

Market Update

The State Bank of Vietnam (SBV) unexpectedly devalued the dong by 2% on August 18th despite the country's relatively stable foreign exchange market. This surprising move from the SBV provoked concerns about a possible shortage of the hard currency towards year end when corporate foreign-currency loans are due. If true, this would be seen as a preemptive action that would give the SBV more time and resources to work on the foreign-currency loan issue and maintaining single digit inflation at year end. Inflation in August stood at 0.23% month-on-month or 5.08% year-to-date, making the full year target of 8% attainable. On the positive side, the devaluation of the Dong should help further boost exports and reduce the trade deficit. Export growth in the first 8 months was already up 19.7% against the same period last year, whilst the trade deficit year-to-date remained below the government's target at 17.9% of export turnover. Full year GDP growth expectations have increased to 6.7% which is now ahead of the government's target of 6.5%. This is no doubt helped by the fact that industrial production in August was also up 13.7% from a year earlier against the government target of 12%. Meanwhile, disbursed foreign direct investment rose 3.6% on-year to US\$7.25 billion for the first 8 months.

Despite the overall economy continuing to show signs of improvement and stability, the stock markets took a tumble in August as state-imposed deadlines for new bank rules took their toll. Financial institutions have been under pressure to trim their own investment portfolios whilst issuing stocks to meet new capital adequacy requirements, which put an obvious negative pressure on the VN-Index. With investors unwilling to buy under these circumstances, the market fell before more fuel was added to the fire through the margin calls of retail investors. The result was a 15.9% decline in the index from the start of the month to the bottom on August 25th. These developments within the domestic market were against a backdrop of renewed global concerns over the potential for a double dip recession, which further exacerbated the problem. With nothing significant to suggest that the actual value of Vietnamese listed companies has changed, a decline in the price obviously comes to the delight of value investors. In fact, average valuations slipped to below 10x earnings during the month, a sharp discount to regional peers.

The VN-Index started the month at 491 points and ended down 8% at 455 points at month end.

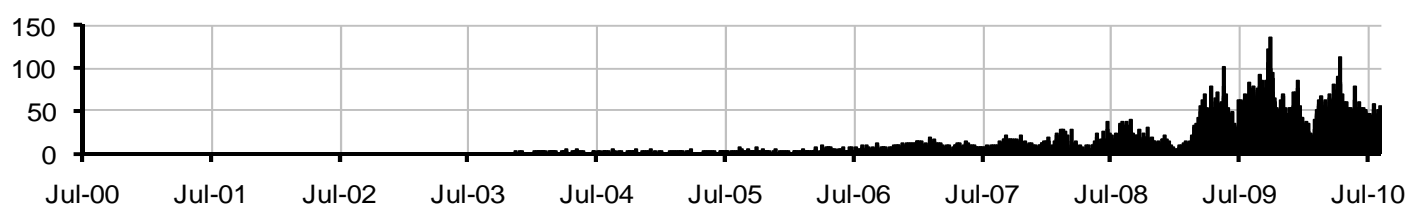
Our View

After a moderate advance in the first quarter thanks to the ongoing economic recovery, the VN-Index consecutively saw a net selling from domestic investors due to several factors such as negative effects from the Circular 13 imposing stricter requirements on banking sector; the devaluation of the Dong; limited money inflows; high margin loans for local investors; the restructuring of Vinashin; and dilution risk. Our outlook for the market in September remains cautious given the market is still being driven by retail investors' sentiment despite the stabilized and improved macro environment. Even though corporate earnings might be improving in 2H2010, the challenge of low liquidity will take some time to fade away. Generally speaking, if amendments towards the SBV's Circular 13 in a more favorable direction for banks are realized as currently expected, it will be a key factor to stimulate money inflows and a sustainable growth for the market. Among the top-picks, we still favor companies in IT-Telecom, pharmaceuticals, and dairy sectors as they have been holding on quite well regardless fluctuations in the market. In addition, steel sector also needs to be watched out as it is bouncing back due to the growing demand in 2H2010 and an increase in the price of world's steel billet.

