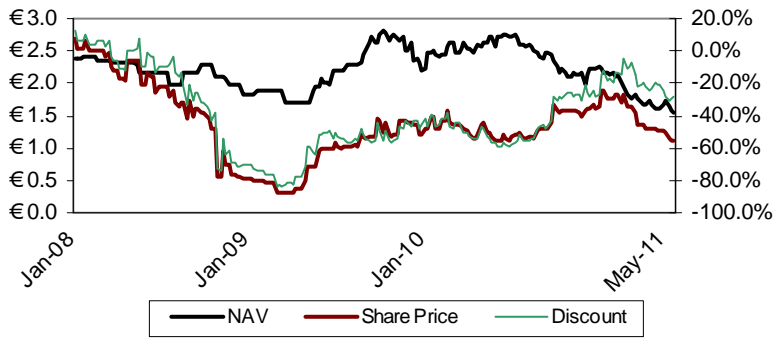


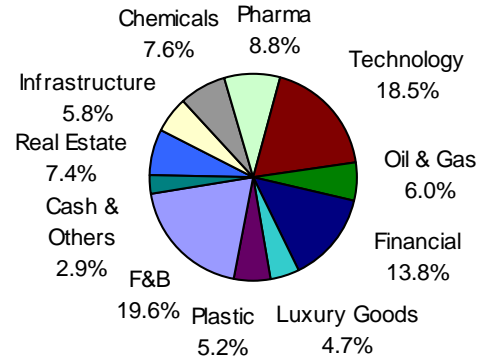
**Monthly Funds Update** **31 May 2011**

	NAV per Share (€)	% Change of NAV per Share			Share Price (€)	% Change of Share Price			Discount (%)	NAV (€)
		Monthly	YTD	Since Inception		Monthly	YTD	Since Inception		
<b>VEH</b>	1.55	-4.7	-26.8	-33.9	1.12	-12.5	-41.1	-57.7	-27.7	33,658,625
<b>VPH</b>	1.95	-3.3	-23.3	-17.0	1.38	0.0	-18.3	-47.9	-29.2	24,587,357

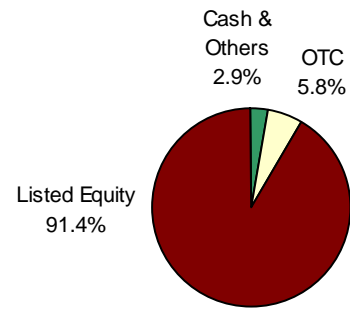
**Vietnam Equity Holding (VEH) Performance since Inception**



**VEH: Sector and Asset Allocation of the Portfolio**

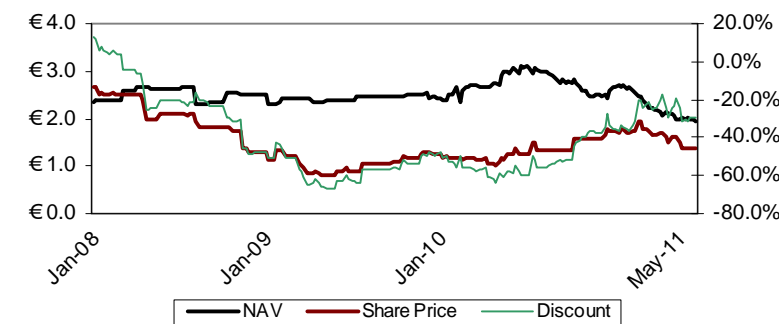


Performance (%)	Last Month	YTD	Year End 2009	Since Inception
VEH NAV	-4.7	-26.8	-37.3	-33.9
VEH Share Price	-12.5	-41.1	-25.3	-57.7
VN Index in EUR	-9.8	-23.2	-23.7	-65.1
MSCI EM Index in EUR	-0.2	-5.7	17.3	-3.4
MSCI FM Index in EUR	-1.7	-14.7	8.5	-43.4

