

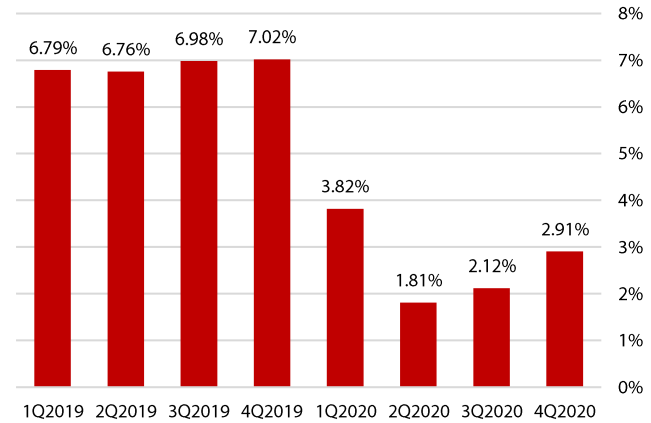
Macroeconomy commentary: Shining star amid cloudy skies

- 2020 was a turbulent year as the coronavirus pandemic struck the global economy with the biggest shock in the 21st century. Until the end of Nov 2020, the country spent nearly three months without local transmissions of COVID-19. Despite new community cases reported at the beginning of Dec 2020, Vietnam may be able to avoid a new wave of COVID-19 as policy makers have built up considerable know-how to control community infections over the past 11 months. On the monetary policy front, the SBV has delivered a total rate cut of 200 basis points to support the economy, leaving the policy rate (i.e., refinancing rate) at 4.0%. The SBV has also issued guidelines to commercial banks to reschedule loans, reduce/exempt interest, and provide loan forbearance.
- Economic indicators suggest solid growth in 4Q2020 as both industrial production and retail sales expanded at faster rates than previous quarters. Due to the well-controlled Covid-19 epidemic in the country and the implementation of the EU and Vietnam Free Trade Agreement (EVFTA), industrial production in the 4Q 2020 has prospered with the growth rate of added value reached 4.8% YoY. This growth was led by the manufacturing sector, which increased by 5.8% compared to 2019. However, the inventory index for the whole manufacturing as of December 30 2020 increased by 25.3% YoY (13.6% in 2019); average inventory rate of the entire manufacturing in 2020 is quite high at 71.9% (68.8% in 2019).
- As of December 21 2020, the total means of payment recorded an increase of 12.6% compared to the end of 2019 (that of 2019 increased by 12.1%); Capital mobilization growth of credit institutions increased by 12.9% (in 2019 it was 12.5%); Credit growth of the economy reached 10.1%, lower than the rate of 12.1% in the same period last year.
- Domestic fuel and gas prices followed the rise of global prices; while the price of rice surged in line with the export rice price and the increase in consumer demand at the end of the year were factors that made the consumer price index (CPI) in December 2020 increase 0.10% MoM and 0.19% YoY. Core inflation in December 2020 increased by 0.07% over the previous month and by 0.99% YoY.
- GDP in 2020 reach the growth rate of 2.91% which is the lowest level in the period 2011-2020. Three sectors contributing the most are agriculture, forestry and fishery (+2.68%, contributing 13.5%); industry and construction (+3.98%, contributing 53%); service sector (+2.34%, contributing 33.5%).

