

Market Update

April was a short trading months with 2 major public holidays leaving only 18 trading sessions. The market continued its correction with the same quantum of 3% drop in 3 indices. Ending the month, VN-index closed at 474.5 whilst HNX and VN30 contracted to 58.36 and 537.4, respectively.

Gradual improvement in manufacturing

A The Index of Industrial Production released by General Statistics Office (GSO) continued to increase 5.8% YoY in April. Likewise, the HSBC Vietnam PMI also posted above the neutral level for a second successive month, indicating a gradual rise in production output and improvement in business condition. While state sector is struggling to revive, FDI continued to flow into the manufacturing industry, especially the private sector. From the beginning of this year, registered FDI increased 17% YoY, reaching USD8.2bn, in which capital for manufacturing industry accounts for 90.2% of the total .

Inflation risk reduced

The government's efforts in fighting inflation have borne fruit as April CPI looked more tamed. The consumer price index increased 0.02% MoM while the YoY headline inflation dropped from 6.64% in March to 6.61% in this month. The MoM increase was mostly due to pricing policy implementation in pharmaceutical and medical items, whereas the main proportion of the basket, namely food and food-

stuff continued to drop 0.91% MoM. As adjustments related to medical items, which are carried out in phases, are not over yet, the market took comfort in the disinflation of the non-medical items.

Credit growth capped at 12% but hard to reach

Early this month, the SBV has announced credit growth cap for each bank according to their financial health. The credit growth cap would be 12% for tier-1 banks whilst tier-2 banks are capped at 10%. Several banks that set their credit growth targets above 12% would have to adjust accordingly. Though enterprises are still reluctant to borrow in the midst of weak demand and banks are cautious not to increase their NPLs further, credit growth was slightly improved to 1.4% YTD in comparison to 0.1% YTD last month. However, it is still difficult for banks to reach the credit growth cap. Current low credit growth makes achieving the GDP target of 5.5% a daunting task for the government. Indeed, both ADB and JP Morgan forecasted that Vietnam's GDP growth will be only at 5.2% this year.

Gold market has yet to stabilize

In order to stabilize the gold market, SBV has sold 10 tons of gold via auctions. However, the outcome was opposite from desired: the gap between domestic and global gold prices is now even higher than before the intervention. Though the purpose is to stabilize the domestic market and closing the global-domestic price gap by increasing supply, most banks accumulated gold to

close their short positions rather than selling out to the retail market.

Trade deficit adds pressure on the Dong

Export surprisingly dropped 12.1% MoM in April, while import only declined 7.6% MoM. Consequently this has widened the trade deficit to nearly USD1bn according to GSO's initial estimation. The strong deficit in April wiped out all of the surplus since January and sent YTD trade balance to a deficit of USD722mn, the highest level since 2011. The trade deficit, together with the widened gold price gap seems to be one of the main contributors to the recent light depreciation of the Dong.

Our view

Although the production sector showed some gradual improvements and inflation risk reduced, weak demand and stagnated credit growth remained the big concerns in April. Besides, slow reform of the banking system and the wider-than-estimated trade deficit disappointed the market further. Fortunately, as inflation is curbed, room for rate cut to spur growth is now more available; and the VAMC establishment which is likely to occur soon would be also a good start. In May, market participants, however, will not only focus on economic events but also wait for progress on political arena. Current uncertainty coupled with the "Sell in May and Go Away" mentality may keep investors conservative for the coming weeks.



