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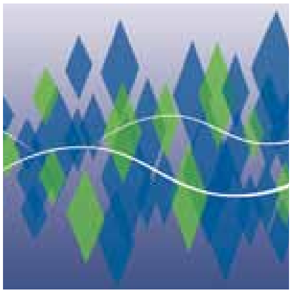
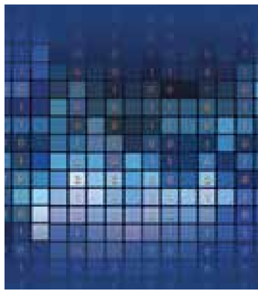
Quarter I/2011



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2011 MACRO OUTLOOK

The Economy — Next Economic Reform Gets Real

In the past 4 years, Vietnam's economy has moved into an unhealthy boom/bust pattern

The economic reform package named "doi moi" began officially in 1986 to overcome the serious hyperinflationary and budgetary problems and the underlying economic structural weaknesses. The reform was implemented in 1989 and laid the base for high economic growth, second only to China's close to 10% growth. This growth and the country's mix of favorable demographics and political stability led to comparisons of Vietnam as the next Asian tiger. But progress hit a wall as a result of bad macro policy management, causing an unhealthy boom/bust pattern.

2010 growth targets easily achieved, but growth with stability remains a challenge

The economy posted strong 2010 GDP growth of +6.8%, exceeding the official 2010 target of +6.5% and the actual 2009 growth of +5.3%. However, this came at a cost and the country now faces serious economic instability from high inflation, a large trade deficit and a weak currency. The CPI was recorded at +11.8% in 2010 and the trade deficit at $12.4bn, down to 12% of GDP from 14.5% whilst the current account deficit is fully covered by a capital account surplus. But the inflation / trade deficit nexus erodes the confidence in the currency, creating a drain on foreign reserves and further undermining the currency - which in the past five years has lost 30%. That all comes out in the errors-and-omissions line of the Balance of Payments, which we expect to report $12.0-12.5bn in 2010.

State Owned Enterprises are the main problem...

Most of these problems can be traced back to the State Owned Enterprise (SOEs). They started becoming "Franken steins" after the early 2000s, when the Government decided to impose the chaebol model for Vietnam's development. The SOEs grew for a few years and then suddenly metastasized during the capital boom of 2006-08. They effectively hijacked the economy, whose dynamics have never been the same since.

... thanks to their massively inefficient investment

SOEs now account for 45%-50% of all capital investment while producing about 20%-25% of true GDP and employing some 5% of the labor force. The standard way to measure their productivity is via the Incremental Capital Output Ratio (ICOR). The higher the ICOR, the lower the returns from capital, and Vietnamese SOEs currently come in at 11x compared to 5x in 2005. Their increasingly profligate investment - sucking in imports, pumping inflation, debasing the currency - has created the whole feedback loop of macro instability that the Government must now break.

But with Vinashin meltdown, problem is starting to be addressed

The State corporate sector is a stronghold of vested interests but the Vinashin debacle shows that the Government is starting to tackle it. The Prime Minister unexpectedly allowed the company to go bust, and while his refusal to foot the debt bill has increased sovereign risk ratings, it also sends a powerful message to SOEs about shoring themselves up. Vinashin is atypical of other SOEs in the epic extent of its wrong economic model using cheap labor to compete in a capital intensive sector and mismanagement. Further meltdowns therefore are unlikely - just the usual on-going gross inefficiency.

Crackdown on SOE overexpansion plus more empowerment of private sector

As of July 2010, all SOE became limited liability companies. They retain their directors and management but their legal footing has crucially changed, with no more automatic call on the Government to underwrite losses, or to implicitly guarantee loans. Banks will now have to think twice before lending money to SOEs. The Government has also imposed a strict limit on SOEs' non-core business investment, at a maximum 30% of paid-in capital. Meanwhile, on infrastructure development, planners have realized that not only the budget but governance and oversight is inadequate. So they have authorized a PublicPrivate Partnership scheme and also allowed private firms to access ODA capital.

Parallel reforms in bank sector

Prior to 2011, the State Bank of Vietnam (SBV) had no clear policy mandate and was restricted to implementing money supply targets set by the National Assembly. A new Central Bank Law established the full independence of the SBV as of January 2011 with full discretionary. power over monetary policy. Ahead of this the SBV put through Vietnam's own version of Basel 3, via the so-called Circular 13. This decree aims to rationalise the banking industry by imposing higher levels of capital adequacy, better standards of risk management, and generally tougher prudential regulation. The end result of greater loan discipline shows the Government is reining in its growth bias.

Government finally opts for stability over growth. Unprecedented level of coordination between fiscal and monetary policies

Around mid 2010, both fiscal and monetary policies were compromised by the political calendar. In anticipation of the Party Congress in January 2011, policy makers reserved some of their tightening measures to achieve economic stability when GDP growth was on the top list of their agenda. This time, the new Government has more pressure to stabilise the economy to achieve their set of macro targets for the next five years. Amonth after the Party Congress, in a coordinated effort, the Prime Minister called on all its ministries, agencies, and localities to join the fight against inflation and to stabilise the macro-economy and ensure social security. As a result, in March 2011 resolution 11, which opts for stability over growth, was issued. The package formalised the recent monetaryfiscal tightening actions, combined with an unprecedented level of coordination in implementing them, underlining that this time policy makers are getting real.

Slash 2011 loan growth and M2 targets to 18-19% and 16% from 31% and 26% in 2010, respectively

So far on the monetary front, the SBV has slashed the 2011 loan growth target from 25% to 18-19% (inclusive of corporate bonds) and the M2 target from 20% to 16%. Historically, credit expansion leads inflation by six to nine months in Vietnam, so reduced M2 should start to mitigate price pressures from 3Q11 onwards. The SBV has also decreed that l oans to so-called "non-productive business" - code for property and stocks - must be cut to 22% of loan books by 30 Jun and 16% by 31 Dec. Mandatory Reserve Requirements will be doubled for any banks that fail to comply. The SBV also ordered banks to be "prudent" on USD lending, with the meaning of "prudent" typically left unclear, but appearing to require that borrowers should have USD revenues. An implied threat of sanctions hangs over banks that are "imprudent", as determined by regulators.

Scale down SOE's investment is a key step in reforming Vietnam's economy

Meanwhile the MoF announced fiscal measures to rein in SOEs. It emphasized the need to hold public investment down, lowering the 2011 budget deficit target to a maximum 5.0% from the 5.8% actually achieved in 2010. Most of the savings are projected to come from a 10% reduction in spending, centered on cuts in specific SOE projects. The MOF also repeated its suspension of guarantees on new SOE loans or bond issues. These actions hit directly at SOEs' cheap funding, along with tougher prudential regulation of the banking sector now being put in place.

Attempt to bring informal wealth into the banking sector

Further, the SBV and the MOF are planning to work together to control gold speculation, through surveillance of gold-bar trading. The Government has banned this activity for smaller jewelry shops, which do most of the smuggling using black-market USD finance. By centralizing trade in a few big players, the regulators hope to minimize the discrepancy between domestic and international prices, and thus disincentivise the frantic gold outflow through "errors and omission" in the BOP. This is key to sentiment.

