

AFC VIETNAM FUND UPDATE

Fund Category	Vietnam Public Equities
Country Focus	Vietnam
Subscriptions	Monthly at NAV (five business 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
ISIN	KYG0133A1673

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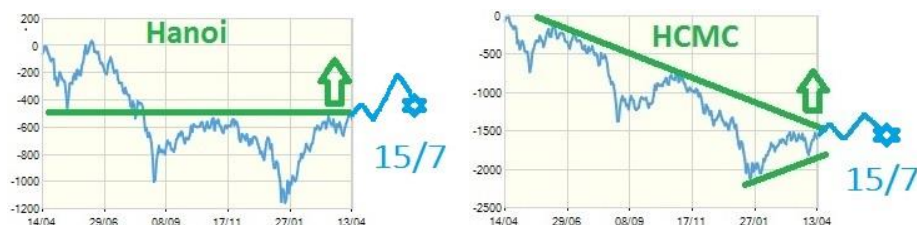
After a good start of the new month, we experienced a few sharp corrections. The market looks still quite bullish and technical corrections are not surprising, given the strong increase over the past few weeks and since we are now approaching technical resistance levels which we need to overcome. Index driven inflows result in big gains in HCMC where the index advanced by 5.1%, while Hanoi gained 2.3%. Although some of our holdings, which previously advanced strongly, saw sharp corrections, our NAV increased further to USD 1,652 (+1.4%), according to our internal calculations. The earnings reporting season is just starting these days and in order to take advantage of potential upcoming opportunities, we increased our cash level and took profits in some of our holdings which are no longer undervalued.

Until now, only HCMC, which mainly consists of blue chips, managed to break out on the upside. The other indices, such as the Hanoi, Upcom (third market) and the VN30 (blue chip index of the overall market) index are all still struggling to overcome their technical long-term resistance level.



VN30 Index; Source: VietCapital Securities

Looking at the chart, the decision should fall in favour of a breakout since also the market breadth is looking very promising. Please see below the updated advance / decline ratio graphic of our April report.

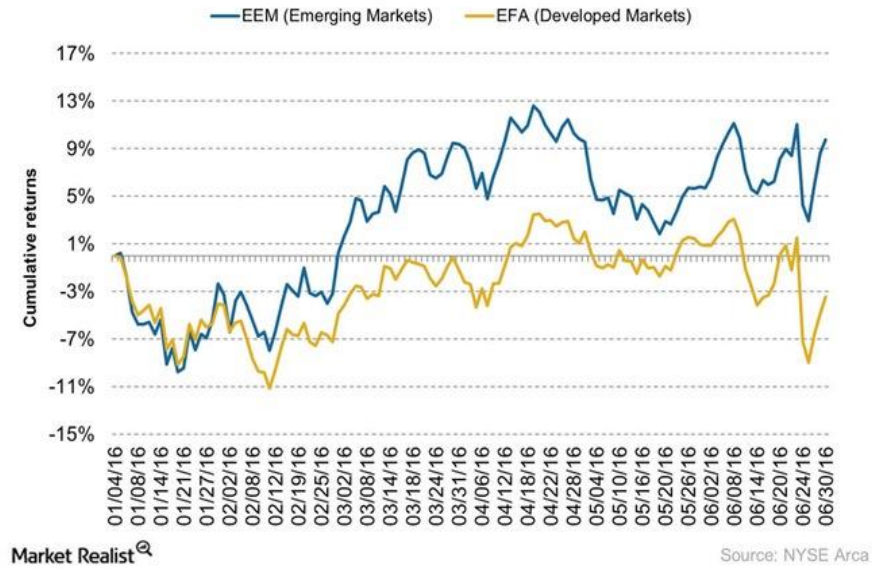


Advance/Decline Ratio; Source: stockbiz.vn

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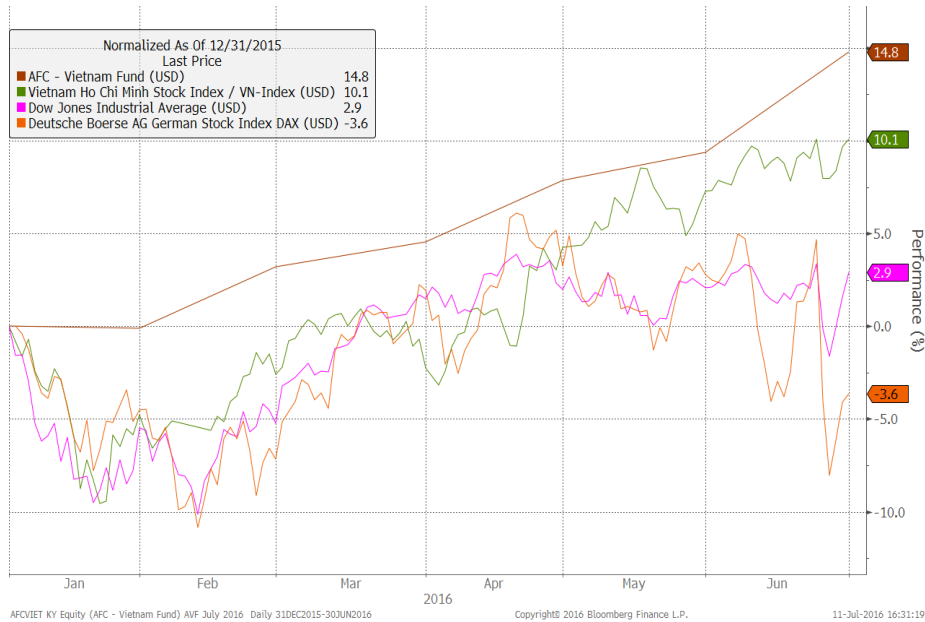
Moreover, the international market environment has continued to improve, and we even saw new highs in the US, recoveries in China and Japan, and moreover a continuance of the positive sentiment in emerging markets.

