

Market Update

Economically, Vietnam continued to show it is in the midst of a v-shaped recovery in October. Through the first 10 months of 2009 compared to the same period last year, industrial production is up 7%, retail sales are up 18%, and exports are showing some signs of improvement now down only 13.8%. Inflation remains in check at 3% YoY in October. Furthermore, foreign direct investment commitments were roughly US\$6 billion in October, the best month this year and bringing total commitments for 2009 up to roughly US\$14 billion.

Credit growth year to date in Vietnam stands at 33% through the end of October, well over the full year target of 30%. The National Assembly has been deliberating during the month on, among other things, whether to extend a second stimulus package. Concerns that excessive credit growth may re-stoke inflation and also lead to deteriorating bank balance sheets are delaying the announcement of the potential second stimulus package. However, continuing the interest rate subsidy portion of the original stimulus package has been approved, albeit with theoretically more stringent restrictions to avoid improper usage.

During October, the official USD/VND exchange rate reached over VND 17,000 for the first time. The State Bank of Vietnam announced the USD/VND average exchange rate on the inter-bank market on 10th October 2009 was VND 17,001. This is the record high, resulting from continuous slight increases of VND 2 – 3 from the beginning of September. At the end of the month, the black market VND/USD exchange rate spiked up to as much as 18,600 VND/USD

by some accounts.

The stock market had an up-and-down month, finishing up just 1.1% at 587.12 after having dropped to as low as 549 and increased to as high as 624.1 at some points during the month. However, the month end sentiment was bearish. Potential reasons for the month end correction include, i) Vietnam's financial markets aligning with poor global sentiment, ii) perceived drained liquidity through tougher application of the interest rate subsidy program.

Third quarter results have come out for most listed companies by end of October. Generally the results are good and many companies have achieved 80% of their earning targets for the year. Sectors which have done well are real estate, construction materials (including plastics, steel, cement) and ports. The property market has warmed up after a lack-luster 1H09 and transactions are being busily reported, especially in Northern Vietnam market. This has got some real estate companies revise up their earning targets for the year quite significantly. The port operators are still enjoying good earnings, with port fees increasing 10-15% this year, due to lack of supply.

The Food & Beverage sector continued to be steady with most companies on track to achieve their full-year earnings targets; some will also have extraordinary income from sources such as asset revaluation and financial investments. However, some may face slower sales in 4Q due to cold weather in the North (e.g. beverage), while some others may benefit from Vietnamese habit of stocking up food for Lunar New Year (e.g. confectionery). Seafood exporters reported mixed



VN Index

results, with the industry leaders performing well and smaller players suffering from high cost inventory and lost markets. Pharmaceutical sector is inline although no breakthrough is expected. Auto components also did well but next quarters may be more difficult due to higher material costs.

Banks had a tough quarter as NIM dropped around 20% QoQ amidst increasing competition for funding. Insurance companies are still making losses from core business and furthermore hit by losses from bond investments in the rising yield environment. Shipping companies have done slightly better in 3Q09 compared to 1H09 but the outlook is still rather bleak as shipping rates are expected to improve only toward end 2010.

Our View

We think that the market has passed its initial recovery stage where most stocks enjoyed price appreciation. Going forward, the market will be more selective and biased toward companies with good earnings potential based on the current and near-term economic outlook. In the medium and long term, we continue to be bullish on the market's recovery and certain stocks with strong fundamentals will continue to outperform.