Implementation process will determine the path of Vietnam's economy

These are major steps in the right direction. However, we have to follow the implementation process of fiscal austerity and the constraint of SOE investments closely since these they are the key to determine the economic path for Vietnam in the next 5 to 10 years.

Interest rates on VND will remain at high level in 2011	Real VND deposit rates in Vietnam have been positive for a long period. Depositors receive some 14-15% return while inflation is at 11.75% in 2011. However, inflation risk combined with foreign exchange risk will prevent State Bank of Vietnam to loosen its monetary policies in 2011.
Inflation unlikely to moderate soon; look for 17% CPI peak in 2Q	Inflationary forces are not likely to abate very soon, especially as the Government has just introduced a second round of fuel-price hikes. We forecast a +17% yoy CPI reading at some stage in 2Q11 and then a few months at 15% thanks to (a) second-round effects of all the adminis trative price increases that are underway; (b) a low base of inflation in 2Q10 ; (c) the lag of five to nine months historic with which credit and money-supply movement typically operate on inflation in Vietnam.
But by year-end CPI should be in range of 12.0-13.5% as policy reform takes effect	By 3Q, however, prices will be decelerating on the back of sustained tightening. In 1Q11, loan growth was 4.3% ytd, with the authorities looking to retrench it further on the USD side. And M2 growth was barely 1.5% ytd. The economy at large is already slowing as this gathers traction. GDP scored +5.4% in 1Q11 vs +5.8% in 1Q10, and real 3m/3m retail sales averaged +5.3% vs +24.2%. Inflation cannot be far behind. It is really just a question of the Government sticking with its austerity medicine, stabilising the currency, dampening monetary expansion, and above all getting the SOEs under control. If that scenario plays out, we believe that by year-end the CPI will be in a range of 12-13% and in 2012 at 7-8%. As inflation ticks lower, rates can be eased down and GDP should be able to cruise at a core 7.0% in coming years without price problems.
Forex market is stabilised until at least 4Q2011	Consumption imports account for 8% of total import but it has significant impact on forex rates in the black market. Vietnam does not have problem with the Balance of Payments as the capital account surplus has always been larger than the current account deficit. As mentioned above the problem stems from the confidence in the VND. Hence, the black market is the key. Since 2009, the VND depreciated against other Asian currencies by some 30%. The Government also starts to understand the importance of the black market. Given high interest rates and a more competitive currency, consumption imports will decline in 2011, hence help supporting the VND.
Capital and remittance remain robust	According to the figure from the Central Bank's Remittance Management Department, in December, the total volume of inflow remittance transferred to Vietnam was estimated at $770 million, bringing the total figure in full year to over $8 billion, rising 25.6 percent y-o-y. The robust trend of remittances is expected to continue in 2011. According to our forecast real FDI disbursement can reach $8.6bn in 2011 compared to our estimation of $8bn in 2010.
GDP growth at 6.0-6.3% in 2011	To achieve 6.8% GDP growth from a low base 5.3% growth in 2009, M2 growth reached 25% in 2010. However, a month ago the government targeted GDP growth of 7-7.5% in 2011 but later the SBC announced the lower M2 growth target of +16% and the prioritization of stability. Given the serious effort in restoring stability, we revise our 2011 GDP growth forecast to 5.8-6.3% from 6.9% published in Dec 2010.
Fiscal deficit planned at maximum 5.0% compared to 5.8% in 2010	On the fiscal front, budget revenues and expenditures are expected to grow at 12.6% and 15%, respectively compared to 19.4% and 8% in 2010. The 5.3% fiscal deficit as percentage of GDP plan includes debt repayment. If we exclude debt repayment to be consistent with IMF's standard, fiscal deficit is only at 3.1% for 2011. Given the conservative estimation on budget revenue and expenditures, we think the Government can exceed its 5% target.

STOCK MARKET

The VN Index was little changed during 2010, losing just 2% to 485. But this was a dismal showing versus regional bourses. In fact it was the fourth year of underperformance since 2007, aggravated as always by currency devaluation, which put USD returns at -10%.

The VN Index advanced through Q1 2010 as monetary tightening from late 2009 was reversed. But the market lagged its counterparts in the region as worries continued over the macro outlook. Sentiment was not helped by a 2.4% devaluation that had to be carried out in February, down to VND18,899:$1, to address rising inflation and a relentlessly higher gold price. Still the market was only modestly behind some of the other Asian exchanges, and in the spring it weathered the Euro-zone crisis with no more damage than its peers. Early May proved to be the peak for Vietnam, however, at 550 on the VN Index.

From May onwards, interest rates stopped falling as signs of overheating became impossible for the Government to ignore. No less important, the authorities began to push through major bank sector reforms, via increased paid-incapital requirements, higher capital adequacy ratios and a general clean-up of lending practices. These measures had long been mooted but implementation caught the market by surprise, as banks were forced to undertake new issuance of some US$5-6bn to meet the tougher financial ratios. Some of this was in the OTC market, so corporate actions were spread across the system, but they nonetheless added up to a huge collective call on the pool of available capital.

Banks' rights issues started in June, and to this was added the final meltdown of Vinashin. From this point onwards Vietnam simply decoupled from the region, plunging while the rest of Asia soared. Not only did capital raisings come on strong, but inflation kept rising, heading for 12% by year-end, and rates were further hiked in response, ultimately reaching 18%. With gold also rising steadily, the VND had to be devalued again, by 3.1% to VND19,500:US$1 in mid August. That brought a final plunge to the year low of 424 on the VN Index. Banks led the market down, closely followed by brokers and properties. The market rallied after that, since 424 was seen to be overdone in terms of valuations and technicals. But the recovery mostly took the form of fluctuations around the 450 mark, on ever-fading volume - down to as low as US$40m on some days in Q4 2010. A bit of momentum gathered towards the end of the year as the Government extended the deadline for certain small banks to meet their paid-in capital numbers. As well, investors began to anticipate a favorable outcome from the Party Congress scheduled for early 2011. And so the VN Index was able to make its close at 485. But its 2% loss in VND, and 10% in USD, compared poorly with mainstream regional markets which, outside of Greater China, were all up by 20-55% in USD.

