

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 NAV appreciation with high watermark
Fund Size	USD 22.0 million
Fund Domicile	Cayman Islands
Launch Date	11 December 2013
Custodian	Viet Capital Securities, Ho Chi Minh City
Auditor	Ernst & Young, Hong Kong
Administrator	TMF Custom House, Singapore
Legal Advisor	Ogier, Hong Kong

Contact Information

Asia Frontier Capital Ltd.
 www.asiafrontiercapital.com

Mr. Andreas Vogelsanger, CEO
 Asia Frontier Capital (Vietnam) Ltd.
 Tel: +66 84435 7472, Fax: +852 3904 1017
av@asiafrontiercapital.com

Registered Office:

c/o Elian Fiduciary Services (Cayman) Limited,
 89 Nexus Way, Camana Bay, Grand Cayman,
 KY1-9007, Cayman Islands

Hong Kong Office:

Asia Frontier Investments Limited
 1208, 12th Floor, Loon Kee Building
 267-275 Des Voeux Road Central
 Hong Kong



Investment Objective

Achieve long-term capital appreciation by investing in a diversified portfolio of listed Vietnamese companies as well as those that relate to non-Vietnamese companies with main business operations in Vietnam. The fund currently has a focus on small to medium cap equities which are considered underpriced.

Fund Manager Comment

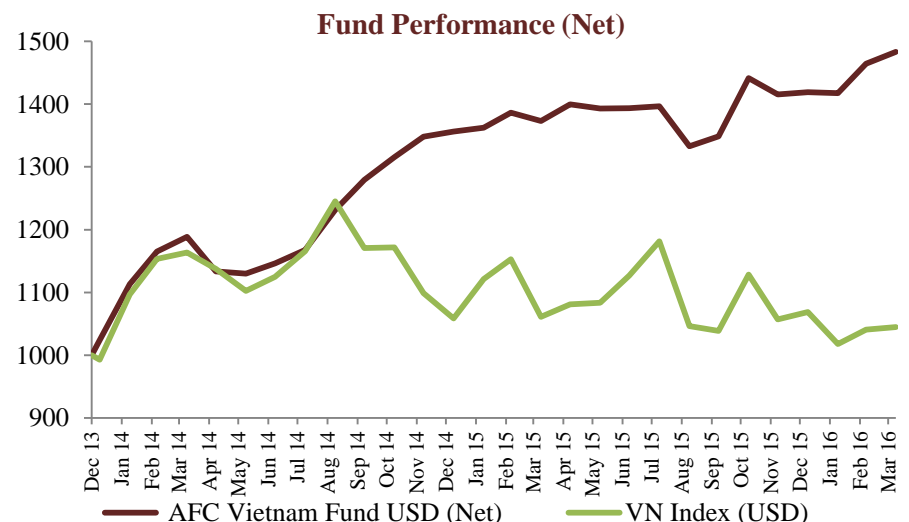
The AFC Vietnam Fund gained +1.3% in March with NAV USD1,483.20 bringing the net return since inception to +48.3% or +18.4% annualized. By comparison, the March performances of the Ho Chi Minh City VN Index and the Hanoi VH Index were both up +0.4% (in USD terms). Since inception the AFC Vietnam Fund has outperformed the VN and VH Indices by +43.9% and +38.7% respectively (in USD terms).

After massive price increases in various previously sold off markets such as oil (+50%) and Brazil (+40%), we saw some profit taking. Focus is once again on the Fed, which could further raise interest rates signaling the end of the deflationary environment. The same underlying assumptions serve both camps; on the one hand as a buy argument for risk assets (commodities, emerging markets and their currencies), and on the other as a sell reason for pessimistic investors (interest rate increase and a renewed selloff of risk assets). These mood swings of short-term "investors" will probably continue to pursue us in the coming weeks and months until a somewhat clearer trend has been established.

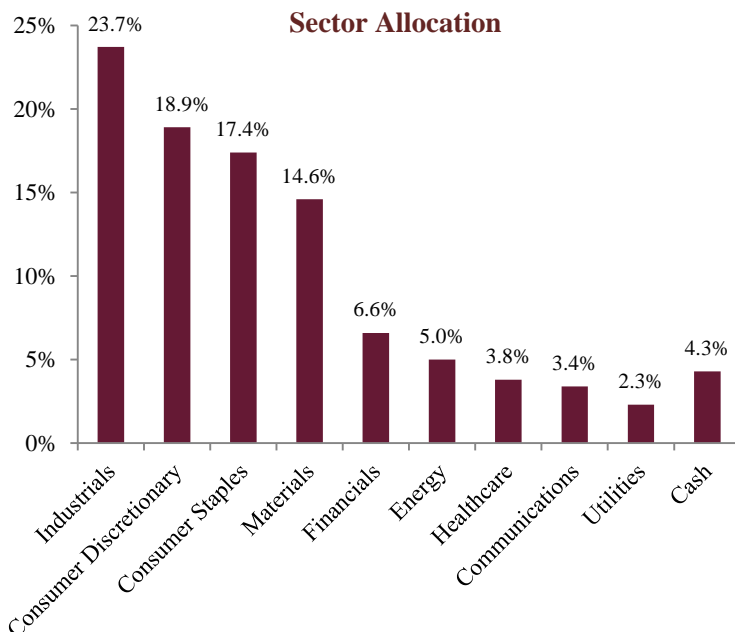
The turning point in inflation in Vietnam is easy to recognize as the year-on-year inflation rate increased to 1.25%, after the emergence of deflation fears, which is rather absurd for an emerging country in the midst of an economic recovery. The inflation rate is expected to rise to more than 3% by year end which is still considered very low for Vietnam, mainly due to the disappearing base effect of cheap oil in the second half of 2016. The recently published Q1 GDP growth rate of 5.5% was slightly disappointing being 0.5% below the previous year Q1 number. The main reasons were the weather related problems in agriculture caused by the "El Nino effect" and the slightly lower growth of exports caused by weakness in the economies of the importing countries. Nevertheless, with a very robust domestic demand the growth rate should still be well above 6% for the full year.

At the end of February the fund's largest positions were: Sam Cuong Material Electrical and Telecom Corp (3.2%) – a manufacturer of electrical and telecom equipment, Nui Nho Stone JSC (2.0%) – a stone mining company, Thuan An Wood Processing JSC (1.9%) – a wooden furniture manufacturing company, Petrovietnam Fertilizer and Chemical JSC (1.8%) – a fertilizer manufacturer, and Doan Xa Port JSC (1.8%) – a logistics company.

The portfolio was invested in 83 names and held 4.3% in cash. The sectors with the largest allocation of assets were consumer goods (36.3%) and industrials (23.7%). The fund's estimated weighted average trailing P/E ratio was 7.77x, the estimated weighted average P/B ratio was 1.12x and the estimated portfolio dividend yield was 6.25%.



Top 5 Holdings			
Ticker	Company	Sector	Weighting
SMT	Sam Cuong Material Electrical Telecom Corp.	Industrials	3.2%
NNC	Nui Nho Stone JSC	Materials	2.0%
GTA	Thuan An Wood Processing JSC	Consumer Discretionary	1.9%
DPM	Petrovietnam Fertilizer and Chemical JSC	Materials	1.8%
DXP	Doan Xa Port JSC	Industrials	1.8%


NAV as of 31st March 2016

NAV	USD 1,483.20
Since Inception	+48.32%
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%										+4.52%

Security Numbers

ISIN	KYG0133A1673
CUSIP	G01333A167
Bloomberg	AFCVIET KY
Valoren	23095153

**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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