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In Q3 Vietnam Equity Holding (VEH) NAV per share decreased 21% compared to a 10% decrease in the VN Index and a 21% decrease in the value of the VN Index in EUR terms. Since inception, VEH's NAV has declined 7%.

Vietnam Property Holding (VPH) NAV per share declined 15% in Q3. Since inception VPH's NAV per share has increased 10%.

	NAV per Share (€)	% Change of NAVPS			Share Price (€)	% Change of Share Price			Discount (%)	NAV (€)
		Quarterly	YTD	Since Inception		Quarterly	YTD	Since Inception		
VEH	2.18	-21.1	-11.6	-6.9	1.56	28.9	4.0	-41.1	-28.4	47,404,470
VPH	2.58	-15.0	0.4	10.1	1.56	17.3	32.2	-41.1	-39.5	32,647,240

Summary

The stock and property markets in Vietnam are lagging behind the other ASEAN markets in 2010 despite good corporate profits and a healthy macro economy. ASEAN stock markets are up between 15% to 30% YTD in local currency terms or 30% to 40% in USD terms while the VN Index declined 8% or 13% in USD terms.

In Q3 global stock markets rallied as fears about a double dip recession in the US receded and investors were encouraged by the soft landing of China's overheated property market and by the resolution of the Greek debt crisis. Money continued to pour into emerging markets but Vietnam's stock market declined 10% and its property market is unchanged YTD while other ASEAN cities have seen significant property price advances in 2010.

We believe the decline in Vietnam's stock market is temporary and presents an excellent buying opportunity.

Stock and property valuations are attractive but local markets are being held back by a series of administrative measures designed to strengthen the banking system and the real estate industry. These prudent measures, described below, will contribute to Vietnam's stable growth for years to come.

Furthermore, the equity market decline has had little effect on the real economy. Vietnam has the second highest consumer confidence in the world according to AC Neilsen and 25% retail sales growth YTD. One reason the economy remains strong is the substantial proportion of domestic wealth held in the form of gold, which rallied 17% YTD.

At the end of Q3, 81% of VEH's NAV and 59% of VPH's NAV were comprised of listed shares

Corporate Update

In September the senior management of Saigon Asset Management travelled to Zurich, Geneva, Frankfurt, and Munich to meet investors and present an update on the investment outlook for Vietnam. The Zurich meeting was extremely well attended with approximately 100 audience members including Vietnam's ambassador to Switzerland.

The Directors of Vietnam Equity Holding and Vietnam Property Holding announced during the Europe investor presentations that they, along with officers of SAM, will purchase shares in the two funds starting in Q4.

The Extraordinary General Meeting (EGM) of Vietnam Property Holding held on July 20th, 2010 passed the Ordinary Resolutions authorizing the Directors to direct the Investment Manager to use up to EUR 992,600.00 of the Company's cash to repurchase its own shares at a discount to NAV rate as the Board thinks fit through stock market and private transactions within the bid/ask spread in accordance with applicable laws and regulations within twelve (12) months.

Chinh Hoang joins Saigon Asset Management as Director of Equity Investment and leads the VEH investment activities. Chinh comes from Dynasty Investment and previously worked at Mekong Capital for 5 years where he was Director and Portfolio Manager.

SAIGON ASSET MANAGEMENT

Economic Review

Vietnam's economy remains healthy in 2010. Growth is robust, as evidenced by a range of statistics including GDP (+6.5% y-o-y, and +7.2% for Q3), industrial production (+14% y-o-y), electricity demand (+20%), retail sales (+25%), exports (+23%) and foreign visitors to Vietnam (+34%).

Macroeconomic Indicators	2009	Q1 2010	Q2 2010	Q3 2010
GDP	$91.4bn	$19bn	$26bn	$24.96bn
GDP growth rate (y-o-y)	5.30%	5.83%	6.16%	6.5%
CPI (y-o-y)	6.90%	9.50%	8.75%	8.64%
Export turnover	$56.6bn	$14bn	$18.1bn	$19.4bn
Import turnover	$68.8bn	$17.5bn	$21.4bn	$21.2bn
Trade deficit	$12.2bn	$3.5bn	$3.3bn	$1.8bn
FDI committed	$21.5bn	$2.1bn	$6.3bn	$3.8bn
Industrial production	$38.7bn	$9.1bn	$10.1bn	$10.26bn
Industrial production growth rate (y-o-y)	7.60%	13.60%	13.60%	13.80%
VND/USD*	18,475	19,100	19,100	19,500
VN index	494.77	499.24	507.14	454.52

Source: General Statistics Office of Vietnam
(*) Vietcombank's exchange rate (ask rate) at the end of the period

At the same time the two key areas the government monitors for signs overheating have been within acceptable levels. The trade deficit is likely to end the year around $13B (13% of GDP) and inflation will probably end the year around 8.5%.

Some market participants worry that September's 1.3% monthly inflation exceeded the informal 1% "danger level", but inflation has been tame in 2010 and a seasonal pick up at the end of the year is usual. The high September CPI figure primarily came from annual school fees increases and from rice price increase resulting from floods in China and Pakistan so the stock market shrugged it off. Inflation concerns are contributing to high interest rates, but high interest rates are also due to the recapitalization of the banking system (discussed below and in the Equity Market Overview).

There is also concern that the $8.6B YTD trade deficit is higher than last year's YTD figure, but a closer look at the monthly numbers indicates that the full year deficit will probably be only slightly higher than 2009's. Furthermore it is important to view the trade deficit and balance of payments together. A significant portion of Vietnam's imports are capital goods that will produce exports for years to come and many of those production inputs are financed with FDI. Disbursed FDI is $8B YTD so 2010's balance of payments (BOP) surplus is likely to exceed 3% of GDP. This will help rebuild foreign currency reserves, which are currently less than 12 weeks of imports.

Low reserves were one factor that led to a 2% VND devaluation in August. Currency depreciation is obviously not good for foreign investors but we are encouraged that the government acted swiftly to address discrepancy between the official and unofficial rates, demonstrating its commitment to macroeconomic stability. Also, the level of VND depreciation since 2005 has been significantly less than the amount of depreciation anticipated by the difference between USD and VND inflation.