The market's performance might have been worse had it not been for a surprise development, which was the emergence of ETFs. There area two of these vehicles tracking Vietnam. Some what subdued in 2009, they doubled in size over the course of 2010 to around US$600m, and became a major force on the market. But since they had to target big stocks with foreign room, with no regard for fundamentals or governance, they pumped up many companies which were available precisely because they lacked investment appeal. Names like BVH, VIC and VinPearl rose more than 100% while much worthier blue chips lagged. In fact, rather a lot of the relative stability of the VN Index in 2010 - in VND terms - was owing to gains in those very counters. So ETFs helped the VN Index but distorted the market. So far this year the VN Index has continued to fluctuate round about where it ended 2010. There was an initial move to 525, but this was impossible to sustain since (a) it was concentrated in a handful of stocks being chased by the ETFs and (b) adverse economics have continued to impose themselves. Inflation of 13-14% year on year in Q1 2011 has been even more elevated than in 2010, rates have been hiked to 20% and gold is not moving any lower. And so the currency has had to be devalued again, this time by a record 7.2% to VND20,899:US$1. But for once the hit may have come as part of an overall package rather than just being another downward adjustment. Since the Vinashin event the Government has been pushing macro rationalisation with unusual aggressiveness and with unprecedented coordination across the ministries. Its stepped-up prudential regulation of the banking sector has been accompanied by crackdowns on SOE expansion. And to make the devaluation hold, it has followed up with an array of very strict monetary-fiscal measures. If the Government sticks with it new 'get tough' discipline, the market has scope for serious upside in H2. Valuations are very undemanding - the consensus would probably put the 2011 PER at 8.5x, on fully-diluted EPS growth of 15-18%, and 2012 looks even cheaper. Prices would have quite a way to run if macro policy at last shifted to favor of growth with stability.

VF1

Fund name	Quỹ đầu tư Chứng khoán Việt Nam Fund (VF1)
English name	Vietnam Securities Investment Fund
Trading Code	VFMVF1
Fund type	Closed-end public fund
Current chartered capital	1,000,000,000,000 VND
Outstanding fund unit	100,000,000 units
Inception date	May 20, 2004
Listing date	November 8, 2004
Fund term	10 years
Management Fund	VietFund Management (VFM)
Custodian	Joint Stock Commercial Bank for foreign trade of Viet nam (Vietcombank)
Management fee	2%/NAV/year
Custodian & depositing fees	0.08%/NAV/year
Dividend	By annual, based on realized return and approved by Annual Meeting of Investors.
Investment objective	VF1 aims to invest to listed and unlisted shares, fixed-income securities and other financial instruments to build a balanced portfolio.

Fund performance in QI/2011

During QI/2011, Vietnam' stock market plunged as VN-Index dropped 4.9% down to 461.1 points and HNX-Index lost 19.9% down to 91.5 points. On a year-to-date basis, VF1 dropped 10.4%, which underperformed VN-Index (dropped 4.9%) and outperformed HNX-Index (plunged 19.9%).

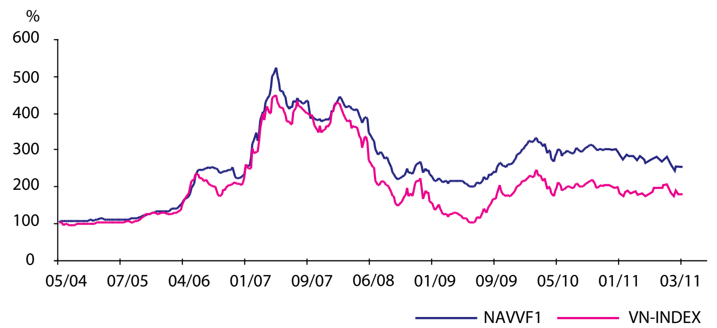
Movement in net asset value (NAV)

	31/03/2011			Performance (%)			
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	YTD	Since inception (20/5/2004)
VF1	1,000	1,905.2(*)	19,052	(1.8)	(10.4)	(10.4)	102.5
VN-Index			461.1	(0.1)	(4.9)	(4.9)	76.3
HNX-Index			91.5	(4.6)	(19.9)	(19.9)	(8.5)

(*) Including 15% dividend paid to investor on May 12, 2010

NAV VF1 PERFORMANCE VS. INDEX

20/05/2004 = 100



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date (YTD)	YTD annualized
2011	2.2	(10.7)	(1.8)										(10.4)	(35.5)
2010	(0.8)	0.6	2.3	7.0	(4.6)	0.2	1.3	(7.9)	(0.2)	(0.6)	(3.9)	1.4	(8.2)	(8.2)
2009	(1.4)	(7.5)	4.5	8.6	10.7	8.4	7.7	14.3	8.5	(0.6)	(8.6)	1.5	50.9	50.9
2008	(6.0)	(15.0)	(15.7)	(9.0)	(20.0)	(4.2)	6.7	14.2	(9.7)	(14.0)	(1.0)	0.6	(55.8)	(55.8)
2007	25.0	47.6	33.0	19.9	24.9	0.1	(3.5)(*)	(2.1)	5.8	8.8	(4.2)	(2.1)	46.1(*)	46.1(*)
2006	6.0	14.7	10.3	33.5	4.0	3.2	(8.4)	1.3	4.7	(4.4)(*)	15.2	31.0	175.1(*)	175.1(*)
2005	0.04	2.4	1.1	(2.4)	0.2	0.5	0.2	3.5	5.6	5.8	4.7	1.2	25.2	25.2
2004						1.0	(0.6)	(0.2)	0.3	0.6	(0.2)	0.6	1.6	3.2

(*): based on weighted average chartered capital

TOP 5 HOLDINGS

Stock	Stock exchange	NAV (%)
SJS	HOSE	9.1
NTL	HOSE	8.4
DPM	HOSE	7.1
BVTV AG	OTC	6.1
PVD	HOSE	4.5

Portfolio review

		Gain/Loss (%)		NAV (%)
		QI/2011	Year-to-date	
	NAV (%)	**-10.4**	**-10.4**	**100**
	Total investment	**-9.7**	**-9.7**	**95.4**
By asset classes	HOSE	-9.8	-9.8	61.8
	HNX	-13.3	-13.3	16.7
	Unlisted	-6.6	-6.6	16.8
	Bond	0	0	1.3
Top 5 industries	Infrastructure – Real estate	-14.9	-14.9	29.7
	Materials – Resource	-4.9	-4.9	23.7
	Food - Beverage	1.2	1.2	6.7
	Energy	-2.7	-2.7	6.9
	Capital goods	-14.8	-14.8	13.3

The listed investments in VF1's portfolio (accounted for 78.5% NAV) decreased 10.5%, which underperformed VN-Index and outperformed HNX-Index. Unlisted stocks (16.8% NAV) lost 6.6% in QI/2011.

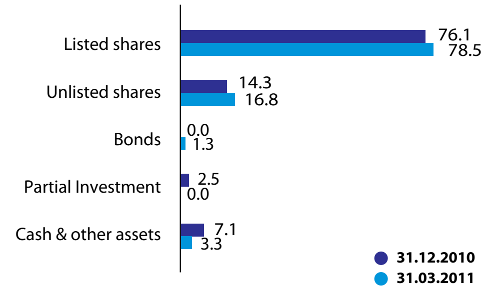
Amongst Top 5 industries (comprised of 80.5% NAV), Real Estate sector still occupied the largest proportion (29.7% NAV) and lost 14.9% while Materials- Resources sector (23.7% NAV) decreased 4.9% in QI/2011.

Total investment value in QI/2011 was 185.6 billion dong, which were focused in Capital Goods (60.3 billion dong) and Energy sector (52.4 billion dong).

