

1. Stock Market Review

Market movement: VN-Index gained +2.0% in March (+7.9% YTD), trying to break above the all-time high of 1,200 pts.

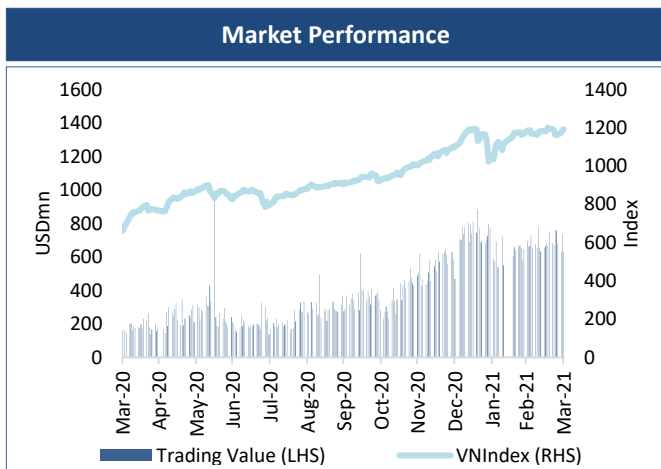
Key drivers: 1. Inflation concern dismissed (initially heightened by the upswing of global commodity prices but Vietnam's March CPI recorded a moderate 1.2%/yoy) 2. efforts in resolving HoSE trading system's overloading issue 3. clearer earnings visibility through recent AGMs coupled with a strong recovery of 1Q21 preliminary earnings.

Sector performance: IT +3.8%, Financials +3.5%, and Materials +3.0% led the market while Energy -4.7% and Consumer Staples -2.3% recorded declines in March. IT sector outperformed thanks to FPT +2.0% and DGW +24.6%. Financials were supported by Banks +3.4% and Brokers +4.0% while Materials +3.0% were led by Steels i.e. HPG +2.6%, HSG +7.2%, NKG +35.4% reflecting strong Q1 NPAT growth. More earnings release will follow in the coming weeks.

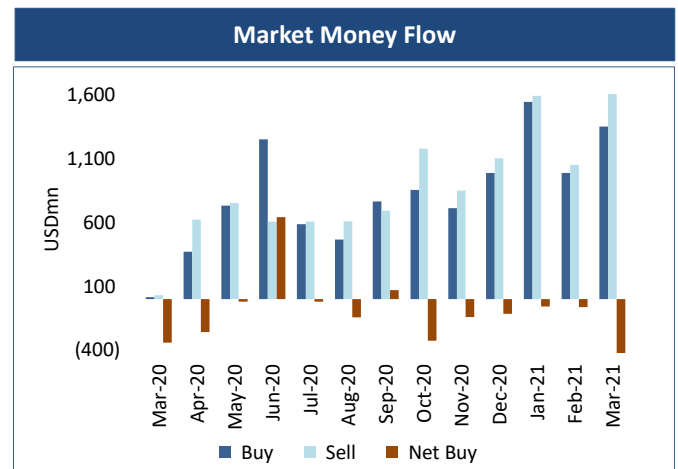
Banks gained +3.4% in the latter half of the month after undergoing high profit-taking pressure due to concerns rising from hike in U.S. 10-year treasury yield and global commodity prices. In our view, banks are being capped with a low credit growth quota reflect State Bank of Vietnam's (SBV) cautious view in controlling credit growth and inflation this year. This is the way the SBV maintains banking system's stability and interest rate movement in the past couple of years. The SBV will periodically revise and lift up the credit quotas gradually for those with a strong capital base, healthy liquidity ratios, and well-managed bad debt level.

Real estate sector gained +2.3% on the back of conglomerate Vin Group (VIC) gaining +8.2%. Although the company is classified as a real estate group, their automotive branch announced the launch of Vietnam's first EV. This event contributed to the surge in stock price while affiliates Vinhomes VHM and Vincom Retail VRE fell -4.2% and -1.5% respectively due to strong selling pressure from foreign investors.

