13.4	46.8	43.3	24.7	25.8	24.3	2.8	1.9	11.2	6.2	-
Materials	4.9	-4.9	30.3	28.2	12.7	11.2	10.9	2.6	4.9	26.2	13.5	1.1
Pharmaceuticals & Biotechnology	1.1	1.0	-1.5	-1.2	18.0	16.3	14.9	3.4	3.0	23.1	14.8	0.2
Real Estate	12.1	16.9	58.5	56.8	19.8	17.8	15.7	4.4	1.9	24.8	15.9	1.3
Retailing	5.2	-6.0	13.6	13.0	9.9	7.6	6.4	1.8	1.7	37.6	4.5	0.6
Software & Services	1.2	2.1	22.0	17.2	16.0	15.8	12.2	2.4	3.4	16.4	9.3	0.4
Technology Hardware & Equipment	0.0	-17.2	-31.8	-30.2	-	-	-	-	-	-	-	-
Telecommunication Services	0.0	-1.1	-7.1	-4.1	5.4	5.1	4.7	0.7	-	18.6	6.4	0.4
Transportation	4.6	9.9	43.0	42.4	25.3	24.7	23.3	52.9	3.1	28.7	10.7	1.1
Utilities	1.1	-2.4	-0.4	-1.5	11.1	10.2	9.0	1.5	8.1	16.2	27.4	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 Mar 29th 2018

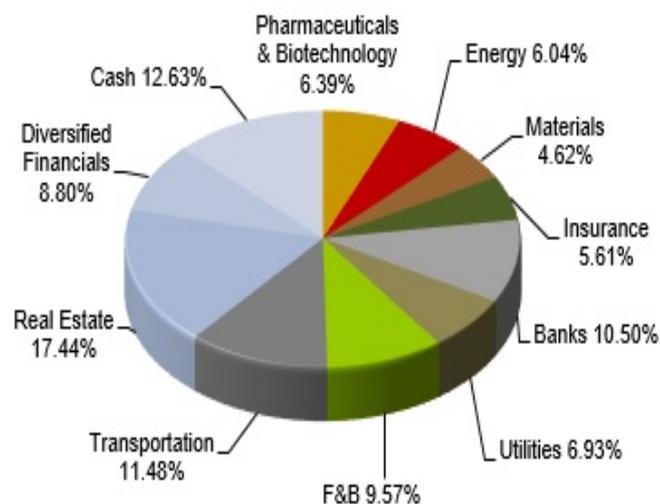
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1411.51	EUR 1364.61	USD 1314.98
MoM change	1.59%	1.55%	2.36%
YTD change	9.63%	9.53%	12.70%
Since inception	41.15%	36.46%	31.50%
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 March, the Fund decreased 1.59% MoM, underperformed the VN-Index by 1.85% (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