VNIndex (VND)



Volume



Sector valuation

| Industry group | Weight % | 1M % | 3M % | YTD % | 2009 PE | 2010 PE | 2011 PE | 2012 PE | 2015 PE | P/B | Dvd Yield | ROE | Gross Margin | Op Margin | Net Margin | Net D/E |
|---------------------------------|----------|--------|--------|--------|---------|---------|---------|---------|---------|-----|-----------|------|--------------|-----------|------------|---------|
| Vietnam Market | 100.0% | -8.8% | -11.2% | -8.1% | 26.7 | 14.6 | 13.2 | 12.9 | 11.6 | 2.7 | 3.0 | 21.0 | 36.0 | 25.3 | 20.4 | 2.13 |
| Automobiles & Components | 1.3% | -15.7% | -29.1% | -35.0% | 3.5 | 7.8 | 5.4 | 4.9 | 3.8 | 1.9 | 0.6 | 26.3 | 18.3 | 11.1 | 8.0 | 0.2 |
| Banks | 18.3% | -7.0% | -15.1% | -26.3% | 11.1 | 8.1 | 7.3 | 7.2 | 6.4 | 1.8 | 2.8 | 17.6 | 39.9 | 27.0 | 21.3 | 10.5 |
| Capital Goods | 3.2% | -8.9% | -20.1% | -26.2% | 6.7 | 7.5 | 7.3 | 6.8 | 5.9 | 1.6 | 3.9 | 20.1 | 30.6 | 18.6 | 25.8 | - |
| Commercial Services & Supplies | 0.3% | -23.3% | -26.9% | -27.3% | 7.6 | 6.6 | 5.9 | 5.4 | 4.6 | 1.2 | 2.7 | 17.8 | 29.3 | 12.8 | 15.9 | -0.4 |
| Consumer Durables & Apparel | 0.9% | -8.3% | -13.1% | -15.9% | 7.6 | 8.3 | 6.5 | 5.6 | 4.1 | 1.1 | 7.2 | 15.5 | 9.9 | 5.6 | 3.4 | 0.6 |
| Consumer Services | 2.0% | -0.9% | 5.4% | -8.1% | 32.3 | 19.7 | 18.7 | 17.8 | 83.4 | 2.7 | - | -6.6 | 40.7 | 24.0 | -12.1 | 2.7 |
| Diversified Financials | 5.2% | -19.7% | -32.8% | -40.1% | 9.0 | 8.3 | 7.1 | 6.2 | 4.7 | 1.5 | 5.5 | 16.9 | 78.2 | 74.5 | 63.7 | -0.8 |
| Energy | 5.4% | -9.4% | -16.8% | -26.8% | 10.9 | 13.4 | 13.4 | 25.6 | 12.1 | 1.9 | 5.2 | 16.3 | 19.4 | 13.8 | 8.8 | 1 |
| Food & Staples Retailing | 0.1% | -21.0% | -21.0% | -21.0% | - | - | - | - | - | - | - | - | - | - | - | - |
| Food, Beverage & Tobacco | 16.7% | -7.2% | -6.6% | 15.6% | 27.1 | 31.4 | 28.3 | 25.9 | 20.0 | 4.2 | 2.4 | 27.9 | 32.8 | 17.7 | 16.2 | -0.2 |
| Household & Personal Products | 0.3% | -27.3% | -40.6% | -22.5% | 29.3 | 5.3 | 5.5 | 5.5 | 5.3 | 0.7 | 1.1 | -1.3 | 17.8 | 3.5 | -4.3 | 0.9 |
| Insurance | 7.7% | 0.6% | 33.9% | 87.6% | 26.9 | 22.8 | 22.6 | 22.4 | 21.8 | 2.8 | 2.4 | 11.8 | 23.2 | -0.5 | 18.5 | -0.9 |
| Materials | 10.1% | -1.2% | -10.1% | -14.3% | 9.1 | 8.3 | 6.9 | 6.3 | 5.3 | 2.2 | 5.4 | 24.6 | 24.9 | 19.6 | 17.0 | 0.3 |
| Pharmaceuticals & Biotechnology | 1.5% | -3.6% | -11.2% | -29.9% | 9.7 | 8.9 | 7.6 | 6.6 | 5.0 | 2.6 | 3.4 | 24.2 | 44.1 | 17.0 | 16.9 | -0.2 |
| Real Estate | 18.2% | -16.5% | -22.8% | -25.1% | 78.3 | 13.2 | 11.5 | 10.2 | 8.2 | 3.9 | 1.1 | 26.1 | 51.3 | 45.1 | 27.1 | 1 |
| Retailing | 1.1% | -19.4% | -25.4% | -19.1% | 9.9 | 11.7 | 8.1 | 7.8 | 6.6 | 1.3 | 3.5 | 11.8 | 13.7 | 9.9 | 6.8 | 0.8 |
| Software & Services | 0.4% | -11.8% | -16.0% | -16.0% | 10.3 | 7.3 | 3.6 | 3.0 | 2.2 | 1.7 | 8.5 | 21.6 | 13.4 | 6.6 | 3.8 | 1.2 |
| Telecommunication Services | 3.3% | -6.5% | 15.3% | 15.3% | 12.2 | 8.3 | 9.4 | 8.2 | 6.1 | 4.5 | 4.3 | 45.7 | 20.1 | 10.1 | 7.2 | 0.4 |
| Transportation | 1.7% | -13.6% | -27.4% | -30.2% | 7.5 | 8.1 | 7.1 | 6.0 | 5.2 | 0.9 | 4.1 | 13.4 | 21.4 | 16.8 | 10.7 | 1.3 |
| Utilities | 2.3% | -8.2% | -20.9% | -27.6% | 5.3 | 11.3 | 6.6 | 6.3 | 4.5 | 1.0 | 5.9 | 9.4 | 34.2 | 31.4 | 30.9 | 0.4 |