Total divestment value was 116.0 billion dong, which were focused in Materials & Resources (60.5 billion dong) and Real Estate sector (41.4 billion dong).

The investing and divesting activities in QI/2011 were primarily trading activities for the purpose of restructuring the portfolio.

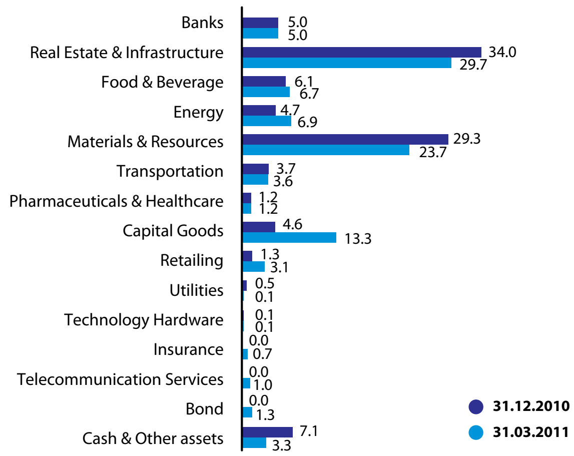
Asset allocation (%)



In QI/2011, VF1's Fund increased Bond's holding from 0% NAV up to 1.3% NAV and increased the listed investment proportion expecting the recovery of the market. Consequently, cash's proportion decreased from 7.1% NAV to 3.3% NAV and listed stocks' proportion increased to 78.5% NAV.

OTC stocks' proportion increased from 14.3% NAV to 16.8% NAV since some investments were reclassified (Viettel Global and A&B Tower were moved from partial investments to unlisted stocks) which reduced the partial investments' proportion down to 0%.

Investment by industries (%)



Investments by industries during QI/2011 barely changed as compared with previous quarter when the two largest sectors belonged to Real Estate & Infrastructure and Materials & Resources. Real Estate and Materials & Resources were continued to be divested and consequently decreased their proportions from 34.0% and 29.3% NAV down to 29.7% and 23.7% NAV.

As at March 31, 2011, Top Five industries including Energy, Real Estate & Infrastructure, Food & Beverage, Materials & Resources and Capital Goods were accounted for 80.5% NAV.

Fund name	Quỹ đầu tư Doanh nghiệp Hàng đầu Việt Nam (VF4)
English name	Vietnam Blue-chips Fund
Trading Code	VFMVF4
Fund type	Closed-end public fund
Current chartered capital	806.460.000.000 VND
Outstanding fund unit	80.646.000 units
Inception date	29/02/2008
Listing date	12/6/2010
Fund term	10 years
Management Fund	VietFund Management (VFM)
Custodian	HSBC Bank (Vietnam) Ltd., Hochiminh City Branch
Management fee	2%/NAV/year
Custodian & depositing fees	0.08%/NAV/year
Dividend	By annual, based on realized return and approved by Annual Meeting of Investors.
Investment objective	VF4 aims to achieve long term capital growth with optimal risk through investing in IPOs of the big State Owned Enterprises and blue chips companies. These companies have shown consistent growth over the years, and are expected to sustain growth in the future.

Top 5 Holdings

Stock	Stock exchange	NAV (%)
SJS	HOSE	6.63
VNM	HOSE	6.31
HPG	HOSE	6.13
TCM	HOSE	5.73
DPM	HOSE	5.62

VF4

Fund performance in QI/2011

During Q1/2011, Vietnam stock market continued to decrease with low lidquidity. This is because of the uncertainty in macroeconomic conditions with surging interest rate and high inflation. Even though the government has implemented many new policies to stabilize macroeconomic conditions and tame inflation, the effects will only be visible after 3-6 moths so most of market participants are still waiting for those signals. VN-Index reduced 4.9% and HNX-index reduced 20.7% quarter-on-quarter. The huge gap between the reduction of VN-Index and HNX-Index exists because some of the large cap stocks listed on HOSE did not reduce much during the period or even increase while all other stocks reduced significantly. During the same period, unit NAV of VF4 reduced 14.9% to VND 7,082/unit.

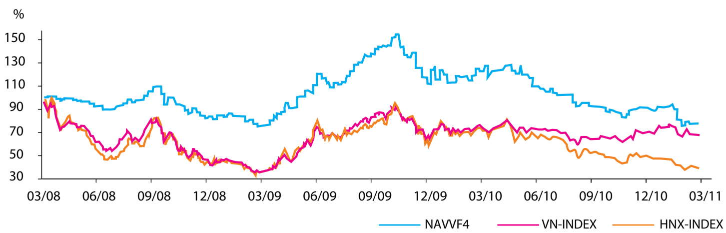
Movement in net asset value (NAV)

	31/03/2011			Performance (%)			
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	YTD	Since inception (28/2/2008)
VF4	806.5	629.2*	7,802*	(3.1)	(14.9)	(14.9)	(2.0)
VN-Index			461.1	(0.1)	(4.9)	(4.9)	(32.0)
HNX-Index			91.5	(5.6)	(20.7)	(20.7)	(61.0)

(*) excluding unit dividend of VND1,000 paid in 12/2009 and VND1,000 advanced in 05/2010

NAV VF4 PERFORMANCE VS. INDICES

28/02/2008 = 100



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date (YTD)	YTD annualized
2011	1.0	(13.0)	(3.1)										(14.9)	(47.6)
2010	(3.4)	1.6	3.3	8.0	1.4	(0.8)	(4.1)	(9.4)	(10.7)	(2.2)	(3.3)	4.9	(13.1)	(21.6)
2009	(1.3)	(9.0)	8.3	11.2	13.0	6.5	7.6	16.6	6.1	(1.4)	(13.2)	0.5	48.9	48.9
2008			(2.0)	(0.9)	(5.7)	0.4	6.3	11.5	(8.5)	(12.7)	(3.7)	1.7	(17.4)	(17.4)

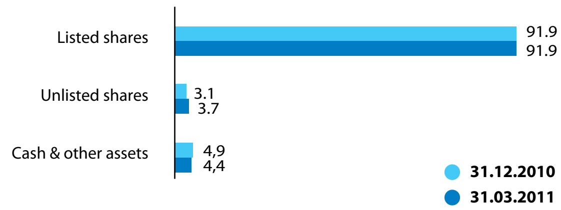
Portfolio review

		Gain/Loss (%)		NAV (%)
		QI/2011	Year-to-date	
	NAV performance (%)	**(14.9)**	**(14.9)**	**100.0**
	Total investment performance (%)	**(14.4)**	**(14.4)**	**95.6**
By listing status	Listed stocks	(15.1)	(15.1)	91.9
	Unlisted stocks	6.0	6.0	3.7
Top 5 industries	Materials-Resources	(15.4)	(15.4)	22.9
	Real Estate-Infrastructure	(18.7)	(18.7)	20.9
	Capital Goods	(12.2)	(12.2)	13.2
	Foods and Beverage	4.4	4.4	8.2
	Energy	(2.5)	(2.5)	7.1

Total investments of VF4 represented for 95.6% NAV as at 31/03/2011 and possessed the first quarter loss of 14.4%.

