

Macroeconomics

Global Macroeconomics

In May, US inflation continued to decelerate, with the core CPI (excluding food and energy) recorded at 3.3%, down from 3.4% in April and 0.1% lower than forecasted. This marked the second consecutive month of decline since March, aligning with the Fed’s goal of reducing inflation to 2%.

The US manufacturing PMI of May was announced at 51.3, an increase of 1.3 points compared to the previous month and 0.4 points higher than the market’s expectation. In addition, the Services PMI was announced at 54.8, exactly as forecasted and up 3.5 points from the previous month. This indicates that both the manufacturing and service sectors in the US have resumed. This is a positive signal as the economy continues to show signs of optimistic growth.

The ECB initiated a monetary easing cycle by reducing the interest rate by 0.25% on June 6, 2024, which brought the interest rate back to 4.25%. On the other hand, Fed kept the interest rate at 5.5% unchanged in the FOMC meeting on June 12, 2024. Additionally, Fed signaled that they might only cut interest rates once this year instead of three times as intended in previous meetings.

Vietnam Macroeconomics

Inflation was higher driven by food and electric costs

Inflation year-over-year increase of 4.44% in May suggests that domestic pork prices and electricity costs continue to drive consumer price index (CPI) upwards. However, a decline in domestic petroleum prices has helped mitigate these inflationary pressures.

Retail sales continue to be resilient on tourism due to high demand in Summer.

Retail sales shows an impressive annual growth rate of 9.5%. The continued recovery in tourism coupled with heightened overall demand during the summer season paints a positive picture for retail sectors.

Industrial production maintains expansion

Industrial Production Index Shows Continued Improvement with an annual increase of 8.9%, indicating ongoing improvement in production activities within Vietnam’s economy. The Manufacturing Purchasing Managers’ Index (PMI) saw a slight decrease from 50.4 in April to 50.3 in May, remaining above the threshold that separates expansion from contraction. This suggests that new orders are supporting production and exports while demand continues its growth trajectory—a positive sign for future economic activity.

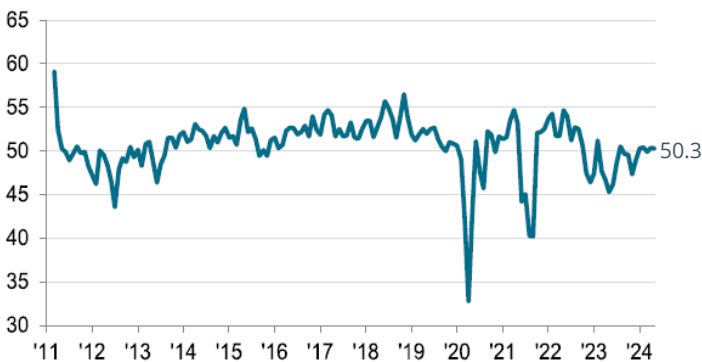
Trade deficit of USD 1 billion USD as imports grow faster than exports

Exports values reached USD 32.8 billion in May—a healthy year-over-year increase of 15.8%. This robust performance hints at sustained support from new orders as well as potential recovery in subsequent months. Similar to exports, import values show an even higher growth rate at 29.9%, reaching USD 33.8 billion for May 2024. This indicates that a significant portion of Vietnam’s imports are materials for production, which aligns with the positive industrial production figures. The trade deficit of USD 1 billion in May can be largely attributed to the surge in imports for materials necessary for production. This aligns with the strong industrial production figures and suggests a healthy manufacturing sector that is importing more to meet production demands.

