

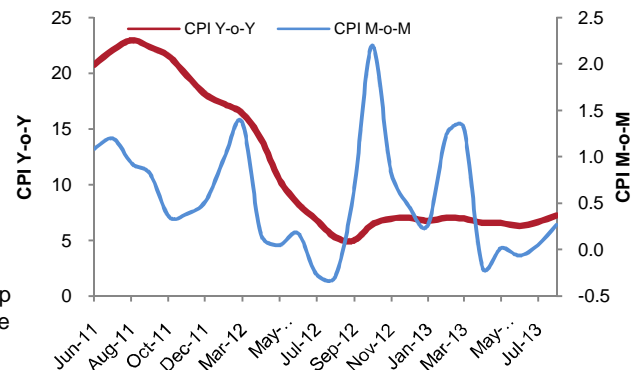
Macroeconomic Update

Vietnam's macroeconomic environment became unsteady in July due to several factors, many of them being external factors that are hardly under the control of the authorities. These destabilizing factors included currency speculation that eroded the value of the Vietnam Dong and a return of inflation in the form of increasing fuel prices as well as a slowdown in the decrease of food prices. The CPI registered an increase of 0.27% on a monthly basis – the highest monthly value since February – and up to 7.29% on a yearly basis – the highest level in 14 months. Unfortunately, this increase in inflation does not imply a recovery of domestic demand, demonstrated in the continued low results of the HSBC Purchasing Managers' Index. For July, Vietnam registered a PMI of 48.5, the third consecutive month below the 50.0 breakeven level that indicates whether the manufacturing sector of an economy is growing or not.

Speculation on the exchange rate of the Vietnam Dong to the US Dollar began in June, but worsened during July as banks maintaining net short positions of USD faced difficulties covering withdrawals of USD following the 1% devaluation in June. When this combined with an oversupply of VND, the unofficial "black market" exchange rate soared up to 3% above the ceiling rate set by the State Bank of Vietnam (SBV). The SBV calmed the market by injecting a small amount of USD while simultaneously withdrawing a large amount of VND to increase its value. By the end of the month, the exchange rate was significantly more stable and we understand that banks now maintain net long positions of USD to avoid repeating the same mistake. It also appears that the SBV has come close to reaching a saturation point in terms of money supply growth and we hope that this will be slightly more restrained for the rest of the year. A second consecutive monthly trade surplus was recorded in July and should also aid in maintaining the strength of the VND.

Increasing international fuel prices made it necessary for the government to adjust domestic prices several times during July. Additionally, the back-to-school rush is approaching and the government remains committed to increasing healthcare and electricity prices to reduce those subsidies and to improve the government's fiscal situation. Increasing government-regulated prices as well as a seasonal increase in economic activity will likely keep inflation at a relatively elevated level through 2H, thus we believe that inflation will end up in the region of 8% for the year. In the meantime, we have seen little progress in the process to restructure state-owned enterprises. While the Vietnam Asset Management Company has officially opened for operations, government estimates of how much bad debt it will purchase/resolve in the remaining months of the year seem incredibly optimistic at VND70tn (about \$3.3bn). We expect the company to only begin deal flow towards the end of Q3 or beginning of Q4. The end result being that the economy is expected to accelerate slightly in the second half with significant attention being placed on keeping inflation controlled.

Indicators	Jul-13	YTD	Y-o-Y	2012
GDP Growth (%)			4.9%	5.0%
Inflation (%)	0.3%	2.7%	7.3%	6.8%
Exports (\$Bn)	\$11.2	\$72.7	14.3%	\$114.6
Imports (\$Bn)	\$11.0	\$73.5	15.0%	\$113.8
Trade Surplus or (Deficit)	(\$200 Mn)	(\$733 Mn)	N/A	\$780 Mn
Disbursed FDI (\$Bn)	\$1.0	\$6.7	6.3%	\$10.5
VND/USD	21,190	1.6%	1.5%	20,860



