



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	Ernst & Young, Hong Kong
Administrator	Custom House, Singapore
Legal Advisor	Ogier, Hong Kong

Contact Information

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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.



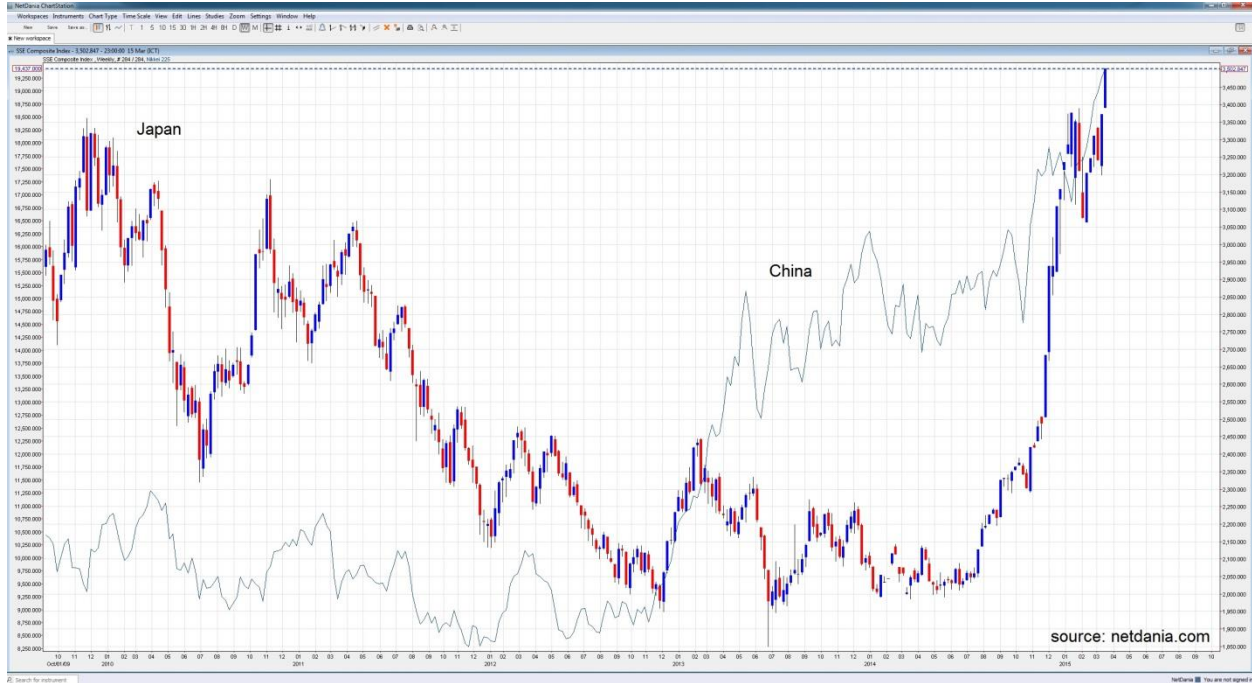
Source: netdania.com

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

18th March 2015

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

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