

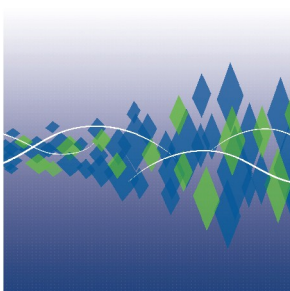


VIETFUND
MANAGEMENT

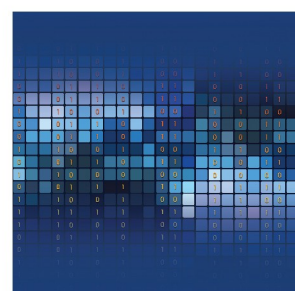
MONTHLY UPDATE

March 2014

| VFM



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



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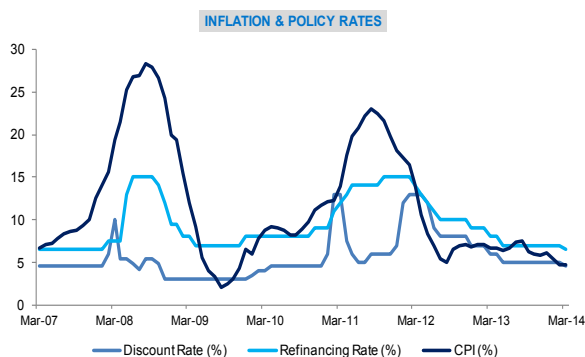
DISCLAIMER

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MACRO REVIEW - MARCH 2014

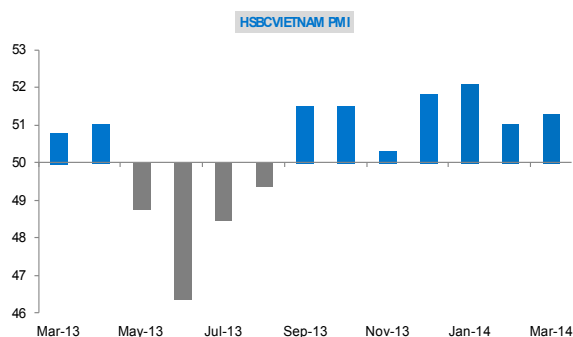
INFLATION IS NO MORE A MAJOR CONCERN

Inflation has hit its 10-year low level in March when the consumer price index (CPI) fell 0.44% on the previous month, translating to annual CPI of 4.39%. Main contributors to the downward trend of CPI were food and foodstuff (-0.96%), and housing and construction materials (-0.74%), and transport. However, weak local demand also played a role in this trend. Thanks to this movement, the State Bank of Vietnam further loosened its monetary policy by cutting discount rate to 4.5% from 5% and refinancing rate to 6.5% from 7%, the 7th cut since February 2012. These are expected to pave the way for lower lending rates and deposit rates, helping banks revive their lending activities and giving businesses more access to cheaper financing.



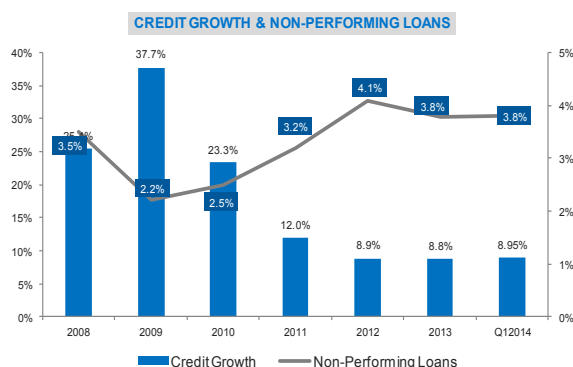
MANUFACTURING CONTINUES RECOVERY TREND

Building on a better macro environment, especially controlled inflation and falling interest rates, manufacturing continues to gather its momentum with the purchasing manager index (PMI) floating above the 50 level in five consecutive months, indicating expansion zone. The index stood at 51.3 in March. The recovery trend has further strengthened in the first quarter of the year thanks to increase in new orders both at home and abroad. In addition, the cost of input for production has been lower, giving businesses more ease and room to edge their margins higher. We think that the manufacturing activity has a favorable condition to further accelerate in the coming months.



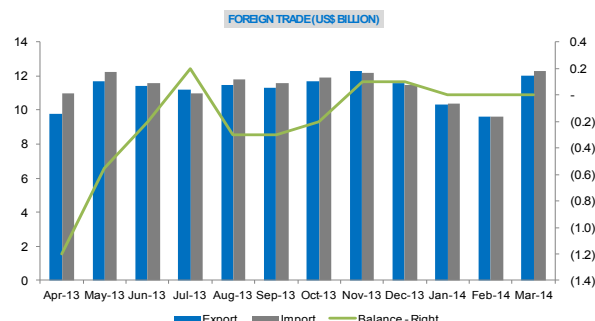
CREDIT IS READY TO MAKE A COMEBACK

Lending activity slowed down in the first two months of 2014 with credit balance falling by 0.55% and 0.65% respectively amid seasonality and low demand. However, banks' lending activity picked up in March when credit registered growth of 1.35% on the previous month, indicating a revival of lending after lending rates have fallen remarkably. Specifically, lending rates have been reduced to their levels in 2009 with short-term loan rates at 6%-8% and medium-term rates at 7%-9%. The surge in lending in March is still subject to questioning but the trend is positive as it goes with the recovery trend and manufacturing activity and slight rebound of retail sales. We believe that credit growth has bottomed out and will gain more momentum in the coming months as demand from local businesses and consumers rebound.



