



VIETFUND
MANAGEMENT

NEWSLETTER | VFM

Quarter II/2010



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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	0,12%/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.

TOP 5 HOLDINGS

Stock	NAV (%)
SJS	11.5
NTL	7.8
DPM	6.7
AG PPS	5.5
QCGL	3.7

VF1

Fund performance in QII/2010

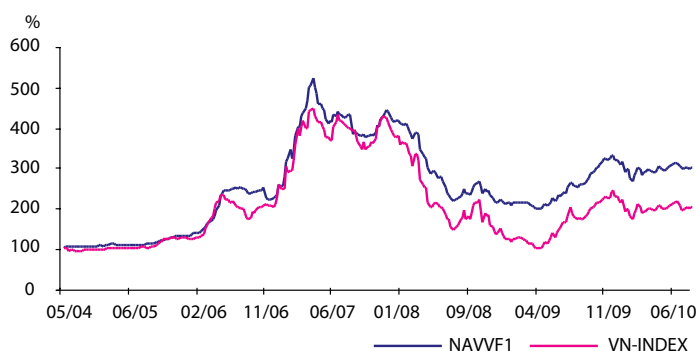
In 6/2010, Vietnam stock market experienced a sideways state, as driven by investor indecision between good local macro news and bad international macro news. In 6/2010, VN-Index stayed put at 507.1 points whilst HNX-Index reduced 2.9% down to 158.8 points. Unit NAV of VF1 in 6/2010 increased 0.2% up to VND25,904, possessing a year-to-date-growth of 4.5%, higher than that of VN-Index (2.5%) and HNX-Index(-5.6%).

Movement in net asset value (NAV)

	30/06/2010			Performance (%)				
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	YTD	Since inception (20/5/2004)
VF1	1,000	2,584.7(*)	25,904	0.2	2.3	4.5	4.5	171.0
VN-Index			507.1	(0.0)	1.6	2.5	2.5	93.9
HNX-Index			158.8	(2.9)	(1.1)	(5.6)	(5.6)	58.8

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

NAV VF1 PERFORMANCE VS. INDEX



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date (YTD)	YTD annualized
2010	(0.8)	0.6	2.3	7.0	(4.6)	0.2							4.5	9.1
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	56.6
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

Portfolio review

	Gain/Loss (%)		NAV (%)
	Q.I./2010	Year-to-date	
NAV growth(%)	2.3	4.5	100.0
Total investment	2.7	4.6	87.1
By asset classes			
HOSE	2.7	4.7	49.9
HNX	-1.3	-0.2	11.3
Unlisted	6.8	9.1	19.7
Bonds	2.3	4.5	6.6
Infrastructure – Real estate	7.1	7.1	30.6
Materials – Resource	-0.1	7.8	21.4
Top 5 industries			
Food - Beverage	7.7	15.3	6.9
Bank	-10.3	-9.3	6.8
Capital goods	7.7	17.1	4.8

In QII/2010, investment in listed stocks rose 1.7%, higher than those of both VN-Index and HNX-Index. Investment in unlisted stocks, accounted for 19.7% of NAV, witnessed a quarter growth of, hence greatly contributing into the growth of the whole portfolio.

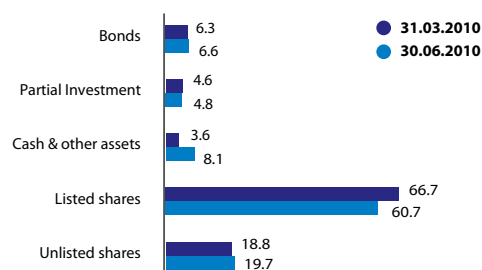
In top 5 industry (70.9% NAV), Infrastructure – Real estate with the largest NAV weight (30.6% NAV) experienced a growth of 7.1%, while Materials - Resources (21.4% NAV) slightly reduced by 0.1% In QII/2010.

