

Market Update

All eyes were on Europe this month as sovereign debt fears threatened to develop into a full blown crisis. This anxiety was reflected in a 13% correction of the VN-Index throughout the first three weeks of May. However sentiment did improve towards the end of the month as China quashed rumors that its appetite for European Debt was wavering, prompting a swift recovery in global indices, including Vietnam.

Vietnam's May macro indicators continued to improve. The monthly trade deficit was narrowed to US\$750 million, the lowest since March 2009. So far this year Vietnam has run a trade deficit equal to 21.8% of export turnover, slightly above the government target of 20%. We continue to expect a healthy surplus in the capital account that will more than compensate for the trade deficit. Inflation continued to take a breather during May and only registered a monthly increase of 0.27% although it should be noted

that this time of year is usually inflation's low season. With year-to-date inflation standing at 4.55%, the government's recently reduced target of 8% seems achievable.

VN Index closed at 507.4, down 6.44% month on month.

Our View

We think the market will remain volatile until investors regain confidence in the global markets. Apart from that, we think SBV's monetary policy will play the prominent role in directing the longer-term domestic market recovery. The current market could present good buying opportunities for the value investor seeking good stocks at a discount. Generally speaking, we still maintain our interest in real estate, construction materials, pharmaceuticals, and food and beverage. For longer horizon, we like the banking sector a lot, but we think with the Government's requirement for capital contribution (VND 3,000 bn) and the recent

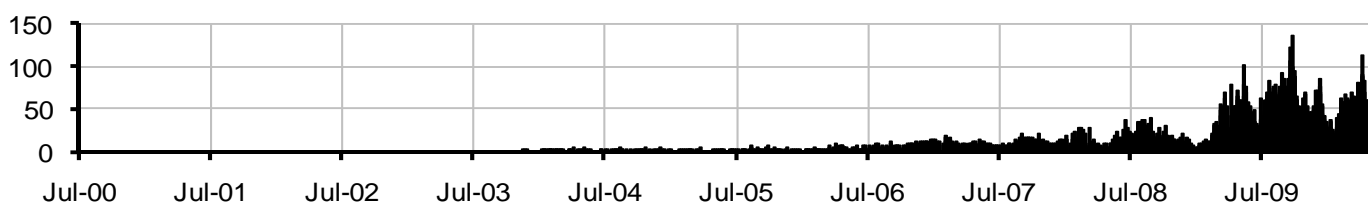
hike in CAR requirement from 8% to 9%, an industry consolidation is due in the near- to mid-term, and until that happens, it is hard for the banks' shares to jump up significantly. We are also hearing that a large-cap company in the construction materials sector (number 1 ceramic tiles maker in Vietnam) is going to be listed in 3Q2010 following its private placement. Perhaps this event will bring fresh impetus to the market, which has been significantly lacking since deepening global concerns over the sovereign debt risks in Europe and political tensions on the Korean peninsula.

VNIndex (VND)



