

Macroeconomy commentary:

- Inflation in the eurozone rose again in August, ahead of a closely-watched European Central Bank (ECB) meeting on September 9. Consumer prices increased by 3% from a year ago, after rising by 2.2% in July. This comes after Germany reported its highest consumer prices since 2008, with a headline inflation rate of 3.4% in August. France also reported its highest inflation rate in nearly three years. On August 31st, Germany's 10-year yield, the benchmark for the euro area, rose five basis points to a high of -0.383%, the highest since July 22nd. Italian 10-year yield rose to a high of 0.705%, up eight basis points, pushing the closely watched gap with German 10-year yields to 109 bps.
- Monthly data continued to suggest a period of weakening economic activity and pessimistic outlook for 3Q21's growth. The industrial production index has trended lower, contracting by 4.2% mom and 7.4% yoy in August. Meanwhile, Vietnam's PMI continued to fall further to 40.2 in August, the lowest level since April 2020. Similarly, retail sales fell further in the same month, dropping by 10.5% mom and 33.7% yoy, and were at a level much weaker than when COVID19 was first detected in 2020.
- On the inflation front, Vietnam's consumer prices rose by 2.8% yoy in August, from July's 2.6% yoy pace. The acceleration in inflation is also on the back of strict Covid-19 measures that pushed up demand for essential items. In the upcoming months, we think supply shortages and rising transportation costs could continue to push inflation higher. According to GSO, average inflation in 8M21 was about 1.8% yoy, suggesting that 2021's inflation remained below our forecast of 3.5%.

Market commentary: Recovery

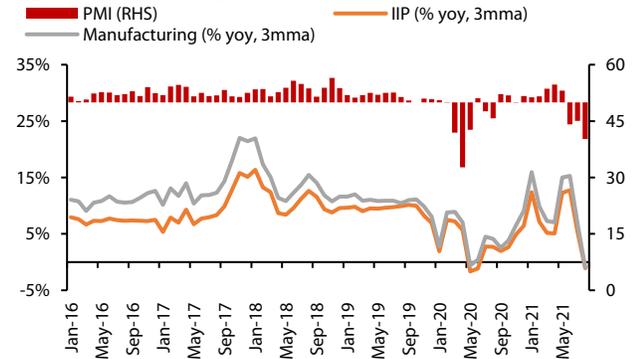
- At the end of August, VN Index ended up +1.64% to close at 1,331.47, underperformed other indices such as SET (7.68%), Nikkei (2.95%), S&P 500 (2.90%).
- VN30 liquidity dropped (-4% MoM), which accounted for 49% of the VN Index liquidity (lower than last month). VNSmall and VNMid recorded high liquidity growth (+102%, +71% MoM respectively).
- Foreigners came back as net sellers in August with net selling value of VND 7.8 trillion (or USD 338 Mn) via order-matching transaction on HOSE given the recovery of VN Index. Local institutional investors were net sellers of VND -5,314 billion (or USD -231 Mn), while proprietary traders were also net sellers of VND -120 billion (or USD -5 Mn).
- Foreign ETFs money flows result was mixed as FTSE and VNM ETF recorded a net added value of USD 1.8 Mn and USD 6.9 Mn, respectively while Fubon ETF experienced net outflows of USD 81 Mn. The mixed outcome also happened with domestic ETFs money flows. E1VFN30 recorded net added value of USD 3.9 Mn while FUEVFN30 experienced net outflows of USD 33 Mn.
- Healthcare and Industrials were the top two sectors with 18.4% and 12.0% MoM returns, respectively. Financials and IT limited further upside of the VN Index with modest performance of -3% and 0% MoM, respectively. By having a majority of equity portfolio allocated in banks, the ENF Fund had lower return compared to VNIndex during last month. However, the Fund was still able to achieve growth in value and maintain overperforming the market on a year-to-date basis. The recent volatile result was within our expectation in the prior month as the pandemic developed. Based on the expectation of economic activities ramping up in September at pivotal provinces

Figure 1: US G-Bond yields gap (%/year)



