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Market Update

The two main bourses closed in green on the last trading day of June after some consecutive correction sessions. The VN-Index closed at 949.94 points, down 1.04% MoM while the HNX-Index moved in a similar pattern to close at 103.51 points, down 0.8% MoM in local currency. Banking was the best performing sector in the month, with VCB being the leader, followed by MBB, VPB, and BID. Oil and Gas sector halted its winning streak due to high volatility of oil price and profit taking in June. The signing of EVFTA had a great support to textile (TNG, TCM), materials (PTB), which strongly rallied in the month. Market liquidity declined as the combined average daily trading value (HSX, HNX, UpCoM) was USD188.4 million, down 6.4% MoM. Foreign investors continued to be in net-buying position in the tenth month in a row but the value plummeted to USD27.8 million, down 83.8% MoM.

Vietnam's GDP grew 6.76% in 1H 2019 amid trade war and global economic slow-down.

Vietnam's economy rose 6.71% YoY in Q2/2019, almost at the same rate of 6.73% YoY recorded in Q2/2018, leading to a GDP growth of 6.76% in the first half of this year versus 7.05% in the same period last year. Despite the continued expansion of key sectors such as Industry and Construction (incl. sub-sector Manufacturing) and Service, the growth pace was lower than the previous year under the impact of US – China trade war and global slowdown. In addition, the outbreak of African swine fever (ASF) throughout the nation adversely affected Agriculture sector year to date. Nevertheless, the growth rates in Q2 and 1H 2019 are higher than those recorded in the same period from 2011 to 2017. Meanwhile, inflation has been within target range with the average CPI in 1H 2019 up 2.64% YoY, the lowest level in the same period since 2017. On foreign investment, in the first six months, Vietnam received USD9.1 billion in disbursed FDI, up 8.1% YoY, and USD10.35 billion in registered

FDI, down 36.3% YoY. The sharp turnaround of registered FDI YoY figure in June (from +69.1% YoY in 5M 2019) was due to a huge amount (USD10.4 billion) of FDI registered in June 2018. A positive sign is that Manufacturing and Processing sector continued to take a big portion of registered FDI, receiving USD13.5 billion (accounting for 71.2%), followed by Real Estate sector USD1.32 billion (7.2%) and Retail Sales & Wholesales USD1.0 billion (5.7%).

EU and Vietnam signed the free trade agreement on 30 June 2019.

On 30 June, the EU and Vietnam signed the European Union - Vietnam Free Trade Agreement (EVFTA) and the European Union - Vietnam Investment Protection Agreement (EVIPA) in Hanoi after 7 years of negotiations. According to the European Commission, the EVFTA and EVIPA are the most ambitious agreements concluded between the EU and a developing country. Vietnam is the 4th country in Asia which the EU has signed and implemented an FTA with, after Japan, South Korea and Singapore. The EVFTA is expected to be approved by the

European Parliament (EP) later this year or early next year before it comes into effect. It will take at least two years for the EVIPA to be ratified by the EP and member parliaments. The EVFTA aims to eliminate almost all tariffs between the EU and Vietnam. As soon as the EVFTA takes effect, it will remove tariffs on 65% of the value of EU exports to Vietnam, and the remaining tariffs will be gradually removed over the next 10 years. Meanwhile, tariffs on 71% of Vietnam's exports to the EU will be lifted once the EVFTA takes effect and will rise to more than 99% over the following 7 years. These agreements also contain comprehensive commitment by both parties in other areas such as investment, government procurement, SOEs, competition, intellectual property, sustainable development. The EU is one of Vietnam's largest trade partners while Vietnam is the EU's second largest trade partner in ASEAN, with a trade value of about USD56 billion in 2018.

