

Market Update

November was characterized by mixed news flow. On the one hand, there were a couple of good macroeconomic developments, namely (i) the last quarter GDP growth expected at 7.24%, resulting in a full year growth of 6.7% versus 5.32% last year; (ii) capital inflows from disbursed foreign direct investment and official development assistance keeping improving; (iii) overseas remittances likely to reach US\$ 7.2 billion in 2010 compared to US\$ 6.6 billion in 2009; (iv) full year export growth expected to reach 23%, nearly quadrupling the government's earlier target of 6%, while imports growth will stay slower at 19% - 20%; (v) overall balance of payments expected to be \$2 billion in deficit this year, down from last year's deficit of \$8.8 billion.

On the other hand, ongoing accelerating inflation and volatile FX market continued to attract increasing concerns from policy makers as well as market participants. November CPI increased by 1.86% from October, marking the third consecutive MoM increase above 1% after six months being kept under this threshold. November number brought year-to-date figure to 9.58% and full year CPI is being forecasted to stand at 11-12%. The FX market, too, heated up during November, with the greenback being offered at 21,500 dong/dollar in the unofficial market at month end, 10.25% higher than the official ceiling band of 19,500 despite the government's announcement early

in the month that it would allow the State Bank of Vietnam (SBV) to use the foreign reserves to inject dollars into the market and that the SBV had no plan to further depreciate the dong until the Lunar New Year (February 2011). Strong rally in the local gold price in the past few months has been a major cause for the FX situation and panicky market sentiment. After the SBV's decision to allow gold import in early November, local gold prices started to cool down and got to around VND35.9 million per tael (local unit for gold, equivalent to about 1.2556 troy ounce) at the end of the month compared to its all time record high at VND38.2 million per tael at mid-November.

As GDP growth rate for this year has been achieved, the government's focus now moves to curbing inflation and cooling the FX and gold markets to stabilise the macro environment. They implemented successive tightening monetary measures in November, such as (i) raising interest rates by 1% per annum (VND base interest rate to 9% p.a., refinancing interest rate to 9% p.a., discount rate to 7% p.a., and overnight rate to 9%); (ii) removing cap on both deposit and lending rates for banks. Toward month end, many banks increased the deposit rate for VND to 13-14% per year. Some smaller commercial banks even offered borrowing rates of 14.5-15% p.a. in an attempt to retaining their depositors and mobilising more capital for their increasing year-end lending demand. However,

the desired effects on inflation of these tightening policies will be likely to be seen only from next year.

The VN-Index ended November at 451.59, down 1.5% on-month. During the month, we saw a divergence in the market trend, hitting the trough at mid month and then significantly picking up during the last week of the month. Additionally, the low average liquidity might indicate that retail investors were still cautious about the recovery of the equity market in the short-term.

Our View

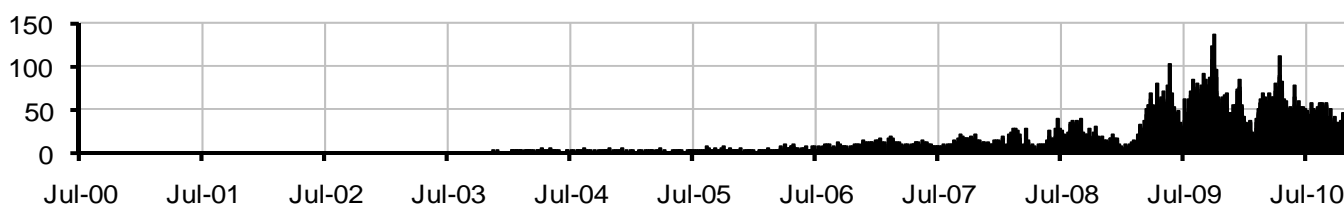
We are not too bullish about the market in the short-term but equities have come down to the very attractive level. The negative macro situation has mostly been priced in so it might be a good time for investors to consider accumulating stocks. Nevertheless, we think the Government should be more transparent and proactive in implementing its monetary policy measures in order to restore investors' confidence and to help the equity market sentiment. We continue to like stocks in consumer staples, oil & gas, and materials. For a longer horizon we prefer materials, real estate and banking sectors. In this time of volatility, we recommend that our investors keep close tabs on macroeconomic developments for signs of recovery and stability before jumping in.