EXPORT SHINES

Export activity continues to show its strength and contribution to export performance and economic growth when it reached revenue of US\$33.3 billion in the first quarter of the year, edging up by 12.2% on the same quarter last year. The FDI sector dominates with a 67.4% contribution to total export value thanks to strong FDI disbursement into manufacturing and assembly in the last years. This also helps maintain positive trend of balanced trade in the last two years, translating to stable currency and higher foreign reserve, which is estimated at US\$39 billion. We expect this strong performance to maintain in 2014 and into the next few years.



STOCK MARKET

MARKET REVIEW

In the first quarter of 2014, the market continued to be in the uptrend with the highest liquidity since inception. The VN-Index surpassed the strong resistance 600 point and achieved the highest point of 607, since the last 5 years. After reaching its the peak in 5 years, the VN-Index drew back to nearly 592 point. At the end of March 2014, the VN-Index gained 17.23% on the year-end level. Total trading volume reached nearly 7.7 billion shares in the first quarter, an increase of 40% QoQ. Total trading value achieved nearly VND151 thousand billion, increasing nearly double compared to the last quarter of 2013.

Similarly in Ha Noi bourse, the HNX-Index had a very good quarter with high liquidity trading and closed at the end of March 2014 at 89.44 point, surging by 32% compared to the 2013 year-end level. Total trading volume in this bourse reached 4.7 billion share, representing a quarterly increase of 74%. Total trading value achieved VND47.6 thousand billion, or an increase of 27% compared to the 4th quarter of 2013.

In the last several years, the first quarter has always been the time when stock market has very good liquidity. Investors has gained back their confidence in the stock market. Trading data in the first quarter of 2014 showed that the investors did concentrate more on trading in mid-cap stocks with total trading value of VND54 thousand billion. Trading value in 3 months of 2014 in the big-cap stocks also increased strongly with around VND70 thousand billion.

Regarding to foreign investors, in the first three months of 2014, they bought more with around VND872 billion, equivalent to 16 million shares. In the first two months, foreigners bought strongly with total net buy reaching VND2,500 billion. However, in March, they were in the net sellers in the stock market with more than VND1,660 billion. The redemption and rebalance of the 2 foreign ETF funds in Vietnam contributed the majority of the net selling in March 2014.

In the 1st quarter 2014, foreigners bought more blue – chip stocks such as MSN (VND492 billion net buying), GAS (VND462 billion), HSG (VND248 billion), VCB (VND240 billion) and VIC (VND214 billion). In contrast, they sold more HAG (VND448 billion), KBC (291 billion), DPR (261 billion) and DPM (205 billion).

The 17.23% increase of VN-Index in Q1.2014 was thanks to contributors such as GAS (contributed 4,02%), MSN (1,41%), VCB (1,14%), PVD (0,73%), FPT (0,72%). Meanwhile, negative contributors to VN-Index included BID (contributed negative 0,66%), PPC, PDT, GTT, SPM (nearly 0,1%).

In this quarter, all sectors increased except Health Care Equipment & Services (HCES) sector. Some strong increased sectors are Food & Staples Retailing - FRET (50,4%), Technology Hardware & Equipment - TECH (47,6%), Diversified Financials - DFIN (45,7%), Energy - ENER (36,5%), Capital Goods- CAPG (31,2%), Retailing - RETA (24,4%), Utilities - UTIL (23,2%). Some big sectors such as Real Estate - REAL, Food Beverage & Tobacco - FBEV, Banks - BANK sector had little growth in this quarter, with REAL sector (11,4% growth), FBEV and BANK (less than 10% growth).

