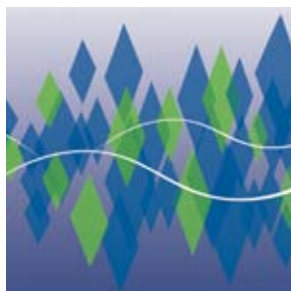




V I E T F U N D
M A N A G E M E N T

NEWSLETTER | VFM

Quarter II/2012



Issued by July 27th, 2012
www.vinafund.com

ECONOMIC OVERVIEW AND MARKET REVIEW QII/2012

ECONOMIC OVERVIEW

Sluggish credit growth: credit worthy companies don't pay high rates, risky companies don't get credit

Credit growth reached a mere 0.4% for the first six months, much lower than the Government's target of 12%, even though M2 grew 6.8%. One of the main reasons for this sluggish credit growth is that banks are naturally very cautious about lending when NPLs are rising. In such an environment credit worthy companies don't dare to borrow as lending rates are too high whereas risky companies who want to borrow don't get credit. This has been hampering economic growth as inflation finally was brought under control. In order to fuel growth the economy however will need a reasonable credit expansion. For this occur it will require a clear plan on dealing with NPLs and further restructuring of the banking sector. There is no such clear plan for NPLs as of yet as the Government announced that they will not use new cash to solve NPLs in order to avoid future inflation. Instead they will employ financial instruments and the existing regulatory framework to address NPLs, though it remains unclear what financial instruments they have in mind. We expect the SBV to have a clear plan on NPLs in August.

Bank restructuring to be accelerated. Another nine banks expected to be merged or acquired

Another reason for the low credit growth is that the effective lending rates have not fallen sufficiently yet, despite substantial reductions in policy rates during Q2, and are still at around 16-17%. Whilst some banks still offer 12 month deposit rates of 12%-13% others offer only 9%. Hence, if cost of funding is to be reduced faster then it will be important to control and constrain maximum deposit rates. Given that the banking sector restructuring has only led to two M&A thus far the Prime Minister has recently urged the SBV to accelerate the restructuring efforts. We understand that the SBV just finished a plan on 5 July to restructure another nine banks which gives rise to the hope that restructuring indeed will be accelerated in Q3. If so, we expect lending rates to reach 12-14% on average.

Government revised its GDP growth to a more realistic target of 5.2-5.7%, down from 6-6.5%

In Q2 GDP grew 4.7% yoy compared to 4.1% in Q1, resulting in a 4.4% GDP growth for 1H2012. Industrial & Construction was again the driver for the slow down, declining from 5.8% in 1H2011 to 3.8% in 1H2012. Services were a smaller factor, reducing from 6.2% in 1H2011 to 5.6% in 1H2012. Agriculture was no exception and slowed, too, from 3.9% in 1H2011 to 2.8% in 1H2012. The Government revised its GDP growth target down from 6- 6.5% to a more realistic 5.2-5.7% target. However, we think that it would be quite a success to achieve a 5.2% growth as we expect credit growth in 2012 to be much lower than the Government's target, i.e. only 8% vs. the target of 15%. What further underpins our concern is the PMI data published by Markit of 46.6 in June, which is the lowest number since Feb 2012. Nonetheless, we believe that the real economy will slowly find its bottom in Q3/Q4 2012.

MARKET REVIEW

VN Index dropped 1.3% on low liquidity

The VN Index (in US\$ terms) dropped by 1.3% to 422 during the reporting period. Average daily liquidity fell from US\$104m in May to US\$74m in June. The VN Index was known to be distorted but with the 100% listing of Vietcombank and PV Gas this has been exacerbated further as exemplified by the 4.4% decline by the median of stocks versus the 1.3% fall of the VN Index. Insurance was again the hardest hit sector with a decline of 10%, led by Bao Viet Holdings (BVH) which dropped 11%. BVH has been mainly supported by ETFs but given its 2012 PER of 23x and its sluggish growth this support weakened and the stock, as a consequence, was destined for a correction. Banking declined, too, by 1.9% but Real Estate, in a surprise development, rose 0.4% thanks to Vincom's rally by 4% whilst others in Real Estate were down between 2 to 22%.