VNIndex (VND)



Millions

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%	-4.5%	0.2%	-17.0%	10.7	8.7	8.1	7.8	7.4	2.5	3.6	20.6	63.8	24.3	17.3	0.2
Automobiles & Components	1.2%	-9.5%	-5.8%	-40.6%	4.2	8.7	7.1	6.8	5.3	2.5	3.0	25.2	16.8	10.2	7.5	0.2
Banks	21.4%	-9.8%	-7.1%	-34.1%	9.8	8.3	7.5	7.5	7.0	1.6	2.4	0.3	169.8	11.6	-3.6	0.2
Capital Goods	4.6%	-7.2%	-4.8%	-33.4%	7.8	9.5	10.2	9.8	9.0	1.8	4.3	19.4	19.4	11.9	13.0	-0.1
Commercial Services & Supplies	0.3%	-7.1%	-4.0%	-32.7%	7.4	6.6	5.7	5.2	4.3	1.1	3.1	16.9	30.7	13.1	14.5	-0.3
Consumer Durables & Apparel	1.1%	-1.9%	3.3%	-18.7%	9.9	9.3	8.5	8.1	6.8	1.6	4.9	17.9	9.5	5.2	3.4	0.6
Consumer Services	2.0%	5.9%	-8.3%	-16.7%	29.0	-	-	-	84.3	2.7	-	-8.9	36.2	24.2	-18.9	3.2
Diversified Financials	6.0%	-9.4%	-9.0%	-47.9%	8.1	8.0	7.0	6.1	4.7	1.4	6.8	17.7	78.1	76.5	63.2	-0.7
Energy	6.0%	0.8%	8.5%	-23.7%	11.5	8.9	8.0	6.7	5.4	2.1	5.7	22.0	20.7	15.3	11.6	0.9
Food & Staples Retailing	0.2%	-6.8%	-1.4%	-26.8%	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	14.1%	2.2%	11.4%	27.4%	12.0	8.8	9.2	7.5	4.8	3.8	3.7	40.3	33.5	20.1	21.5	-0.3
Household & Personal Products	0.2%	-9.5%	-4.6%	-31.8%	19.9	4.7	4.9	4.9	4.7	0.5	1.4	-0.6	18.0	3.8	-3.8	0.9
Insurance	1.4%	8.6%	47.5%	153.4%	8.8	7.2	7.1	5.9	3.6	0.8	3.9	10.3	46.2	7.2	18.4	-1.4
Materials	12.5%	-0.8%	4.6%	-14.7%	9.6	8.9	6.7	6.0	5.1	2.3	4.9	24.6	24.9	19.4	16.5	0.2
Pharmaceuticals & Biotechnology	2.1%	-2.9%	-2.8%	-33.2%	9.1	7.7	6.7	6.4	4.6	2.5	3.4	26.1	43.0	18.4	17.9	-0.1
Real Estate	15.7%	-6.9%	1.3%	-26.4%	13.4	8.8	8.5	7.0	4.2	3.5	1.7	31.4	52.6	46.8	38.0	0.4
Retailing	1.0%	-12.4%	-18.3%	-36.4%	7.4	8.9	6.1	6.0	5.0	1.0	4.4	12.0	13.2	9.4	6.4	0.8
Software & Services	0.4%	-12.1%	-20.2%	-34.9%	8.2	5.9	2.9	2.4	1.7	1.3	10.6	21.6	13.4	6.6	3.8	1.2
Telecommunication Services	4.7%	-4.4%	-1.6%	10.3%	12.0	10.8	12.1	10.5	7.9	4.4	4.4	36.4	20.1	10.1	5.4	0.4
Transportation	2.2%	-10.4%	-11.4%	-41.5%	6.8	17.1	19.2	44.3	15.8	1.0	2.5	9.8	19.5	14.5	7.9	1.0
Utilities	2.7%	-2.2%	-6.7%	-35.7%	5.3	9.8	5.7	5.1	4.0	0.9	6.7	9.9	34.3	31.7	30.4	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

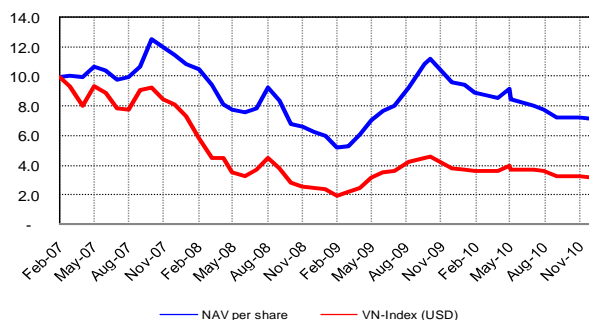
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$7.14
Nov-10	-1.5%
YTD	-24.0%
Since inception (Feb 07)	-28.6%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

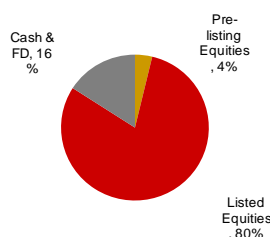
VEMF is a Cayman open-end fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end November, the Fund's NAV per share was \$7.14. Despite a 1.5% MoM decline, the Fund still continued to lead the VN-Index (in US\$), recording outperformance of 38.96% since inception.