In top five industries, Capital Good, Infrastructure – Real estate, Materials-Resources recorded the highest loss, which were 12.2%, 18.7% and 15.4% respectively.

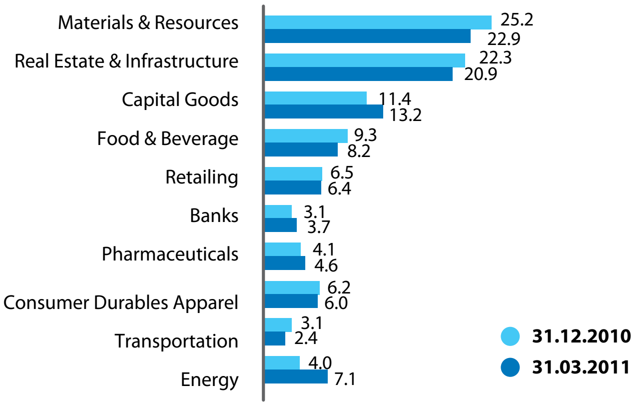
Asset allocation (%)



In Q1/2011, the proportion of listed stocks is unchanged while unlisted stock increased by 0.6% due to high price.

Cash holding decreased slightly from 4.9% NAV (31/12/2010) to 4.4% NAV (31/03/2011).

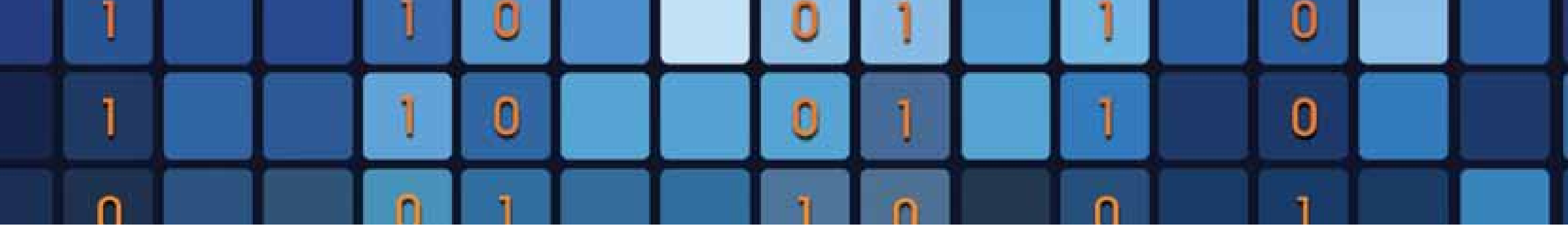
Investment by industries (%)



The portfolio structure by industry did not change much from that of Q4/2010. The proportion of Energy and Capital goods has increased due to net buying during the quarter.

As at 31/03/2010, VF4 owned 33 stock investments in 10 industries, in which top three was as follows (57% of total NAV and 57.5% of total investment value):

+ Materials – Resources (22.9)
+ Infrastructure – Real estate (20.9%),
+ Capital Goods (13.2%).



VFA

Fund name	Quỹ đầu tư Năng động Việt Nam (VFA)
English name	Vietnam Active Fund
Trading Code	VFMVFA
Fund type	Closed-end public fund
Current chartered capital	240,437,600,000 VND
Outstanding fund unit	24,043,760 units
Inception date	02/05/2010
Listing date	08/09/2010
Fund term	5 years
Management Fund	VietFund Management (VFM)
Custodian	Far East National Bank - Hochiminh City Branch
Management fee	2%/NAV/year
Custodian & depositing fees	0.04%/NAV/year
Dividend	Distribute at least 50% of its realized profit to investors every year.
Investment objective	To capture medium to long-term capital appreciation on Vietnam market, accompanied by capital preservation during adverse market conditions, based on the main strategy of trend-following.

Fund performance in QI/2011

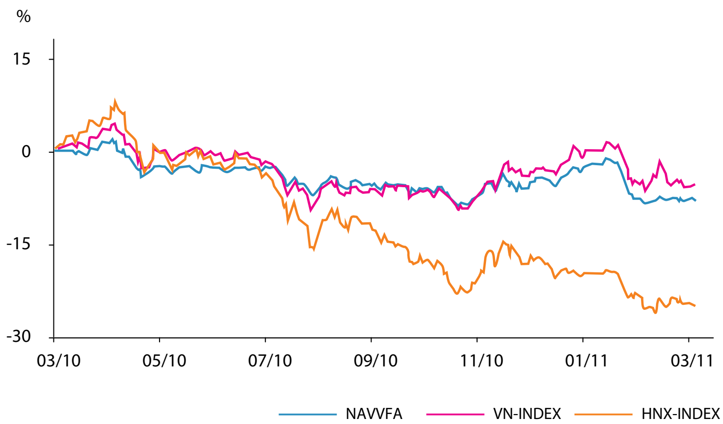
In Q1/2011, Vietnam stock market reacted adversely to the unstable macro economy as all local stock market indices went down rapidly- VN-Index dropped 4.9% and HNX-Index plunged 19.9% before moving sideways in March 2011. In the same period, VFA's NAV had a loss of 6.7%, which was lower than VN-Index loss but equivalent to 1/3 of the drop of HNX-Index.

Movement in net asset value (NAV)

	31/03/2011			Performance (%)			
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	YTD	Since inception (02/04/2010)
VFA	240.4	206.7	8,595.0	(0.5)	(6.7)	(6.7)	(14.1)
VN-Index			461.1	(0.1)	(4.9)	(4.9)	(9.7)
HNX-Index			91.5	(4.6)	(19.9)	(19.9)	(44.3)

NAV VFA PERFORMANCE VS.INDICES

02/05/2010 = 100

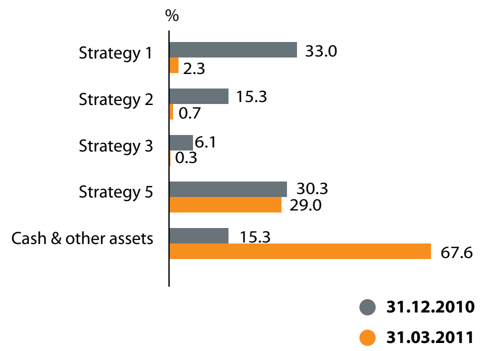


Portfolio review

	% NAV	IRR QI/2011	Contribution to NAV (%)
Strategy 1	33.0	(7.1)	(2.3)
Strategy 2	15.3	(5.1)	(0.8)
Strategy 3	6.1	(1.6)	(0.1)
Strategy 5	45.6	(7.6)	(3.4)
Total	**100**		**(6.7)**

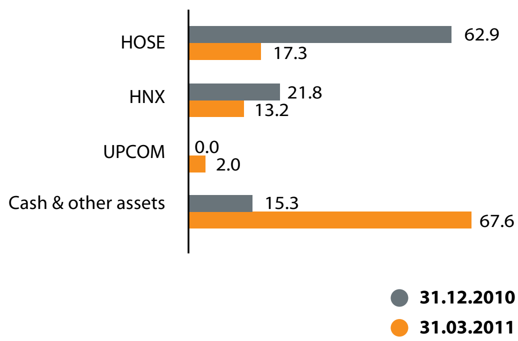
Vietnam stock market fluctuated wildly in Q1/2011-went up in the beginning of Q1 and unexpectedly dropped down in a week. Consequently, trading strategies implemented by VFA had a year-to-date performances ranging from -7.6% to -1.6%. Trend following strategies trading profit ranged from -4.3% to 1.5% and the average trading profit of these 3 strategies was -2.5% (with the entries occurred in December 2010).

