

In this issue

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

Market Update

The market performed well in July. The VN-Index closed at 991.66 points, up 4.4% MoM. Likewise, the HNX-Index increased 0.9%MoM, reaching 104.43 points at month end. Banking sector extended its rally in July with VCB leading the gain, followed by MBB and BID. The tickers of Vingroup (VIC, VHM, VRE) had big contribution to the Index performance. Other large-cap tickers (MWG, VJC, PNJ, FPT) and the industrial park tickers (PHR, D2D) also contributed to the gain of the VN-Index. Market liquidity improved with the combined average daily trading value (HSX, HNX, UpCom) reaching USD201.2 million, up 6.8% MoM. Foreign investors were in the 11th month of net-buying position in July, with the value soaring to USD94.9 Million, up 241.3% MoM.

Trade surplus in 1H2019 revised to USD1.59 billion; PMI in July inched up marginally.

The trade surplus in June was revised to USD1.94 billion by Vietnam Customs Office from USD400 million previously announced by the General Statistics Office (GSO), leading to a trade surplus of USD1.59 billion in the first half of the year instead of GSO's estimated deficit of USD34 million. A trade surplus of USD200 million was also recorded in July, according to GSO. In 7M2019, exports (USD145.13 billion) and imports (USD143.34 billion) grew by 7.5% YoY and 8.3% YoY, respectively. The US remained Vietnam's largest export market with a growth of 25.4% YoY to reach USD32.5 billion while other key markets like the EU (+0.4% YoY, USD24.3 billion) and China (+0.1% YoY, USD20.1 billion) were almost flat. Weaker growth of new export orders was also re-

flected in the country's PMI reading in July, which ticked up to 52.6 from 52.5 in June. The reading indicated a further monthly expansion of the manufacturing sector in the 44th month in a row despite global economic slowdown.

China tops FDI investor list in Vietnam in 7M2019 amid escalating trade tensions.

According to GSO, China tops the list of FDI investors for newly-licensed projects in Vietnam in 7M2019 with total pledges of USD1,79 billion, accounting for 22% of the country's newly-registered FDI of USD8.27 billion. The 2nd and 3rd position belongs to South Korea (USD1,47 billion, 18%) and Japan (USD1,12 billion, 14%), followed by Hong Kong (USD992 million), Singapore (USD943 million), Taiwan (USD359 million) and Thailand (USD355 million). Furthermore, USD3.43 billion of additionally-registered FDI was recorded in the period, bringing the total registered pledges to USD11.7 billion.

Vietnam has witnessed increased investments from China year-to-date amid escalating trade tensions between the US and China. The trend may continue as the dispute between the two largest economies is not expected to be resolved in a near future. Regarding foreign indirect investments, the country received USD8.52 billion of FII in the first seven months.

Our comment

Following a strong rally in July, Vietnam stock market experienced high volatility in early August in line with global markets as trade tensions between the US and China escalated. Though Vietnam's economy has still performed well from the beginning of the year through July despite all external headwinds, most recent developments in the dispute between the US and China, especially PBOC's possible moves on RMB depreciation, could have bigger impact on the country in coming time. A currency war would significantly affect global trade flows further and Vietnam would feel the heat given its high trade volume. A positive sign is the domestic consumption has remained strong, which helps offset slowing external demand. Concern on big Vietnam dong (VND) depreciation is relieved with ongoing dollar inflows from disbursed FDI, FII, trade surplus, etc. and current healthy foreign reserves, which gives the State Bank capacity to keep VND stable and if depreciated, will be in target range of around 2%-3% til year end, unless there are big external shocks. The market has calmed down at the time of writing. Business results of 1H2019 of most large corporates released so far have been positive, and market liquidity has also improved. The outlook remains bright on the back of domestic sound fundamentals and strong economic growth.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	4.4	1.2	11.1	18.0	2.8	1.2	16.3	9.2	3.55
Automobiles & Components	2.6	5.2	20.7	47.7	11.1	2.6	0.7	26.6	20.6	0.21
Banks	21.9	7.5	4.1	13.9	13.6	1.9	0.2	14.9	12.3	10.27
Capital Goods	1.8	0.7	-3.1	-12.6	10.8	1.4	2.1	13.8	6.6	0.64
Commercial Services & Supplies	0.3	6.5	-5.4	-6.2	14.4	1.7	0.7	13.1	5.4	0.38
Consumer Durables & Apparel	0.2	-6.7	-6.4	13.1	6.5	1.3	1.8	20.4	6.2	0.4
Diversified Financials	2.6	-3.6	-8.0	-2.1	16.0	1.9	0.8	13.9	14.8	0.93
Energy	10.2	6.7	-3.7	18.4	17.3	2.6	4.2	12.4	4.5	0.25
Food, Beverage & Tobacco	14.8	-0.2	3.2	2.4	23.0	5.9	2.5	26.8	13.4	0.26
Household & Personal Products	0.1	-0.5	-2.0	7.8	8.5	1.0	3.0	13.6	3.6	1.14
Insurance	1.9	3.2	-5.3	-3.3	42.1	2.9	0.0	7.2	4.5	0.03
Materials	3.3	-1.8	-7.1	-0.1	10.4	1.4	1.3	14.1	8.2	0.76
Pharmaceuticals & Biotechnology	0.6	-4.8	-8.7	12.2	19.5	3.0	2.7	16.0	12.3	0.13
Real Estate	22.8	6.4	1.6	19.7	30.5	5.1	0.1	19.7	13.2	0.76
Retailing	4.3	10.1	11.5	28.0	21.8	3.3	0.7	16.0	4.9	0.38
Software & Services	1.4	4.2	3.0	5.1	12.1	2.3	1.3	20.4	9.5	0.48
Transportation	9.5	-7.7	4.1	1.5	20.7	4.0	0.8	20.8	8.8	0.77
Utilities	1.5	-6.8	-4.7	-2.1	13.9	1.4	3.0	9.7	7.9	0.71

