

Market Update

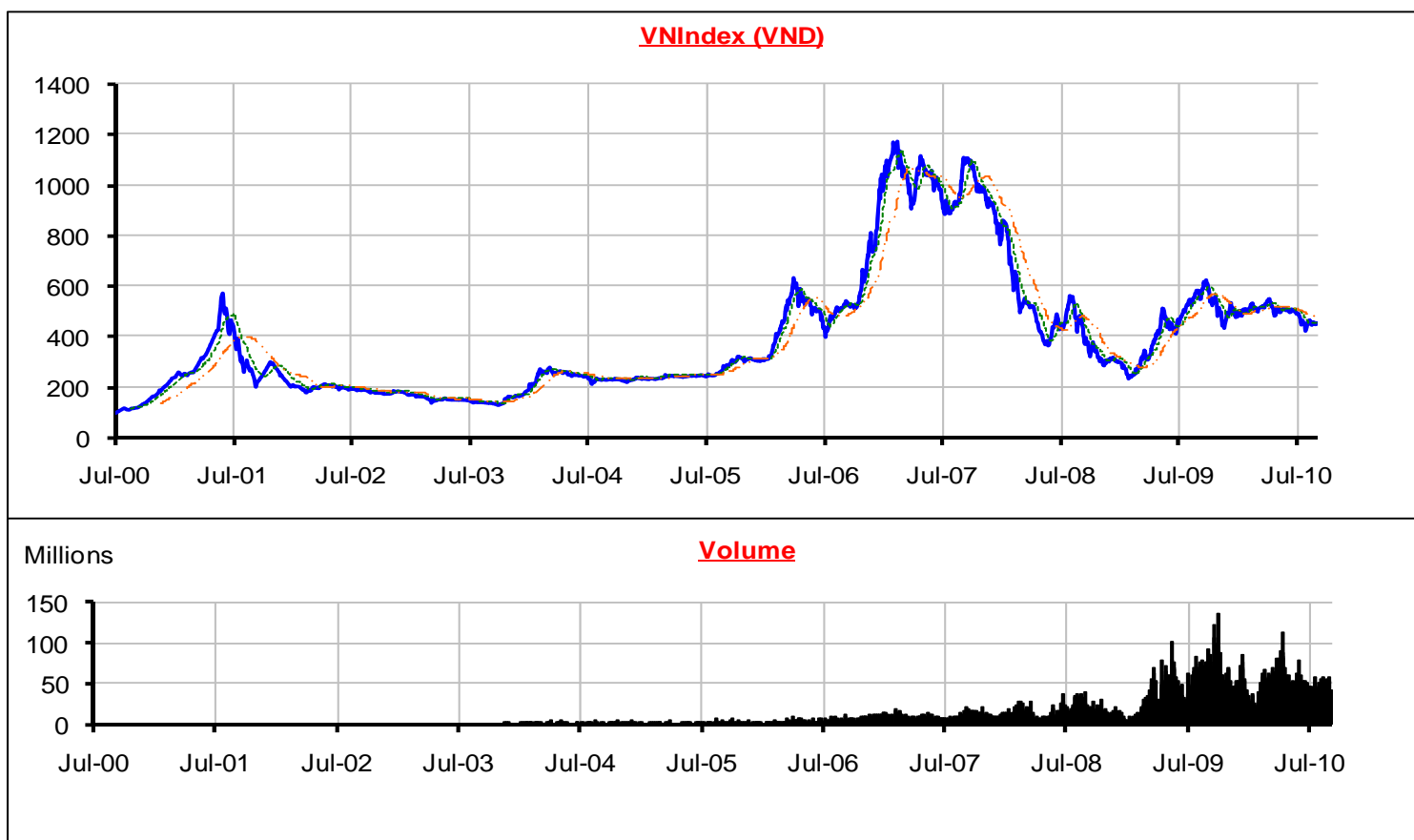
September was characterized by mixed macro signals and continued sideways movement of the stock markets. Of the positive news, the most important piece was that of 3Q10 GDP growth being estimated at 7.16%, making the first nine months growth reach 6.52%. Full year GDP growth target was thus revised up to 6.7-6.8% given the last quarter is usually the most robust period of economic activity. Though preliminary estimate of September trade deficit of US\$1.05 billion appeared worrying, August number was at the same time substantially revised down to just US\$395 million from US\$900 million, making year-to-date trade deficit stand at US\$9.05 billion. The two consecutive upward revisions for July and August exports further confirm beliefs that exports are starting to pick up following the three depreciations totalling 10.9% over the last 10 months. On the domestic front, for the first nine months, industrial production was up 13.8% whilst retail sales revenue soared 25.4% compared to the same period last year.

