

VIETNAM EMERGING MARKET FUND SICAV



Mar 2018

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Corporate Introduction

- About VAM
- The Team
- Investment Philosophy and Process
- VAM Company Analysis and Fund Management System - VCAS
- VAM Funds' Performance Track Records



About VAM

- Was established in May 2006. Has solely focused on Vietnam stock market.
- Built successful 11-year performance track records for Vietnam-focused equity funds.
- High standards in compliance, risk management and documentation.
- Proprietary system with large database of industry and company analyses.
- Currently strategic business partners:

IPConcept

 DZ PRIVATBANK

The Team



Nguyen Xuan Minh, CFA (Co-Founder and Chairman)

- **20 years** of fund management experience in Singapore and Vietnam.
- Was **Senior Vice President** of Franklin Templeton Investments managing Asian funds.
- Board member of large public and private companies in Vietnam.
- Member of the Investment Committee.
- **Master of Petroleum Engineering** (Russia) & **Master of Finance** (Australia).
- **CFA Charterholder.**
- **Licensed fund manager** in Vietnam. Speaks Vietnamese, English and Russian.



Thieu Thi Nhat Le, MBA (CEO)

- **16 years** of business development, management and investment analysis experience with 8 years in top executive management at VAM.
- Leads operations and distribution for VAM funds in various markets.
- Member of the Investment Committee.
- **Master of Business Administration** (the Netherlands).
- **Licensed fund manager** in Vietnam. Speaks Vietnamese and English.



Le Thanh Hung, CFA (Investment Director)

- **16 years** of finance, investment and fund management experience plus **12 years** of strong accounting background in Vietnam.
- Was **founding shareholder and CEO** of CNAV Investment Counsel that managed a Canadian's Vietnam Fund.
- Was **CIO and CEO** of Vietnam Manulife Fund Management Company for 6 years.
- Member of the Investment Committee.
- **Master of Business Administration** (Vietnam)
- **CFA Charterholder.**
- **Licensed fund manager** in Vietnam. Speaks Vietnamese and English.



Nguyen Hong Nhung, MBA (Investment Analyst)

- **8 years** of banking, equity trading and investment analysis experience in Vietnam.
- **Bachelor of Banking and Finance (Distinction)** (Vietnam) & **Master of Business Administration** (France).
- **CFA Level 3 Candidate.**
- **Licensed fund manager** in Vietnam. Speaks Vietnamese and English.



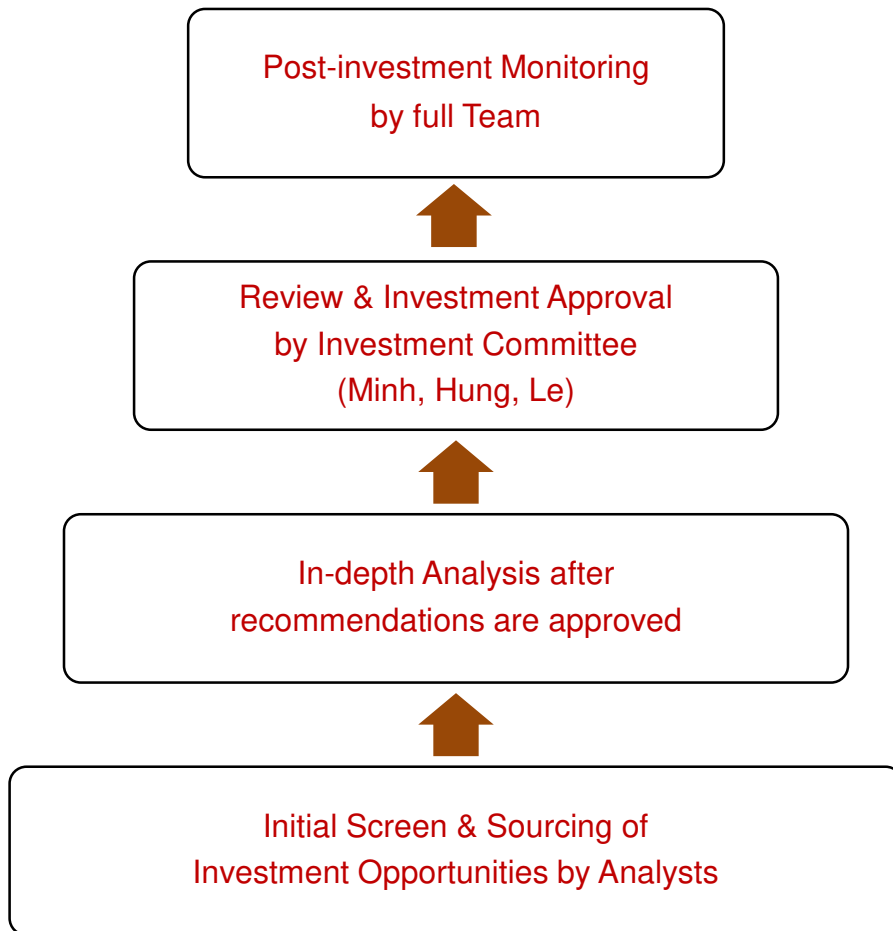
Tran Thanh Linh, MSc (Investment Analyst)

- **3 years** of financial and investment analysis experience in Vietnam.
- **Bachelor of Finance** (Australia) under the Vietnamese government's full scholarship and **Master of Finance and Investment (Distinction)** (UK).
- **CFA Level 2 Candidate.**
- Speaks Vietnamese and English.

Investment Philosophy

- **Bottom-up** stock selection with **focus on valuation**. We like companies that have strong growth potential, professional & visionary management, good corporate governance, sound balance sheet, strong free cash flow and attractive valuation.
- **Concentrated portfolio, high-conviction style**. We normally hold 20-22 stocks for the fund. We hold only companies which we know well and have high conviction in.
- **Active portfolio management**. Our investment decisions are based on the individual stocks' own merits, coupled with quant model and technical analysis for timing.

Investment Process



- **Weekly investment team meetings** to discuss new investment ideas and portfolio holdings.
- **Regular company visits/calls** (2-3 visits/calls per week) and **frequent update** of analyses (at least 1 update/year for all analyzed companies, and 2-3 updates/year for each core holdings).
- **In-house research and analysis** of companies and sectors. Do not rely on brokers.
- **Proprietary** company analysis and fund management **system. Covering ~100 public companies** representing **>90% of total market cap.**
- **5-year earnings forecast** with sensitivity analysis and using various valuation methodologies.
- **Cross checks** conducted with industry experts and other stake holders of analyzed companies.

Welcome To VCAS[®]

VAM's VCAS is among the very **first in-house company analysis, portfolio management and database system** developed by a Vietnam-based asset manager

1. Company Analysis:

- ✓ Centralize analysis works done by VAM Analysts on ~100 public companies (representing > 90% of total market cap). Output data can be retrieved as and when needed;
- ✓ Significantly reduce time working on spreadsheets, hence VAM Analysts can focus more on qualitative analysis and meetings with management and stake holders of analyzed companies;
- ✓ Analysis works are safely retained in VCAS and easily transferred in the event of analyst turnover.

2. Trading: Help prevent unauthorized trading with multi-layer confirmation requirement.

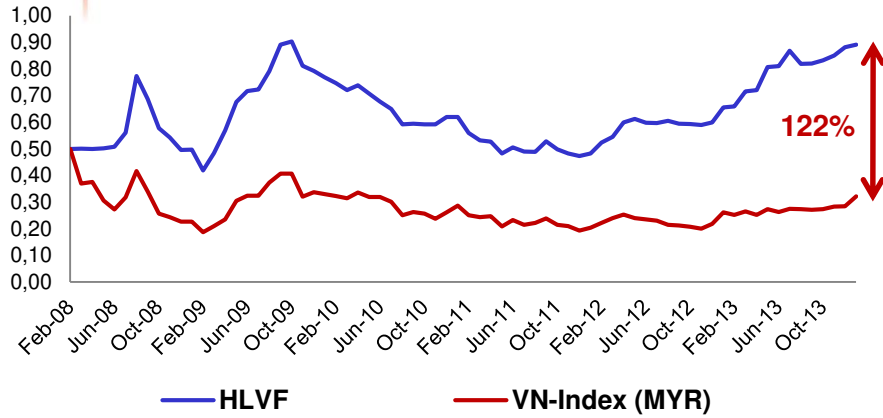
3. Portfolio Management: VAM Fund Managers use this to do portfolio allocation and constant monitoring.