Our comment

The signing of the EVFTA and EVIPA in Hanoi in late June will significantly enhance the relationship between the EU and Vietnam in coming years. The EVFTA will help boost Vietnam's trade with the EU, maintaining the country's international integration momentum in the context of rising protectionism. Vietnam also expects to receive more investment from member countries of the EU once the EVIPA comes into effect. Foreign investment has been a major driver for Vietnam's economic growth in the last decades. So far, Vietnam's biggest FDI investors are mostly from Asia. Besides opportunities to be brought by the signed CPTPP and EVFTA/EVIPA, Vietnamese government and domestic enterprises will also face challenges to comply with requirements set by the FTAs and increasing competition from imported products. But in the long run, these "new-generation" FTAs are expected to strengthen Vietnam's economy. On the stock market, covered warrant product launched in June was welcome by investors and looks to grow fast in coming time.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	-1.0	-3.1	6.4	17.5	2.7	1.2	16.3	9.2	3.55
Automobiles & Components	2.5	8.5	7.7	40.4	10.5	2.5	0.7	26.6	20.6	0.21
Banks	21.3	0.4	-5.2	5.9	12.8	1.8	0.2	14.9	12.3	10.27
Capital Goods	1.9	-2.2	-8.9	-13.1	10.8	1.4	2.1	13.8	6.6	0.64
Commercial Services & Supplies	0.3	-2.4	-11.0	-10.6	14.3	1.6	0.7	13.1	5.4	0.38
Consumer Durables & Apparel	0.3	2.1	-3.3	21.1	6.9	1.4	1.7	20.4	6.2	0.4
Diversified Financials	2.8	-2.4	-4.5	1.5	16.6	2.0	0.8	13.9	14.8	0.93
Energy	9.9	-5.7	0.5	11.0	16.2	2.4	4.4	12.4	4.5	0.25
Food, Beverage & Tobacco	15.4	-0.6	0.5	2.6	23.1	5.9	2.5	26.8	13.4	0.26
Household & Personal Products	0.1	0.3	-0.5	7.3	8.6	1.0	3.0	13.6	3.6	1.14
Insurance	1.9	4.3	-13.0	-6.3	40.8	2.9	0.0	7.2	4.5	0.03
Materials	3.0	-4.4	-4.1	2.2	10.5	1.4	1.3	14.1	8.2	0.76
Pharmaceuticals & Biotechnology	0.7	-3.6	-6.8	17.9	20.6	3.2	2.6	16.0	12.3	0.13
Real Estate	22.0	-0.6	-4.9	12.6	28.7	4.8	0.1	19.7	13.2	0.76
Retailing	4.1	-2.4	0.9	12.5	19.9	3.0	0.7	16.0	4.9	0.38
Software & Services	1.4	-0.1	5.6	1.1	11.7	2.2	1.4	20.4	9.5	0.48
Transportation	10.8	10.7	10.9	9.7	21.5	4.4	0.7	21.6	9.2	0.77
Utilities	1.7	0.3	3.6	5.1	14.9	1.5	2.8	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 Jun 28th 2019

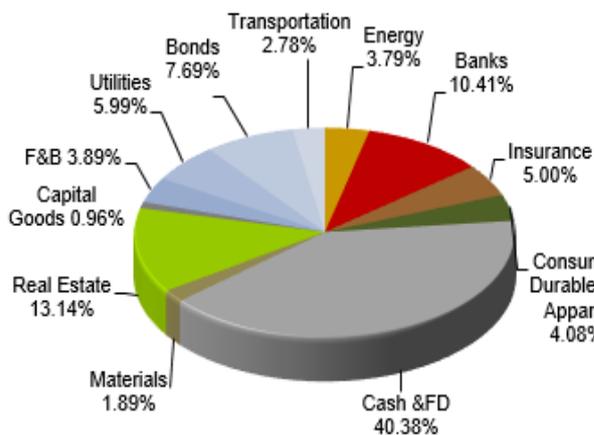
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1138.75	EUR 1092.02	USD 982.6
MoM change	-2.71%	-2.75%	-0.59%
YTD change	-0.07%	-0.32%	-0.37%
Since inception	13.88%	9.20%	-1.74%
Bloomberg	IPCVEMA LX	IPCVEMB LX	IPCVEMC LX
ISIN	LU1042536018	LU1042536281	LU1218444351
Securities No.	A1XE8U	A1XE8V	A14RPQ

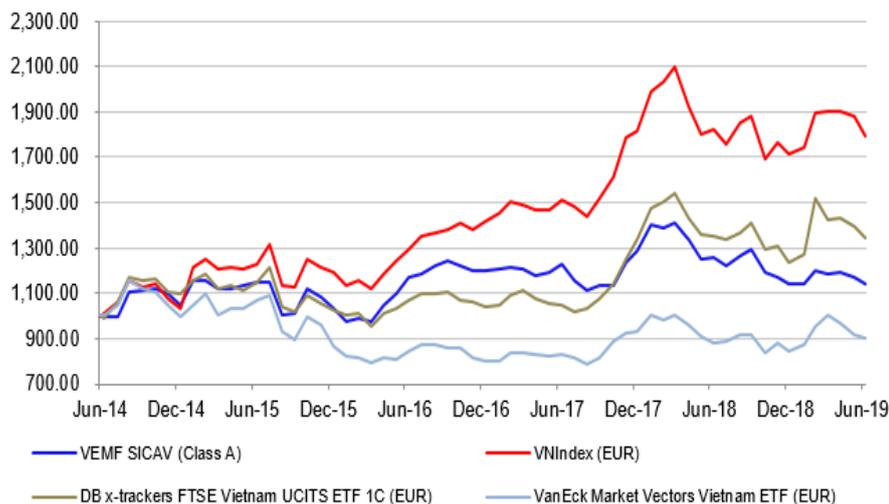
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily subscription and redemption. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In Jun, the Fund decreased 2.71% MoM, outperformed the VN-Index by 1.63% 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).

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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