FDI disbursement marks the highest level since 2012

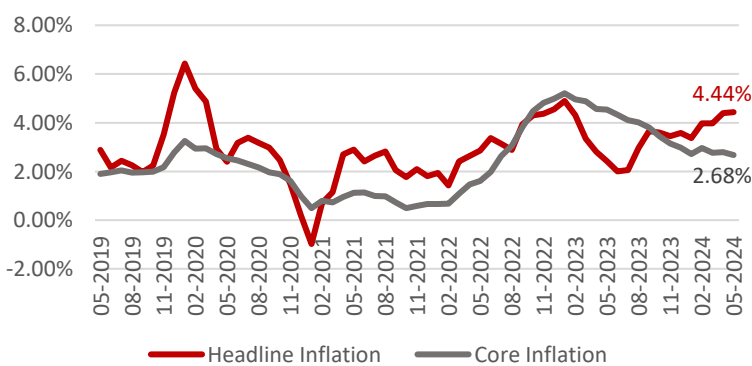
The disbursement of USD 2 billion in foreign direct investment (FDI) in May marks the highest level since 2012, reflecting strong investor confidence in Vietnam’s economic prospects.

Vietnam May PMI



Source: S&P Global

Vietnam May Inflation rate



Source: Fiinpro, GSO, Bloomberg.

Market Overview

VN-Index Shows Resilience Amidst Foreign Sell-Off

In May 2024, the Vietnamese stock market demonstrated remarkable resilience, with the VN-Index rising by 4.3% MoM and 11.7% YTD, concluding the month at 1,261.7 points. Despite substantial foreign sell-offs, with net foreign outflows peaking at -612.6 million USD, the index's performance remained strong. Market liquidity in May was 854.6 million USD (ADTV) on the HSX.

The market showed signs of recuperation in trading turnover compared to April. The market's valuation, reflected by the VNIndex Trailing P/E Ratio, decreased marginally to 15.8, indicating a slight softening from 16.6 in March 2024.

Sectorial Stars and Struggles

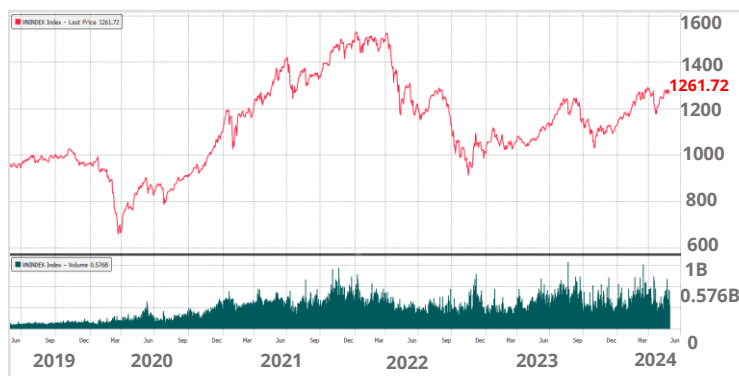
Leading the sectoral performance, the Energy Sector posted an outstanding monthly return of 17.1%, closely trailed by the Industrials sector with a return of 14.8%, and Materials at 12.9%. Conversely, Financials and Real Estate sectors witnessed a slight underperformance, registering returns of 0.9% and 1.6% respectively.

After passing through the correction phase in April 2024, the Vietnamese stock market rebounded in May, presenting an opportunity for the VNIndex to potentially retest the all-time high in the latter months of 2024. This optimism is supported by the profit growth of businesses and positive economic data expected in the second half of the year.

