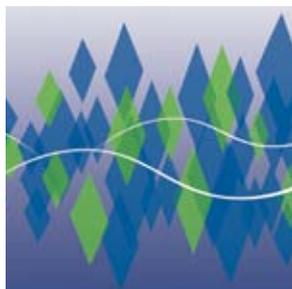




V I E T F U N D
M A N A G E M E N T

NEWSLETTER | VFM

Quarter III/2012



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www.vinafund.com

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ECONOMIC OVERVIEW AND MARKET REVIEW QIII/2012

ECONOMIC OVERVIEW

In September CPI came in at 2.2% m/m due to a spike in healthcare and education

In September, CPI came in at 2.2% m/m, the highest monthly increase since May 2011 and higher than the historical monthly average inflation in Sep. As a result CPI y/y rose from 5% in Aug to 6.5% in Sep. The increase was mainly driven by a spike in healthcare and education while food and foodstuffs modestly increased by only 0.1%. Healthcare (5.6% of the CPI basket) rose 17% as the Ministry of Health approved price increases for healthcare services and medicine in early August. Education (5.7% of the CPI basket) rose 10.5% partially due to the liberalisation of educational fees and partially due to the seasonal effect. Excluding the impact of these two categories, CPI m/m would have increased by 0.6% m/m in Sep. Except for the gasoline price hike which pushed the transportation category up by 3.8% all other categories continued to decelerate, suggesting that aggregate demand remains weak. In the coming months the biggest risks to inflation will come from healthcare and food and we therefore decided to raise our 2012 inflation forecast from 6.1% to 7.6% to reflect this risk.

GDP growth is 4.73% after 9 months. Revised target of 5.2%-5.5% is unlikely to be reached

In QIII quarterly GDP growth accelerated to 5.35% y/y, up from 4.0% in QI and 4.7% in QII. The increase was lower than expected, resulting in a 9 month GDP growth of 4.73%, well below the revised Government target of 5.2%-5.5% and lower than the 5.8% during the same period last year. The key reason was the Construction and Manufacturing sector which slowed from 5.9% y/y to 4.4% y/y which is in line with our expectation as Vietnam is still at the beginning of its deleveraging and restructuring process. Effective interest rates will stay high and continue impeding consumption and investment demand unless meaningful progress is made in the restructuring of the banking system and bad debts. Fiscal deficit for the first 9 months already reached 87% of the full year target as state revenues were only VND498trn or 67% of full year target while state expenditures were in line with plan with VND643trn or 71% of full year target. It is therefore very likely that the full year fiscal deficit will be higher than the 4.8% target, thereby limiting the room for fiscal policy stimulus in the foreseeable future. We maintain our GDP growth forecast of 5% for 2012 and 5.5% for 2013.

Ratings agencies disagree about Vietnam

Moody's downgraded Vietnam's sovereign credit rating one notch to B2 with stable outlook. It was the first change in Moody's assessment of Vietnam risk since 2010. S&P on the other hand raised its Banking Industry Country Risk Assessment for Vietnam from Group 10 to Group 9 on the view of reduced risks of economic imbalances. Although we share with Moody's concern about slower medium term growth, we believe the Government remains committed to restructuring the economy and restoring confidence in the system.

MARKET REVIEW

VN-Index declined 7.1% with high volatility in August. Market moved sideways and trading value was low

At the end of the third quarter, VN-Index closed at 392.57, down 7.1% compared to June's level. In August, the market witnessed one of the most significant turmoil event of the Vietnam financial history when Nguyen Duc Kien, a founder of Asia Commercial Bank and a prominent businessman in Vietnam, was arrested on accusations of wrongdoing. Following to the event, the market lost 4.7% on the same day and 11.8% a week later. The bandwagon sent banking stocks down, especially ACB and EIB with high volume being changed hands. Real estate stocks also suffered, spreading out to the whole market.

In September, the market was moving sideways in which VN-Index was being traded around 394. Subsequent to Kien's arrest, the prosecution of three ex-directors of ACB and one director Eximbank continued to erode the investor's psychology and undermine confidence in the financial market. Average daily trading value in the quarter was VND650 billion, much lower than VND1,480 billion in June and VND2,008 in May.

Banking sector on the spot light

After the State Bank of Vietnam officially acknowledged that non-performing loans of banking system were at 10%, the public hopefully expected a resolution. However, the Government has not detailed to tackle the problem, bringing the banking system back to safety zone. According to several estimates, the banking system needs about \$10–12 billion to clear out non-performing loans and to recapitalize.

Hence, along with state-owned enterprise restructuring and a weak real estate market, banking system's non-performing loans will now worry the investors and hinder the opportunities for market to grow back.

Sluggish manufacturing

According to HSBC, Vietnam's PMI in September was 49.2, still under the 50 level, signaling a sluggish manufacturing sector. Despite of being at 5 months high and higher than 47.9 level of August, manufacturing has yet altered the declining trend, especially in the consequence of slowdown of China and the world's economy.

With those negative elements, the sluggish manufacturing sector has made investors more pessimistic. We predict a very low chance for a market recovery in short term, but a likelihood of a market being traded sideways or being slightly volatile in the coming quarter.