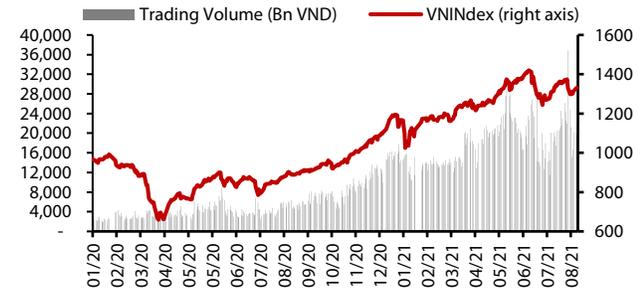
Source: Bloomberg, Rong Viet Securities

Figure 2: Industrial production and PMI



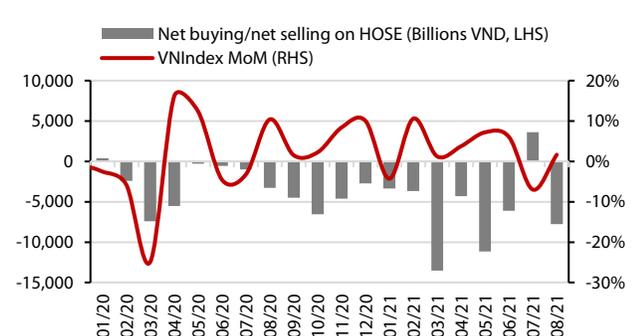
Source: GSO, IHS Markit, Rong Viet Securities

Figure 3: VNIndex performance since 2020



Source: Fiiipro, Rong Viet Securities

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



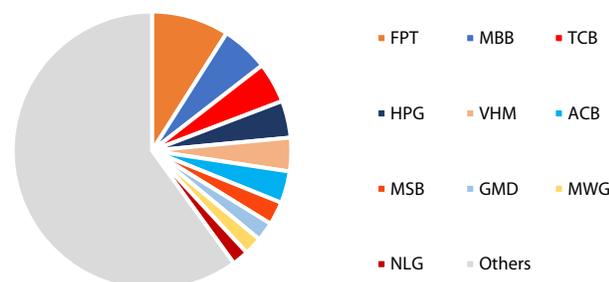
Source: Fiiipro, Rong Viet Securities

and cities, we look forward to the economy in general and the banking industry recovering robustly in the end of the year. In addition, we also expect a new credit quota granting at the end of September or at the beginning of 4Q. However, the missing of supportive news in the beginning of September might have undetermined impact on the market and the Fund's performance in the short term. Therefore, we expect the ENF Fund to sustain overperforming the Vietnamese stock market in the end of the year, but the result might continue to fluctuate in the short run.

Banking industry: Short-term lending as the new driver

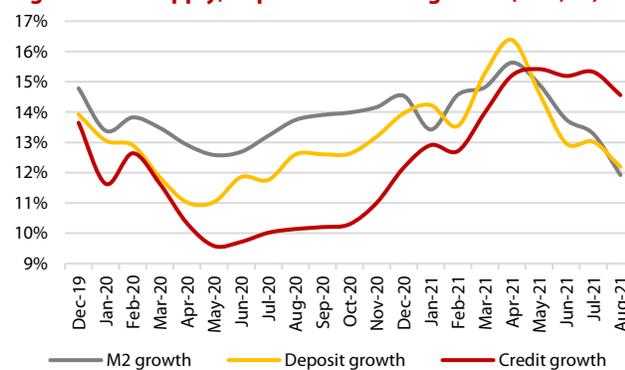
- Until 25/08/2021, credit growth just reached +7.06% year-to-date. This result is somewhat acceptable when comparing to last year (+4.75% YTD) considering this year's stricter social distancing situation. Regarding deposit growth, the momentum is stable after seasonality took place in the first two months of 2021. Year-to-date deposit growth was +4.44% in August (25/08), up from +3.99% in July.
- Commercial banks were focusing on short-term loans to fill up the credit room before the credit growth quota revision takes place. We expect the event to occur at the end of September or in the first half of October at the latest. Credit quotas granted have been lower than the expectation of most banks so far. We estimate the current sector credit growth limit at around 10.5%, still far below the expected range of 12-13%.

