

Market Update

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The two bourses performed well in September, closing the month higher. The VN-Index closed at 996.51 points, up 1.27% MoM while the HNX-Index was up 2.67% MoM, closing at 105.05 points. September witnessed a well-performing month of banking sector with the green spreading among almost all banking tickers (VCB, CTG, MBB, ACB, VPB, TCB, BID and HDB). This was the main drive of the indices' performance. Large-cap tickers such as GAS, VNM, VJC, MWG, FPT also contributed great support. Oil and gas tickers (PVD, PVS, PLX) moved side-way or slightly decreased (except GAS) due to the fluctuation of global oil price. Market liquidity shrank 7.7% MoM with the combined average daily trading value (HSX, HNX, UpCom) falling to US\$204.5mn. Foreign investors continued to be in net-selling position, but the net-selling value decreased significantly to only US\$6.8mn in September.

9M2019 GDP growth reached 9 year high.

Vietnam's GDP growth reached 7.31% YoY in the third quarter, bringing the 9M growth to 6.82% YoY – the highest in the same period in nine years. The remarkable economic expansion came thanks to strong performance of main sectors such as Industry/Construction (+9.36% YoY, with the manufacturing sub-sector growing 11.37% YoY and the extractive industries rebounding, up 2.68% YoY vs. negative growth recorded in 9M during 2016 - 2018), and Services +6.85% YoY. Key drivers of the economic growth kept showing positive signals. Notably, preliminary data by the GSO showed a trade surplus of US\$5.9bn in 9M2019 with the US remaining Vietnam's largest export market (total export value of US\$44.9bn, +28.2% YoY), followed by the EU (US\$31.1bn), China (US\$27.8bn), ASEAN countries (US\$19.4bn), Japan (US\$15.1bn) and South Korea (US\$14.5bn). On foreign investment, September saw both registered FDI (US\$3.54bn, the

highest in five months) and disbursed FDI (US\$2.22bn, the highest monthly disbursement in YTD) surging. The inflows of dollar via trade surplus, FDI, overseas remittances, ODA, etc. helped the State Bank to increase the foreign reserves to reportedly around US\$70bn, facilitating the State Bank to maintain the stability of the dong amid fluctuation of other currencies against the dollar.

HoSE announced 3 new indices for foreign-ownership-limited and financial companies.

The Ho Chi Minh Stock Exchange (HoSE) on August 30th issued the rules on building and management of three new indices. The first one is called Vietnam Diamond Index and for foreign-ownership-limited companies. The other two are called Vietnam Leading Financial Index and Vietnam Financial Select Sector Index, and both for financial firms. Two initial criteria for a stock to be included in the new indices are based on its market capitalization adjusted by free float and liquidity. For the Vietnam Diamond Index, 25 stocks meet-

ing the two initial criteria and having the highest FOL coefficient as per the rules (i.e. the lowest available foreign room) will be considered to be included in the index. The two financial indices as the names suggest only select stocks from banking, financial and insurance services. Introduction of the new indices is expected to create new product types for Vietnam market and address issues like FOL for foreign investors.

Our comment

Higher-than-expected Q3 GDP growth came out surprising. The Prime Minister recently said that GDP growth could reach 6.8% - 7% this year, which would be slightly higher than the Government's target of 6.6% - 6.8%. Meanwhile, average CPI in nine months recorded at 2.5% YoY, hence the full-year target of below 4% now looks quite feasible. Although external headwinds have had certain impact on Vietnam's economy as the country's Manufacturing Purchasing Managers' Index (PMI) fell for the second consecutive month in September to 50.5 from 51.4 in August (but still higher than that of most regional countries which are experiencing manufacturing contraction), the country's overall macro-economic picture this year remains bright. Longer term outlook continues to be bolstered with ongoing FDI inflow as big firms (such as Hanwha, Yokowo, Shuafu, Goertek, Foxcom, Lenovo, Nintendo, Sharp, Kyocera, Oasis, according to Savills Vietnam) are either relocating or considering to relocate their manufacturing from China to Vietnam amid trade tensions between the US and China. On the stock market, positive corporate business results of Q3 in general are expected on the back of strong economic growth. The incoming three new indices when putting into operation will also be a good catalyst for the market in terms of creating new products and improving liquidity.