4. Reporting: Automatically generate reports in various forms such as Fund report, Sector report, Portfolio Management report, etc.

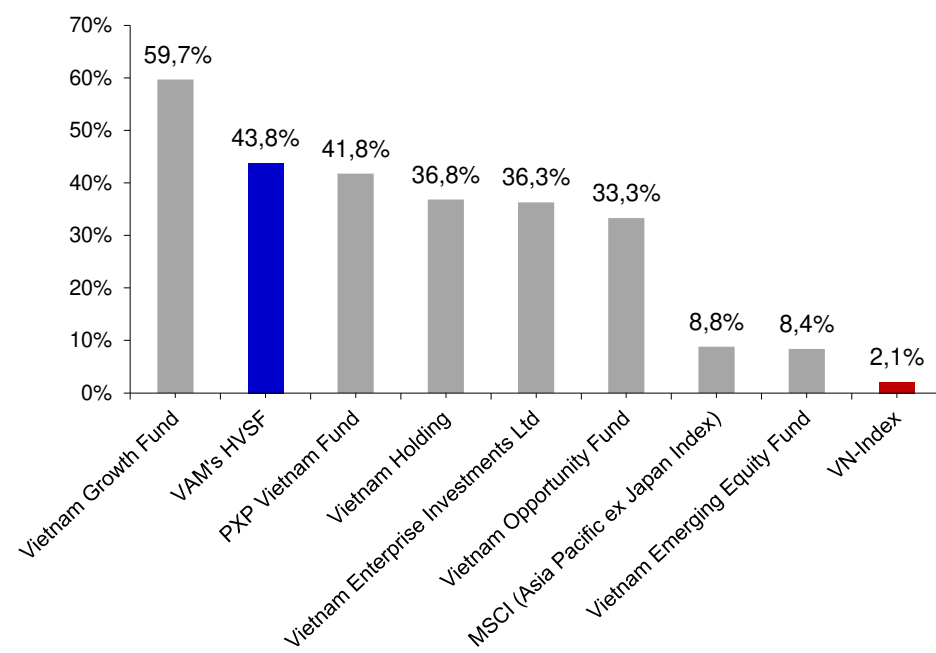
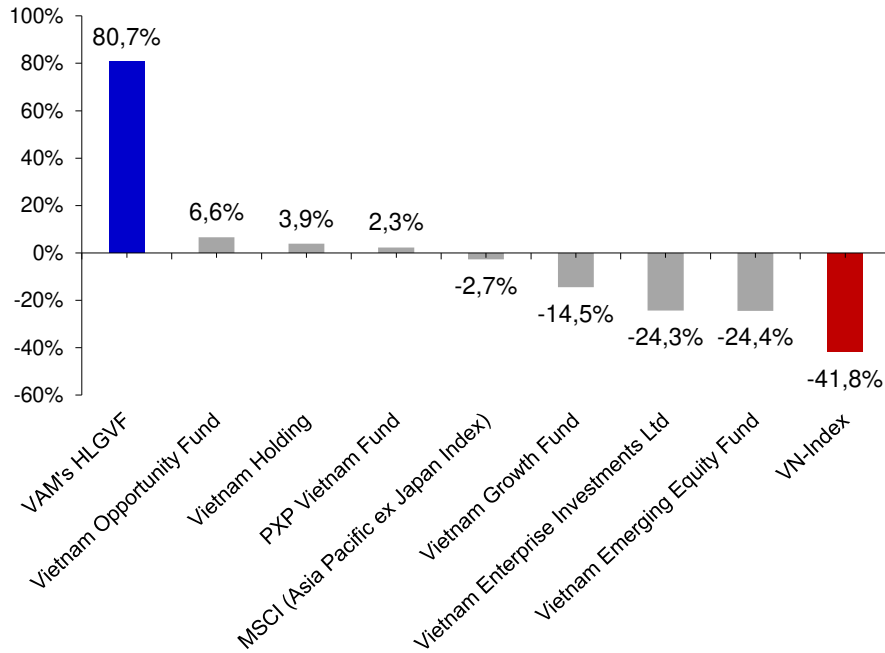
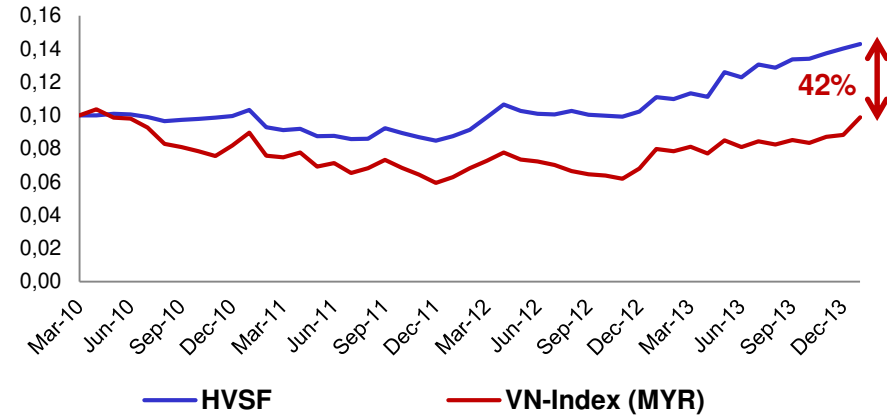
5. Advance Search: User can search for stocks that meet certain criteria (valuation, size, etc.) from the Database universe.

VAM Funds vs. Benchmark and Peers (1)

(Since Feb 2008 – Feb 2014)



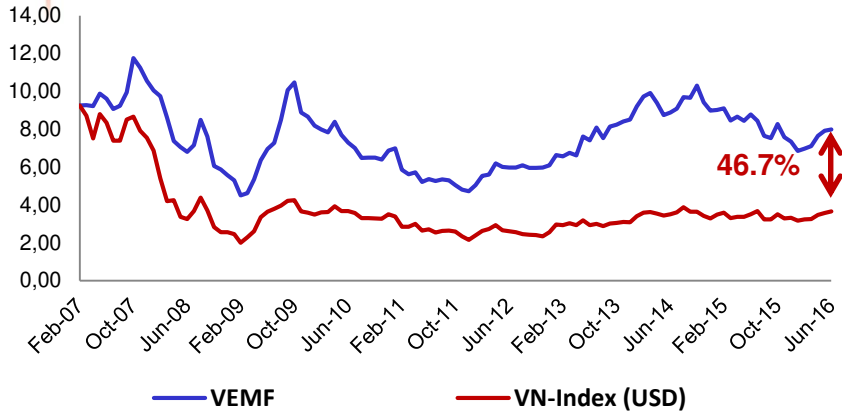
(Since Mar 2010 – Feb 2014)