One explanation for the VND's relative strength is that during periods of currency turmoil money left the VND currency but not the country of Vietnam. The World Bank and others observe that Vietnam does not appear to have suffered traditional capital flights, but instead money flowed from VND into USD and gold still held inside the country. Those funds will probably flow back into high yielding VND denominated assets someday. This, along with the fact that Vietnam's trade deficit peaked in 2008 make us optimistic about the VND currency over the next 5 years.

The short term picture is less favorable because of the large number of foreign currency loans due at the end of the year. At the end of Q3 YTD loan growth was 19.5% but the latest statistics available in August indicated VND loan growth was 11% versus 40% foreign currency loan growth. The disparity was driven by the large difference between USD and VND borrowing rates in H1.

Interest rates were deregulated (uncapped) at the beginning of the year which resulted in higher rates. The government requested the banks lower loan rates to 12% but they have stayed around 14%-15% for most of the year. Those high VND interest rates prompted companies to borrow heavily in USD earlier in the year, but supply and demand pressures caused the spread between VND and USD lending rates in Vietnam to narrow from 10% to 5% and the overheated USD loan growth slowed. Many USD loans come due at the end of the year when Vietnam's companies already have a seasonal need for USD. This is our primary concern about the economy for the rest of this year.

We are less apprehensive about the administrative measures taken to strengthen the banking and real estate sectors as we believe these measures have not had much detrimental impact on the real economy. The government's steps to recapitalize the banking system through "Circular 13" and via higher minimum bank equity requirements will improve Vietnam's prospects for sustainable growth but the short term consequences are high interest rates and a flood of new equity issues. As a result the VNI is down 8% YTD but we believe this decline in the stock market has not significantly affected the "real economy" due to the on going bull market in gold.

The real estate market is also subject to some new administrative guidance measures (described below), but prices are steady and demand is still strong, particularly in the affordable residential housing segment.

Vietnam's long term growth prospects remain in tact as the country continues to transition from a frontier market to a full-fledged emerging market on par with countries like Indonesia, Malaysia and Thailand.

Equity Market Overview

This has been a boom year for ASEAN economies and stock markets as investors focus on a variety of attractive long and short term factors. The key long term factors propelling the markets include: favorable demographics, the shifting composition of growth from exports to domestic demand, the emerging middle class and the continued move up the value chain by local industries. Rising costs in China are also prompting multinational companies to add production facilities in ASEAN countries. This is significant as foreigners have poured $500B into China's manufacturing sector.

In the short term ASEAN markets are being prompted higher by robust GDP growth, hedge fund "carry trades" in which investors borrow USD to invest into emerging market stocks & bonds, and booming China-ASEAN trade, up 50% this year due to the new free trade agreement.

Vietnam's growth rate is in line with other ASEAN countries, it shares most of the positive characteristics of its regional peers mentioned above, it has the strongest disbursed FDI (10% of GDP), and this year corporate revenues and profits will probably increase more than 25% and 15% respectively.

Yet despite these favorable factors Vietnam is lagging far behind the other ASEAN markets primarily because the government enacted administrative measures to recapitalize the banking system. By the end of 2010 banks will be required to have a minimum VND3T ($155M) in Tier I equity capital. And by the end of Q3, a 9% Capital Adequacy Ratio (versus the previous 8% CAR) and an 80% Loan-to-Deposit Ratio are required.

There was speculation that the government would delay the last two measures past the Sept 30 deadline but instead some adjustments were made to the rules, including a revision of what constitutes a "loan" and a "deposit" for the purpose of the Loan-to-Deposit ratio calculation. With these new, slightly less rigorous rules most of the banks now meet the Loan-to-Deposit and Capital Adequacy requirements.

These new banking regulations are helping to keep interest rates high so it is a welcome relief that most banks meet the new requirements but the stock market still faces an overhang of new equity issuance stretching into Q1 of 2011.

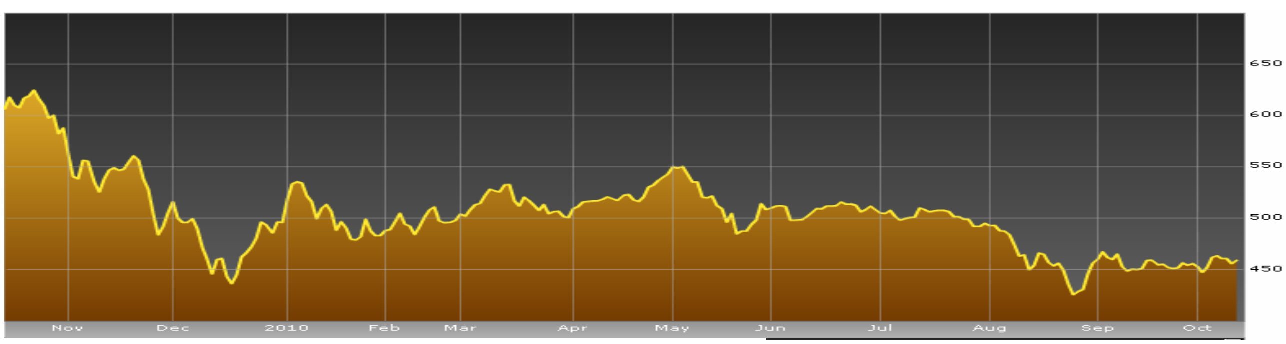
In the first nine months of the 2010, Vietnamese companies issued VND34.6T ($1.8B) worth of new shares to the public and they are likely to continue raising substantial capital until Q1 2011. We estimate that banks alone still need to issue over VND19T ($1B) of new shares to meet the new capital requirements and corporations will also issue more shares because of high borrowing costs.

Further equity issuance will come from the Petro Vietnam group who announced plans to list 24 subsidiaries by Q1 2011. And some mid-sized real estate developers plan to issue equity and/or convertible bonds because new administrative measures in the real estate industry (described below) constrain the financing of residential projects from advanced payments by customers. The new banking regulations assign a higher risk weighting to real estate loans, which will also reduce the amount of financing available from banks.

Vietnam's stock market capitalization is around $34B, but the amount of free float stocks held by end investors is significantly less than that figure (because some large companies have only been partially privatized). New equity issuance in 2010 as percentage of the free float is much higher than the new issuance as a percentage of the market capitalization which is putting disproportionate downward pressure on the market.