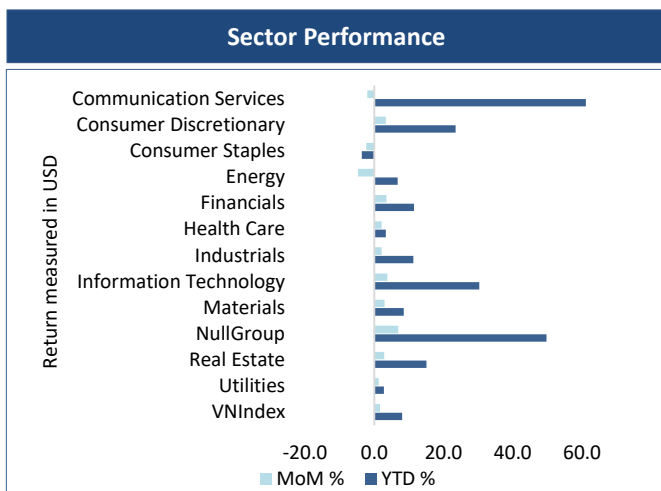
The stock exchange is addressing the trading bottleneck by upgrading system to accommodate 20-30 million trading orders/day from the current 900,000. Apart from the long-term capex, HoSE is also considering the increase of the trading lot from 100 to 1,000 for stocks with market price below 30,000VND/share and encouraging companies to temporarily switch listing to HNX. If implemented, it will help improve about 20% in trading capacity.



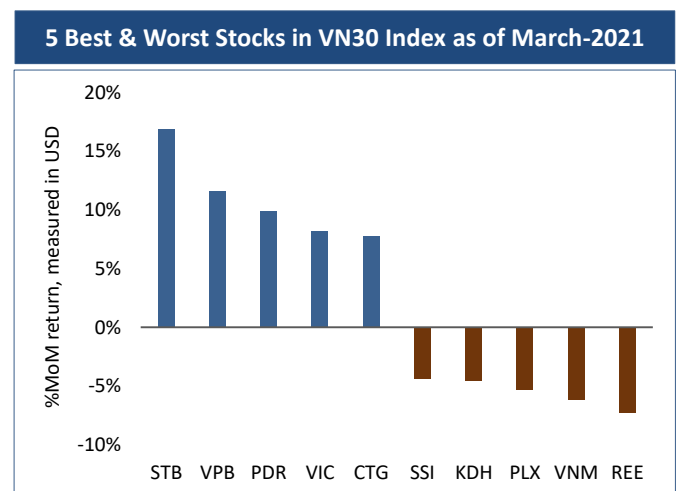
Source: Bloomberg as of 31 March 2021



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2. Macro Review

GDP on rebound trend: March macro numbers affirmed the steady economic rebound trend. 1Q21 GDP growth reached +4.5% YoY (vs. 1Q20 +3.7% YoY). Service sectors, especially Leisure and Hospitality-related sector continued to struggle due to the third wave of Covid-19. However, the Industry & Construction and Agriculture sectors recorded steady growth. Manufacturing sector continued robust growth of +9.5% (vs. 1Q20 +7.1%).

Retail sales in March contracted -3.8%MoM due to post-Tet seasonality, but increased +9.2%YoY, contributed to cumulative growth +5.1% YoY in 3M21 (vs. 2M21 +3.5% YoY). Trades remained healthy with both exports and imports recording +19.2% YoY and 27.7% YoY respectively. 3M21 Cumulative exports recorded +22% YoY (vs. 2M21 +29%YoY) and imports +26.3% YoY (vs. +25.3% YoY). Slowdown in export growth momentum mainly came from telephone shipments falling -19% YoY (vs Jan-Feb +29% YoY) due likely to impacts of the global chip shortage. We note that Samsung had launched its latest flagship Galaxy S21 series earlier in January this year than its usual February timeline, which could have also resulted in earlier-than-usual shipments in Jan-Feb. Trade balance climbed back to a small surplus of US\$400m in March, from a deficit of -US\$460mn in February. This brought overall trade surplus to an estimated US\$2bn in 1Q21 (vs. US\$3.8bn in 1Q20).

March CPI declined by -0.3%MoM as foods and foodstuff prices fell -1.5% MoM, Transportation recorded sharp gain +2.3% MoM. Construction materials rose +0.2% MoM due to rising petrol, steel, cement, and plastic pipe prices. In terms of YoY growth, the CPI picked up to 1.2% in March (vs. +0.7% in February) due to a lower base effect from last year.