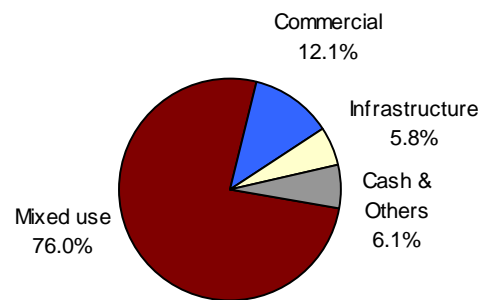


Historical Data					
Total NAV (€)	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
	45,978,100	46,082,319	39,090,743	36,500,800	35,519,153
NAV Per Share (€)	2.11	2.12	1.80	1.68	1.62

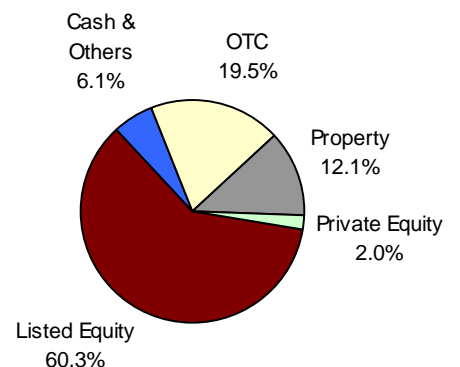
**Vietnam Property Holding (VPH) Performance Since Inception**



**VPH: Sector and Asset Allocation of the Portfolio**



Performance (%)	Last Month	YTD	Year End 2009	Since Inception
VPH NAV	-3.3	-23.3	-24.3	-17.0
VPH Share Price	0.0	-18.3	16.9	-47.9
VN Index in EUR	-9.8	-23.2	-23.7	-65.1
MSCI EM Index in EUR	-0.2	-5.7	17.3	-3.4
MSCI FM Index in EUR	-1.7	-14.7	8.5	-43.4



Historical Data					
Total NAV (€)	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
	33,026,316	30,981,950	27,888,652	27,102,342	25,440,015
NAV Per Share (€)	2.61	2.45	2.21	2.14	2.01

## Macroeconomic Update

In May high inflation once again dominated Vietnam's macro economy. The monthly CPI this month came in at 2.2% (versus 3.3% for April), and prices rose about 20% year-on-year. Expectations are now widespread that inflation will peak at just over 20% sometime later in the year (many market participants are predicting a peak circa 23% around August).

Notably there are three key points about the current situation as follows:

- 1) The government is taking a series of actions, collectively known as "Resolution 11", to fight inflation and stabilize the VND. More details about this are below.
- 2) The current bout of inflation is not being driven by excess money growth. This is important to know because Vietnam's previous spell of high inflation in 2007–2008 was mainly caused by excess money supply driven by loan growth and FDI.
- 3) There are two key indicators which show that the worst is over in the current situation. First, the "unofficial" and official VND/USD exchange rates are in line with each other. Next, the Credit Default Swap (CDS) rate to insure against default of Vietnam government debt in the international bond market peaked early in the year at 400 basis points over the U.S. treasury rate and is currently trading just over 300 basis points.

### **Resolution 11**

Resolution 11 was issued at the end of February in response to growing inflation problems. The resolution incorporates a series of measures centered around tighter monetary and fiscal policy. Also it includes administrative guidelines to reduce unofficial trading in USD/Gold and to limit bank lending to the real estate sector.

Interest rates have been hiked six times in 2011, raising the key policy rate from 10% to 15%. Lending rates are now solidly over 20% and deposit rates are as high as 20% for select VIP bank customers.

In addition to general monetary tightening the government has also stipulated that the banks' loans to the "non-productive" sector (i.e. real estate and stock margin lending) should not exceed 16% of the total loans extended by the end of 2011. The current proportion of non-production loans is well over 20%. Consequently, about \$2 - \$3B of lending to the real estate sector will be cut off due to the new legislation.