By strategies (%)



All trend following strategies were divested completely in the middle of Q1/2011. As a result, these strategies' proportions were reduced to nearly 0% NAV. Strategy 5's proportion was also decreased due to the unstable macro economy as well as high opportunity cost (high interest rate). Consequently, cash holding increased significantly from 15.3% NAV to 67.7% NAV with high annual deposit yield of 16% to 19% while the majority of stocks moved sideways or went down in the second half of Q1/2011.

By asset allocation (%)



The proportion between HOSE's stocks and HNX's stocks as at 31/3/2011 balanced at the ratio of 55:45 (last month figure: 75:25) as many of HNX's stocks' price were closed to their 5-year lowest. Upcom's stocks' holding increased from 0%NAV to 2% NAV as these stocks have high dividend yield and stable business operation.

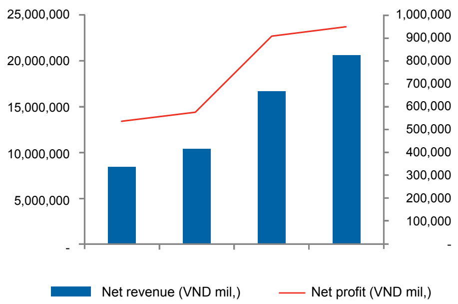
PETROVIETNAM TECHNICAL SERVICES CORPORATION

Ticker : **PVS**
Exchange : **HOSE**
Industry code : **ENERGY**

Company profile

As a member of PetroVietnam, PVS provides technical services for the oil and gas industry, mainly

- Specialized shipping service: by a fleet of 48 vessels, including 23 owned vessels and 25 leased ones
- Supply base service: by large ports in the provinces of Bà Rịa Vũng Tàu, Quảng Ngãi, Quảng Bình Hải Phòng và Thanh Hóa with total area of 156ha.
- EPC turnkey shipbuilding service: with orders amounting to USD billions; typical projects: Long Phú Thermoelectric 1 (US$600 million), Biển Đông, Hoàng Long JOC…
- Other services: seismic acquisition ROV, procurement and trading, human resources services in the oil and gas industry.



REVENUE & NET PROFIT

Growth potential & Risks

In the period 2008 – 2010, PVS registered a growth rate of around 44% for revenue and profit, significantly higher than the industry's average growth rate of 17%-20%/year.
Realizing the potential of specialized shipping business, the company plans to increase the fleet by 30 vessels in the period 2011-2015 and targets to expand the fleet to 100 to meet 100% of the local oil and gas industry's demand for specialized shipping.
The company aims to grow the EPC turnkey shipbuilding service and supply base service by 15-30%/year. Also, the company targets to dominate 80% of EPC service for gas projects and 100% of oil and gas port services.

Risks

Exchange risk: the company was exposed to a long-term borrowing balance of US$200 million at the end of 2010. The highly volotile VNS/USD exchange rate has negatively impacted its balance sheet and income statement.
A more competitive landscape: from 2012 on, foreign comanies will be allowed to provide oil and gas-related services in Vietnam. Therefore, local companies must continuously strengthen their competitive advantages to fight for market share and protect margin.
Corporate governance: the State currently holds a 51.3% stake in the company, making it less flexible and transparent for information disclosure and investors' relations.

Business performance in Q1/2011

The company plans to achieve VND21,000 billion in revenue, an increase of approximately 25% compared with that of 2010. Also, the company sets a target profit of VND920 billion for 2011.
In the first quarter of 2011, PVS estimated its revenue and profit at VND3,800 billion and VND122 billion respectively, fulfilling around 18% planned revenue and 13.3% planned profit.

Financial Information	2008	2009	2010	2011F
Net Revenue (mil VND)	8,671,262	10,679,746	16,838,828	20,800,000
Net Profit (mil VND)	537,219	576,914	901,780	920,000
Net Profit Growth Rate (%)	68,3%	7,4%	56,3%	2,0%
EPS (VND)	3,070	2,885	4,508	3,150
Gross Margin (%)	10,2%	9,5%	6,9%	6,5%
Net Margin (%)	6,2%	5,4%	5,4%	4,4%
ROE (%)	23,1%	16,3%	22,9%	19,0%
ROA(%)	6,6%	4,6%	5,3%	5,1%
Book Value Per Share (VND)	13,289	17,600	19,666	16,500
Total Debt/Total Assets (%)	70,9%	70,7%	75,8%	70,2%

Source: PVS and VFM's forecast

PETROLEUM EQUIPMENT ASSEMBLY & METAL STRUCTURE JSC

Ticker : PXS
Exchange : HSX
Industry code : CONSTRUCTION

Company profile

The company specializes in manufacturing and assembling jackets for drilling rigs, steel structures (topside). With current chartered capital of VND200 billion, company plans to raise up to VND 500 billion in 2011 for capital demand of new projects.

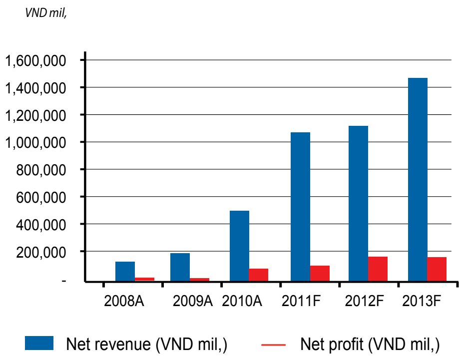
PXS has ability in fabrication of 2,000 to 3,000 tons weight jackets, including metal topside. Company sets target on 2015 which fulfills a compatible system of sealinks for charge of the full package both inland manufacturing & offshore installation.

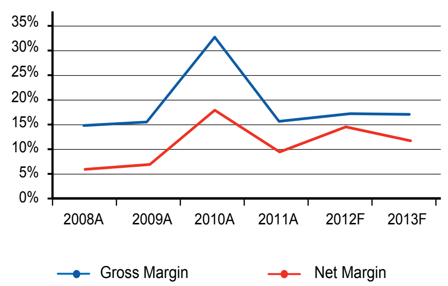
Growth potential & Risks

The company target to fulfill a compatible system of sealinks for charge of the full package, both inland manufacturing & offshore installation. The company also aims at the construction capability of 15,000-20,000 tons weight jacket.
PXS plans to invest in two ports in Vung Tau & Tien Giang for the preparation of 130 meter deep water platform construction (current capability:around 60-70 meters) to tap into opportunities from offshore exploitation. Additionally, the company expects to benefit from the oil steel pipe factory, in which PXS contributes 30% of chartered capital, since 2012.