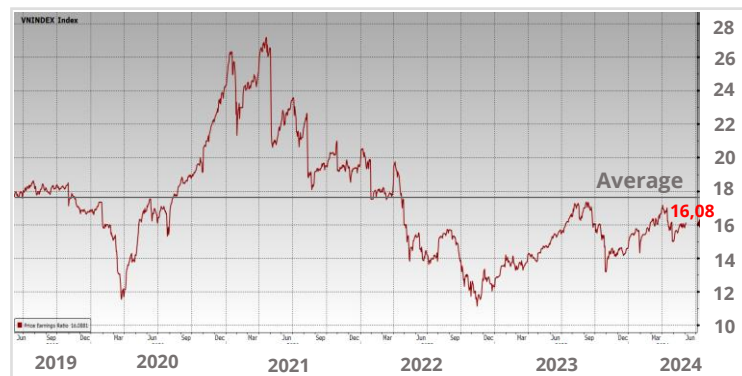
Industries	% 1M	% 3M	% YTD	P/E	P/B	ROE %	ROA %	EPS growth (YoY, %)	PBT growth (YoY, %)
Financials	4.2%	0.1%	5.4%	17.0	1.4	7.4%	2.5%	-7.4%	-13.5%
Materials	13.6%	11.2%	27.5%	26.6	1.7	6.6%	3.4%	10.6%	68.1%
Oil & Gas	18.6%	15.3%	20.7%	12.8	1.4	11.0%	5.5%	-20.1%	6.2%
Utilities	10.7%	8.5%	14.2%	18.5	2.0	10.3%	5.6%	-35.6%	-46.7%
Banking	0.2%	-3.7%	14.6%	9.5	1.5	16.6%	1.5%	-4.0%	8.8%
Consumer Goods	12.1%	11.4%	19.5%	21.3	2.5	12.3%	5.9%	-5.3%	14.4%
Industrials	14.6%	14.7%	27.4%	18.2	2.0	10.9%	4.8%	2.1%	52.8%
Health Care	4.7%	8.4%	12.8%	15.0	1.7	11.6%	7.2%	-4.8%	-16.2%
Consumer Services	16.9%	33.5%	42.5%	122.8	4.6	4.1%	0.9%	-159.3%	572.9%
Information Technology	11.2%	24.9%	39.3%	25.94	4.6	20.8%	10.1%	12.6%	23.4%
Telecommunications	32.3%	143.4%	200.0%	77.8	7.5	12.9%	6.9%	21.6%	104.6%

Source: Fiinprox

VN-Index



P/E ratio



Source: Fiinpro, Bloomberg.

Eastspring Vietnam Newsletter – May 2024

ENF Performance Update

Introduction

Eastspring Investments Vietnam Navigator Fund (the “Navigator Fund” or “ENF”) is a Mutual Fund licensed by Vietnam State Securities Commission under license No. 09/GCN-UBCK (April 25th, 2014).

Fund Manager: Eastspring Investments Fund Management Limited Liability Company (“Eastspring Vietnam”).

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.

Inception date	25/03/2014	Dealing frequency	Weekly Wednesday & Friday (T day)
Total NAV	244.7 Bil VNĐ	Cut-off time	10.30 AM on Tuesday & Thursday
NAV/unit	35,902	Subscription fee	Determined by distributors (Max 3%)
Supervisory bank	Standard Chartered VN	Redemption fee	0%
Min. Investment	100,000 VNĐ	Management fee	1.5%/anum

Accumulated net return (%)

	1 month	3 months	YTD	1 year	3 years	Since Inception
Net return	4.8%	2.5%	13.8%	27.6%	22.7%	259.0%

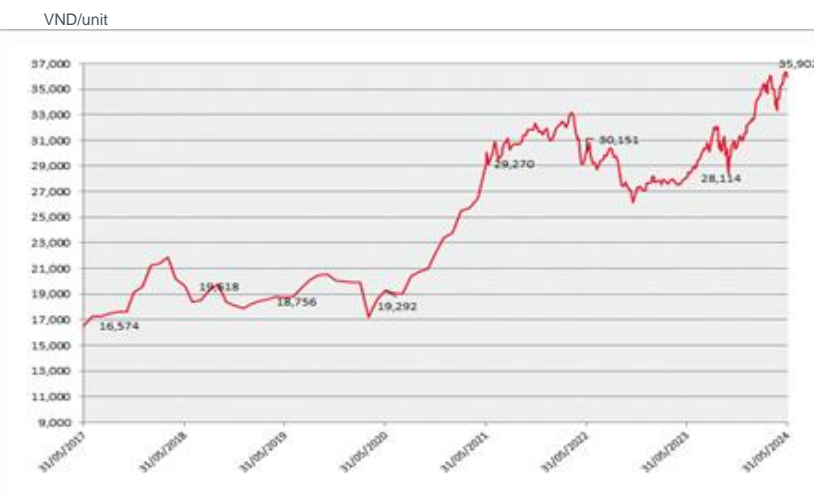
Calendar year net return(%)