In QII/2010, VF1 invested a total amount of VND204.7 billion, mostly into 2 industries, namely Infrastructure – Real estate (VND93.5 billion) and Materials - Resources (VND85.1 billion).

Divestment in QII/2010 was worth VND458.3 billion, also in Infrastructure – Real estate (VND110.5 billion) and Materials - Resources (VND79.3billion).

The trading activity in QII/2010 was executed for reducing investment cost for the portfolio and increasing cash balance, especially in mid 5/2010 when VNI downward trend appeared.

Asset allocation (%)

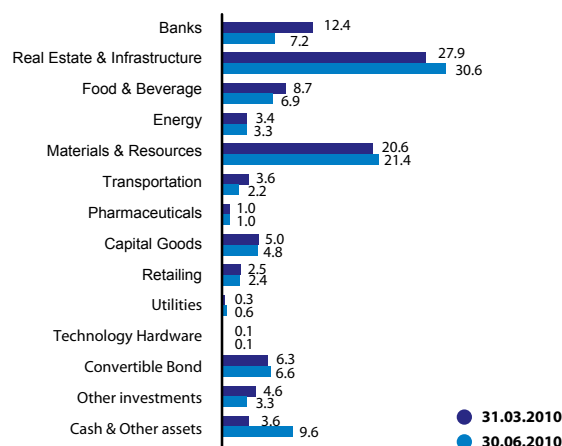


In QII/2010, anticipating the the effect of Europe sovereign debt crisis, VF1 actively reduced the investment in listed stocks from 66.7% NAV down to 60.7% NAV, and equivalently increase the cash balance from 3.6% NAV up to 8.1% NAV

The NAV weight for investment in unlisted stocks increased from 18.8% NAV to 19.7% NAV as a result of the increase in market price.

The NAV share of other assets remained unchanged compared to QI/2010.

Investment by industries (%)



Investment by industry in QII/2010 hardly changed from last quarter when Infrastructure – Real estate and Materials – Resources were still in top 2. VF1 made large divestment into Banks and Diversified financials, reducing weight from 12.4% to 7.2% NAV

As at 30/06/2010, top 5 industry accounted for 70.9% NAV in the portfolio.

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	NAV (%)
SJS	7.3
QCGL	7.1
HPG	5.9
SPM	4.7
FPT	4.1

VF4

Fund performance in QII/2010

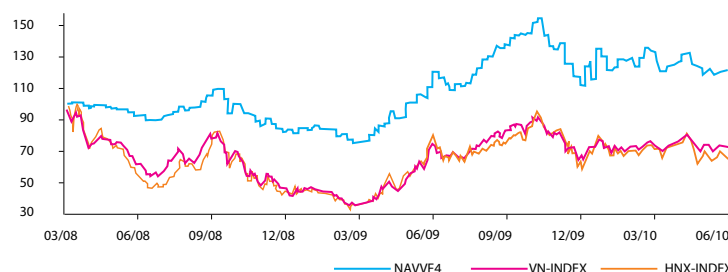
At the beginning of QII/2010, Vietnamese stock market increased by almost 10% to reach the highest peak of 2010 at 06/05/2010 with VN-Index reached 549.5. However, after that, market started to adjust significantly due to fears that the debts crisis in Europe may dampen the world economy's recovery. During May, the stock market stabilized and VN-Index fluctuated in a narrow range between 500 and 515 for most of the trading sessions in May. As at 30/06/2010, VN-Index closed at 507.1 which was equivalent to 1.3% growth compared to that of 31/03/2010. During the same period, unit NAV of VF4 increases 0.7% to VND 10,914/unit. The since-inception-growth of VF4 reached 19.1%, whilst VN-Index and HNX-Index declined 25.7% and 32% in the same period.

