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Market Update

The market was volatile in May, with corrections during the last two weeks. The VN-Index was down 2.02% MoM in local currency, closing at 958.88 points. The HNX-Index had a similar pattern when closing the month at 103.35 points, down 2.9% MoM. Oil and Gas sector performed well in the first half of May but could not hold its momentum against aggressive selling pressure in the last week. The bearish sentiment was exacerbated by the slump of other large caps from Financials, Real Estate, and Materials sectors. Market liquidity improved with the combined average daily trading value (HSX, HNX, UpCom) of USD201.2 million, up 10.9% MoM. The ninth net-buying month in a row of foreign investors was a bright spot in May, with net buy value of USD171.3 million, almost tripling the previous month, largely thanked to the SK Group's USD1 billion investment in Vingroup.

Manufacturing and retail sales continued to grow steadily, trade deficit significantly increased in May.

Despite slowing global demand and external headwinds, Vietnam's manufacturing sector continued a double-digit growth of 11.6% YoY in May and 10.9% YoY YTD. According to Nikkei/IHS Markit, Vietnam Manufacturing Purchasing Managers' Index (PMI) posted 52 in May, slightly down from the four-month high of 52.5 in April. The sector expansion was mainly driven by growth of new orders from both domestic and foreign clients. Meanwhile, real retail sales of goods and services increased steadily at 8.6% YoY during this period to reach VND1.98 quadrillion (USD85 billion). According to figures of the General Statistics Office (GSO), Vietnam's retail market scale has rapidly increased in recent years from USD88 billion in 2010 to USD130 billion in 2017. On

trade front, the GSO released a trade deficit of USD1.3 billion in May, resulting in a trade deficit of USD550 million in 5M2019. The US remained Vietnam's largest export market with export revenue of USD22.6 billion (+28.0% YoY), followed by the EU (USD17.3 billion, +1.9% YoY) and China (USD13.4 billion, -2.6% YoY).

Fitch revised Vietnam's outlook from Stable to Positive.

On 9 May, Fitch Ratings raised Vietnam's credit rating outlook from Stable to Positive while maintaining the long-term foreign currency issuer default rating (IDR) at BB. This followed S&P Global Ratings' upgrade of Vietnam's long-term sovereign credit rating to "BB" with a stable outlook last month. Key drivers for Fitch's ratings revision were Vietnam's current account surplus, reduced government debt level (53% GDP in 2016 to 50.5%

GDP in 2018), high GDP growth rate (7.08% YoY in 2018) and controlled inflation (3.5% YoY in 2018, under the Government target of 4%). However, Fitch also expressed some concerns regarding Vietnam's level of forex reserves by the end of 2018 (2.6 months of imports), banking sector recapitalization and SOE contingent liability risk. With respect to the first concern, the State Bank of Vietnam announced on 25 April that it had managed to purchase approximately USD8.35 billion since the beginning of 2019 and increased the forex reserves to USD65.85 billion, equivalent to 3.1 months of imports. Fitch forecasted Vietnam's GDP growth to reach 6.7% YoY in 2019, in line with the Government target.

Our comment

Vietnam's macro picture remained bright in May. Growth drivers of the economy were doing well. Foreign investment continued to be robust as disbursed FDI increased 7.8% YoY to USD7.3 billion while registered FDI surged 27.1% YoY to USD9.09 billion in the first five months. Inflation was at the lowest level in three years with average CPI in 5M2019 growing 2.71% YoY versus 4.47% YoY and 3.01% YoY in 5M2017 and 5M2018, respectively. Fitch's revision of Vietnam's credit rating outlook from stable to positive, after S&P's upgrade last month, reaffirmed external appreciation of improvements in the country's economy. Though Vietnam's GDP growth for 2019 is widely forecasted at 6.6% - 6.8% and looks feasible, escalation in trade war between the US and China will create stronger headwinds to global growth in coming time and Vietnam is no exception. On the stock market, the domestic positive macro background did not help much as Vietnam stock market, like neighboring counterparts, suffered strong pullback in May on escalating trade war. The launch of the covered warrant product toward the end of June as recently announced by the State Securities Commission of Vietnam and Ho Chi Minh Stock Exchange will hopefully create more options for foreign investors with stocks that have limited foreign room.

