

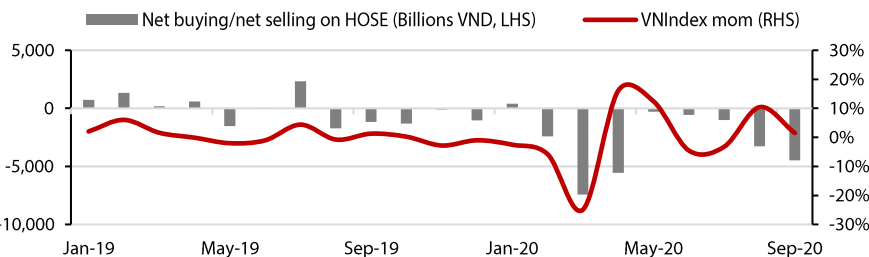
**Macroeconomy commentary: Recovery on track**

- Vietnam’s economy in 3Q20 recorded a moderate growth of 2.6% yoy, compared to the revised 0.39% growth in 2Q20 and our forecast of 2.5%. In which Agriculture/Retail/Construction are progressing favorably. Manufacturing sector – the main engine of the economy - contributed to nearly half of the GDP gain in 9M20. However, this sector showed slow a recovery with a gain of 3.9% yoy in 3Q20 vs. 3.4% in 2Q20
- Despite of weak rebound in industrial production in 3Q20, we expect the recovery to extend further in 4Q20 thanks to improving domestic and global demand. Leading indicator of manufacturing activities - PMI - also returned to expansion territory in Sep 2020, posting 52.2 from 45.7 in Aug 2020. The speed up of public investment continues to play a vital role in supporting 4Q20’s GDP growth. In addition, we expect a gradual reopening of the economy to be a supportive factor for the service sector.
- The economy expanded at 2.12% in 9M20, assuming there is no further massive outbreak domestically in 4Q, we forecast 4Q20 GDP growth at 4.0% yoy. This could translate to a full year GDP growth’s projection of 2.7% in 2020.

**Market commentary: Surpasses 900**

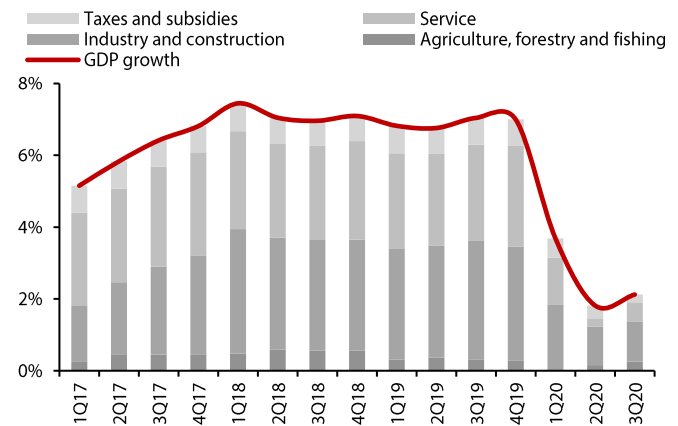
- The VN Index surpassed 900 in early September. The VN Index increased 3% MoM to finish at 905. HNX performed even better with a 6% MoM increase. The VN Index continued to outperform other indices such as SET (-6%), KOSPI (+0.1%), S&P 500 (-4%) for a second consecutive month.
- The average liquidity in HOSE via matching order was VND 5.5 trillion. Compared to July and August, this was a big jump with an increase of 47% and 28%, respectively. The VN 30 accounted for 44% of the VN Index liquidity, a growth of 24% MoM in September. However, September was a good month for mid-cap stocks. This group experienced the strongest growth in both liquidity and price (+6.7% in price and +35% in liquidity).
- In September, foreign investors became net buyer in HOSE after two consecutive months of selling. However, the main inflows were from put-through transaction. A notable transaction was in Vinhomes with a net purchase of VND 5,213 Bn. In terms of matching-order transactions, upward move of the VN Index did not stimulate foreign investors purchase. Specifically, they sold intensively to the tune of VND 4.5 trillion.

