



AFC VIETNAM FUND UPDATE

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| Fund Category | Vietnam Public Equities |
| Country Focus | Vietnam |
| Subscriptions | Monthly at NAV (five days before month end) |
| Redemptions | Monthly at NAV 60 days notice |
| Benchmark | VN Index |
| Fund Manager | Andreas Karall |
| Investment Manager | Asia Frontier Capital (Vietnam) Ltd., Cayman Islands |
| Investment Advisor | Asia Frontier Investments Ltd., Hong Kong |
| Fund Base Currency | USD |
| Minimum Investment | USD 10,000 |
| Subsequent Investments | USD 1,000 |
| Management Fee | 1.8% p.a. of NAV |
| Performance Fee | 12.5% p.a. of NAV appreciation with high watermark |
| Fund Domicile | Cayman Islands |
| Launch Date | 11 December 2013 |
| Custodian Bank | Viet Capital Securities, Ho Chi Minh City |
| Auditor | KPMG, Cayman Islands |
| Administrator | Amicorp Fund Services Asia Pte Ltd., Singapore |
| Legal Advisor | Ogier, Hong Kong |

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The Vietnamese stock market is trying to find its way back to higher stock prices. As expected, the market built a bottom mid of October and now looks also attractive from a technical point of view, but is still lacking a bit of retail investor confidence in a year-end rally which will hopefully continue into the next year. Having said that, also foreigners are very quiet and still not a major buyer in the market.

The quarterly results of our holdings continue to be rather positive and so far all companies are profitable again. To our satisfaction, results met on average our forecasts fairly accurately. One of our top holdings hasn't reported its earnings yet, but we noticed that recently the stock increased on heavy trading volume and even accounted for almost half of the total Hanoi stock exchange volume early last week. I therefore dare to predict that its results most likely won't disappoint...

All the more surprising is the fact that we are the only substantial foreign investor (with a holding of over 90% of all foreign held shares) in exactly this company, although we think that an inclusion in one of the ETF indices is possible next year.



Source: VietCapital

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While our NAV increased slightly since the beginning of the month to approximately USD 1,322 (+32.2% since launch of fund December 11, 2013), according to our own calculations, the stock market in HCMC dropped slightly, while Hanoi could advance by 3%. As part of our prediction, this is just another very small stepping stone on our long way to the top.



Source: Bloomberg

Meanwhile, the negotiations for the TPP (Trans-Pacific Partnership) and the European Union free trade agreements are at an advanced stage and the signing by all parties of it in the coming weeks or months could provide a nice catalyst for a flourishing stock market next year. Inflation expectations for 2014 are at a mere 4%, mainly due to the sharp fall in oil prices and the economic growth in 2015 should continue to accelerate above 6%.

The next subscription deadline for this month will be on November 24.

Best regards,

Andreas Karall, CIO

DISCLAIMER

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