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Market Update

After a long Lunar New Year break in early February, the VN-Index had strong rallies during the month before retreating somewhat at month-end as the second Trump – Kim summit in Hanoi ended without any agreement, negatively affecting investor sentiment. The index closed the month at 965.47 points, producing a monthly gain of 6% in local currency, led by large-cap stocks across several sectors such as pharmaceutical, materials, and real estate. Likewise, the HNX-Index jumped 2.9% MoM, wrapping up February at 105.86 points. Market liquidity increased significantly this month, as the combined average daily trading value (HSX, HNX, UPCoM) soared by 50% MoM to USD232.6 million. Foreign investors remained net buyers for 6 successive months with total net buying value of USD67.1 million in February, down 8.9% MoM.

Manufacturing sector slowed down while other key indicators continued to be positive in February.

The Vietnam Manufacturing Purchasing Managers' Index (PMI) this month dropped to 51.2, the lowest level since March 2016. Though it still stayed above 50 (signaling an expansion) for 39 months in a row, February marked three consecutive months of declines of the index. New export orders improved at the slowest pace in over three years due to weaker global demand. On the bright side, YTD real retail sales kept expanding at 9.28% YoY thanks primarily to strong domestic consumption during the long Lunar New Year holidays. Tourism sector also continued its growth impetus, as foreign visitors to Vietnam set a record high this month at 1.59 million, +5.8% MoM. On foreign investment, total pledged FDI in 2M2019 witnessed an impressive surge of 153% YoY to reach USD8.47 billion, with notable deals including Beerco (Hong Kong)'s investment in Vi-

etnam Beverage (USD3.85 billion) and Goertek (Hong Kong)'s investment in Bac Ninh province (USD260 million). Accordingly, Hong Kong topped the list of FDI investors in Vietnam with a total investment of USD4.3 billion, followed by Singapore and South Korea. Meanwhile, YTD disbursed FDI also rose steadily by 9.8% YoY. On trade front, Vietnam ran a modest trade deficit of USD84 million in 2M2019, with growth recorded in both exports (USD36.68 billion, +5.9% YoY), and imports (USD36.76 billion, +7.5% YoY).

Vietnam hosted the second Trump – Kim summit.

The second summit between US President Donald Trump and Democratic People's Republic of Korea (DPRK) Chairman Kim Jong-un took place in Hanoi on February 27-28. Vietnam did a good job in organizing the event and welcomed more than 2,000 foreign reporters from the world's leading news agencies during this occasion. The hosting country

showed great hospitality to distinguished guests and journalists, which was highly recognized and appreciated by the two leaders and the international community. Though the summit ended without any agreement, the event did promote Vietnam brand worldwide and is expected to boost Vietnam's tourism industry and investments in coming time. On the sideline of the summit, several aviation deals worth more than USD21 billion were signed between Vietnamese carriers and US firms.

Our comment

February was highlighted by Vietnam's hosting of the second Trump - Kim summit in Hanoi, which definitely helped enhance the country's image in global arena. Domestically, most key macro-economic indicators continued to be positive with significant growth in retail sales, tourism, and FDI. However, slowing down in the manufacturing sector in three consecutive months due to slowing growth of new export orders was something that needs to be watched in coming months, as weaker global demand started to show impact on Vietnam's economy. On the stock market, strong rallies in February were largely driven by positive external factors (more dovish stance of Fed on future rate hikes, hopes on a trade deal to be reached by the U.S. and China in upcoming time, the second Trump – Kim summit, etc.), which boosted investor confidence, both local and foreign. Coupled with Vietnam's sound fundamentals and strong economic growth, the outlook of the stock market is positive in coming time.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	2019 PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	-5.7	-4.0	-7.6	17.7	3.0	1.5	18.2	9.5	3.77
Automobiles & Components	0.3	-2.0	2.0	-1.0	12.1	1.1	6.2	8.9	2.5	0.78
Banks	21.4	-3.1	-3.0	-5.3	14.0	1.9	0.8	15.2	12.5	10.61
Capital Goods	2.2	-6.2	1.7	1.9	11.1	1.7	3.1	16.0	7.4	0.58
Commercial Services & Supplies	0.3	-1.7	-1.1	-0.5	14.5	1.8	0.9	14.1	6.1	0.46
Consumer Durables & Apparel	0.2	-5.7	-5.8	-11.8	6.9	1.4	3.2	20.2	6.1	0.45
Diversified Financials	3.1	-12.0	-5.8	-10.3	14.6	2.5	0.9	17.4	16.8	1.26
Energy	10.0	-7.9	-3.3	-8.6	13.5	2.8	3.5	20.4	5.6	0.35
Food, Beverage & Tobacco	15.8	-2.8	-4.8	-4.0	24.9	6.5	2.6	26.4	13.1	0.28
Household & Personal Products	0.1	-3.4	-1.1	-2.6	9.1	1.0	10.6	12.9	3.6	1.18
Insurance	2.2	-2.0	1.4	-5.2	43.8	3.5	1.8	8.2	5.2	0.02
Materials	3.7	-12.1	-1.5	-6.5	9.6	1.6	1.8	17.4	9.7	0.74
Pharmaceuticals & Biotechnology	0.7	-17.0	-18.7	-19.0	22.8	3.5	2.8	15.6	11.5	0.12
Real Estate	22.9	-7.8	-8.3	-13.4	28.6	5.4	0.1	22.5	14.6	0.75
Retailing	4.1	-7.6	-4.8	-8.8	21.2	3.2	0.5	16.5	4.8	0.4
Software & Services	1.4	-1.2	-1.7	-3.2	11.5	2.6	3.8	24.0	9.6	0.51
Transportation	10.0	-2.0	-5.0	-0.9	19.2	4.4	1.8	24.3	9.5	0.88
Utilities	1.7	1.0	-11.1	-5.9	15.1	1.6	3.3	10.1	8.0	0.85