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



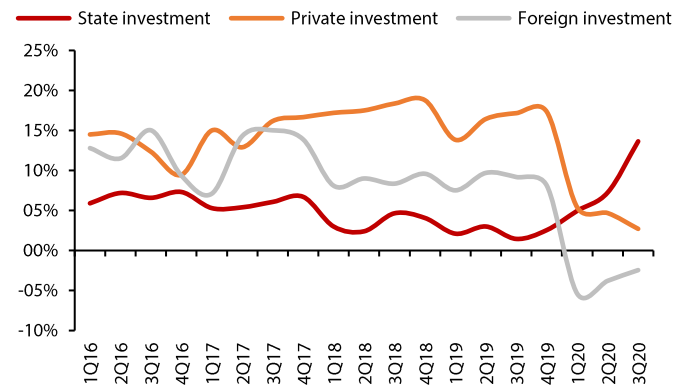
Source: Fiinpro, Rong Viet Securities

**Figure 1: Vietnam’s GDP breakdown (%yoy)**

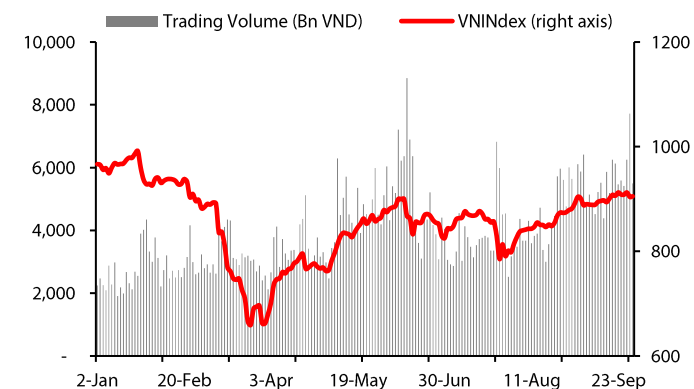


Source: GSO, Rong Viet Securities

**Figure 2: Investment growth (% yoy)**



**Figure 3: VNIndex performance in 2020**



Source: Fiinpro, Rong Viet Securities

**Banking sector: 3Q2020 performance is likely to be better than expectations**

**SBV: a number of supporting policies for banks**

- Encouraging lending to support the economy. Topping-up credit quota for private banks- from 11-13% at the beginning of the year to 20-23%.
- Considering to expand the timeline of debt tolerance under Circular 01.
- Continuing to lower policy rate, short-term deposits rate ceiling, and maximum lending rate to priority sectors -the third time since the beginning of the year.
- Loosening the schedule for SML ratio cut by 12 months. Accordingly, the ratio can be maintained at 40% until Sep 30<sup>th</sup> 2021 and to be phased down to 30% two years after that.

**Credit growth has recovered moderately; asset quality is under control**

Sector credit as of Sep 30<sup>th</sup> 2020 has increased by 6.09% YTD, lower than the 9.4% during the same period last year, but quite up from 3.6% in June and 1.3% at the end of March. Credit growth for the whole year is likely to reach 9-10%.

State-owned banks, due to their already large market size, achieved a well lower credit growth compared to their private counterparts. State-owned banks' 3Q credit growth is highly likely to go sideways or only grow by a bit since 2Q. Meanwhile, private banks are on track to expand their credit with the aim to use up their recently revised credit growth quota of at least 20%. Some of them even plan to apply for an additional quota top-up in 4Q.

M2 and deposit growth have been outpacing credit growth; therefore, liquidity of the whole banking system continues to be abundant with interbank interest rates at ultra-low level. Banks continue to lower their deposit rates, thereby the pressure on NIM has been easing.

According to SBV, by the end of Aug 2020, the NPL ratio of the entire sector has increased moderately from 1.63% from YE2019, yet still less than 2% (the pre-pandemic target). The progress of handling NPLs has slowed down compared to the pre-pandemic but the situation is likely to show that overall asset quality is still well under control.