* 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 Jul 31st 2019

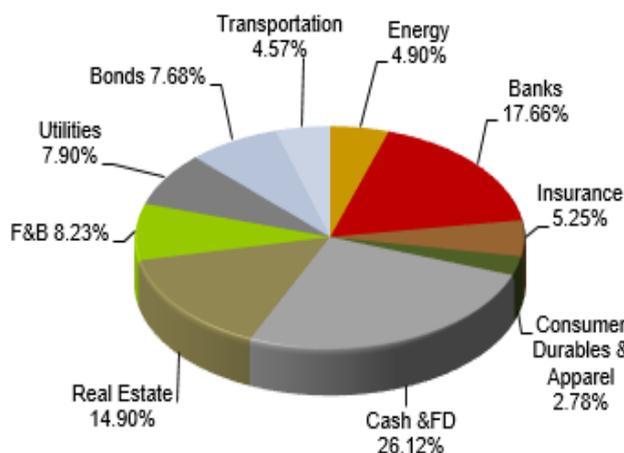
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1169.98	EUR 1121.47	USD 989.21
MoM change	2.74%	2.70%	0.67%
YTD change	2.67%	2.37%	0.30%
Since inception	17.00%	12.15%	-1.08%
Bloomberg	IPCVEMA LX	IPCVEMB LX	IPCVEMC LX
ISIN	LU1042536018	LU1042536281	LU1218444351
Securities No.	A1XE8U	A1XE8V	A14RPQ

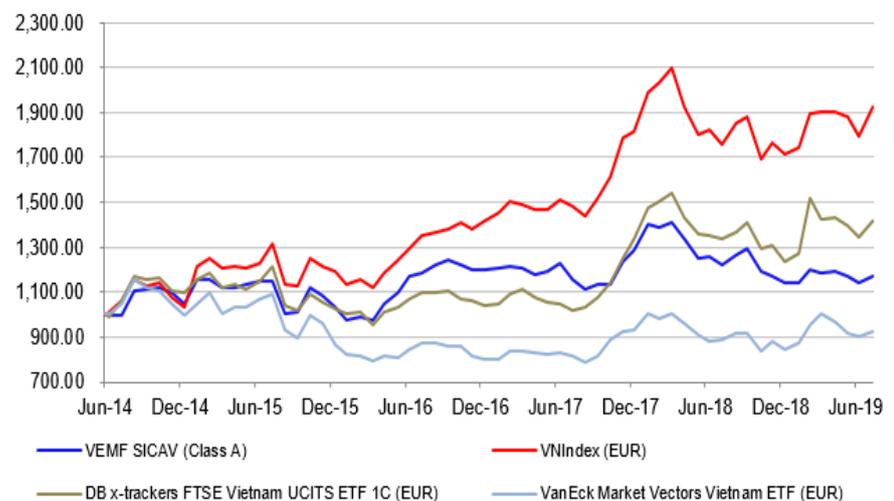
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily subscription and redemption. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In Jul, the Fund increased 2.74% MoM, underperformed the VN-Index by 4.47% 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) 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