Sector valuation

Industry group	Weight %	1M %	3M %	YTD %	2009PE	2010PE	2011PE	2014PE	P/B	Dvd Yield	ROE	Gross Margin	Op Margin	Net Margin	Net D/E
Vietnam Market	100.0%	-1.1%	11.9%	47.8%	17.0	17.0	14.8	9.5	3.9	1.7	21.3	32.2	23.0	24.8	2.2
Automobiles & Components	0.9%	-5.1%	78.6%	365.1%	13.0	15.1	11.6	6.4	6.4	0.6	41.6	19.8	12.4	10.4	0.7
Banks	20.5%	-5.3%	-6.1%	61.5%	13.9	13.2	11.2	6.6	3.2	0.5	17.1	37.3	28.9	21.3	9.8
Capital Goods	4.0%	6.7%	41.8%	163.3%	14.8	14.2	12.8	8.9	4.0	2.5	26.0	30.0	20.0	17.8	0.4
Commercial Services & Supplies	0.1%	16.4%	92.0%	127.1%	-	-	-	-	-	-	-	-	-	-	-
Consumer Durables & Apparel	1.1%	7.3%	14.1%	67.6%	14.5	15.5	13.4	10.2	2.9	1.5	17.6	5.5	3.0	2.0	-0.2
Consumer Services	2.5%	-12.2%	-10.4%	4.6%	-	-	-	-	-	-	-	-	-	-	-
Diversified Financials	5.3%	8.5%	41.4%	204.3%	27.7	29.0	26.7	16.8	3.2	-	13.5	32.7	24.9	118.9	-0.3
Energy	6.2%	-3.9%	14.3%	16.4%	16.4	15.6	14.9	9.6	4.5	2.7	27.3	24.8	20.2	15.1	1.7
Food, Beverage & Tobacco	14.8%	-2.3%	-7.2%	34.4%	15.6	17.9	15.3	10.9	5.8	2.6	32.3	33.4	18.6	19.0	-
Household & Personal Products	0.2%	20.1%	53.8%	82.9%	36.3	22.3	18.5	7.8	0.9	1.3	4.2	24.1	7.6	3.1	1.0
Insurance	7.5%	-3.6%	-5.9%	-15.0%	27.3	22.7	20.2	13.6	2.4	2.6	8.7	24.4	1.9	9.4	-0.9
Materials	10.9%	0.4%	14.2%	63.4%	13.6	13.4	12.1	9.8	4.1	2.4	24.4	27.9	22.1	19.5	-
Pharmaceuticals & Biotechnology	1.5%	-2.4%	23.1%	35.3%	17.6	16.3	12.9	7.5	3.5	1.9	17.9	43.7	10.5	9.4	-0.3
Real Estate	14.1%	7.6%	66.3%	47.7%	23.7	24.9	19.9	11.7	5.1	0.9	21.9	47.2	40.8	32.8	1.1
Retailing	4.0%	-0.6%	19.7%	63.5%	14.1	13.0	11.8	6.0	4.3	2.3	27.0	11.3	6.7	4.7	-0.1
Transportation	2.0%	0.9%	63.5%	175.5%	16.4	20.9	23.7	9.1	2.3	0.5	13.7	20.0	14.8	13.1	0.2
Utilities	4.6%	59.0%	78.1%	150.9%	12.4	11.1	9.7	7.1	2.5	3.8	19.8	40.7	38.7	39.8	0.5

* 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

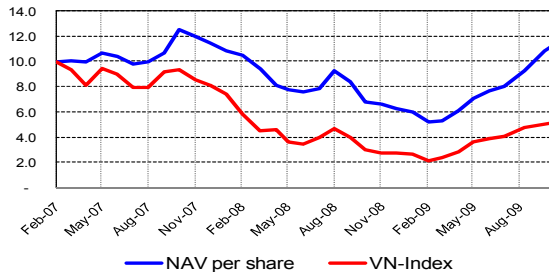
Vietnam Emerging Market Fund (VEMF)

NAV per share	US\$11.22
Oct-09	3.8%
YTD	77.8%
Since inception (Mar 07)	12.2%
Reuters	65092798
Bloomberg	VAMVEMF KY Equity
ISIN	KYG 936131005
CUSIP	G93613100

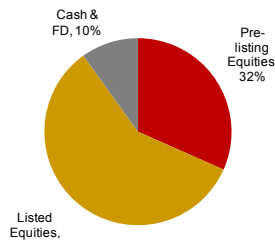
VEMF is a Cayman closed-end fund for offshore investors. The Fund invests in private equities, privatization, OTC and listed stocks in Vietnam.