NPL concerns and expected weaker Q2 earnings were the key drivers of market downturn

Banking restructuring is proceeding rapidly but the market seems to be disappointed that the indicated June '12 deadline was missed. Effective lending rates, as a result, have not been reduced as fast as the market anticipated, and are still high at an average of 16-17% in July. Even though NPLs were officially reported at 4.1%, the SBV governor went on record with his estimate of NPLs being rather 10% which is close to the National Financial Supervisory Commission's estimate of 11.5%. This is a good sign as the Government evidently understands the true magnitude of NPLs. Vietnam's manufacturing slowdown continued with the PMI declining from 48.3 in May to 46.6 in June. In view hereof, Q2 earnings are expected to miss market expectations which is currently being priced into the market. Since the end of the reporting period, the VN Index fell another 2.3% and closed at 411 as of press time. At the current level, assuming present forecasts materialise, the 2012 PER of the top 60 stocks is at 9.0x on +17% EPS growth. Dividend yields for many large and mid caps are above current deposit rates. Short term downside is more likely as sentiment remains weak but should also be limited as valuation once again gets attractive.

Fund name	Quỹ đầu tư Chứng khoán Việt Nam Fund (VF1)
English name	Vietnam Securities Investment Fund
Trading Code	VF1
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.

TOP 5 HOLDINGS

Stock	Stock exchange	NAV (%)
DPM	HOSE	14
VNM	HOSE	10
FPT	HOSE	8
NTL	HOSE	8
EIB	HOSE	7
Total		47

VF1

Fund performance in QII/2012

In QII/2012, due to the internal challenges of Vietnam economies conditions and external negative effects from European debt crisis, Vietnam stock market observed the slowing down trend in both volume and price toward the end of quarter. As at June 30, 2012, VN-Index slipped -4.2% QoQ, or down to 422.4 points, and HNX-Index declined -1.6% QoQ, or down to 71.1 points. Meanwhile, VF1 outperformed both VN-Index and HNX-Index's movement and recorded a positive gain in QII.

VF1's NAV as at June 30, 2012 which was VND 15,520 per unit grew 4.0% from last quarter.

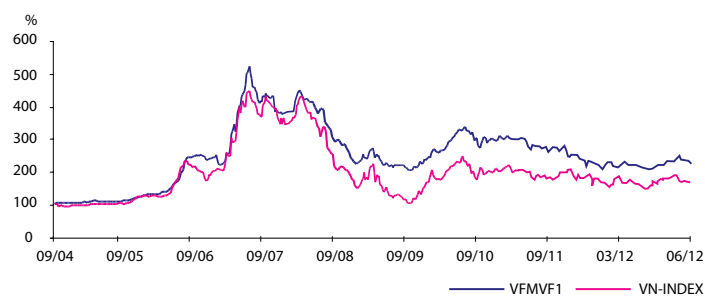
Movement in net asset value (NAV)

	30/06/2012			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception (20/5/2004)
VF1	1,000	1,552	15,520	(0.9)	4.0	19.5	(2.4)	19.5	55.2(*)
VN-Index			422.4	(1.6)	(4.2)	20.1	(1.2)	20.1	61.5
HNX-Index			71.1	(4.1)	(1.6)	21.0	(0.4)	21.0	(28.9)

(*) Including the dividends 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	z	Dec	Year-to-date (YTD)	YTD annualized
2012	4.9	10.2	(0.6)	10.7	(5.2)	(0.9)							19.5	42.9
2011	2.2	(10.7)	(1.8)	(5.2)	(10.2)	1.6	(4.7)	4.5	(3.1)	(3.1)	(12.7)	(3.6)	(38.9)	(38.9)
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	53.2	53.2
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

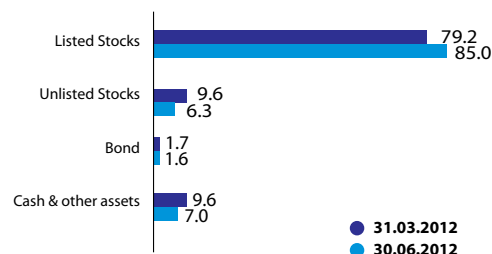
	Gain/Loss (%)		NAV (%)
	QII/2012	Year-to-date	
NAV (%)	4.0	19.5	100.0
Total investment	4.5	17.9	93.0
By asset class			
Listed stocks	5.4	20.0	85.0
Unlisted stocks	(5.6)	3.5	6.3
Bond	0.0	0.0	1.6
Top 5 industries			
Materials	13.3	34.0	20.5
Food, Beverage & Tobacco	(1.1)	6.4	12.7
Real Estate	17.1	35.6	12.7
Banks	2.4	3.7	10.2
Diversified Financials	2.0	15.8	7.9

In QII/2012, the proportion of listed stocks, which was accounted for 85% of NAV, increased 5.4% quarter-on-quarter (QoQ) and outperformed both VN-Index's and HNX-Index's return in the equivalent period. On the other hand, the proportion of unlisted stocks, with 6.3% NAV, yielded a negative return of -5.6% QoQ due to the declined price of its component stocks.

