

Market Update

In this issue

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

The VN-Index bounced back in November from a steep plunge in October amid global market volatility. It finished the month at 926.54 points, producing a monthly gain of 1.3% in local currency. The rally was highly divergent among stocks, led by some large-cap stocks in consumer and real estate sectors. Conversely, the HNX-Index tumbled 0.5% MoM, wrapping up November at 104.82 points. As regards market liquidity, the combined average daily trading value (HSX, HNX, UPCoM) shrank by 31% MoM to USD186.3 million. Foreign investors remained net buyers this month, yet net inflows reduced to USD57.3 million, down 85.3% MoM.

Vietnam PMI hit a new high in November while CPI edged down.

The country's November macro-economic data demonstrated continued solid performance across major sectors. Remarkably, Vietnam's manufacturing sector accelerated at its fastest rate in more than 7 years, bucking slow growth trend in other countries (such as Indonesia, Malaysia, South Korea, and Taiwan, etc.), as the PMI figure soared to a record-high of 56.5 in November, up from 53.9 in October. The substantial improvement in the health of the sector was primarily supported by sharp increases in output and new orders. Employment growth also exceeded the previous record seen in June. Regarding retail sector, YTD real retail sales jumped 9.34% YoY, partly attributable to surging international tourist arrivals in Vietnam this year (14.1 million in 11M2018, up 21.3% YoY). On trade front, while November saw a modest trade deficit of USD400 million, the country still reported a high YTD trade surplus of USD6.81 billion versus a trade surplus of USD2.52 billion for the same period last year, supported by both exports (USD223.63 billion,

+14.4% YoY), and imports (USD216.82 billion, +12.4% YoY). Concerning foreign investment, despite a fall of 6.8% YoY in registered FDI in 11M2018 to USD30.8 billion, FDI disbursement still posted an expansion of 3.1% YoY in the period, totaling USD16.5 billion. On inflation, November CPI dropped by 0.29% MoM, thanks mainly to a decline in the cost of fuel following falling global oil prices. Average CPI in 11M2018 was recorded at 3.59% YoY, indicating the Government's target of 4% this year is well within reach.

Vietnam officially ratified CPTPP, with entry into effect on 14 January 2019.

The CPTPP was officially ratified by the Vietnam National Assembly on 12 November 2018. The agreement has already been ratified by Australia, Canada, Japan, Mexico, New Zealand and Singapore and it will enter into force on 30 December 2018 in those countries. The CPTPP shall enter into force for Vietnam in 60 days, i.e. on 14 January 2019, after Vietnam officially notified New Zealand, the official depository. For the remaining 4 members including Brunei, Chile, Malaysia and Peru, the same 60 day procedure for

entry into effect will apply, following each nation's corresponding ratification. According to the trade agreement, Vietnam's commitments to remove all tariff lines are slower compared to other nations. Specifically, upon entry into force, almost all nations have pledged to reduce tariffs for Vietnamese goods, comprising Canada (94% of tariff lines), Chile (95%), Japan (86%), and Mexico (77%). Nonetheless, Vietnam will eliminate only 66% of tariff lines on products imported into the country once the CPTPP takes effect, and the proportion will be increased to 86% over the following three years. As shown by Vietnam's Ministry of Industry and Trade, the CPTPP will create a comprehensive and positive impact on Vietnam's investment and trade, with garments, footwear, food and beverage to be the most favorable sectors, as the majority of import duties on these sectors' products will be completely removed as soon as the CPTPP comes into effect.

