



VIETFUND
MANAGEMENT

QUARTERLY UPDATE

QII/2013

| VFM



Dịch vụ Quản lý Quy đầu tư
Dịch vụ Quản lý Danh mục đầu tư



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DISCLAIMER

This Newsletter is issued by VietFund Management (VFM). This newsletter is aimed to provide information on net asset value (which have been approved by the Custodian) and activities of our funds. Besides that, other information are based on reliable sources at the time the news are released and VFM does not independently verify that all these statistics are totally adequate and exact. VFM is neither entitled to update, revise the newsletter in any kind nor inform readers in terms of opinion, forecast or estimation when there is changes.

ECONOMIC OVERVIEW

The economy recovered marginally with slow manufacturing growth and sluggish demand while Vietnam PMI showed little positive prospect in the second half.

The economy expanded by 4.9% in the first half, a slight increase compared to 4.4% of the same period last year, in which GDP in the second quarter was up 5% following 4.89% in the first quarter. GDP in the second quarter was aided mainly by slight recovery of manufacturing and construction and services which posted growths of 5.18% and 5.92% compared with 4.93% and 5.65% respectively in the first quarter. However, the agriculture sector saw its growth and GDP contribution down to 2.07% and 0.4% respectively in the first six months compared with 2.88% and 0.56% in the same period last year.

Even though the **HSBC Vietnam PMI** (Purchasing Managers Index) posted above-50 levels in 3 months (Jan, Mar, Apr), indicating some economic expansion in the months, the index fell to 46.4 in June after landing at 48.8 in May. The PMI level in June, the lowest reading in 6 months, may worry any investors about the fragility of economic recovery in the second half.

Sluggish demand in the first half has translated to stalled growth of retail sales in the second quarter. Accordingly, retail sales of the six months increased by 11.9%. If it is adjusted for inflation, retail sales grew only 4.9%, significantly lower than 6.7% of the first half of 2012. However, growth has marginally rebounded since the early of the year after facing a downward spiral in 2012.

Inflation made a comeback while lending activity registered modest growth.

Inflation made a comeback in June when the CPI (Consumer Price Index) increased 0.05% month-on-month after falling 0.06% in May. Consequently, the index swelled by 6.69% from a year earlier and 2.4% since the beginning of the year. In the second half, the economy will have to encounter higher risk from inflation given the effect of reduced rates for the Dong, recent increases in petrol prices, LPG (liquefied petroleum gas) prices, and a possible electricity price hike of 10%-15% in the period.

Loan growth continues to slow down significantly in the first six months of the year due to more risk aversions of banks, weak demand, and high interest rates. Accordingly, lending rose by just 3.3% in the first half after falling in the first two months, leaving high-growth years far behind. The slowdown of lending has weighed on the credit-driven economy in the first half.

Export in the spotlight and foreign reserves are on the rise.

Export emerged as a shining part of the economy in 2012 and has continued to do so in the first half of 2013. Accordingly, export in June was registered at US\$11.4 billion, raising the cumulative number for six months to US\$62 billion or a rise of 16.1% on the same period last year. Foreign-invested companies maintain their dominance, account for two-thirds of export value, and grow at 24.7%, far eclipsing local companies which have export growth of only 2.2%.

After growing at under 7% in the last ten months of 2012, import picked up the first half of 2013, widening trade deficit after 9 consecutive months of surplus as companies resumed their import of machinery and raw materials for export activity. Favorable trade balances in 2012 and the first months of 2013 have helped lift foreign reserves to around US\$30 billion from over US\$20 billion at the end of 2012. To its turn, the better position of foreign reserves has helped the SBV stabilize the foreign exchange market and intervene to curb more VND depreciation in the last months.

MARKET REVIEW

Market Review – first half of 2013

In QII/2013, the market experience more active trading with strong participation of both local investors and foreign investors. The VN-Index reached its highest level in 2013, 528 point, and returned to the level of the end of the first quarter 2013. The HNX-Index could not reach to the peak of this level in the first quarter when its maximum was 65,63.

Trading value per session in the second quarter in HOSE was equivalent to value per session in the first quarter 2013, around VND1,030 billion, whereas total trading value in HNX decreased significantly from VND29,000 billion in the first quarter to more than VND20,000 billion in the second quarter, equivalent to an average of VND514 billion per session in the 1st quarter and VND334 billion per session in the 2nd quarter 2013.

Foreign selling in June has nearly taken all gain in the second quarter when foreign investors sold net VND359 billion in equity in the second quarter or VND1,741 billion in June 2013. Foreign ETFs sold more than VND1,000 billion in net selling-buying to meet redemptions of their investors. The withdrawals in QII/2013 could be attributed to significantly volatility in US, China and Japan. Foreign investors have withdrawn from emerging markets, including Vietnam to protect their dollars.

In the second quarter, some government policies to support the economy started to be implemented, such as VND30,000 billion package to support the real estate market or decree establishing the VAMC (Vietnam Asset Management company) to tackle high NPLs (Non-performing Loans) of the banking system. However, these policies often need 3-6 months to take effect.

Market Opportunities – Second half of 2013

Market movements in the second half of 2013 will be likely to closely respond to international markets and the actual impact of the policies supported by the government. Therefore, market in the third quarter 2013 will depend on cash flow of local investors while foreign investors would not come back soon. Local investors' sentiment is not stable after heavy losses in the previous years; therefore, liquidity in the third quarter is expected to be lower than that in the first half.

