



# Ride on the growth of an emerging market

United Vietnam Equity Fund



Best Asset Management House in Asia  
(20 years)



Right By You



## Fund Objective

The United Vietnam Equity Fund (the "Fund"), sub-managed locally by UOB Asset Management (Vietnam) Fund Management Joint Stock Company (UOBAM (Vietnam)), aims to provide long term capital appreciation by investing primarily in equity and equity-related securities of corporations and other entities which are listed, located, incorporated or have significant business operations or assets in Vietnam. The Fund seeks sectors and companies that are beneficiaries of strong economic expansion backed by favourable demographics, robust domestic demand and strong foreign direct investments (FDI).



## Why invest in Vietnam Equity?

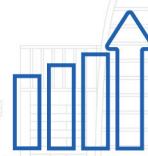
The Vietnam equity market is expected to continue benefiting from the country's strong economic growth prospect in coming years.

### Favourable macro economy

#### Strong GDP growth



Vietnam's economy grew 8.02% in 2022, the fastest pace since 1997<sup>1</sup>, despite global economic and political uncertainty and challenges.



Growth is expected to pick up further in the coming years as the economies of Vietnam's main export markets gain strength.

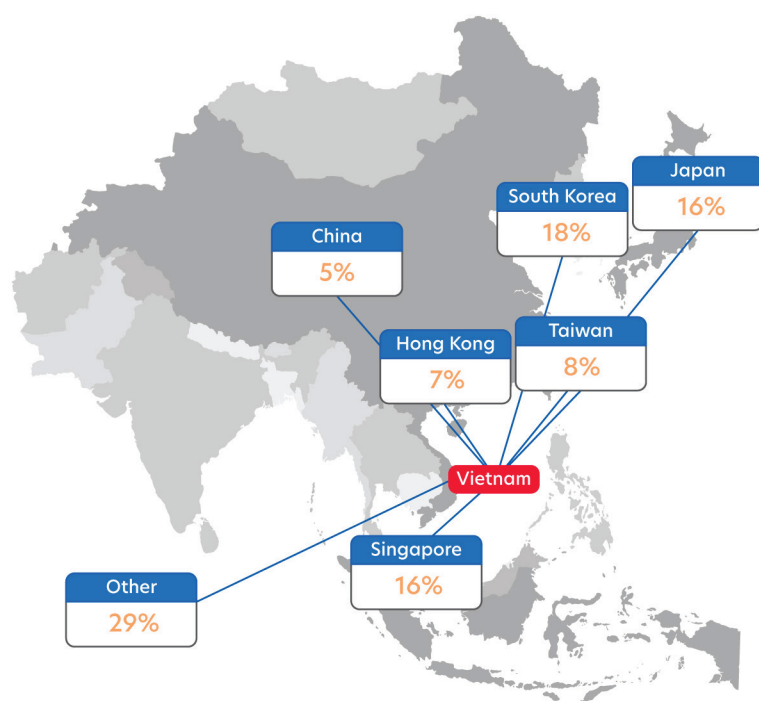
<sup>1</sup> Source: Nikkei Asia, Vietnam GDP grows 8.02% in 2022; fastest expansion in 25 years, 29 December 2022



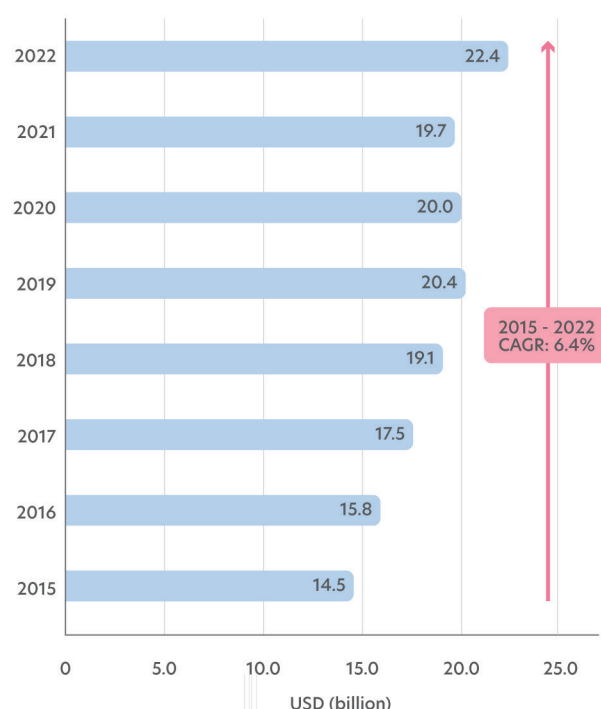
## Strong FDI from top-tier investors (Singapore, South Korea, Japan and China)