Market commentary: A solid uptrend

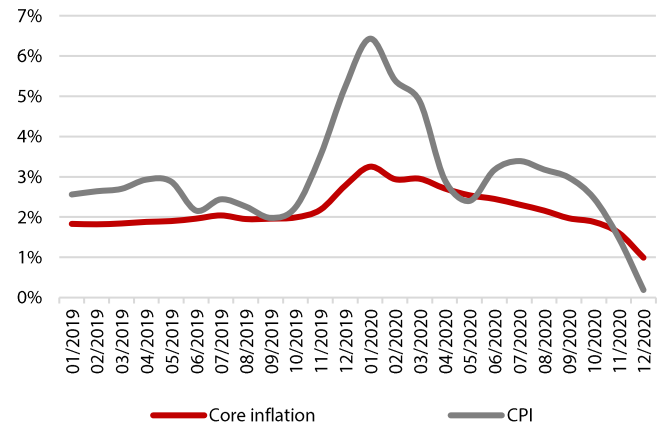
- VN-Index increased by 10.0% MoM to 1,103.87. HNX achieved a strong growth (+37.5%) to 203.1. These rises are still outperformed if compared to which of other markets, when it is still lower than the increase of indices such as SET (+2.2%), KOSPI (+10%), S&P 500 (+3%).
- Average matched liquidity on HOSE reached VND 11.1 trillion (+4.6% from last month). VN30, VN Mid and VN Small had consensus in increasing, making the uptrend maintained for the whole month. VN Small was the main driver with significant incline of 17.2% in price and 67.6% in liquidity. VN30 and VN Mid experienced slight lower increase in price but the liquidity also increased significantly (+31.4% and +57.8% since December).

Figure 1: Real GDP growth (%)



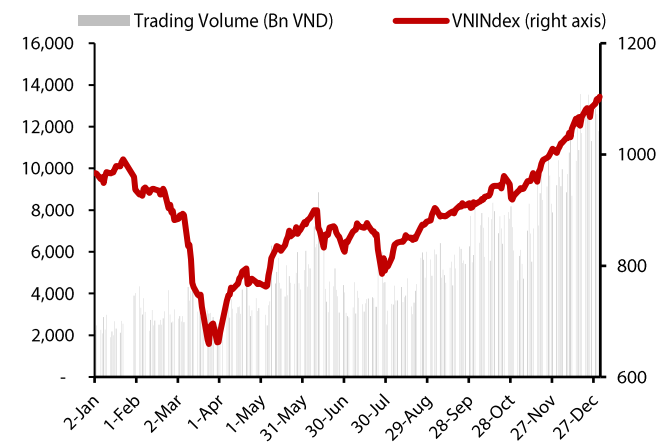
Source: GSO, Rong Viet Securities

Figure 2: Core inflation & CPI (% YoY)



Source: GSO, Rong Viet Securities

Figure 3: VNIndex performance in 2020



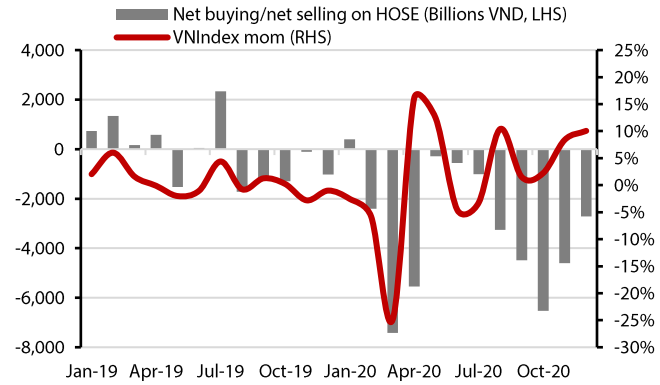
Source: Fiinpro, Rong Viet Securities

- In December, foreign investors maintained net selling position on HOSE. However, the net sell value decreased notably, reaching VND 2.5 trillion (-23% compared to the previous month). This is a positive sign of a reversal of foreign investors' position in the near future.
- Given the strong recovery of the stock market and the interest rates remaining at record low, the money flow poured strongly into the securities market. It recorded an unprecedented scale of new investor penetration. By the end of November 2020, the number of newly opened accounts in the year reached 333k, of which, domestic individual investors opened 329k new accounts. Besides, in the last month of the year, the number of new investors reached a record, thereby stimulating the market strongly.
- Since the beginning of December, the Vietnamese stock market has officially become the market having largest weight in the frontier index as classified by MSCI.
- The UPCoM market had strong growth in transaction value, having the attention of foreign investors. Accordingly, the average transaction value was more than 920 billion VND per session, up 82% over the previous month and 211.6% higher than the average transaction value of 2019.

