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INVESTING IN VIET NAM: BENEFITS AND RISKS

Vietnam's economy began as a largely agricultural feudal system until French colonization in the mid-19th century. After the country's regions developed very different economies, they became further politically divided in 1954. The country's economy is heavily reliant on foreign direct investment to attract capital from overseas, but that capital has been producing strong economic growth. PricewaterhouseCoopers recently estimated that the country may be the fastest growing of the world's economies with a potential annual GDP growth rate of 5.2%, which would make it the world's 20th largest economy by 2050.

The easiest way to invest in Vietnam is using exchange traded funds, which provide instant diversification in a single U.S.-traded security. With $387.7 million in assets under management and a modest net expense ratio of 0.7%, the Market Vectors Vietnam ETF is the most popular fund for investors looking for exposure to the country. As of December 2015, the fund held approximately 30 different companies consisting of 44% financials, 15% energy, and 14% consumer staples, among other sectors.

Vietnam's economy involves a number of different benefits and risks that international investors should carefully consider. While the country's rapid growth rates may attract investors, they should carefully consider the higher risk profile, government controls, and reliance on key industries to support that growth over the long-term. These factors may make the country too risky for some portfolios.

Benefits of investing in Vietnam:

- Rapidly Growing Economy**.** Vietnam's economy has been growing at between 4% and 8% since its recovery from the Asian Financial Crisis of 1997.
- Self-Powered Economy**.** Vietnam relies on the petroleum industry for its domestic energy consumption and for export; crude oil product is expected to gradually decline.

Risks of investing in Vietnam:

- Socialist-orientated Economy. Vietnam may have transitioned from a centrally planned economy, but the government still controls many key industries.
- Early Stage Market Economy. Vietnam remains at an early and vulnerable stage of its economic development and is therefore more risky than developed markets.