- ★ FDI inflow into Vietnam grows steadily from 2015 to 2022 with a compound annual growth rate (CAGR) of 6.4% per annum.
- ★ Vietnam's unique strengths have provided it a competitive edge over its peers, making it an increasingly attractive FDI destination.
- ★ Strategic geographical position and deep integration into global economies with a rich array of foreign trade agreements (FTAs) to facilitate export/trade.
- ★ Young and abundant workforce at low labour cost.
- ★ Politically stable (2021's global ranking 101<sup>st</sup> out of 194 countries).<sup>2</sup>

### Main top-tier FDI investors<sup>3</sup>



### Yearly Disbursed FDI (USD billion)<sup>4</sup>



■ Total capital invested (as of end 2022)

## Robust domestic consumption (2022: +19.8% Year on Year (YoY), 2023's January and February: +13% YoY)

- ★ With the rapidly rising middle and affluent class, domestic consumption has recovered strongly post COVID-19. In 2022, Vietnam's total retail sales of consumer goods and services increased by 15% as compared to pre-COVID 2019 levels, reaching VND 5,679.9 trillion (USD 240.2 billion).<sup>5</sup>
- ★ Due to the effective control of the pandemic, Vietnam attracted 3.7 million international tourist arrivals<sup>5</sup> and 101.3 million domestic tourists in 2022.<sup>6</sup> The revenues from tourism reached USD 21.06 billion (beyond the target of 21%), which contributed to 5.1% gross domestic product in 2022.<sup>7</sup>

<sup>2</sup> Source: The Global Economy, Political stability - Country rankings, April 2023

<sup>3</sup> Source: Ministry of Planning and Investment of the Socialist Republic of Vietnam, Report on foreign direct investment in 2022, December 2022

<sup>4</sup> Source: General Statistics Office of Vietnam, Socio-economic situation in the fourth quarter and 2015 to 2022 reports, December 2015 to 2022

<sup>5</sup> Source: General Statistics Office of Vietnam, Socio-economic situation in the fourth quarter and 2022 report, December 2022

<sup>6</sup> Source: Vietnam National Administration of Tourism, Domestic tourists in 2022 report, December 2022

<sup>7</sup> Source: Cổng Thông tin điện tử Chính phủ, media.chinhphu.vn, December 2022

## VND 700 trillion (approx. USD 29.5 billion) public investment in 2023<sup>8</sup>

- ★ Government implements fiscal expansion policy to boost economic growth, focusing on infrastructure.
- ★ Ongoing infrastructure development to improve connectivity and capacity helps to boost logistics and attract FDI.
- ★ Infrastructure spending on highway, seaport and international airport projects (new terminal in Tan Son Nhat and new Long Thanh international airport).