Sector Valuation

Industry group	Weight %	1M %	3M %	YTD %	PE	P/B	Dvd Yield	ROE	Net Margin	Net D/E
Vietnam Market	100.0	1.3	4.9	11.7	16.1	2.4	1.9	16.1	9.1	3.47
Automobiles & Components	2.4	-0.5	-4.2	34.5	9.7	2.2	0.7	25.4	20.6	0.2
Banks	23.4	4.8	13.5	20.1	8.7	1.2	0.3	14.7	12.3	10.35
Capital Goods	1.9	2.6	4.1	-9.4	11.8	1.4	2.7	12.6	6.2	0.63
Commercial Services & Supplies	0.3	0.6	2.9	-7.1	12.1	1.5	1.5	14.5	5.7	0.43
Consumer Durables & Apparel	0.2	-6.0	-14.4	3.7	6.3	1.2	6.1	19.3	6.1	0.4
Diversified Financials	2.6	4.6	-4.7	-3.3	21.9	1.9	1.2	10.0	11.4	0.93
Energy	9.7	2.8	3.2	14.5	18.3	2.5	4.4	14.0	4.0	0.25
Food, Beverage & Tobacco	14.6	1.7	-0.4	2.1	21.8	5.7	3.7	27.3	13.6	0.26
Household & Personal Products	0.1	-7.7	-7.9	-0.1	6.7	0.9	6.4	14.1	4.1	1.26
Insurance	1.7	-1.9	-7.6	-13.4	36.6	2.7	1.9	7.5	4.4	0.03
Materials	3.3	-0.5	-3.0	-1.3	10.8	1.4	1.5	13.2	8.1	0.8
Pharmaceuticals & Biotechnology	0.6	0.1	-8.3	8.2	18.1	2.9	3.7	16.4	12.7	0.15
Real Estate	23.0	-0.5	7.6	21.1	26.7	4.3	0.5	19.3	13.6	0.68
Retailing	4.3	0.4	9.8	27.5	21.4	3.4	2.3	16.9	5.0	0.42
Software & Services	1.6	6.2	22.0	23.8	14.0	2.7	2.1	20.7	9.3	0.52
Transportation	8.9	-3.8	-13.2	-4.5	17.1	2.6	2.0	17.9	8.3	0.69
Utilities	1.4	-0.4	-12.3	-7.8	13.4	1.3	3.2	9.7	7.7	0.64

* 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 Sep 30th 2019

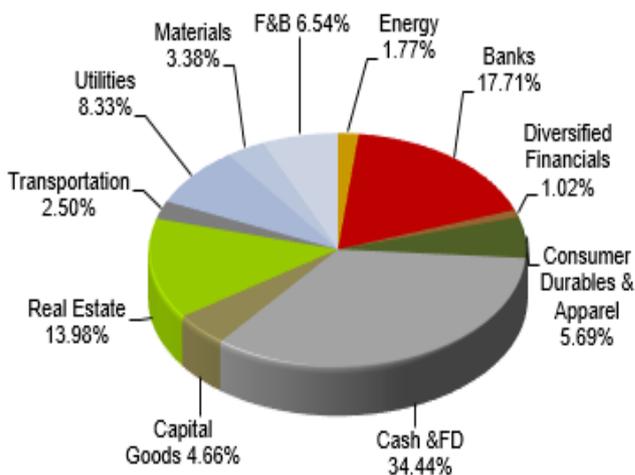
Vietnam Emerging Market Fund SICAV (VEMF SICAV)

	Class A	Class B	Class C
Inception date	19 Jun, 2014	31 Jul, 2014	05 Aug, 2016
NAV per share	EUR 1171.84	EUR 1122.31	USD 973.7
MoM change	1.69%	1.64%	0.59%
YTD change	2.83%	2.44%	-1.27%
Since inception	17.18%	12.23%	-2.63%
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.

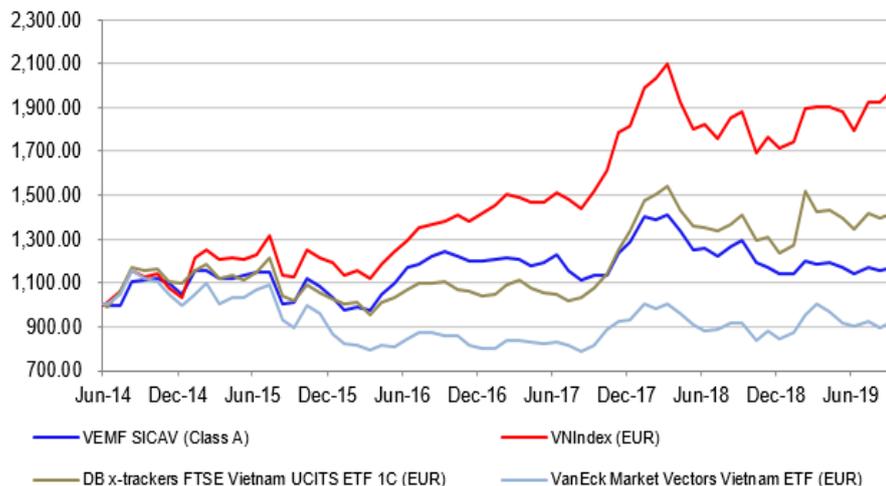
In Sep, the Fund increased 1.69% MoM, underperformed the VN-Index by 1.35% in EUR term.

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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