Among the top 5 holding by industry, Real Estate sector, with its component stock's rally and holding of 12.7% NAV, recorded the highest return of 17.1% QoQ. Meanwhile, Materials sector, which accounted for 20.5% NAV, also showed a 13.3% QoQ during the QII. On the other hand, Food, Beverage & Tobacco sector's stocks has not performed in the period and ended up with a slight decline of -1.1% QoQ.

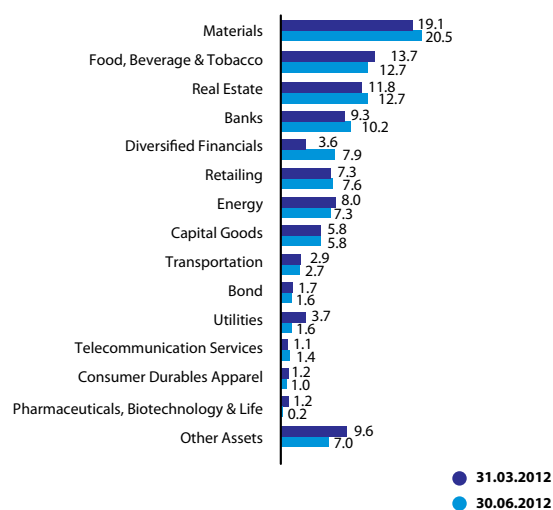
On the yield-to-date basis, Real Estate, Materials, Diversified Financials, Food, Beverage & Tobacco, and Banks respectively returned 35.6%, 34.04%, 15.8%, 6.4%, and 3.7% compared to last year end.

Asset allocation (%)



In QII/2012, VF1 divested a portion of unlisted stocks and hence brought its percentage in NAV down to 6.3%. Meanwhile, VF1's proportion of listed stocks gained its holding to 85% NAV due to the stocks' increased value and the investing activities. The investing activities also decreased cash holding down to 7% NAV (30-06-2012) from 9.6% (31-03-2012).

Investment by industries (%)



At 30-06-2012, VF1's asset allocation by sectors observed significant changes in ranking between sectors. Holding of Diversified Finance, due to investments, increased to 7.9% NAV and got in the top 5 holding by ranking. On the other hand, due to divesting activities during QII, holding of Utilities declined from 3.7% NAV down to 1.6% NAV. Sector of Pharmaceuticals & Healthcare decreased its holding down to 0.2% NAV due to the declined stock price during QII.

As at June 30, 2012, top five industries including Materials, Food, Beverage & Tobacco, Real Estate, Banks, and Diversified Finance were accounted for 63.9% NAV.

Fund name	Quỹ đầu tư Doanh nghiệp Hàng đầu Việt Nam (VF4)
English name	Vietnam Blue-chips Fund
Trading Code	VF4
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.

VF4

Fund performance in QII/2012

During QII/2012, Vietnam stock market has continued its increasing trend and reached the first peak in May. However, during the end of the quarter, it began to draw back and slightly decreased in comparison with the last quarter.

As of 30/06/2012, VN-index closed at 422.4 points or lost -4.2% QoQ, while HNX-index closed at 71.1 point of declined -1.6% QoQ.

VF4's NAV at 30/06/2012 reached 6,689 VND/unit, gained 3.5% compared to NAV at 31/03/2011.