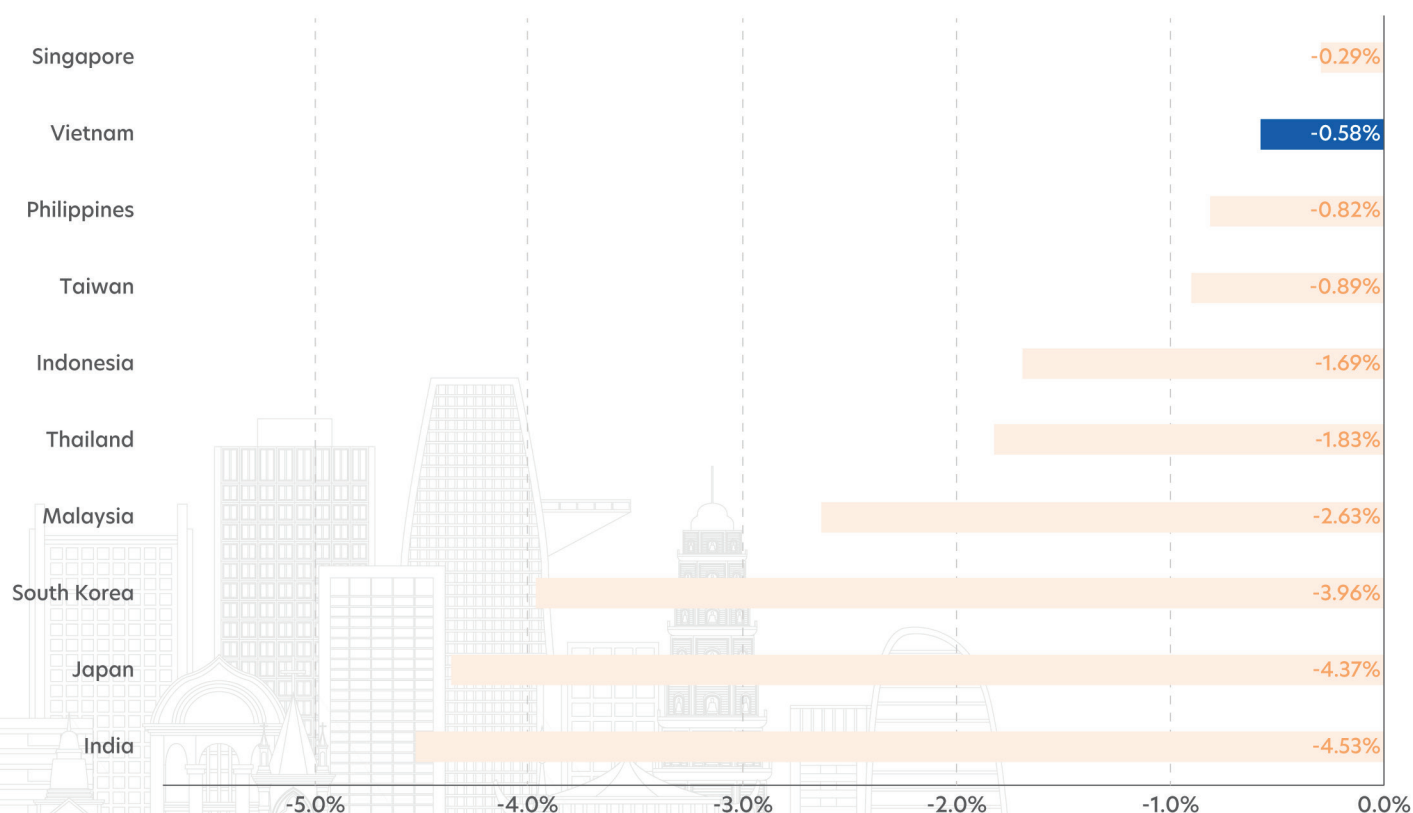
## Vietnam's central bank moves to support growth

- ★ In March 2023, the State Bank of Vietnam (SBV) took a significant step to support its economic growth and stabilise the monetary market by cutting the policy rate, setting Vietnam apart from its peers. This decision was possible as the inflation is under control and aims to improve liquidity and access to loans.<sup>9</sup>
- ★ Reduction of interest rates helps credit institutions with abundant liquidity, putting them in a better position to support affected businesses amid an uncertain global economic outlook.

## Vietnamese currency remains stable

- ★ Over the 5-year period, the Vietnamese Dong was one of the most stable currencies in Asia, devaluing by 0.58% against the US dollar, right behind the Singapore dollar.

5Y Annualised Currency Change Rate vs USD (March 2018 - March 2023)<sup>10</sup>



<sup>8</sup> Source: VietnamPlus, Article - Construction rock businesses to benefit from 2023 public investment, February 2023

<sup>9</sup> Source: Nhan Dan Online, Article - Vietnam's regulatory interest rates to be reduced by 0.5-1% from March 15: SBV, March 2023

<sup>10</sup> Source: Bloomberg, March 2023



## Attractive valuation in Vietnam stock market

- ★ Given the steep market correction (32.8% drop) in 2022, this market timing gives investors an excellent buying opportunity due to its attractive valuation. By the end of March 2023, the price-to-earnings of Vietnam stock market dropped to 9.7x, making it even more attractive than other regional peer markets.<sup>11</sup>
- ★ New corporate bond regulation has been issued recently to ease corporate bond liquidity crunch in short term, helping to improve investor sentiment. As a result, Vietnam stock market rebounded well at the end of 2022 and the recovery momentum continues strongly in 2023.

## Stock market's potential upgrade to emerging market status

- ★ Vietnam's Ministry of Finance (MoF) is expecting the local stock market to upgrade from frontier to an emerging market status before 2025, a development that would bolster Vietnam's credibility in the global capital market and potentially lead to an improved sovereign rating.
- ★ Looking ahead, the MoF would continue to focus on implementing the new stock market transaction system, diversifying market products to attract foreign investors, supporting public companies' governance, and promoting green products and financial schemes.
- ★ This stock market upgrade is expected to bring in billions of dollars, while also improving market liquidity, enhancing information transparency and expanding foreign ownership limits, all of which are expected to serve as key drivers of foreign investment.