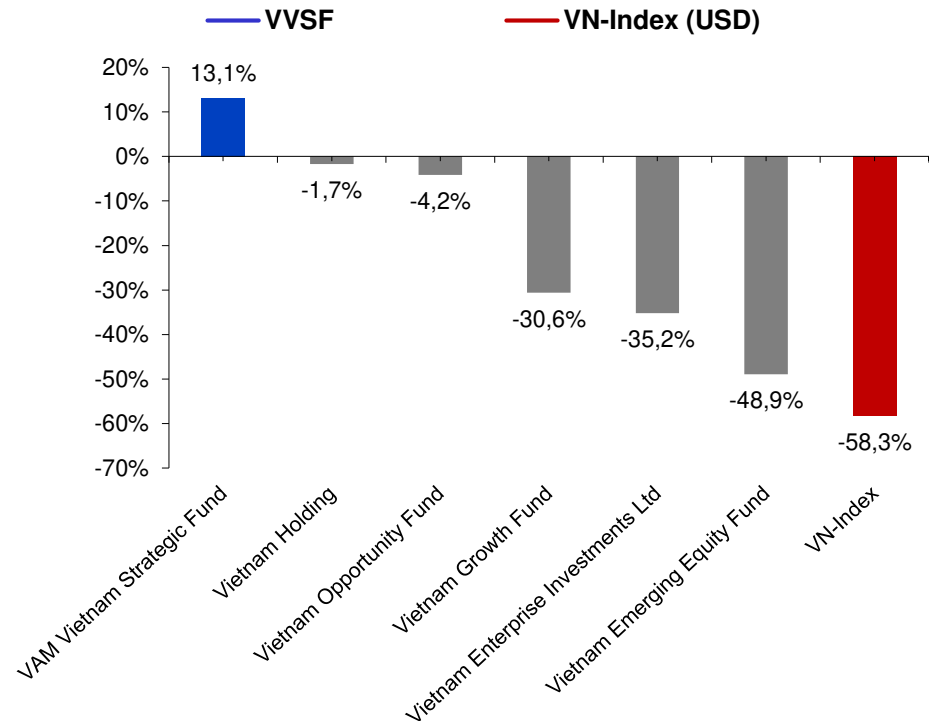
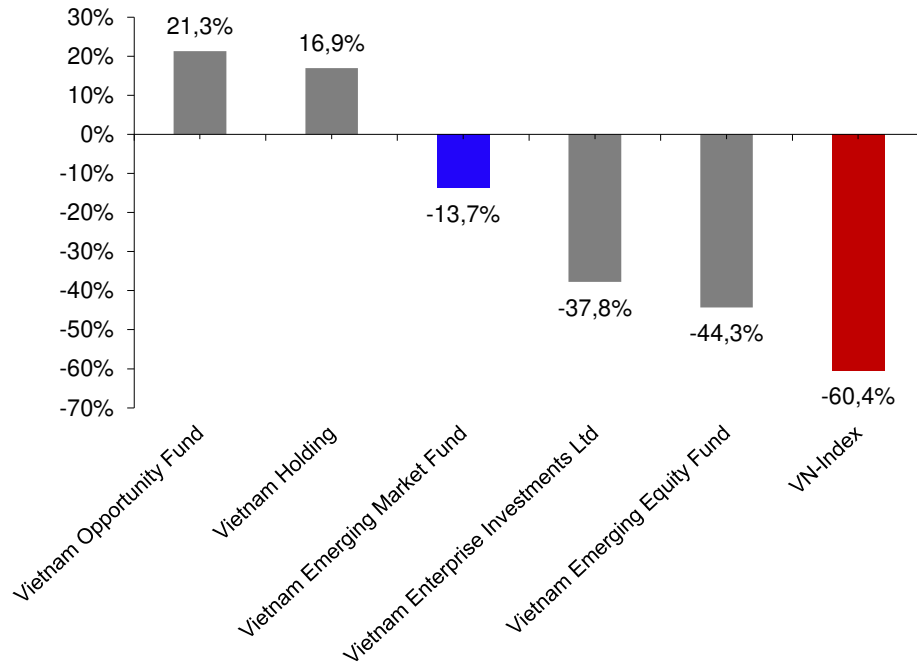
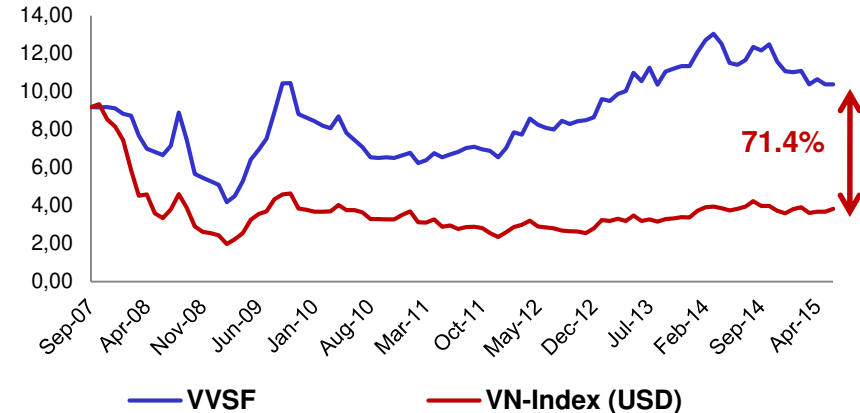
Source: LCF Rothschild, VAM

VAM Funds vs. Benchmark and Peers (2)

(Since Feb 2007 – June 2016)



(Since Sep 2007 – June 2015)



Source: LCF Rothschild, VAM

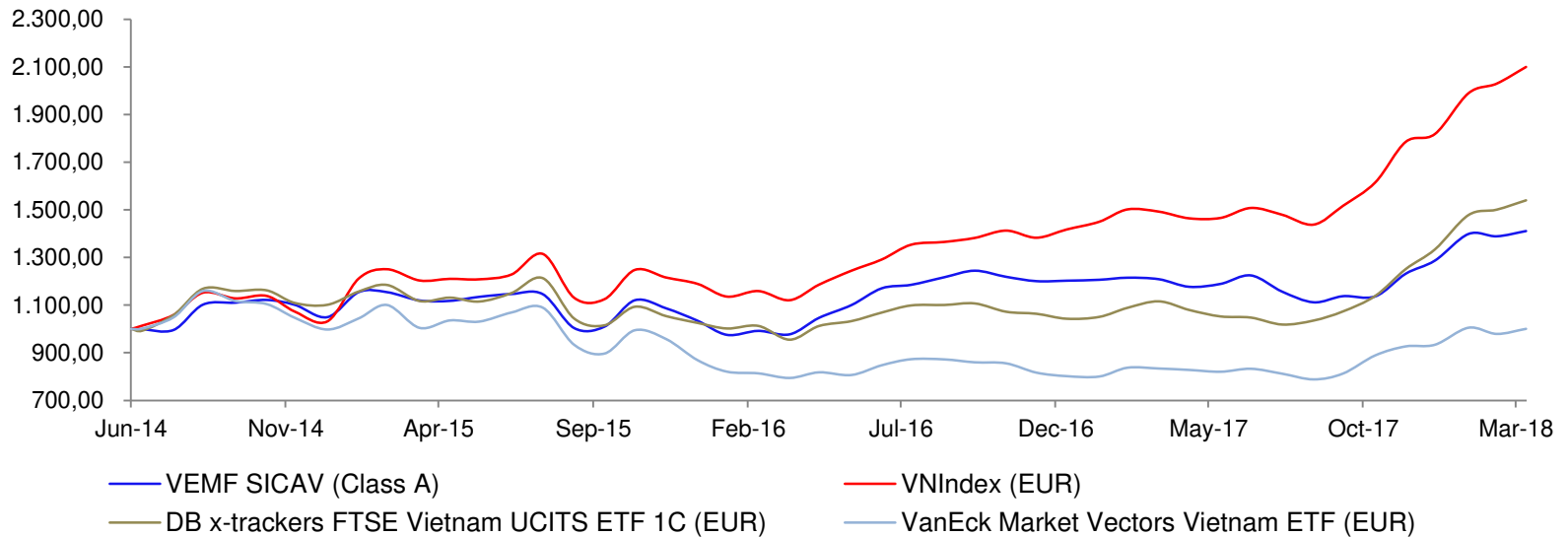
Vietnam Emerging Market Fund SICAV

- VEMF SICAV's Performance
- Key Terms and Fees
- Investment Policy and Strategy



VEMF SICAV vs. Benchmark and ETFs

VEMF SICAV vs. VN-Index and Offshore ETFs (Since inception) (*)



Fund (*)	1M (%)	6M (%)	YTD (%)	1Y (%)	2Y (%)	Inception (%) (**)
VEMF SICAV - Class A (EUR)	1.6	24.1	9.6	19.3	40.6	41.2
VN-Index (EUR)	3.4	38.4	15.5	43.1	84.9	110.3
DB x-trackers FTSE Vietnam UCITS ETF 1C (EUR)	2.6	43.5	15.4	40.5	60.2	51.3
Van Eck Market Vectors Vietnam ETF (EUR)	2.2	23.1	7.1	20.4	24.0	0.0