The third quarter began with news of VAMC starting to operate with target of resolving more than VND100,000 billion of NPLs. Furthermore, personal income tax will be reduced in July 2013 and corporate income tax's reduction to 22% in 2014 will take effect. Also, the cap on deposit rates for short-term deposits was reduced from 7.5% to 7% while investment opportunities in gold and USD are limited to invest. In that case, the equity market could be supported by the government with macro policies. Therefore, investing in equity is still an attractive channel for investors.

One potential risk for the market is bad impact of gold price and USD price in black market when local gold price differs significantly with international price. The difference spurs USD demand for gold smuggling. This leads to the depreciation of USD in the black market. This risk makes investor worry for a spiral similar to previous years when Vietnam's devaluation leads to higher inflation.

International stock markets are expected to be more stable compared to QII/2013 in which both the U.S. and China gave the bad signals about monetary policy. The fact shows that US has overcome the crisis with the GDP growth and reduced unemployment. China still has huge foreign reserves, enough to not let the financial system collapse. Hence, foreign investors are expected not to increase withdrawals from emerging markets, including Vietnam.



VF1

Fund name	Quỹ Đầu tư Chứng khoán Việt Nam (VF1)
English name	Viet Nam Securities Investment Fund
Trading code	VFMVF1
Fund Type	Closed-end public fund
Current chartered capital	1,000,000,000 VND
Outstanding fund unit	100,000,000 fund units
Inception date	20/05/2004
Listing date	08/11/2004
Fund term	10 years
Fund Management	VietFund Management (VFM)
Custodian Bank	Joint Stock Commercial Bank for Foreign trade of Vietnam (Vietcombank)
Management fee	2%/NAV/year
Deposit fee	0.06%/NAV/year (free of VAT)
Custodian fee	0.02%/NAV/year (excluded 10% VAT)
Dividend	By annual, base 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 QII/ 2013

Continued into QII/2013 and until the end of May, stock market maintained its rally thanks to the positive macro signals, government supportive actions like VAMC and tax-reduction policy, and majorly to the strong cash-inflows from ETFs and foreign investors. However, market entered June in the selling mode and plunged due majorly to the ETFs' redemption trend occurred. During QII/2013 VF1 has been proactively executing the General Shareholder Meeting's resolution in completely divested the unlisted proportion and increased portfolio's liquidity via profit-taking activities in some sectors. As VF1 executed divesting orders when market was in good liquidity and value, NAV of VF1 reached 17,786 VND/unit, increase 2.5% quarter-on quarter, while VN-Index decreased 2% during the period. As at 30/6/2013, VF1's cash holding was at 32.7%NAV.

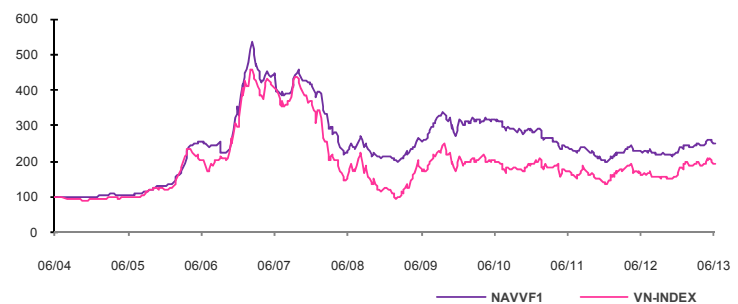
Movement in net asset value

	QII/ 2013			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)
VFMVF1	10,000	1,778.6	17,786	(4.7)	2.5	17.0	22.4	17.0	77.9 *
VN-Index			481.13	(7.2)	(2.0)	16.3	22.6	16.3	83.9
HNX-Index			62.59	(3.1)	3.9	9.6	12.8	9.6	(37.4)

(*) Excluding dividends

NAV VF1 PERFORMANCE VS INDEX

20/05/2004 = 100



Top 5 holdings

Stocks	Market	% NAV
VNM	HOSE	19.6
DPM	HOSE	11.8
FPT	HOSE	8.9
REE	HOSE	4.9
GAS	HOSE	3.4

NAV Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD annualized
2013	11.6	(2.0)	4.4	(1.6)	9.4	(4.7)							17.0	36.9
2012	4.9	10.2	(0.6)	10.7	(5.2)	(0.9)	(1.4)	(1.7)	(3.4)	0.7	(2.0)	6.0	17.1	17.1
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	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