* 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 Feb 28th 2019

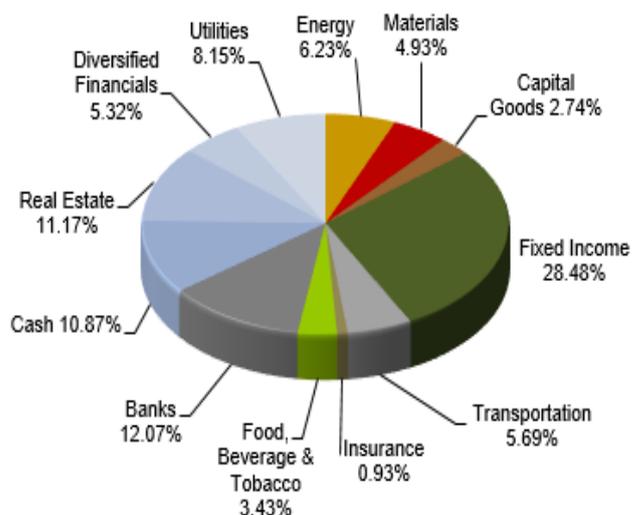
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1198.78	EUR 1151.48	USD 1035.67
MoM change	4.84%	4.8%	4.45%
YTD change	5.19%	5.11%	5.01%
Since inception	19.88%	15.15%	3.57%
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.

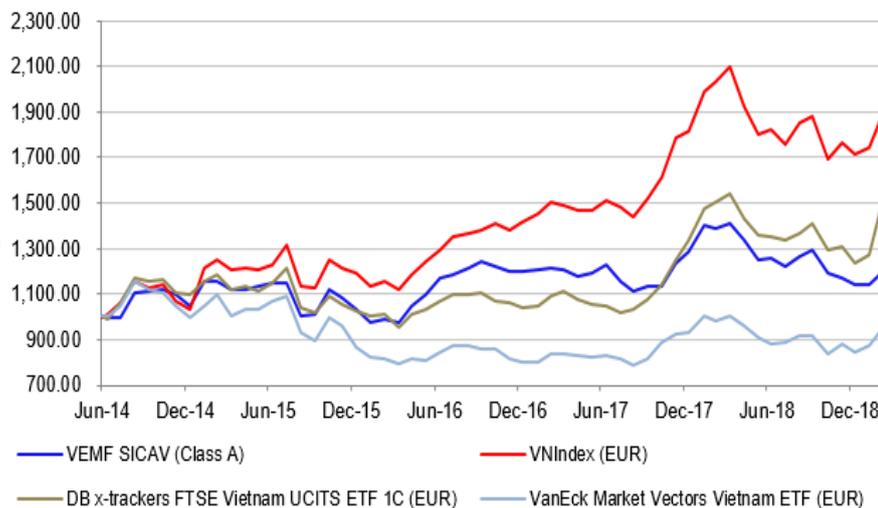
In Feb, the Fund increased 4.84% MoM, underperformed the VN-Index by 3.71% (all in EUR term).

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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