MARKET OPPORTUNITIES

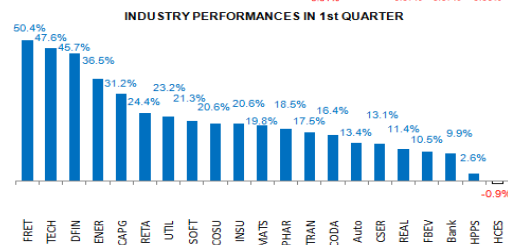
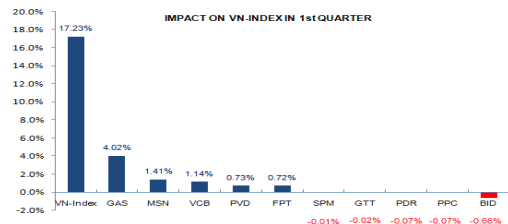
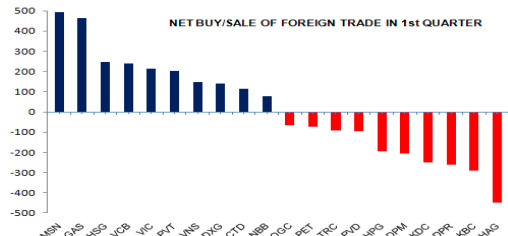
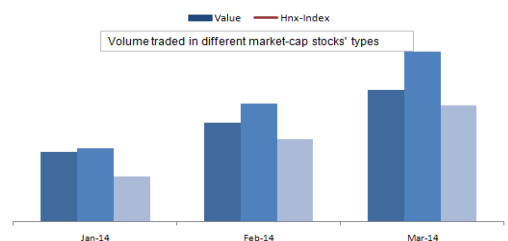
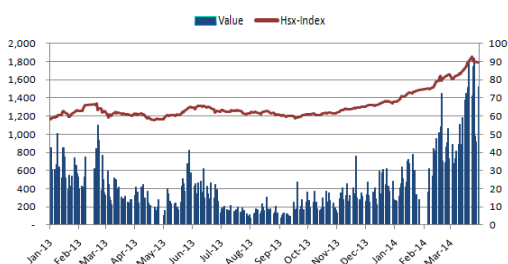
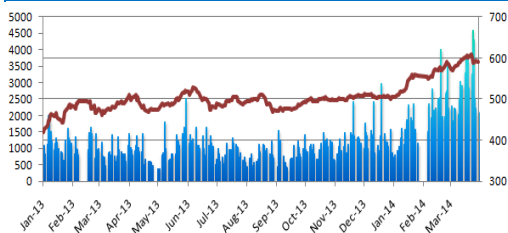
Considering the opportunities and risks in April 2014, we think blue-chip stocks will continue to keep momentum of the market. We expect that the rest of stock market will have a small correction after strong rally in the first quarter 2014.

The stock market is in the general shareholder meeting seasons. Companies with blue-chips stocks had already business plans for 2014, therefore, no more surprise would come from these stocks. Surprises can come from mid-cap stocks which had good results in the past and will have better plans in 2014. These plans are included in better business plans, better dividend or share split.

At the beginning of April 2014, there was rumor of increase foreign ownership limit which could be signed by the Prime Minister in someday of April. However, if the rumor was wrong, the market will be negatively affect and in the future even if this news becomes the facts, it is also not good news anymore.

After strong selling in March 2014, foreign investors has come back to be the net buyers in the few trading sessions in April 2014. This will support market not to fall heavily. In the first quarter 2014, we saw the highest level of stock market in the last five years, therefore, some correction is needed for stable growth in the future. We continue to be optimistic in future but in the short term, we think VN-Index may be balanced in the support zone of 585-595.

INDEX CHART



INVESTMENT FUND

VFMVF1

FUND FACTS

Fund name	Vietnam Securities Investment Fund
Fund Code	VFMVF1
Fund Type	Open ended fund
Currency	VND
Inception date	20/05/2004
Conversion date	8/10/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	Standard Chartered Bank
Transfer Agency	Vietnam Securities Depository (VSD)
Distributors	HSC, FPT, KIS, SBS, SSI, VCBS, VSC, VCSC, VDSC, VFM
Management fee	1.95%
Subscription fee	0% until end of 24 April 2014
Redemption fee	0.5% - 2%
Switching fee	0.3%
Minimum subscription order	10 million VND
Minimum account balance	100 units
Trading cycle	The 2nd and 4th Thursday of every month (T day)
Cut-off time	10:30am, T-1 day
Dividend	Dividend reinvested

Total NAV	1,047.9 (billion VND)
Number of fund unit	46,500,973.3 (unit)
NAV/unit 12 months high	23,018.4 (VND/unit)
NAV/unit 12 months low	16,938.3 (VND/unit)

INVESTMENT OBJECTIVES

The objective of VFMVF1 is to seek long-term earnings from equity growth and income through investing into a balanced and diversified portfolio, including equity, convertible and debt securities in Vietnam.

The Fund normally invests approximately 80% of its NAV in equity and 20% in fixed income and cash. The targeting investments are growth stocks among large and mid-sized market capitalization stocks. The manager will apply a bottom-up approach to pick stocks in consideration of business model, long-term earning, asset value, cash flow potential and quality of management. The Fund may from time to time change the weight of equity and fixed-income investments at around +/-10% NAV from the targeted allocation to get an optimal asset mix in consideration of changes in economic market conditions.

FUND PERFORMANCE

VF1 NAV ending Mar increased 1.5% MoM, outperformed VN-Index by 0.6% mostly from the contribution of FPT, HCM and HPG, totaled 2.5%. Active stock market with highly increasing volume in 1Q was one of the main factors contributed to HSC growth, HCM ticker therefore raised 39% in Mar. Besides, increasing FPT holding from 9% to 17% NAV YTD was the right move which brought added value to VF1 in Mar, especially when FPT went up 9.4% MoM. HPG continued to increase 9.5% and was one of the best performers in 1Q for good business results: revenue of VND 6,000 bil, NPAT of VND 800 bil in 1Q (36% 2014 plan), and 2014 estimated NPAT of VND 2,200 bil, +10% compared to 2013.