## Potential risks for Vietnam's equity market



### Hawkish monetary policy

While there have been signals of a rate hike slowdown globally, inflation remains stubbornly firm and with no signs of declining. With high interest rates and market uncertainty, investors might be prompted to seek defensive assets, leading to a decrease in demand for equities and causing downward pressure on stock prices.



### Global recession

A global recession can have a negative impact on equities, with reduced consumer spending, decreased investor confidence, credit tightening and increased volatility, all contributing to a decline in stock prices.

However, the impact may vary depending on the severity and duration of the recession, and certain defensive sectors may perform well.



### Property debt crisis

In 2022, Vietnam officials issued a crackdown on corporate bond issuance following allegations of illegal activities. Bond issuers faced the risk of insolvency as investor sentiment plummeted and bondholders sought to offload their holdings. As a result, the corporate bond market plunged 66% against 2021 to VND 255 million.<sup>12</sup>

With billions of dollars of bonds due this year, this may risk triggering a broader crisis for the country's banking sector and economy.

<sup>11</sup> Source: Bloomberg, March 2023

<sup>12</sup> Source: The Saigon Times, Article - How to rescue corporate bonds, 12 March 2023



## Key Sector Highlights

Sectors	Sub-sectors	Key drivers
Financials	Banking, Fintech	<ul style="list-style-type: none"> <li>Vietnam's financial &amp; banking sector is one of the fastest growing in the world and is a proxy to Vietnam's rapid economic growth. It accounts for 4.73% of the country's total GDP.<sup>13</sup></li> <li>Rapid uptake of digital financial services which accelerated the growth of Vietnam's digital economy to become one of the fastest in the region (USD 50 billion by 2025).<sup>14</sup></li> </ul>
Industrials	Manufacturing, Processing	<ul style="list-style-type: none"> <li>Vietnam is a top destination for global businesses looking to diversify their supply chains.</li> <li>Competitive labour force (large, well-educated, low cost) makes it an attractive hub for production.</li> <li>Strong FDI inflows as Vietnam fortifies its position in the global supply chain.</li> </ul>
Consumer Staples	Food & Beverage, Personal Care	<ul style="list-style-type: none"> <li>Favourable demographics (young and growing population) makes it an attractive market for consumer goods companies.</li> <li>Expansion of Vietnam's middle class, which leads to the rise in domestic consumption.</li> </ul>
Materials	Construction, Energy	<ul style="list-style-type: none"> <li>Government support for energy infrastructure development, especially renewable energy.</li> <li>Construction sector poised to benefit from public spending on infrastructure.</li> </ul>

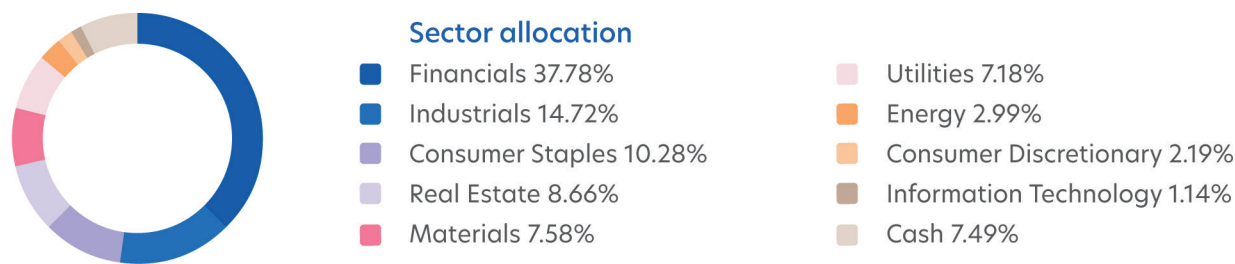
<sup>13</sup> Source: Statista, GDP contribution of finance, banking and insurance in Vietnam 2015-2021 report, January 2023

<sup>14</sup> Source: Google, Temasek and Bain & Company, e-Economy SEA 2022 report, October 2022