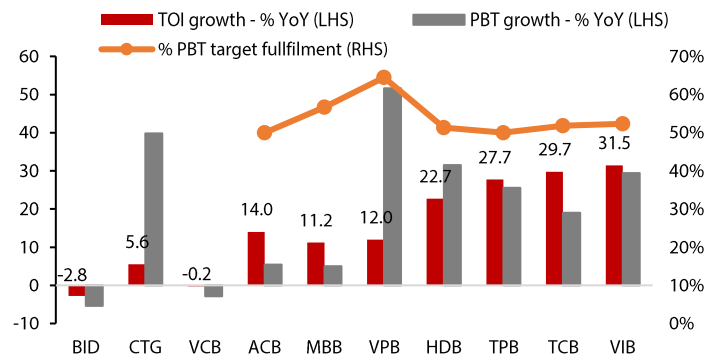
**2H2020 and 2021 outlook**

With supporting policies by SBV as well as the economic recovery, most banks' performance tend to remain solid, better than our initial expectations, with a recovery in 3Q compared to 2Q's.

Banks are expected to maintain constructive results for FY2020 thanks to (1) credit growth recovery, for some banks even to a higher level than 2019's, (2) easing pressure on NIM owing to lower policy rates, (3) service income recovery, and (4) the moderation of provision costs by loan forbearances.

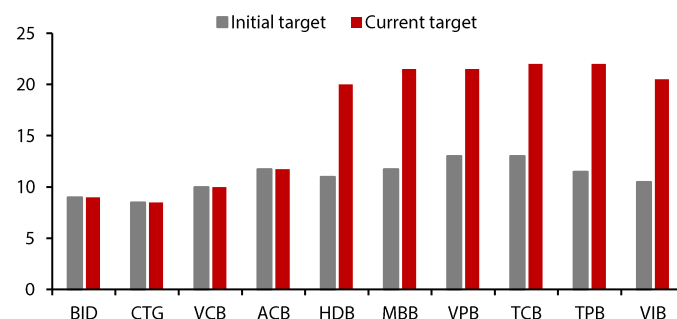
In the base case (no pandemic resurgence or no severe impact), 2021 growth should be stronger than 2020's as income bounces back faster than the rise in credit costs.

**Figure 5: 1H2020 TOI and PBT growth of some banks (%)**



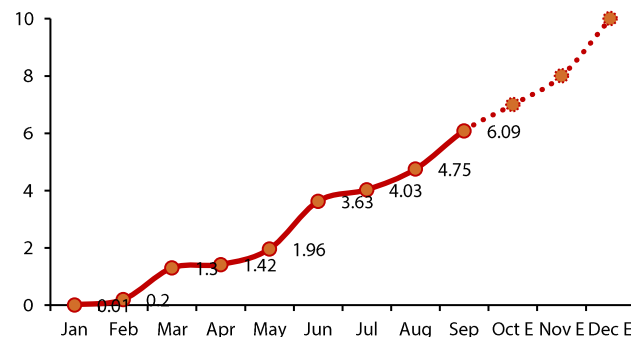
Source: Banks' FS, Rong Viet Securities. VCB, BID and CTG have not finalized their 2020 guidance.

**Figure 6: 2020 credit growth quota given by SBV (%)**



Source: Banks, Rong Viet Securities

**Figure 7: Sector credit growth (% YTD)**



Source: SBV, Rong Viet Securities



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 September 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 9M2020, the ENF fund increased by 3.8%.

**Fund details**

<b>Supervisor Bank</b>	HSBC (Vietnam) Ltd.	<b>Max. Investment</b>	No limit
<b>Total NAV</b>	VND 129.7 billion	<b>Min. Balance</b>	100 units
<b>Min. Initial Investment</b>	VND 2,000,000	<b>Min. Redemption</b>	100 units
<b>Min. Subsequent Investment</b>	VND 1,000,000	<b>Fund dealing frequency</b>	Weekly

