

30 September '08

Market Update

YoY inflation peaked in August at 28.3% and was down to 27.9% in September. Lowering food & oil prices and a successful government austerity should allow year end inflation to finish below 25%, a minor victory in respect to many earlier estimates that predicted around 30% inflation for 2008.

Trade deficit data continues to trend positively, with a fourth consecutive month of sub-\$1bn monthly trade deficit, with September's number estimated at \$500ml. Through the first 3 quarters of 2008, Vietnam's trade deficit stands at under \$16bn, and we estimate it could finish below \$20bn by year-end, which is another positive indicator for stabilization as just a few months ago many people predicted Vietnam's year end trade deficit at between \$25-30bn. GDP growth for the first three quarters of 2008 came in at 6.5%, in range with most independent estimates.

We expect that the US credit crisis will have no direct impact on Vietnam as financial institutions here have very limited exposure to American and European credit. However, there will likely be an indirect impact on Vietnamese exporters, who may be exposed to counterparty risk, and FDI, where it will be hard to debt capitalize projects. However, both FDI (\$56.3bn committed YTD, almost 3 times

that for all of 2007) and exports (39% YoY growth) have remained robust.

The VN-Index was down about 15% to 456.7 in September. There seems to be little fundamental reason for the monthly decline, as the macro-economic situation continues to stabilize and valuations look reasonable.

In term of corporate earnings, we are seeing some companies meeting and beating management targets, such as PV Drilling, Hoa Phat Group, Southern Battery, etc. However, most are having a tough time coping with rising raw material costs, sluggish sales and sky-high interest rates. Some companies are even having to revise down their guidance quite significantly. Affected the most are those in the financial and real estate industries, as well as capex-intensive businesses such as transportation, cement, rubber tyres and oil & gas. The seafood companies have also been suffering some industry-specific issues such as raw material quality and sufficiency, and ban or restriction from certain export markets, hence will not perform too well this year. In September, the tainted milk saga

in China dragged some Vietnamese dairy and confectionery companies into the undesired spotlight. While the big companies like Vinamilk and Kinh Do have showed that their products are not contaminated, we suspect their sales must have suffered as consumers generally held back dairy consumption or shied away from less than world-renowned brands, especially when their smaller competitors such as Hanoimilk and Ancomilk were found to have melamine in their products. Most companies will release their 3Q results from mid-October.



VN-Index

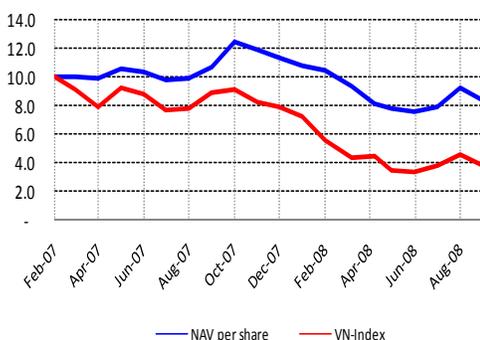
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$8.35
Sep-08	-9.63%
YTD	-27.01%
Since inception (Mar 07)	-16.50%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity

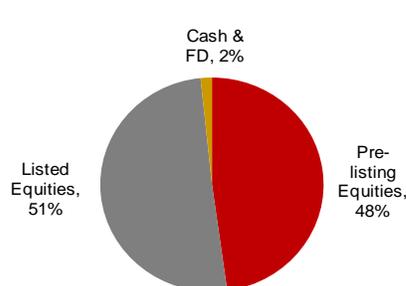
VEMF is a closed-end fund incorporated in the Cayman Islands. The Fund invests in privatization, pre-listing and listed stocks in Vietnam markets.

As at end September, the Fund's NAV was \$8.35, dropping -9.6% MoM. The Fund continues to lead the Index, recording outperformance of 23.7% year-to-date and 44.5% since inception..

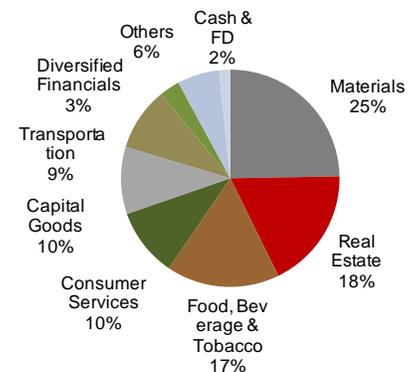
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



