

Vietnam Equity Holding (VEH) Monthly Update

September 2011

NAV per share	€1.92
Share price	€1.00
Discount	47.9%
Total NAV	€41,810,377

Performance

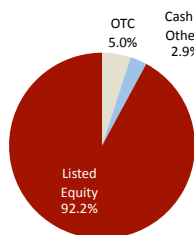
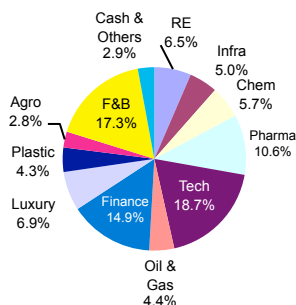
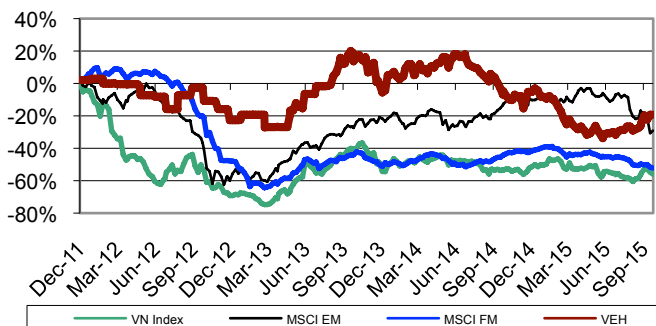
	% Monthly	YTD	Year End 2009	Since Inception
NAV per share	9.1	-9.1	-22.1	-17.9
Share Price	2.0	-47.4	-33.3	-62.3
VN Index in EUR	5.9	-20.2	-20.7	-63.8
MSCI EM in EUR	-8.3	-23.6	-4.9	-21.7
MSCI FM in EUR	2.2	-20.4	1.2	-47.2

VEH Update

In September, VEH's un-audited NAV per share was €1.92, representing an **increase of 9.1%** from €1.76 at the end of the prior month. Over the same period, the VN Index increased 5.9% in EUR terms (up 0.7% in VND terms). The NAV increase was mainly due to a **1.7% increase in portfolio value** from the increase in price of listed stocks, and a 7.4% gain in portfolio value resulting from unrealized FX gain of the VND against the EUR. The investment manager has been rebalancing into small and mid cap stocks with strong fundamentals and higher reward/risk ratio to capitalize on the potential upside gain from an anticipated rebound in the Vietnam stock market in the next quarter. This month, portfolio company DHG was listed as one of the top performing SME's in Asia-Pacific by Forbes while PNJ's Chairwoman and CEO was selected as one of the top 24 CEO's in Vietnam by Ernst & Young.

Macroeconomic Update

In Vietnam's macro-economy, good news prevailed as inflation continued to slow its monthly growth and finished with 0.82% M-o-M, 22.42% Y-o-Y, which is down from 23.02% in August. Interest rates are starting to decline after the SBV imposed a cap on deposit rates at 14% p.a. Expectations that inflation will continue to slow were reflected in falling government bond yields during the month. The monthly trade deficit reached a modest \$1bn. Monthly disbursed FDI was approximately \$0.9bn and YTD has reached \$8.2bn, representing an increase of 2.0% Y-o-Y, although committed capital is down significantly for the year. The VND was under continuous pressure throughout the month, though the reference rate was not revised until early October and it is likely that it will depreciate further through the rest of the year due to continuous pressure from the trade deficit and maturing dollar dominated loans. With the other emerging markets also taking a significant hit, investors appear to be holding their breath, waiting for a conclusion to the European debt crisis. There are many positive signs coming from Vietnam, though in the near term, the suspense resulting from the European debt crisis will not aid the Vietnamese markets.



Indicators	Sep-11	YTD-2011	Y-o-Y	2010
GDP Growth (%)	5.8%		5.8%	6.7%
Inflation (%)	0.8%	16.6%	22.4%	11.8%
Exports (\$Bn)	8.3	70.0	35.4%	71.6
Imports (\$Bn)	9.3	76.9	26.9%	84.0
Trade Deficit (\$Bn)	1.0	6.9	-9.1%	12.4
Disbursed FDI (\$Bn)	0.9	8.2	2.0%	18.6
VND/USD	20,834	6.8%	6.8%	19,500

Source: General Statistics Office, Vietnam

Stock Market Update

Among others, the European sovereign debt crisis dominated the headlines in September with adverse effects towards the Vietnamese stock market. The VNI gained only about 0.7% for the month in VND terms, however due to the weakening of the euro, the VNI gained 5.9% in EUR terms. After hitting a peak of 475.45 on the September 14th, the VNI changed direction and fell consistently to the end of the month. Foreigners were net sellers during the rally, as panicked investors moved into perceived safer investments in the wake of European uncertainty. With an average of 43 million shares traded daily on the VNI during the month, volume was again much stronger than the dreadful month of July, which had an average of only 15 million shares traded daily. The HNX posted a fall of -5.3% for the month after hitting a high of 80.02 on the 14th. Although it is taking a while for the anticipated rally to appear, our view is that Vietnam seems to be entering a period of relative economic stability, which should prompt upside gains in the future.

VN Index- last 6 months



Source: Bloomberg

Foreign Investors' Net Buy on HOSE			Top Holdings	
Date	Volume (Mn shares)	Value (\$Mn)		
Sep-11	-33.6	-47.8	VNM	17%
Aug-11	2.3	-9.1	FPT	16%
Jul-11	-1.4	6.44	DHG	11%
Q2 2011	8.4	75.7	STB	9%
			PNJ	6%

About Saigon Asset Management

Established in 2007 and based 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.

Louis Nguyen
Chairman & CEO

Chinh Hoang
Director, Equity Investments

Hien Vu
Managing Director,
Real Estate Investments

Kevin Flaherty
Managing Director,
Energy and Natural Resources Investments

Structure	Cayman Islands registered closed-end funds
Funds launch	November 2007
Duration	5 Years (subject to shareholder vote for extension)
Listed	Frankfurt Stock Exchange (FSE) and Xetra
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 Custodian	Deutsche Bank (Cayman) Ltd 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
Bloomberg	VEH: 3MS:GR VPH: 3MT:GR
Reuters	VEH: 3MS.DE VPH: 3MT.DE
ISIN	VEH: KYG936251043 VPH: KYG9361R1074

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