Millions

Volume



Sector valuation

| Industry group | Weight % | 1M % | 3M % | YTD % | 2010PE | 2011PE | 2012PE | 2015PE | P/B | Dvd Yield | ROE | Gross Margin | Op Margin | Net Margin | Net D/E |
|---------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|-----|-----------|------|--------------|-----------|------------|---------|
| Vietnam Market | 100.0% | -9.6% | -5.6% | -3.9% | 14.2 | 12.0 | 10.7 | 7.9 | 2.7 | 2.8 | 21.6 | 33.8 | 23.9 | 24.6 | 1.3 |
| Automobiles & Components | 1.2% | -5.6% | -5.4% | -10.4% | 8.5 | 7.4 | 5.9 | 5.1 | 2.8 | 0.4 | 26.9 | 18.1 | 10.5 | 7.2 | 0.8 |
| Banks | 18.5% | -8.2% | -12.2% | -14.0% | 12.4 | 10.9 | 9.5 | 7.4 | 1.5 | 2.3 | 11.0 | 35.4 | 23.1 | 16.9 | 5.9 |
| Capital Goods | 3.6% | -6.6% | -4.5% | -8.5% | 10.5 | 9.9 | 8.2 | 6.6 | 2.5 | 2.5 | 23.7 | 25.3 | 16.7 | 13.5 | 0.2 |
| Commercial Services & Supplies | 0.3% | -15.7% | 2.2% | 2.1% | 6.9 | 5.1 | 3.8 | 2.5 | 1.3 | 6.4 | 18.5 | 38.2 | 14.5 | 9.3 | 0.2 |
| Consumer Durables & Apparel | 1.0% | -7.3% | 8.9% | 0.0% | 9.8 | 8.1 | 6.8 | 5.3 | 2.2 | 3.6 | 18.1 | 9.6 | 5.8 | 3.3 | 0.5 |
| Consumer Services | 1.5% | -17.4% | -1.1% | -10.2% | 20.1 | 27.6 | 35.3 | 45.2 | 2.5 | - | 11.6 | 40.8 | 26.9 | 27.4 | 3.2 |
| Diversified Financials | 6.1% | -9.9% | -9.4% | -6.8% | 8.6 | 8.1 | 7.5 | 6.2 | 1.2 | 0.1 | 13.7 | 46.8 | 41.3 | 128.6 | -0.4 |
| Energy | 5.4% | -3.1% | 2.7% | -11.3% | 7.9 | 8.0 | 7.1 | 5.5 | 2.5 | 4.0 | 29.4 | 26.6 | 22.5 | 14.9 | 2.0 |
| Food, Beverage & Tobacco | 15.3% | 2.7% | 13.3% | 23.9% | 12.2 | 10.5 | 8.7 | 5.7 | 4.0 | 3.8 | 34.5 | 32.5 | 19.1 | 17.9 | -0.3 |
| Household & Personal Products | 0.4% | -19.2% | 14.6% | 25.6% | 43.3 | 35.9 | 28.5 | 13.9 | 1.2 | 0.7 | 4.3 | 24.3 | 7.8 | 3.9 | 0.7 |
| Insurance | 7.9% | -5.3% | 3.9% | 37.8% | 29.4 | 26.0 | 22.8 | 17.6 | 3.0 | 2.2 | 10.0 | 23.9 | 2.4 | 8.7 | -1.7 |
| Materials | 8.8% | -11.2% | -5.5% | -5.9% | 7.5 | 6.6 | 5.6 | 4.6 | 2.1 | 4.4 | 30.2 | 30.3 | 24.5 | 20.6 | 0.1 |
| Pharmaceuticals & Biotechnology | 3.3% | -8.5% | -10.9% | -22.8% | 8.8 | 8.4 | 6.5 | 4.5 | 1.6 | 3.5 | 16.4 | 32.2 | 10.7 | 8.6 | -0.1 |
| Real Estate | 18.1% | -8.4% | -1.2% | -4.2% | 23.6 | 17.0 | 15.2 | 10.0 | 3.8 | 1.7 | 21.1 | 46.6 | 41.1 | 27.2 | 0.9 |
| Retailing | 3.9% | -5.1% | 8.1% | 5.5% | 6.7 | 5.3 | 4.5 | 3.1 | 3.7 | 3.6 | 50.5 | 18.5 | 9.6 | 9.1 | 0.3 |
| Transportation | 2.0% | -6.8% | 0.8% | -4.2% | 14.2 | 16.1 | 20.1 | 6.3 | 1.3 | 2.0 | 12.7 | 21.1 | 16.1 | 10.6 | 0.7 |
| Utilities | 2.6% | -13.5% | -6.5% | -10.3% | 7.6 | 5.4 | 5.0 | 6.1 | 1.2 | 8.2 | 14.8 | 39.8 | 38.0 | 35.9 | 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 calculated by VAM in-house Company Analysis System - VCAS

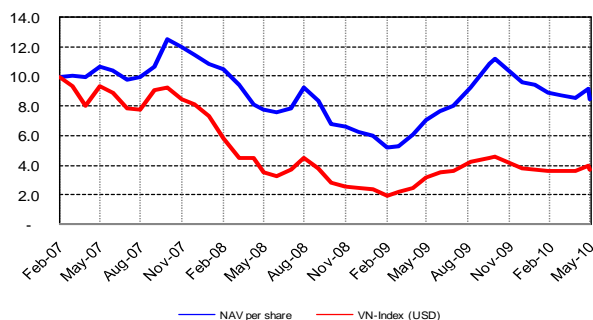
Vietnam Emerging Market Fund (VEMF)

| | |
|--------------------------|-------------------|
| NAV per share | US\$8.45 |
| May-10 | -7.5% |
| YTD | -10.1% |
| Since inception (Feb 07) | -15.5% |
| Reuters | 65092798 |
| Bloomberg | VAMVEMF KY Equity |
| ISIN | KYG 936131005 |
| CUSIP | G93613100 |