While economic growth is edging up, inflation and exchange rate are likely becoming issues in the last three months of the year. September CPI came in at 1.31% MoM and 8.92% YoY. In fact, this was the first month-on-month increase of over 1% since this February and the sharp acceleration was driven by higher prices of foods, construction materials, gas and education fees with the last factor being a seasonal one. The 2% devaluation of the dong in August was also fully translated into the month's CPI high rise. Though the government has expressly determined to tighten control over consumer prices through year end to meet its full year 8% target, with year-to-date CPI increase being 6.46%, we think this target is unrealistic given CPI tends to go up faster during this period of the year when festive season is coming. Exchange rate is another concern when the unofficial rate, after months of converging with the official rate, suddenly heated up in September, now trading at 1% above the upper limit of the official trading band. Recent fluctuation of exchange rate in the unofficial market is primarily attributable to strong increases in gold price in the last two months, accelerating inflation and

widening trade deficit. The unfortunate mix of a record-high gold price, an unexpected soar in September CPI, and the divergence of official and unofficial exchange rates have once again sparked fears of inflation and further devaluation toward year end. The mixed macro picture apparently did not help improve the poor market sentiment. The market continued its prolonged sideways movement when the VN-Index closed the month at 454.52, almost flat against September.

Our View

We think the current macro economic uncertainties will continue to cause overhang on the stock market. Despite the potential catalyst from 3Q10 corporate earnings, investors will likely remain cautious in October given a large amount of stocks oversupply and mixed macroeconomic signals. We still uphold our long-term interest in consumers, IT, Telecom, and pharmaceutical sectors. For short-term seasonal play, we are closely watching natural rubber and some high-dividend defensive stocks. Overall, we strongly advise investors to look closely at individual firms' performances rather than choosing specific industry in such a volatile condition.