Despite this, the market has found good support around the 450 level and we would view any significant drop from here as an excellent buying opportunity as we are optimistic about next year's prospects for the stock market.

The VN Index - from October 2009 to October 2010



Source: Bloomberg

SAIGON ASSET MANAGEMENT

Real Estate Market Overview

A series of administrative measures have put a damper on Vietnam's real estate market in 2010, but we remain optimistic about the long term prospects for the market and for certain sectors in particular.

Circular 13, described in the Equity Market Overview, will recapitalize the banking system and will also increase the risk weighting of real estate loans for banks. Another measure, Decree 71 reduces the amount of advanced payments customers can make to developers at the pre-construction phase of a housing project. These measures are part of the government's efforts to make the primary real estate market more transparent and less speculative. We believe they help ensure the sustainable development of Vietnam's real estate market for years to come.

Although these measures are putting immediate pressure on the market, the outlook for prices in the medium term remains favorable. HCMC's rental yields are over 11%, which is the highest of Asia's major cities. Furthermore, increasing urbanization, favorable demographics and a wider availability of retail mortgages (70% loan-to-value, 15 year) are bolstering the demand for affordable housing. It is estimated HCMC will need 50,000-80,000 new dwellings per year for the foreseeable future.

While we remain optimistic about the property market, some segments are stronger than others.

The office segment is suffering from oversupply with rents down 2% in Q3. Over 100,000 sqm of new supply is anticipated in Q4 from the new Bitexco Financial Tower and other projects. Despite this, average occupancy remained stable at 85%. Moreover, the demand for Grade A office space is influenced by FDI while the Grade B and C sectors are linked to the overall economy. FDI inflows, which have been strong in 2010 are helping the Grade A sector.

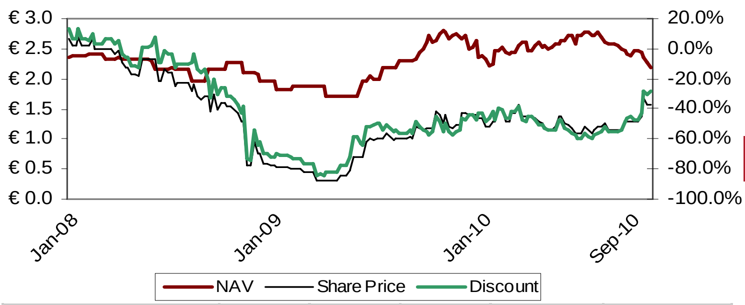
In the residential segment, several new apartment projects were launched in suburban areas of Hanoi and HCMC in Q3 continuing the trend of previous quarters. Out of 16,200 new apartment units launched during Q3 in HCMC, 4,000 were pre-sold. In Hanoi, the secondary market is more active than the primary market while the opposite is true for HCMC.

In the retail segment, rents outside the central business district are under pressure due to fierce competition and from strong supply. In HCMC, supply is expected to increase around 10% in Q4 and 30% over the next 12 months, but retail space per capita in HCMC is still 80% less than the retail space per capital in comparable cities such as Manila and Bangkok.

In the hotel segment, room rates stabilized in 2010 after continuous declines in 2008 and 2009. Going forward, HCMC's 8,775 three to five star hotel rooms are unlikely to be sufficient for the increasing number of international travelers, presenting opportunities in this segment. The double digit visitor growth is also creating opportunities for budget hotels of an international standard.

Vietnam Equity Holding (VEH) Performance

In Q3 2010 Vietnam Equity Holding (VEH)'s NAV per share decreased 21% to EUR2.18 from EUR2.76 at the end of Q2 2010, compared to a 21% decline in the VN Index in Euro terms. Since inception, VEH's NAV has declined 6.9% versus 58% decline of VN Index in EUR terms.



Performance (%)	Q2 2010	Q3 2010	YTD	12 Months Prior	Inception
VEH NAV	11.1	-21.1	-11.6	-21.8	-6.9
VEH Share Price	5.2	28.9	4.0	11.4	-41.1
VN Index in EUR	12.4	-21.3	-8.3	-23.0	-58.1
MSCI EM Index in EUR	0.3	5.2	14.0	26.3	-6.1
MSCI FM Index in EUR	-3.0	2.2	15.7	6.9	-39.7

	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Total NAV(€)	58,869,897	60,084,722	55,571,254	53,946,499	47,404,470
NAV per Share (€)	2.71	2.76	2.56	2.48	2.18

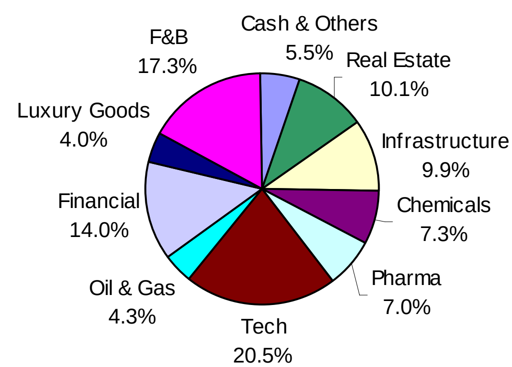
VEH Cash Position

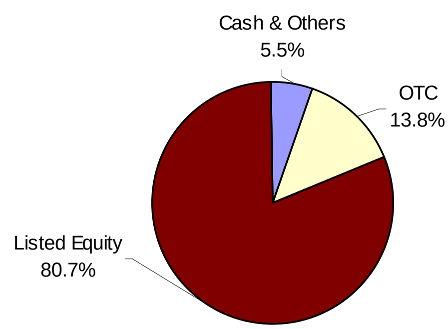
The cash balance at the end of Q3 2010 was 3.4% of NAV, unchanged compared with the end of Q2 2010.

VEH Strategy

VEH's strategy is value-oriented and focused on finding "Growth at A Reasonable Price" (or GARP) stocks with favorable Price-to-Earnings Growth ratios (PEG ratio). We look for stocks whose earnings growth is driven by the increasing domestic demand of the emerging middle class in Vietnam. The current strategy also calls for a gradual rebalancing of the portfolio away from large cap stocks and toward small and mid cap stocks.