As at end October, the Fund's NAV per share was \$11.22. With a 3.8% increase MoM, the Fund continued to lead the VN-Index, recording outperformance of 2.7% MoM and 60.6% since inception.

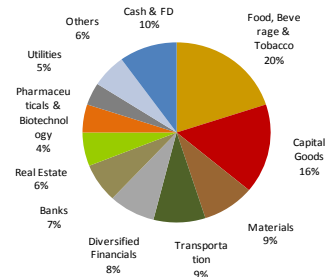
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



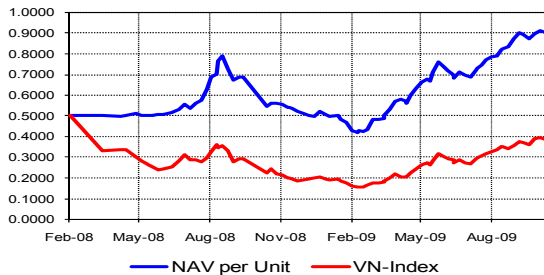
HLG Vietnam Fund (HLGVF)

NAV per unit	RM 0.8916
	US\$ 0.2619
Oct-09	-0.02%
YTD	79.9%
Since inception (Mar08)	78.3%
Bloomberg	HLGVIET:MK

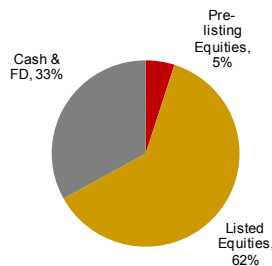
HLGVF is an actively-managed open-ended unit trust for Malaysian high-net-worth investors. The Fund invests in OTC, pre-listing and listed stocks in Vietnam.

As at end October, the Fund's NAV per unit was RM0.8916. With a 0.02% decrease MoM, the Fund still continued to lead the Index, recording outperformance of 103.3% since inception.

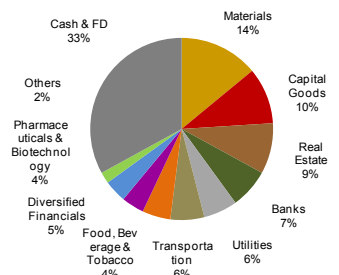
Performance vs. VN-Index



Fund Breakdown



Sector Breakdown



HS-VAM Vietnam Index Linked Fund (VILF)

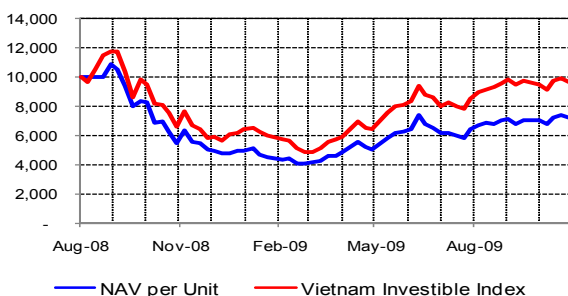
NAV per unit	JPY 7,235
	US\$ 79.45
Oct-09	2.5%
YTD	45.9%
Since inception (Jul08)	-27.7%
Bloomberg	VAMINLI KY Equity

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.

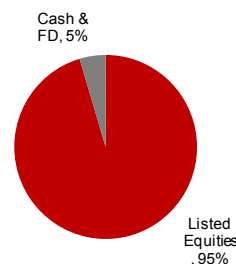
The Fund's NAV per unit increased 2.5% MoM to close at JPY 7,235 on 28 October 2009.

As of 28 Oct '09

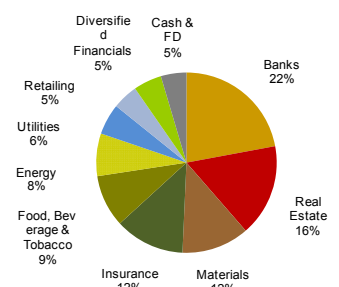
Performance vs. VII



Fund Breakdown



Sector Breakdown



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