

Macroeconomic Update

Midway through the year, several macroeconomic indicators showed that Vietnam's recovery is not occurring as quickly as hoped. GDP growth registered 4.9% YOY with several policy makers commenting that the 5.5% target will be difficult to reach. Inflation increased slightly to 6.69% YOY, up just 0.05% on a monthly basis. While retail sales have increased 12% YOY, retailers realized that inventories were rising, causing them to cut new orders to manufacturers, and resulting in HSBC's Purchasing Managers' Index to fall to a disappointing 46.4 on domestic weakness. Credit growth reached 3.3% YTD and policy makers are confident that the 12% target for the year will be reached as consumption typically increases during 2H 2013.

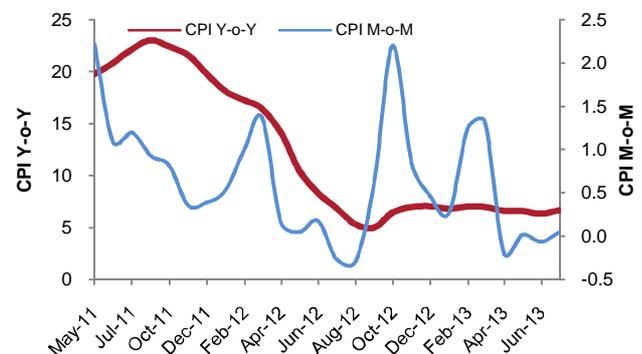
Vietnam's Dong came under depreciating pressure in June due to the strengthening US dollar and other factors such as a return to a (modest) trade deficit, the high domestic gold premium to international prices (averaging 16% throughout the month), and a modest withdrawal of foreign investment through the stock market (foreigners were net sellers of stocks by approximately \$73mn during June). These caused the black market exchange rate to weaken to about VND21,250 and the interbank rate to weaken past the upper ceiling of VND21,036. Reportedly, the SBV made limited USD injections totaling approximately \$1bn. However, as it did not want to reduce its FX reserves too much (reserves have increased to 3 months of imports), it first attempted to calm the market through media comments, specifically calling on companies to sell their reserves of USD into the market rather than hoard them. As pressure on the currency refused to abate, at the end of the month, the SBV devalued the Dong by 1% to VND21,036, the first devaluation since December 2011. The interbank rate is now within the official trading band while the black market rate is only slightly higher.

The aforementioned domestic gold premium to the international prices is expected to fall in the coming months as the June 30th, 2013 deadline for banks to cease gold mobilization activities (must close gold deposit accounts and can no longer lend gold) has passed with the majority of banks abiding to the deadline and closing the accounts. Only a few smaller banks with liquidity constraints were unable to obey the deadline and the SBV announced that it would work with those banks to close the accounts soon.

The National Assembly cut the corporate income tax from 25% to 22% for large enterprises taking effect in January 2014 and to 20% for small and medium enterprises (revenue below VND 200bn) starting in July 2013. These tax cuts will help stimulate revenues in the private sector. Meanwhile, progress of reform for state-owned enterprises remains slow since divesting businesses (even if they are non-core) below book value is a severely punishable state offence. Overall, the "disappointing" macroeconomic indicators were not very surprising (including the devaluation). Progress is being made in terms of continuing to stabilize the banking system and reform of the economy, but the indicators indicate that the progress is very slow and that the economy is unlikely to accelerate quickly this year.

Indicators	Jun-13	YTD	Y-o-Y	2012
GDP Growth (%)			4.9%	5.0%
Inflation (%)	0.1%	2.4%	6.7%	6.8%
Exports (\$Bn)	\$11.0	\$61.5	15.1%	\$114.6
Imports (\$Bn)	\$10.7	\$62.5	15.6%	\$113.8
Trade Surplus or (Deficit)	(\$287 Mn)	(\$933 Mn)	N/A	\$780 Mn
Disbursed FDI (\$Bn)	\$1.1	\$5.7	5.6%	\$10.5
VND/USD	21,220	-1.7%	-1.4%	20,860

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



Equity Market Update

After increasing to an intraday high of 533.15, the highest value since 2010, the Vietnam Index (VNI) fell 8.0% in EUR terms (down 7.2% in VND terms), giving up most of the gains that it had made in May, closing at 481.13. In a continuation of the trend started at the end of the previous month, foreign investors continued to net sell, withdrawing about \$73mn during June. Much of the weakness in foreign confidence can be traced to concerns that the US Federal Reserve will begin to "taper" its asset purchases as well as concerns of a credit crunch in China. Initially, domestic investors remained bullish, helping the VNI reach its high of 533. Much of this bullishness came from continued media reports about the possibility of increasing foreign ownership limits of companies. However, continuous selling by foreign investors, specifically large sell orders occurring in the last 15 minutes of trading that were traced to ETF redemption activities, eroded the confidence of domestic investors, with increasing margin calls further impacting the VNI. We are encouraged that in the beginning of the month, retail investors were able and confident enough to support the VNI despite foreign selling as it shows that domestic investors are increasingly active in the market. The VNI will likely continue to be relatively volatile in the coming months with wavering foreign support, but we expect domestic investors to becoming increasingly active as deposit interest rates have fallen significantly, making equity a more attractive destination for capital.