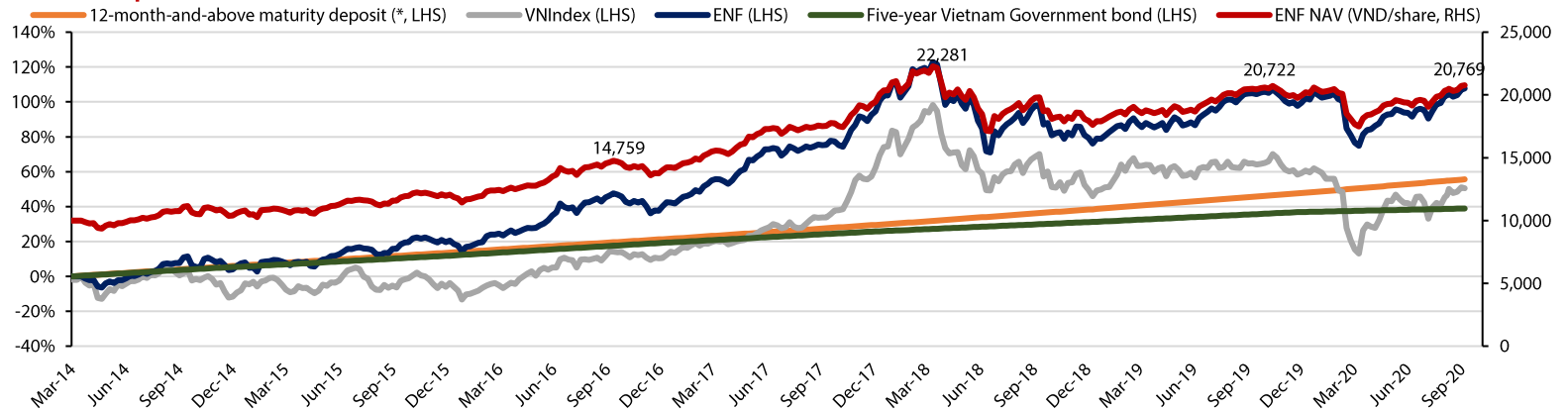
Source: EIFMC

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

	Since ENF inception	ENF	VNIndex	VN 5-year bond	12-month-and-above maturity deposit (*)
<b>Cumulation return</b>		107.69%	50.40%	38.88%	55.64%
<b>Annual return</b>		11.86%	6.46%	5.16%	7.02%

Source: EIFMC, Rong Viet Securities

**Cumulative performance of ENF vs other assets (\*\*)**



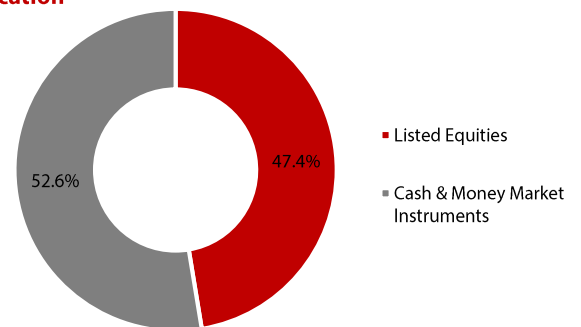
Source: EIFMC, Rong Viet Securities

**Fund fees & charges**

<b>Subscription fee</b>	Up to 3%
<b>Annual management fee</b>	1.5% per annum of total NAV
<b>Custodian, Supervisory, Transfer Agent &amp; other fees</b>	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 (*)	12-month-and- above maturity deposit (**)	Five-year Vietnam government bond	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%
9M2020	-3.97%	0.56%	3.01%	5.02%	7.31%	4.22%	3.49%	5.27%	1.43%	-5.05%

Source: EIFMC, Rong Viet Securities

**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%.
- However, the PRUlink Bond Fund recorded the best results after 9M2020 with 7.31%, followed by the PRUlink Stable Fund (5.02%) and PRUlink Presever Fund (4.22%). Meanwhile, the PRUlink Vietnam Equity Fund(-3.97%) did not perform well because the stock market (VNIndex, -5.05%) decreased at the end of September 2020 compared to the end of 2019.

(\*): Interest compounded quarterly, using 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)

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

(\*\*\*): The PRUlink Funds' net return after 9M2020 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.

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