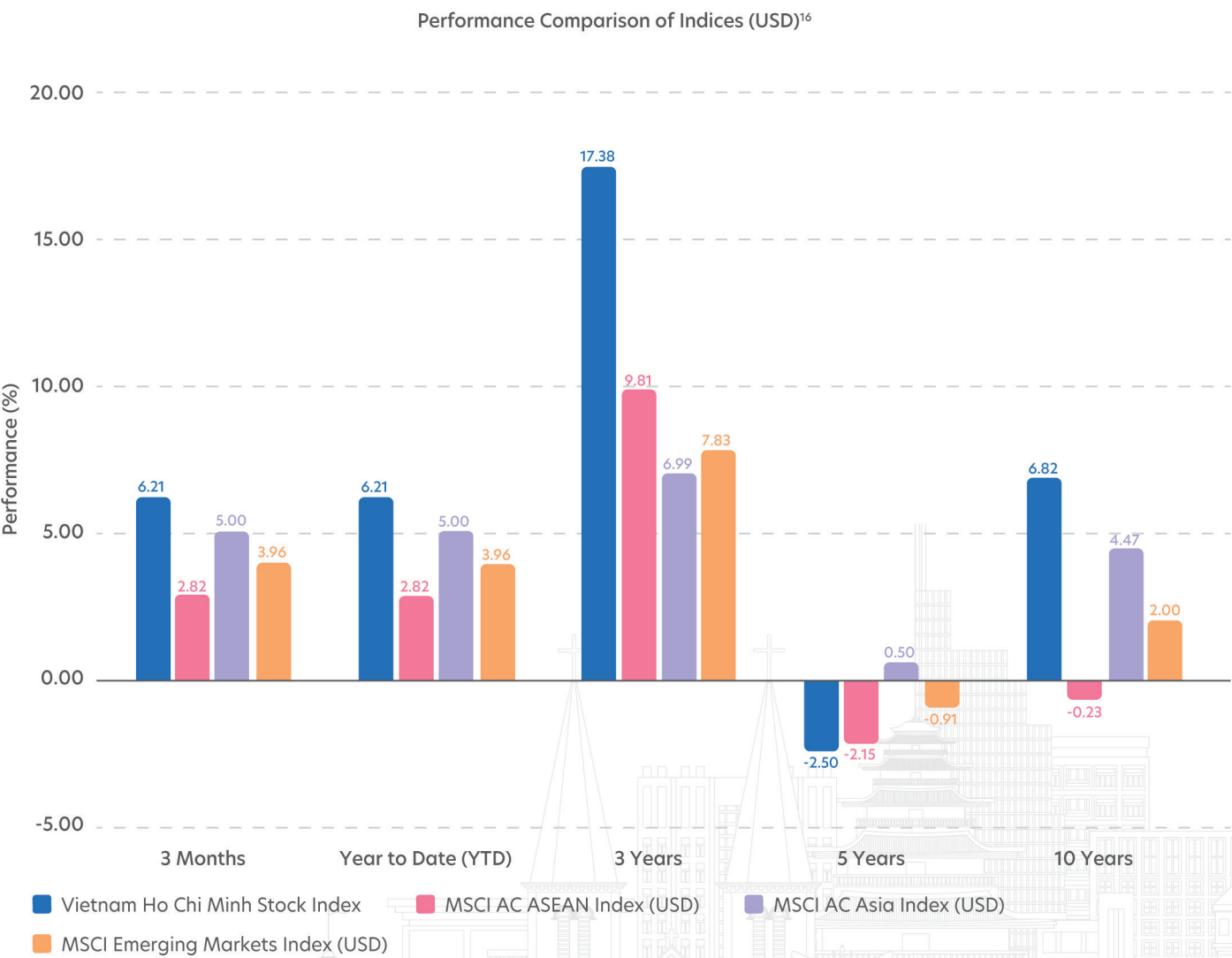


# Seize opportunities of Vietnam through the United Vietnam Equity Fund<sup>15</sup>

## Sector Allocation



## Indices Performance



<sup>15</sup> Source: UOBAM, as at 31 March 2023

<sup>16</sup> Source: Morningstar, as at 31 March 2023



## About UOBAM (Vietnam)

Founded in 2009, UOBAM (Vietnam), previously VAM Vietnam Fund Management Joint Stock Company, is part of UOB Asset Management Ltd ("UOBAM") which is headquartered in Singapore. UOBAM (Vietnam) is a fully licensed fund management company in Vietnam, providing comprehensive investment management and advisory services including securities investment fund management, securities investment portfolio management and securities investment advisory to both domestic and foreign institutional and individual investors. With almost 15 years of investing experience in the Vietnam stock market, UOBAM (Vietnam) has built strong performance track records for its Vietnam funds and mandates. The Company possesses an experienced on-the-ground team with local expertise and wide network.

### Rigorous investment process

Investment process includes quantitative and qualitative stock screening, company analysis, quantamental model scoring and back testing to ensure consistent outperformance.