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	16
VNM	HOSE	14
FPT	HOSE	7
PVD	HOSE	6
NTL	HOSE	5
Total		48

VF1

Fund performance in QIII/2012

The events happened during Quarter III has altered the increasing trend and caused Vietnam stock market to tumble.

As at 30/09/2012, VN-Index closed at 392.57, or down -7.1% compared to Quarter II and HNX-Index closed at 55.47, or down -22% compared to Quarter II. Meanwhile VF1 recorded a decrease in NAV.

As at 30/09/2012, NAV of VF1 reached 14,528 VND/unit, decrease -6.4% compared to Quarter II.

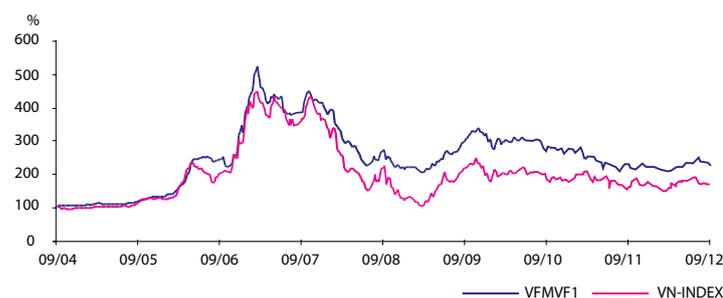
Movement in net asset value (NAV)

	30/09/2012			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	1,000.0	1,452.8	14,528	(3.4)	(6.4)	(2.7)	11.9	11.9	45.28 *
VN-Index			392.6	(0.9)	(7.1)	(11.0)	11.7	11.7	50.1
HNX-Index			55.5	(9.7)	(22.0)	(23.2)	(5.6)	(5.6)	(44.5)

(*) Including 15% dividend paid to investors

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
2012	4.9	10.2	(0.6)	10.7	(5.2)	(0.9)	(1.4)	(1.7)	(3.4)				11.9	16.2
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

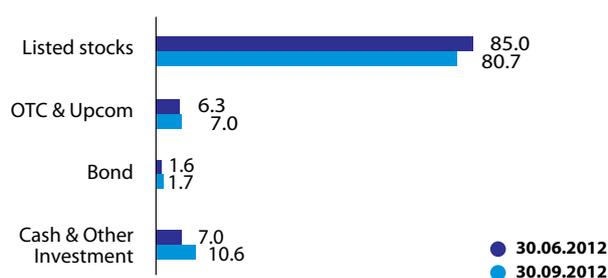
	Gain/Loss (%)		NAV (%)
	QIII/2012	Year-to-date	
NAV (%)	(6.4)	11.9	100.0
Total investment	(6.6)	11.4	89.4
By asset class			
Listed stocks	(6.7)	13.0	80.7
Unlisted stocks	(3.8)	(6.0)	7.0
Bond	0.0	0.0	1.7
Top 5 industries			
Materials	5.6	39.9	22.9
Food, Beverage & Tobacco	25.3	32.5	16.7
Real Estate	(24.8)	14.3	10.1
Diversified Financials	(15.1)	(1.2)	7.1
Energy	(4.2)	(0.4)	7.1

During Quarter III, proportion of Listed stocks, accounted for 80.7% NAV, decreased -6.7% but better than the performance of VN-Index and HNX-Index. Proportion of Unlisted stocks, accounted for 7% NAV, decreased -3.8% compared to Quarter II.

Among the top 5 holdings by sector, sector of Materials, with 22.9% NAV, yielded a return on investment at 5.6% compared to quarter II. Also, sector of Food, Beverage & Tobacco yielded 25.3% return on investment during the quarter. On the other hand, sector of Real Estate, Diversified Financials, and Energy respectively yielded -24.8%, -15.1%, -4.2% return on investment compared to Quarter II.

On the year-to-date basis, the return on investment of Materials, Food, Beverage & Tobacco, Real Estate, Diversified Financials, Energy respectively were 39.9%, 32.5%, 14.3%, -1.2%, and -0.4%.

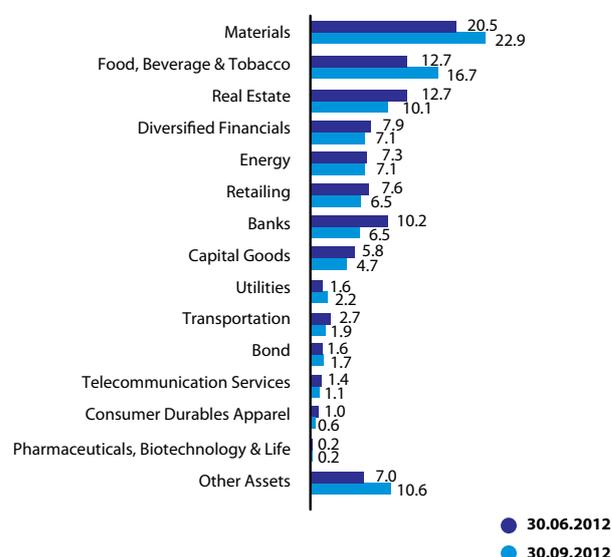
Asset allocation (%)



The proportion of listed stocks decreased from 85% NAV at 30/06/2012 down to 80.7% NAV at 30/09/2012 due to divestments and component stocks' value tumble. Meanwhile, proportion of unlisted stock increased from 6.3% at 30/06/2012 up to 7% NAV at 30/09/2012 since the loss was smaller compared to the proportion of listed stocks. The proportion of bond still maintained at 1.7% NAV.