Portfolio by Sector and Asset Allocation of VEH





VEH Porfolio Performance

VEH's portfolio performed roughly in line with the VN Index in Q3 in VND terms. Real estate and financial stocks were particularly sold off which was the main source of the decline in the value of the VEH portfolio. The fund's NAV per share declined further due to a 13% depreciation of the VND versus the Euro. The 21% NAV per share decline was in line with the 21% decline in the VN Index in Euro terms.

VEH Top Portfolio Holdings

1. FPT Corporation (FPT)

FPT dominates Vietnam's technology industry with four core businesses: Systems Integration, Telecommunications, Software Outsourcing and IT & Mobile Phone Distribution. Net earnings increased 20% per annum over the last 10 years. For 8M 2010 sales are up 30% and pretax profits 21%. The company is trading at a 2010 forward PE of 7 with estimated 2010 earnings growth of 35%.

70% of the company's sales are derived from its IT products and mobile phone distribution business, which has a 40% market share in Vietnam. Recently margins in this business have been under pressure due to increased competition, but in 2010 the company took steps to revive the business, including the introduction of their own F-Mobile branded smart phone. FPT's handset incorporates software for mobile banking, securities trading and an App Store, all developed in-house. The handset enjoys gross margins 6x that of their other 3rd party distributed mobile phones, contributing to a 30% expansion of net margins in FPT's distribution business during H1 2010.

FPT's other business lines also continue to perform well. Systems integration sales are shifting from low margin hardware to software which accounts for 20% of sales but enjoys a 40% gross margin. The company is also expanding private sector systems integration business as SOE's are 60% of current clients. The software outsourcing business also continues to grow 30% with 96% gross margin, as does the Telecom business with 30% growth and 60% gross margin. Outsourcing growth is driven by expansion beyond their traditional Japanese client base and Telecom growth is driven by expansion of DSL internet services to more provinces in Vietnam.

2. Vinamilk (VNM)

Vinamilk is one of the largest companies in terms of market capitalization, has a highly regarded professional management team and is a widely owned stock among foreign investors. The company has consistently delivered a solid performance over the last 5 years with revenue growth around 20%, profits growth around 40% and ROE 2009-2010E also around 40%. In Q3 the company was the first Vietnamese company named to the Forbes "Best Under a Billion" list of companies in Asia. Vinamilk's foreign ownership quota is full and foreign investors have recently been paying premiums in excess of 10% of the market price to purchase the shares from other foreign sellers.

For 8M 2010 sales were up 52% and profits up 68%. VNM's business continues to deliver solid performance as the company focuses on operating efficiency in the core liquid milk business and simultaneously expands the powdered milk, yogurt, ice cream and beverage businesses. Liquid milk constitutes 35% of VNM's sales and enjoys a 40% market share, a 30% gross margin and sales grew 50% in H1 2010.

It is likely that Vinamilk's sales growth will remain high well into the future due to demographic factors (ie. young adults getting married and having children), due to Vietnam's current, low per capita milk consumption (about 1/5 the world average), and due to the strong brand name Vinamilk has built. This brand equity has allowed the company to cut selling expenses as a percentage of sales by 4% in 2010 with no impact on revenues. One concern for the business is the slight reduction of gross margins in 2010 due to higher input costs. Another concern is potential future competition from TH Milk which aims to supply half the market by 2017 by investing $1.2B into dairy farms.

In VNM's milk products business, the current capacity of 550,000 tons per year will be doubled with the completion of a new factory in 2012. The company also aims to grow its market share in high margin powdered milk products from 20% to 35% by 2011. In VNM's beverage business, the first phase of a new beverage factory was completed during Q2. The capacity of this new factory will reach 120 million liters per year within 3-5 years.

3. Development Investment Construction Corporation (DIG)

DIG is one of the largest real estate developers in Vietnam and is 65% owned by the Ministry of Construction. The company focuses on "new urban area" township development and has a 20M sqm land bank including attractive, large scale projects in Vietnam's prosperous "Southern Triangle" between HCMC, Dong Nai and Vung Tau.

DIG's business model involves constructing the basic infrastructure of new townships, such as roads, sewers, etc. This construction work attracts a low profit margin but in exchange DIG is able to purchase large land plots at low prices through its relationship with the Ministry of Construction.

The four key projects driving revenues from 2008 – 2015 are: the 465ha, $400M Dai Phuoc Island project in Dong Nai, the 100ha Chi Linh new urban area in Vung Tau, the 380ha Xuan Thoi Thuong industrial & residential development at the periphery of HCMC and the 447ha, $460M Nam Vinh new urban area, north of the Hanoi airport. The Dai Phuoc project is the furthest along with 377ha sold and revenues recorded between 2008-2010. Chi Linh is half completed and will contribute to earnings until 2012. The Xuan Thoi Thuong project is still in very early stages. Finally, the company had planned to start sales of Nam Vinh Yen this year but will postpone this until next year due to new regulations in the real estate business (described in the "Real Estate Overview" section).

In H1 2010 sales were 475B (-24% y/y) and profits VND 127B (-38%). Real estate companies in Vietnam have high flexibility about when to book sales & earnings. Our understanding is that DIG will book the majority of its 2010 revenues in H2 for tax reasons. We expect 2010 profits to increase slightly from last year, but weak H1 results and concerns about new real estate regulations have depressed DIG's stock price. At the end of Q3 the stock was trading around 7x estimated 2010 earnings and at a 30% discount to NAV, prompting the company to buy back 5% of outstanding shares by the end of 2010.

4. Phu My Bridge Corporation (PMC)

PMC is the project owner and operator of the Phu My Bridge, a new suspension bridge linking District 2 and District 7 of HCMC. Because the bridge cuts an hour off the drive from the port area to downtown HCMC and connects the east and west of southern Vietnam, the Government has taken an active role in this key Build Operate Transfer (BOT) infrastructure project.

Toll collection commenced in April 2010 and the bridge has experienced 3% monthly traffic growth. PMC expects traffic over the bridge to increase when the road connecting Phu My Bridge and the Hanoi national highway is completed. The toll collections are insufficient to cover the interest payments for the project's loan so the HCMC People Committee advanced VND120B to settle the current payment. PMC has also proposed higher tolls to ensure the repayment of the VND3,030B investment.

PMC is involved in other infrastructure projects including Saigon Bridge II, Tramway Line No.1 and Rach Chiec Bridge. In Q3 PMC was informed that it would need to tender for the Saigon Bridge II project as two other potential investors offered to construct this BT project.