(*): Data as of Mar 29th, 2018
 (**): Fund inception date: Jun 19th, 2014
 Source: Bloomberg, VAM's VCAS

- Sharpe Ratio @ 5% Risk Free: 0.8

- Tracking Error: 7.62

VEMF SICAV - Key Terms and Fees

Domicile / Launch Date	Luxembourg / June 2014			
Structure	<ul style="list-style-type: none"> Open-ended UCITS SICAV, with daily NAV and Subscription/Redemption Single fund with four share classes <ul style="list-style-type: none"> A Shares (Institutional and HNW, EUR) and B Shares (Retail, EUR) C Shares (Institutional and HNW, USD) and D Shares (Retail, USD) 			
Symbols	A Shares	B Shares	C Shares	D Shares
<ul style="list-style-type: none"> ISIN Code Bloomberg ID Securities No 	<ul style="list-style-type: none"> LU1042536018 IPCVEMA LX A1XE8U 	<ul style="list-style-type: none"> LU1042536281 IPCVEMB LX A1XE8V 	<ul style="list-style-type: none"> LU1218444351 IPCVEMC LX A14RPQ 	<ul style="list-style-type: none"> LU1218444435 IPCVEMD LX A14RPR
UCITS IV Management Company	IPConcept (Luxemburg) S.A.			
Fund Manager	VAM Vietnam			
Custodian Bank/Fund Administrator/ Registrar and Transfer Agent	DZ PRIVATBANK S.A., Luxemburg			
Auditor	KPMG Luxemburg S.à r.l.			
Minimum Initial Investment	EUR500,000	EUR1,000	USD500,000	USD1,000
Minimum Subsequent Investment	EUR100,000	EUR1,000	USD100,000	USD1,000
Upfront Load	0%	0%	0%	0%
Redemption fee	0%	0%	0%	0%
Management fee	1.62% p.a.	2.12% p.a.	1.62% p.a.	2.12% p.a.
Performance fee	Performance fee: 18% over 5% hurdle on high-water-mark basis			

VEMF SICAV - Investment Policy and Strategy

- **Investment Objective**

To achieve a reasonable performance in a disciplined risk management.

- **Investment Strategy**

The Fund will invest in equities and equity-related securities of companies that are based in Vietnam or that have substantial operations, sales or asset exposure to the economy, assets or currency of Vietnam. The Fund may invest in public equities as well as convertible debts and any other equity-linked instruments of listed and unlisted companies in Vietnam. At the same time, the Fund will also invest into fixed income instruments for liquidity management purpose.

- **Asset Allocation (% of fund NAV)**

- Equities and equity-related securities in Vietnam: $\geq 51\%$
- Cash and Fixed income instruments: $\leq 49\%$

- **Investment Restriction**

The Fund is not allowed to invest in units of other UCITS and UCIs.

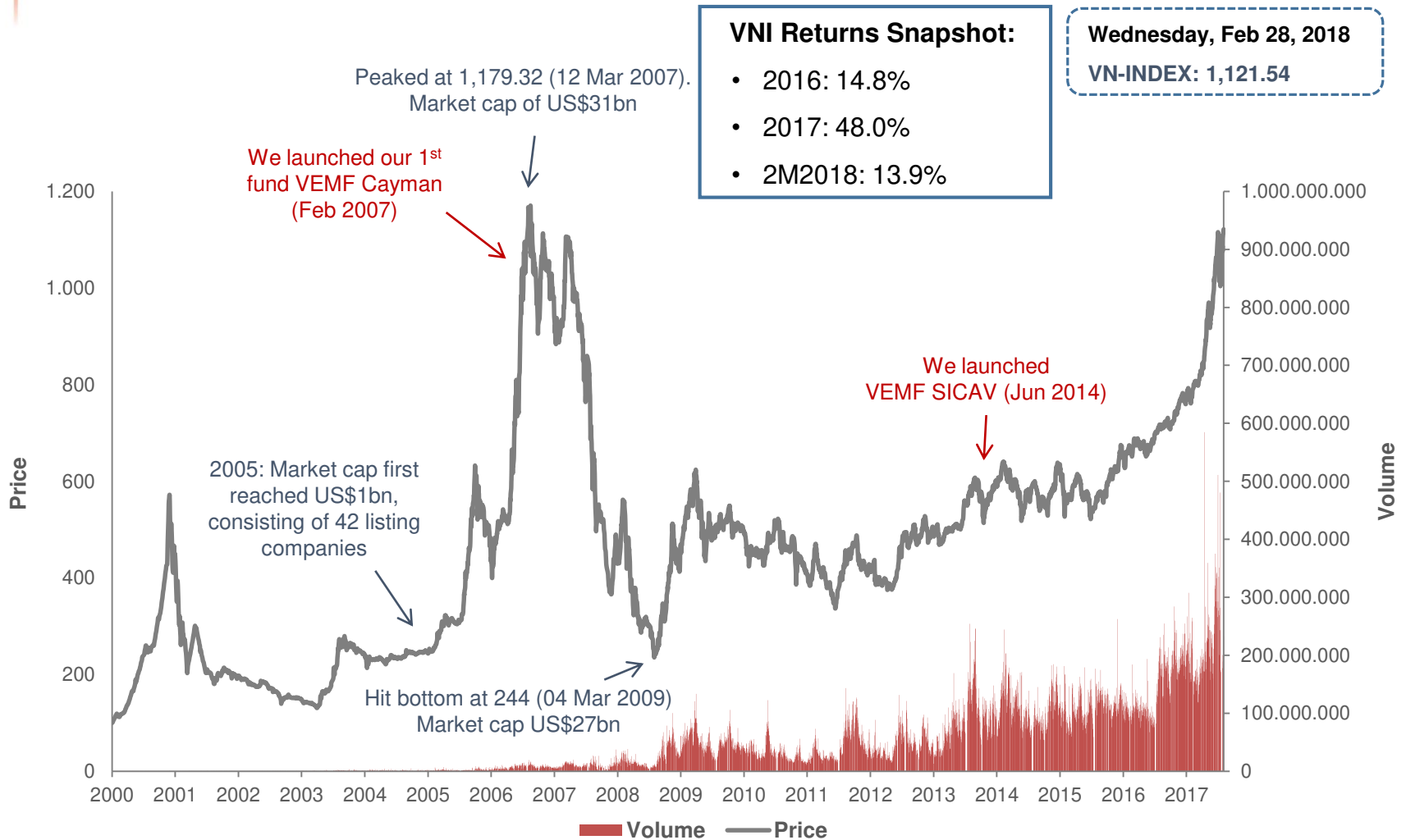
- **Performance Benchmark** : VN-Index (EUR)

Overview of Vietnam Equity Market

- VN-Index performance since inception
- Comparison between VN-Index and regional peers
- Vietnam market data
- Highlights in 2018