Movement in net asset value (NAV)

	30/06/2010			Performance (%)				
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	YTD	Since inception (28/2/2008)
VF4	806.5	880.2	10.914*	(0.8)	0.7	1.8	1.8	19.1
VN-Index			507.1	(0.1)	1.3	2.5	2.5	(25.7)
HNX-Index			158.8	(2.9)	(2.2)	(5.6)	(5.6)	(32.0)

(* excluding unit dividend of VND1,000 paid in 12/2009 and VND1,000 advanced in 04/2010)

NAV VF4 PERFORMANCE VS. INDICES



NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date (YTD)	YTD annualized
2010	(3.1)	1.5	3.1	7.4	(6.0)	(0.7)							1.8	3.6
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

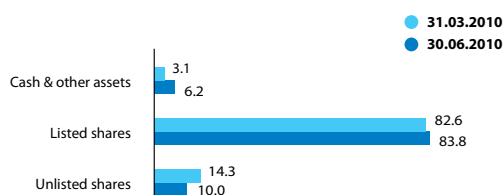
		Gain/Loss (%)		NAV (%)
		Q.I/2010	Year-to-date	
	NAV growth(%)	0.7	1.8	100.0
	Total investment	0.7	2.0	93.8
By asset classes	Unlisted	0.3	0.7	83.8
	Bonds	3.9	15.6	10.0
Top 5 industries	Infrastructure – Real estate	(1.0)	4.1	27.2
	Materials – Resource	6.8	5.4	25.7
	Transportation	(4.6)	(4.3)	11.7
	Food - Beverage	2.3	9.6	7.0
	Retailing	6.8	12.1	6.0

Total investments of VF4 represented for 93.8% NAV as at 30/06/2010 and possessed the second quarter gain of 0.7%, lower than the growth of VN-Index in the above-mentioned period.

Investment in listed stocks, which accounted for 83.8% NAV, recorded a gain of 0.7% in QII/2010. OTC stocks, which account for 10% NAV recorded 15.6% growth during the same period

In top five industries, Infrastructure – Real estate, Retailing and Food – Beverage achieved the highest gains, which were 6.8%, 6.8% and 2.3% respectively. The remaining two sectors namely Materials-Resources and Capital Goods possessed a loss of 1% and 4.6% respectively.

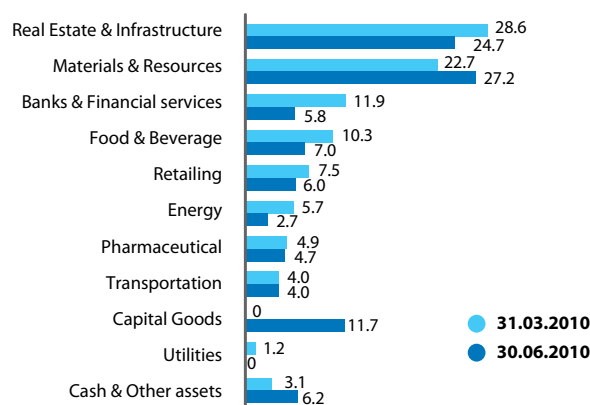
Asset allocation (%)



In QII/2010, the proportion of unlisted stocks reduced from 14.3% NAV (31/03/2010) to 10% NAV (30/06/2010) because one of the unlisted stocks (SPM) was officially listed on HOSE in June/2010.

During QII/2010, VF4 increased its cash holding from 3.1% NAV (31/03/2010) to 9.3% (30/06/2010) mainly by net selling of listed stock. However, total listed stock holding still increased 1.2% from 82.6% NAV (31/03/2010) to 83.8% NAV (30/06/2010) because of the new classification of SPM as listed stock.

Investment by industries (%)



Materials – Resources and Capital goods accounted for more than 60% total investment value in QII/2010, therefore their proportion in total NAV increase significantly to 27.2% NAV and 11.7% NAV respectively. The fund has invested in companies that have good fundamental values and secured earning due to long term contracts. Banks – Diversified Financial had its weight decreased significantly for swapping strategy.

As at 30/06/2010, VF4 owned 31 stock investments in 10 industries (31/03/2010: 31 investments in 9 industries), in which top three was as follows (63.6% of total NAV and 67.8% of total investment value)

- Materials – Resources (27.2)
- Infrastructure – Real estate (24.7%),
- Capital Goods (11.7%).