Also in Q3, a 7.45M share rights issue increased the company's capital from VND745B to VND820B. The additional funds are for the construction of Tramway Line No. 1, and to set up a company called Phu My Land Saigon. This entity will develop plots of land PMC receives from the government as compensation for Build Transfer (BT) projects. PMC contributed 70% of the equity in this company and has been working with local authorities to complete the administrative processes required to receive a 2.1ha plot of land in District 7, HCMC as partial payment for the bridge approach road BT project.

5. Sacombank (STB)

STB is the 4th largest bank in Vietnam and the second largest privately owned bank after ACB. It is one of the most aggressive banks and has expanded assets by over 60% CAGR for the last 4 years. In 2010 Vietnamese banks are subject to new regulations requiring increased capital and reduced risk so STB will increase the number of shares outstanding by 37%. Further capital increases are expected going forward due to the new, tighter regulatory environment and because of the banks ambitious expansion plans.

The main development during Q3 was the release of the H1 financial results and the subsequent revision of the pre-tax profit figures from VND 1,500B VND to VND 1,083B (-28%). The reason for this restatement is related to the gap between assets and liabilities denominated in USD and gold. STB's USD denominated liabilities were VND 2,100B (nearly $100M) greater than its assets. When the dollar appreciated the bank incurred a loss. Gold denominated liabilities and assets started the year almost equal but by the end of H1 gold denominated liabilities were VND 1,861B greater than deposits. The 14% increase in the price of gold over H1 also caused the bank to incur a loss. Losses of this nature are usually recorded in the annual P&L at the end of the financial year, but the H1 losses were sufficiently large that the auditors required a few banks, including ACB and EIB to incur them in the mid year results.

The H1 pre-tax profits, which include this revision, were up 7%, loan growth was up 24% and asset growth up 15% YTD. Profits are now expected to remain unchanged from last year due to the tough environment for banks but EPS is likely to decline at least 20% given the new equity issuance. At the end of Q3 STB was trading at a P/B just over 1.

6. Hau Giang Pharmaceutical Joint Stock Company (DHG)

DHG is the top company in Vietnam's pharmaceutical industry with a 10% market share of locally manufactured drugs. The company has a portfolio of strong brand names including Hapacol (paracetamol), Aticef (antibiotic) and Eugica (herbal remedy). DHG has the highest degree of vertical integration and the most extensive distribution network in Vietnam. For the last 5 years DHG's sales growth outpaced the industry and the company ran out of capacity sooner than anticipated. This lack of capacity will constrain revenue and profit growth until 2012 when a new factory, with double the output of the current factory, is completed.

In 2009 the company began measures to circumvent this problem. They are expanding production though outsourcing and selective acquisitions and aim to grow profits by restructuring the product portfolio towards higher margin products, re-launching some products under a different brand name (at 20% higher prices), and by focusing their marketing efforts on the 13 products that comprise 50% of sales. In 2009 the average selling price of their products increased 26% and selling expenses fell from 35% to 23% of sales. Those improvements are unlikely to be repeated in 2010 and 2009's profits were further boosted by the reversal of financial provisions made in 2008. Because of the extraordinary items in 2009 we expect sales to increase about 10% in 2010 with unchanged operating profits. From January to August 2010 sales were up 7%, operating profits were flat and pre-tax profits were up 19% due to an increase in investment income.

Our main concern about DHG is that pharmaceutical prices, which rose rapidly from 2002 – 2007, are now under stricter price controls. Going forward we expect the market to grow around 15% per annum.

7. PetroVietnam Drilling and Well Services Joint Stock Company (PVD)

PVD is the only oil drilling company in Vietnam and is a subsidiary of PetroVietnam (PV). PetroVietnam plans to sharply increase its Exploration & Production (E&P) activities by increasing annual E&P spending and drilling 900 wells over the next 15 years. In 2010 the CEO of PVD became PV's head of E&P, bolstering the outlook for future drilling contracts with PV.

PVD took delivery of 2 new oil rigs at the end of 2009, doubling its fleet size. In 2010 PVD also leased 3 rigs to be subleased to PV and other customers. Unfortunately weather and maintenance issues kept 3 of PVD's rigs idle for 1-2 months in Q1 and rig rental rates, which peaked at $220,000 per day in 2008 have been around $120,000 in 2010. These two factors constrained profit growth and for 9M PVD's profit is down 22%, despite a 90% increase in revenues.

Going forward we expect profits to improve for several reasons. Rig rental rates lag 6-12 months behind changes in the oil price so we expect moderate increases in day rates. We also expect the daily operating costs of PVD's new rigs to drop significantly over the next year based on the company's previous experience with the PVD I rig. Operating costs fell from $62,000 a day to $37,000 a day over the first two years of that rig's life. Finally, PVD is expanding the range of services it offers to customers, filling a niche in the market between simple provision of rigs and the more complicated re-tooling services offered by PVS (another member of the PV group). This service business, which includes cleaning up minor oil spills, staffing rigs and logging drill test results, is growing around 30% a year with 25% net margin.

8. Dong Phu Rubber Joint Stock Company (DPR)

Doruco (DPR) is Vietnam's second largest rubber company in terms of market capitalization and rubber plantation size. The company is a 60% owned subsidiary of the Vietnam Natural Rubber group SOE. DPR's 9,960 ha plantation is located 130km outside of Ho Chi Minh City, with 7,863 ha in production and 2,097ha under cultivation. The trees are relatively young and yield 2.25 tons/ha, considerably higher than Vietnam's average rubber plantation productivity of 1.71 ton/ha.

The domestic price for rubber is primarily driven by the global market and this year DPR's average selling price is expected to rise by 65%. The world rubber price increase is driven by higher oil prices and increasing automobile sales in China. DPR's profit does not move exactly in line with the rubber price because 40% of its revenues accrue to payroll, but in 2010 the company will realize extra revenue from the sale of mature rubber trees. For 9M 2010 DPR's sales were up 86% and profits were up 107%. The rubber harvesting season is in H2 so investors will not have an accurate year-on-year comparison until the end of the year.