In Mar, other tickers in top 10 holding which had return surpassing market were MBB (2.5%) and PVD (1.6%). In contrast, VNM underperformed market with return of just 0.2% MoM and VF1 reduced its holding from 15% to 11% YTD to leave room for other opportunities. GAS and REE also underperformed market with return at 0.6% and -1.8% respectively due to high profit-taking pressure. In 2013, GAS had NPAT at VND 12,595 bil, exceeding plan 64%, in which profit attributable to parent company's shareholders was VND 12,287.5 bil, besides temporary dividend at 20%.

From YTD, VF1 portfolio had 21 stocks and NAV/unit increased 18.3%, outperformed VN-Index by 1.1%.

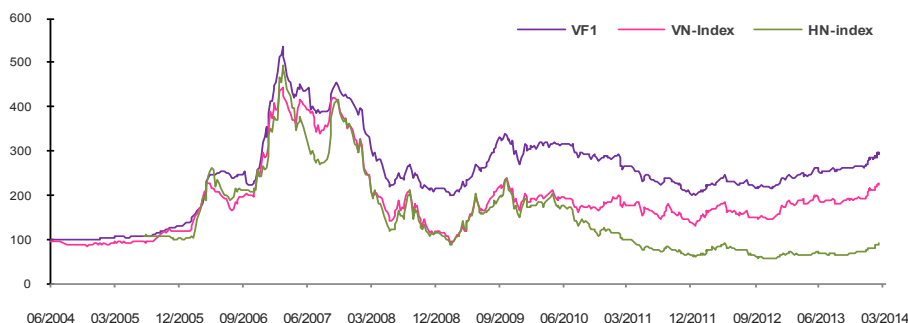
MOVEMENT IN NET ASSET VALUE

	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (20/5/2004)
VFMVF1	22,534.1	1.5	18.3	18.3	29.9	125.3 (*)
VN-Index	591.6	0.9	17.2	17.2	20.5	126.2
HNX-Index	89.4	7.6	31.8	31.8	48.4	(10.6)

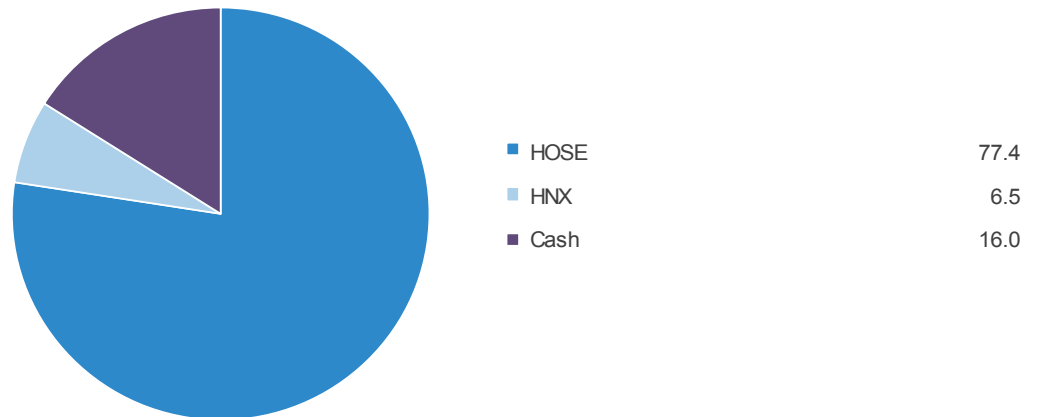
(*) Excluding dividends

NAV VFMVF1 PERFORMANCE VS. INDEX

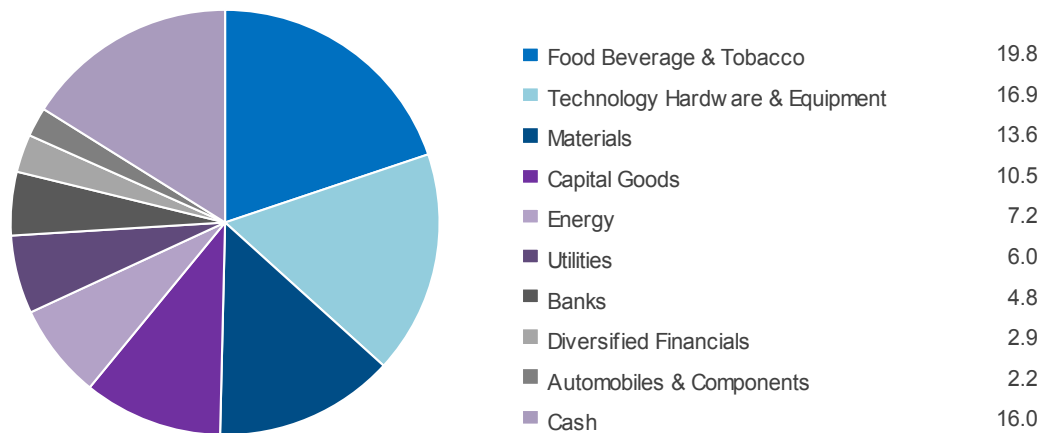
20/05/2004 = 100 (%)