Sector valuation

Industry group	Weight %	1M %	3M %	YTD %	2012 PE	2013 PE	2014 PE	2015 PE	2017 PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.0%	-6.7%	-6.8%	4.2%	13.4	10.6	9.7	8.5	6.8	2.4	5.3	19.9	30.8	17.5	14.8	3.73
Automobiles & Components	0.7%	-0.7%	0.2%	10.6%	10.4	9.3	9.1	6.8	4.2	2.4	4.8	17.7	15.7	10.2	6.3	0.5
Banks	30.0%	-9.1%	-17.9%	-9.7%	10.9	10.5	9.6	8.6	6.5	1.3	6.4	12.3	37.8	16.3	11.4	10.6
Capital Goods	2.2%	-9.1%	-7.9%	1.3%	7.2	6.8	6.4	6.0	5.0	1.3	7.2	18.3	33.1	15.7	29.7	0.2
Commercial Services & Supplies	0.2%	7.0%	25.9%	33.5%	6.2	5.4	4.9	4.5	3.7	2.1	6.0	35.4	25.3	9.4	6.7	0.8
Consumer Durables & Apparel	0.4%	-3.1%	-9.3%	-11.8%	6.2	7.7	7.6	7.3	6.7	1.1	7.7	15.6	11.8	6.3	4.3	0.6
Consumer Services	0.3%	6.9%	17.0%	24.4%	9.5	8.7	8.1	7.5	6.3	2.5	-	24.0	62.0	42.9	39.4	-0.6
Diversified Financials	2.2%	-9.0%	-17.1%	-11.2%	15.3	9.1	8.0	7.0	5.6	0.9	6.8	11.2	71.8	67.6	55.3	-0.9
Energy	15.8%	-3.5%	3.3%	17.9%	13.4	11.3	8.7	8.2	5.7	3.2	2.9	25.4	17.5	13.1	9.3	0.1
Food & Staples Retailing	0.1%	-6.8%	8.8%	4.8%	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	20.5%	-3.3%	2.6%	15.3%	16.1	14.9	13.1	11.5	9.7	5.6	3.1	32.4	32.7	20.9	18.6	-0.2
Household & Personal Products	0.3%	0.2%	7.0%	9.7%	7.2	5.8	5.9	5.2	5.3	0.8	8.4	16.2	25.1	8.3	9.0	0.4
Insurance	6.1%	-10.4%	-11.8%	4.0%	6.3	5.8	5.7	5.3	3.3	0.6	4.5	11.5	34.6	6.4	28.7	-1.1
Materials	6.0%	-4.4%	-1.5%	12.1%	7.2	7.2	6.8	6.1	5.3	1.6	7.7	24.2	28.9	19.9	18.9	-0.1
Pharmaceuticals & Biotechnology	1.5%	-3.0%	12.4%	13.7%	10.4	8.2	7.8	6.2	4.3	2.6	3.1	27.7	44.6	15.9	14.9	-0.2
Real Estate	8.7%	-14.4%	-18.7%	-7.8%	43.4	13.2	15.5	10.0	13.7	1.2	10.2	10.9	27.3	18.1	12.3	0.8
Retailing	0.4%	0.5%	9.1%	8.1%	7.8	6.1	5.9	5.1	4.4	0.9	5.9	15.1	9.3	4.1	4.0	0.1
Software & Services	0.2%	-1.7%	-5.8%	-2.1%	7.2	6.8	5.5	6.1	5.2	0.9	31.1	13.5	20.8	12.4	9.4	-
Telecommunication Services	1.3%	-5.6%	-7.8%	-2.6%	7.4	5.9	5.0	4.6	3.8	1.4	5.4	23.1	18.6	9.6	6.4	-0.1
Transportation	1.5%	-10.8%	7.8%	16.0%	15.9	5.1	11.5	10.0	6.4	1.0	4.1	20.9	27.7	20.1	19.7	0.3
Utilities	1.6%	3.1%	7.9%	24.4%	8.1	5.5	7.8	6.9	6.0	0.9	5.8	17.7	54.5	49.8	95.7	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

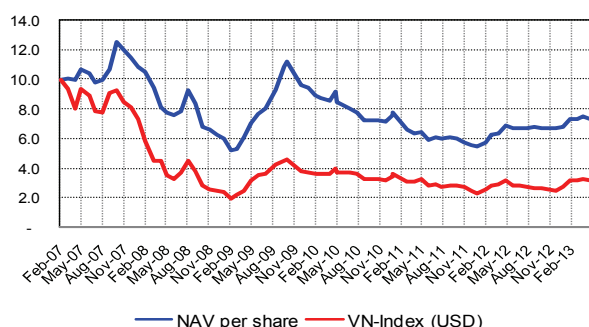
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$7.36
Apr-13	-1.9%
YTD	7.8%
Since inception (Feb 07)	-26.4%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

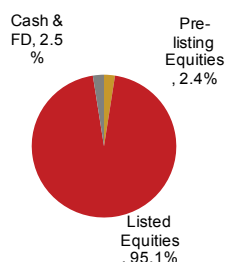
VEMF is a Cayman open-end fund with monthly liquidity for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam on an actively-managed basis.

As at end April, the Fund's NAV per share was US\$7.36. Despite a 1.87% MoM decrease, the Fund was up 7.76% YTD, continued to lead the VN-Index (in US\$), recording outperformance of 1.37% MoM, 41.85% since inception.