The company has four plantations under development which will begin producing revenue between 2012 and 2017. DPR issued 3M shares in Q1 2010 to finance the Dak Nong and Kratie rubber projects and issued 4M shares in Q3 to finance the 9,000ha Dong Phu – Snoul rubber project in Cambodia. This project is considered a top priority for the company. Finally, DPR also invested 90B in a mattress factory which is expected to be operational from 2011.

9. Phu Nhuan Jewelry Joint Stock Company (PNJ)

PNJ is the second largest jewelry company in Vietnam. It targets the "mass market" with three product lines: PNJ Gold (for middle class), PNJ Silver (for youth) and Cao Fine (for upmarket). The company has the largest jewelry factory in Vietnam with an annual production capacity of 3M units per year and it also has an extensive distribution network with over 100 retail outlets. In 2010 we forecast a 7% increase in sales and a 20% increase in profits as the balance of PNJ's business shifts away from low margin wholesale business (60% of sales) to their own retail outlets with higher margins (gross margins over 25% versus 3% for wholesale).

In H1 2010 sales are down 9% and profits are up 7%, but sales & profits in 2009 were artificially boosted because the government temporarily allowed gold bar exports during the year. If those extraordinary profits are excluded then PNJ's profits in 2010 would be up about 85%. We are further encouraged that the company has nearly met its 2010 goal of increasing the number of retail outlets by 20%, same store sales are up 30%, gold jewelry sales (50% market share, 25% gross margin) are projected to increase 25% and silver jewelry sales (80% market share, 60% gross margin) are projected to increase 30%. Going forward we expect annual earnings growth over 20% for 2010 – 2012.

Our only concern about PNJ is the company's level of investment in non-core businesses such as real estate, propane gas distribution and an 8% holding of Dong A bank. We estimate that PNJ's ROE will be around 20% for 2010 – 2013, but it would be 30% if the company divested these non-core businesses. Because of this we were very encouraged when the company announced in Q3 that it would cancel a planned VND 250B CB issue whose proceeds had been earmarked for investment in non-core activities.

10. Saigon Beer-Alcohol-Beverage Corporation (Sabeco)

Sabeco has a 40% share of Vietnam's beer market and dominates the south with well known brand names including "333" and "Beer Sai Gon". The north of Vietnam is dominated by Habeco, the other big local beer company. Sabeco also owns valuable real estate in HCMC including the headquarters and plots of land originally used for production.

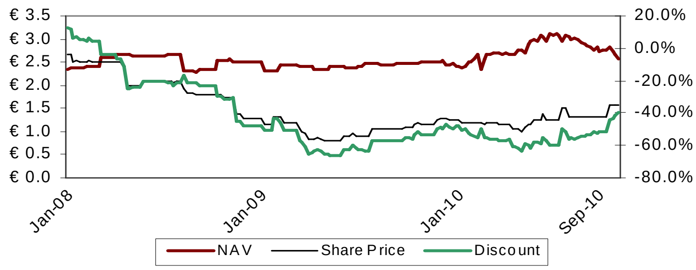
For 2010 the company forecasts profits will increase 60% due to a decline in raw materials prices, a capacity increase from 600 million liters to 900 million liters during 2009, and a reduced sales tax on beer. Previously the sales tax was 45% for draft beer and 75% for bottled beer (meaning Sabeco received 1/4 of the sales price of each bottle beer it sold), but in 2010 the tax was changed to a flat 45% for all beer. Sabeco does not report a detailed breakdown of the types of beers it sells, but if it sold equal amounts of draft and bottled beer the tax reduction would increase profits 50%.

For 5M 2010 pretax profit is VND1,200B. Sabeco is an OTC so it has less disclosure requirements than a listed company. The 5M figures are the latest available and the company does not disclose year on year comparisons, but pretax profits for all of 2009 were VND2,030B. Another favorable development in 2010 is that the company will exit the fund management business to focus on its core beer business. Going forward, capacity expansion will take total production up to 1.35 billion liters in 2011, further increasing sales, profits, and market share which is expected to reach 50%.

Sabeco has repeatedly announced its desire to list on the HOSE, but the company is having difficulties finding strategic investors. Vietnamese law mandates Sabeco to sell its shares to strategic investors at a stock price no lower than IPO price of VND70,000, more than 100% higher than the current market price of VND32,000.

Vietnam Property Holding (VPH) Performance

In Q3 Vietnam Property Holding (VPH)'s NAV per share decreased 15% to EUR2.58 from EUR3.04 at the end of Q2 2010. Since inception, VPH's NAV per share has increased 10%.



Performance (%)	Q2 2010	Q3 2010	YTD	12 Months Prior	Inception
VPH NAV	10.0	-15.0	0.4	2.7	10.1
VPH Share Price	31.7	17.3	32.2	34.5	-41.1
VN Index in EUR	12.4	-21.3	-8.3	-23.0	-58.1
MSCI EM Index in EUR	0.3	5.2	14.0	26.3	-6.1
MSCI FM Index in EUR	-3.0	2.2	15.7	6.9	-39.7

	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Total NAV (€)	39,022,288	38,423,877	36,355,876	35,037,000	32,647,240
NAV per Share (€)	3.08	3.04	2.87	2.77	2.58

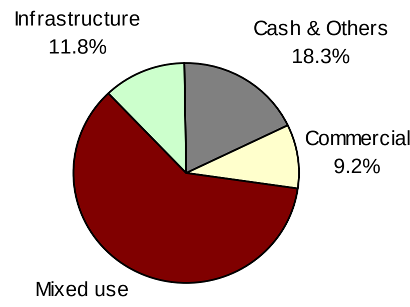
VPH Cash Position

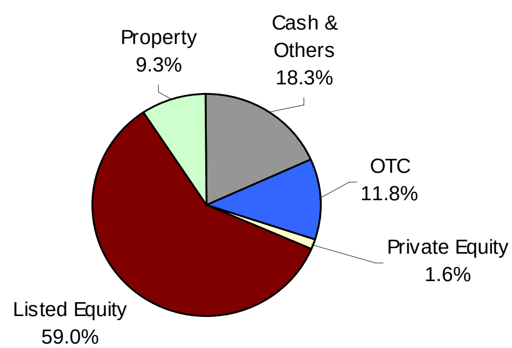
The cash balance at the end of Q3 2010 was 16.7% of NAV, compared to 2% at the end of Q2 2010. The change in cash position was due to exit from Tien Sa Beach during Q3 2010.