Divesting activities during Quarter III has lifted cash proportion from 7.0% NAV at 30/06/2012 up 10.6% NAV at 30/09/2012.

Investment by industries (%)



As at 30/09/2012, VF1's asset allocation has changed noticeably since Quarter II. Proportion of Materials and Food & Beverage, Tobacco respectively increased 2.4% and 4% since last quarter due to the investment activities and increased stocks price. While proportion of other sectors decreased due to dipped market value. Proportion of Bank and Capital goods respectively decreased 3.7% and 1.1% due to divesting activities on these sectors.

As at 30/09/2012, VF1's portfolio consisted of 35 stocks in 14 sectors, in which the top 5 holding by sectors were:

- Materials (22.9%)
- Food, Beverage & Tobacco (16.7%)
- Real Estate (10.1%)
- Diversified Financials (7.1%)
- Energy (7.1%)

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	28/02/2008
Listing date	12/6/2010
Fund term	10 years
Management Fund	VietFund Management (VFM)
Custodian	HSBC Bank (Vietnam) Ltd., Ho Chi Minh 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 (%)
VNM	HOSE	15.8
DPM	HOSE	12.7
FPT	HOSE	8.9
MSN	HOSE	7.0
VCB	HOSE	6.1
Total		50.5

VF4

Fund performance in QIII/2012

In Quarter III/2012, Vietnam stock market incurred several critical events affecting negatively on investor's psychology along with an economy facing more challenges.

As at 30/09/2012, VN-Index closed at 392.57, or down -7.1% compared to Quarter II and HNX-Index closed at 55.47, or down -22.0% compared to Quarter II.

As at 30/09/2012, NAV of VF4 reached 6,170.4 VND/unit, decreased -7.8% compared to Quarter II.

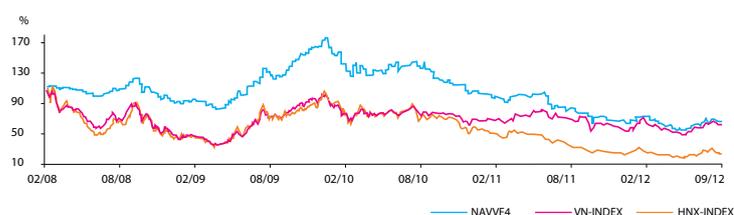
Movement in net asset value (NAV)

	30/09/2012			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	497.6	6,170	(3.7)	(7.8)	(4.5)	12.0	12.0	(18.3)*
VN-Index			392.6	(0.9)	(7.1)	(11.0)	11.7	11.7	(42.8)
HNX-Index			55.5	(9.7)	(22.0)	(23.2)	(5.6)	(5.6)	(76.1)

(* excluding unit dividend of VND1,000 paid in 2009 and VND1,000 in 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 annualized
2012	6.0	8.3	2.1	(5.3)	(0.2)	(0.2)	(0.7)	(3.6)	(3.7)				12.0	16.3
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)

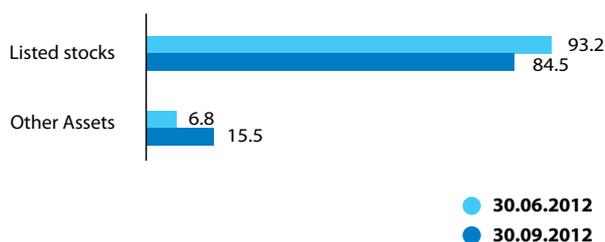
Portfolio review

	Gain/Loss (%)		NAV (%)
	QIII/2012	Year-to-date	
NAV growth (%)	(7.8)	12.0	100.0
Total investment growth (%)	(7.7)	10.5	84.5
By listing status			
Listed stocks	(7.7)	10.4	84.5
Unlisted stocks	0.0	13.5	0.0
Top 5 industries			
Materials	3.0	32.9	15.8
Food, Beverage & Tobacco	35.3	39.0	15.8
Banks	(19.1)	(4.1)	15.0
Diversified Financials	(14.9)	1.0	13.6
Retailing	(17.5)	(1.6)	8.9

Total investments were accounted for 84.5% of the portfolio NAV as at 30/09/2012 and decreased -7.7% QoQ.

Among top five holdings, Food, Beverage & Tobacco and Materials respectively achieved the return on investment at 35.3% QoQ and 3% QoQ. Meanwhile, sector of Bank, Diversified Financials, and Retailing respectively yielded -19.1%, -14.9% and -17.5% return compared to last quarter.