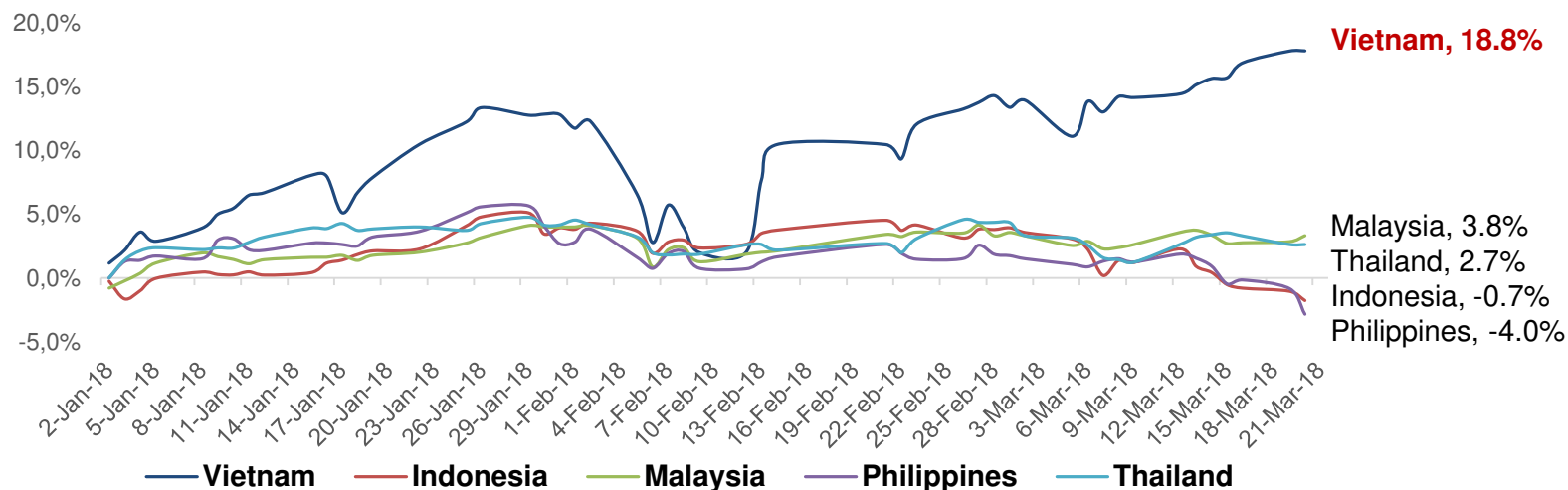
VN-Index Performance Since Inception



Source: HOSE, HNX

VN-Index Valuation vs. Regional Peers

VN-Index performance vs. regional peers (YTD 2017, in local currencies)

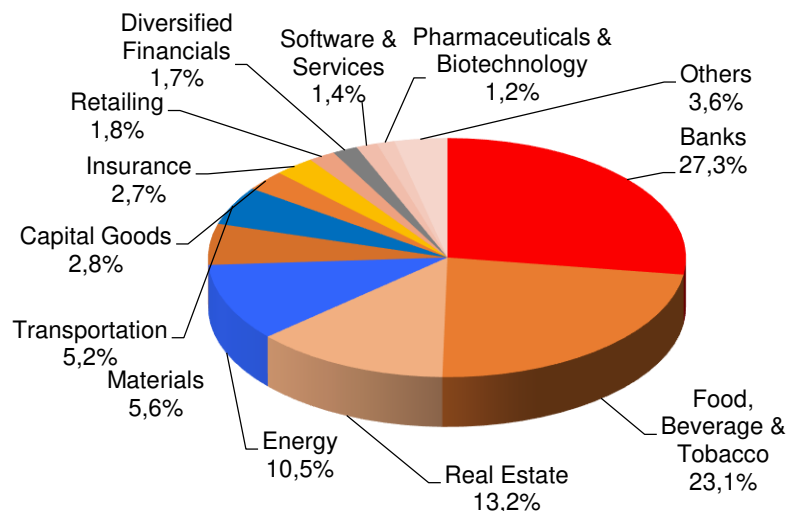


Market	Bloomberg code	Current PE	Div. Yield %	ROE	Market Cap (USD bn)
Indonesia	JCI Index	22.67	2.02	11.48	512.1
Philippines	PCOMP Index	21.84	1.64	10.73	185.1
Thailand	SET Index	18.17	2.86	11.60	578.1
Malaysia	FBMKLCI Index	17.57	3.27	10.75	288.3
Vietnam	VNINDEX Index	21.11	1.41	15.15	139.4
Singapore	FSSTI Index	11.46	3.66	11.12	443.8

Source: Bloomberg, data as of March 21th, 2018

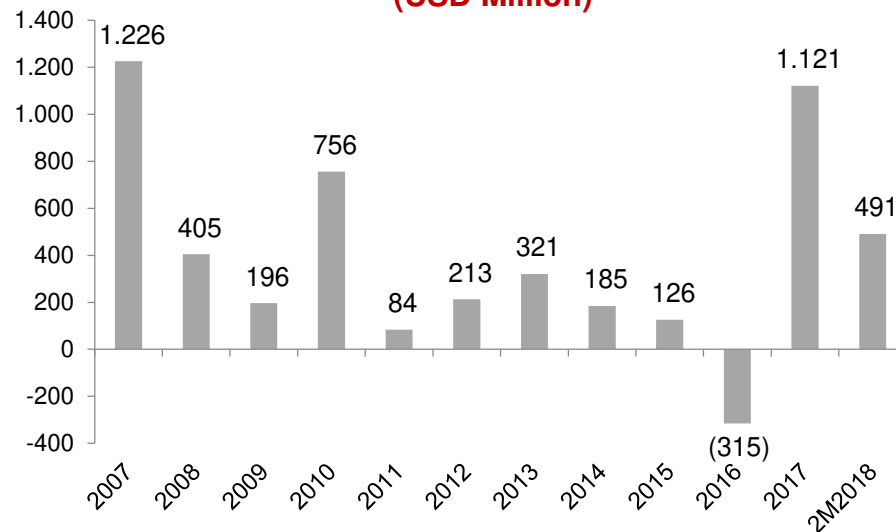
Vietnam Market Data

Sector breakdown – Feb 2018



Source: VAM's Database Universe

Foreign Net Inflow Of Equities Of Two Main Bourses (USD Million)



Vietnam Market

As of 13 December 2017	HOSE	HNX	UPCOM
Market capitalization	USD108.2 billion	USD9.4 billion	USD26.3 billion
Number of stocks	351	392	744
Average daily trading value 1Y	USD215.4 million	USD28.1 million	USD14.2 million
State ownership	37.1%	23.4%	57.0%
Foreign ownership	23.7%	15.1%	5.6%

Source: Bloomberg, HOSE, HNX, SSI

Highlights in 2018

- **Listings of big names** such as BSR (Binh Son Refinery), OIL (PV Oil), POW (PV Power), TCB (Techcombank), etc. More to come.
- **Covered warrants** to be launched in April.
- **State divestments** in big listed companies (BMP, FPT, PLX, BHN, etc.) continue.
- **More listings of equitized SOEs** are expected under the Government's hard push.
- **IPOs of large companies** (VTVcab, Vinalines, Vinhomes, etc.) are coming.

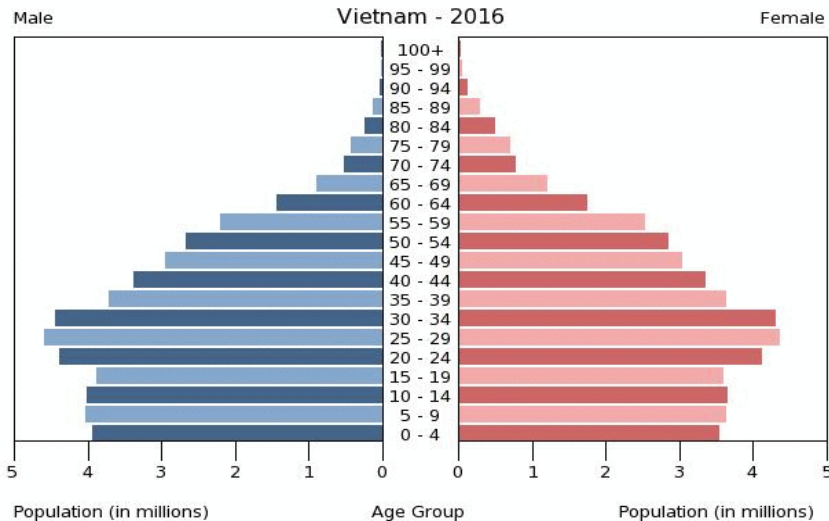


Why Vietnam?

