

Market Update

Vietnam's GDP growth in 1Q10 is estimated at 5.8%, much higher than the 3.1% figure from a year ago. Comparing the two quarters, industrial production is up 13.6%, retail sales up 24.1%, and exports now only down 1.6%. While the GDP growth is less than the previous quarter, it must be noted that Tet (Lunar New Year) will generally have a negative impact on GDP growth in the first quarter of each year in Vietnam as compared to the rest of the year.

Average yearly inflation is now up to 9.5%, and the foodstuffs and building materials categories continue to be the primary contributors to the rise. The trade deficit in 1Q10 is estimated at US\$3.5bn, compared to a trade surplus of US\$1.5bn in 1Q09. However, the number is not as bad as it sounds for two reasons. First, the 1Q09 was anomalous as the surplus was made entirely possible by primarily the re-export of gold due to the price gap of roughly US\$35/ounce in Vietnam compared to the world market at the time. Second, on a monthly level the trade deficit is declining over 4Q09, and inflows into the capital account are picking up quite strongly. An estimated US\$4bn in FDI and remittances flowed into Vietnam in 1Q10. The evidence is in the currency market, where free market and official rates seem to be in equilibrium for the moment.

Nonetheless, on 12 March 2010, Fitch Ratings placed Vietnam's long-term foreign and

local currency ratings on negative watch with potential for a downgrade, citing weakening confidence in the Dong and a lack of transparency regarding foreign reserves and the balance of payments. It does seem that Vietnam's foreign reserves were drained substantially in 2009 due to the continued high trade deficit and the slowdown in FDI and remittances. But for the time being, imbalances in the currency, current account, and inflation seem well addressed.

Again we must report that the VN-Index had another sideways month, finishing at 499.24, up just 0.5%. The market was rallying quite handsomely until Fitch lowered its outlook.

Official audited results are being announced by corporates as listed companies are in their AGM season. Generally the earnings have been good and better than management guidance. Some companies have encouraging targets of 30 – 100% bottom line growth in 2010, with those on the higher end of the spectrum mostly riding on new products and/or newly added capacity. On the other hand, lacking support from provisions reversal, tax break, low cost materials and interest subsidies, some plastics, pharmaceutical and auto component companies have planned quite low targets compared to their earnings posted in FY09. As for the stock market, we think FY09 results have already been priced in and going forward stock prices will be mostly driven by targets for the current fiscal year and how management execute their plans.

Our View

News on macro economy, credit and monetary policies, whether official or not, prevails corporate news to drive the bourses. The state's commitment to curbing inflation, stabilising the banking system as well as lowering borrowing costs in the last few days of March have eased investors' panic. We still uphold our interest in Consumer staples, pharmaceuticals, construction materials, and real estate, especially the construction materials and real estate players in Hanoi, which may benefit from the city's rapid expansion and surge in infrastructure development to celebrate the 1,000th year anniversary of the capital city.



Sector valuation

Industry group	Weight %	1M %	3M %	YTD %	2009PE	2010PE	2011PE	2014PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.0%	-2.4%	-1.9%	-1.9%	15.8	13.2	11.8	8.5	2.8	2.6	19.0	33.0	23.4	23.1	1.3
Automobiles & Components	1.4%	-2.2%	-7.4%	-7.4%	11.6	9.5	7.6	5.4	3.6	0.4	27.2	17.3	10.1	6.9	0.7
Banks	21.0%	-3.6%	-5.5%	-5.5%	13.8	12.1	10.7	8.3	1.7	2.0	11.0	35.4	23.1	17.0	5.9
Capital Goods	3.6%	-2.0%	-6.1%	-6.1%	12.8	11.6	10.3	8.3	2.8	3.2	21.6	26.0	17.3	13.3	0.1
Commercial Services & Supplies	0.1%	4.0%	-3.6%	-3.6%	-	-	-	-	-	-	-	-	-	-	-
Consumer Durables & Apparel	1.0%	8.4%	-0.5%	-0.5%	13.5	11.7	10.4	8.9	2.0	1.7	14.0	8.5	4.5	2.9	-
Consumer Services	1.6%	-5.5%	-14.2%	-14.2%	-	-	-	-	-	-	-	-	-	-	-
Diversified Financials	5.1%	-36.2%	-36.5%	-36.5%	10.3	9.7	9.0	7.3	1.5	0.1	13.7	46.7	41.0	128.2	-0.4
Energy	5.7%	-0.3%	-13.9%	-13.9%	8.3	8.5	7.5	5.7	2.7	3.8	29.7	27.2	23.1	15.3	2.0
Food, Beverage & Tobacco	12.0%	0.2%	9.6%	9.6%	12.0	10.0	8.2	6.2	3.8	3.7	30.0	31.8	18.5	17.4	-0.3
Household & Personal Products	0.3%	28.7%	41.0%	41.0%	43.9	36.5	29.0	14.2	1.3	0.9	4.8	24.4	8.1	4.0	0.7
Insurance	7.9%	-4.2%	27.0%	27.0%	27.4	24.2	21.3	16.4	2.8	2.3	10.0	23.7	2.3	8.7	-1.7
Materials	8.8%	2.3%	1.9%	1.9%	10.2	9.1	8.1	6.9	2.5	3.3	23.3	26.7	21.5	19.5	-0.1
Pharmaceuticals & Biotechnology	3.8%	-5.6%	-18.1%	-18.1%	9.7	9.1	7.3	4.6	1.7	3.4	15.7	32.5	10.4	8.2	-0.1
Real Estate	18.9%	1.9%	-1.3%	-1.3%	27.1	19.1	17.2	11.4	4.3	1.9	21.2	46.6	41.2	27.4	0.9
Retailing	4.0%	8.3%	5.7%	5.7%	12.2	11.1	10.2	6.1	3.4	3.4	26.7	10.8	6.2	4.3	-0.2
Transportation	2.1%	2.0%	-3.1%	-3.1%	16.9	19.4	24.6	7.8	1.5	1.7	11.7	20.5	15.5	10.2	0.6
Utilities	2.8%	-5.6%	-9.5%	-9.5%	7.4	5.5	4.9	6.0	1.2	5.6	15.6	39.0	37.1	36.5	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 calculated by VAM in-house Company Analysis System - VCAS