Sector Valuation

| Industry group | Weight % | 1M % | 3M % | YTD % | PE | P/B | Dvd Yield | ROE | Net Margin | Net D/E |
|---------------------------------|--------------|-------------|-------------|------------|-------------|------------|------------|-------------|------------|-------------|
| Vietnam Market | 100.0 | -2.0 | -0.6 | 7.5 | 17.9 | 2.7 | 1.2 | 16.0 | 8.9 | 3.62 |
| Automobiles & Components | 0.3 | -1.9 | -3.3 | -2.3 | 10.9 | 1.0 | 1.5 | 9.2 | 2.3 | 0.79 |
| Banks | 21.6 | -3.5 | -0.1 | 5.5 | 12.8 | 1.8 | 0.2 | 14.9 | 12.3 | 10.27 |
| Capital Goods | 2.0 | -1.6 | -9.4 | -11.1 | 11.1 | 1.5 | 2.0 | 13.8 | 6.6 | 0.64 |
| Commercial Services & Supplies | 0.4 | -7.4 | -9.0 | -7.8 | 15.1 | 1.7 | 0.7 | 13.1 | 5.4 | 0.38 |
| Consumer Durables & Apparel | 0.3 | -1.6 | 4.7 | 19.1 | 6.9 | 1.3 | 1.7 | 20.4 | 6.2 | 0.4 |
| Diversified Financials | 2.9 | -2.2 | -6.9 | 4.0 | 17.0 | 2.1 | 0.8 | 13.9 | 14.8 | 0.93 |
| Energy | 10.6 | -4.3 | 7.7 | 17.7 | 17.2 | 2.6 | 4.2 | 12.4 | 4.5 | 0.25 |
| Food, Beverage & Tobacco | 15.9 | 3.9 | -1.0 | 3.1 | 23.4 | 6.0 | 2.5 | 26.8 | 13.4 | 0.26 |
| Household & Personal Products | 0.1 | -2.1 | 4.4 | 7.2 | 8.6 | 1.0 | 3.0 | 13.6 | 3.6 | 1.14 |
| Insurance | 1.9 | -12.0 | -14.8 | -10.1 | 39.1 | 2.7 | 0.0 | 7.2 | 4.5 | 0.03 |
| Materials | 3.7 | -1.0 | -0.6 | 6.4 | 12.8 | 1.7 | 1.1 | 14.1 | 8.2 | 0.76 |
| Pharmaceuticals & Biotechnology | 0.7 | -0.6 | -1.0 | 22.0 | 21.5 | 3.3 | 2.5 | 16.0 | 12.3 | 0.13 |
| Real Estate | 22.6 | -4.0 | -1.9 | 13.2 | 29.0 | 4.8 | 0.1 | 19.7 | 13.2 | 0.76 |
| Retailing | 4.3 | 0.9 | 5.4 | 15.3 | 20.4 | 3.0 | 0.7 | 16.0 | 4.9 | 0.38 |
| Software & Services | 1.4 | -0.9 | -2.1 | 1.1 | 11.7 | 2.2 | 1.4 | 20.4 | 9.5 | 0.48 |
| Transportation | 9.8 | 1.7 | -1.8 | -1.0 | 19.6 | 4.0 | 0.8 | 21.5 | 9.1 | 0.78 |
| Utilities | 1.7 | 2.0 | -1.4 | 4.8 | 14.8 | 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 May 31st 2019

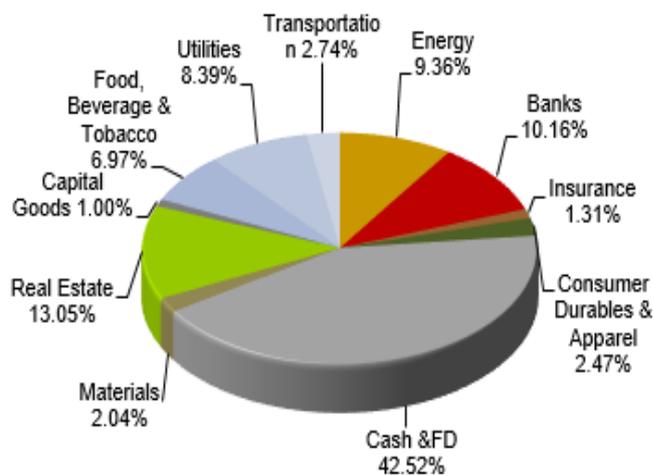
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

| | Class A | Class B | Class C |
|-----------------|--------------|--------------|--------------|
| Inception date | 19 Jun, 2014 | 31 Jul, 2014 | 05 Aug, 2016 |
| NAV per share | EUR 1170.49 | EUR 1122.89 | USD 988.4 |
| MoM change | -1.54% | -1.58% | -1.90% |
| YTD change | 2.71% | 2.50% | 0.22% |
| Since inception | 17.05% | 12.29% | -1.16% |
| Bloomberg | IPCVEMA LX | IPCVEMB LX | IPCVEMC LX |
| ISIN | LU1042536018 | LU1042536281 | LU1218444351 |
| Securities No. | A1XE8U | A1XE8V | A14RPQ |

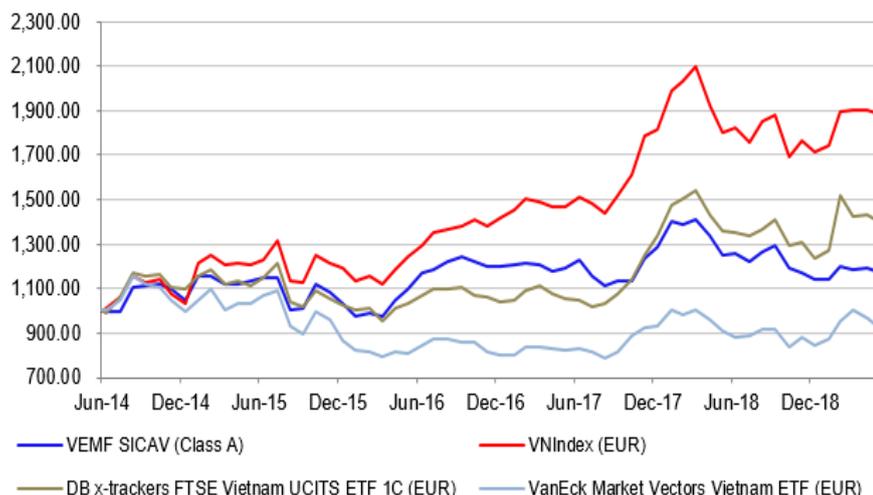
VEMF SICAV is a Luxemburg-incorporated UCITS compliant open-ended fund with daily subscription and redemption. The fund invests in public listed equities and equity-related securities in Vietnam, on an actively-managed basis.

In May, the Fund decreased 1.54% MoM, underperformed the VN-Index by 0.28% 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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