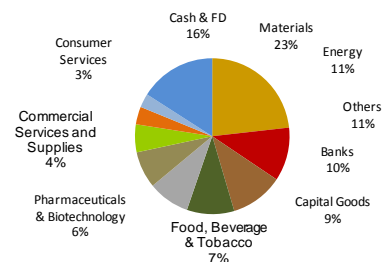
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



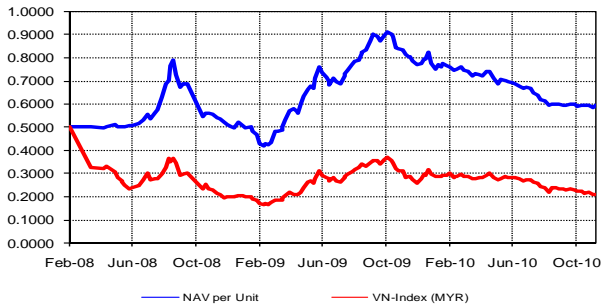
Hong Leong Vietnam Fund (HLGVF)

NAV per unit	RM 0.5925
	US\$ 0.1887
Nov-10	0.07%
YTD	-25.31%
Since inception (Feb08)	18.5%
Bloomberg	HLGVIET:MK

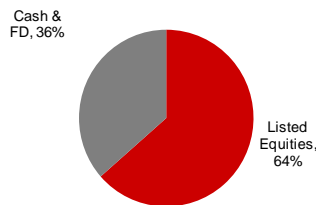
HLGVF is an actively-managed open-end unit trust for Malaysian high-net-worth investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam.

As at end November, the Fund's NAV per unit was RM0.5925. With a 0.07% MoM increase, the Fund still continued to lead the VN-Index (in MYR), recording outperformance of 7.3% MoM, of 4% YTD, and 77.1% since inception.

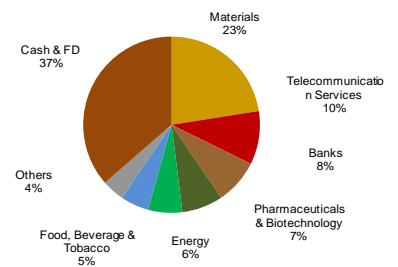
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

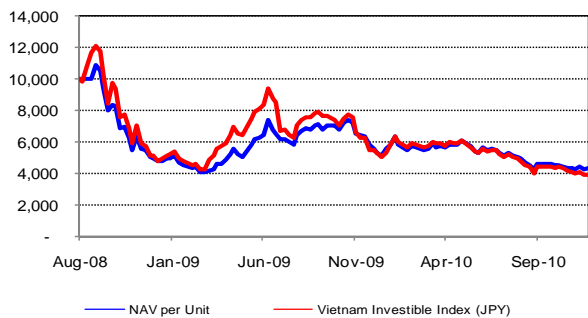
NAV per unit	JPY 4,325
	US\$ 51.88
Nov-10	-0.3%
YTD	-26.1%
Since inception (Jul08)	-56.8%
Bloomberg	VAMINLI KY Equity

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.

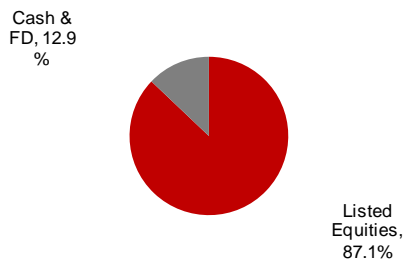
The Fund's NAV per unit decreased 0.3% MoM to close at JPY 4,325 on 24 November 2010.

As of 24 Nov '10

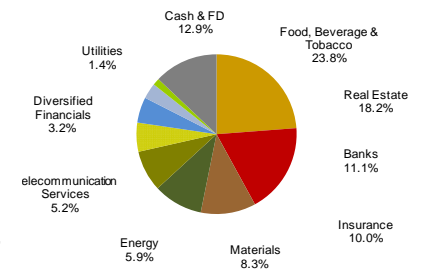
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



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