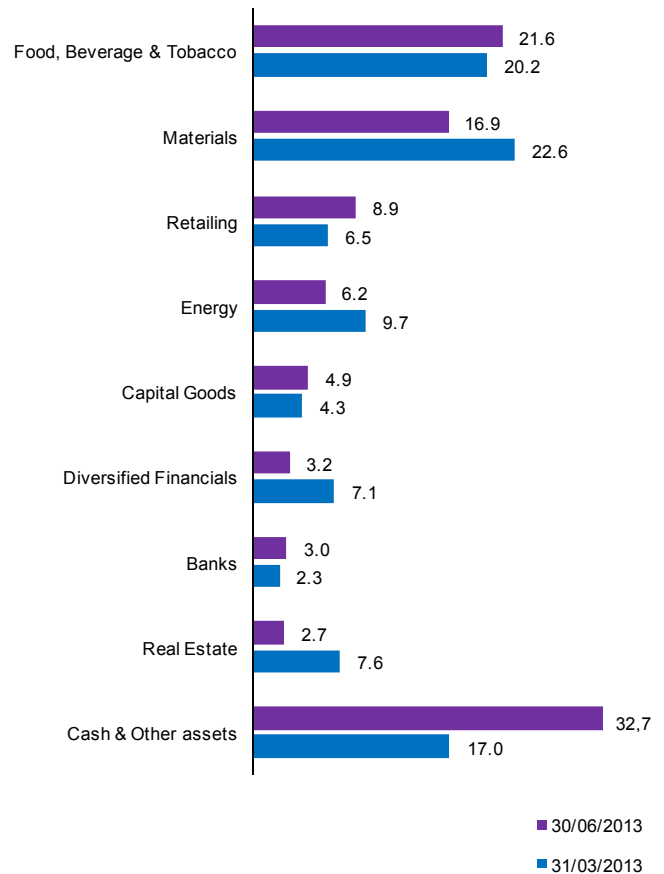


Portfolio review

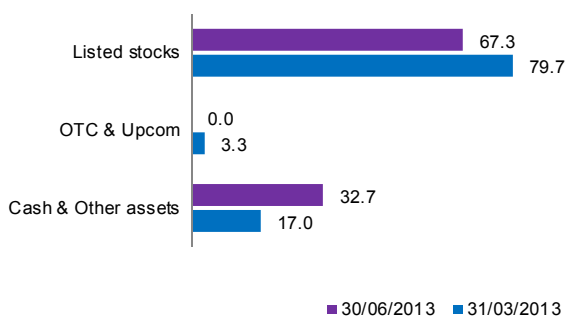
	ROI (%)		NAV (%)
	QII/2013	YTD	
NAV	2.5	17.0	100.0
Investments	2.9	18.6	67.3
By listing status of stocks			
Listed stocks	2.6	19.6	67.3
Unlisted stocks	11.2	(1.9)	-
Bond	-	-	-
Top 5 sectors			
Food, Beverage & Tobacco	11.3	48.8	21.6
Materials	(5.0)	15.6	16.9
Retailing	8.2	12.8	8.9
Energy	8.4	24.4	6.2
Capital Goods	11.6	18.4	4.9

During QII/2013, proportion of listed stocks yielded a 2.6% return due majorly to component stocks' price appreciation of sector of Food, Beverage & Tobacco, Capital Goods, Energy, Retailing leading by VNM, REE, GAS, FPT. Meanwhile, proportion of unlisted stocks added a 11.2% return for VF1 on quarter-on-quarter basis. Return on investment of top 5 holding by sector respectively showed Food, Beverage & Tobacco up 11.3%, Materials down 5%, Retailing up 8.2%, Energy up 8.4%, and Capital Goods up 11.6 % during QII/2013.

Investment by industries (%)



Asset allocation (%)



During QII/2013, proportion of listed stocks decreased from 79.7% NAV at 31/03/2013 down 67.3% NAV at 30/06/2013 due to profit-taking activities and proportion of OTC & Upcom decreased from 3.3% NAV at 31/03/2013 down 0% NAV at 30/06/2013 due to divestment plan. Cash proportion also increased from 17.02% NAV at 31/03/2013 up 32.66 % NAV at 30/06/2013

Compared to QI/2013, sectors observed its proportion increased were respectively Retailing, Food, Beverage & Tobacco and Banking with the increase of 2.4%, 1.4%, and 0.7% in NAV due to market value's appreciation and fund's investment actions. Meanwhile, sectors saw its proportion decreased were respectively Materials, Real Estate, Diversified Financials, Energy, Utilities with the decline of -5.7%, -4.8%, -3.9%, -3.5%, -1.8% due to profit-taking activities.

As at 30/06/2013, VF1's portfolio consisted of 15 stocks in 8 sectors, in which the top 5 holding by sectors were:

- + Food, Beverage & Tobacco (21.6% NAV)
- + Materials (16.9% NAV)
- + Retailing (8.9% NAV)
- + Energy (6.2% NAV)
- + Capital Goods (4.9% NAV)

VF4

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 unit
Inception date	28/02/2008
Listing date	12/06/2008
Fund term	10 years
Fund Management	VietFund Management (VFM)
Custodian Bank	HSBC Bank (Vietnam) Ltd., -
Management fee	2%/NAV/year
Deposit fee	0.02%/NAV/year (free of VAT)
Custodian fee	0.06%/NAV/year (excluded 10% VAT)
Dividend	By annual, based on realized return and approved by Annual Meeting of Inves-

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

Fund performance in QII/ 2013

Continued into QII/2013 and until the end of May, stock market maintained its rally thanks to the positive macro signals, government supportive actions like VAMC and tax-reduction policy, and majorly to the strong cash-inflows from ETFs and foreign investors. However, market entered June in the selling mode and plunged due majorly to the ETFs' redemption trend occurred. As at 30/06/2013, VN-Index closed at 481.13, or down 2% compared to Quarter I and HNX-Index closed at 62.59, or down 3.9% during the quarter. As at 30/06/2013, NAV of VF4 reached 7,786.7 VND/unit, increased 1.8% compared to QI/2013.

