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## Market Update

Following strong corrections in a few last trading sessions of February, the VN-Index fluctuated in March and closed the month at 980 points, up 1.6% MoM in local currency, largely thanks to banking and oil & gas sectors. Likewise, the HNX-Index increased 1.5% MoM, reaching 107.44 points at month end. Market liquidity reached five-month high in March as the combined average daily trading value (HSX, HNX, UpCom) jumped to USD252.8 mn, up 8.7% MoM. Foreign investors remained net buyers for 7 successive months with total net buying value of USD61.95 mn in Mar, down 7.7% MoM.

### Vietnam's GDP growth recorded at 6.79% in the first quarter; FDI continued to be robust.

In Q1/2019, Vietnam's economy expanded 6.79% YoY versus the Government target of 6.93%, hence full year figure could still reach 6.6% - 6.8% as forecasted. Manufacturing and retail sales continued to be drivers of the economic growth. The manufacturing and processing sector grew by 12.35% YoY, lower than it did over the same period last year (+14.35% YoY). Meanwhile, real retail sales growth increased by 9% YoY, slightly higher than last year's level of 8.9%, supported by booming tourism. The country welcomed 4.5 million international visitors in the first three months, up 7% YoY. For other sectors, lower growth was also seen, namely agriculture/forestry/fishery was up 2.68% YoY in Q1/2019 versus +4.11% YoY in Q1/2018, industry and construction +9.63% YoY vs +10.24% YoY, and service +6.50% YoY vs +6.54% YoY. However, these growth figures are still higher than

those of Q1 in the years prior to 2017. On investments, registered FDI totaled USD5.12 bn, up 31% YoY while disbursed FDI jumped by 6.2% YoY to USD4.2 bn. Noteworthy, FII almost tripled to USD5.68 bn (largely from Beerco Limited's capital investment of USD3.85 bn in Vietnam Beverage Limited). On trade front, both exports (USD58.51 bn) and imports (USD57.98 bn) saw an increase of 4.7% YoY and 8.9% YoY, respectively, leading to a trade surplus of USD536 mn in the first quarter. On inflation, CPI in March declined 0.21% MoM, bringing YTD figure to +0.69% and average CPI in Q1 to 2.63% YoY, the lowest since 2017.

### Plan to restructure the stock market in coming years approved by the Prime Minister.

In early March, the PM Nguyen Xuan Phuc approved a plan to restructure the Vietnamese stock market towards 2020 and with a vision to 2025. The plan aims at making the stock market an important channel for capital

mobilization. It targets to increase the stock market's scale to 100% of GDP in 2020 and 120% in 2025, from the ratio of 72% of GDP in 2018. Some possible measures to boost market capitalization in the plan are (i) all commercial banks are required to be listed on one of the three local stock exchanges by 2020, and (ii) new products - covered warrants and Government bond futures, will be coming this year. New ideas that would help boost market liquidity are also mentioned such as increasing trading bands (at different levels) for some groups of stocks, and allowing foreign retail investors to open account via e-contracts to access the Vietnamese stock market.

## Our comment

Despite being lower than GDP growth of 7.45% in Q1/2018, the economic expansion in the first quarter was still in line with expectation and made the Government's full year target reachable. The Vietnam Manufacturing Purchasing Managers' Index (PMI) in March edged up to 51.9 from 51.2 in previous month, marking the 40th consecutive month of expansion of the manufacturing sector. Apart from positive results of main sectors, continued strong foreign investment flows into the country were important as FDI has been a key growth driver of Vietnam's economy in several years. It eased concerns that global economic slowdown would affect FDI into the country. Concerning stability, a 8.3% increase of electricity price on 20 March will have certain impact on CPI in coming months, but full year target looks likely to be met. Credit growth in the first three months reached 1.9% versus 2.23% in Q1/2018. With GDP growth going in line with target, the State Bank will not need to adjust 2019 credit growth or credit activities of banks, at least for the time being. On the stock market, liquidity enhanced further this month, indicating increasing investor confidence. We think positive domestic factors such as strong GDP growth, generally expected good corporate business results in Q1, ... as well as favorable external news on Fed's dovish stance on rate hikes this year, ongoing trade talk between the U.S. and China,...will continue to boost market sentiment in coming time.

## Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	2019 PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
<b>Vietnam Market</b>	<b>100.0</b>	<b>1.6</b>	<b>9.9</b>	<b>9.9</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	1.8	2.9	2.9	11.9	1.1	6.5	9.3	2.4	0.83
Banks	22.4	5.8	11.7	11.7	14.0	2.0	0.8	15.4	12.4	10.57
Capital Goods	2.1	-2.7	-4.5	-4.5	11.5	1.6	3.3	14.5	6.9	0.54
Commercial Services & Supplies	0.3	-1.4	-0.9	-0.9	14.4	2.0	1.3	15.3	6.1	0.39
Consumer Durables & Apparel	0.3	9.9	24.8	24.8	7.3	1.5	4.1	20.8	6.2	0.41
Diversified Financials	2.9	-5.0	6.0	6.0	16.3	2.2	0.9	15.2	15.4	0.91
Energy	9.9	1.0	10.5	10.5	15.9	2.5	3.5	15.7	4.7	0.27
Food, Beverage & Tobacco	15.3	-1.9	2.2	2.2	23.9	6.4	3.3	27.5	13.3	0.26
Household & Personal Products	0.1	5.2	7.9	7.9	10.3	1.0	9.9	11.6	3.2	1.18
Insurance	2.2	2.1	7.7	7.7	48.0	3.5	1.8	7.5	4.6	0.03
Materials	3.6	-0.8	6.1	6.1	10.2	1.5	2.2	15.7	8.8	0.72
Pharmaceuticals & Biotechnology	0.7	2.5	26.2	26.2	21.7	3.4	2.7	16.5	12.5	0.12
Real Estate	23.2	2.5	18.3	18.3	29.8	5.3	0.1	20.9	13.0	0.81
Retailing	4.1	1.9	11.7	11.7	21.4	3.2	0.7	15.9	4.8	0.37
Software & Services	1.3	-7.3	-4.2	-4.2	12.1	2.3	4.6	20.3	9.4	0.51
Transportation	9.7	-1.9	-1.1	-1.1	19.8	4.2	2.0	22.5	9.2	0.79
Utilities	1.6	-4.4	1.6	1.6	14.9	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 Mar 29th 2019

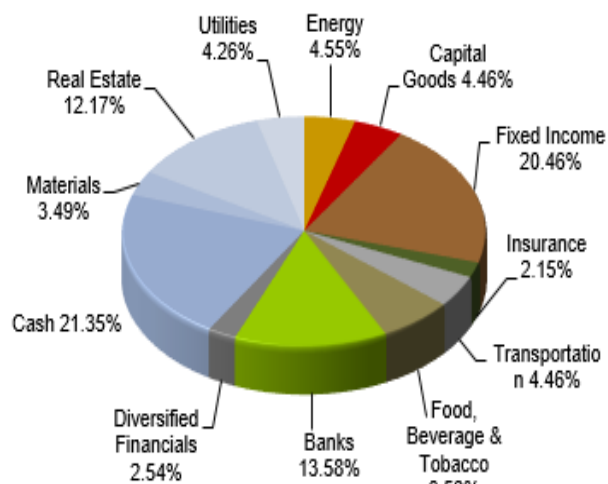
## Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1187.90	EUR 1140.58	USD 1012.94
MoM change	-0.91%	-0.95%	-2.19%
YTD change	4.24%	4.11%	2.70%
Since inception	18.79%	14.06%	1.29%
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.

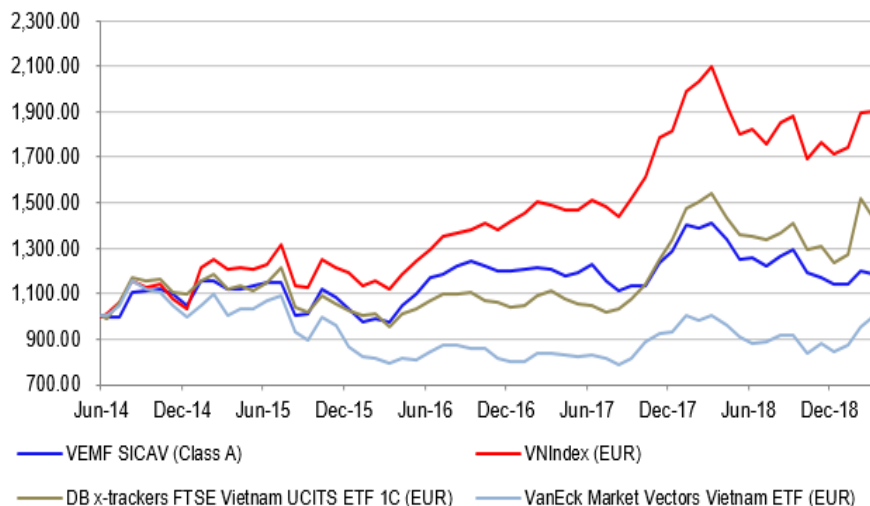
In Mar, the Fund decreased 0.91% MoM, underperformed the VN-Index by 1.48% in EUR term.

### 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](http://www.vietnamam.com)) and the Management Company's website ([www.ipconcept.com](http://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](mailto:bd@vietnamam.com) - W: [www.vietnamam.com](http://www.vietnamam.com)