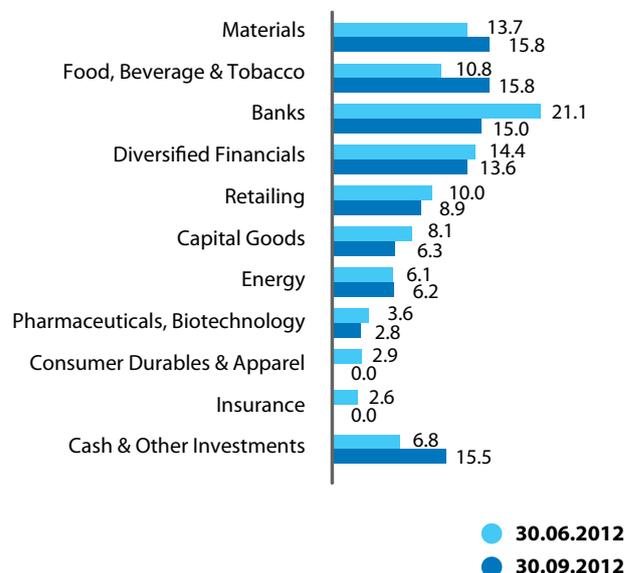
Asset allocation (%)



In Quarter III/2012, proportion of listed stocks decreased from 93.2% at 30/06/2012 down to 84.5% at 30/09/2012 due to the net selling activity.

Cash holding increased from 6.79% at 30/06/2012 up to 15.51% at 30/09/2012.

Investment by industries (%)



Compared to Quarter II, sectors with increased proportion were respectively Food, Beverage & Tobacco, and Materials with the increase of 4.9%, 2.2% compared to Quarter II.

Among these two sector, proportion of Food, Beverage & Tobacco increased up to 15.8% NAV due to increased market value, while proportion of Materials increased up to 15.8% NAV due to both increased market value and investing activities.

Meanwhile, sectors with decreased proportion were respectively Banks, Consumer Durables & Apparel, Insurance, Capital Goods with the decline of -6.1%, -2.9%, -2.6%, -1.8% compared to Quarter II.

Due to a divesting move and decreased market price, proportion of Banks decreased down 15% NAV and proportion of Capital goods decreased down to 6.3% NAV. Moreover, sector of Consumer Durables & Apparel and Insurance were completely divested from VF4's portfolio.

As at 30/09/2012, VF4's portfolio consisted of 18 stocks in 8 sectors, in which the top 3 holding by sectors were:

- Materials (15.8%)
- Food, Beverage & Tobacco (15.8%)
- Banks (15%)



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 QIII/2012

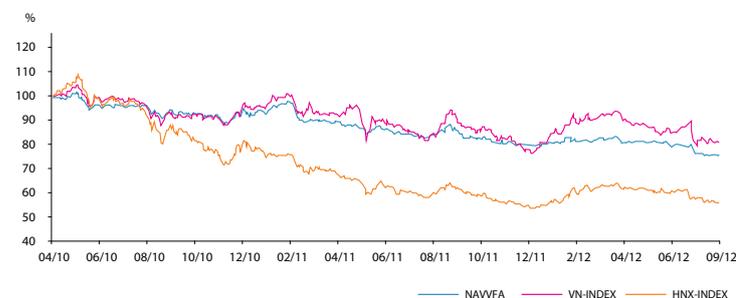
Vietnamese stock market plunged in QIII/2012 as VN-Index decreased 7.1% and HNX-Index decreased 22.0%. In the same period, VFA's NAV reached 6,914.6 VND/unit and decreased 4.3%.

Movement in net asset value (NAV)

	30/09/2012			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	166.3	6,914.6	0.02	(4.3)	(5.4)	(3.1)	(3.1)	(30.9)
VN-Index			392.6	(0.9)	(7.1)	(11.0)	11.7	11.7	(23.1)
HNX-Index			55.5	(9.7)	(22.0)	(23.2)	(5.6)	(5.6)	(66.2)

NAV VFA PERFORMANCE VS. INDICES

02/04/2010 = 100



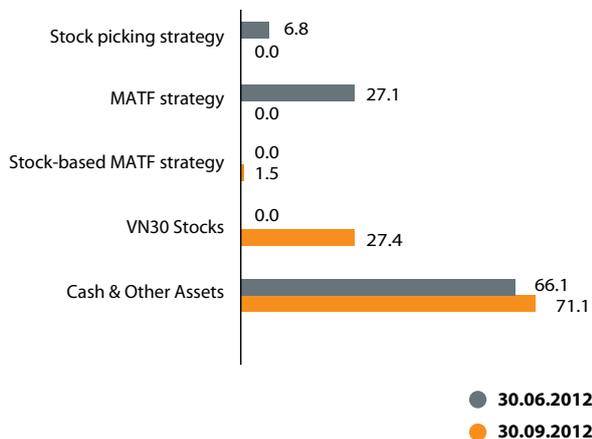
Portfolio review

	% NAV	IRR QIII/2012	Contribution to NAV (%)
Stock-based MATF strategy	70.0	(1.4)	(1.0)
VN30 stocks	30.0	(8.8)	(2.6)
Stock picking strategy	0.0	0.0	0.0
Total	100		(3,6)

At the beginning of QIII/2012, while the stock market had plunged and began to recover, MATF strategy had buy signals and increased the strategy stock holding to 16% NAV. However, event risk occurred and market suddenly declined, the strategy sold to cut loss in the middle of QIII/2012. With the risk management mechanism, the strategy only bought and sold a fraction of portfolio and thus minimized losses with IRR was 1.4% whilst VN-Index and HNX-Index decreased 7.1% and 22.0% respectively.