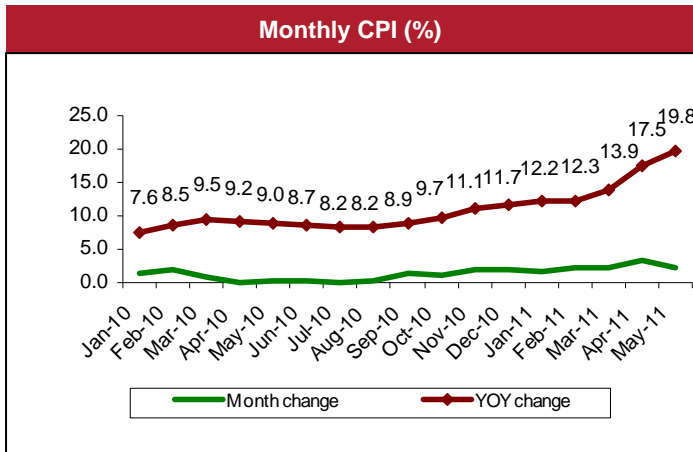
The fiscal policy aspect of resolution 11 focuses on reducing government investment in the economy. In the past about 15% of Vietnam's GDP came from government investment and it is widely recognized that those investments have not been highly productive from an economic point-of-view. At the present time it is not clear if the government is actually clamping down on investment because contradictory evidence has appeared in the local press which suggests that investment within the central government had indeed slowed dramatically but investment at the provincial government has actually increased.

### **The Effects of Resolution 11**

The tightening measures introduced have not impacted GDP much. Particularly the May trade deficit of \$1.7B and April's level of \$1.5B are both at the upper end of the safe range. On the other hand, real retail sales have only increased about 7% year-on-year whereas this figure is usually around the mid-teens in Vietnam, so there are some signs things are slowing down. We expect further slowing as these tightening measures start deeply impacting the economy.

Finally, note that Vietnam's credit default swap peaked out at about 400bps earlier in the year but is now down to about 300bps. This can be seen as a confirmation that foreign investors also believe the worst is over for Vietnam's macro economy in this cycle.

## Macroeconomic Update



Macroeconomic Indicators				
Indicators	May - 11	YTD 2011	Y-o-Y Change	2010
GDP growth (%)*			5.4 %	6.8%
Inflation (%)	2.2	12.1	19.8 %	11.8%
Exports (\$bn)	7.5	34.7	32.8 %	71.6
Imports (\$bn)	9.2	41.3	29.7 %	84.0
Trade deficit (\$bn)	1.7	6.6	112.5 %	12.4
Committed FDI (\$bn)	0.9	4.5	-18.2 %	18.6
VND/USD**	20,600	5.6 %	8.4 %	19,500

Source: General Statistics Office of Vietnam (GSO)

(\*) GDP as at the end of the previous quarter

(\*\*) Vietcombank foreign exchange rate, ask-price

## Real Estate Market Update

Vietnam's real estate market remained moribund in May. Resolution 11, as mentioned above, impacts the real estate market because it aims to limit credit growth by introducing new rules specifically targeting a reduction in lending to the real estate sector.

These new restrictions compliment two rules enacted last year to curb real estate speculation. The rules, Decree 69 and Decree 71, effectively increase real estate taxes on new real estate projects and limit the amount of financing for new real estate projects from customers' advanced payments. For example, developers of condominium blocks are now only allowed to sell 20% of the apartments before construction has commenced.

Previously, developers were able to finance a substantial portion of project construction by customer advanced payments. Consequently there have not yet been any major distresses in the real estate market despite a severe slowdown in the sector. This is because the previous use of customer advanced payments to finance construction has resulted in a reasonable debt profile for developers in the industry.

## Stock Market Update

The VN Index experienced a severe volatility in May, plummeting to 371 from 483 and finally rebounding to close the month at 421. The peak-to-trough of the index during the month was 24%. After the dramatic 24% sell-off the market subsequently recovered 13% to end May with a 12% decline for the month. These extreme movements were the result of a sequence of factors.

First, Resolution 11, mentioned above requires banks to reduce their stock market margin lending by the end of June. It seems that for most of the year the market had not really been expecting this measure would be implemented but during the month of May market participants began to fret about the new regulation.

