



## 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>	Ernst & Young, Hong Kong
<b>Administrator</b>	Custom House, Singapore
<b>Legal Advisor</b>	Ogier, Hong Kong

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The first half of this month, was characterized by quite a few uncertainties. The renewed fall in oil prices and the consequent weakness of oil related stocks led to a very low risk appetite of investors. Nevertheless there has been selective buying interest in some of our existing holdings even though the broader market has been very weak for some time now. This relatively quiet time has been somewhat of a blessing as it has allowed us to focus an even greater amount of our time on our portfolio rebalancing as annual company results have been released.

Neither index managed to break through important chart technical resistance points, with Ho Chi Minh declining by -1.8% and Hanoi by -0.5% so far this month. The Vietnam indices are presently both down -9% and -6% respectively from their recent highs in autumn. Thus far for the AFC Vietnam Fund there has been an intra-month decline of about -1.4% with the internally calculated NAV sitting at USD 1,366 which is only slightly below the record high at the end of February.

Currently, the majority of emerging and frontier countries have not benefited from the world's central banks "cheap" money. In contrast to the developed countries where QE (quantitative easing) led to stock market rallies, there are fears of rising interest rates in the US and the enormously strong dollar has been causing uncertainty, which led investors to act very cautiously.



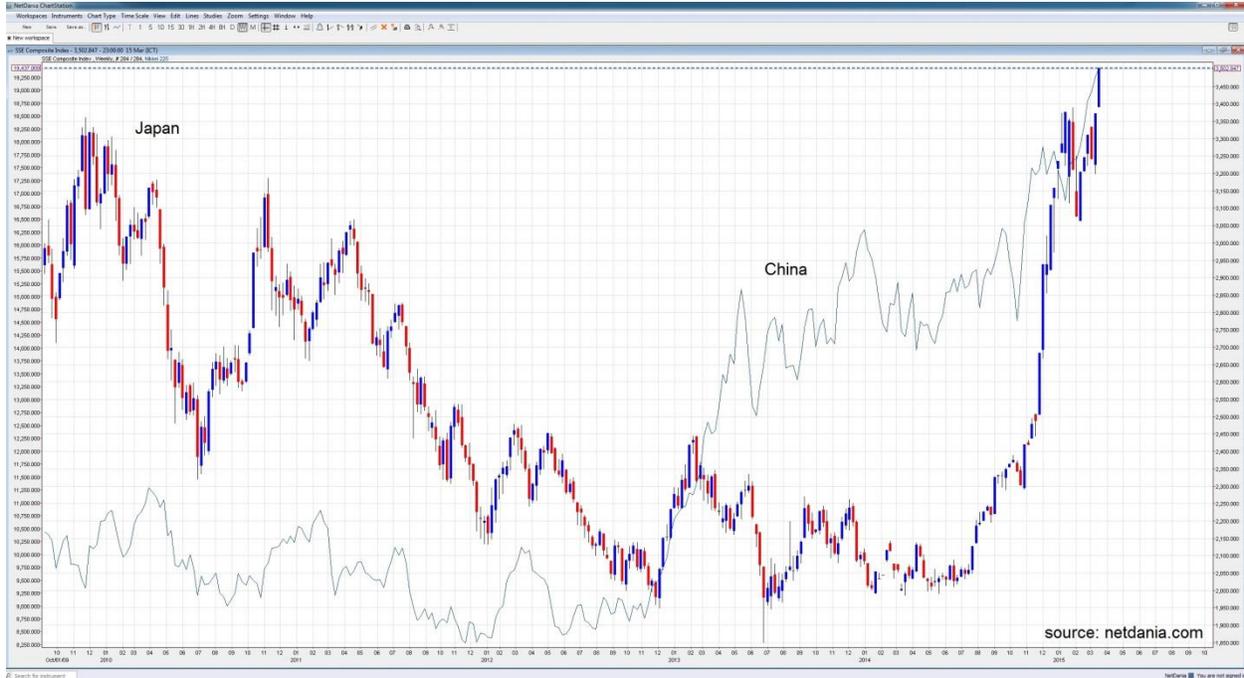
Source: netdania.com

The upwards movement in the USD - the world's most important currency – looks to be in an acceleration phase, and it looks like this trend will come to an end in the coming months. The sharp price increases in long-neglected markets such as Japan ( up >+100% since 2012) and China (up +75% since 2014) could be an example of what could happen to a 5-year-long consolidation of frontier and emerging markets, which now are trading at attractive valuations.



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**Chart 1: Japan and China Stock Market Rallies**



Source: netdania.com

**Chart 2: EEM – Emerging Market ETF**



Source: yahoo.com

18<sup>th</sup> March 2015

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The subscription deadline for this month will be on the 25<sup>th</sup> March, 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.*

### **DISCLAIMER**

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