Banking sector: Anticipating growth with cautious

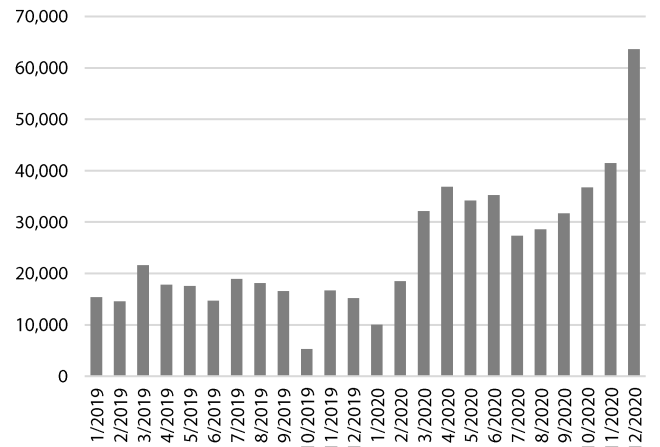
- Banking industry heavily polarized when the pandemic hit the economy. It negatively affected loan demand, customer's solvency, and banks' asset quality. The State Bank of Vietnam (SBV) with timely actions in controlling epidemics made the banking industry become positive again. Profit margins have been particularly positive in the private sector, but are still largely influenced by disease developments.
- Non-interest income has plenty of room to expand, helping diversify income sources. Several exclusive bancassurance deals were closed, leading to potential enhancement of net service income and huge upfront fees that will help improve capital base. 321 trillion VND (14 billion USD) of outstanding loans was rescheduled at the end of 3Q2020, increased by 144 billion VND (6.3 billion USD) from the mid-2020. Non-performing loans ratio (NPL, group 3-5) surged to 1.96% as a consequence. We estimate a lag of bad debt formation lasting from six months to a year in the case of the pandemic being completely defeated in the first half of 2021. Listed state-owned banks saw an increase of 31% in NPL while that of listed banks was 20% and of the four largest private banks was 4%.
- Banks' interest income is supported by many factors. The banking industry, which is heavily affected by macroeconomy, is likely to suffer in bad scenarios, we still recognize several highlights, led by the group of listed state-owned banks. This group prepared abundant reserves in 2020 instead of growing recklessly, besides a few private banks that are able to withstand bad scenarios. For 2021, we expect credit growth to recover, reaching 11.4-14.7% in the base case, following economic activity. Correspondingly, customer deposit is expected to grow 9.2-12.3%. NIM will expand after a year of fluctuation, led by the recovery of state-owned banks. Provision expenses will stay high to support the "soft landing" of NPL.
- As the state-owned banks were relieved of capital pressure due to Decree 121/2020/ND-CP, the volatility in credit market share of those banks is expected

Figure 4: Net buying/selling on HOSE via matching-order transaction versus VNIndex MoM



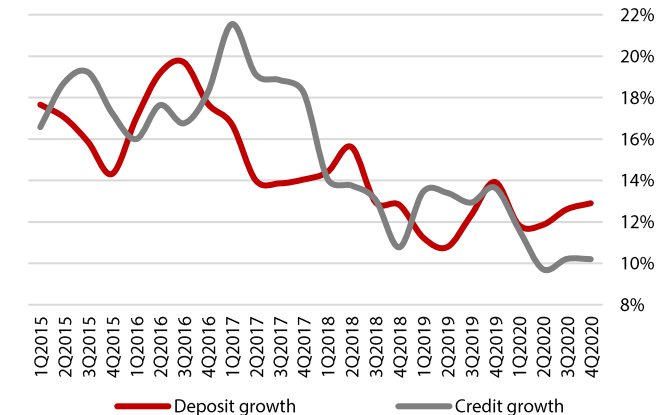
Source: Fiiipro, Rong Viet Securities

Figure 5: Newly opened securities transaction accounts



Source: SSC, Rong Viet Securities

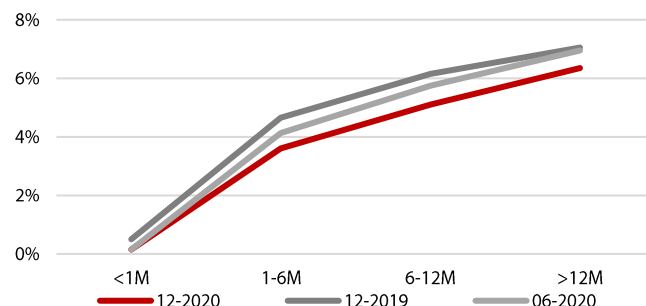
Figure 6: Growth of credit and customer deposits (%)