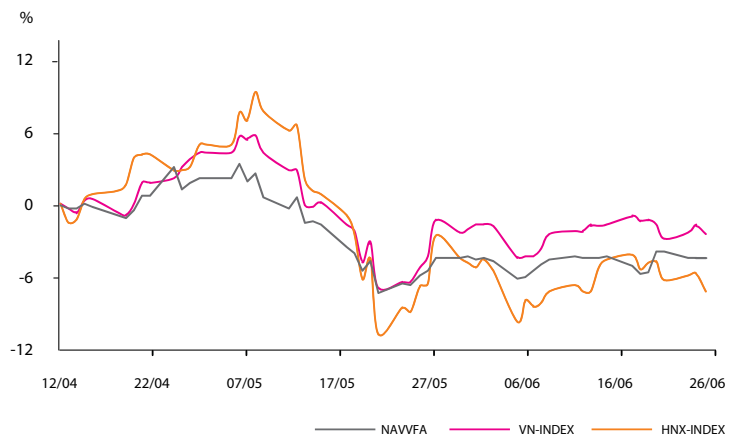
VFA

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.

Movement in net asset value (NAV)

	31/06/2010			Performance (%)				
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	YTD	Since inception (02/04/2010)
VFA	240.4	229.7	9,553.9	0.06	NA	NA	NA	-4.5
VN-Index			507.1	(0.0)	NA	NA	NA	-2.5
HNX-Index			158.8	(2.9)	NA	NA	NA	-7.3

NAV VFA PERFORMANCE VS. INDICES





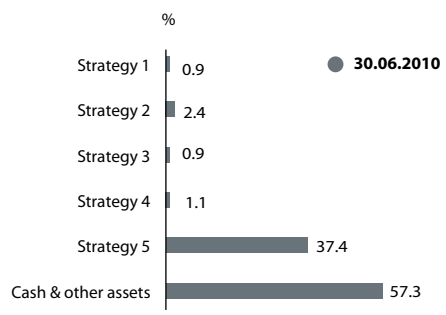
Portfolio review

	30/6/2010	Since-inception-performance (%)
NAV (USD bn.)	229.7	
Unit NAV (USD)	9,553.9	-4.4
Total investment (USD bn.)	98.0	-7.8
VN-Index	507.1	-2.5
HNX-Index	158.8	-7.3

VFA started its operation in 4/2010, when VNI reached 520 point. VFA invested nearly 100% of NAV following buy signals of VFA into a basket that tracks the performance of VNI

In mid 5/2010, when the market witnessed a correctio, VFA divested around 60% of NAV in accordance with sell signals of VFA, resulting in a 7% maximum draw-down for NAV of VFA in the last 2 months whilst that for VNI was about 10%.

By strategies (%)

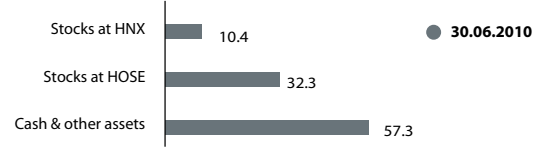


Trend-following has to balance between (1) promptly catch the trend of the market and (2) accept the whip-saw in sideways markets.

Some trading strategies of VFA experienced whip-saw in the current sideways state of the market, recording a realized loss of VND10,66 billion. However, VFA optimized the cash available after divestment with ROI for cash deposit of 2.3%.

In the mean time, almost all trading strategies of VFA completed one round trade. Therefore, asset allocation of strategies strongly reduced, with an equivalent increase in cash balance. The remaining asset allocation in strategies is mainly stock dividend and right issue that have not yet been permitted to trade on the exchanges. Strategy 5 is an indexation enhanced by stock picking strategy, hence the NAV share is high.