Source: General Statistics Office of Vietnam (GSO), Vietcombank

Equity Market Update

In July, the Vietnam Index (VNI) increased slightly by 0.1% in EUR terms (up 2.2% in VND terms) to close at 491.85. Volume on the VNI fell to an average of \$43mn traded per day compared to \$57mn during June while volume on the Hanoi Stock Exchange (HNX) more than halved in July in comparison to June. Amid this low volume, foreign investors sold a cumulative total of approximately \$14mn of shares on the two exchanges which compares favorably to June when foreigners sold a cumulative total of approximately \$73mn. What turned out to be a false media report stating that the government was considering a VND100tn (\$4.7bn) economic support package created a temporary buzz in the market while continued foreign exchange fluctuations and fears that inflation may be returning kept investors wary of the stock market. We expect activity on the VNI to stabilize and possibly increase with the culmination of earnings season in August and as domestic demand picks up in the second half of the year. The news about the establishment of the VAMC is likely priced into the market at this point and since it is unlikely to complete any deals until the end of Q3 or beginning of Q4, we do not believe that it will be a major market mover for the time being. On the other hand, there is still a buzz surrounding a possible increase of foreign ownership levels, but it is unclear how authorities will do this or when it might occur; rumors abound.

Real Estate Market Update

The most significant news pertaining to the real estate market was the opening for operations of the Vietnam Asset Management Company (VAMC) to purchase bad debt from commercial banks. While it was opened with great fanfare and excitement that the company will be able to relieve the banks of their toxic debt burdens and accelerate economic growth, many are skeptical. In a report, the ratings company Fitch wrote that the VAMC is unlikely to fully resolve bank asset quality unless meaningful regulatory improvements are simultaneously enacted, while the World Bank has been commenting that the establishment of the VAMC and its operation guidelines does not follow commonly applied good practices. Nevertheless, we do not expect to see a significant positive effect from its operations until early to mid-2014. The disbursement of the \$1.5bn low-income housing loan package is reportedly going slowly due to a complicated application process; so far only several developers and a low number of buyers have been approved to receive money from this package. During the month, listed real estate developers mostly traded sideways or down as the general equity market made only a marginal improvement. We expect real estate prospects to start to improve in the second half based on the continued disbursement of the housing package and the potential for increasing credit activities by the banks.



**SAIGON ASSET
MANAGEMENT**

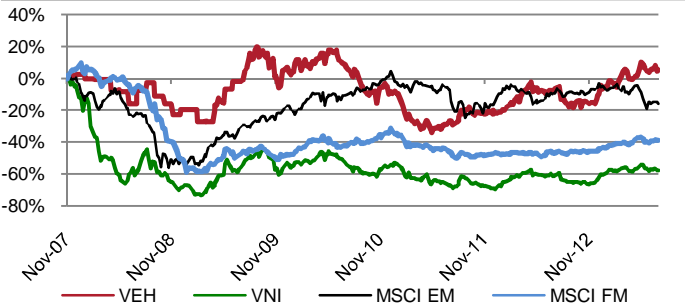
Vietnam Equity Holding (VEH) Monthly Update

July 2013

NAV per share	€2.47
Outstanding Shares	21,496,810
Share price	€1.61
Discount	34.8%
Total NAV	€53,097,646

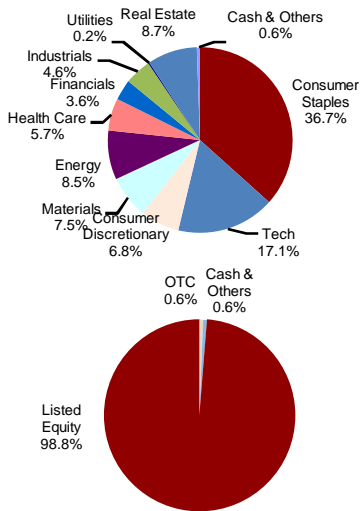
Performance

	% Monthly	YTD	Year End 2011	Since Inception
NAV per share	0.6	17.8	35.9	5.5
Share price	3.9	23.8	54.8	-39.2
VN Index in EUR	0.1	16.1	35.6	-57.1
MSCI EM in EUR	-1.5	-11.0	0.7	-15.2
MSCI FM in EUR	2.8	12.2	15.6	-38.4