Sector valuation

Industry group	Weight %	1M %	3M %	YTD %	2009 PE	2010 PE	2011 PE	2012 PE	2014 PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.0%	2.2%	-8.0%	-4.8%	16.0	13.2	12.2	11.9	10.6	2.9	2.7	22.6	37.8	27.3	21.7	2.02
Automobiles & Components	1.0%	4.2%	-19.9%	-32.3%	3.7	8.5	5.7	5.3	4.0	2.1	0.6	26.2	18.3	11.1	7.9	0.2
Banks	17.3%	2.4%	-11.2%	-24.5%	11.6	8.5	7.6	7.6	6.8	1.9	2.5	17.7	39.8	26.9	21.3	10.6
Capital Goods	3.8%	1.4%	-13.2%	-25.2%	9.0	11.3	11.9	11.8	10.9	1.9	3.8	18.7	19.1	11.7	12.7	-0.1
Commercial Services & Supplies	0.2%	16.8%	-18.3%	-15.1%	8.8	7.8	6.9	6.3	5.3	1.4	2.4	17.5	29.8	12.9	15.4	-0.4
Consumer Durables & Apparel	0.9%	0.2%	-10.2%	-15.7%	10.3	9.9	8.9	8.4	7.0	1.6	4.5	17.3	9.8	5.4	3.5	0.6
Consumer Services	2.1%	-11.8%	-16.7%	-19.0%	29.0	20.0	19.0	18.0	74.8	2.4	-	-6.9	40.1	24.1	-12.9	2.7
Diversified Financials	5.3%	1.9%	-22.3%	-39.0%	9.8	9.8	8.5	7.5	5.8	1.6	5.5	17.7	78.1	76.3	63.0	-0.7
Energy	4.5%	1.6%	-13.7%	-25.7%	11.2	8.8	7.8	6.4	5.1	2.0	5.9	20.4	20.8	15.2	11.4	0.9
Food & Staples Retailing	0.2%	4.9%	-17.1%	-17.1%	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	16.6%	3.8%	-2.6%	20.0%	29.4	19.7	18.2	15.8	11.5	4.4	2.0	30.8	35.9	20.6	19.0	-0.2
Household & Personal Products	0.2%	8.2%	-32.7%	-16.2%	33.7	5.8	6.0	6.0	5.8	0.7	1.1	-0.7	18.0	3.7	-3.9	0.9
Insurance	8.0%	12.0%	37.7%	110.0%	29.6	25.2	25.0	24.7	24.2	3.0	2.2	11.8	22.8	-0.6	18.5	-0.9
Materials	9.5%	-3.2%	-11.8%	-17.0%	9.6	8.9	7.3	6.8	5.6	2.3	5.1	24.6	24.9	19.6	17.0	0.3
Pharmaceuticals & Biotechnology	1.6%	-0.6%	-4.1%	-30.3%	9.9	9.0	7.7	6.7	5.2	2.7	3.3	24.4	44.6	17.1	16.9	-0.2
Real Estate	19.9%	2.2%	-17.4%	-23.4%	13.3	12.5	11.2	9.9	8.0	4.0	0.5	28.1	57.1	51.1	32.1	0.8
Retailing	0.9%	1.8%	-26.1%	-17.6%	10.5	12.3	8.6	8.4	7.0	1.4	3.4	11.9	13.6	9.8	6.7	0.7
Software & Services	0.4%	-2.1%	-17.8%	-17.8%	10.5	7.5	3.7	3.0	2.2	1.7	8.3	21.6	13.4	6.6	3.8	1.2
Telecommunication Services	3.7%	-0.7%	3.6%	14.5%	12.3	8.4	9.5	8.3	6.2	4.5	4.3	45.7	20.1	10.1	7.2	0.4
Transportation	1.9%	1.1%	-21.6%	-29.4%	9.1	18.5	18.8	52.2	18.3	1.0	2.0	7.3	17.1	12.3	5.4	1.3
Utilities	2.1%	0.6%	-15.7%	-27.2%	5.5	11.7	6.9	6.5	4.6	1.1	5.9	9.5	34.9	32.0	31.9	0.3

* 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

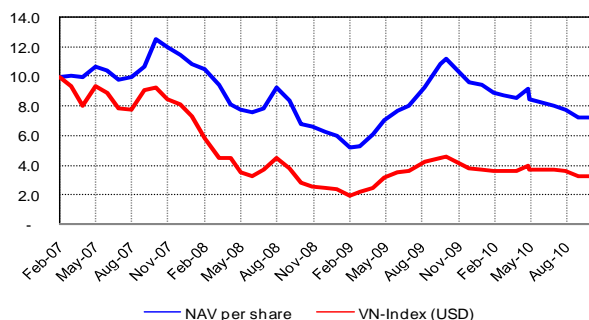
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$7.25
Sep-10	0.4%
YTD	-22.9%
Since inception (Feb 07)	-27.5%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

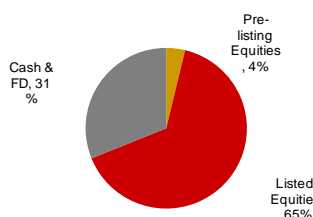
VEMF is a Cayman open-end fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end September, the Fund's NAV per share was \$7.25. With a 0.4% increase MoM, the Fund still continued to lead the VN-Index (in US\$), recording outperformance of 0.44% MoM, and 39.81% since inception.

