

Vietnam Opportunity Fund

NAV per Share (31 Oct 06) **US\$2.07**

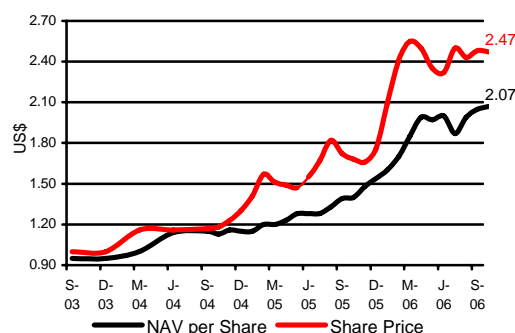
Change

Oct 2006 1.0%
YTD 34%
Since Inception (30 Sep 03) 107%

Issued Shares 122,657,202
Total Net Asset Value (US\$m) 254
Market Cap (31 Oct 06, US\$m) 303

Reuters VOF.L
Bloomberg VOF LN

**Vietnam Opportunity Fund
NAV and Share Price Performance**



VinaLand

NAV per Share (30 June 06) **US\$0.97**

Change

Since Inception (22 Mar 06) -3%

Issued Shares 204,844,779
Total Net Asset Value (US\$m) 199
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VOF Fundraising Report

The Vietnam Opportunity Fund attracted over US\$400 million during its sixth round of fundraising – four times the initial target of US\$100 million. Because of its strong investment pipeline, the fund expects to accept approximately US\$300 million in new subscriptions.

Economic Highlights

The macroeconomic environment continues to provide the perfect backdrop for the market. Exports grew 24.2% in the first ten months of the year to US\$32.8 billion, running well ahead of last year's pace. Over the same period imports grew by 20.7% to US\$36.8 billion. At current rates export value will easily surpass the US\$37.8 billion government target set at the beginning of the year, and may even come close to the US\$40 billion mark. Similarly, the pace of growth in industrial production has also accelerated, hitting US\$25 billion so far this year, up 16.9% year/year. Foreign direct aid has reached the full year target, standing at US\$6.5 billion at the end of October. We see the year-end number topping US\$7 billion, given the long pipeline of about 30 large deals waiting approval.

Overall consumer prices rose by 6.7% year/year, while the pace in urban areas was higher at 7.3% year/year. Basic pay raises which came into effect this month had less of an impact than expected. In recent months CPI has fluctuated and came close to the 8% ceiling set by the government, but due to falling petroleum prices the pressure has now eased.

Government Snapshot

Vietnam is now poised to join the WTO, after the organisation's General Council approved the country's accession on 7 November. Membership will strengthen Vietnam's economy by increasing its access to foreign markets, giving the country a stronger position in trade disputes, and accelerating the reform process. With the APEC meeting in Hanoi in the middle of November, the event will double as Vietnam's coming out party.

The National Assembly has been discussing the draft of its programme to build laws and ordinances for 2007. There has also been debate on a draft law on import and export taxes, tax management, legal aid, and the use of state property. An anti-corruption law and the 2007 state budget have also been examined. The assembly is also ready to ratify the President's proposal to join the WTO, and membership will become official 30 days after ratification.

To build on the success of the 2005 VinaCapital Investor Conference, VinaCapital will co-organise the Doing Business with Vietnam Forum in cooperation with Vietnam Chamber of Commerce and Industry on 16 November. The Forum will coincide with the APEC CEO Conference in Hanoi and bring together 1000 participants, including the Vietnamese Prime Minister and members of his government, leaders of the Vietnamese business community, and CEO's from leading international companies.

Capital Markets in Brief

The VN index has spent most of the last month trading in a fairly tight range above the 500 level and closed out the month at 511.54. Foreigners continue to be net buyers across the board at a ratio of about 10:1. Nevertheless, the market has enjoyed little traction, owing to the large number of new listings as companies rush to join the main board before the tax incentives expire at the end of the year. By the end of the month, 28 companies had applied for listing and if accepted will increase the overall market capitalisation by 30%. These include industry leaders such as FPT (software and mobile distribution), PV drilling (oil driller), and ACB (second largest private bank).