Public investment disbursement rose after Tet, reaching +13.5%YoY. 3M Cumulative reached +14.5%YoY (vs. 2M21 +12.7%YoY) completing 15% of annual target. FDI disbursement also accelerated to US\$1.6bn +14.3%YoY, accumulating US\$4.1bn +6.5%YoY in 3M, close to pre-Covid level (3M19 US\$4.1, 3M18 US\$4.3bn). FDI registration posted a strong US\$4.7bn, bringing the total registered FDI amount to US\$10.1 in 3M21, +18.5%YoY.

*The National Assembly will ratify the new Prime Minister (Mr. Pham) and other key members in the new government in April. This is a key milestone we have been waiting for.

Monthly Macro Scorecard

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Units
Retail Sales	18.0	18.7	18.2	19.0	19.6	20.0	20.0	20.8	18.3	17.6	USDbn
Retail Sales growth	2.4	5.3	2.3	5.0	7.5	7.7	7.1	6.4	3.6	9.2	%YoY
IIP	7.0	1.8	(0.6)	4.8	3.9	6.0	9.5	22.2	(7.2)	3.9	%YoY
PMI	51.1	47.6	45.7	52.2	51.8	49.9	51.7	51.3	51.6	53.6	Index
Exports	21.0	23.0	26.5	27.5	26.7	24.8	27.7	28.5	20.2	28.6	USDbn
Export growth	(1.9)	0.2	2.7	17.7	10.5	8.6	22.7	50.5	8.6	19.2	%YoY
Imports	20.5	22.0	23.0	24.0	24.5	24.2	27.9	26.4	20.6	28.2	USDbn
Import growth	(3.3)	(1.8)	0.9	6.7	8.9	13.4	22.4	41.0	11.6	27.7	%YoY
Trade balance	0.5	1.0	3.5	3.5	2.2	0.6	(0.3)	2.1	(0.8)	0.4	USDbn
Disbursed FDI	2.0	1.5	1.3	2.3	2.0	1.4	2.9	1.5	1.0	1.6	USDbn
Registered FDI	1.8	3.1	0.7	1.7	2.3	2.9	2.1	2.0	3.5	4.7	USDbn
Government investment	1.7	2.0	2.1	2.2	2.2	2.4	2.6	1.0	0.8	1.1	USDbn
Gov' investment Growth	41.2	55.7	52.9	50.8	39.2	36.0	37.8	23.1	1.1	13.5	%YoY
Inflation	3.2	3.4	3.2	3.0	2.5	1.5	0.2	(1.0)	0.7	1.2	%YoY

Source: GSO as of 31 March 2021

Yearly Macro Scorecard

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F (*)	Units
GDP Growth (real)	5.2	5.4	6.0	6.7	6.2	6.8	7.1	7.0	2.5	6.5	%YoY
Retail Sales	111.5	124.1	137.8	144.2	154.9	173.2	189.4	213.2	219.1	236.6	USDbn
Retail Sales growth	16.0	12.6	10.6	9.5	10.2	10.9	11.7	11.9	2.8	8.0	%YoY
Exports	114.6	132.2	150.0	162.4	175.9	213.8	244.7	263.5	281.5	295.5	USDbn
Export growth	18.3	15.4	13.6	8.1	8.6	21.1	13.8	8.1	6.5	5.0	%YoY
Imports	114.3	131.3	148.1	165.6	173.3	211.1	237.5	253.5	262.4	270.3	USDbn
Import growth	7.1	15.4	12.1	12.0	4.6	20.8	11.5	7.0	2.4	3.0	%YoY
Trade balance	0.3	0.9	2.0	(3.2)	2.7	2.7	7.2	9.9	19.1	23.0	USDbn
Disbursed FDI	10.5	11.5	12.4	14.5	15.8	17.5	19.1	20.4	20.1	21.0	USDbn
Government investment	9.8	9.7	9.7	9.8	11.8	12.8	14.0	14.8	20.2	19.6	USDbn
Inflation	9.2	6.6	4.1	0.6	2.7	3.5	3.5	2.8	3.2	4.0	%YoY
Bank deposit rate	7.8	6.5	5.7	5.4	5.4	5.3	5.5	5.0	3.9	4.0	%
Exchange rate	20,840	21,095	21,388	22,485	22,761	22,698	23,175	23,173	23,098	23,150	USD/VND