By asset allocation (%)



Although investment has been made into VNI indexation, the investment portfolio of VFA encompassed of stocks listed on HNX in order to improve the probability to outperform VNI. Investment in stocks listed on HNX only decreased 1.9%, reducing the loss of total investment.



QUOC CUONG GIA LAI JSC

Ticker : N/A
Listing : OTC
Industry code : Real Estate

Introduction

Quoc Cuong Gia Lai JSC specializes in real estate, interior decoration, construction, rubber and hydropower. The main income of the company is now generated by the real estate activity while rubber and hydro-power are at the early stage of investment. We expect a high profit growth rate for 2010 and 2011, thanks to the main contribution into real estate activities.

Potentials and risks

The company has a good land bank, at low cost, located in the areas which are suitable for the construction of apartments for the middle income.

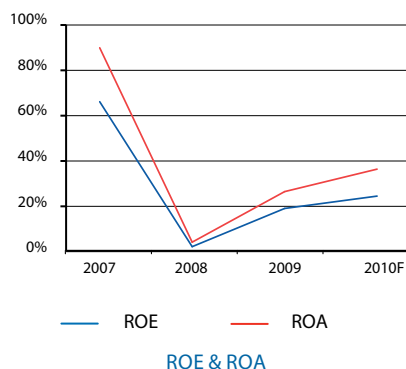
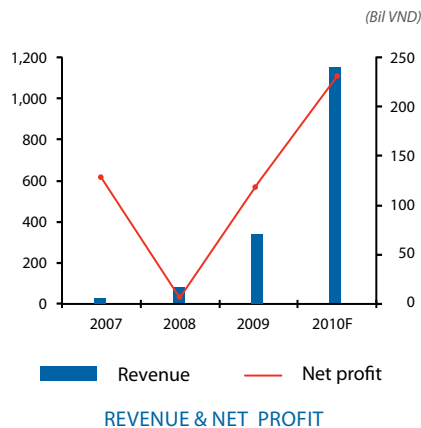
Giai Viet and The Mansion are the two potential projects that would contribute significantly to the company's profits in the period of 2010-2011.

Acquired with low cost, Phuoc Kien project now brings high advantages for QCGL to develop high class apartments.

Quarter II/2010 - Outlook for the 2nd half

In the 1st half of the year, QCGL made VND60bn of revenues and VND10bn of NPAT, equivalent to 5.5% and 3.3% of the plan. This comes from non-realty activities, however, we estimate the remaining of the plan would be booked in the 2nd half, thanks to the following projects:

- Minh Khai office building has been approved to transact with BIDV. This would bring VND 230bn of profit to the company in QIV/2010 and leads to 80% of 2010 plan;
- In addition, apartments from The Mansion and Tran Xuan Soan projects would be delivered in QIII-QIV/2010. The expected return of these projects is about VND80bn;
- We projected QCGL 2010's profit of around VND230bn, mainly from the sales of Minh Khai office building and a small portion from The Villa Project in Ward 7 District 8.



Items	2007	2008	2009	2010F
Revenue (Mil VND)	13.27	72.13	328.44	1143.35
Gross Revenue (%)	N/A	443.6%	355.3%	248.1%
Net profit (Mil VND)	129.0	6.1	123.3	230.9
Net profit growth	N/A	-95%	2005%	86%
EPS (VND)	4979	177	3732	3839
Gross EPS (%)	N/A	-96.4%	2004.8%	2.9%
Gross margin (%)	7.6%	47.2%	13.5%	30.3%
Net margin (%)	971.9%	8.4%	37.5%	20.2%
ROE (%)	65.4%	1.2%	18.2%	23.6%
ROA (%)	24.3%	1.7%	7.1%	11.9%
PE	4.5	253.8	12.1	12.5
P/B	3.0	2.4	2.0	2.4
Debt /Total asset (%)	3.0	2.4	2.5	1.4



PETROVIETNAM CONSTRUCTION JSC

Ticker : PVX
 Listing : HNX
 Industry code : Construction

Introduction

PetroVietnam Construction Jsc (PVX-HNX) is a member of PetroVietnam, with main operation is industrial construction, especially in Oil and gas industry. In 2008, PetroVietnam restructured its members, including PVX when transferred all small members operating in construction, real estates area to PVX. Also in 2008, PVX increased its chartered capital from VND150 billion to VND1500 billion to receive other members' capital from PetroVietnam. In 2010, PVX has increased capital to VND2500 billion in order to receive the transfer from PetroVietnam.