★ Vietnam Opportunity Fund



VinaCapital Investment Management
Pham Vinh, Don Lam, Nguyen Pham,
Nguyen Cuong (left to right)

NAV per Share (31 Oct 06) US\$2.07

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Sep 2006	1.0%
YTD	34%
Since Inception (30 Sep 03)	107%

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Portfolio by Asset Type

Capital Markets	65.9%
Listed	35.2%
OTC	30.7%
Real Estate	9.2%
Private Equity	14.2%
Cash, Deposits, Other	10.7%

Performance History (% change on NAV)

	2006	2005	2004
Jan	3.9%	0.0%	0.0%
Feb	6.3%	4.3%	0.0%
Mar	8.8%	0.8%	5.5%
April	7.6%	1.7%	0.0%
May	-1.0%	4.1%	0.0%
June	1.5%	0.0%	13.8%
July	-6.5%	0.0%	0.0%
Aug	6.4%	3.9%	0.0%
Sept	3.0%	4.5%	0.9%
Oct	1.0%	0.7%	-1.7%
Nov		5.7%	2.7%
Dec		4.1%	-0.9%
YTD	34.4%	33.9%	21.1%

Portfolio Developments

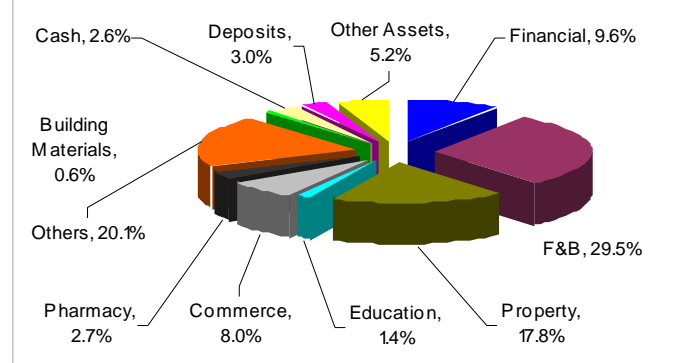
The fund is 97% invested, with holdings in over 50 companies. VOF's NAV rose 1% during the month to US\$2.07. In October, VOF made significant acquisitions in the coal sector, buying shares at auction in three of five open-cast coal mining companies. VOF purchased a 14% stake in Coc Sau Coal for US\$2.75 million, a 14% stake in Cao Son Coal for US\$3 million, and a smaller stake in Ha Tu Coal. These acquisitions will help solidify and diversify the fund's holdings in the coal industry, which has shown stable growth and profitability.

Also in October, VOF named Ben Grigsby and Philip Skivington to the board of directors. Mr. Grigsby has over 30 years of experience as a senior and board level executive in the international capital markets and financial services sectors, having served most recently as CEO of Swiss Re Financial Products and joint-CEO and vice chairman of Swiss Re Capital Management and Advisory. Mr. Skivington worked in Asia for Standard Chartered bank for over 16 years, including three years as CEO for the bank's operations in Vietnam, Cambodia, and Laos.

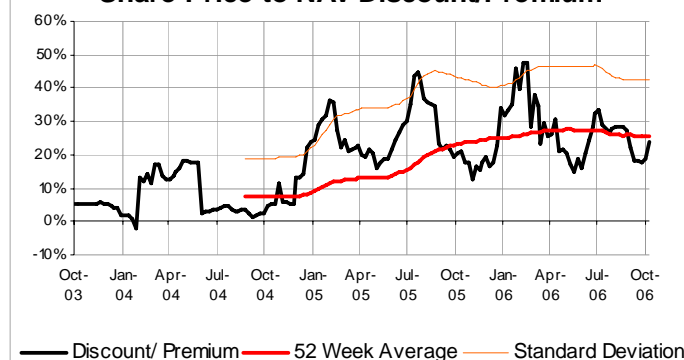
Major Holdings

Vinamilk	Listed Equity	19.2% (of NAV)
REE	Listed Equity	7.9%
Kinh Do	Listed Equity	7.6%
Sofitel Metropole	Private Equity	6.0%
Hanoi Hilton	Private Equity	4.2%

VOF Portfolio by Sector



Share Price to NAV Discount/Premium



★ Vietnam Opportunity Fund

Investment Manager

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ISIN KYG9361G1010

Fund Background

Launched in September 2003, Vietnam Opportunity Fund (VOF) is a closed-end fund listed on the London Stock Exchange (AIM). VOF focuses on the key growth sectors of the domestic economy including financial services, retail, consumer goods, tourism, property, infrastructure, and technology. It makes equity and debt investments in listed, OTC-traded, and private companies, and participates in the privatisation of state-owned companies.