Top Holdings	% of NAV
Vinamilk (VNM)	31.4%
FPT Corp (FPT)	14.2%
PetroVietnam Drilling (PVD)	6.0%
Phu Nhuan Jewelry (PNJ)	4.4%
Japan Vietnam Medical Instruments (JVC)	4.3%

Portfolio by Sector and Asset Allocation



About Saigon Asset Management

Established in 2007 in the Cayman Islands with representative offices in Ho Chi Minh City, SAM manages Vietnam Equity Holding (VEH) and Vietnam Property Holding (VPH) and employs over twenty professionals with diverse international financial backgrounds and proven track records.

Saigon Asset Management
172 Hai Ba Trung, 12th floor
Ho Chi Minh City, Vietnam
Tel: +84-8-5404-3488
Fax: +84-8-5404-3487
Email: IR@saigonam.com
Website: www.saigonam.com

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VEH Update

In July, VEH's un-audited NAV per share was €2.47, representing an increase of 0.6% from €2.45 at the end of the prior month. Over the same period, the VN Index increased 0.1% in EUR terms (up 2.2% in VND terms). The NAV increase was mainly due to a 2.8% increase in portfolio value from the increase in prices of listed stocks offset by a 2.1% unrealized FX loss from the appreciation of the EUR against the VND.

VEH's portfolio benefitted from the advances of several its key portfolio holdings including Vinamilk, PetroVietnam Drilling, and FPT. A handful of these large cap stocks have reached their foreign ownership limits, and thus foreign investors who would like to enter must pay a premium to the listed price. To our knowledge, VNM carries the highest and most consistent premium of 10%-30%. Taking advantage of this, VEH made a partial exit of some VNM shares at a premium to the listed price of 19% resulting in an ROI on those shares of 6X since purchase in 2008. The proceeds of this partial-sale were invested into some current positions to increase their weights in the portfolio. VEH's real estate positions underperformed during the month, however we have been increasing VEH's weighting towards the sector by taking positions in undervalued developers with large land banks as we believe the sector will benefit from pent up demand and government efforts to revive it.

We continue to screen for opportunities to rebalance into stocks with strong fundamentals and higher risk/reward ratios to capitalize on the potential upside gain from a long-term rebound in the Vietnam stock market.

Vietnam Index – Previous 6 months – Bloomberg



Structure	Cayman Islands registered open-end fund
Funds launch	November 2007
Subscriptions	Prior to each Dealing Day (first business day of each calendar month)
Minimum Initial Subscription	US\$100,000 or its equivalent in another currency
Redemptions	Beginning in June 2014; up to 10% available quarterly; must be submitted a minimum of 60 days before relevant Redemption Day; processed on a pro-rata basis
Redemption Fee	3% of NAV of the redeemed shares
Listed	Stuttgart Stock Exchange
Management Fee	2% of NAV
Performance Fee	20% of gains over 8% hurdle with high water mark
Auditor	Grant Thornton
Legal Counsel	Reed Smith LLP & Appleby
Administrator	Deutsche Bank (Cayman) Ltd
Custodian	Deutsche Bank AG, Ho Chi Minh City Branch
Clearing/Settlement	Euroclear or Clearstream
Market Makers	886 AG +49 6101 98861 18, www.886ag.de LCF Rothschild +44 207 845 5900, www.lcfr.co.uk Numis Securities Ltd. +44 207 260 1000, www.numiscorp.com
Bloomberg	VEH: 3MS:GR VPH: 3MT:GR
Reuters	VEH: 3MS.DE VPH: 3MT.DE
ISIN	VEH: KYG936251043 VPH: KYG9361R1074