VPH Strategy

VPH's strategy is focused on small and mid-cap listed companies with substantial land bank assets. We target companies whose share price is at a substantial discount to the value of the land they own. We aim to add value to our portfolio companies by helping them realize the value of their land bank assets as quickly as possible.

Portfolio by Sector and Asset Allocation of VPH





VPH Portfolio Performance

The decline in NAV in Q3 2010 is attributable to a 13% decline of the Euro / Dong FX rate and a 7% decrease in the value of the portfolio in VND, compared to a 10% decline in the Vietnamese stock market during the period.

1. NBB Investment Corporation (NBB)

NBB is a leading property developer and infrastructure contractor affiliated with CIENCO 5, the state-owned construction company under the Ministry of Transportation. NBB is also the owner of large-scale projects in construction stones, titanium mining, hydro-power and mineral water. The company owns over 100ha of cleared residential land acquired at low cost, as well as 520ha of land in the process of compensation.

In 1H 2010, NBB achieved net income of VND102B (+230% y-o-y), mainly from the exit of a 40% stake in the 4.1ha Diamond Riverside project and improved sales of the Carina Plaza project in HCMC.

According to a valuation of NBB recently conducted by Saigon Securities Incorporation and the British property consultant Knight Frank, NBB shares are worth about VND145,000 or 177% of the price at the end of Q3. The published valuation report is based on NBB's 11 property projects, 5 industrial & BOT projects, and 8 construction stone mines, all assessed at VND3,454B or 1.8 times book value.

SAM has been working closely with NBB on co-investment opportunities in NBB's affordable housing projects along the extension of the East-West highway in HCMC.

2. Phu My Bridge Corporation (PMC)

PMC is the project owner and operator of the Phu My Bridge, a new suspension bridge linking District 2 and District 7 of HCMC. Because the bridge cuts an hour off the drive from the port area to downtown HCMC and connects the East and West of Southern Vietnam, the Government has taken an active role in this key Build Operate Transfer (BOT) infrastructure project.

Toll collection commenced in April 2010 and the bridge has experienced 3% monthly traffic growth. PMC expects traffic over the bridge to increase when the road connecting Phu My Bridge and the Hanoi national highway is completed. The toll collections up to now are insufficient to cover the interest payments for the project loan so the HCMC People Committee advanced VND120B to settle the current payment. PMC has also proposed higher tolls to ensure the repayment of the VND3,030B investment.

PMC is involved in other infrastructure projects including Saigon Bridge II, Tramway Line No.1 and Rach Chiec Bridge. In Q3 PMC was informed that it would need to tender for the Saigon Bridge II project as two other potential investors offered to construct this BT project.

Also in Q3, a 7.45mn rights issue increased the company's capital from VND745B to VND820B. The additional funds are for the construction of Tramway Line No. 1, and to set up a company called Phu My Land Saigon. This entity will develop plots of land PMC receives from the government as compensation for Build Transfer (BT) projects. PMC contributed 70% of the equity in this company and has been working with local authorities to complete the administrative processes required to receive a 2.1ha plot of land in District 7, HCMC as partial payment for the bridge approach road BT project.

3. Mo Plaza (MP)

Mo Plaza is a 25-storey mixed-use retail, office and condo project located on a 14,700 square meter plot in the central business district of Hanoi. The construction will produce 86,000 square meters gross floor area (GFA), consisting of 24,000 square meters of retail space, 47,000 square meters of office space and 90 condo units to be sold on a 50-year leasehold basis.

Construction is on schedule with work currently progressing on the basement. The Company signed a 50 year lease for the entire 21,122 sqm retail space with VP Capital, one of the largest shareholders in the project. The Malaysian retail group Parkson was also interested in leasing the retail space but VP Capital offered better terms. VP Capital's deposit will help to finance the construction without the need for further bank loans at this stage.

During Q3, the company received the official land use right certificate to develop this mixed-use project.

5. Savimex (SAV)

SAV is one of the leading wooden furniture manufacturers in Vietnam. The company also has a 23ha clear residential land bank which was acquired at minimal cost. In H1 2010, the company's net income was VND6.3B (-6% y-o-y). The net income decline in H1 is due to a decrease in exported wooden furniture and an increase in raw materials cost. SAV's 2010 revenue is mainly from its furniture business with no current contribution from real estate projects.

The company has approval to develop 5.2ha of land in District 7, HCMC into a retail and condo development but is making slow progress compensating the remaining owners who occupy 0.1ha. Compensation is expected to be completed by this year end and this project has received strong interest from leading foreign developers such as Gamuda Land and Capitaland. Knight Frank values the 5.2ha land plot at $41M which is more than 2 times SAV's market capitalization.

SAM is assisting SAV with the sale and marketing of its projects such as the Ngoc Lan project in District 7 HCMC. These efforts are aimed at helping the company achieve its revenue and profit targets.

6. Industrial Urban Development Joint Stock Company No.2 (D2D)

D2D owns a 331ha, fully leased industrial park in Nhon Trach, Dong Nai province which generates a stable cash flow. It also owns 90ha of clear, fully compensated residential land that was acquired at minimal cost and a 668ha residential land bank currently in the early stages of the land compensation process. These land banks are also in Dong Nai, a highly promising neighboring province of HCMC.

The industrial park was acquired from D2D's state-owned parent Sonadezi at book value when D2D was privatized. A series of projects from the 90ha residential land bank will be developed starting in 2010 and are expected to drive the stock price in the near future. One plot from that land bank currently under development is the 2.5ha condo project in Bien Hoa City, Dong Nai. This project is a joint venture with Berjaya Land, a Malaysian real estate developer. When the JV was established D2D realized a capital appreciation gain on land it contributed to the deal.

The 90ha land bank is the company's immediate focus, whereas the 668ha land bank presents the company with a pipeline of longer term opportunities. D2D received principle approval to develop some of these projects which are still in the early stages of compensation. This 668ha land bank is adjacent to the new Long Thanh Highway which is scheduled to be completed by 2013. The highway will connect downtown HCMC to the new Long Thanh International Airport so we think these projects will realize considerable capital appreciation and generate significant cash flows over the next 5 years.