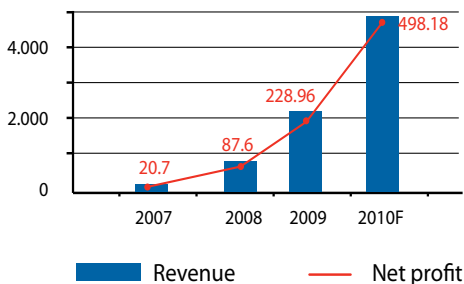
Potentials and risks

From sub-contracting in oil and gas construction, PVX has developed to become EPC contractor in several PVN's projects in Vietnam. Besides construction operation, PVX has achieved significantly in high-storey building technology when constructing five-star PetroVietnam hotel, PetroVietnam Financial Centre etc. PVX's operation strategy in the near future focuses on construction, industrial production and real estate.

PVX has advantages in real estates area after inheriting 4 major real estate companies from PetroVietnam. Furthermore, PVX owns several big real estate projects such as Hoai Duc Petroleum urban area (190ha) in the West of Hanoi, Vinh Phuc Petroleum urban area in VinhPhuc province (72ha) and TienGiang industrial area in Tien Giang province (920ha).

The main risk PVX has to confront is the ability to carry out many big projects in short time. In 2008, PVX increased capital 10 times to VND1500billion, revenues has increased significantly from 2007 to 2009. With high technical employees and professional from PetroVietnam, PVX is expected to meet its target to become one of the three biggest construction players in Vietnam in 2015.

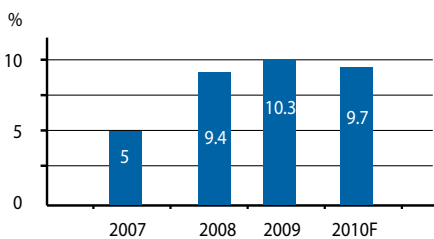
(Bil VND)



REVENUE & NET PROFIT

Quarter II/2010 - Outlook for the 2nd half

The main operation in the first half 2010 of PVX is the industrial construction. It is estimated revenue in the first half 2010 is VND2,530 billion and VND384 billion in profit before tax. The 2010 plan of VND7,000 billions revenue and VND473 billions profit before tax is reasonable with huge developing projects of PVX.



REVENUE AND NPAT 2007-2010(%)

Items	2007	2008	2009	2010F
Revenue (Mil VND)	247,874	1,808,500	4,073,122	6,784,349
Net profit (Mil VND)	20,713	87,580	228,962	498,183
Net profit growth	N/A	323%	161%	118%
EPS (VND)	1,381	5,839	1,526	3,321
Gross margin (%)	5%	9%	10%	10%
Net margin (%)	3%	5%	6%	7%
ROE (%)	11%	10%	14%	21%
Dividend(VND)	12,553	10,743	11,708	11,717
Book value (VND)	78%	56%	64%	64%
Debt /Total asset (%)	1.13	1.23	1.07	1.10



FUND CERTIFICATE TRADING

VFA fund certificate activities

VFA investment fund has been approved by the Ho Chi Minh Stock Exchange (HOSE) to list and trade in July 09, 2010. VFA is the 3rd closed end fund managed by

VFM has been listed with the expected trading price at VND10,300/unit.