ASSET ALLOCATION (% NAV)



ASSET ALLOCATION BY SECTOR (% NAV)



TOP 5 HOLDINGS

Stock	Sector	Market	% NAV
FPT	Technology Hardware & Equipment	HOSE	16.9
VNM	Food Beverage & Tobacco	HOSE	11.0
GAS	Utilities	HOSE	6.0
REE	Capital Goods	HOSE	5.9
HPG	Materials	HOSE	5.0

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INVESTMENT FUND

VFMVF4

FUND FACTS

Fund name	Vietnam Blue-chips investment Fund
Fund Code	VFMVF4
Fund Type	Open ended fund
Currency	VND
Inception date	28/02/2008
Conversion date	16/12/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	Deutsche Bank AG - HCMC
Transfer Agency	Vietnam Securities Depository
Distributors	HSC, FPT, KIS, SSI, VCSC, VDSC, VFM, VCBS, SBS
Management fee	1.93%
Subscription fee	0% until end of 23 April 2014
Redemption fee	0.5% - 2%
Switching fee	0.3%
Minimum subscription order	10 million VND
Minimum account balance	100 units
Trading cycle	The 2nd and 4th Wednesday of every month (T day)
Cut-off time	10:30am, T-1 day
Dividend	Dividend reinvested

Total NAV	497.7 (billion VND)
Number of fund unit	48,633,751.3 (unit)
NAV/unit 12 months high	10,362.6 (VND/unit)
NAV/unit 12 months low	7,379.4 (VND/unit)

INVESTMENT OBJECTIVES

The objective of VFMVF4 is to seek long-term earnings from equity growth and dividends through investing in top-ranking enterprises operating in the essential sectors of Vietnam economy. The target investments shall be the blue-chip stocks listed or pre-listed on Vietnam stock markets. The Fund will deploy fundamental analysis as the principle for equity investment to assess growth potential, sustainability and risks of investment opportunities.

VF4 could at anytime be fully-invested in equity. Additionally, to create flexibility in seeking investing opportunities and bringing added value to cash available, VF4 could invest into fixed-income securities. In the normal market condition, proportion of assets other than equity such as cash, cash equivalents, and fixed income shall not exceed 20% of total fund assets market condition to optimize cash flow.

FUND PERFORMANCE

As at 31 Mar, 2013, VF4 portfolio had 21 stocks with NAV/unit increased 2.9% MoM, outperformed VN-Index by 2.0%. In which, top 5 holding contributed 2.9%, leading by FPT with 1.7%, SSI, HPG and GAS totaled 1.2% while VNM, in contrast, minus 0.01%. Mar witnessed FPT holding raised from 15.7% to 18.5% NAV. FPT's AGM has just approved to increase cash dividend 2013 from 15% to 30% in addition to 25% by stock. Besides, HPG has announced its business results in 1Q with revenue reached VND 6,000 bil, NPAT at VND 800 bil (36% 2014 plan). Security stocks have experienced a long jump in Mar, especially HCM which had the highest return up to 31% MoM, contributed 1% to VF4 growth. This is mostly due to the very active trading market together with the prospect of equity market in 2014.

It is also worth mentioning the two tickers, HDG and NTL, which were invested end-Feb, had rather good performance in Mar, contributing 0.3% and 0.1% to VF4 growth respectively. On the down side, tickers recorded loss were REE, DPM and MSN with return at -1.9%, -4.4% and -4.7% respectively. This is because REE and MSN was under high profit-taking pressure after a strong rally in January while it is concerned that DPM's 2014 NPAT may decrease for increasing output cost and competition.

From YTD, VF4 gained 21%, surpassing VN-Index by 3.8%.

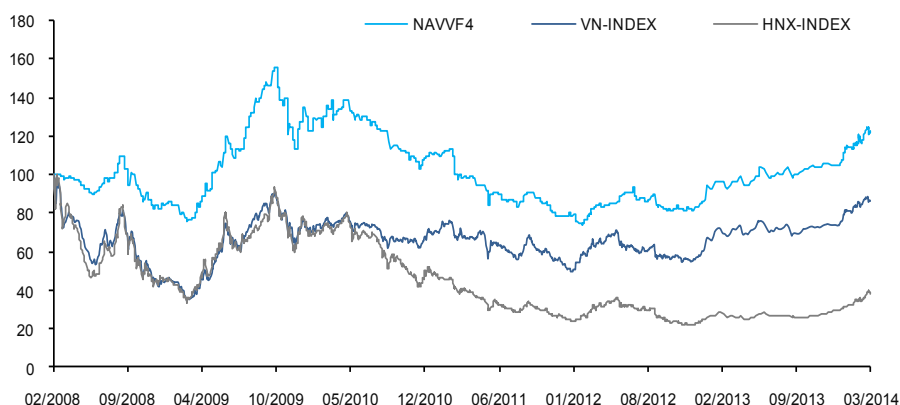
MOVEMENT IN NET ASSET VALUE

	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since inception (28/2/2008)
VFMVF4	10,234.0	2.9	21.0	21.0	33.7	22.3 (*)
VN-Index	591.6	0.9	17.2	17.2	20.5	(12.8)
HNX-Index	89.4	7.6	31.8	31.8	48.4	(61.5)

