

Market Update

Inflation came in at -0.19% in October led by food and oil prices declines. October's estimated trade deficit number of \$700 million marked a fifth consecutive month of sub \$1 billion monthly levels.

The State Bank of Vietnam (SBV) now has the flexibility to ease monetary policy in response to one of the darkest months in global financial market history. In October, imports, exports, and FDI commitments contracted; foreigners were net sellers in Vietnamese equities; more and more SMEs are in need of affordable loans; and the fiscal budget has come under increased pressure as oil prices have plummeted. As a result, the SBV has decreased the base interest rate by 200 bps in two separate moves to 12%, begun to buy back \$1.2 billion in compulsory bonds from Vietnamese banks, and lowered the reserve ratio from 11% to 10% in an effort to boost the economy and improve liquidity.

The Vietnam Dong depreciated by 1.3% this month. Vietnam is not immune from the financial contagion spreading across emerging mar-

kets as a result of the US / European credit crisis. However, after the SBV reported foreign reserves of \$22 billion, an increase of \$1.3 billion over the figure reported in June, any currency pressure from capital outflows has so far been relatively mild.

Vietnam's equity markets were not spared from the world-wide collapses in October, with the VN-Index falling 24% to finish the month at 347.05. At this level, stocks on the Vietnam Main Board (HOSE) are now trading on average at below 10x P/E, in line with regional peers, and look to be good value play.

By end of October, all listed companies had published their 3Q08 results. The companies which have done well on a first 9 months basis are steel manufacturers and traders, rubber plantations, port operators, and some oil & gas and consumer goods companies. However, good year-to-date results do

not necessarily underlie rosy future prospect. The steel and rubber companies benefited from high commodity prices earlier in the year but are now facing serious inventory problem as steel and oil prices have fallen more than 50% off their peaks. Similarly, the port operators may see their earnings drop in coming months as imports and exports slow amidst the global economic downturn.



VN-Index

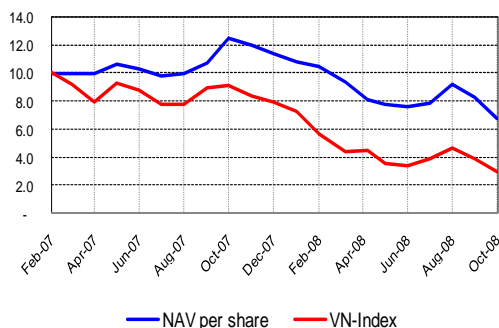
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$6.8
Oct-08	-18.6%
YTD	-40.6%
Since inception (Mar 07)	-32.0%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

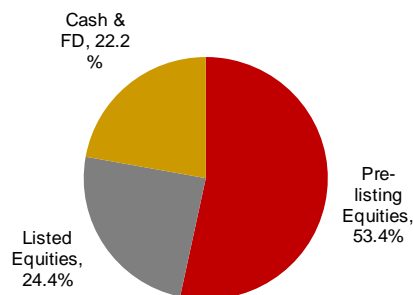
VEMF is a closed-end fund incorporated in the Cayman Islands. The Fund invests in privatization, pre-listing and listed stocks in Vietnam markets.

As at end October, the Fund's NAV was \$6.8, dropping 18.6% MoM. The Fund continues to lead the Index, recording outperformance of 22% year-to-date and 38.4% since inception..

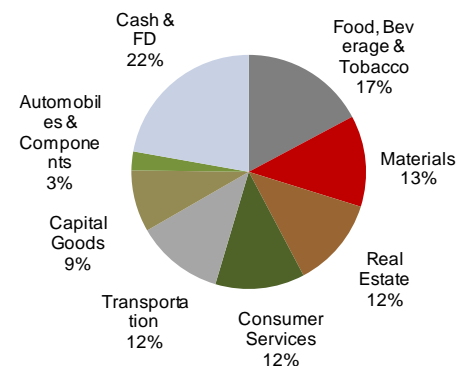
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



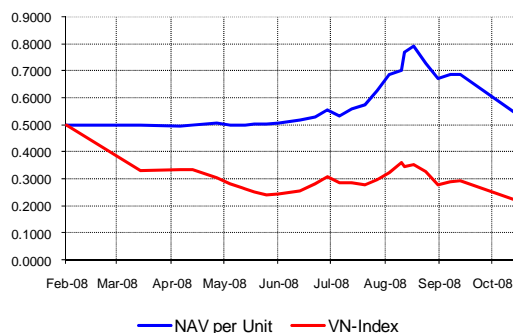
HLG Vietnam Fund (HLGVF)