Year	2019	2020	2021	2022	2023
Net return	11.6%	17.1%	35.8%	-14.7%	16.3%
VNIndex	7.7%	14.9%	35.7%	-32.8%	12.2%

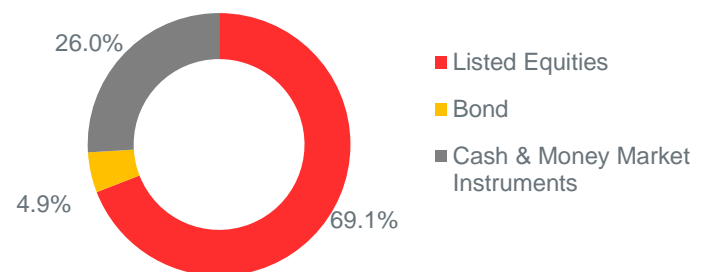
Top 5 holdings

FPT Corporation	FPT	11.5%
Vietinbank	CTG	8.5%
Military Bank	MBB	5.0%
Asia Commercial JS Bank	ACB	4.7%
IDICO Corporation	IDC	4.5%

Performance chart



Asset allocation



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

PRUlink Fund Performance Update

Introduction

In March, **PRUlink Sustainable Development Equity fund** has been launched in response to the investment trend in enterprises that commit to ESG of SDG – UN. Hence, up to now there are 7 **PRUlink Funds** 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...) or both high capital growth and meet the **ESG** trend in the world.

PRUlink Funds Performance

Year	Prulink ESG Since 08.03.24	PRUlink Vietnam Equity	PRUlink Growth	PRUlink Balance	PRUlink Stable	PRUlink Bond	PRUlink Preserver	VNIndex	Gold	USD	Deposit rate of 12 months
2019		9.8%	10.6%	11.0%	11.4%	12.2%	5.5%	7.7%	16.0%	-0.2%	6.8%
2020		16.4%	16.0%	14.7%	12.5%	9.0%	5.6%	14.9%	31.9%	-0.6%	7.1%
2021		40.0%	28.5%	20.8%	13.3%	3.0%	4.2%	35.7%	9.7%	-1.6%	6.2%
2022		-23.8%	-17.6%	-13.3%	-8.9%	-2.0%	4.8%	-32.8%	8.1%	3.4%	5.7%
2023		13.5%	15.5%	16.8%	18.1%	20.2%	6.7%	12.2%	10.8%	2.9%	6.7%
5T2024	2.8%	14.9%	10.7%	7.8%	4.9%	0.7%	1.7%	11.7%	13.7%	5.0%	1.9%

Commentary

In May 2024, **PRUlink** funds achieve positive growth, specifically:

- **PRUlink** ESG Fund increased 2.8% since its launch on 08.03.24.
- **PRUlink** Equity Fund recorded the best results with an increase of 14.9%, outperformed VNINDEX (+...%) year to date
- **PRUlink** Growth Fund increased 10.7%
- **PRUlink** Balance Fund increased 7.8%
- **PRUlink** Stable Fund increased 4.9%
- **PRUlink** Bond Fund increased 0.7%
- **PRUlink** Preserver Fund increased 1.7%

PRUlink funds customers are always recommended to focus on investment goals with a long-term vision rather than focusing on short-term fluctuations because the unit-linked investment product (ILP) is designed with specific investment goals and maximum maximize profits in the medium and long term.

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Note: EIVN's past investment results do not necessarily represent the future investment results of ILP Funds. Investing in ILP Funds is subject to investment risks, including the possible loss of initial investment. Investors should consult with a financial expert before deciding to invest in ILP Funds.

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