Sentiment Towards Emerging Markets is Changing



Source: Market Realist, NYSE Arca

The positive impact in terms of absolute performance (in USD) can be nicely seen in the following chart:

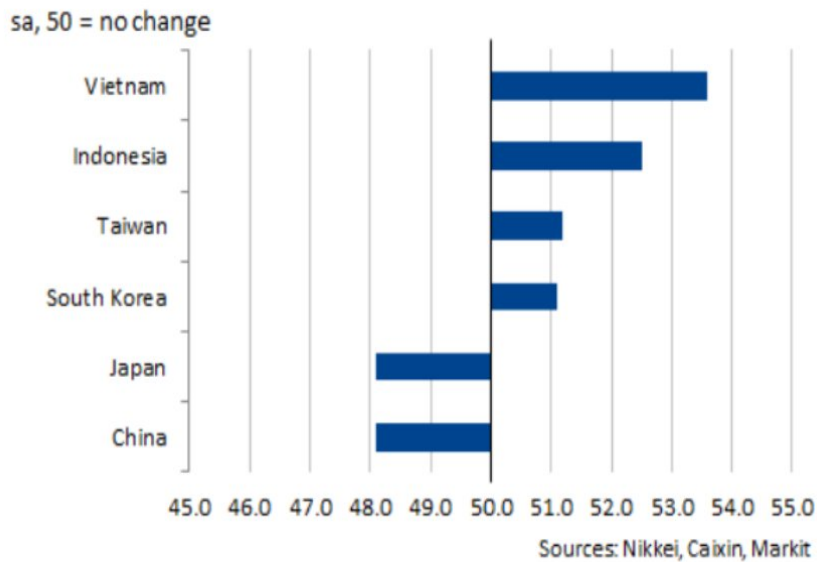


Source: Bloomberg

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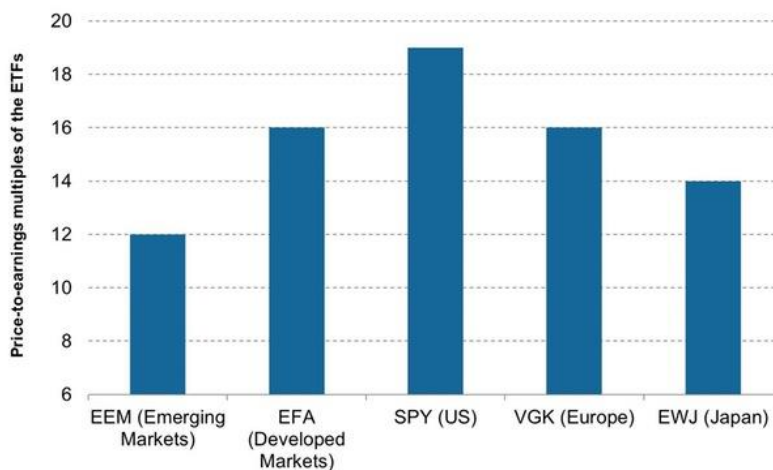
To boost economic growth, which was slower in the first half of the year, mainly due to the weaker agriculture sector, the government in Hanoi launched an economic stimulus program. This comes at a time of a global economic slowdown, in which Vietnam already looks quite favourable by international standards.

Manufacturing PMI Output Indices for June



Vietnam - currently in the bottom third of emerging markets valuations - should therefore be able to benefit above average once a revaluation takes shape.

Emerging Markets Valuations Look Attractive



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The subscription deadline for this month will be on the 25th July and if you would like any assistance with the investment process please be in touch with myself or Andreas Vogelsanger.

Best regards,

Andreas Karall, CIO

Estimated NAV as of 15th July 2016

NAV	USD 1,652*
Since Inception	+65.2%*
Inception Date	23/12/2013

Monthly Performances AFC Vietnam Fund

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	USD												+2.37%	+2.37%
2014	USD	+8.75%	+4.50%	+2.18%	-4.65%	-0.32%	+1.45%	+1.86%	+5.49%	+3.87%	+2.83%	+2.50%	+0.60%	+32.50%
2015	USD	+0.44%	+1.76%	-0.96%	+1.93%	-0.48%	+0.06%	+0.22%	-4.57%	+1.18%	+6.90%	-1.82%	+0.25%	+4.62%
2016	USD	-0.10%	+3.30%	+1.28%	+3.17%	+1.40%	+4.97%	+1.4%*						+16.4%*

*According to internal calculations

**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. The fund is authorized for distribution to professional investors in Hong Kong, Japan, Singapore and the UK.*

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