- Sound Fundamentals
- Solid Economic Growth Drivers
- Improving Trade Activities
- Stable Currency
- Things to be watched
- Overall Macroeconomic Picture

Sound Fundamentals

Population demography in 2016F



Favorable demography

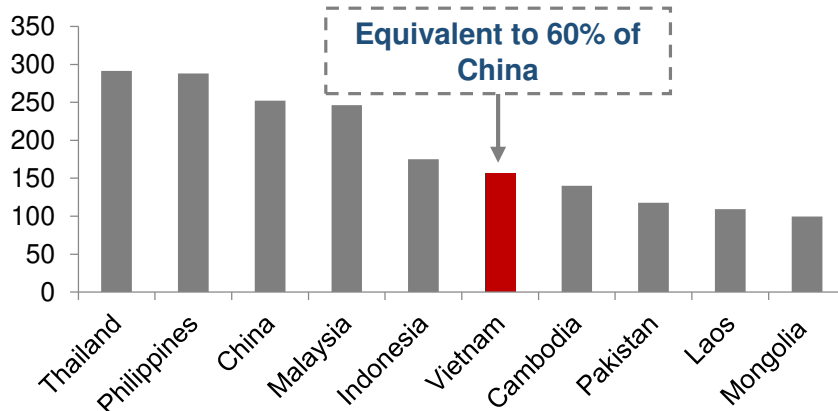
- 92M population with 85% Vietnamese, 95% literacy rate, 65% population at working age.
- **Competitive labor cost:** equivalent to 60% of China.
- **Fastest-growing middle and affluent class in Southeast Asia:** expected to soar from 12M in 2015 to 33M by 2020.

- **Political stability:** Highly ranked among ASEAN countries in 2016 by Word Bank.

Rick natural resources:

- **World's No.1 and No.2 exporter** of pepper, coffee and rice; **No.4** seafood exporter.
- **Net oil exporter** by volume.
- **Mines:** tungsten, titanium, bauxite, iron ore, etc.
- **Coast line of over 3200kms**, enormous potential for fishery and tourism industries.

Monthly Minimum Wage Levels in Asia 2017 (USD)



Source: United Nations (Population Division) – 2015, China Labor Bulletin

Solid Economic Growth Drivers

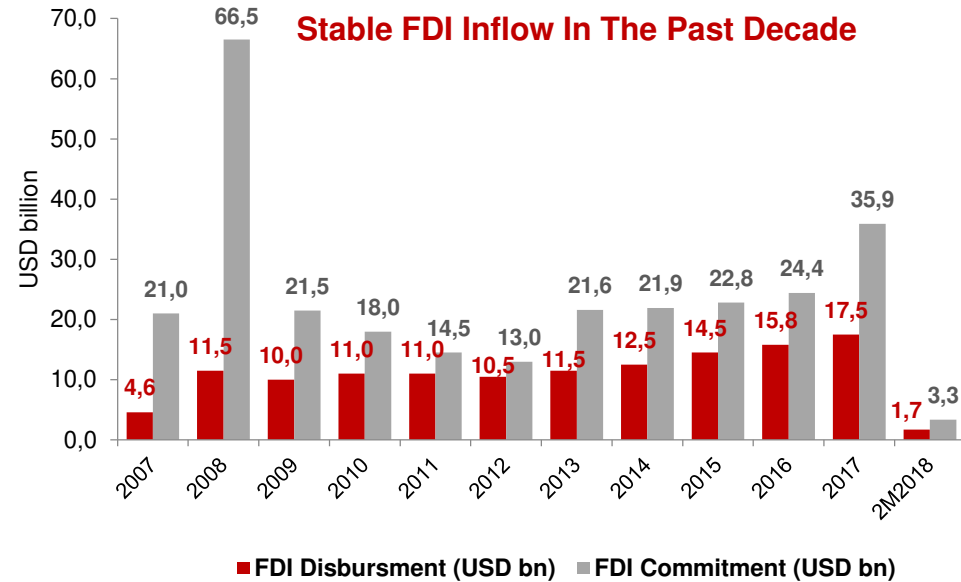
Strong and stable FDI inflows

- **Y2017:** disbursed FDI reached USD17.5bn (+10.8% YoY) and committed FDI reached USD35.9bn (+47.1% YoY) – **the largest increase since 2008.**
- **2M2018:** disbursed FDI reached USD1.7bn (+9.7% YoY) and committed FDI reached USD3.3bn (-1.8% YoY).
- In 2017, FDI sector contributed 72.6% to total exports.
- Benefiting from improving investment environment and signed FTAs.

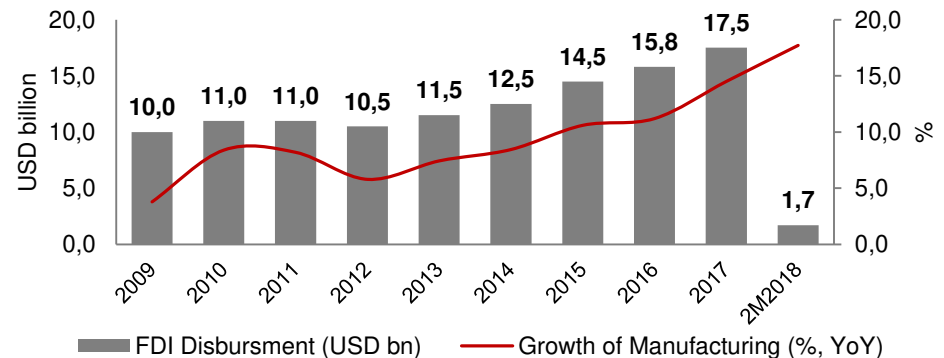
Robust manufacturing

- Keeping expansion mode mostly in the past 3 years amidst slowing global demand.
- Led by FDI and private sectors.

Nikkei's Vietnam Purchasing Managers' Index



FDI Contributes Significantly To Manufacturing Growth



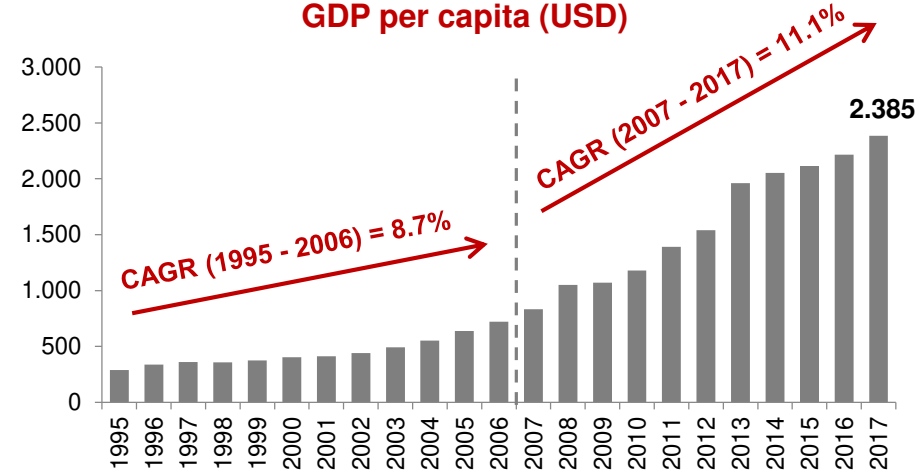
Source: Foreign Investment Agency, GSO, Nikkei Vietnam PMI – Markit

Solid Economic Growth Drivers (Cont.)