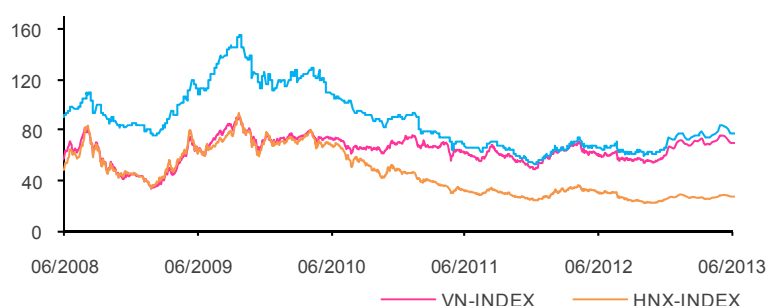
Movement in net asset value

	QII/ 2013			Performance (%)					YTD	Since inception (28/2/2008)
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month			
VFMVF4	806,5	628.0	7,787	(6.7)	1.8	17.6	26.2	17.6	(2.1) *	
VN-Index			481.13	(7.2)	(2.0)	16.3	22.6	16.3	(29.9)	
HNX-Index			62.59	(3.1)	3.9	9.6	12.8	9.6	(73.1)	

(*) Dividend included

NAV VF4 Performance vs Index

20/05/2004 = 100



Top 5 holdings

Stocks	Market	% NAV
VNM	HOSE	20.0
FPT	HOSE	13.4
DPM	HOSE	13.1
GAS	HOSE	7.3
REE	HOSE	6.8

NAV Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD annual
2013	15,1	(3,7)	4,2	(2,3)	11,6	(6,7)							17.6	38.3
2012	6,0	8,3	2,1	9,5	(5,3)	(0,2)	(0,7)	(3,6)	(3,7)	1,1	(1,5)	7,7	20,2	20,2
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	(39,9)	(39,9)
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)	(13,1)
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)

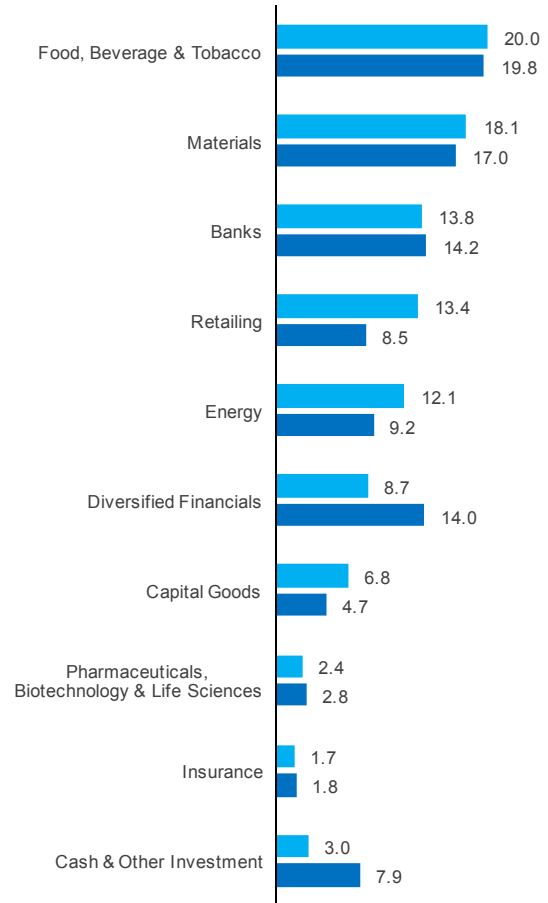


Portfolio review

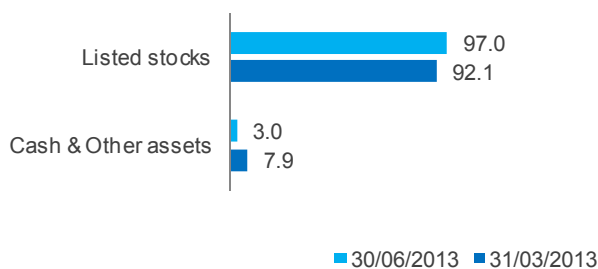
	ROI (%)		NAV (%)
	QII/2013	YTD	
NAV	1.8	17.6	100.0
Investment	2.3	17.5	97.0
By listing status of stocks			
Listed stocks	2.3	17.5	97.0
Unlisted stocks			
Bond			
Top 5 sectors			
Food, Beverage & Tobacco	14.3	48.8	20.0
Materials	(2.8)	17.3	18.1
Banks	(1.8)	1.7	13.8
Retailing	7.7	11.4	13.4
Energy	9.1	22.5	12.1

Among the top 5 holding by sector, sector of Food, Beverage & Tobacco' return on investment showed 14.3% up, sector of Materials recorded a 2.8% down, sector of Banks saw a 1.8% reduced, sector of Retail observed a 7.7% up, sector of Energy reported a 9.1% up.

Investment by industries (%)



Asset allocation (%)



During QII/2013, proportion of listed stocks increased from 92.1% NAV at 31/03/2013 up 97% NAV at 30/06/2013 since VF4 has been actively investing which also decreased cash proportion from 7.9% NAV at 31/03/2013 down 3.01% NAV at 30/06/2013.

