

Market Update

Both exchanges closed up for the month

Both markets and all three indices ended higher this month. The VN-Index closed at 473.77, up 7.4%; the HASTC closed at 79.86, up 10.6%, while the VN-30 closed at 541.20, gaining 8.2% for the month.

Year-to-date, the VN-Index continues to be one of the best performing markets worldwide, gaining 40.41% this year.

CPI for the month lowest in 5 years

April CPI came in at 0.05%, the lowest month increase in the past 5 years. Decrease in Food and Foodstuff (making up over 32% of the index) helped offset the increase of school fees and March's petrol price. However, May's inflation figures should see a slight increase due to April's petrol price increase and May's basic salary hikes. In addition, the government's recent approval of coal price increase makes threats of electricity price hikes loom larger in May. If realized, it will definitely have further unfavorable impact on the month's CPI.

April's trade figures back in deficit

The trade surplus of USD 224mn recorded in Quarter 1 was rather short lived, as April's trade figures show exports exceeded imports to the tune of USD 400mn. This brings the YTD trade account back into a deficit position of nearly USD 180mn. At cause for the reduced export values in April were the difficulties exporters faced with both the market and with prices. Among the declines in exports were coffee (25% decrease), textile and garments (7.3% decrease) and seafood (7.4% decrease).

Deposit interest rates brought down to 12%

Following on the 1% rate cut in March, rates on all term deposits were again reduced 1% in early April, bringing the maximum deposit interest rates permitted to 12%. Refinancing

rates are set at 13% p.a. while the discount rate is 11% p.a. Lower financing rates reduce the liquidity pressure on banks, thereby reducing the threat of increasing NPL's.

NPL ratios increase across all banking groups

In the division of banks into 4 groups, Group 1 being the best banks, Group 4 being the worst, the issues of NPLs have become clearer as NPLs have increased across all groups, which also include some state owned banks that are considered to be adhering to the safe lending procedures.

Gold import & export rules to change May 2, 2012

Gold ownership will remain legal but trading, importing/exporting without a permit will not be permitted after May 2. The government is also to maintain a monopoly over future bullion production. Gold as a form of payment will also not be permitted. The rationale behind this decision is to further discourage USD demand and soften gold imports.

Shift towards growth

The government has announced several measures to boost domestic growth, including (i) reclassification of non-productive loans which gives banks more room in lending real estate sector; (ii) SBV's Document 2506 which asks financial institutions to work with borrowers to reach more favorable terms for borrowers' existing loans. These measures are expected to bring assistance to struggling businesses.

Aiming to develop an economy where savings are channeled into productive investments, the Prime Minister approved New Financial Strategy, few initiatives of which, stretching to the year 2020, are: limits on government debt guarantees, limits on budget deficits, and a targeted savings rate of 33.5-35% (currently at 25%). The MoF is also considering other meas-

ures to support businesses, namely reductions in VAT, reduction or even elimination of Personal and Corporate Incomes taxes.

Foreign reserves up, as dong remains stable

The dong continues to be stable, trading at 20,828 VND per USD while foreign exchange reserves also seem to be fairing well. The SBV did not provide exact figures but stated that reserves now approach 9 weeks of imports. Thus it can be estimated that reserves range between USD 19-20bn, approximately 25% higher than the end of 2011.

Our view

As the AGM season is coming to an end, we observe that most companies suffered heavily from the 2011 global and domestic economic downturn, with Real Estate, Construction, Construction Materials and Transportation sectors getting hit the most as a result of high interest cost, lack of available credit, frozen property market and increasing oil price. Against this gloomy picture, selective Financials and Export companies became the rare bright sparks when they announced strong earnings growth, having benefited from an opportunistic large interest spread during the year, and weaker VND against the USD, respectively. As a defensive sector, Food & Beverage held up steadily through the storm with most companies showing resilient bottom lines.

We believe that monetary policy starts to have positive impact on the economy. Looking forward, we think that with improving macro economic factors and new tax subsidies, companies with good governance and efficient management will gain further success. We continue to like F&B, Banks, Oil & Gas and are starting to go back into Property and Construction Materials.