Figure 5: ENF equity portfolio at the end of 08/2021



Source: ENF, Rong Viet Securities

Figure 6: M2 supply, deposit and credit growth (YoY, %)



Source: SBV, Rong Viet Securities

Sector's valuation (at 31/08/2021)

	%1M	%3M	%YTD	Basic P/E	P/B	ROE	ROA	Dividend yield (%)	PBT growth (YoY, %)	EPS growth (YoY, %)
Oil & Gas	-1.8%	0.0%	21.9%	15.6	1.6	12.6%	6.1%	5.0%	23.7%	16.5%
Basic Materials	10.4%	10.5%	47.4%	12.7	2.3	23.7%	11.4%	2.8%	-46.9%	48.2%
Industrials	12.9%	21.4%	20.2%	19.3	2.3	11.7%	6.7%	3.3%	-15.6%	60.7%
Consumer Goods	2.4%	7.3%	7.5%	20.0	3.3	20.0%	12.1%	1.4%	-28.7%	30.4%
Health Care	21.5%	23.9%	31.3%	20.4	2.5	14.3%	10.0%	4.1%	85.5%	24.6%
Consumer Services	4.7%	10.7%	18.1%	n/a	3.9	-22.0%	1.4%	1.4%	81.7%	7.0%
Telecommunications	5.1%	6.0%	6.5%	85.5	3.6	6.5%	2.2%	7.5%	229.1%	15.0%
Utilities	6.3%	10.8%	9.5%	15.6	2.1	14.1%	9.3%	4.2%	-99.4%	11.0%
Financials	4.9%	5.8%	29.1%	18.2	2.9	17.3%	6.8%	4.2%	12.5%	127.2%
Banks	-3.4%	-10.4%	27.8%	12.3	2.2	19.2%	1.8%	0.0%	24.1%	37.1%
Technology	1.6%	12.3%	72.9%	22.5	3.5	17.7%	8.0%	1.1%	124.1%	16.2%

Source: Fiinpro, 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 August 31st 2021, the ENF Fund has performed better than some other investment channels such as savings deposit with 12-months-and-above maturity, five-year Vietnam Government bond, and stocks (VNIndex excluding dividends). The Fund also has lower maximum drawdown (-23.2%) and average drawdown (-7.7%) than those of the VNIndex (-43.0% and -10.3% respectively) in the same period. In 2020, the ENF Fund increased by 17.1%, higher than the rise of the stock market (14.9%). After 8M2021, the ENF fund maintained its momentum and rose 30.1%, while the stock market gained 20.6%. We expect the stock portfolio focusing on Banking and Real Estate - two main pillars of the economy, and growth sectors – Information Technology and Manufacturing, to help the Fund continue to outperform the stock market.

Fund details

Supervisor Bank	HSBC (Vietnam) Ltd.	Max. Investment	No limit
Total NAV	VND 207.3 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