In H1 2010, D2D achieved a net income of VND41B (+31% y-o-y). The improvement in profits came from higher occupancy rates at the industrial park.

7. Construction and Materials Trading Joint Stock Company (CNT)

CNT is the fifth largest supplier of building materials in Vietnam, a mid-size contractor and a real estate developer with a 99ha clear residential land bank. The company's 1.4ha "Green Pearl" project with 100,000 sqm GFA of retail, office and condo space is located along the East-West Highway in An Phu, District 2. Another project, the 96ha Ha Tien Township development fronts the Thailand Bay near the boarder with Cambodia. SAM is helping CNT to work with international property consultants for the sales and marketing of those projects and to help CNT gain better market insights.

H1 net income was VND 2.5B (-82% y-o-y). The year-on-year decline in profits for the first half was primarily because in H1 2009 the company booked revenue from construction projects while this year it expects to book construction revenues in H2. Higher short term financing costs also hurt results.

In Q3 the company offered shares in a 10:3 rights issue with a share price of VND24,000. The additional funds are earmarked to finance the working capital for the C&T An Phuc project in Dist 8, HCMC. VPH is considering subscribing to the rights issue in order to maintain its current percentage stake in CNT but the share price at the end of Q3 was slightly below the rights issue price due to the downturn in the market.

8. Tien Sa Villas (TSV)

TSV is a block of 10 mountain-side villa land plots overlooking the Da Nang Bay beach. This development is currently the only resort-styled residential project on Da Nang's mountain-side that has been granted perpetual land use rights. TSV is located 5 minutes from Tien Sa Tourist Port and 10 minutes from Da Nang International Airport.

In Q3 2010 SAM exited this investment with a reasonable return.

9. Dream House Mekong Corporation (DHMC)

DHMC is one of the largest land banking companies in the Mekong Delta. Its parent company, Dream House Corporation, is one of the largest real estate agents in Vietnam with 99 offices and 2 representative offices in the US. The company owns several 1ha land plots in the center of Can Tho City and throughout Long An province. DHMC also owns an 8.8ha beach-front plot of land on Phu Quoc Island and has approval to develop the site into a resort.

Long An province continues to benefit from the rapid expansion of HCMC (one hour away), and from the continued improvement of the infrastructure connecting the two. DHMC and its Taiwanese JV partner are currently working on the feasibility study to develop a 200 bed hospital in Long An and have applied for in-principle project approval.

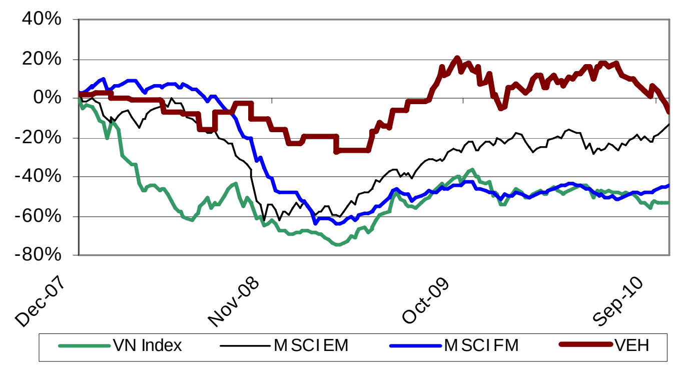
A new bridge that opened in 2010 has drastically cut the travel time from Can Tho City, the southern agricultural center, to HCMC. DHMC received zoning approval for a 20-storey three-star hotel with 202 rooms. The total investment will be VND216B and DHMC will own 40% of the equity.

During Q3 DHMC had a rights issue with the new shares issued at VND10,000 per share. VPH purchased 374,670 additional shares to maintain its current 10% stake in the company.

SAIGON ASSET MANAGEMENT

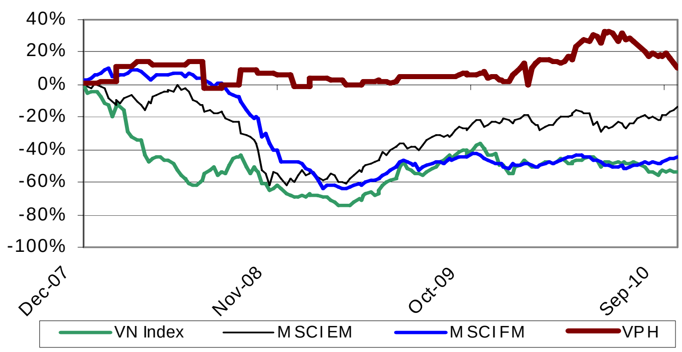
Vietnam Equity Holding

Vietnam Equity Holding (VEH) is an investment fund established as a closed-end company 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. VEH was ranked as the No. 1 performing Vietnam focused equity fund in 2008 by LCF Rothschild. For more information, please visit www.saigonam.com



Vietnam Property Holding

Vietnam Property Holding (VPH) is an investment fund established as a closed-end company listed on the Frankfurt Stock Exchange. The objective of VPH is to maximize capital gains from investing in a diversified portfolio of real estate projects and companies in Vietnam. VPH was ranked as the No. 1 performing Vietnam focused real estate fund in 2009 by LCF Rothschild. For more information, please visit www.saigonam.com



VEH and VPH Key Information

Structure	Cayman Islands registered closed-end investment companies	
IPO Date	November 30, 2007	
Duration	5 Years (subject to shareholder vote for extension)	
Fiscal Year End	31 December	
Market	Frankfurt Stock Exchange (FSE) and Xetra	
NAV Frequency	Monthly	
Management Fee	2% of NAV	
Performance Fee	20% of gains over 8% hurdle with high water mark	
Investment Manager	Saigon Asset Management	
Auditor	Grant Thornton	
Legal Counsel	Reed Smith LLP/Appleby	
Administrator and Custodian	Deutsche Bank	
Clearing/Settlement	Euroclear/ Clearstream	
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Bloomberg	**VEH:** 3MS:GR	**VPH:** 3MT:GR
Reuters	**VEH:** 3MS.DE	**VPH:** 3MT.DE
ISIN	**VEH:** KYG936251043	**VPH:** KYG9361R1074
German Securities	**VEH:** A0M12V	**VPH:** A0M12W

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
Chief Investment Officer

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