Sector valuation

Industry group	Weight %	1M %	3M %	YTD %	2011 PE	2012 PE	2013 PE	2014 PE	2016 PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.0%	5.1%	28.3%	39.3%	9.7	7.9	6.6	5.5	4.0	1.8	5.8	22.2	33.4	22.7	19.7	3.6
Automobiles & Components	0.9%	24.4%	52.9%	60.4%	6.5	6.0	5.4	3.8	2.0	1.1	7.4	18.7	15.8	9.5	5.6	0.4
Banks	20.5%	6.2%	37.3%	52.9%	8.9	7.0	7.0	5.4	4.1	1.6	6.4	19.1	34.3	23.0	16.7	12
Capital Goods	2.9%	16.7%	57.8%	64.9%	8.5	8.2	7.6	7.3	4.4	1.4	6.4	17.9	34.3	16.4	31.0	0.3
Commercial Services & Supplies	0.2%	2.3%	13.4%	30.2%	4.4	3.8	3.4	3.1	1.5	0.6	12.1	17.3	30.2	11.7	11.4	-
Consumer Durables & Apparel	0.7%	14.6%	21.2%	19.8%	7.9	7.4	5.3	4.2	2.7	1.5	5.9	18.8	9.7	4.9	3.4	0.7
Consumer Services	0.4%	7.1%	38.2%	34.9%	6.7	6.3	5.9	5.6	-	0.5	-	10.2	71.6	34.7	34.3	-0.1
Diversified Financials	3.3%	11.2%	63.0%	74.9%	5.8	16.3	9.5	8.3	6.5	1.0	6.2	8.5	57.2	53.3	45.5	-0.7
Energy	3.7%	9.7%	27.0%	30.7%	5.7	5.6	5.0	4.9	3.7	1.2	5.6	21.6	17.6	12.4	8.9	0.9
Food & Staples Retailing	0.1%	20.9%	24.8%	36.5%	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	25.7%	-0.9%	12.5%	20.4%	11.9	10.2	8.5	6.6	4.2	3.6	3.8	33.4	30.7	17.9	15.5	-0.1
Health Care Equipment & Services	0.1%	-8.0%	55.1%	61.4%	-	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	0.3%	14.6%	30.3%	42.0%	7.8	7.7	6.8	6.1	3.6	0.5	2.6	6.9	23.0	9.0	4.4	0.6
Insurance	10.6%	-2.2%	34.6%	74.1%	7.2	5.6	5.0	4.9	4.3	0.7	3.8	11.6	38.1	6.9	28.2	-1.1
Materials	6.1%	19.7%	43.0%	53.1%	4.6	4.5	3.6	3.2	2.7	1.1	8.5	25.9	29.9	23.5	20.6	0.1
Pharmaceuticals & Biotechnology	1.6%	1.3%	5.4%	8.7%	8.2	7.7	6.1	4.9	3.8	2.6	5.0	29.1	44.4	18.1	15.9	-0.1
Real Estate	16.4%	6.1%	21.6%	21.6%	19.1	7.7	5.3	4.7	3.4	1.1	6.3	16.5	45.9	38.6	33.8	0.7
Retailing	0.6%	8.4%	1.3%	2.7%	4.2	3.7	3.3	3.3	3.2	0.6	9.4	15.6	9.9	5.9	4.7	0.5
Software & Services	0.3%	2.1%	5.3%	2.3%	4.1	4.4	4.3	3.9	3.3	1.3	12.4	26.8	21.1	12.7	10.3	-0.4
Telecommunication Services	2.4%	4.1%	21.0%	20.0%	7.1	6.2	5.4	4.8	4.0	2.2	2.6	30.3	19.8	10.0	6.1	0.4
Transportation	1.6%	9.1%	35.7%	37.6%	16.5	15.9	11.4	8.5	7.5	0.6	7.8	15.4	22.7	17.1	12.0	0.2
Utilities	1.5%	10.0%	43.1%	43.5%	6.9	6.3	5.8	5.5	5.3	0.9	14.2	13.5	55.1	52.2	61.9	-0.2

* 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

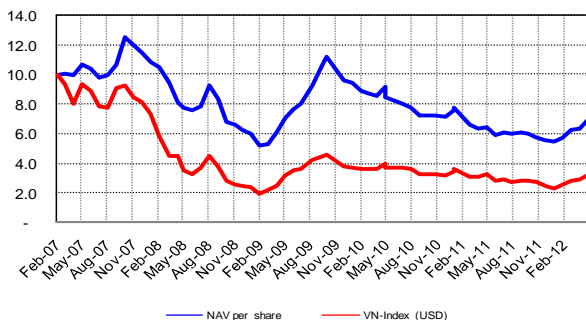
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$6.93
Apr-12	9.1%
YTD	26.7%
Since inception (Feb 07)	-30.7%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