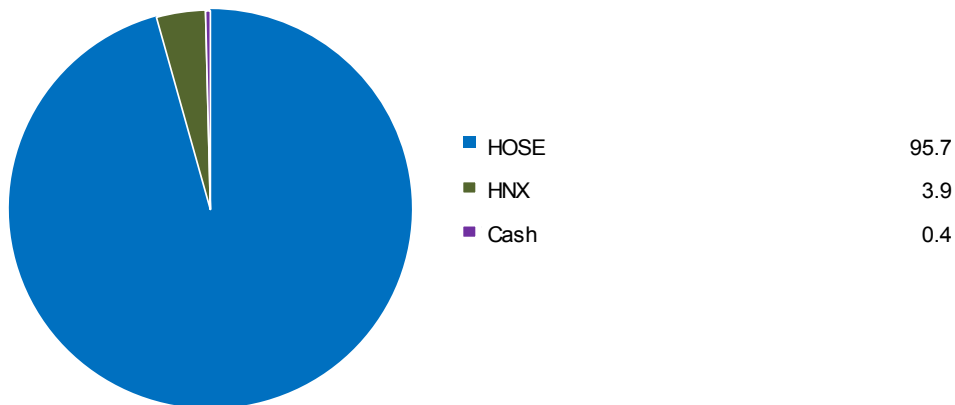
(*) Including dividends

NAV VFMVF4 PERFORMANCE VS. INDEX

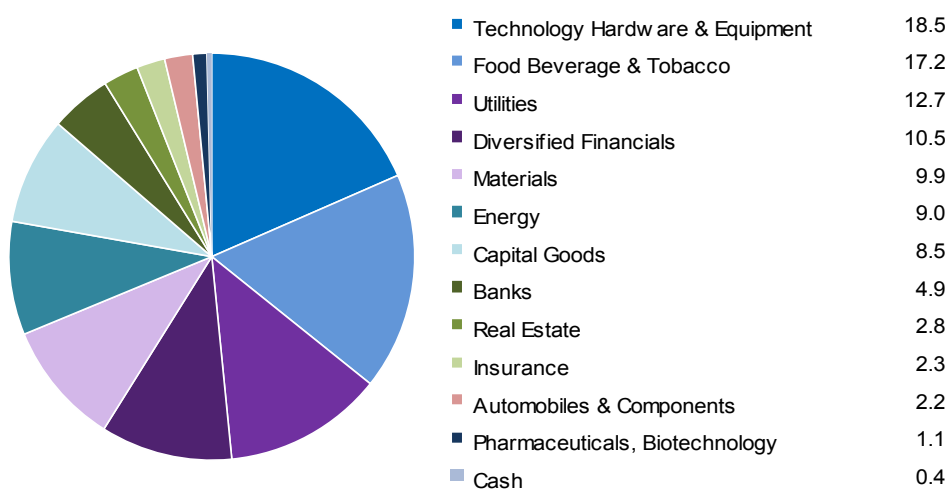
28/02/2008 = 100



ASSET ALLOCATION (% NAV)



ASSET ALLOCATION BY SECTOR (% NAV)



TOP 5 HOLDINGS

Stock	Sector	Market	% NAV
FPT	Technology Hardware & Equipment	HOSE	18.5
GAS	Utilities	HOSE	12.7
VNM	Food, Beverage & Tobacco	HOSE	12.3
SSI	Diversified Financials	HOSE	5.1
HPG	Materials	HOSE	5.1

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INVESTMENT FUND

VFMVFA

FUND FACTS

Fund name	Vietnam Active Fund
Fund Code	VFMVFA
Fund Type	Open ended fund
Currency	VND
Inception date	02/04/2010
Conversion date	18/4/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	HSBC Vietnam Ltd.
Transfer Agency	HSBC Vietnam Ltd.
Distributors	VFM, HSC, VCSC, KIS, VDSC, FPTS
Management fee	Up to 2%
Subscription fee	1%
Redemption fee	0.5% - 2%
Switching fee	0.3%
Minimum subscription order	10 million VND
Minimum account balance	100 units
Trading cycle	The 2nd and 4th Friday of every month (T day)
Cut-off time	10:30am, T-1 day
Dividend	Dividend reinvested

Total NAV	114.7 billion VND
Number of fund unit	14,912,528.3 unit
NAV/unit 12 months high	7,769.1 VND/unit
NAV/unit 12 months low	6,866.1 VND/unit

INVESTMENT OBJECTIVES

The main objective of VFMVFA would be 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 which is one of Quantitative Investment Models.

FUND PERFORMANCE

As of March 31, 2014 VFMVFA's NAV/ unit was VND7,691.7, increased 1.7% versus the last month, which outperformed the return 0.9% of VN-Index and underperformed 7.6% of HNX-Index.