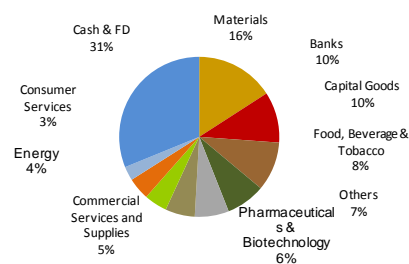
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



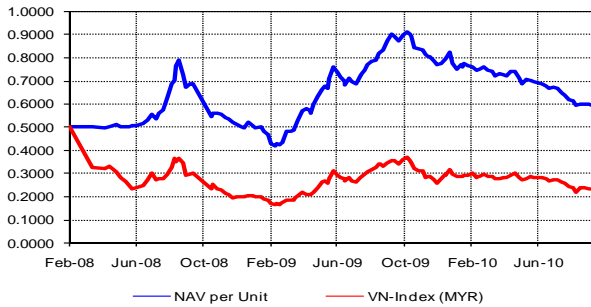
Hong Leong Vietnam Fund (HLGVF)

NAV per unit	RM 0.5950
	US\$ 0.1929
Sep-10	0.40%
YTD	-25.00%
Since inception (Feb08)	19.0%
Bloomberg	HLGVIET:MK

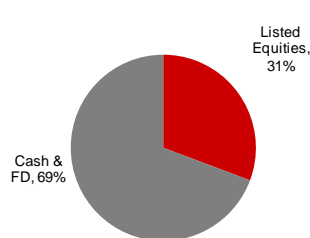
HLGVF is an actively-managed open-end unit trust for Malaysian high-net-worth investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam.

As at end September, the Fund's NAV per unit was RM0.5950. With a 0.4% increase MoM, the Fund still continued to lead the VN-Index (in MYR), recording outperformance of 73.3% since inception.

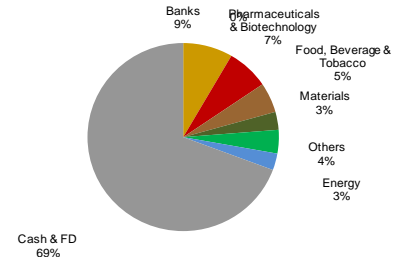
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

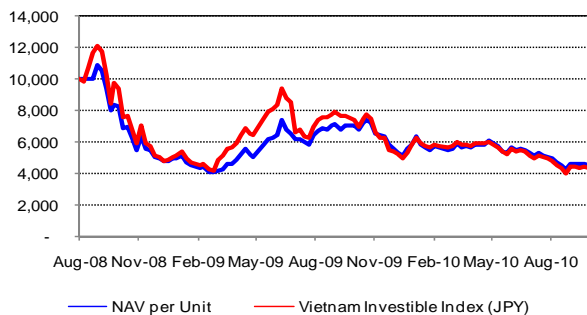
NAV per unit	JPY 4,519
	US\$ 54.03
Sep-10	7.2%
YTD	-22.8%
Since inception (Jul08)	-54.8%
Bloomberg	VAMINLI KY Equity

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.

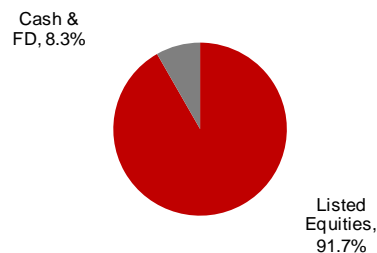
The Fund's NAV per unit increased 7.2% MoM to close at JPY 4,519 on 29 September 2010.

As of 29 Sep '10

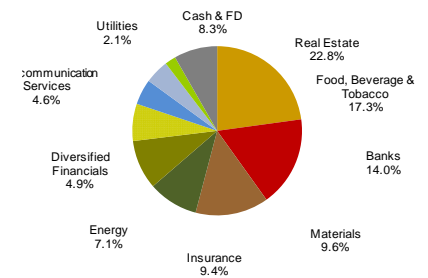
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



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