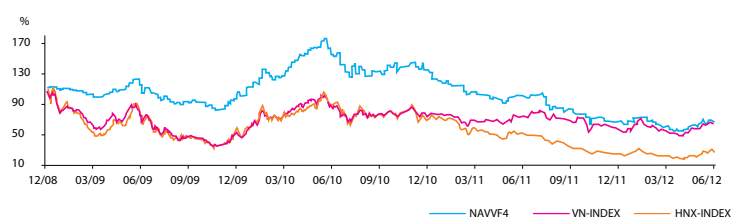
Movement in net asset value (NAV)

	30/06/2012			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	Lũy kế từ đầu năm	Since inception (28/2/2008)
VF4	806.5	539.5	6,689	(0.2)	3.5	21.4	(1.6)	21.4	(13.1)*
VN-Index			422.4	(1.6)	(4.2)	20.1	(1.2)	20.1	(38.5)
HNX-Index			71.1	(4.1)	(1.6)	21.0	(0.4)	21.0	(69.4)

(* excluding unit dividend of VND1,000 paid in 2009 and VND1,000 in 2010)

NAV VF4 PERFORMANCE VS. INDICES

28/02/2008 = 100



Top 5 Holdings

Stock	Stock exchange	NAV (%)
EIB	HOSE	11.2
VNM	HOSE	10.8
DPM	HOSE	10.1
FPT	HOSE	10.0
VCB	HOSE	6.8
Total		48.9

NAV performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date	YTD annualized
2012	6.0	8.3	2.1	(5.3)	(0.2)								21.4	47.4
2011	1.0	(13.0)	(3.1)	(4.3)	(12.0)	2.4	(0.6)	3.2	(1.5)	(3.2)	(11.7)	(5.1)	(36.7)	(21.9)
2010	(3.1)	1.5	3.1	7.4	(6.4)	(0.8)	(4.1)	(10.3)	(0.9)	(2.2)	(3.3)	4.9	(13.1)	6.4
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)

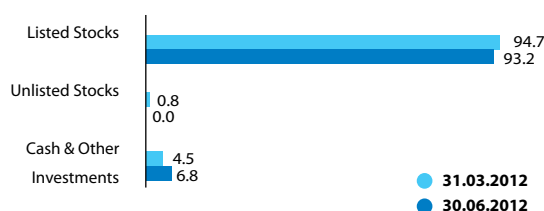
Portfolio review

	Gain/Loss (%)		NAV (%)
	QII/2012	Year-to-date	
NAV performance (%)	3.5	21.4	100.0
Total investment performance (%)	4.0	17.6	93.2
By listing status			
Listed stocks	4.0	17.6	93.2
Unlisted stocks	7.3	13.5	0
Top 5 industries			
Banks	5.6	16.7	21.1
Diversified Financials	3.0	18.5	14.4
Materials	19.7	32.2	13.7
Food, Beverage & Tobacco	(1.6)	3.3	10.8
Retailing	2.4	16.4	10.0

Total investments were accounted for 93.2% of the portfolio NAV as at 30/06/2012 and increased 4.0% QoQ.

Among top five holdings, sector with strongest gain was Materials, which was up 19.7% return on investment. Return of Banks, Diversified Financials, Retailing followed the ranking with respectively 5.6%, 3.0%, and 2.4%. Food, Beverage & Tobacco however decreased -1.6% during Quarter II.

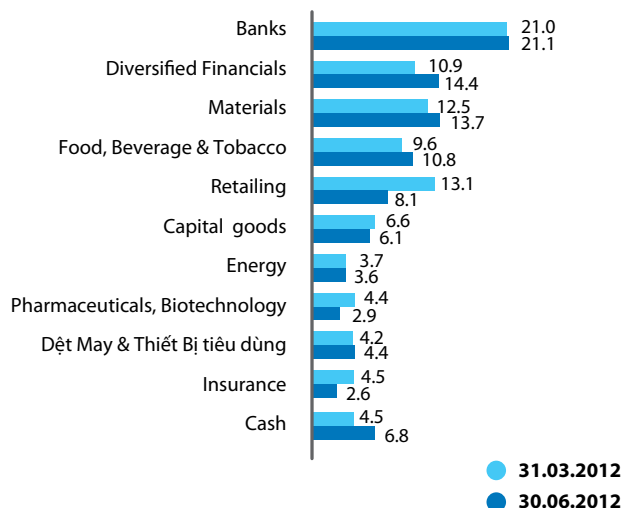
Asset allocation (%)



In Q2II/2012, VF4's asset allocation showed an increase in proportion of cash holding due to the net selling during the quarter. Holding of unlisted stocks decreased down to zero since one stock was listed during QII.

Cash holding increased from 4.5% at 31/03/2012 up to 6.8% at 30/06/2012.