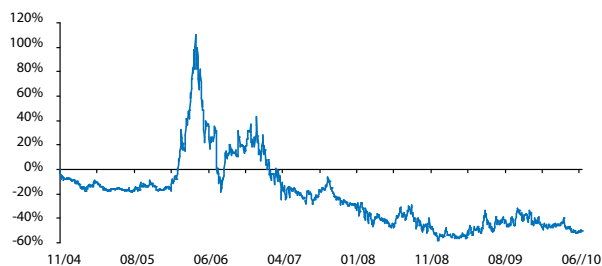
Fund name	Total volume in July (unit)	Total value in July (VND)	Average price (VND/unit)	NAV/Price discount (%)
VF1 fund certificate	27,738,700	368,617,969,000	12,852	-48.16%
VF1 fund certificate	13,482,070	113,197,420,000	7,947	-30.15%

Trading information in 2010	VF1	VF4
	VF1	VF4
52 week low (VND)	10,600	7,200
52 week high (VND)	20,000	13,500
1st dividend advanced payment of 2010 (%/par value)	5%	4%
Dividend payment of 2009 (%/par value)	22%	16%
Ex-right date	22/04/2010	22/04/2010

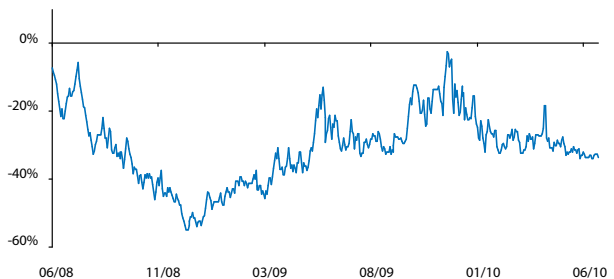
NAV vs market price of fund certificates:

Most of fund certificates on the bourses are trading with the rate of 30% to 50% discount vs NAV. However, with the strong and stable in portfolio structure, along

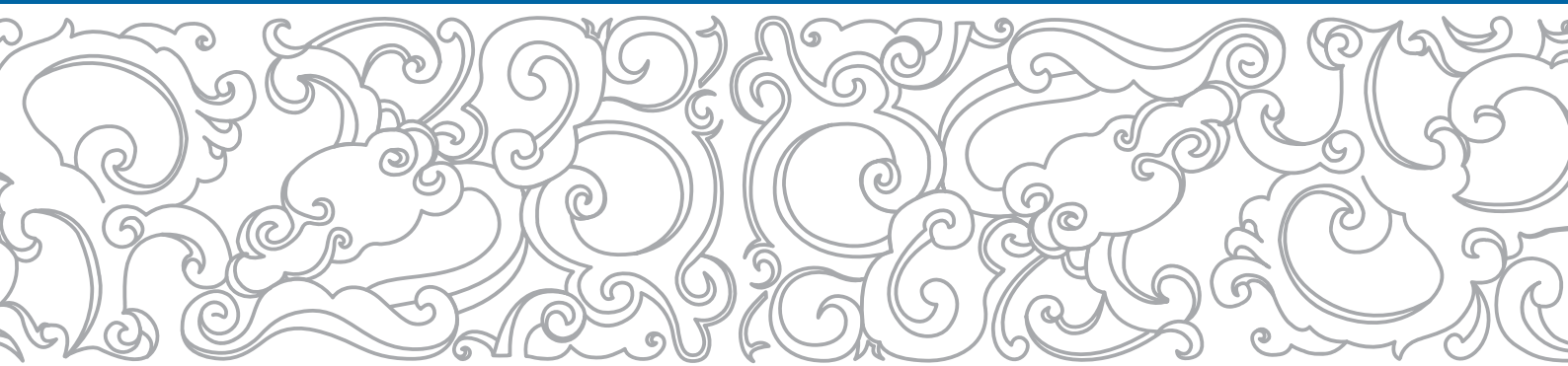
with high dividend payment, VF1 and VF4 certificates are considered fair investments.



VF1 NAV/ PRICE



VF4 NAV/ PRICE



VIETFUND
MANAGEMENT

VIETFUND MANAGEMENT (VFM)

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