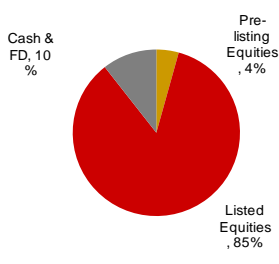
VEMF is a Cayman open-ended fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end May, the Fund's NAV per share was \$8.45. With a 7.5% decrease MoM, the Fund still continued to lead the VN-Index (in US\$), recording outperformance of 47.07% since inception.

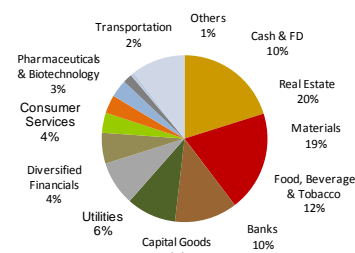
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown

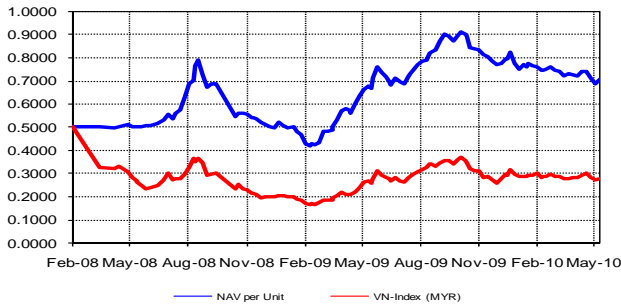


HLG Vietnam Fund (HLGVF)

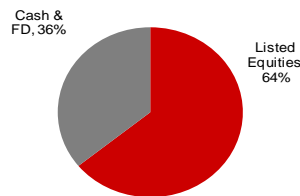
| | |
|-------------------------|-------------|
| NAV per unit | RM 0.7072 |
| | US\$ 0.2116 |
| May-10 | -4.28% |
| YTD | -10.85% |
| Since inception (Feb08) | 41.4% |
| Bloomberg | HLGVIET.MK |

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 May, the Fund's NAV per unit was RM0.7072. With a 4.28% decrease MoM, the Fund still continued to lead the VN-Index (in MYR), recording outperformance of 85.9% since inception.

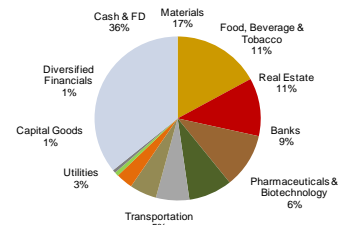
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

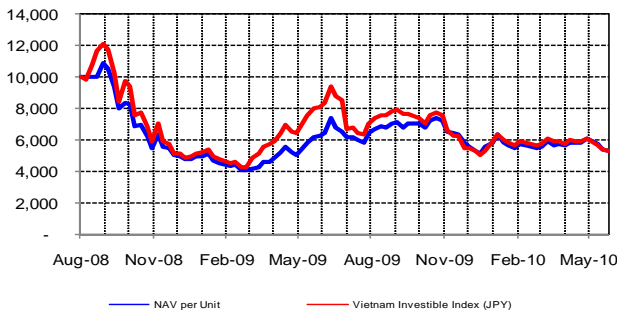
| | |
|-------------------------|-------------------|
| NAV per unit | JPY 5,322 |
| | US\$ 58.83 |
| May-10 | -11.9% |
| YTD | -9.0% |
| Since inception (Jul08) | -46.8% |
| Bloomberg | VAMINLI KY Equity |

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.

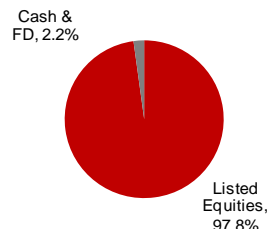
The Fund's NAV per unit decreased 11.9% MoM to close at JPY 5,322 on 26 May 2010.

As of 26 May '10

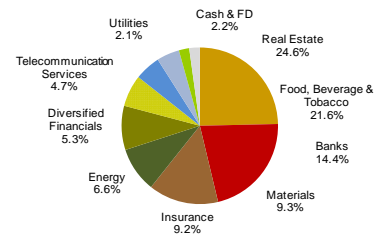
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



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