As at 30/06/2013, VF4's portfolio consisted of 15 stocks in 9 sectors, in which the top 5 holding by sectors were:

- + Food, Beverage & Tobacco (20% NAV)
- + Materials (18.1% NAV)
- + Banks (13.8% NAV)
- + Retailing (13.4% NAV)
- + Energy (12.1% NAV)



VFA

Fund name	VIETNAM ACTIVE FUND (VFA)
Abbreviation	VFA
Fund term	Public open-end fund
Initial capital mobilization	240,437,600,000 Vietnamese Dong
Par value	10,000/fund unit
Term of the Fund	Unlimited
Inception date	02 April 2010
Custodian Bank	HSBC Bank (Vietnam) Ltd.
Auditor	KPMG Co., Ltd.
Law advisory firm	Vietnam International Law Firm (VILAF)
Fund fee	<ul style="list-style-type: none"> - Management fee: 2%/NAV/year - Supervising fee: 0.02%/NAV/year - Custody fee: 0.06%/NAV/year - Other

Fund performance in QII/ 2013

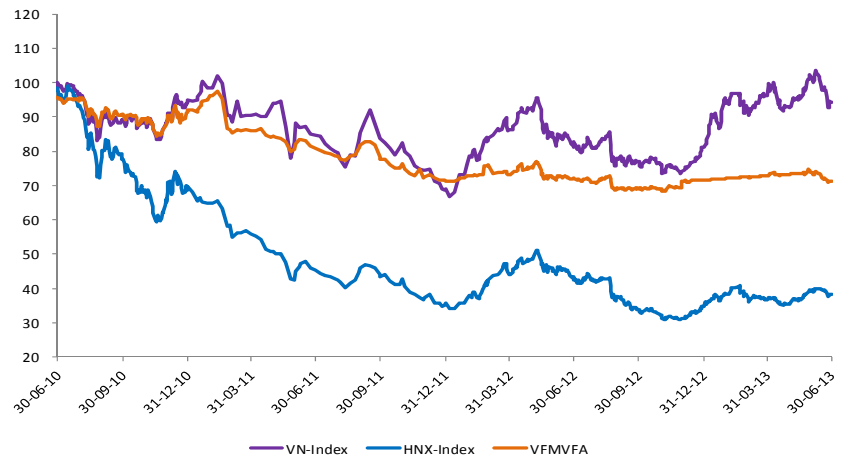
In the second quarter of 2013, Vietnamese stock market fluctuated in narrow range as VN-Index decreased 2.0% and HNX-Index increased 3.9%. In the same period, VFA's NAV reached 7,119.9 VND/unit and decreased 2.4%.

Movement in net asset value

	30/06/2013			Performance (%)					
	Fund units (mil.)	NAV (VND bn.)	Unit NAV (VND)	1-month	3-month	6-month	9-month	Year-to-date	Since inception (2/4/2010)
VFMVFA	17.9	127.7	7,119.9	(3.6)	(2.4)	(0.6)	3.0	(0.6)	(28.8)
VN-Index			481.13	(7.2)	(2.0)	16.3	22.6	16.3	(5.7)
HNX-Index			62.59	(3.1)	3.9	9.6	12.8	9.6	(61.9)

NAV VFMVFA vs Index

02/04/2010 = 100



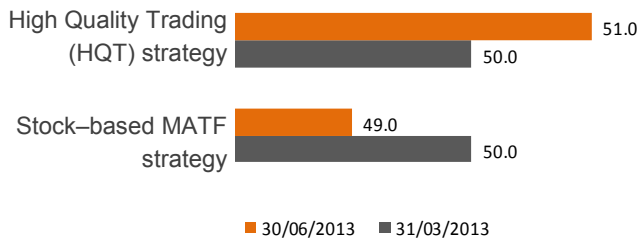
Strategies review

	% NAV	ROI QII/2013	Đóng góp vào NAV (%)
Stock-based Model Averaging Trend-Following strategy	50.0	(4,9)	(2,5)
High Quality Trading strategy	50,0	0,2	0,1
Total	100		(2,4)

In QII/2013, Stock-based Model Averaging Trend – Following (MATF) strategy implemented nearly one round trade when invested 61.8 VND billion and divested 50.4 VND billion on HOSE. The High Quality Trading (HQT) strategy had no buy/sell signal in the same period.

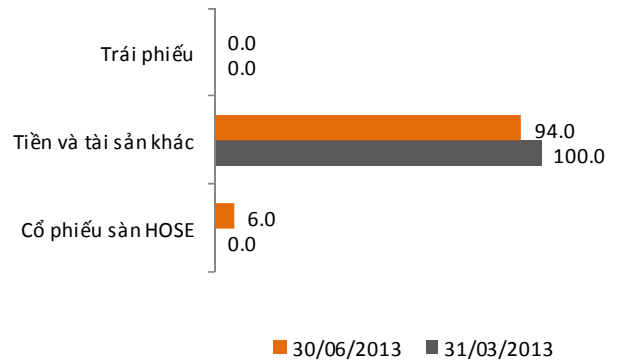
In this period, Stock-based MATF strategy had a whipsaw so its return (ROI) was -4.9% and contributed -2.5% in the total return of the fund. The HQT strategy invested in the risk - free assets so its return was 0.2% and contributed 0.1% in the total return of the fund.

Investment Portfolio by strategy



Since the return of Stock-based MATF strategy was less than HQT strategy, the proportion of Stock – based MATF strategy decreased slightly and the proportion of HQT strategy increased slightly.