* Vietnam Market comprises of both the Ho Chi Minh Stock Exchange (HoSE) and the Hanoi Stock Exchange (HNX).

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

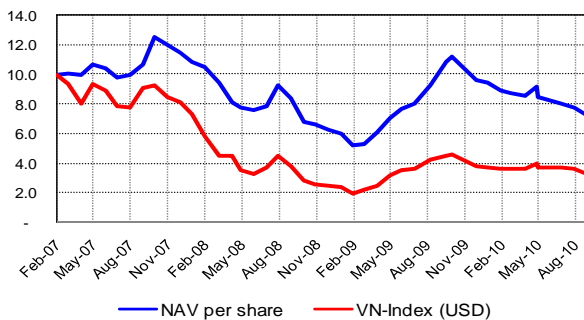
Vietnam Emerging Market Fund (VEMF)

| | |
|--------------------------|-------------------|
| NAV per share | US\$7.22 |
| Aug-10 | -6.8% |
| YTD | -23.2% |
| Since inception (Feb 07) | -27.8% |
| Reuters | 65092798 |
| Bloomberg | VAMVEMF KY Equity |
| ISIN | KYG 936131005 |
| CUSIP | G93613100 |

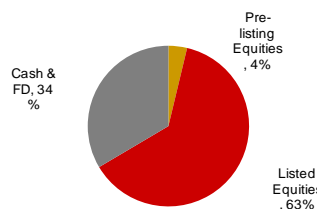
VEMF is a Cayman open-end fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end August, the Fund's NAV per share was \$7.22. With a 6.8% decrease MoM, the Fund still continued to lead the VN-Index (in US\$), recording outperformance of 3.01% MoM, and 39.51% since inception.