Real Estate Market Update

The real estate market is currently benefitting from flexible payment plans implemented by developers and limited new supply coming online. Unsold stock of residential units in Ho Chi Minh City decreased slightly while rents in Grade A offices have increased by approximately 0.5% Q-o-Q. Real estate will benefit from policy actions as they take effect, specifically the \$1.5bn low-income housing loan stimulus package approved in May (some developments have been approved to receive financing from this package) and the Vietnam Asset Management Company, scheduled to begin operations in July or August. The government continues to encourage developers to focus on social housing as projects in this category now enjoy a corporate income tax of just 10% and the VAT was reduced from 10% to 5%. With significant policy actions taking effect in the near future, and after large price reductions over the past couple years, real estate is beginning to show signs of recovering.



**SAIGON ASSET
MANAGEMENT**

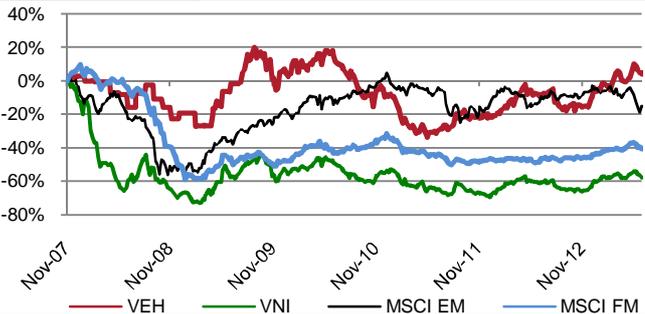
Vietnam Equity Holding (VEH) Monthly Update

June 2013

NAV per share	€2.45
Outstanding Shares	21,496,810
Share price	€1.55
Discount	36.8%
Total NAV	€52,758,171

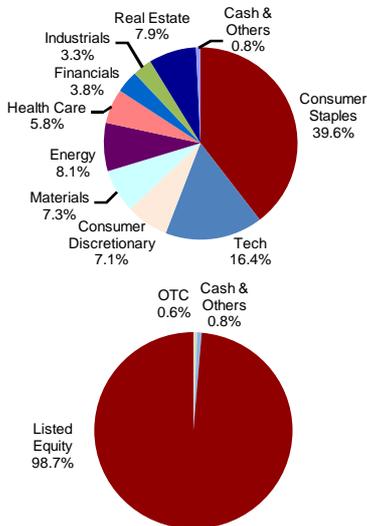
Performance

	% Monthly	YTD	Year End 2011	Since Inception
NAV per share	-4.9	17.0	35.1	4.8
Share price	0.0	19.2	49.0	-41.5
VN Index in EUR	-8.0	16.0	35.5	-57.2
MSCI EM in EUR	-6.9	-9.6	2.2	-13.9
MSCI FM in EUR	-5.9	9.2	12.5	-40.0



Top Holdings	% of NAV
Vinamilk (VNM)	33.9%
FPT Corp (FPT)	13.1%
PetroVietnam Drilling (PVD)	5.4%
Phu Nhuan Jewelry (PNJ)	4.6%
Japan Vietnam Medical Instruments (JVC)	4.6%

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 June, VEH's un-audited NAV per share was €2.45, representing a decrease of 4.9% from €2.58 at the end of the prior month. Over the same period, the VN Index decreased 8.0% in EUR terms (down 7.2% in VND terms). The NAV decrease was mainly due to a 4.0% decrease in portfolio value from the decrease in prices of listed stocks combined with a 0.9% unrealized FX loss from the appreciation of the EUR against the VND.

VEH's portfolio was impacted by the general sell off during the month with several stocks performing worse than others. Real estate stock Development Investment Corp (DIG) lost 22% during the month due to it being placed on the warning list by the Ho Chi Minh Stock Exchange after the auditor recommended that the company provision against overdue receivables, though DIG has since been removed from the list after resolving the issue. FPT also gave up some of its advances after releasing disappointing results through the first five months. Tech company Elcom made the largest positive contribution to VEH's portfolio during the month with several other micro positions also contributing.

We continue to screen for opportunities to rebalance into small and mid cap 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.

AGM & EGM

VEH's AGM & EGM were held successfully on June 14th, 2013 with all resolutions passing. Please refer to the official documents on the SAM website for more details.

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