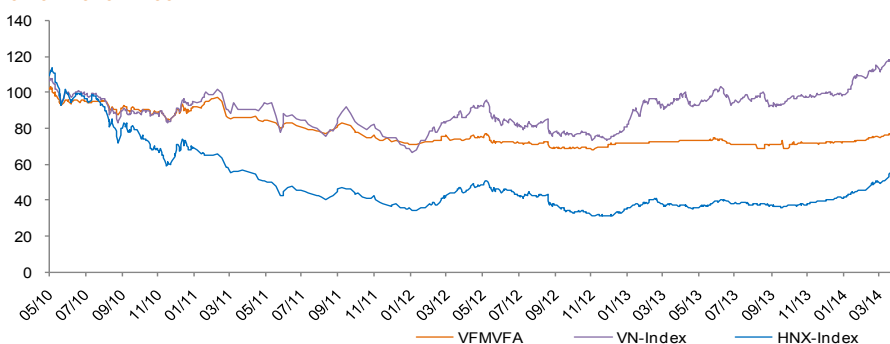
In March 2014, Stock-based MATF strategy and HQT strategy did not change the signals versus the last month. At the end March 2014, Investment Committee decided to allocate 30%NAV to HVTF 1.1 strategy. HVTF 1.1 strategy is adjusted on HVTF 1.0 strategy by buying at beginning of the period. Therefore, asset allocation changed significantly on this month.

MOVEMENT IN NET ASSET VALUE

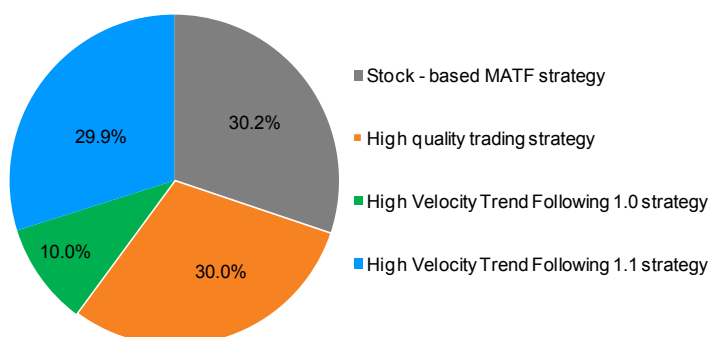
	NAV/Fund unit (VND)	Performance (%)				
		1 month	3 months	YTD	Trailing	Since inception (02/04/2010)
VFMVFA	7,691.7	1.7	6.6	6.6	5.5	(23.1)
VN-Index	591.6	0.9	17.2	17.2	20.5	15.9
HNX-Index	89.4	7.6	31.8	31.8	48.4	(45.5)

NAV VFMVFA PERFORMANCE VS. INDEX

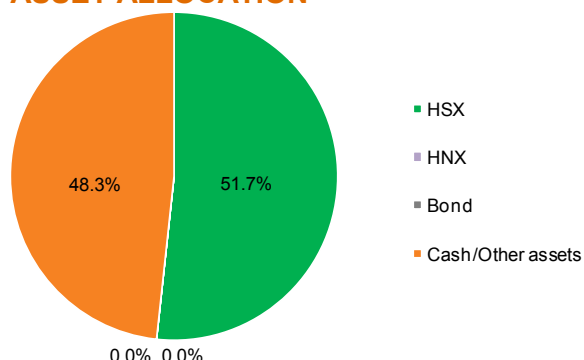
02/04/2010 = 100



ASSET ALLOCATION BY STRATEGY



ASSET ALLOCATION



INVESTMENT FUND

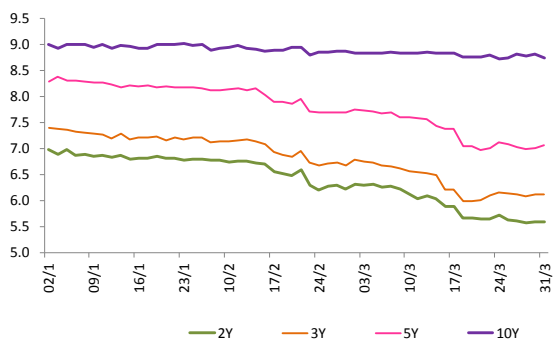
VFMVFB

FUND FACTS

Fund name	Vietnam Bond Fund
Fund Code	VFMVFB
Fund Type	Open ended fund
Currency	VND
Inception date	10/06/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	Deutsche Bank AG HCMC
Transfer Agency	Deutsche Bank AG HCMC
Distributors	HSC, KIS, VCSC, VDSC, VFM, FPT5
Management fee	0.9%/NAV/year
Subscription fee	1%
Redemption fee	0.5% - 2%
Switching fee	0.3%
Minimum subscription order	1 million VND
Minimum account balance	100 units
Trading cycle	Weekly, every Friday (T day)
Cut-off time	10:30am, T-1 day
Dividend	Annually (satisfied the requirements)

Total NAV	77.3 (billion VND)
Number of fund unit	7,145,780.3 (unit)
NAV/unit 12 months high	10,822.1 (VND/unit)
NAV/unit 12 months low	9,369.3 (VND/unit)

VGB Yields (%) 1Q - 2014



INVESTMENT OBJECTIVES

The objective of VFMVFB is to achieve income primarily from investments in fixed income securities, (including but not limited to Vietnamese Government bonds, Government guaranteed bonds, municipal bonds, corporate bonds in accordance with Vietnamese law, etc..) commercial notes and money market instruments.