VN30 basket strategy decreased 8.8% which approximated the decrease of VN30 - 8.3%.

Asset allocation (%)

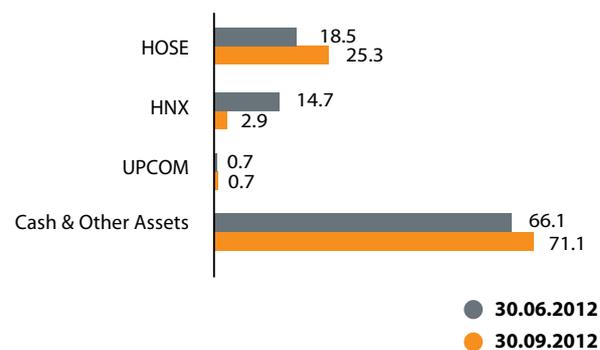


In QIII/2012, approved by Investment Committee (IC), VFA replaced Model-Averaging trend following (MATF) strategy on Index by Stock-based MATF strategy. IC also recommended allocating 30% NAV in VN30 basket for higher diversification and minimizing the model risk of Stock-based MATF strategy.

The Stock-based MATF strategy had both buy signals and sell signals in this period, so its proportion was 1.4% NAV.

The stocks in stock picking strategy was reconstructed and moved to VN30 stock strategy in QIII/2012, so stock picking strategy weighed 0% NAV as at 30/09/2012.

Investment by industries (%)



Because the Stock-based MATF strategy and VN30 stocks strategy focus on the highly liquid stocks on HOSE, the proportion of HOSE stock increased from 18.5% NAV to 25.3% NAV and the proportion of HNX stock decreased from 14.7% NAV to 2.9% NAV. The proportion of cash increased from 66.1% NAV to 71.1% NAV since Stock-based MATF strategy divested in QIII/2012.



FPT CORPORATION

Ticker : FPT
 Exchange : HOSE
 Sector : Distribution

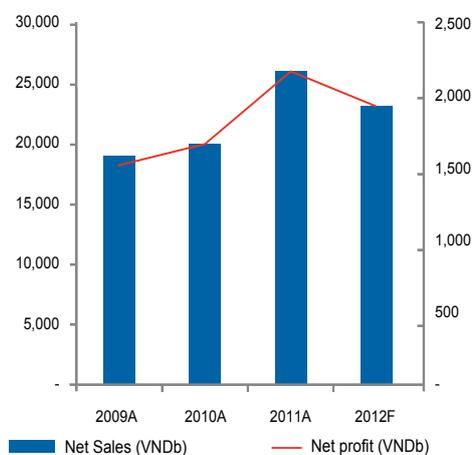
Company profile

FPT Corporation is a group of companies operating in four main businesses: mobile phone and IT product distribution, telecommunications, integrated systems, and software.

After 20 years of development, FPT has transformed from a food processing company into a diversified group, securing its position and large market share in its operating segments. In recent years, the company has diversified into education, real estate, banking and finance with encouraging achievements.

Reaching \$1 billion in sales, the company is speeding up investment in developing ICT products with its own brand name, expanding global presence, and becoming the country's largest ICT group.

INCOME AND PROFIT 2009-2012F



Source: FPT and VFM Research

Growth potential

The integrated systems segment is growing fast with high margin. The telecommunications segment will be key driver for the company's profit in the next years. Additionally, the software business is building up its global strength by setting foot on new market while maintaining the key markets Japan and the US.

FPT is investing in its own brand ICT products: FMobile, FPT tablet, creating more room for growth when the distribution segment reaches its plateau. The company plans to buy the state ownership in FPT Telecom, the high growth business that largely contributes profit to FPT. If the transaction is made at reasonable price, shareholders of the parent company are expected to benefit much from it.

Quarter III/2012 Update

The company management has slashed targets for 2012 to VND26 trillion in revenue and VND2.547 billion in net profit, 16.7% and 15% lower than the previous targets respectively. The revision reflects economic slowdown and deteriorating confidence of consumer and the corporate sector.

In the first three quarters, the company registered revenue at VND17,616 billion and net profit at VND1.755 billion, a slight decrease compared to the same period last year. Accordingly, the company has fulfilled 69% of the plan.