Source: SBV, Rong Viet Securities

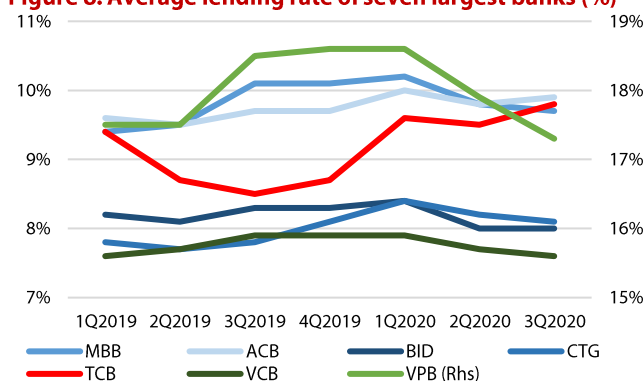
to decrease. In 2020, state-owned banks approached conservatively, causing a decline in market share which began since the beginning of 2019. In the two years ending September 2020, listed state-owned banks were estimated to have lost -274 bps in credit market share and -172 bps in customer deposit market share, due to the thin capital that constrained growth. In which, CTG, whose capital adequacy was the lowest among the three listed state-owned banks (3-SOBs) and room for private placement was limited (State ownership was at 65%). Besides, the valuation of the banking industry has approached historical averages while growths of ROE and book value are not expected to keep up with the current strong momentum.

Figure 7: The average deposit interest rate by terms (%)



Source: SBV, Rong Viet Securities

Figure 8: Average lending rate of seven largest banks (%)



Source: Banks' FS, Rong Viet Securities

Sector's valuation (at 31/12/2020)

	%1M	%3M	%YTD	Basic P/E	P/B	ROE	ROA	Dividend yield (%)	PBT growth (YoY, %)	EPS growth (YoY, %)
Oil & Gas	18.5%	21.4%	11.8%	n/a	1.4	0.7%	-0.1%	8.5%	-22.2%	-9.3%
Basic Materials	24.4%	56.8%	94.8%	21.4	1.9	11.4%	5.7%	3.5%	-9.7%	40.0%
Industrials	9.1%	18.4%	18.0%	18.1	2.0	12.6%	7.7%	3.5%	174.7%	38.5%
Consumer Goods	4.7%	14.3%	15.0%	20.5	3.2	20.9%	13.6%	2.4%	67.0%	12.7%
Health Care	6.4%	8.3%	19.0%	14.9	2.1	15.8%	11.4%	3.8%	-0.9%	-0.9%
Consumer Services	4.9%	11.1%	-6.5%	n/a	3.3	-5.1%	1.5%	3.1%	67.7%	7.0%
Telecommunications	7.5%	20.7%	38.6%	31.7	3.1	10.1%	4.5%	5.4%	536.4%	31.1%
Utilities	7.7%	18.9%	7.2%	16.0	2.0	14.3%	10.0%	3.3%	224.5%	57.2%
Financials	13.8%	26.0%	13.8%	19.8	2.6	15.5%	5.3%	2.1%	37.1%	3.0%
Banks	11.7%	24.1%	27.9%	12.5	1.9	16.4%	1.4%	0.0%	54.3%	-3.0%
Technology	7.3%	16.4%	20.0%	14.4	2.3	16.4%	8.2%	1.8%	141.8%	430.5%

Source: Finpro, VDSC



Performance of funds under current management of Eastspring Investments Fund Management Limited Liability Company

***Mutual fund (Eastspring Investments Vietnam Navigator Fund ("ENF"))**

Investment objective

Objective of the Navigator Fund is to deliver capital appreciation through exposure to multiple asset classes, including equity, bond, and bank deposit. Actively navigate the market through dynamic asset allocation to provide participation in equity upside when stock markets are performing well, while having a softening effect when stock markets are not performing well.

