

31 May '09

Market Update

An estimated trade deficit of US\$1.5 billion in May combined with a revised April deficit of US\$1.2 billion sees Vietnam in deficit to the tune of US\$1.1 billion through the first 5 months of 2009. While this is a modest 9.8% of where the trade deficit stood last year, if monthly levels continue to surpass US\$1 billion it could be cause for future instability.

Inflation data meanwhile continues to be encouraging; having dropped to 5.58% YoY in May. The peak of 28.3% in August 2008 seems a distant memory. Food prices continue to be the greatest moderating factor, being now up only 6.5% YoY after peaking at 45.55% YoY in June 2008.

Further resilience on the macroeconomic front is demonstrated by industrial output growth which is up 6.8% YoY in May and retail sales which are holding steady at up 21% when compared to the same period last year. The Government this month came out and announced that they were revising the GDP forecast down to 5% from 6.5% for 2009, more in line with outside analysts.

The VN-Index had another impressive month closing at 411.64, up 28% month on month. On 6 May the Index showed new highs in both trading volume (78.9 million units) and value

(roughly US\$129 million).

In May the US dollar declined against most major currencies including 6.2% against the Euro. Commodities as a result had quite a good month, led by oil at up 29% in May alone, the biggest monthly gain since 1999. Vietnam's commodities exporters are starting to look much healthier, and having too much USD exposure is starting to look much riskier. There are signs out of China that rather than buying up US treasuries exclusively, China will look to use its USD reserves to hoard commodities and supply its ambitious infrastructure growth stimulus plan. As an exporter of largely basic goods (including crude oil, rubber, coal, etc.), we may very well continue to see a strong performance from the VN-Index led by related sectors in the near term.

On a sector specific level, we are bearish on commercial real estate as a lot of Grade A office building space is ready to be added to the market in the near term and rental rates are down 30-40% off their high in lieu of the global economic decline. While there is still fierce survival competition for Financial Services companies, the top securities companies are benefiting from an average daily trading value of

almost US\$80 million in the Ho Chi Minh City Stock Exchange in May. The Marine Transportation sector continues to be beset by difficulties, but since the Baltic Dry Index is up by about 483% off its 4Q08 low and Vietnam's export growth remains surprisingly resilient with also some signs of life from imports, a potential recovery could be in the cards. Steel companies seem to be amongst the biggest beneficiaries of May's rise in commodities prices and the continued unceasing demand from China, with local output having increased by 30% since April 2009.



VN Index

Sector valuation

Industry group	1M	YTD	2009 PE	2014 PE	P/B	Dvd Yield	ROE	Op Margin	D/E
Market Valuation*	18%	22%	11.1	7.4	1.9	1.7	14.6	20.2	0.1
Automobiles & Components	45%	91%	7.4	2.8	1.8	-	25.5	7.5	0.5
Capital Goods	45%	68%	14.6	9.6	1.7	3.6	14.4	16.8	0.2
Diversified Financials	57%	78%	27.4	18.3	1.4	-	5.4	28.6	-0.6
Energy	16%	1%	10.7	5.3	3.0	3.1	25.3	22.9	1.7
Food, Beverage & Tobacco	11%	12%	11.2	6.5	2.8	2.0	20.3	12.8	-0.1
Household & Personal Products	23%	35%	3.5	1.9	0.5	1.7	14.6	14.7	0.6
Insurance	14%	16%	18.1	11.2	1.4	2.3	7.5	7.7	-1.7
Materials	18%	31%	11.3	7.6	2.6	2.7	21.6	19.5	0.2
Pharmaceuticals & Biotechnology	15%	6%	13.3	5.9	2.4	2.8	16.4	9.4	-0.3
Real Estate	14%	-11%	14.8	12.2	2.2	0.9	13.9	47.6	0.2
Retailing	22%	27%	9.9	7.3	2.9	3.2	26.8	7.0	-0.1
Transportation	32%	53%	12.2	4.8	1.0	0.6	10.7	15.9	0.2
Utilities	8%	42%	9.7	7.1	2.6	4.0	27.8	41.2	0.6

* Market Valuation composes of both the Ho Chi Minh Stock Exchange (HoSE) and the Hanoi Stock Trading Center (HaSTC).