Investment by industries (%)



During QII/2012, the proportion of Diversified Financials sector increased from 10.9% (31/03/2012) up to 14.4% (30/06/2012) due to net buying during the quarter. Sector of Materials, Food-Beverage & Tobacco, and Retailing also saw its stake increased in portfolio due to both net buying activities and increased stock price.

On the contrary, Capital Goods and Energy sectors observed a decrease in proportion due to divesting activities with 5% and 0.5% down respectively.

As at 30/06/2012, VF4 owned 24 stock investments in 10 sectors, in which top three sectors holdings (46.6% of total NAV and 52.7% of total investment value) were:

- Banks (21.1%).
- Diversified Financials (14.4%).
- Materials (13.7%)



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	02/04/2010
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.

VFA

Fund performance in QII/2012

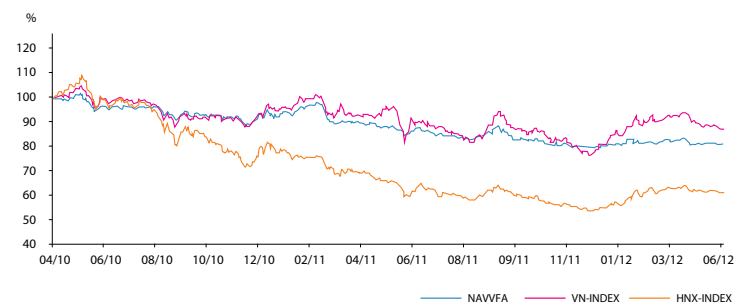
Vietnamese stock market moved sideways in QII/2012 as VN-Index decreased 4.2% and HNX-Index decreased 1.6%. In the same period, VFA's NAV reached 7,223.7 VND/unit and decreased 1.2%.

Movement in net asset value (NAV)

	30/06/2012			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception (02/04/2010)
VFA	240.4	173.7	7,223.7	(0.0)	(1.2)	1.2	(7.2)	1.2	(27.8)
VN-Index			422.4	(1.6)	(4.2)	20.1	(2.1)	20.1	(17.3)
HNX-Index			71.1	(4.1)	(1.6)	21.0	(0.4)	21.0	(56.7)

NAV VFA PERFORMANCE VS. INDICES

02/04/2010 = 100

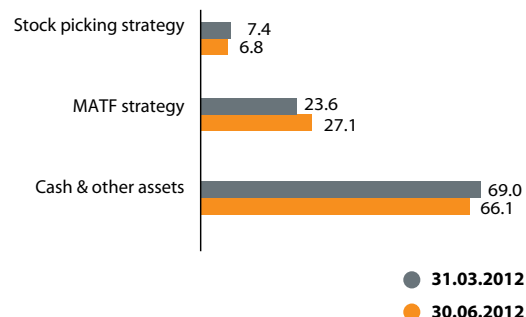


Portfolio review

	% NAV	IRR QII/2012	Contribution to NAV (%)
Trend-Following strategies on VN-index	0.0	0.0	0.0
Model Averaging strategy on indices	71.0	(1.5)	(1.0)
Stock picking strategy	7.4	(1.9)	(0.1)
Other investments	21.6	3.1	0.7
Total	100		(0.5)

At the beginning of QII/2012, Model-Averaging-trend-following strategy (MATF strategy) implemented fractional buy signal and raised the weight of stocks holding of MATF from 23.6% NAV to above 60% NAV. In mid QII/2012, when market moved unfavorably, MATF strategy divested part of its stock holding. Consequently, the strategy's IRR is -1.5%. In the other hand, other investments, which were mainly term deposits, had a return of 3.1% and made the contribution of 0.7% NAV for the fund and improved VFA's gross performance to -0.5% in QII/2012.

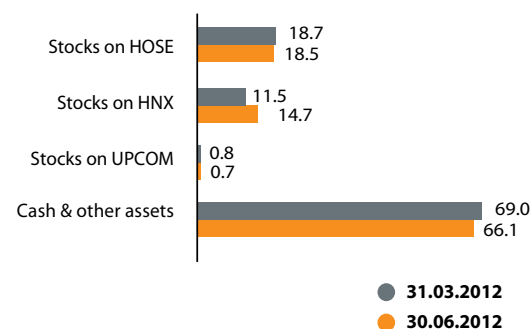
Asset allocation (%)



In QII/2012, MATF strategy had the net investment (total investment value minus total divestment value) of 9.6 billion dong and increased MATF's stock holding from 23.6% NAV to 27.1% NAV.

