

**Economy**

Vietnam's GDP growth in Q1 was 3.1%. The World Bank and IMF reduced 2009 growth forecast to 4.8% and 5.5%, respectively. Despite the lower growth, Vietnam is one of the few Asian countries expected to post a positive growth rate this year. Export was US\$13.5bn, an increase of 4% yoy, while import was US\$11.8bn, a decrease of 47%, resulting in an unexpected trade surplus for Q1 mostly due to a surge in gold exports. Domestic retail sales and industrial production increased 22% and 2.1% respectively. Disbursement of FDI was at US \$1.1 bn, a 32% decrease. Inflation continues to ease since its peak in last August of 28.3% to 11.3%, the lowest level in sixteen months.

The State Bank reduced interest rate to 7% and eased required reserve ratio to 3% from 5%. In addition, VND trading band was increased to 5% from 3%, resulting in a 3% depreciation against the USD. The bid-ask exchange rates for the dollar offered at the end of March were VND 17,710-17,720. US\$1bn of the US\$6bn stimulus package announced last December was disbursed in Q1 in the form of 4% interest subsidy to SME's and families.

Economic Indicators		
	2008	Q1 2009
GDP	US\$87.5 bn	US\$18.3 bn
CPI	19.8% yoy	11.3% yoy
Export turnover	US\$62.9 bn	US\$13.5 bn
Import turnover	US\$80.4 bn	US\$11.8 bn
Trade deficit	US\$17.5 bn	US\$1.7 bn
FDI	US\$64.1 bn	US\$6 bn
Industrial production	US\$39.1 bn	US\$9.0 bn
Foreign visitor arrivals	4.3 mil people	0.9 mil people
VND/USD	16,977	16,954
VN index	316	281



Source: General Statistics Office of Vietnam (December 31, 2008), HOSE, HaSTC

Source: Ho Chi Minh Securities Corporation

**Equities and Real Estate Markets:**

VN Index closed at 281 points, a 14% increase in March, making it the first positive month for the year. For the quarter, the Index is still down 11%. The trading volume was at record high in the last 6 months, and foreign investors were net buyers in the last 2 weeks of March. The up trend at the end of March was due to a) positive impact of the Government stimulus package, b) positive global sentiment, c) the recent fall in gold price due to IMF plans to sell gold drove investors into the equity markets. Trailing P/E and P/B were trading at approximately 10x and 1.5x, respectively, with a combined market capitalization of US\$12 bn. There were approximately 10 IPOs which occurred in Q1, all were relatively small.

The residential market recovered slightly in Q1 while office leasing rate continues to drop. Due to the government's subsidized interest in low cost housing projects, delay of tax on property trading to July 2009, plus the increased bank lending to real estate developers, many projects were revitalized, especially in the affordable housing segment. The successful launch of Xa La Project in Hanoi was one example, selling out all 400 apartment units within one week in March at the unit price of less than US\$ 60,000 shows there is strong demand in this area. According to CBRE, pricing in the affordable housing segment increased 5%-15% in Q1, rental rate was unchanged in the retail market sector while serviced apartment and office showed a slight drop.

In general, Vietnam appears well positioned for a recovery given the country's strength in export and cost advantage to China due to a more competitive wage and cost structure, plus a weaker VND.

**Performance Summary:**

In Q1 2009 Vietnam Equity Holding's (VEH) net asset value decreased 5.3% compared to the prior quarter, while the Vietnam Index decreased 11.1%. Since inception, VEH decreased 26.7%.

Vietnam Property Holding (VPH) increased 0.4% in Q1 2009. Since inception, VPH decreased 0.5%.

	NAV Mar 2009 (EUR) *	Monthly Change (%)	Change Since Inception (%)	Price Mar 31, 2009 (EUR) *	Monthly Change (%)	Change since Inception (%)	Issued Shares	Bloomberg	Reuters	ISIN
<b>VEH</b>	1.72	- 5.24%	- 26.7%	0.38	- 24%	- 85%	21,745,510	3MS:GR	3MS.DE	KYG936251043
<b>VPH</b>	2.33	- 3.51%	- 0.52%	0.80	-5.88%	- 69.81%	12,893,972	3MT:GR	3MT.DE	KYG9361R1074

\*Unaudited

**About us**

Established in 2007, Saigon Asset Management (SAM) is the investment manager for Vietnam Equity Holding (VEH) and Vietnam Property Holding (VPH), which are both Cayman Islands investment companies listed on the Frankfurt Stock Exchange.

VEH & VPH were ranked within the top three Vietnam performing fund in 2008

SAM's competitive advantage is its hybrid structure as a foreign fund manager and its domestic partnership with Hanoi Fund (HFM), a locally licensed fund management company and the investment arm of Vietnam Military Commercial Bank, which offers funds managed by SAM a wide range of opportunities and channels for investments and advisory services.

SAM employs over 20 investment professionals from leading international and domestic financial corporations whose expertise is fortified by deep-rooted local knowledge and industry experiences with proven track records and abilities to source high quality deal flow to produce results in Vietnam.

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SAM's Directors appear on Saigon Times cover on March 07, 2009 with Phu My Bridge in the back ground

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