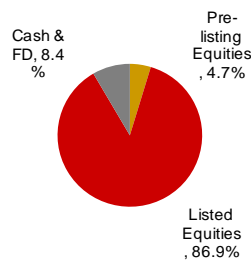
VEMF is a Cayman open-end fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end April, the Fund's NAV per share was US\$6.93. With a 9.13% MoM increase, the Fund continued to lead the VN-Index (in US\$), recording outperformance of 1.79% MoM, and 37.50% since inception.

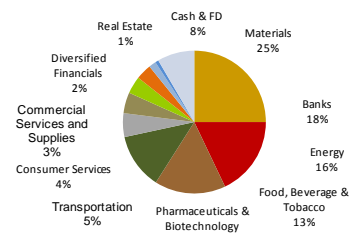
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown



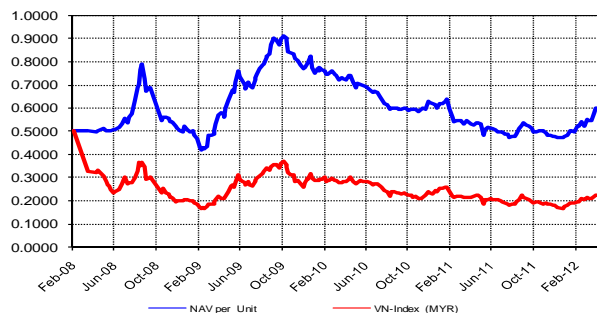
Hong Leong Vietnam Fund (HLGVF)

NAV per unit	RM 0.5992
	US\$ 0.1955
Apr-12	9.88%
YTD	26.62%
Since inception (Feb08)	19.8%
Bloomberg	HLGVIET.MK

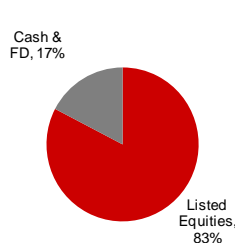
HLGVF is an actively-managed open-end unit trust for Malaysian high-net-worth investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam.

As at end April, the Fund's NAV per unit was RM0.5992. With a 9.88% MoM increase, the Fund continued to lead the VN-Index (in MYR), recording outperformance of 3.99% MoM, and 75.75% since inception.

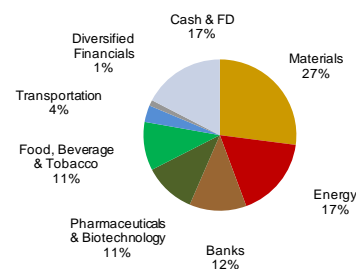
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

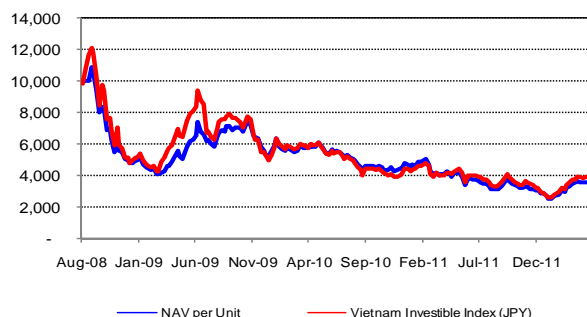
NAV per unit	JPY 3,535
	US\$ 43.42
Apr-12	-0.4%
YTD	34.6%
Since inception (Jul08)	-64.7%
Bloomberg	VAMINLI KY Equity

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.

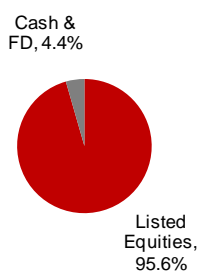
The Fund's NAV per unit decreased 0.4% MoM to close at JPY 3,535 on 25 April 2012.

As of 25 Apr '12

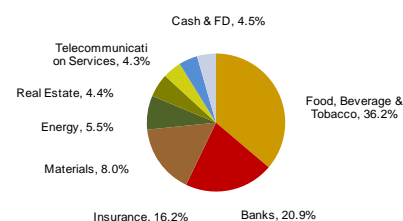
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



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