FINANCIAL SUMMARY	2009A	2010A	2011A	2012F
Net sales (VNDb)	18,404	20,017	25,370	24,874
Net sales growth (%)	12	9	27	(2)
Net profit (VNDb)	1,406	1,692	2,079	2,181
Net profit Growth (%)	34	20	23	5
EPS (VND)	7,474	7,505	8,215	5,823
Gross Profit Margin (%)	20	20	20	22
Net Margin (%)	9	10	10	11
ROA (%)	42	38	36	33
ROE (%)	24	23	20	22
BVPS (VND)	26,499	26,908	29,718	25,736
Total debts/Total assets (%)	63	58	57	50

Source: FPT and VFM estimates



PETROVIETNAM GAS JOINT STOCK CORPORATION

Ticker : GAS
Exchange : HOSE
Sector : ENERGY

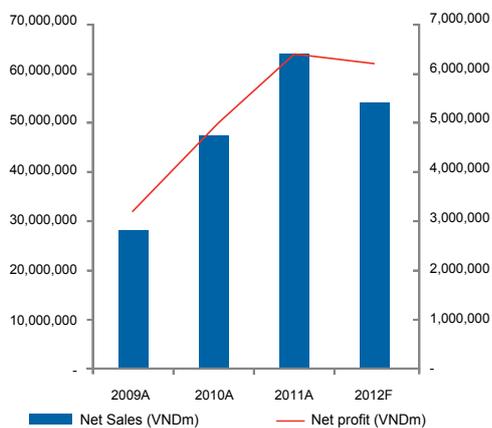
Company Profile

PetroVietnam Gas JSC (PV Gas) was established in 1990 as a state-owned company and went public in 2011, becoming one of the biggest joint stock companies with chartered capital of VND18,950 billion. Since the company shares were listed on Ho Chi Minh stock exchange, the company has had the highest market capitalization, which was around VND73.33 trillion on 09/30/2012.

PV Gas invests in and manages gas pipeline systems to transport associated gas onshore from Bach Ho field, Nam Con Son Basin, and PM3 Ca Mau with total capacity of 11 billion m3 of gas per year. Furthermore, the company is expanding into LNG's import and distribution.

On an annual basis, PV Gas provides around 9 billion m3 of dry gas to thermal power and fertilizer companies, producing approximately 40% of total electric power and 30% of total fertilizer nationwide. In addition, the company sells about one million ton of LPG annually, meeting for 70% market demand.

INCOME AND PROFIT 2009-2012F



Source : GAS and VFM Research

Growth Potential

According to BP research, oil reserves in Viet Nam are enough for exploitation in around 60 years. Thanks to its pipelines as unique assets, PV Gas holds an exclusive position in the gas market.

In the last 2 years, the company registered revenue growth at 69% and 34%, boosting net profit growth by 48% and 30%, respectively. Over the next 3 years, revenue is expected to grow at around 18%-20% annually. Moreover, with 2 large projects of plot B O Mon and Nam Con Son 2 coming into operation in early 2015, sustainable long-term growth will be maintained.

Quarter 3/2012 Update

In 2012, PV Gas sets targets at VND55.2 trillion in revenue and VND5.285 in net profit, decreases of 14% and 17% respectively compared to 2011. However, in the first six months, the company posted VND36.7 trillion of revenue and VND4.928 billion, achieving 67% and 93% of targets respectively. The impressive results could be attributed to higher-than-expected average selling price for LPG. Therefore, it is highly possible that PV Gas is going to outperform this year.

FINANCIAL SUMMARY	2009A	2010A	2011A	2012F
Net sales (VNDm)	28,314	47,994	36,530	54,539
Net sales growth (%)	20	70	(24)	49
Net profit (VNDm)	3,187	4,924	4,293	6,291
Net profit Growth (%)	n/a	54	(13)	47
EPS (VND)	6,288	4,710	2,265	3,320
Gross Profit Margin (%)	18	16	28,921	18
Net Margin (%)	11	10	12	12
ROA (%)	16	12	11	13
ROE (%)	42	21	18	24
BVPS (VND)	14,233	21,086	12,212	13,818
Total debts/Total assets (%)	62	40	40	43

Source : GAS & VFM estimates

VFM ONGOING PRODUCTS

In order to meet the investors' demand with the newly issued open-end fund circular, VFM is proactive in researching open-end fund model as well as extensive training at countries which obtain similar financial model to Vietnam. Open-end funds are best opportunity for VFM to provide diversified investment channels and attract new capital. We are planning to introduce to investors several investment fund products such as Index Fund, Bond Fund, money market fund or even provident Fund etc. The Circular has an important role in resolving many problems of closed-end fund, diversifying investment products and improving life insurance and social welfare areas.

BOND FUND

VFM will offer this Bond fund for sale to public at the beginning of 2013.

Understanding the professional bond investment's needs from the big financial institutions, VFM team together with bond investment specialists from Dragon Capital are in the progress of launching a bond fund with a diversified portfolio and active management which brings the most effective performance for investors. VFM will offer this Bond fund for sale to public at the beginning of 2013.

The Fund investment objective is to achieve superior financial returns from capital appreciation and yields via investments in bonds issued by the Vietnamese Government and its agents, corporate bonds issued by qualified company operated in Vietnam, commercial paper and other money market tools. VFM expects that with the establishment of the Bond fund will open a new horizon for the Vietnam Bond Market.

INDEX FUND

Index fund usually tracks a target index which comprises stock basket, represents market with large capital value, high liquidity and low price fluctuation.