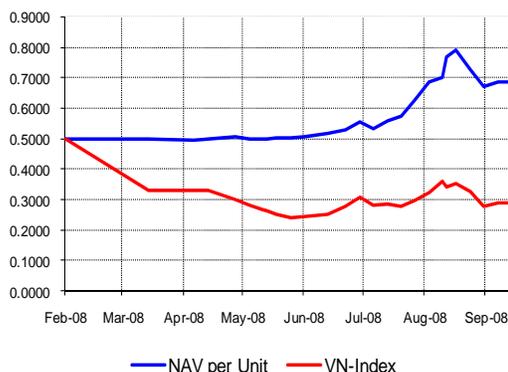
HLG Vietnam Fund (HLGVF)

NAV per unit	RM 0.6848
	US\$ 0.1983
Sep-08	-10.76%
YTD	36.96%
Since inception (Mar08)	36.96%

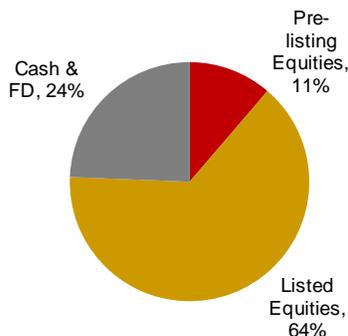
HLGVF is an open-ended unit trust incorporated in Malaysia. The Fund invests in pre-listing and listed stocks in Vietnam markets.

The Fund's NAV per unit declined 10.8% in September to close at RM 0.6848 at month end. Since inception, the Fund has returned almost 37% and outperformed the VN Index by 78.6%.

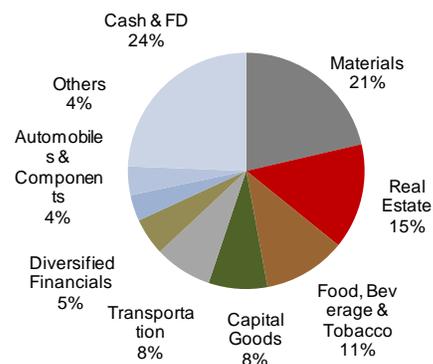
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund

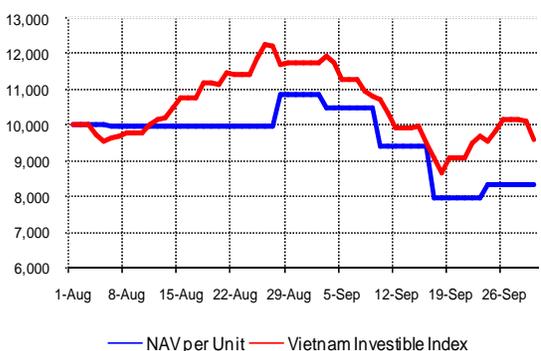
NAV per unit	JPY 8,321
	US\$ 78.48
Sep-08	-16.4%
YTD	-16.8%
Since inception (Jul08)	-16.8%

As of 24 Sept '08

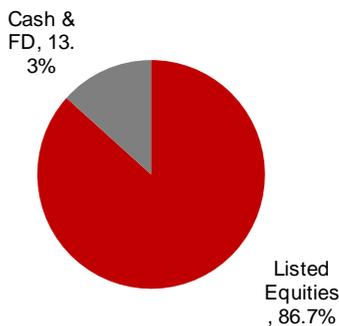
VILF is an open-ended unit trust incorporated in the Cayman Islands. The Fund invests in listed blue-chips in Vietnam markets.

The Fund's NAV per unit dropped 16.4% MoM to close at JPY 8,321 on 24 September 2008.

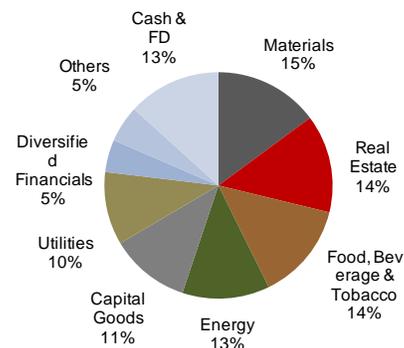
Performance vs. VII



Fund Breakdown



Sector Breakdown



VAM Corner: While not entirely spared from recent global sentiment, the VN-Index continues to show low correlation against other global indices. We continue to invest in low debt, cash rich, fundamentally sound, and generally market leader type companies that have limited exposure to events unfolding in the US/Europe. Many Vietnamese companies are still growing fast but trading at 5-8x '08 P/E multiples.

Correlation Table	S&P 500	FTSE 100	Nikkei	Kospi	Shanghai	VN-Index	S&P ASX
S&P 500	100%						
FTSE 100	45%	100%					
Nikkei	47%	32%	100%				
Kospi	57%	36%	64%	100%			
Shanghai	16%	14%	21%	23%	100%		
VN-Index	9%	16%	9%	5%	4%	100%	
S&P ASX	48%	27%	57%	85%	22%	5%	100%

Source: VCSC

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