Stock picking's weight decreased slightly as their market prices decreased in QII/2012.

Investment by industries (%)



Because of the independence of the buy/sell signals of Model Averaging strategy on VN-Index and HNX-Index, the amount of investment on HOSE's and HNX's stock in any period are different. During QII/2011, the net disbursement on stocks listed on HNX was more than the net disbursement on HOSE's stocks. Consequently, the proportion of HNX stocks increased from 11.5% to 14.7% while HOSE's stocks' weights remained unchanged at 18.5% NAV.



REFRIGERATION ELECTRICAL ENGINEERING CORP.

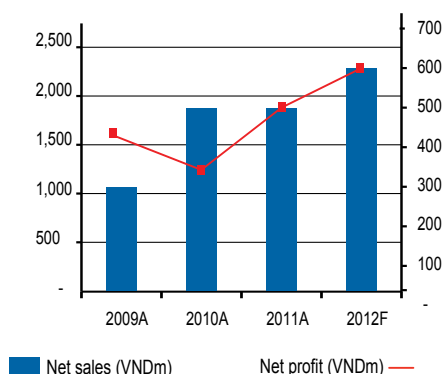
Ticker : REE
 Exchange : HOSE
 Sector : Capital Goods

Company profile

Refrigeration Electrical Engineering Corp. (REE) operates in four business segments: Mechanical and electrical engineering (M&E), manufacturing of electrical appliances (Reetech), Office leasing, and Strategic investment in utility companies.

REE M&E is the traditional business of REE Group, estimated to contribute around 47% to total revenue in 2012. REE M&E has good reputation and experience with big construction projects. REE M&E is considered the first choice as contractor for office building and industrial projects. Bringing in about 37% revenue, the Reetech business manufactures electrical home appliances under Reetech brand, which chooses to compete on reasonable prices and reasonable quality, building its own strong position within a highly competitive market.

The office lease business runs e.town office buildings and some other buildings of grade B in less crowded business districts. These office buildings have maintained occupancy rate of 90-95% and contributed stable income for the company over the last years. In addition, strategic investment in utility companies which is preparing for long term strategic. Strategic investment business is expected to bring sustainable cash flows in the long term.



Growth potential

REE Tower came into operation in 2011, adding 18,482 square meters of office space, bringing the REE office's total area NLA to 110,409 square meters. According to some forecasts, price for grade B office buildings has come to a stable phase and may increase slightly in 2013.

With good reputation and position, REE M&E has been a good choice as a contractor and is expected to grow at about 19% per annum over next five years.

In addition, REE has maintained a good balance between traditional business and long-term strategic investment, creating sustainable growth. On that basis, we expect REE group will reach its average growth 16% per annum.

Moreover, REE will increase its investments in utility companies in order to take the advantage of this promising sector.

First Half Update

REE's revenue is projected to reach VND2,248 billion in 2012, an increase of 24% from 2011 and net profit VND592 billion, up 15% compared to 2011. In the first quarter, the company posted revenue at VND509.4 billion, an increase of 28% from the same period last year and net profit VND255.6 billion, representing an increase 178% from the same period last year.

Revenue of the second quarter is targeted at about VND577 billion and net profit approximately VND110 billion, up 40% compared to the same last period. Therefore, revenue in the first half is estimated VND 1,087 billion, fulfilling 48% of the year target. Accordingly, net profit is estimated at around VND336 billion, equivalent to 61% of the 2012 plan.

FINANCIAL SUMMARY	2009A	2010A	2011A	2012F
Net sales (VNDm)	1,174.2	1,807.9	1,810.4	2,220.8
Net sales growth (%)	1.7	54.0	0.1	22.7
Net profit (VNDm)	430.0	360.5	512.8	614.1
Net profit Growth (%)	(379.5)	(16.2)	42.2	19.8
EPS (VND)	5,285.9	2,710.6	2,411.8	2,566.4
Gross Profit Margin (%)	34.8	27.4	29.9	26.6
Net Margin (%)	36.6	19.9	28.3	27.7
ROA	14.4	8.6	10.0	10.5
ROE	18.9	13.4	15.2	15.4
BVPS (VND)	30,396.9	15,567.1	16,134.3	17,071.6
Total debts/Total assets (%)	26.4	41.0%	27.0	36.0