Index fund is one of the biggest investment fund models in the world stock market. With the purpose of tracking the index, the investor, instead of trading individual stock, can trade the entire stock basket through trading the index fund certificates.

Index fund usually tracks a target index which comprises stock basket, represents market with large capital value, high liquidity and low price fluctuation. The State Securities Commission is in the progress of constructing different index baskets in order to meet variety investor demands and build a strong foundation for the Vietnam stock market. The first index has been launched in February 06, 2012 is VN-30. Since then, VN-30 has shown its over-expected performance compared to the current indexes and provided the highest growth. This will help VFM introduce our index fund products to investors in the coming period.

REAL ESTATE INVESTMENT FUND

The appearance of Real estate investment fund will create an alternative way for individual investors to join the fund instead of having to purchasing real estate property.

Real estate investment fund is investment fund that the investor contribute their money into the fund via buying the fund unit. This fund is authorized for fund management firm to manage the fund. The investor will earn the profit under the dividend being paid by the fund. The Real estate investment fund's operation is focus on trading and managing the commercial real estate property or investing directly into the project or property firms.

Follow with new regulation allow for setting up the real estate investment fund, VFM in conjunction with Dragon Capital and potential partners are researching for setting up the real estate investment fund with a diversification portfolio and smooth out overall returns. The appearance of Real estate investment fund will create an alternative way for individual investors to join the fund instead of having to purchasing real estate property.

VF3 – VIETNAM EMPLOYEE RETENTION FUND

Since 2006, VFM has researched and developed VF3 investment fund in the aim of supporting enterprises to build up long-term care plan for their employees.

Since 2006, VFM has researched and developed VF3 investment fund in the aim of supporting enterprises to build up long-term care plan for their employees. Together with AON – one of the leading foreign insurance broker in Vietnam – we have approached and attracted interests from more than 200 big enterprises with the scale of 50 – 100 staffs. We are improving the product and will offer the product to public when specific guidance on the type of retirement fund as well as tax incentives are available to facilitate the companies and employees to easily participate in the fund.

VF3 is a specialized investment fund with the objective of supporting employees' futures. We offer a combination of capital liquidation and future income, which can protect employees from the depreciation of social benefits and give way to the possibility of outliving income in the retirement years. VF3 was created to assist corporations in planning for the long-term care of their employees. Employees are increasingly aware of the importance of planning for their retirement years. Helping your employees create this security for the future and supporting them into their retirement years creates a bond between you and your employees; a bond that will help you and your business grow stronger and longer into the future.

VF3 is the investment fund intended for employers and employees to:

- Provide financial benefits to employees' in old age, retirement, forced departure due to disability, death
- Encourage employees' savings for their own benefits
- Behavioral benefits for key staff
- Build and maintain a strong relationship between employers and employees.

We do hope to offer this employees retention fund to public for the best benefits and interest of enterprises and employees.



LEGAL DOCUMENTS

On the third quarter of 2012, the State has issued five (05) new legal documents on the securities market as below:

DECREE NO. 58/2012/ND-CP

Decree No. 58/2012/ND-CP was issued on July 20, 2012 stipulating in detail and guiding the implementation of a number of articles of the Securities Law and the Law amending and supplementing a number of articles of securities law.

It takes effect from September 15, 2012 and supersedes the Decree No. 14/2007/ND-CP dated January 19, 2007 of the Government detailing the implementation of some articles of the Securities Law, the Decree No. 84/2010/ND-CP dated August 2, 2010 of the Government amending and supplementing some articles of the Decree No. 14/2007/ND-CP and the Decree No. 01/2010/ND-CP dated January 04, 2010 of the Government on individual share offering. This document is issued, for consistency with the changes in the Securities Laws. In addition, this document also has a lot of new features and advances outstanding, as follows:

- Specifying conditions, procedures and competent state agencies Planning and Investment handling the dossier of Non-public Joint Stock Companies; State Securities Commission handling the dossier of Public companies, Securities companies and Fund management companies.
- Regulation of procedures for stock offering to the public the Joint Stock Company constituted after the consolidation and merger; the offering of securities to the public of the major shareholder in the Public company.
- Regulation of the case for additional issue of stock for swap.
- Regulation on securities of foreign organizations awarded to Vietnamese employees working in foreign organizations in Vietnam.
- To set the conditions for stock issue to increase equity capital/pay dividends, in order to avoid arbitrarily issue to increase equity capital/pay dividends.
- Specifying procedures to cancel the listing and the prohibited transaction.
- Regulation on the organization, establishment and operation of a Real estate Investment Fund.



CIRCULAR NO. 121/2012/TT-BTC

Circular No. 121/2012/TT-BTC of the Ministry of Finance dated July 26, 2012 prescribing the company management applicable to public companies.

