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## Market Update

The market moved sideways in April despite the recovery effort of Oil and Gas sector. The VN-Index closed the month at 979.64 points, down 0.11% MoM in local currency while the HNX-Index was almost flat, closed at 107.46 points at the month-end versus 107.44 points at the end of March. Market liquidity shrank with the combined average daily trading value on the three bourses (HSX, HNX, UpCom) dropping to USD181.5 Million, down 31.3% MoM. April marked the 8<sup>th</sup> net-buying month in a row of foreign investors, with net-buying value of USD43.6 million, down 29.3% MoM.

## Macro economy continued to show positive signals in April despite concerns on global slowdown and ongoing trade tensions.

Vietnam's overall macro-economic picture remained bright in April despite concerns on slowing external demand and ongoing trade tensions between the U.S. and China. Manufacturing sector recorded a double-digit growth of 10.5% YoY in April and 10.9% YoY in 4M2019. In fact, Vietnam Manufacturing Purchasing Managers' Index (PMI) reached the highest reading from the start of the year to 52.5 in April thanks largely to strong surge in new orders from both domestic and foreign customers. Meanwhile, real retail sale increased 9% YoY, supported by booming tourism. In the first four months, the country continued to receive robust foreign inflows with registered FDI surging 28.6%

YoY to USD7.46 billion while disbursed FDI jumping 7.5% YoY to USD5.7 billion. This facilitated the state bank (SBV) to have nicely built up the foreign reserves to a record high of USD65.85 billion as announced by the SBV on April 25<sup>th</sup>. On trade front, in 4M2019, exports and imports grew by 5.8% YoY (USD78.8 billion) and 10.4% YoY (USD78.1 billion), respectively, leading to a YTD trade surplus of USD711 million.

## Vietnam's long-term sovereign credit rating upgraded to BB with "stable" outlook by Standard & Poor.

In early April, S&P Global Ratings upgraded Vietnam's long-term sovereign credit rating to "BB" with a stable outlook, while the short-term rating remained "B". The upgrade reflected S&P's positive assessment on Vietnam's economy (consistent high

real GDP growth since 2012, averaging 6.2% annually; GDP per capital estimated to reach approximately USD2,695 in 2019 with projected growth of approximately 5.7% through 2022 - higher than the average of Vietnam's peers at a similar income level; and the risk of potentially destabilizing asset bubbles is limited). However, S&P expressed concerns on Vietnam's risks coming mainly from global economic slowdown and the ongoing trade dispute between the U.S. and China that could undermine Vietnam's trade momentum over the short-term, and fiscal pressure for Vietnam in longer term with shortfalls likely in revenue sources to accommodate infrastructure projects over the medium- and long-term.

## Our comment

Key sectors in the economy showed solid performance in April despite external headwinds. Inflation still needs to be watched though given recent strong surge in electricity price and two petrol price hikes year to date. S&P upgrade was an important external appreciation on improvements of Vietnam's economy in recent years, which helped support confidence of foreign investors in Vietnam, hence hopefully attract more foreign investments into the country. On the stock market, the overall positive macro-economic environment did not help much during the month as the market only moved sideways with shrinking liquidity. Latest news on renewed escalating trade war between the two largest economies further dampened market sentiment in early May. However, we think the outlook of the market in a longer term remains positive on the back of the sound domestic economy and accelerating growth momentum of business activities towards second half of the year.

## Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
<b>Vietnam Market</b>	<b>100.0</b>	<b>-0.1</b>	<b>7.6</b>	<b>9.8</b>	<b>18.3</b>	<b>2.9</b>	<b>1.7</b>	<b>17.1</b>	<b>9.0</b>	<b>3.67</b>
Automobiles & Components	0.3	-3.2	0.6	-0.4	11.4	1.1	6.7	9.3	2.4	0.83
Banks	21.9	-2.2	6.8	9.3	13.7	1.9	0.8	15.4	12.4	10.57
Capital Goods	2.0	-5.4	-1.9	-9.7	10.9	1.5	3.5	14.5	6.9	0.54
Commercial Services & Supplies	0.4	-0.8	-0.6	-0.4	14.2	1.9	1.3	15.3	6.1	0.39
Consumer Durables & Apparel	0.3	-3.5	12.8	21.1	7.1	1.4	4.2	20.8	6.2	0.41
Diversified Financials	3.0	0.0	8.4	6.3	16.4	2.2	0.9	15.2	15.4	0.91
Energy	11.0	11.3	22.1	23.0	18.4	2.8	3.1	15.2	4.5	0.27
Food, Beverage & Tobacco	15.0	-2.8	-2.0	-0.8	23.3	6.2	3.4	27.4	13.3	0.26
Household & Personal Products	0.1	1.3	10.4	9.4	10.7	1.1	9.5	11.6	3.2	1.18
Insurance	2.1	-5.1	-1.1	2.3	45.6	3.3	1.9	7.5	4.6	0.03
Materials	3.7	1.2	14.2	7.4	10.3	1.5	2.2	15.7	8.9	0.72
Pharmaceuticals & Biotechnology	0.7	-2.8	19.9	22.7	21.0	3.3	2.8	16.5	12.5	0.12
Real Estate	23.0	-0.4	10.8	17.9	29.2	5.3	0.1	21.2	13.2	0.81
Retailing	4.2	2.5	13.2	14.5	21.9	3.2	0.7	15.9	4.8	0.37
Software & Services	1.4	6.7	0.2	2.2	12.9	2.4	4.3	20.4	9.4	0.51
Transportation	9.5	-1.6	-1.4	-2.6	19.4	4.2	2.1	22.6	9.2	0.79
Utilities	1.7	1.3	-4.1	2.9	15.1	1.5	3.4	9.8	7.7	0.72

\* 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 Apr 30th 2019

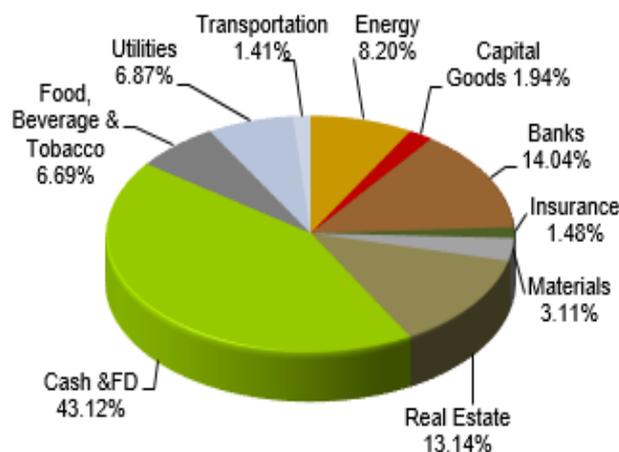
## Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1188.79	EUR 1140.93	USD 1007.55
MoM change	0.07%	0.03%	-0.53%
YTD change	4.32%	4.14%	2.16%
Since inception	18.88%	14.09%	0.75%
Bloomberg	IPCVEMA LX	IPCVEMB LX	IPCVEMC LX
ISIN	LU1042536018	LU1042536281	LU1218444351
Securities No.	A1XE8U	A1XE8V	A14RPQ

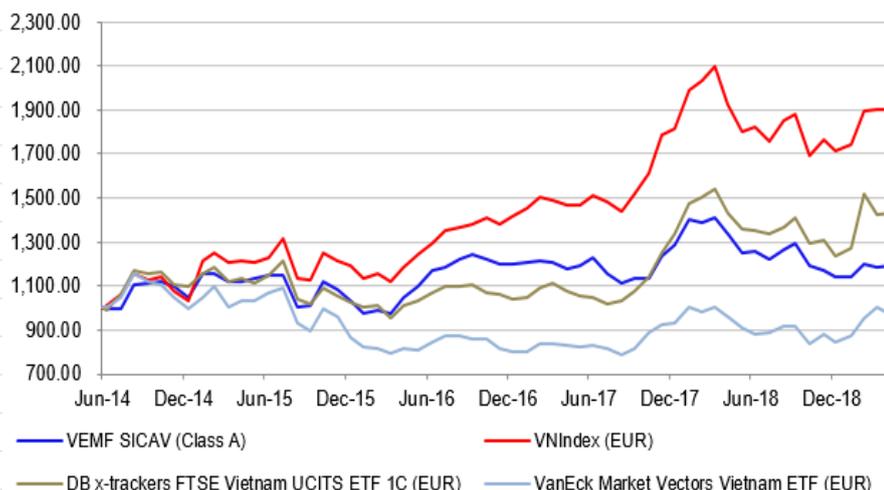
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily subscription and redemption. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In Apr, the Fund increased 0.07% MoM, outperformed the VN-Index by 0.17% in EUR term.

### Sector Breakdown



### Performance of VEMF SICAV Class A vs. VN-Index (EUR)



Source: Union Investment Financial Services S.A.

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](http://www.vietnamam.com)) and the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)).

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