Commentary

In general, since inception until November 30th, 2020, the ENF Fund has performed better than some other investment channels such as savings deposit channel with 12-months-and-above maturity, five-year Vietnam Government bond, and stocks (VNIndex excluding dividends). In the last three years from 2017 to 2019, the ENF Fund's net return reached 12.6%/year. In 2020, the ENF fund recovered 9.7% and 6.8% QoQ in 2Q and 3Q2020, after a 11.4% QoQ decrease in 1Q2020 because of the recovery of stock market. After 12M2020, the ENF fund increased by 17.4%.

Fund details

Supervisor Bank	HSBC (Vietnam) Ltd.	Max. Investment	No limit
Total NAV	VND 158.2 billion	Min. Balance	100 units
Min. Initial Investment	VND 2,000,000	Min. Redemption	100 units
Min. Subsequent Investment	VND 1,000,000	Fund dealing frequency	Weekly

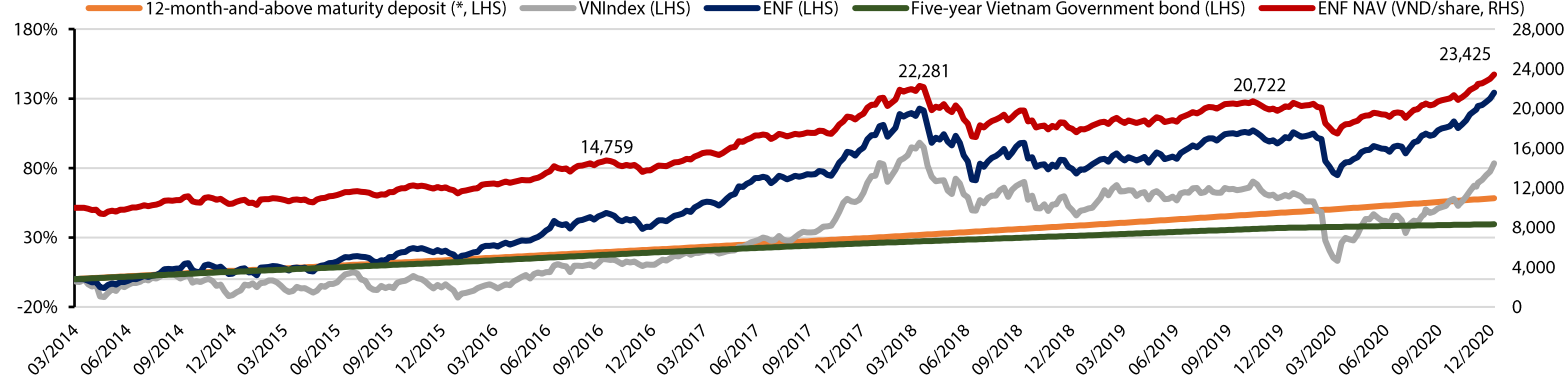
Source: EIFMC

Cumulative return of ENF and other assets (%) ()**

	Since ENF inception	ENF	VNIndex	VN 5-year bond	12-month-and-above maturity deposit (*)
Cumulation return		134.25%	83.41%	39.54%	58.26%
Annual return		13.39%	9.37%	5.04%	7.01%

Source: EIFMC, Rong Viet Securities

Cumulative performance of ENF vs other assets ()**



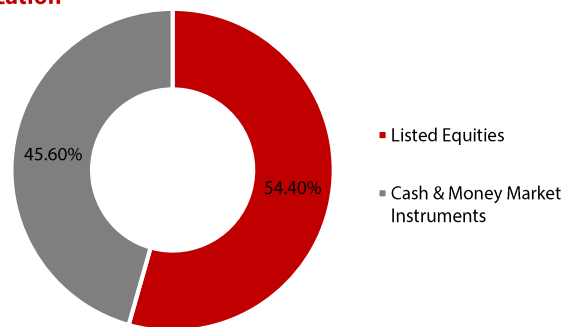
Source: EIFMC, Rong Viet Securities

Fund fees & charges

Subscription fee	Up to 3%
Annual management fee	1.5% per annum of total NAV
Custodian, Supervisory, Transfer Agent & other fees	Up to 0.25% per annum of total NAV