It takes effect from September 17, 2012 and supersedes the Decision No. 12/2007/QD-BTC dated March 13, 2007 promulgating the Regulation on company management applicable to companies listed at the Stock Exchange and Securities trading centers, the Decision No. 15/2007/QD-BTC dated March 19, 2008 promulgating the Charter sample applicable to companies listed at the Stock Exchange and Securities trading centers. This document is issued, for consistency with the new content changes in the securities laws and defined in more detail on the public company management applicable principles, in order to ensure full benefits to shareholders. New highlights of this document is a public company may not grant loans or guarantees to members of the Board of Directors, member of the Supervisory Board, the Managing Director (CEO), the other managers and related people to the above members, unless the General Meeting of shareholders decides otherwise.

CIRCULAR NO. 130/2012/TT-BTC

Circular No. 130/2012/TT-BTC of the Ministry of Finance dated August 10, 2012 guiding the repurchase of shares, the sale of treasury shares, and the additional shares issuance of public companies.

It takes effect from October 01, 2012 and supersedes the provisions on repurchase of shares, sale of treasury shares, and some cases of additional issuance of shares of public companies in the Circular No. 18/2007/TT-BTC dated March 13, 2007 of the Ministry of Finance, on repurchasing and reselling shares, and some cases of additional issuance of shares of public companies. This document provides stricter and more detail than the previous regulation. Some of the new contents are specified term purchasing/selling treasury shares does not exceed 30 days, and if the public company change the purchasing/selling treasury shares must be approved by the State Securities Commission, the provisions of the total shares issued in each twelve months must not exceed 5% of the outstanding shares of the company, the provisions of Treasury shares is not eligible for the right given from the issuance of shares to pay dividends/increase share capital from equity capital.



CIRCULAR NO. 147/2012/TT-BTC

Circular No. 147/2012/TT-BTC of the Ministry of Finance dated September 10, 2012 and takes effect from January 11, 2012, on amending and supplementing a number of articles of “regulations on securities practice” promulgated together with the Decision No. 15/2008/QD-BTC, of March 27, 2008.

This document provides more detail on the dossier of and procedures for securities practice certificates and cancel a condition for issuance of securities practicing certificates as “Not having been subject to a penalty imposed in accordance with the law on securities and securities markets by the SSC; or in the case of an individual having been subject to such a penalty, then more than one year must have expired since the date of completed compliance with the penalty decision”.

CIRCULAR NO. 26/2012/TT-NHNN

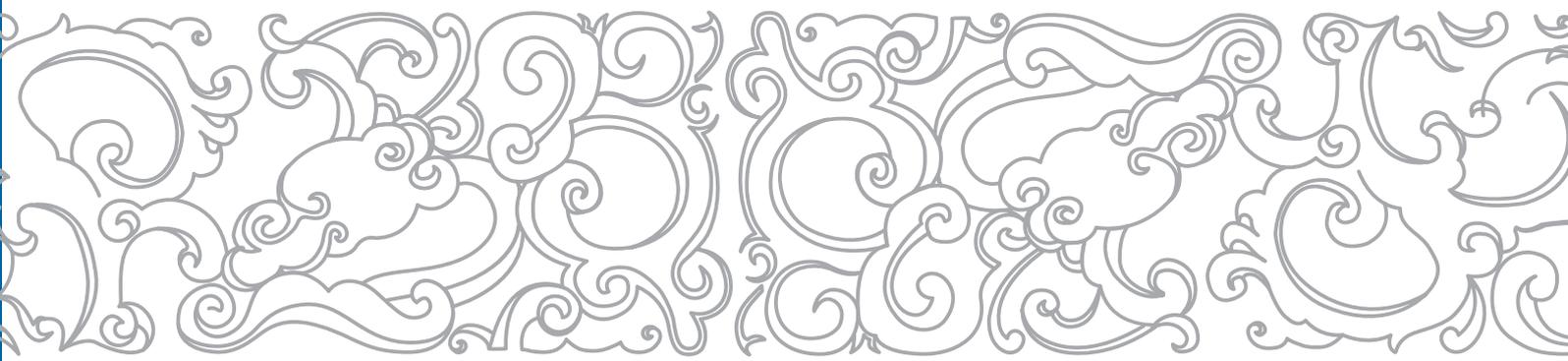
Circular No. 26/2012/TT-NHNN of the State Bank dated September 13, 2012 guiding the approval procedures of the state bank of Vietnam for listing shares of joint-stock credit institutions on the domestic and foreign securities market.

This document takes effect from October 29, 2012 and replaces Decision No. 787/2004/QD-NHNN dated June 24, 2004. This document extends over some conditions, but provides closely on administration.

Some new extensions, such as: reducing the time in bad debt from two years to two quarters, the condition on being graded A by the State Bank for the last two consecutive years, was abrogated.

Some new stricter regulations, such as: the total fines for administrative violations which the joint-stock credit institution doesn't violate within twelve months prior to the time of applying, was raised from one million to thirty million dong Vietnam; regulation on conditions for listing joint-stock credit institutions, such as complying with the restrictions for ensuring the security of the operation of credit institutions according to the current law provisions in 06 consecutive months prior to the time of applying, the debts are classified and loan loss reserves are built as prescribed by the State bank at the end of the quarter preceding the quarter when they apply, at the time of the proposal, the composition of the Board of Directors, the Control Board of the joint-stock credit institution must be consistent with current law provisions, the internal audit department and the internal control system must comply with law provisions.





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