*The Sector valuation table is calculated by VAM in-house Company Analysis System - VCAS

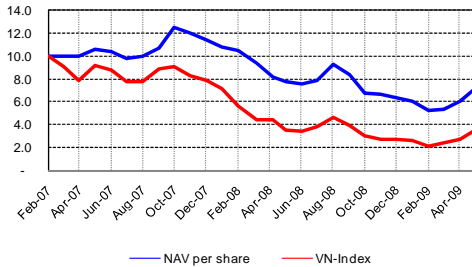
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$7.11
May-09	16.7%
YTD	12.7%
Since inception (Mar 07)	-28.9%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

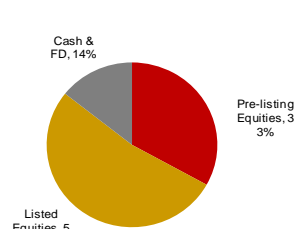
VEMF is a closed-end fund incorporated in the Cayman Islands. The Fund invests in privatization, pre-listing and listed stocks in Vietnam markets.

As at end May, the Fund's NAV per share was \$7.11. With a 16.7% increase MoM, the Fund continued to lead the Index, recording outperformance of 36% since inception.

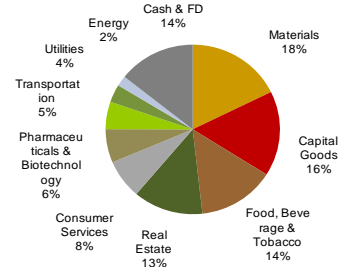
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



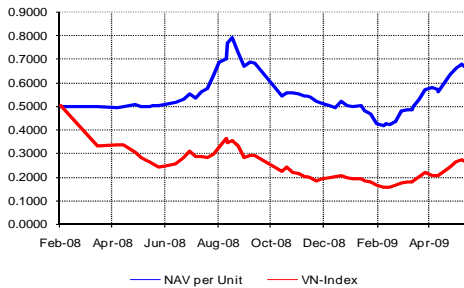
HLG Vietnam Fund (HLGVF)

NAV per unit	RM 0.6665
	US\$ 0.1900
May-09	18.6%
YTD	34.5%
Since inception (Mar08)	33.3%

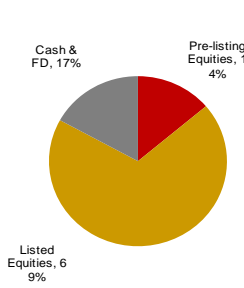
HLGVF is an open-ended unit trust incorporated in Malaysia. The Fund invests in pre-listing and listed stocks in Vietnam markets.

As at end May, the Fund's NAV per unit was RM0.6665. With a 18.6% increase MoM, the Fund continued to lead the Index, recording outperformance of 4.1% year-to-date and 80.7% since inception.

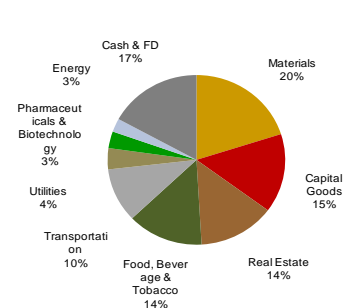
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

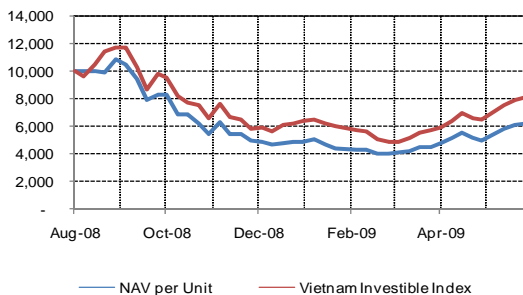
NAV per unit	JPY 6,239
	US\$ 65.58
May-09	23.8%
YTD	25.8%
Since inception (Jul08)	-37.6%
Bloomberg	VAMINLI KY Equity

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

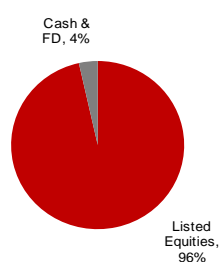
The Fund's NAV per unit increased 23.8% MoM to close at JPY 6,239 on 27 May 2009.

As of 27 May '08

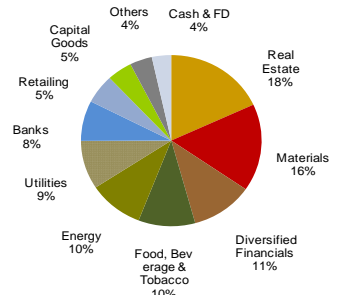
Performance vs. VII



Fund Breakdown



Sector Breakdown



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