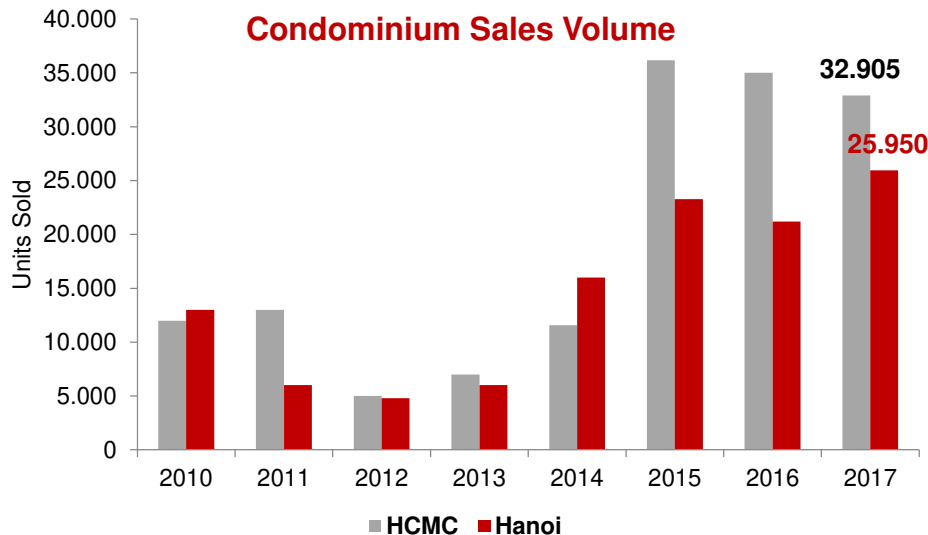
Resilient domestic demand

- Young population, fast urbanization, quickly-growing middle and affluent class.
- Low penetration on base products/services.
- Ranked **No.6 globally** for attractive emerging retail markets (2017 Global Retail Development Index) and **No.5 globally** for Consumer Confidence Index (2017).
- Real retail sales growth reached **7-year high of 9.5% YoY in 2017**.

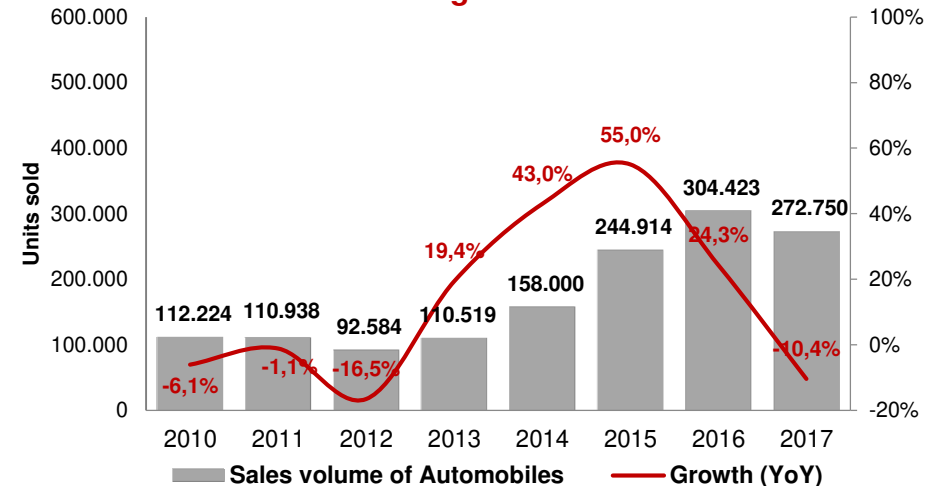
Rising Individual Wealth GDP per capita (USD)



Condominium Sales Volume



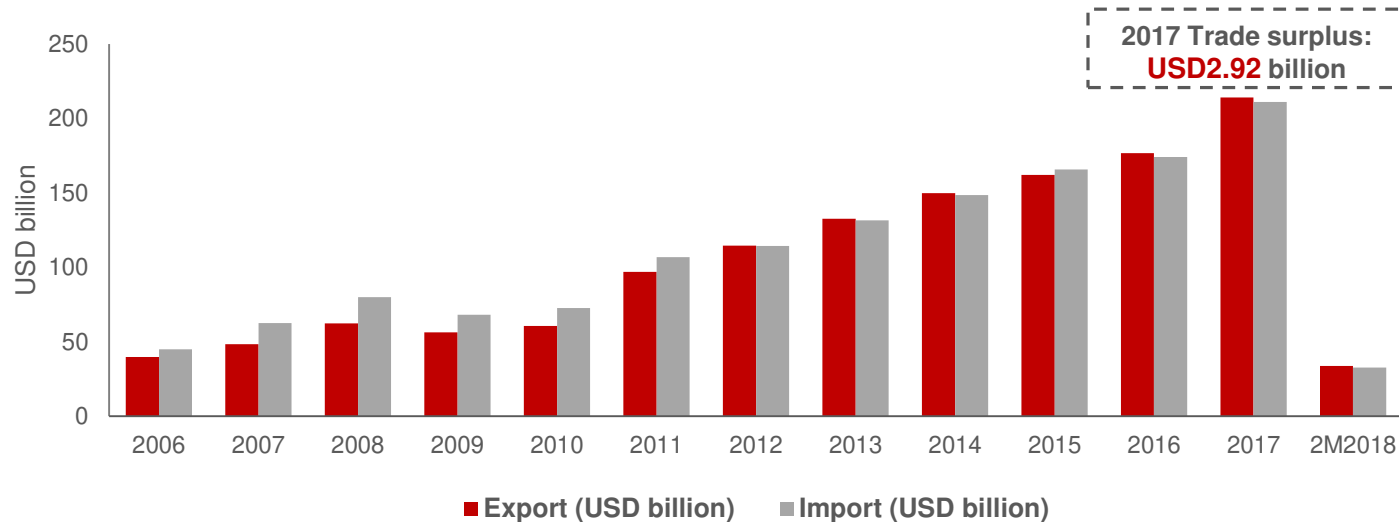
Sales volume and growth of automobiles



Source: Boston Consulting Group, GSO, VAMA, CBRE & MOF

Improving Trade Activities

Vietnamese Trade Situation (USD billion)



- **Y2017:** Trade surplus reached **USD2.92 billion**, 15.9% higher than trade surplus of USD2.52 billion in 2016. **In 2M2018**, trade surplus hit **USD1.08 billion**.
- **Benefiting from** signed **FTAs** with the EU, South Korea, ASEAN, Belarus-Kazakhstan-Russia.
- Vietnam's **main export markets** in 2017: **the US** (19.4%), **EU** (17.9%), **China** (16.6%), **ASEAN** (10.1%), **Japan** (7.9%) and Korea (6.9%).
- Vietnam's **main import markets** in 2017: **China** (27.6%), **Korea** (22.1%), **ASEAN** (13.3%), **Japan** (7.9%), **EU** (5.7%) and **the US** (4.4%).
- Key export products in 2017: Telephones, mobile phones and parts (21.2%), Garment (12.2%), Computer and Electronic products and parts (12.1%), and Footwear (6.8%).
- Key imported items in 2017: Computer and Electronic products and parts (17.9%), Machinery and Equipment (15.9%), Telephones, mobile phones and parts (7.7%) and Fabric (5.4%).

Source: GSO, Vietnam Customs

Stable Currency

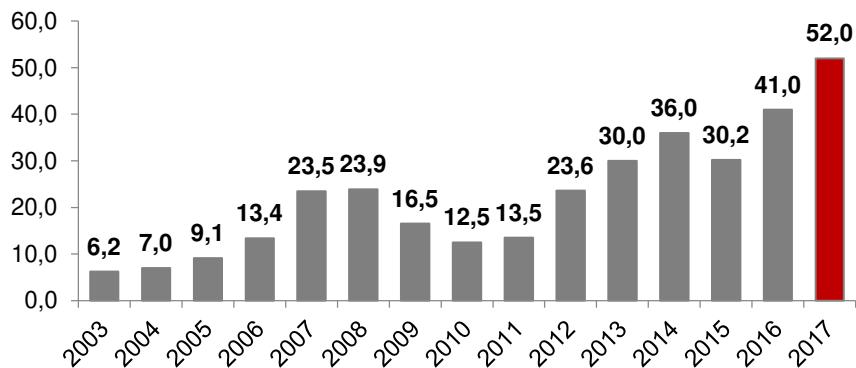
- In 2017, VND remained almost stable, with a slight appreciation of 0.26% YoY against USD thanks to:
 - Flexible daily FX mechanism** managed by the State Bank of Vietnam.
 - Record high foreign reserves** (~USD52 billion as at year-end, equivalent to ~3 months of imports, up from 2.69x at the end of 2016).
 - Solid foreign inflows through:** trade surplus of USD2.92 billion, strong FDI disbursement of USD17.5 billion (+10.8% YoY), and overseas remittances estimated at USD13.8 billion (+16% YoY).
- USD/VND was almost flat YTD2018.**