Investment Portfolio by asset classes



Both Stock-based MATF strategy and HQT strategy focused in the investments on HOSE and Government Bond in order to ensure liquidity and safety for the fund. Because the Stock-based MATF strategy did not divest completely the whole buy signal in May, the proportion of the portfolio on HOSE still comprised 6% of total NAV.



PETROVIETNAM DRILLING & WELL SERVICES CORPORATION

Ticker : PVD
Exchange : HOSE
Sector : Energy

Company position

PetroVietNam Drilling & Well Services Corporation (PVD) was founded in 2001 on the foundation of PetroVietNam Technical Services Offshore (PTSC Offshore). The company specializes in leasing of drilling equipments and other well services that has developed since 1994. Since its establishment, the company has been a leading supplier of well services, owning 5 rigs operating in Viet Nam and overseas locations.

Currently, all of PVD's 5 rigs are running at around 98% of their capacity, relatively higher than average number of 90% for its similar platforms globally. Furthermore, the company's well service segment has gained market share significantly, from 10% in 2008 up to 80% in 2012.

Growth potential

According to BP research, oil reserves in Viet Nam are enough for exploitation in around 60 years. Thanks to that, demand for rigs and well services is still very potential.

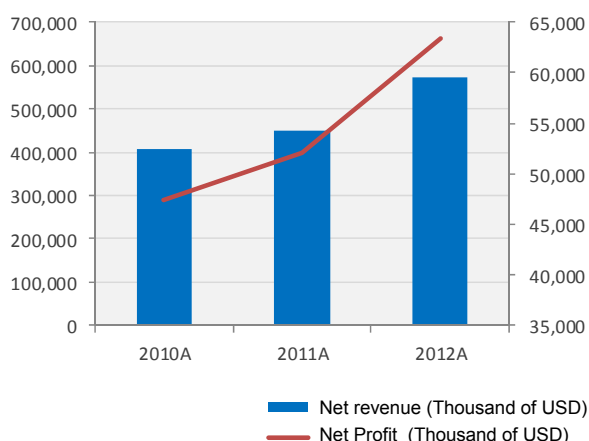
In the last 3 years, average annual sales and net profit growth reached 35% and 10%, respectively. According to PVD's strategy, the company will invest around US\$400 in two new jack-up rigs in the next 5 years. As a result, annual revenue is expected to grow at 10%. Moreover, PVD plans to gradually expand to the world market in the foreseeable future.

Q1/2013 results and Forecast for 2013

In 2012, PVD's sales and net income reached US\$573 million and US\$63 million, respectively, sharply jumping by 27% and 22% compared to 2011's figures. This impressive result could be mainly attributed to (i) operation of new TAD rig in February, and (ii) ~10% increase in day-rates.

In 1H.2013, the firm announced that its net income was estimated at US\$39 million. We forecast 2013's sales will not be so much difference from 2012, just about 3% acceleration, but net profit will significantly surge by 20% from a year earlier due to (i) day-rates advance of approximately 12% on average; (ii) profits from joint-venture PVD – Baker Hughes and (iii) new leased rigs which are expected to start operation in 2H.2013.

REVENUE AND PROFIT 2010A - 2012A



Financial Summary	2010A	2011A	2012A
Net Revenue (Thousands of USD)	406,638	449,550	572,760
Revenue growth (%)	69%	11%	27%
Net Profit (Thousands of USD)	47,364	52,079	63,462
Net Profit Growth (%)	-1%	10%	22%
EPS (USD)	0.22	0.25	0.30
Gross margin (%)	23%	22%	22%
Net margin (%)	12%	12%	12%
ROA	6%	6%	8%
ROE	17%	18%	21%
Book Value Per Share (USD)	1.31	1.42	1.60
Debt/Total Assets (%)	64%	66%	63%

Source: PVD Financial Statements



VIETNAM DAIRY PRODUCTS COMPANY

Ticker : VNM
 Exchange : HOSE
 Sector : Food and Beverage

Company position

Vietnam Dairy Products Company (Vinamilk) is largest milk & dairy manufacturer in Vietnam, producing more than 200 products. There are four main categories of product lines such as powdered milk, condensed milk, liquid milk and yogurt. According a report on the milk market by research company Euro Monitor International (EMI), VNM holds the largest market share of liquid milk, around 45.5% and the runner-up in powdered milk with 19%, following the market leader Abbott that holds 24% of market share.

In 2012, Vinamilk reached VND26,561.5 billion in revenue, a 23% growth on 2011. Accordingly, the company's net profit registered a significant annual increase of 38%, reaching VND5,819 billion in 2012. The Vinamilk brand name and products have gained reputation in the local market and have expanded to some other countries such as the Middle East, Cambodia and the Philippines, with export revenue reaching US\$178 million in 2012.

Additionally, the company has furthered expanded its foothold international by investing in 19.3% stake of Miraka Power Milk Plant, a company that was put into operation in New Zealand in August 2011.

Growth potential

According to OECE and FARPI, Vietnam has the lowest consumption in milk and dairy products per capital in the world, around 15kg per capita per year. The research also indicates that Vietnam has had a sustainable high growth of consumption milk and dairy products.

Vinamilk has recorded good performance in last two years with growth rate of 30% per annum for revenue and 27% for profit, significantly higher than company's target for the five-year plan in 2011-2016 in which projected growth rate for revenue is 20% per year 11% for net profit.

