



## AFC VIETNAM FUND UPDATE

<b>Fund Category</b>	Vietnam Public Equities
<b>Country Focus</b>	Vietnam
<b>Subscriptions</b>	Monthly at NAV (five days before month end)
<b>Redemptions</b>	Monthly at NAV 60 days notice
<b>Benchmark</b>	VN Index
<b>Fund Manager</b>	Andreas Karall
<b>Investment Manager</b>	Asia Frontier Capital (Vietnam) Ltd., Cayman Islands
<b>Investment Advisor</b>	Asia Frontier Investments Ltd., Hong Kong
<b>Fund Base Currency</b>	USD
<b>Minimum Investment</b>	USD 10,000
<b>Subsequent Investments</b>	USD 1,000
<b>Management Fee</b>	1.8% p.a. of NAV
<b>Performance Fee</b>	12.5% p.a. of AV appreciation with high watermark
<b>Fund Domicile</b>	Cayman Islands
<b>Launch Date</b>	23 December 2013
<b>Custodian Bank</b>	Viet Capital Securities, Ho Chi Minh City
<b>Auditor</b>	EY, Hong Kong
<b>Administrator</b>	Custom House, Singapore
<b>Legal Advisor</b>	Ogier, Hong Kong

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We are very rarely pleased if we are losing money. In the second half of March however, the market behavior provides us with some optimism for Q2, despite a weak Vietnamese stock market performance. In contrast to the overall market which lost 7% in Ho Chi Minh and -4.1% in Hanoi, our fund lost just a little bit over 1% according to our internal calculation at a NAV of approximately USD 1,370.

For the first time in a long time again we see generally tentative buying interests in a few selective stocks. Thanks to numerous asset inflows of several new and existing investors, we can now buy new, mostly liquid shares from our buy list into the current market weakness. From a technical point of view we are confident that the market will turn upwards from the current level. We hope that this will be a turnaround to a positive trend and not just a technical rebound.



Quelle: VietCapital Securities

The reason for this market weakness is not easy to find. Although the Frontier Asia index declined in March approximately 9%, macroeconomic data are very good and the Vietnamese economy is progressing according to plan, as we were able to see firsthand on our investor tours last week. The main reason is probably the alleged margin calls of retail investors which are currently held (forced sellers of shares which were bought on credit). There were also larger redemptions in an ETF (exchange traded fund), and given its size had a strong influence on the current sell off in blue chips.



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After the steep increase in the first quarter of 2014, the Ho Chi Minh index declined by about 9% year on year in USD terms. During the same period, the share price of about the large Vietnam ETF, which manages around USD 500 million, fell by about 22%. Nevertheless for many Vietnam interested investors, this exchange traded fund still remains first choice!



Quelle: Yahoo.com

For completeness, it should be mentioned that the AFC Vietnam Fund increased by approximately 15% over the same period.

More information can be found in the forthcoming newsletter.

The subscription deadline for this month will be on the 25<sup>th</sup> May, if you would like any assistance with the investment process please be in touch with myself or Andreas Vogelsanger.

Best regards

Andreas Karall, CIO

*\*The representative of the Fund in Switzerland is Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva. The distribution of Shares in Switzerland must exclusively be made to qualified investors. The place of performance and jurisdiction for Shares in the Fund distributed in Switzerland are at the registered office of the Representative.*

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