Performance of regional currencies against USD

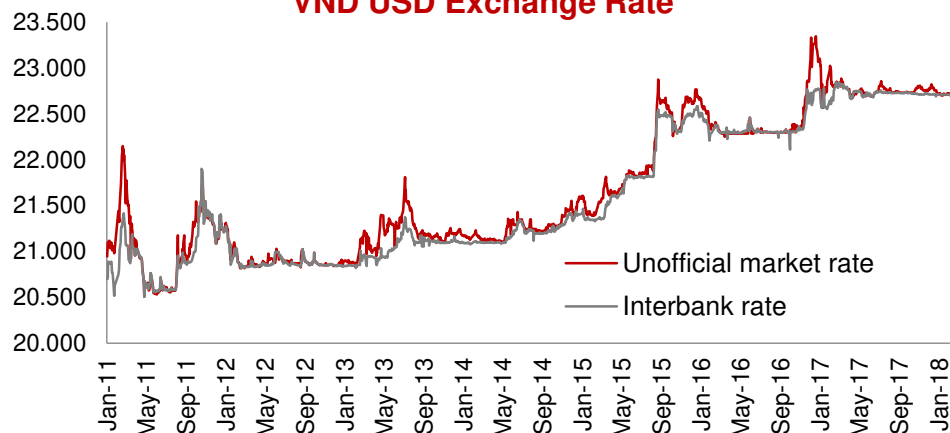
Currency	1Y	2Y	3Y
MYR	13.2%	7.6%	-7.8%
THB	10.9%	13.5%	2.8%
CNY	8.5%	3.3%	-1.0%
SGD	5.7%	6.4%	3.0%
VND	-0.3%	-1.5%	-6.2%
IDR	-3.1%	-2.5%	-5.7%
PHP	-3.7%	-8.8%	-15.4%

Source: XE.com, collected FX rates are the mid-rate, as of **Feb 28, 2018**.

Vietnam's Foreign Reserves (USD billion)



VND USD Exchange Rate



Source: SBV, XE.com, official newspapers, HSC

Things To Be Watched

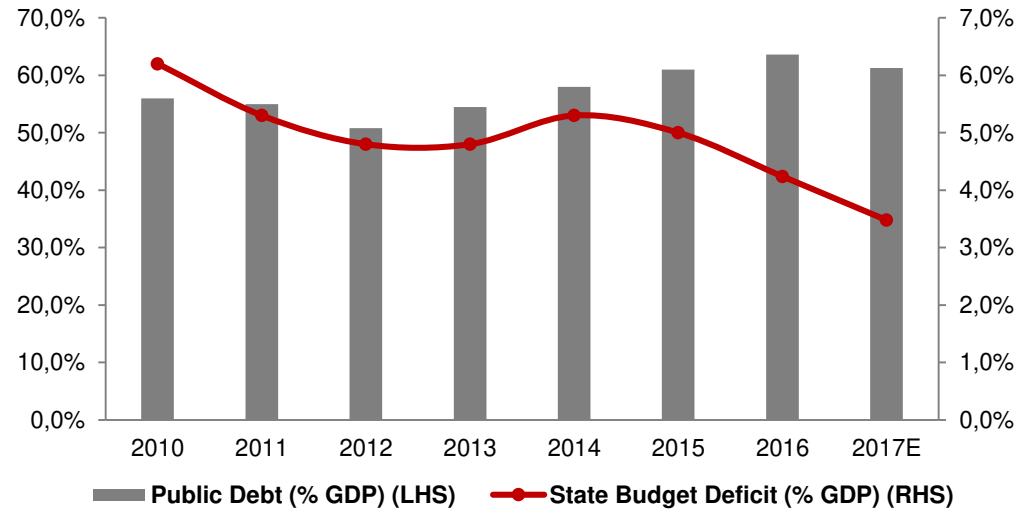
- **Sovereign debt and State budget deficit in 2017:**

- **Sovereign debt** was estimated at **61.3% of GDP** vs. 63.6% of GDP in 2016, lower than the ceiling rate of 65% of GDP.
- **State budget deficit** was estimated at **3.48% of GDP**, excluding principal repayments, close to the Government's FY2017 target of 3.50%.

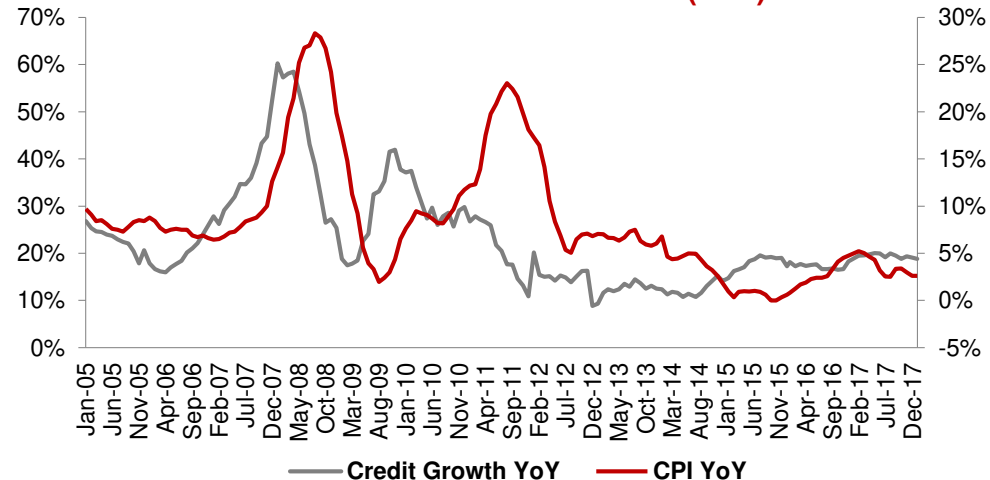
- **Inflation:**

- CPI in 2017 was 3.53% YoY due mainly to increases of healthcare/pharmaceuticals and education prices, compared to the Government's target of 4%.
- CPI in Feb 2018: +1.24% YTD, and average inflation in 2M2018: +2.90% YoY.

Yearly Public Debt and State budget deficit (% GDP)



Credit Growth vs CPI (YoY)



Source: SBV, MoF, HSC

Overall Macro-economic Picture

Macro Indicators	2012	2013	2014	2015	2016	2017	2018F
GDP Growth (% YoY, 2010p)	5.2	5.4	6	6.68	6.21	6.81	6.7
Manufacturing (% YoY)	5.8	7.44	8.45	10.6	11.9	14.4	12.1
Retail Sales (% YoY)	16	12.6	10.6	9.5	10.2	10.86	11.7
Industrial Production Index (% YoY)	4.8	5.9	7.6	9.8	7.5	9.4	9.1
CPI (Average, % YoY)	9.2	6.6	4.1	0.6	2.66	3.53	4.3
Credit Growth (% YTD)	8.9	12.5	14	17.3	18.80	18	18
Exports (USD bn)	114.6	132.2	150.0	162.1	175.9	214.02	253.35
Imports (USD bn)	113.8	131.3	148.0	165.6	173.3	211.10	248.47
Trade Balance (USD bn)	0.8	0.9	2.0	(3.5)	2.68	2.92	4.88
Disbursed FDI (USD bn)	10.5	11.5	12.4	14.5	15.8	17.5	N/A
Committed FDI (USD bn)	13	21.6	21.92	22.8	24.4	35.9	N/A
Overseas Remittances (USD bn)	10.0	11.0	12	13.2	9.2	13.8	N/A
Current Account Balance (USD bn)	7.0	8.8	9.36	1	9.6	4	9
Foreign Reserves (USD bn)	25.40	26.00	34.30	28.4	36.7	52	56
Interbank Mid Rate (USD/VND, year-end)	21,230	21,103	21,411	22,475	22,768	22,712	22,980
VND fluctuation against USD (%)	1.6	0.6	-1.5	-5.0	-1.3	0.25	-1.18

Source: GSO, Customs, SBV, HSC, SSI

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