Our comment

The country's macro-economic picture remained bright with solid performance of key economic growth drivers in November. The Government's major goals on economic growth and stability for this year are likely to be met. Next year's economic targets have also been approved by the National Assembly with GDP growth at 6.6% - 6.8%, average inflation around 4%, and export growth at 7% - 8%. With CPTPP coming into effect early next year and EVFTA (with the EU) expected to be ratified next year, Vietnam's economy, especially trade and investment, will be enhanced considerably in coming years. Positive outlook of the economy did not help much with the stock market in November as overall investors' sentiment remained relatively cautious with weakened liquidity amid volatility of global markets. Vietnam stock market has become more and more vulnerable to external factors. The agreement to suspend further trade tariffs between the U.S. and China for at least three months following the two sides' meeting during the G20 summit on 1 December 2018 immediately boosted investors' confidence globally, including Vietnam market. Longer-term impact remains to be seen though as it will much depend on trade-talk outlook between the two countries in coming time. Despite external uncertainties, we keep a positive view on Vietnam's fundamentals.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	0.9	-10.1	-17.7	16.8	2.8	1.7	18.1	9.5	3.8
Automobiles & Components	0.3	-0.2	-3.5	-16.0	12.4	1.1	6.1	8.9	2.5	0.8
Banks	21.9	-0.7	-11.0	-9.9	13.6	1.9	0.9	15.2	12.5	10.6
Capital Goods	2.6	-0.5	-10.1	-55.7	11.3	1.7	3.1	16.0	7.4	0.6
Commercial Services & Supplies	0.4	-0.4	1.0	-11.6	15.8	2.0	1.1	14.0	6.1	0.5
Consumer Durables & Apparel	0.2	-2.6	-15.6	-6.0	6.7	1.3	3.4	20.1	6.1	0.5
Diversified Financials	3.8	-9.4	-12.2	-23.8	14.0	2.4	0.9	17.4	16.8	1.3
Energy	9.9	9.6	-5.6	-21.9	12.9	2.4	3.6	19.0	5.5	0.3
Food, Beverage & Tobacco	15.7	-4.2	-17.4	-14.0	23.9	6.2	3.0	26.4	13.1	0.3
Household & Personal Products	0.2	-0.1	-3.5	-32.8	9.0	1.0	10.7	12.9	3.6	1.2
Insurance	2.3	-1.7	4.3	40.6	44.4	3.5	1.8	8.2	5.2	0.0
Materials	4.0	-10.8	-12.4	-33.9	9.6	1.6	1.8	17.4	9.7	0.8
Pharmaceuticals & Biotechnology	0.6	-2.7	-6.3	-30.0	17.5	2.8	3.4	16.6	12.2	0.1
Real Estate	21.1	7.6	-11.9	-4.3	26.2	5.0	0.1	22.6	14.7	1.0
Retailing	4.0	-6.9	-21.9	-35.7	20.2	3.1	0.6	16.5	4.8	0.4
Software & Services	1.5	0.2	0.3	-25.2	11.3	2.5	3.9	24.0	9.6	0.5
Transportation	9.9	-0.5	-8.2	-21.5	18.3	4.2	2.0	24.3	9.5	0.9
Utilities	1.6	5.5	3.1	-17.0	13.6	1.4	3.7	10.1	8.0	0.8

* It is generated by VAM in-house Company Analysis System - VCAS, based on VAM covered universe comprising of the HSX, HNX and UPCOM, as of Nov 30th 2018

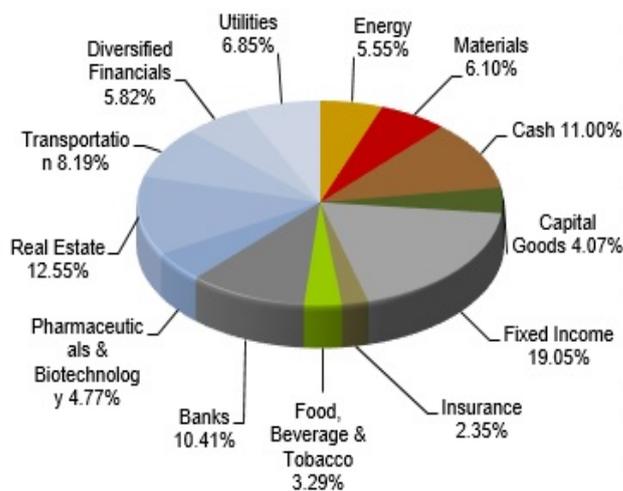
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1172.95	EUR 1128.06	USD 1013.72
MoM change	-1.42%	-1.46%	-1.22%
YTD change	-8.9%	-9.45%	-13.12%
Since inception	17.3%	12.81%	1.37%
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.

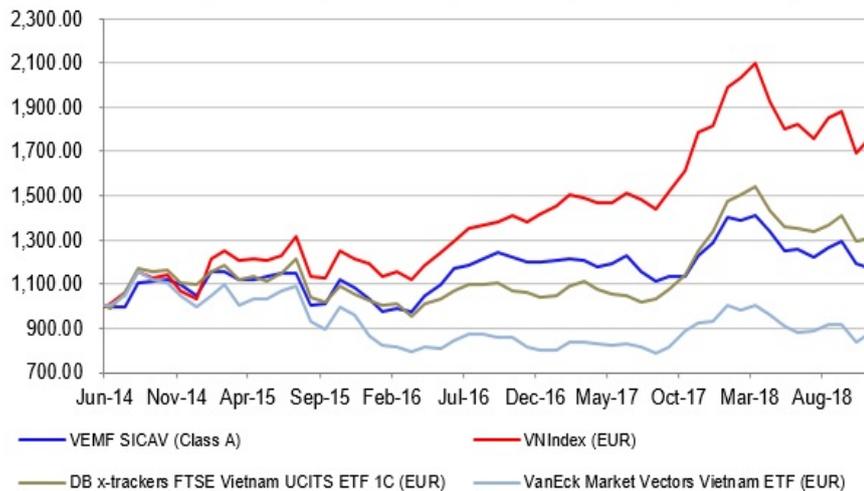
In Nov, the Fund decreased 1.42% MoM, underperformed the VN-Index by 5.57% (all in EUR term).

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