NAV per unit	RM 0.5459
	US\$ 0.1546
Oct-08	-20.3%
YTD	9.2%
Since inception (Mar08)	9.2%

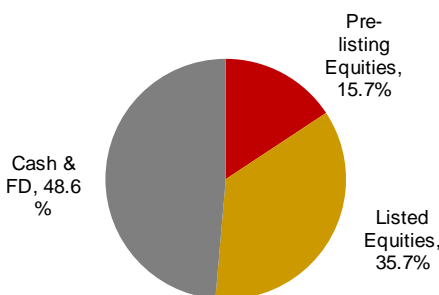
HLGVF is an open-ended unit trust incorporated in Malaysia. The Fund invests in pre-listing and listed stocks in Vietnam markets.

The Fund's NAV per unit declined 20.3% in October to close at RM 0.5459 at month end. Since inception, the Fund has returned 9.2% and outperformed the VN Index by 64.8%.

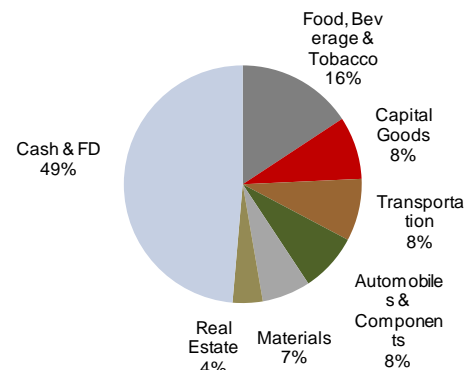
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund

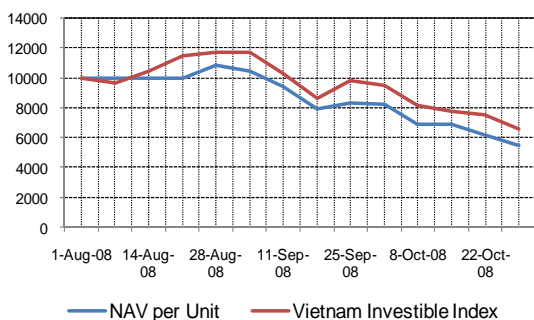
NAV per unit	JPY 5,475
	US\$ 56.16
Oct-08	-34.2%
YTD	-45.3%
Since inception (Jul08)	-45.3%

As of 29 Oct '08

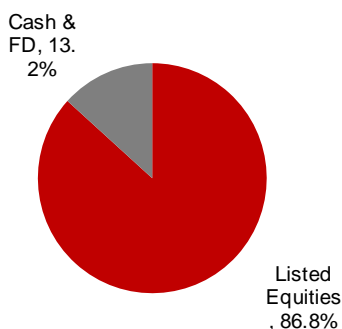
VILF is an open-ended unit trust incorporated in the Cayman Islands. The Fund invests in listed blue-chips in Vietnam markets.

The Fund's NAV per unit dropped 34.2% MoM to close at JPY 5,475 on 29 October 2008.

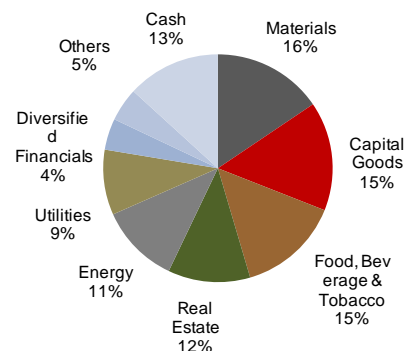
Performance vs. VII



Fund Breakdown



Sector Breakdown



VAM Corner: VAM team made a trip to the Mekong Delta in October 08 to visit several seafood exporters and pharmaceutical companies. The seafood exporting industry is facing huge roadblocks, including unstable raw materials supply, working capital shortage, disruption of certain export markets, high inventories and potential receivables build-up. While some of these problems such as material supply are specific to Vietnam, others are clearly a result of the current global credit crunch and economic crisis. We think this situation is likely to persist until at least 2Q09. The pharmaceutical industry is somewhat still unexciting in our view. The sector has a stable but rather pedestrian growth of around 10% p.a. despite enormous potential manifested by a 87-million population. The major shareholder of most pharmaceutical companies is still the State and drug prices are still under certain control. FY08 profitability will likely be poorer than previous years' due to more expensive raw materials, inability to increase selling prices, higher interest cost, FX loss and provision for loss from equity investment.

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