Source: REE and VFM estimates (2012F)



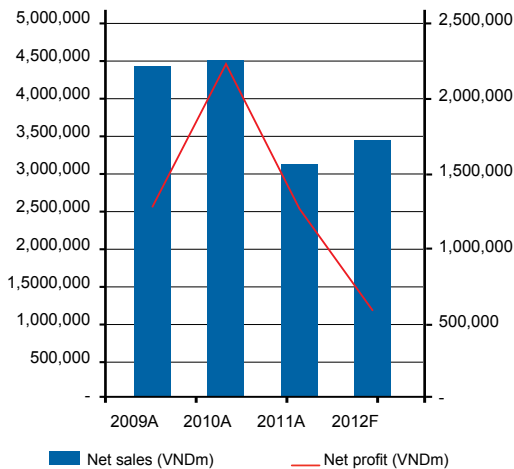
HOANG ANH GIA LAI GROUP

Ticker : HAG
Exchange : HOSE
Sector : REAL ESTATE

Company Profile

Established 19 years ago, Hoang Anh Gia Lai (HAG) has emerged as one of the leading private businesses in Vietnam. The company operates in five main business segments in Vietnam, Laos, and Cambodia: property development, rubber plantation, hydropower generation, and mining and furniture.

In the last three years, HAG has registered remarkable profit from its apartment projects amid upheavals of the property market. In 2011, the company earned VND1,702 billion of net profit on VND3,150 billion of revenue, producing EPS of 2,500. Although the economic fundamentals are projected to deteriorate in 2012 and the real estate market undergoing turbulence, HAG set a target for profit before tax at VND1,200 billion.



Growth Potential

HAG possesses a low-cost land bank of 71 ha locating in growing urban areas such as District 2, District 7, District 9, Thu Duc, Nha Be, Da Nang city, etc. With an estimated cost of around VND2.3 million per square meter, these land lots are considered cheap compared with those of competitors.

In addition, HAG has completed the plantation of 36,000 ha of rubber tree in Laos and Vietnam, leaving 15,000 ha to be finished in 2012. The management plan for this rubber is running smoothly and the company expects to receive the first sales dollars in 2013.

At the same time, with the Ba Thuoc hydropower plant (80 MW of capacity) being put into operation in mid 2012, followed by Nam Kong 2 (66MW) and Nam Kong 3 (45MW) in Laos, we anticipate that HAG will obtain stable cash flows from its hydropower generation business in the medium term.

Update Quarter 1/2012

HAG's management is working towards a plan of VND1,200 billion for profit before tax, a decrease 29% compared with 2011. The lower profit expectation is mainly attributed to the current economic woes and the frozen real estate market.

In the first quarter, HAG registered revenue at VND870 billion, an increase of 21% compared with the same period last year. However, profit before tax of VND99 billion declined by 83% compared with the same period last year at VND99 billion, fulfilling only 8% of the 2012 target. The decline in profit is due to a high base of the same quarter last year in which the company had high financial income of VND359 billion from the partial sale of the company's stake in Hoang Anh Real Estate, a subsidiary.

FINANCIAL SUMMARY	2009A	2010A	2011A	2012F
Net sales (VNDm)	4,365,308.7	4,524,887.6	3,150,251.0	3,447,301.0
Net sales growth (%)	132.1	3.7	(30.4)	9.4
Net profit (VNDm)	1,286,898.7	2,246,540.7	1,325,315.0	612,141.2
Net profit Growth (%)	68.1	74.6	(41.0)	(53.8)
EPS (VND)	2,930.4	4,903.0	2,499.5	1,154.5
Gross Profit Margin (%)	46.0	50.7	45.2	40.5
Net Margin (%)	29.5	49.6	42.1	17.8
ROA	18.5	20.7	9.8	5.2
ROE	28.1	30.5	12.5	5.6
BVPS (VND)	17,420.0	29,793.2	20,113.4	20,967.7
Total debts/Total assets (%)	43.0	31.3	45.5	48.5

Source : HAG & VFM estimates (2012F)

INVESTOR RELATION ACTIVITIES

I. Fund trading activities

In Quarter II/2012, trading volume of VF1 fund certificates decreases by nearly 30% as compared to QI/2012, valuing VND65 billion. With the same tendency, VF4's trading volume decline by 50%, equivalent to VND28 billion with many put through deals in the quarter at average price of VND5,100/ unit. With the 3rd fund certificate, trading of VFA is limited by many put through transaction.