FUND PERFORMANCE

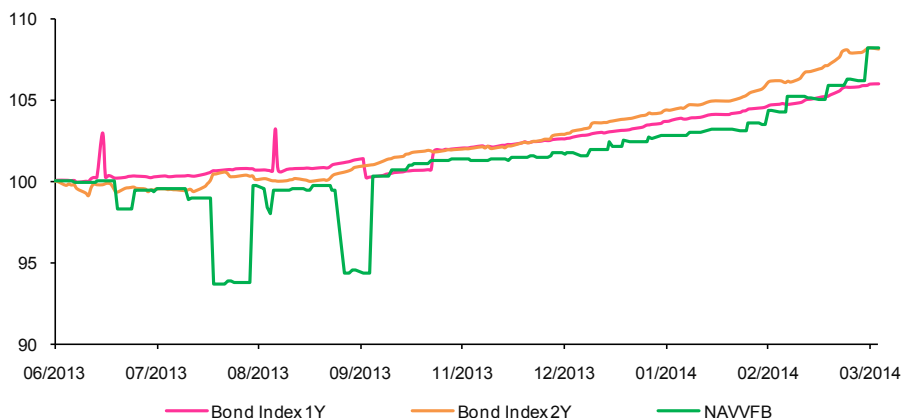
Mar 2014 marks the highest MoM growth of VFB NAV since inception at 2.8% and NAV at 31 Mar, 2013 is VND 10,819.5 per unit. Mar is also the second month in consecutive VFB outperformed one and two-year bond indices. To the end of Mar, after nearly 9 months in operation, VFB NAV per unit grows 8.2%, equivalent to the performance of 2-year bond index.

Better performances in Mar and 1Q 2014 are results of investing in the longer tenor bonds in Feb and in a downward trend of bond yields for bonds with time to maturity shorter than 5 years. Yields of 2, 3 and 5-year bonds reduced 140, 127.5 and 122.5 bp correspondingly in the period from the beginning to the end of the 1st quarter. 10-year bond yield started to go down in the last week of Mar. The market movements signal the yields may not go up significantly while credit growth is very weak in 1Q, low YoY CPI, primary issuance of government bonds is easily absorbed by market and high demand for bond investment from commercial banks.

MOVEMENT IN NET ASSET VALUE

	NAV/unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (10/6/2013)
VFMVFB	10,819.5	2.8	5.5	5.5	n/a	8.2
Bond-Index 1yr	190.1	1.2	2.8	2.8	8.1	6.0
Bond-Index 2yr	200.1	1.9	4.2	4.2	12.0	8.2

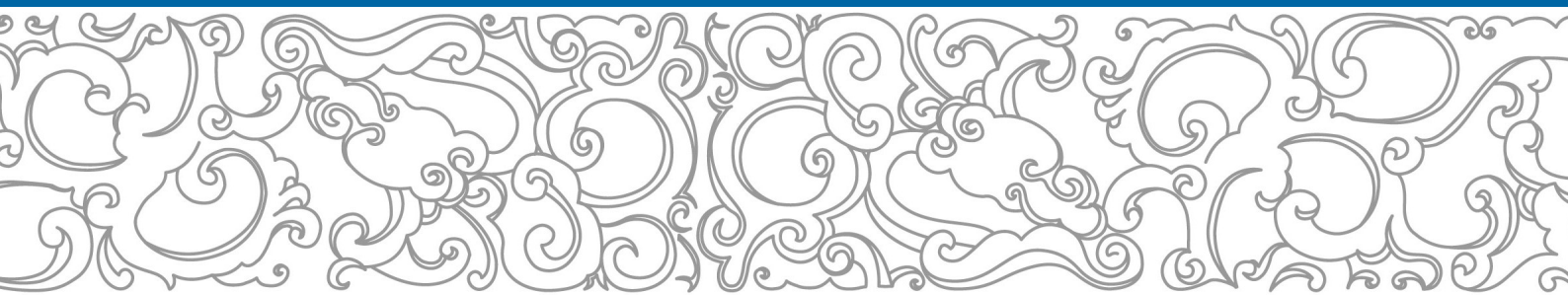
NAV VFMVFB PERFORMANCE VS. BOND_INDEX (*) 10/06/2013 = 100



Notes:

(*) NAV of VFMVFB showed abnormal volatility at 08/08/2013 and 26/09/2013 due to the occurrences of abnormal volatility in trading price which the differences between normal trading price and executed trading price reached 5%. Under the NAV calculation methodology being applied before 01/10/2013, VFMVFB must value investment bond with the market executed price, the fund's NAV will be no longer affected by such abnormal executed trading price given 2 weeks without trading. The abnormal volatility was majorly due to the technical NAV calculation methodology and did not really reflect accurate fund NAV performance. After 01/10/2013, NAV of VFMVFB will be no longer affected by such abnormal volatility.

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