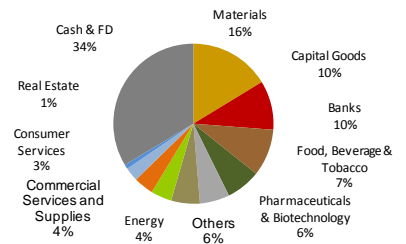
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



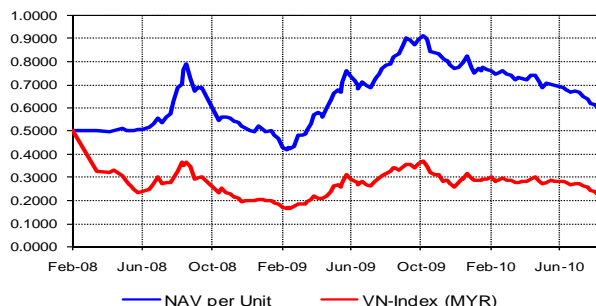
Hong Leong Vietnam Fund (HLGVF)

| | |
|-------------------------|-------------|
| NAV per unit | RM 0.5926 |
| | US\$ 0.1887 |
| Aug-10 | -8.80% |
| YTD | -25.30% |
| Since inception (Feb08) | 18.5% |
| Bloomberg | HLGVIET:MK |

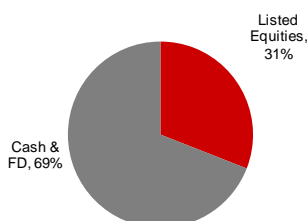
HLGVF is an actively-managed open-end unit trust for Malaysian high-net-worth investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam.

As at end August, the Fund's NAV per unit was RM0.5926. With a 8.8% decrease MoM, the Fund still continued to lead the VN-Index (in MYR), recording outperformance of 7.9% MoM and 74.9% since inception.

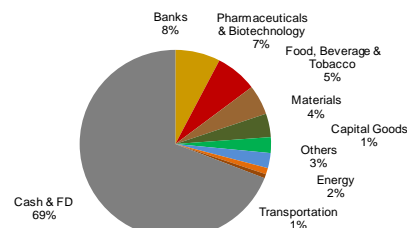
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

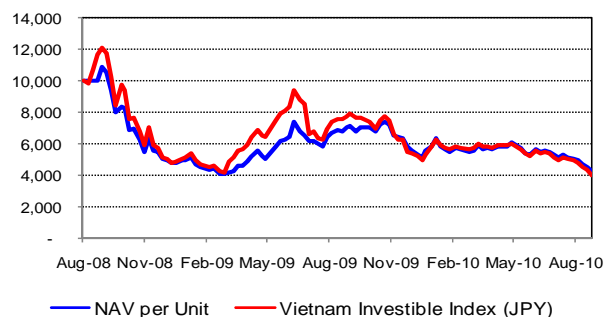
| | |
|-------------------------|-------------------|
| NAV per unit | JPY 4,216 |
| | US\$ 49.83 |
| Aug-10 | -16.5% |
| YTD | -27.9% |
| Since inception (Jul08) | -57.8% |
| Bloomberg | VAMINLI KY Equity |

VILF is a Cayman open-end unit trust for Japanese retail investors. The Fund invests in top 20 investible listed blue-chips in Vietnam on a passively-managed basis.

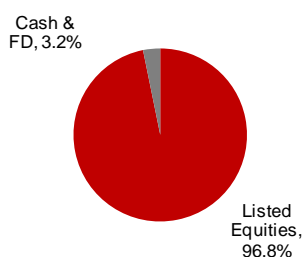
The Fund's NAV per unit decreased 16.5% MoM to close at JPY 4,216 on 25 August 2010.

As of 25 Aug '10

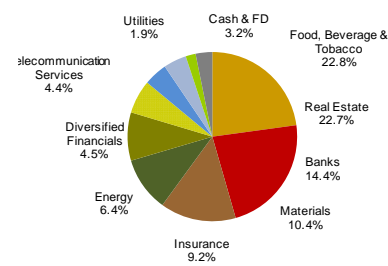
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



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