Company continues invest for higher production capacity for existing manufacturers. In 2013, VNM will launched two factories into operation, which will sharply lift its capacity from 1,110 thousand ton/year to around 1,665 thousand ton/year.

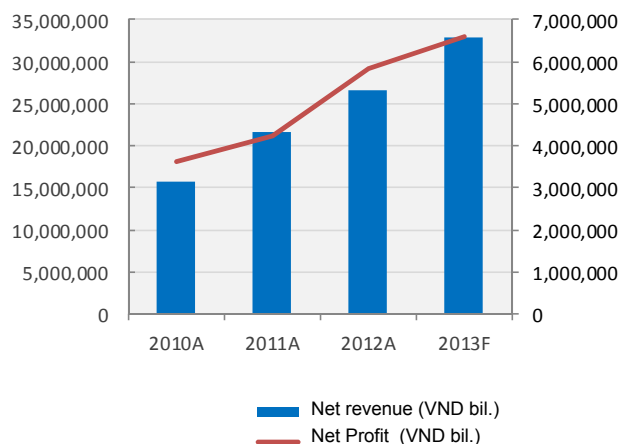
In addition, VNM expands its current around 8,000 cows to 30,000 cows in year 2020.

Q1/2013 results and Forecast for 2013

Revenue in Q1/2013 significantly increased by 14% compared to the same period last year, reaching VND6,676 billion while net profit was boosted to VND1,530.8 billion, 20% higher than in Q1.2012.

Thanks to two new factories launching in 2013 and a 7% increase in average selling prices in the early of the year, VNM could be able to sell products for about VND32,847.8 billion in 2013, a sharp increase of 23.7% compared to 2012. Therefore, we expect that net profit of the year will increase by 14% to VND6,607 billion, taking into account additional depreciation expenses by the new factories.

NET REVENUE AND NET PROFIT 2010 - 2013F



Financial Summary	2010A	2011A	2012A	2013F
Net Revenue (VND Mil.)	15,752,866	21,627,429	26,561,574	32,847,826
Revenue Growth	48.4%	37.3%	22.8%	23.7%
Net Profit (VND Mil.)	3,616,185.0	4,218,181.0	5,819,454.7	6,606,697.7
Net Profit Growth	52.2%	16.6%	38.0%	13.5%
Gross Margin	32.8%	30.5%	34.2%	33.3%
Net Margin	23.0%	19.5%	21.9%	20.1%
ROE	50.1%	41.3%	41.6%	38.9%
ROA	37.6%	32.0%	33.0%	30.3%
EPS (VND)	4,338.5	5,145.0	6,981.0	7,926.4
BVPS (VND)	22,553.3	22,446.6	18,587.9	22,197.2
Total Debts/Total As-sets	5.3%	0.0%	0.0%	0.0%

Source : VNM and VFM estimates

PRODUCTS AND SERVICES

Vietnam Active Investment Fund (VFMVFA)

Being the first local fund management company, VFM is always active in providing the range of products and services to meet the investor's demand. Our product is including the close-ended funds namely Vietnam Securities Investment Fund (VF1), Vietnam Blue Chips Fund (VF4) and the Discretionary Portfolio Management.

In this April 2013, the Vietnam Active Investment Fund (VFMVFA) has been successfully converted to the public open-ended fund. This fund is a first equity fund in the Vietnam market operated under the form of open-ended fund. The VFMVFA has officially traded since April 26th, 2013. The trading cycle of the fund is twice a month (the second Friday and the fourth Friday of the month).

On the 10th anniversary of VFM, VFMVFA shall offer the promotion applied for the investors whom are standing on the list of March 11th 2013. The promotion is:

Redemption fee shall be 0.5% of redeemed amount during the promotion duration, starting from **24th July 2013 to 26th April 2014**.

Vietnam Bond Fund (VFMVFB)

The Vietnam Bond Fund (VFMVFB) is the second public open-ended fund which is managed by VFM. The main objective of VFMVFB is looking for profit from fixed income investment, including but not limit in Vietnamese government bonds, government guaranteed bonds, municipal bonds, valuable papers account at least 80% of the fund 's net asset value. In the first period of operating of the fund, VFMVFB shall offer the promotion applied for the all investors of the fund.

VFMVFB fund certificate has its first trading session on **28th June 2013**, trading frequency will be arranged periodically 2 times /month, on the second Friday and fourth Friday of the month (T day). Cut-off time is 10:30 am on T-1 (Thursday's trading period), minimum subscription value is 20,000,000 (twenty million vietnam dong). Investors may trade directly with VFM or distributor agent appointed by the Fund.

On the occasion of 10th anniversary of VFM, promotional policies for VFMVFB are applied from the **date 25th June 2013 till the end of 31st December 2013** as follows:

- Free subscription fee for all investors subscribed VFMVFB in promotion period
- Apply redemption fee of 0.5% redemption value during the promotion period. After promotional period, redemption fees will be applied as specified in VFMVFB prospectus.

Vietnam Securities Investment Fund (VF1)

At the Extraordinary of General Meeting being held on June 27th 2013, the investors of VF1 unanimously agreed on converting the fund from closed-ended fund into public open- ended fund. Currently, as fund management company of VF1, VFM has speeded up to complete the document for submitting to SSC and expected that the first trading of the fund is on early of November 2013.