Risks
A highly qualified labor force is a big concern of PXS, leading to schedule delays of projects and revenue & profit recognition.
Volatility of material prices, especially steel, could negatively affect the company's earnings.

REVENUE & NET PROFIT





Updates of year 2010 & Prospect for year 2011

In 2010, thanks to the construction business, the Company registered VND489.2 billion in revenue and VND87.7 billion in net income, increases of 155.4% and 598% respectively. Based on the signed contracts, we expect 2011 revenue will be around VND1,056.8 billion, a rise of 116%. We also expect net income to reach VND993 billion, an increase of 13.2% compared to 2010.

Financial Information	2009A	2010A	2011F	2012F	2013F
Net Revenue (mil VND)	191,545	489,294	1,056,815	1,097,456	1,449,475
Net Profit (mil VND)	12,573	87,735	99,354	158,615	168,932
Net Profit Growth Rate (%)	54%	589%	13%	60%	7%
EPS (VND)	1,457	4,387	1,987	3,172	3,379
Gross Margin (%)	16%	33%	16%	17%	17%
Net Margin (%)	7%	18%	9%	14%	12%
ROE (%)	18%	51%	22%	23%	22%
ROA(%)	8%	21%	10%	10%	9%
Book Value Per Share (VND)	10,024	12,949	12,767	14,379	16,063
Total Debt/Total Assets (%)	61%	58%	53%	59%	57%

THANH CONG TEXTILE GARMENT INVESTMENT & TRADING COMPANY

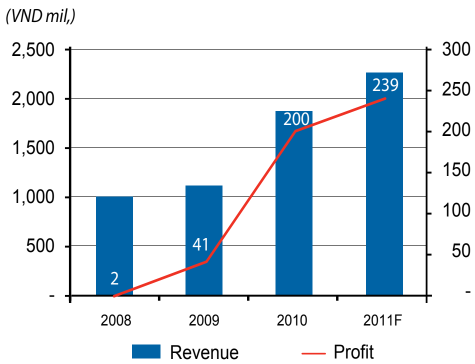
Ticker : **TCM**
Exchange : **HSX**
Industry code : **CONSUMER GOODS**

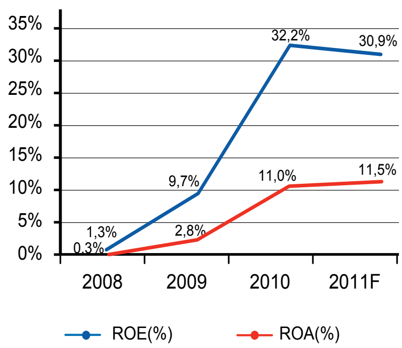
Company profile

Thanh Cong is one of the top 10 textile and garment companies and a prestigious exporter with over 70% of revenue coming from overseas markets such as the US, Europe, and Japan. The remainder of revenue is from the local market. The company's brands include: TCM, GenX, F.O.C, ...

Thanh Cong is also in a shortlist of Vietnamese companies that deploys en integrated manufacturing process, helping create more added value for finished products. The company is committed to the core business segment and utilizes the current land lot of 54.9 ha to develop a real estate project.

REVENUE & NET PROFIT





Growth potential & Risks

Textile and garment is one of the key export-dollar earners for Vietnam. In the local market, a favorable demographic structure is estimated to generate an average growth rate of over 15%/year for the industry. Accordingly, TCM targets to grow at 25-30%/year.
With special help from Eland Group, a leading fashion company in Asia and a strategic shareholder, TCM has set foot on new markets such as China, Korea. Also, the company cooperates with local partners to share orders from overseas.
In addition, TCM plans to build a complex of apartments, bringing additional revenue to the company in the years to come.

Risks
Raw materials: price of cotton has been rising, creating more pressure on margin of companies in the textile and garment industry.
Interest rate risk: with a debt/equity ratio of 179% at the end of 2010, the company may suffer from the upward trend of interest rate in 2011.

Business performance in Q1/2011

In Q1/2011, the company achieved VND626 billion in revenue and VND74 billion in profit, fulfilling 41% of planned profit for 2011. Net profit margin was improved to 11.8% in the quarter, from 10.5% in 2010.
The first quarter is a low season of the textile and garment industry. However, TCM performed well; and that made us more confident in their ability to attain a net profit growth rate of 20%, equivalent to VND239 billion.

Financial Information	2008	2009	2010	2011F
Net revenue (VND bil.)	1,023	1,126	1,893	2,268
Net revenue growth (%)	-3.2%	10.0%	68.1%	19.8%
Net profit (VND bil.)	2	41	200	239
Net profit growth (%)	-97%	2,020%	392%	20%
EPS (VND)	188	1,981	4,569	5,422
EPS grwoth (%)	n/a	956%	131%	19%
Gross margin (%)	14.7%	19.3%	20.5%	20.6%
Net margin (%)	0.4%	3.8%	10.5%	10.5%
ROE (%)	1.3%	9.7%	32.2%	32.3%
ROA (%)	0.3%	2.8%	11.0%	12.0%
PE (x)	83.65	7.92	3.44	2.90
P/B (x)	1.13	1.25	1.00	0.88
Debt/Equity (x)	269%	210%	179%	151%

INVESTOR RELATIONS

ANNUAL GENERAL MEETING 2010

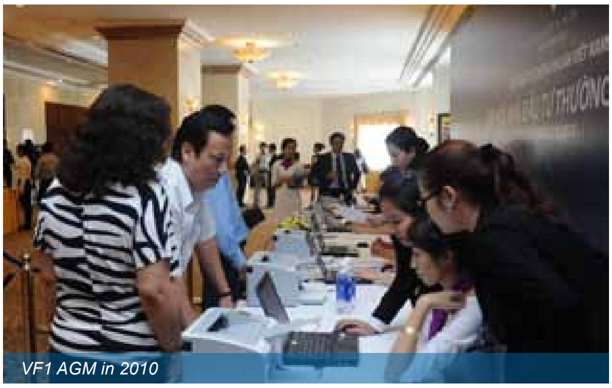
In March/ 2010, VietFund Management held Annual General Meeting of the 3 funds, details as follow:

- **VF1** Annual General Meeting was held at Rex Hotel, Hochiminh City at 8:30 am, 22 March, 2011.
- **VF4** Annual General Meeting was held at Rex Hotel, Hochiminh City at 8:30 am, 24 March, 2011.
- **VFA** Annual General Meeting was held at Rex Hotel, Hochiminh City at 8:30 am, 29 March, 2011.