Also, the government had previously stated its intention to raise electricity prices 30% in June. Here again it seems that for most of the year the market had not really been expecting the government to act. And then, in May these two topics (electricity price hike and stock margin lending cut) became very prominent in investors' mind. This, along with the sell-off in the US, caused the VN Index to decline.

The resulting decrease pushed the VN Index below the key 450 support level. That support level had held up for the whole year so the market quickly dropped to 370 once support had been broken. At that point the government announced that it would delay the electricity price hike. Also, rumors started to run rampant that the government would also delay the implementation of the new rules requiring banks to reduce stock market lending. Those two factors triggered a sharp reversal in the market and the low liquidity during the month also exacerbated the volatility.

### The Vietnam Index Performance and Foreign Investors' Net Buy on HOSE:



Source: Bloomberg

Foreign Investors' Net Buy on HOSE		
Date	Volume (Mn shares)	Value (US\$mn)
May -2011	7.0	-0.7
Apr-2011	18.5	38.0
<b>Q1 2011</b>	<b>46.1</b>	<b>73.3</b>
Mar-2011	1.6	0.9
Feb-2011	0.2	-0.3
Jan-2011	44.3	72.7
<b>Q4 2010</b>	<b>125.9</b>	<b>297.6</b>
Dec-10	57.8	149.7
Nov-10	32.5	69.6
Oct-10	35.6	78.3

Source: HOSE

## Vietnam Equity Holding Update

VEH's unaudited NAV per share was €1.55 as of 31 May 2011, representing a decrease of 4.7% from €1.62 at the end of the previous month. Over the same period, the VN Index declined 9.8% in EUR terms (down 12% in VND terms). The NAV decline was mainly due to a 7.2% decrease in portfolio value caused by a drop in price of listed stocks, offsetting with a 2.7% increase in portfolio value resulted from the appreciation of the VND against the EUR.

VEH remains predominantly invested in listed equities, which represent 91% of the total NAV, while 6% is invested in the OTC market.

Moving forward, the Fund continues to implement a strategy of sourcing reasonably priced mid-to-small cap companies that can demonstrate high growth potential, preferably companies with a significant exposure to the domestic market in order to capitalize on the strong growth of Vietnamese middle class consumption.

VEH's Major Holdings		
Name	Sector	% NAV
<b>Vinamilk</b>	Food & Beverage	20%
<b>FPT Corporation</b>	Technology	17%
<b>Hau Giang Pharmaceutical</b>	Pharmaceuticals	9%
<b>Sacombank</b>	Financial services	8%
<b>PV Drilling</b>	Oils & Gas	6%

## Vietnam Property Holding Update

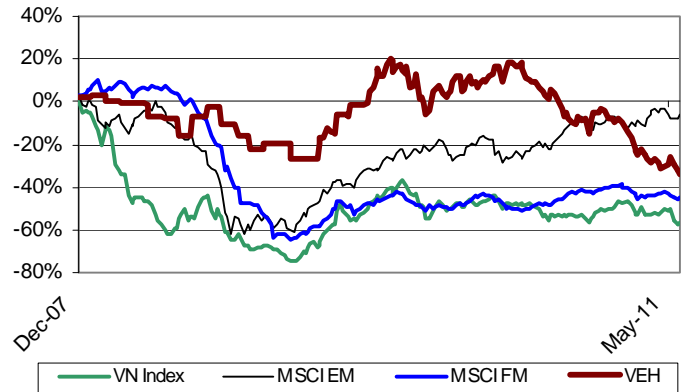
VPH's unaudited NAV per share declined 3.3% to €1.95 as of 31 May 2011 from €2.01 at the end of the prior month. The decrease was mainly caused by a 5.8% drop in portfolio value which partly offset with a 2.7% increase from the appreciation of the VND and the USD versus the EUR.

VPH's investment strategy remains unchanged with asset allocation dominated by listed real estate stocks. The Investment Manager continues its endeavor to bring added value to the portfolio companies by helping them to restructure, improving cost efficiency, and calling for foreign developers to jointly invest into such portfolio companies' property projects.