### Local expertise with international experience

The UOBAM (Vietnam) team has a sole focus on the Vietnam stock market for almost 15 years, managing several offshore funds and mandates investing in Vietnam market.

### Strong in-house capabilities

UOBAM (Vietnam) has built and maintained a big database of more than 120 Vietnamese listed companies, representing more than 90% of total market capitalisation.

UOBAM is one of Asia's leading management group with more than 35 years of experience in providing fund management and advisory services to both institutional and retail clients with its headquarters in Singapore. UOBAM has an extensive presence in Asia with regional business and investment offices in Brunei, Indonesia, Japan, Malaysia, Singapore, Taiwan, Thailand and Vietnam. Together with its subsidiaries, UOBAM manages more than S\$32.0 billion of clients' assets as of 31 March 2023.

UOBAM is one of the most awarded fund management companies with over 300 awards won regionally since 1986.<sup>17</sup> In 2023, UOBAM was awarded the prestigious Best Asset Management House in Asia (20 Years) award by Asia Asset Management, affirming UOBAM's vision to be a leading Asia-based asset manager.



<sup>17</sup> For the full list of awards won by UOBAM, please refer to [uobam.com.sg/awards](https://uobam.com.sg/awards).



## Fund details

<b>Fund Name</b>	United Vietnam Equity Fund
<b>Investment Objective</b>	The investment objective of the Fund is to provide long term capital appreciation by investing primarily in equity and equity-related securities of corporations and other entities which are listed, located, incorporated or have significant business operations or assets in Vietnam.
<b>Inception Date</b>	2 August 2021 (Class JPY Acc)
<b>Fund Size (as at March 2023)</b>	USD 102.61 million
<b>Benchmark</b>	There is no benchmark for the Fund.
<b>Fund Classes Available<sup>18</sup></b>	Class A USD Acc Class JPY Acc Class T USD Acc
<b>Subscription Mode</b>	Cash – JPY, USD
<b>Minimum Subscription</b>	Class A USD Acc: US\$1000 (initial); US\$500 (subsequent) Class JPY Acc: ¥100,000 (initial); ¥100,000 (subsequent) Class T USD Acc: US\$100,000 (initial); US\$50,000 (subsequent)
<b>Subscription Fee</b>	Class JPY Acc & Class T USD Acc: Currently none; maximum 5% All other Classes: Currently up to 5%; maximum 5%
<b>Management Fee</b>	Class A USD Acc: Currently 1.75% p.a.; maximum 2.50% p.a. Class JPY Acc: Currently 0.60% p.a.; maximum 2.50% p.a. Class T USD Acc: Currently 0.70%; maximum 2.50% p.a.
<b>Dealing Frequency &amp; Deadline<sup>19</sup></b>	Generally every business day, on a forward pricing basis up till 3pm (Singapore time)

<sup>18</sup> Investors should refer to the Fund's prospectus for more details on the different classes available. Please check with our distributors on the availability of the Fund Classes.

<sup>19</sup> Please check with the distributor(s) or refer to the Fund's prospectus for more details.

Important notes and disclaimers:

This document is for general information only. It does not constitute an offer or solicitation to deal in units in the Fund ("Units") or investment advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. The information is based on certain assumptions, information and conditions available as at the date of this document and may be subject to change at any time without notice. No representation or promise as to the performance of the Fund or the return on your investment is made. **Past performance of the Fund or UOB Asset Management Ltd ("UOBAM") and any past performance, prediction, projection or forecast of the economic trends or securities market are not necessarily indicative of the future or likely performance of the Fund or UOBAM.** The value of Units and the income from them, if any, may fall as well as rise, and is likely to have high volatility due to the investment policies and/or portfolio management techniques employed by the Fund. Investments in Units involve risks, including the possible loss of the principal amount invested, and are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited ("UOB"), UOBAM, or any of their subsidiary, associate or affiliate ("**UOB Group**") or distributors of the Fund. The Fund may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the Fund's prospectus. The UOB Group may have interests in the Units and may also perform or seek to perform brokering and other investment or securities-related services for the Fund. Investors should read the Fund's prospectus, which is available and may be obtained from UOBAM or any of its appointed agents or distributors, before investing. **You may wish to seek advice from a financial adviser before making a commitment to invest in any Units, and in the event that you choose not to do so, you should consider carefully whether the Fund is suitable for you. Applications for Units must be made on the application forms accompanying the Fund's prospectus.**

This advertisement has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No.198600120Z

April 2023