Source: GSO; (*) Government targets, Broker forecasts as of 31 March 2021

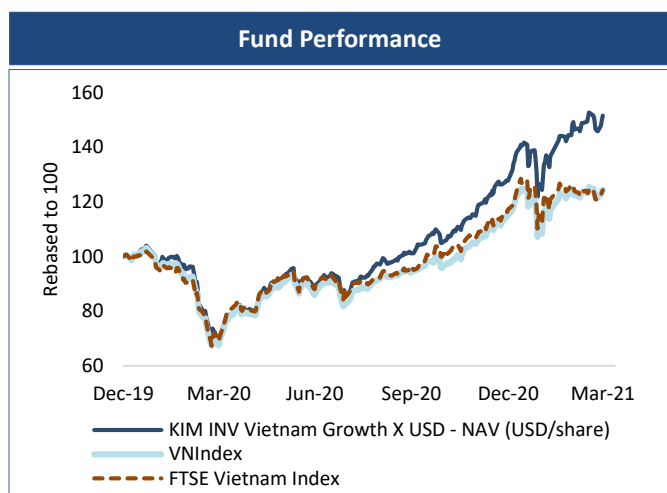
3. Portfolio Review

Q1 Strong preliminary earnings result, - especially from banking sector, has lifted overall market sentiment in March. Out of top five best performing stocks of the fund this month, three were banks (STB, VPB, and CTG). We are well-positioned in the banking sector, with heavy overweight on the sector level plus all our top picks in this sector have done exceptionally well. The fund has outperformed FTSE Vietnam Index and VNIndex by +5.2% and +3.3% respectively, primarily contributed by Financials (+8.6%) and Materials (+13.2%). In contrary, our positions in Real Estate (-1.8% MoM), Consumer Discretionary (-0.5%), and Utilities (-1.3%), posted weaker performance, becoming the main detractors of the fund this month. Year-to-date, the fund has outperformed by more than 10% over both FTSE Vietnam Index and VNIndex.

In late March, there was a new large Vietnam ETF launched by Fubon (Taiwan) with the fund's size starting at ~USD180mn. This ETF targets large-cap names with available foreign room, hence we expect there will be positive inflows into those names in the short term. It would be slightly negative for our fund as we do not have positions in those large caps. However, we see the impact is short-term and our strategy for the fund remains unchanged.

Regarding our top-10 holding list, we have significantly increased weighting of Sacombank (STB), which became our top 5 holding. STB is one of the largest private banks in the country with good retail franchise. In the last few years, the bank has struggled with bad debt issue and its return on equity has been below peers. We have seen positive initiatives regarding bad debts, which are collateralized by real estate and stocks of the bank itself.

In addition to STB, Gelex (GEX) emerged as one of our top-10 holdings due to price appreciation. GEX is a holding company with full value chain exposure in the Utilities sector, from production of electrical equipment (wires & cables, transformers, electric motors and metering equipment) to electricity generation (hydro, solar, wind). The company also owns majority stake in a dominant industrial park developer Viglacera (VGC).



Rolling (%) (*)	KIM Investment Vietnam Growth NAV	Fund outperformance vs. FTSE VN Index	Fund outperformance vs. VNIndex
1M	5.0	5.2	3.3
3M	18.7	12.7	10.6
6M	49.9	18.6	17.7
YTD	18.7	12.7	10.6
1YR	119.9	40.9	35.9
3YR	18.8	21.5	18.7
Since Inception	70.9	12.7	14.8

(*) Return measured in USD KIM INV Vietnam Growth X USD (KIMV GXU LX Equity)

Source: KIM & Bloomberg as of 31 March 2021

Top 10 Holdings*

Name	Ticker	% NAV
VN International Commercial JSB	VIB	9.4
FPT Corp	FPT	9.4
VN Technological & Commercial JSB	TCB	8.8
Vietnam Prosperity JSCB	VPB	6.2
Sai Gon Thuong Tin Commercial JSB	STB	4.8
Gemadept Corp	GMD	4.7
MB Bank	MBB	4.7
Loc Troi Group JSC	LTG	4.0
Masan Group Corp	MSN	3.9
VN Electrical Equipment JSC	GEX	3.7

(*) Holdings measured in USD

Source: KIM & Bloomberg as of 31 March 2021