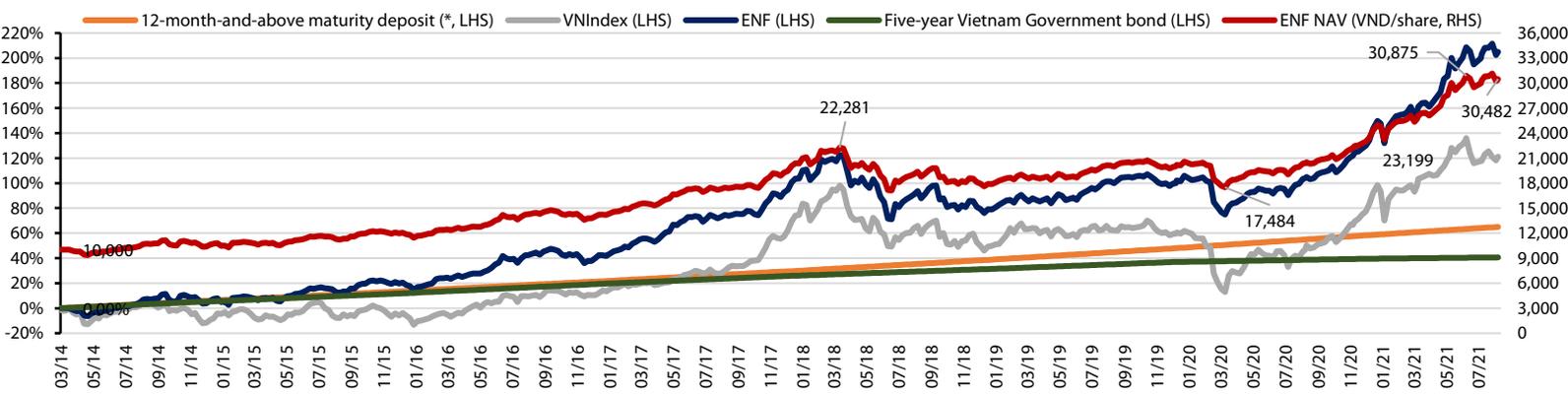
Source: EIFMC

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

	Since ENF inception	ENF	VNIndex	VN 5-year bond	12-month-and-above maturity deposit (*)
Cumulative return		204.82%	121.23%	40.63%	64.94%
Annual return		16.16%	11.26%	4.69%	6.96%

Source: EIFMC, Rong Viet Securities

Cumulative performance of ENF vs other assets ()**



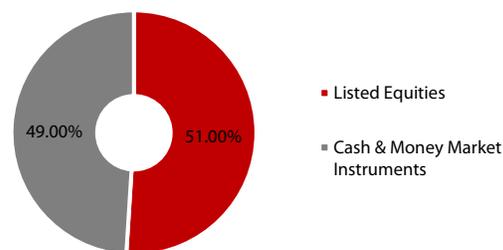
Source: EIFMC, Rong Viet Securities

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

(*) Calculating data before March 2021 uses average 12-month-and-above maturity deposit rate from weekly SBV announcement. From March 2021, data is calculated by averaging 12-month, 18-month, 24-month and 36-month maturity deposit rates quoted by 10 largest banks in terms of deposit market share in 2020, namely BIDV, Agribank, Vietinbank, Vietcombank, SCB, MB Bank, Sacombank, ACB, Techcombank and SHB. (***) 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
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%
2020	16.38%	16.02%	14.69%	12.48%	9.01%	5.55%	4.48%	7.09%	1.92%	14.87%
8M2021	30.99%	22.07%	15.99%	10.07%	1.76%	2.65%	2.24%	4.11%	0.78%	20.32%

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 8M2021 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 before March 2021 is average rate from weekly SBV announcement, 12-month-and-above maturity deposit interest after March 2021 is calculated by averaging 12-month, 18-month, 24-month and 36-month maturity deposit rates quoted by 10 largest banks in terms of deposit market share in 2020, namely BIDV, Agribank, Vietinbank, Vietcombank, SCB, MB Bank, Sacombank, ACB, Techcombank and SHB, 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 the investment trust from Prudential, for the past 5-year period from 2016 to 2020, cumulative net returns of all funds have increased sharply, in a range of 26.0% and 106.7%. Of which PRUlink Vietnam Equity Fund had the highest growth with accumulated net return of 106.7%, followed by the PRUlink Growth Fund with cumulative net return of 96.0%.
- The PRUlink Vietnam Equity Fund recorded the best results after 8M2021 with 30.99%, followed by the PRUlink Growth Fund (22.07%) and PRUlink Balance Fund (15.99%). The PRUlink Vietnam Equity Fund (30.99%) also had better performance than the Vietnamese stock market (VNIndex, 20.32%).

DISTRIBUTORS

SSI Securities Corporation

(SSI)

Tel: (84-28) 3824 2897

KIS Vietnam Securities Corporation

(KIS)

Tel: (84-28) 3914 8585

RongViet Securities Corporation

(VDSC)

Tel: (84-28) 6299 2006

Vietcombank Securities Company

Limited (VCBS)

Tel: (84-24) 3936 6426

VNDIRECT Securities Joint Stock

Company (VNDS)

Tel: (84-24) 3972 4568

Bank for Investment & Development

Securities Joint Stock Company (BSC)

Tel: (84-24) 3935 2722

Viet Capital Securities Joint Stock

Company (VCSC)

Tel: (84-28) 3914 3588

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