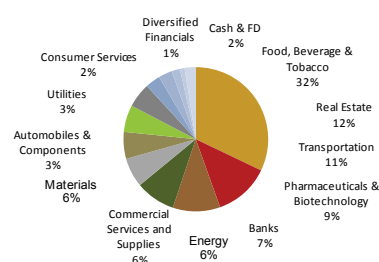
Performance vs. VN-Index (US\$)



Fund Breakdown



Sector Breakdown

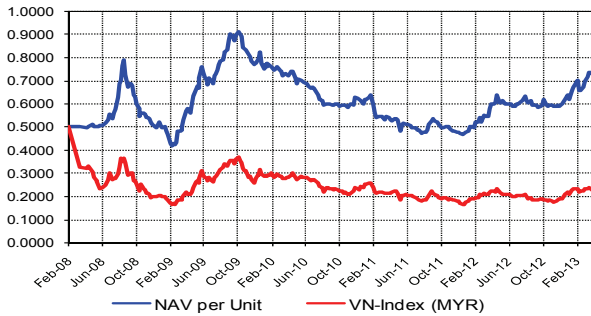


Hong Leong Vietnam Fund (HLGVF)

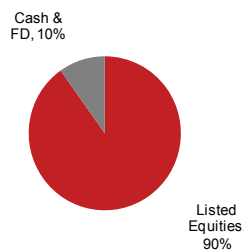
NAV per unit	RM 0.7206
	US\$ 0.2357
Apr-13	0.64%
YTD	20.28%
Since inception (Feb08)	44.1%
Bloomberg	HLGVIET:MK

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 RM0.7206. With a 0.64% MoM increase, the Fund was up 20.28% YTD, 44.12% since inception, the Fund continued to lead the VN-Index (in MYR), recording outperformance of 5.52% MoM, 4.63% YTD and 100.3% since inception.

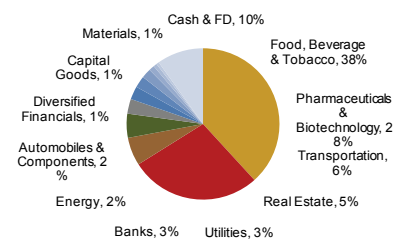
Performance vs. VN-Index (MYR)



Fund Breakdown



Sector Breakdown

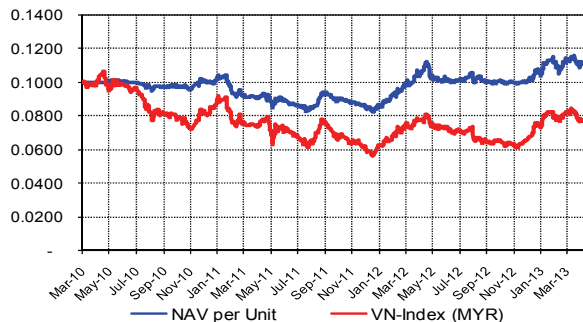


Hong Leong Vietnam Strategic Fund (HVSF)

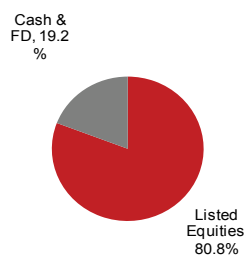
NAV per unit	RM 0.1112
	US\$ 0.037
Apr-13	-1.85%
YTD	8.59%
Since inception (Feb08)	11.20%

HVSF is an open-end unit trust for Malaysian retail investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam. As at end April, the Fund's NAV per unit was RM0.1112. Despite a 1.85% MoM decrease, the Fund was up 8.59% YTD, 11.20% since inception, the Fund continued to lead the VN-Index (in MYR), recording outperformance of 3.11% MoM and 34.12% since inception.

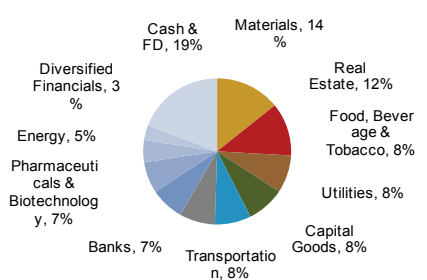
Performance vs. VII (JPY)



Fund Breakdown



Sector Breakdown



Disclaimer: This report has been prepared by Vietnam Asset Management Limited ("VAM") or an affiliate thereof and has been prepared on the basis of information obtained from sources VAM considered to be reliable, but VAM does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. VAM may use certain assumptions or models in the preparation of this report and different assumptions may provide substantially different results.

No representation is made that any investment or recommendation contained herein is suitable or appropriate for the recipient and does not constitute an advertisement, solicitation or offer to buy or sell securities, futures, options or other financial instruments in Vietnam or any other jurisdiction. This report shall not be a substitute for the exercise of the recipient's judgment in making an investment decision and VAM accepts no liability for investment losses.

VAM, its affiliates, related companies and its respective directors and employees, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities, referred to in this research.

VAM, its affiliates, related companies and its respective directors and employees accept no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein or further communication thereof, even if VAM or any other person has been advised of the possibility thereof.

Copyright 2013 Vietnam Asset Management Limited. No part of this report may be reproduced or distributed without the prior consent of Vietnam Asset Management Limited. All rights reserved. This report may only be distributed as permitted by applicable law.