Here are some brief information approved by the AGM:

VF1 investment fund

VF1 AGM in 2010


VF1 AGM in 2010

1. Performance result and dividend distribution in 2010

- At the end of fiscal year 2010, VF1's Net Asset Value reached VND2,276.3 billion, recorded a decrease of 8.2% compared with that at the beginning of the year (including 15% dividend payments to investors).
- As at 31/12/2010, VF1 asset was allocated as follows: listed stocks 76%, unlisted stocks 16%, cash and other assets 7.1%.
- In 2010, total VF1 income from stock selling, coupon interest, and bank interest reached VND140.4 billion. However, realized losses in 2010 were VND292.4 billion due to the revaluation of investments at market price as at 31/12/2010. At the end of 2010, a loss of VND203.6 billion incurred, mainly because of the revaluation of shares at market value.
- According to VF1's 2010 audited financial statements and the approval of the Annual General Meeting of Investors, VF1 dividend payment in 2010 is 5%/par value/ fund unit, paid on 12 May 2010 to investors in the list provided by the Vietnam Securities Depository Center on 20 April 2010.

2. Action plan in 2011

The General Meeting unanimously agreed VF1 action plan in 2011 with the following missions:

Keep the listed stocks at reasonable ratio (60% NAV-70% NAV), which focus on stocks of large capitalization and allocate part of portfolio asset in convertible bond.

Focus in such sectors as Retailing, Telecommunication Service, Real Estate, Energy and Industrial, Materials.

Actively seek investment opportunities in listed and to be listed stocks under the role of strategic partners through private placements with favourable preferentials like placing price, direct information publication and involvement in company's activites.

Equitization program to be restarted with big, leading enterprises is a good chance for VF1 to divest in the coming time.

3. Delegated the authority of auditor selection to BOR to choose among PWC, KPMG and E&Y as an auditor for VF1 Investment fund in 2011.

4. Amendment, supplement to the fund charter at such items as: legal basis, concepts & definitions, item 2, 9, 10, 13, 14, 22, 24, 25, appendix 4 of the Fund charter.

VF4 investment fund

VF4 AGM in 2010

VF4 AGM in 2010

1. Performance result and dividend distribution in 2010

- o VF4 total Net Asset Value as at 31/12/2010 reached VND739.6bn, equivalent to VND9,171/unit (excluded dividend payment of VND1,000/unit in April/2010).
- o In 2010, the 3 sectors with highest holdings were Infrastructure - Real Estate, Materials-Resources and Capital goods (in 2009, Banking- Finance, Infrastructure - Real Estate, Materials-Resources), which accounted for 70.8% total value of disbursements.
- o VF4 growth rate from inception to 31/12/2010 remained at 11.7% whilst VN-Index and HNX-Index fell 28.5% and 50.8% respectively in the same period. The discount rate between NAV and market price in 2010 was 34%, which was higher than the average discount rate of 30% in 2009. The highest discount rate was 39.8% in August 2010 when securities market went down sharply.
- o In 2010, VF4 recorded a total loss of VND123.2 billion after expenses. Losses from investment activities recorded at VND105.1 billion, mainly from unrealized-loss of VND161.4 billion due to price fall while realized-profit was VND33.3 billion and dividend received was VND21.6 billion. Since inception, VF4 still maintained a total gain of VND94.5 billion.
- o According to VF4's 2010 audited financial statements and the approval of the Annual General Meeting of Investors, VF4 dividend payment in 2010 is 4%/par value/ fund unit, paid on 12 May 2010 to investors in the list provided by the Vietnam Securities Depository Center on 20 April 2010.

2. Action plan in 2011

- o Focus on the growth and stability objectives of the portfolio.
- o Keep pursuing value investment by seeking stocks with good performance and stable growth but being undervalued
- o Increase portfolio liquidity by focusing on stocks of high liquidity and those with listing plan of under 6 months.
- o Keep maintaining investment structure with stocks of large and medium capitalization.
- o Actively seek investment opportunities in listed and to be listed stocks under the role of strategic partners through private placements with favourable preferentials like placing price, direct information publication and involvement in company's activites.
- o Participate in IPO of leading enterprises in Energy, Telecommunication sectors…

3. Delegated the authority of auditor selection to BOR to choose among PWC, KPMG and E&Y as an auditor for VF4 Investment fund in 2011.

4. Amendment, supplement to the fund charter at such items as: legal basis, concepts & definitions, item 4, 9, 13, 21, 23, 24, 44, 52 of the Fund charter.

5. Vote for VF4's BOR in the term of 2011 – 2013.

VFA invesment fund

VFA AGM in 2010

VFA AGM in 2010

1. **Performance result and dividend distribution in 2010**

- o At year end 2010, NAV of VFA achieved VND221.4 billion, equivalent to VND9,209.3/ unit. Cumulatively since inception, NAV of VFA recorded a decrease of 7.9%.
- o In mid-2010, as Vietnam securities market went down persistently, VFA had increased the prudential assets holding (cash) to more than 50% NAV, which kept NAV of VFA decline rate lower than the market. When VN-Index recovered in QIV/2010, VFA had disbursed in accordance with buy signal, reduced cash holdings. However, NAV of VFA growth rate was lower than VN-Index because VFA still maintained a cash ratio from 5% to 15%, taking advantage of increasing interest rate and guaranteeing VFA flexibility when investment opportunities appear as share prices are attractive.
- o With average cash holding of 44.1% NAV, VFA has utilized bank deposits when balancing between profit maximization and maintaining flexibility when trading signals appear. The result was income from bank deposit reached VND6.7 billion, equivalent to 3.1% of average NAV.
- o Growth before expenses of VFA was -5.9%, equivalent to VN-Index growth rate of the same period. Based on industry structure, because these sectors' holdings in the portfolio changed according to trading signals on Index and scanning signal for potential shares, return rate of sectors of VFA did not closely comply with that of market.
- o According to VFA's 2010 audited financial statements, the AGM approved not to pay dividend in 2010 because the fund's performance results recorded an accumulated loss.

2. **Action plan in 2011**

- o Keep following trend following strategy with high complexity to cope with unceasing changes from Vietnam stock market.
- o Actively apply trend following strategy on VN-Index and HNX-Index, and do research to apply the strategy on each stock. This application on indices and stocks will help reduce risks depending on VN-Index and actively seek stocks that has higher compatibility with trend following strategy than VN-Index.
- o To ensure accuracy and effectiveness of the modules, new research will be approved by the Investment Committee before application.

3. **Delegated the authority of auditor selection to BOR to choose among PWC, KPMG and E&Y as an auditor for VFA Investment fund in 2011.**

4. **Amendment, supplement to the fund charter at such items as: 2, 4, 13, 21, 23, 24, 44 of the Fund charter.**

VIETFUND
MANAGEMENT

VIETFUND MANAGEMENT (VFM)

Head Office
10th Floor, Central Plaza Office Bldg
17 Le Duan Boulevard, District 1, Ho Chi Minh City, Vietnam
Tel: (84.8) 3914 3393 Fax: (84.8) 3914 3392

Hanoi Office
Unit 1208, 12th Floor Pacific Place Tower
83B Ly Thuong Kiet Street, Hoan Kiem District, Ha Noi, Vietnam
Tel: (84.4) 3942 8168 Fax: (84.4) 3942 8169

ir@vinafund.com www.vinafund.com