Discount rate between trading price of VF4 & VFA and their net asset value is smaller than previous quarter, yet that of VF1 is still high (please find detail in the below table).

Fund name	Total trading volume in QII/2012 (units)	Total trading value in QII/2012 (VND)	Average trading price (VND/unit)	Discount rate (%)
VF1 investment fund	7,079,550	64,731,770,000	8,400	(45.25)
VF4 investment fund	5,280,450	28,309,903,000	5,298	(22.80)
VFA investment fund	249,960	1,430,000,000	7,351	(23.38)

II. Change in location of VFM's head office & branch

Pursuant to Decision No. 36/GPDC-UBCK dated 28 May 2012 & Decision No. 361/QD-UBCK dated 18 April 2012 issued by the SSC, Vietfund Management (VFM) would like to announce about the relocation of the VFM's head office & branch and that of our funds including VF1, VF4, VFA, VF2 as below:

• Head office in Hochiminh City:

Address: **17th Floor, Room 1701-04, Melinh Point Tower
02 Ngo Duc Ke Street, District 1, Ho Chi Minh city, Vietnam**
Telephone: +84 8 3825 1488
Fax: +84 8 3825 1489
Hotline: +84 8 3825 1480
Website: www.vinafund.com

• Branch in Hanoi:

Address: **9th Floor, Room 903, Hanoi Centre Office Building
44B Ly Thuong Kiet Street, Hoan Kiem District, Hanoi**
Telephone: +84 4 3942 8168
Fax: +84 4 3942 8169
Website: www.vinafund.com

With advantages of traffic, working environment and activeness of our new office and upgrade customer service activities, we believe in stable and long term cooperation with our value investors & partners.



LEGAL DOCUMENTS

In Quarter II/2012, the State has issued two legal documents on the securities market:

1. Circular No. 52/2012/TT-BTC dated 05 April 2012 and took effect from 01 June 2012 in replace of Circular No. 09/2010/TT-BTC dated 15 January 2010 by the Ministry of Finance guiding information disclosure on the securities market. Accordingly, the Circular not only provides more stringent conditions on the information disclosure and makes business information on the securities market more transparent, but also omits some content in Circular No. 09/2010/TT-BTC to be more suitable for the market, such as:

- Remove rules on reporting before trading by major shareholders of listed companies, to create more favorable conditions for the transaction.
- Request securities companies to disclose the liquidity ratio /total risk being examined at the same time with the semi-annual report and audited annual reports being publicized to ensure the interests of investors.
- Internal shareholders/investors are not allowed to register for purchase and sale of shares/rights to purchase shares of listed organizations/organizations registered for trading or fund certificates/rights to purchase fund certificates of public close-ended funds within the same period and only allowed to register for subsequent transactions after having reported the completion of previous transactions. Internal shareholders/investors must report to the SSC (State Securities Commission) and HOSE (Hochiminh Stock Exchange) if not purchased / sold securities volume being registered. This provision reduces the surfing of internal shareholders/investors and avoids interference of information for small investors.
- Large-scale public companies whose paid-in charter capital is VND120 and above, with over 300 shareholders and are not listed, must disclose the same information as listed companies. This provision increases the transparency of large companies, and ensures the rights of investors.
- Information disclosure must be made in Vietnamese, in some other circumstances may be made in additional foreign languages.
- Specify the circumstances of information disclosure postponement such as natural disasters, conflagrations, wars and other circumstances approved by SSC to postpone information disclosure.
- In addition, the Circular gives more detailed provisions on sanctions violations of information disclosure and liability; duration of preparing and publishing financial statements, as well as the more strictly rules on the implementation of accounting.

Subsequently, to facilitate the application of Circular 52/2012/TT-BTC, the SSC has issued the Decision No. 515/QD-UBCK dated 25 June 2012 promulgating regulations to disclose information on the electronic portal of the SSC and report of participants in the securities market.

2. Circular No. 81/2012/TT-BTC dated 22 May 2012 issued by the Finance Ministry guidance on local government bonds issuance in the domestic market. The document prescribes the conditions and procedures for issuing local government bonds, making the law system more consistent and improving the quality of the securities to enter the market.



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