INVESTOR RELATION ACTIVITIES

FUND ESTABLISHMENT MEETING - VFMVFB

After the completion of the Initial Public Offering of Vietnam Bond Fund (VFMVFB) from 25 March 2013 until 24 May 2013 with total capital of over VND100 billion (including fee) from the domestic and foreign investors, the Fund was granted Certificate for Fund Establishment no. 04/GCN-UBCK by the State Securities Commission dated 06 October 2013.

At 14:30 on Tuesday, 25 June 2013, Vietnam Bond Fund (VFMVFB) Establishment Meeting was held at Grand Hotel, No. 8 Dong Khoi Street, District 1, HCMC welcoming representatives of Deutsche Bank AG - the custodian bank, Hochiminh Securities Corporation, Dragon Capital and investors of VFMVFB, marked the operation of the 2nd open-ended fund managed by VFM.

EXTRAORDINARY GENERAL MEETING OF INVESTOR - VF1

At 8:30 on Thursday, 27 June 2013, VF1 Investment Fund held Extraordinary General Meeting of Investors at the Grand Hotel, No. 8 Dong Khoi Street, District 1, HCMC, welcoming representatives from PWC, VCB custodian bank, and VF1 investors.

Executed the AGM Resolution issued last March 2013, VF1 Extraordinary General Meeting is held to ask for approval of the detailed plans for the conversion VF1 from closed to open-ended fund. The EGM unanimously approved the conversion plan with high agreement rate.

VF1 has become the 2nd closed-ended fund managed by VFM made the conversion into an open-end fund. The purpose of the conversion is to reduce the discount rate between trading price and NAV of the fund and and to increase the liquidity of investors' trading.

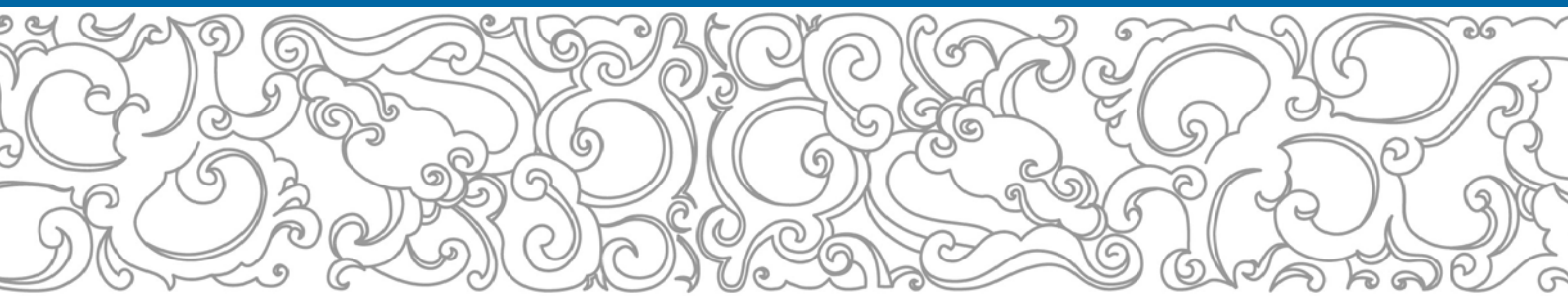
VFM is urgently deploy the execution plan to convert VF1 into an open-ended fund and will inform VF1 investors activities related to delisted as well as guidance for opening open-ended trading accounts for fund certificates.

All information about the activities of the Fund and the relevant documents, please kindly find on VFM website www.vinafund.com.

CIRCULAR NO. 87/2013/TT-BTC AND CIRCULAR NO. 73/2013/TT-BTC

On the second quarter of 2013, the Ministry of Finance had issued two (02) new legal documents on the securities market, namely: the Circular No. 87/2013/TT-BTC dated June 28, 2013 guiding e-transactions on the securities market and the Circular No. 73/2013/TT-BTC dated May 29, 2013 guiding in details a number of articles about securities listing at the Decree No. 58/2012/ND-CP. On the whole, the two documents had been adjusted to suit the Law amending, supplementing a number of articles of Law on Securities No. 62/2010/QH12 and has some new extensions and stricter regulations, such as:

- According to Circular No. 87/2013/TT-BTC, securities companies must provide directly online stock trading service for investors, not trust or hire other unauthorized organizations under the form of payment for services fee. Securities companies providing online securities trading service must use digital certificates on their website and email system and advises using public digital certificates in online securities transaction of investors. When implementing online stock trading transactions, investors can use the electronic order forms, in which, the electronic order forms have to meet the requirements specified in Article 5 of Decree 27/2007/ND-CP on electronic transactions in financial activities. Besides, Circular No. 87/2013/TT-BTC describes in detail about conditions for providing the online securities trading service, procedures for approving the online trading service provision and regime of reporting, information disclosure of the securities companies. This Circular take effects on 15/8/2013.
- The Circular No. 73/2013/TT-BTC describe in detail about conditions for listing of joint-stock companies formed after the course of consolidating, merging enterprises and procedures of registering for listing securities at the Stock Exchanges. In particular, at Ho Chi Minh City Stock Exchange, in case of forming from the consolidation of enterprises, companies must meet the requirement specified in Clause 1, Article 53 of Decree 58/2012/ND- CP. At the Hanoi Stock Exchange, in case of forming from the consolidation of enterprises, companies must meet the requirement specified in Clause 1, Article 54 of Decree No. 58/2012/ND-CP. This Circular take effects on 15/7/2013.



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