Source: EIFMC

Asset Allocation



Source: EIFMC

(*) Using average 12-month-and-above maturity deposit rate from weekly SBV announcement

(**) Past performance is not necessarily a guide to the future or likely performance of any particular fund, nor EIFMC. An investment in securities investment funds is subject to investment risks, including the possible loss of the principal amount invested. Potential investors may wish to seek advice from a financial adviser before purchasing any fund unit.

Performance of funds under current management of Eastspring Investments Fund Management Limited Liability Company

6 PRUlink Funds

6 PRUlink Funds are established from premium of unit-linked product policies provided by Prudential Vietnam, with an aim to maximize total income in the medium-to-long term for policyholders who are signed policies with Prudential Vietnam and does not apply to other individuals. These funds are designed for customers with low to high risk tolerance levels corresponding to investment strategy into assets with stable income (such as deposits ...) to high capital growth (such as stocks...).

Net return of PRUlink Funds (%)

Year/ Assets	PRUlink Vietnam Equity Fund	PRUlink Growth Fund	PRUlink Balance Fund	PRUlink Stable Fund	PRUlink Bond Fund	PRUlink Presever Fund	3-month maturity deposit interest	12-month-and- above maturity deposit interest	Five-year Vietnam government bond return	VNIndex
2015	10.51%	8.74%	7.39%	6.07%	4.36%	3.50%	4.56%	7.15%	6.17%	6.12%
2016	13.83%	12.69%	11.63%	10.45%	8.73%	3.89%	4.76%	6.82%	6.63%	14.82%
2017	56.58%	42.01%	32.46%	23.29%	10.87%	4.00%	4.81%	6.80%	5.52%	48.03%
2018	-9.22%	-4.52%	-1.51%	1.39%	5.63%	4.74%	4.41%	6.90%	4.31%	-9.32%
2019	9.75%	10.56%	10.98%	11.41%	12.19%	5.50%	5.30%	6.93%	4.46%	7.67%
12M2020	16.21%	15.95%	14.67%	12.54%	9.14%	5.61%	4.48%	7.09%	1.92%	14.87%

Source: EIFMC, Rong Viet Securities

Note:

- Return of our funds is calculated based on the date of reported NAV. There could be difference between this return and return calculated at the end of the month. The PRUlink Funds' net return after 12M2020 have not been audited and provided by EIFMC and Rong Viet Securities and may be adjusted at the end of the financial year. Past performance is not necessarily a guide to the future. Customers are entitled to investment results and bear corresponding risks and should refer the terms and conditions of the insurance products for further information.
- 3-month maturity deposit interest is average of monthly quoted interest rates from three listed State-owned banks at the time of roll over (not including Vietcombank during 2015 – 2017 due to lack of data), 12-month-and-above maturity deposit interest is average rate from weekly SBV announcement, and five-year Vietnam government bond return has been calculated by Rong Viet Securities after it randomly selects a Vietnam government bond with duration of (or closest to) 5 years.

Commentary

- Regarding to the investment trust from Prudential, for the past 5-year period from 2015 to 2019, cumulative net returns of all the fund have increased sharply, in range of 23.9% and 96.3%. Of which PRUlink Vietnam Equity Fund had the highest growth with accumulated net return of 96.3%, followed by the PRUlink Growth Fund with cumulative net return of 83.7%.
- The PRUlink Vietnam Equity Fund recorded the best results after 12M2020 with 16.21%, followed by the PRUlink Growth Fund (15.95%) and PRUlink Balance Fund (14.67%). The PRUlink Vietnam Equity Fund had higher performance than the stock market (VNIndex, 14.87%).

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