VPH's Major Holdings		
Name	Sector	% NAV
<b>NBB Investment Corporation</b>	Mixed-use	21%
<b>C21</b>	Mixed-use	14%
<b>Mo Plaza</b>	Commercial	12%
<b>SAVIMEX</b>	Mixed-use	10%
<b>Phu My Bridge</b>	Infrastructure	6%

## Vietnam Equity Holding

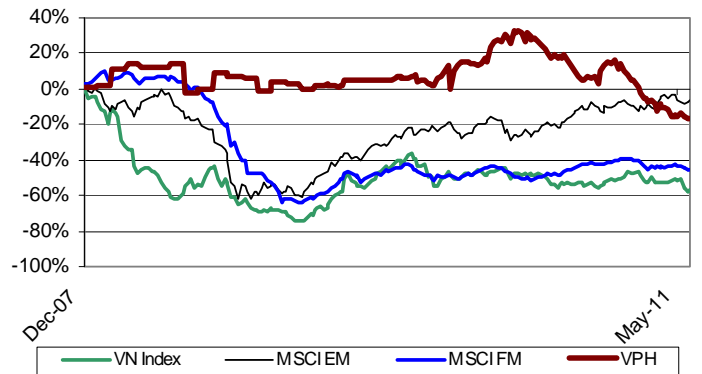
Vietnam Equity Holding (VEH) is a closed-end fund listed on the Frankfurt Stock Exchange. The objective of VEH is to maximize capital appreciation by making equity investments in promising listed, pre-listing and private companies in Vietnam. For more information, please visit [www.saigonam.com](http://www.saigonam.com)



Source: Reuters

## Vietnam Property Holding

Vietnam Property Holding (VPH) is a closed-end fund listed on the Frankfurt Stock Exchange. The objective of VPH is to maximize capital appreciation by making investments in real estate projects and companies in Vietnam. VPH was ranked as the best performing Vietnam-focused real estate fund in 2009 by LCF Rothschild. For more information, please visit [www.saigonam.com](http://www.saigonam.com)



Source: Reuters

### VEH and VPH Key Data

<b>Structure</b>	Cayman Islands registered closed-end funds	
<b>Funds launch</b>	November 2007	
<b>Duration</b>	5 Years (subject to shareholder vote for extension)	
<b>Fiscal Year End</b>	31 December	
<b>Listed</b>	Frankfurt Stock Exchange (FSE) and Xetra	
<b>NAV Frequency</b>	Monthly	
<b>Management Fee</b>	2% of NAV	
<b>Performance Fee</b>	20% of gains over 8% hurdle with high water mark	
<b>Investment Manager</b>	Saigon Asset Management	
<b>Auditor</b>	Grant Thornton	
<b>Legal Counsel</b>	Reed Smith LLP / Appleby	
<b>Administrator</b>	Deutsche Bank (Cayman) Ltd	
<b>Custodian</b>	Deutsche Bank AG, Ho Chi Minh City Branch	
<b>Clearing/Settlement</b>	Euroclear or Clearstream	
<b>Market Makers</b>	<b>886 AG</b> +49 6101 98861 18, <a href="http://www.886ag.de">www.886ag.de</a>	
	LCF Rothschild +44 207 845 5900, <a href="http://www.lcfr.co.uk">www.lcfr.co.uk</a>	
<b>Bloomberg</b>	<b>VEH: 3MS:GR</b>	<b>VPH: 3MT:GR</b>
<b>Reuters</b>	<b>VEH: 3MS.DE</b>	<b>VPH: 3MT.DE</b>
<b>ISIN</b>	<b>VEH: KYG936251043</b>	<b>VPH: KYG9361R1074</b>
<b>German Securities</b>	<b>VEH: A0M12V</b>	<b>VPH: A0M12W</b>

### About Saigon Asset Management

Established in 2007 and based in Ho Chi Minh City, SAM employs over 20 professionals with diverse international financial backgrounds and proven track records. SAM currently has approximately US\$125 million in assets under management.

**Louis Nguyen**  
Chairman & CEO

**Michael Kokalari, CFA**  
Head of Research

**Chinh Hoang**  
Director,  
Equity Investments

**Hien Vu**  
Managing Director,  
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