



AFC VIETNAM FUND UPDATE

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 AV appreciation with high watermark
Fund Domicile	Cayman Islands
Launch Date	23 December 2013
Custodian Bank	Viet Capital Securities, Ho Chi Minh City
Auditor	EY, Hong Kong
Administrator	Custom House, Singapore
Legal Advisor	Ogier, Hong Kong

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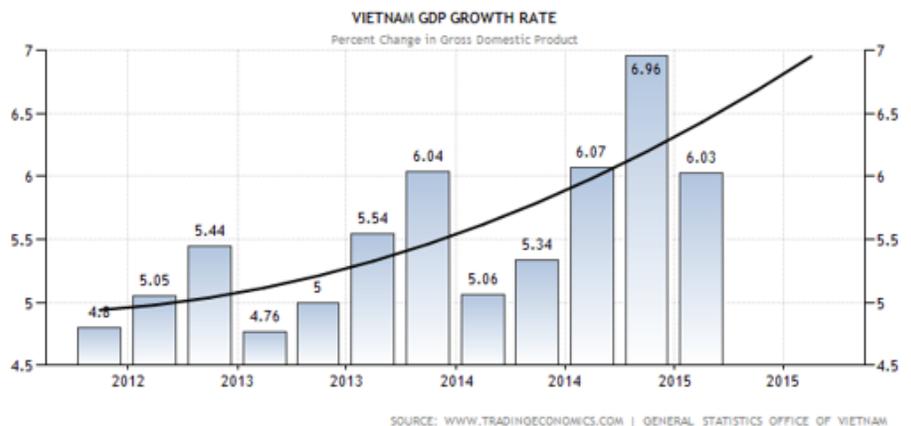
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After a small setback last month we were able to achieve a new all-time high in April. According to our internal calculations the NAV stands now at approximately USD 1'405, which is a gain of 2.3%, in comparison to an increase of 2.0% for the HCMC-Index and 0.6% for us the more relevant Hanoi-Index.

Almost 60% of our holdings have already reported their quarterly earnings so far. Although the first quarter results are the least relevant for our own fundamental analysis, we have seen a positive business trend for most of our companies.

Regarding important macro-economic data relevant for the stock market, especially Foreign Direct Investments (FDI) are worth mentioning. During the first 4 months of the year they reached an impressive USD 3.7bn which is almost the same level as the same period of last year. This compares very favorably with similar countries such as e.g. Thailand. These new foreign investments are also very important to increase knowhow and technology in order to move the country up the value chain.

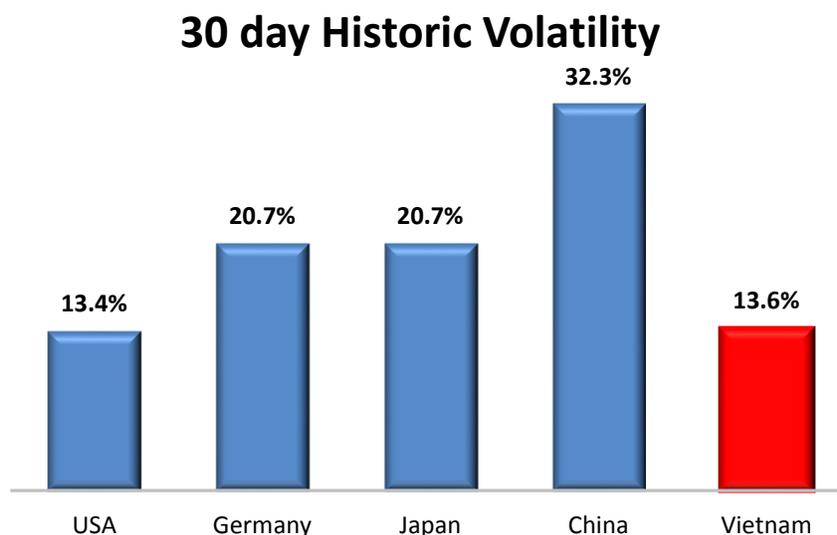


With an actual GDP growth target for 2015 of more than 6% and an expected export-growth rate of around 10%, Vietnam's economic outlook looks very bright indeed. This is not that surprising given the countries lower production costs than China and the probable sharp increase in trade turnover, given the new Trans-Pacific-Partnership agreement (TPP). The TPP will be very beneficial to Southeast-Asia as a whole, but it is widely expected that Vietnam will be the key beneficiary within the region. Falling unemployment rates (currently at 4.2%) and a falling poverty rate (now under 10% of total population) will help Vietnam to move up to the so called "lower middle income countries", as one can already notice when walking through the vibrant Hoh Chi Minh City. All these factors in conjunction with its young population (over 40% of the population has an age below 25 years) will lead to a prosperous future of Vietnam.



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Lastly we would like to comment on the widespread misconception of investors that frontier and emerging markets are very volatile/risky. The real picture however doesn't look that negative if we compare the stock market index volatilities of Vietnam with US, Germany, Japan and China.



Source: Bloomberg

The subscription deadline for this month will be on the 25th 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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