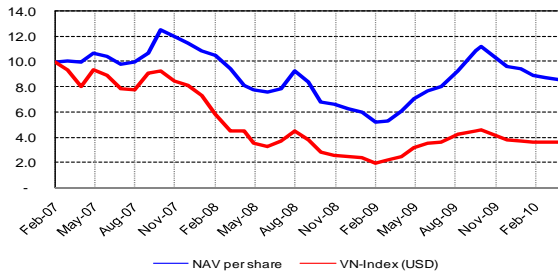
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$8.58
Mar-10	-1.7%
YTD	-8.7%
Since inception (Feb 07)	-14.2%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

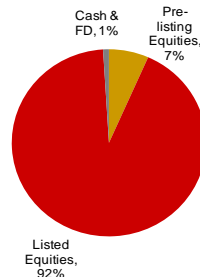
VEMF is a Cayman closed-end fund for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam.

As at end March, the Fund's NAV per share was \$8.58. Despite a 1.7% decrease MoM, the Fund still continued to lead the VN-Index (in US\$), recording outperformance of 49.17% since inception.

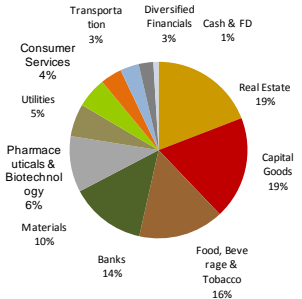
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



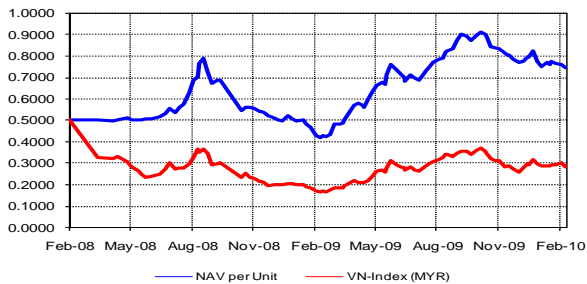
HLG Vietnam Fund (HLGVF)

NAV per unit	RM 0.7205
	US\$ 0.2203
Mar-10	-3.51%
YTD	-9.18%
Since inception (Feb08)	44.1%
Bloomberg	HLGVIET:MK

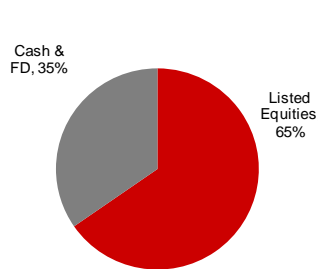
HLGVF is an actively-managed open-ended unit trust for Malaysian high-net-worth investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam.

As at end March, the Fund's NAV per unit was RM0.7205. Despite a 3.51% decrease MoM, the Fund still continued to lead the VN-Index (in MYR), recording outperformance of 89.4% since inception.

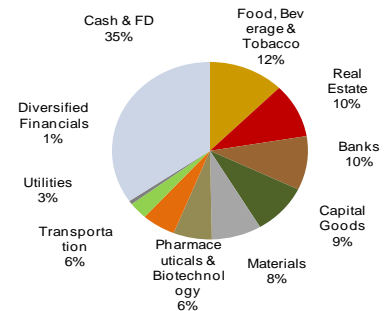
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

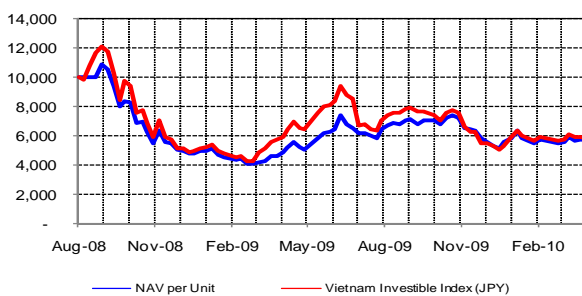
NAV per unit	JPY 5,675
	US\$ 60.73
Mar-10	3.4%
YTD	-3.0%
Since inception (Jul08)	-43.3%
Bloomberg	VAMINLI KY Equity

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

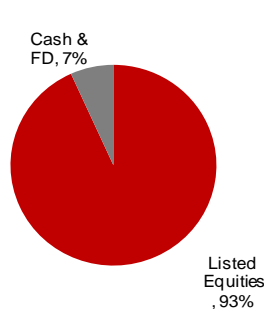
The Fund's NAV per unit increased 3.4% MoM to close at JPY 5,675 on 31 March 2010.

As of 31 Mar '10

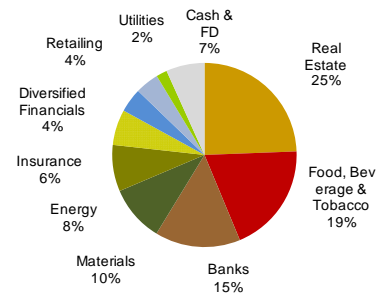
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



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