Fund Manager

The fund is managed by a five member investment committee headed by Don Lam. The committee has representation from capital markets, private equity, and real estate divisions and approves all investment decisions. Don Lam has over a decade's worth of experience in corporate finance and distressed assets in Vietnam. The other members of the committee bring decades of investment experience to the management process.

Management and Performance Fees

The baseline management fee is 2% of funds under management, with a performance fee of 20% of gains in excess of a high water mark.

Valuation Policy

VOF adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. This allows for revaluation only at the time of a third-party transaction or after a valuation review conducted by two independent auditors. Private equity and real estate investments are valued by an independent auditor at six-month intervals as a matter of course. VOF's valuation sub-committee, comprising two outside directors, maintains sole authority to approve or reject those valuations.

Buy-back Policy

VOF's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VOF at a price equal to the NAV per share at year end.

VinaLand



VinaCapital Real Estate
Tran Vu Anh, Peter Dinning, Don Lam

NAV per Share (30 June 06) US\$0.97

Change Since Inception (22 Mar 06) -3%

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Portfolio by Geographic Distribution*

Hanoi	55%
Central Provinces	5%
Ho Chi Minh City	40%

*Currently invested projects

Portfolio Developments

Central Garden Apartments – The building's construction is continuing according to schedule. During October, VinaLand commissioned studies of the conceptual design of the interior fittings of the showroom apartments. The apartments will be marketed once the building is 90% completed.

Hilton Hanoi – In October, the Hilton was named Best Hotel in Vietnam at the 2006 World Travel Awards. This is the third time the hotel has been honoured with the award. The first of two independent valuations to be carried out on the Hilton Hotel was drafted during October for presentation to the valuation committee, which meets during November.

Century 21 – Site clearance and compensation continues, with an additional five hectares having been cleared in October. Two conceptual designs were commissioned for the International School and apartment complex projects, and design proposals should be completed during the first half of November. Legal advisers are now preparing the lease for the International School, which will be submitted for approval by the development company's board of directors.

Danang Golf Course and Resort – Formal applications were made to the Danang Authorities during October for the granting of the investment license for the project. The licence is expected to be issued during November.

Formal approval was granted to release part of the site for construction. This part of the site will house the marketing and development offices, the design for which has already been submitted to the authorities for the necessary construction permits.

An Phu Apartments – An MOU has been finalised and deposits paid for this residential development project. The 6,500-square-meter site is located in Ho Chi Minh City's District 2 and will hold a series of buildings with a gross construction area of 57,000 square meters.

The site is now being cleared, and joint-venture and license applications are being prepared. VinaLand will hold a 70% stake in the development, which is expected to have a total development cost of US\$30 million.

Major Holdings

Central Garden	Residential	US\$3.9m
Century 21	Mixed-use	US\$16.8m
Hilton Hanoi	Hospitality	US\$32.5m
An Phu Apartments	Residential	US\$2.3m
Danang Golf Course and Resort	Hospitality and Residential	US\$3.1m

VinaLand

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ISIN KYG9361G1010

Fund Background

Launched March 2006, VinaLand (VNL) is a closed-end property fund listed on the London Stock Exchange (AIM). The fund focuses on the key growth sectors of Vietnam's emerging real estate market including residential, office, industrial, and leisure projects. The fund is managed by VinaCapital Investment Management, with VinaCapital Real Estate acting as development adviser.

Investment Manager

VinaCapital Investment Management (VCIM) comprises a team of over 35 professionals whose areas of expertise cover a full range of investment types.

Peter Dinning is managing director of VinaCapital Real Estate, which acts as development adviser to VCIM. Mr. Dinning is the founder of Dinning & Associates, a real estate consultancy based in Ho Chi Minh City, and was formerly director of Chesterton Petty in Vietnam and the Philippines. He has over eight years of experience in Vietnam as a chartered surveyor and real estate consultant and has been actively involved in property valuation, project appraisal, property marketing and management, and other consultancy works.

Management and Performance Fees

The baseline management fee is 2% of funds under management, with a performance fee of 20% of gains in excess of a high water mark.

Valuation Policy

VNL adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. The investment manager presents two independent valuations to the VNL board of directors' valuation sub-committee twice yearly. The valuation sub-committee will accept or reject the valuation reports and may require the investment manager to obtain other third-party valuation reports if deemed necessary.

Buy-back Policy

VNL's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VNL at a price equal to the NAV per share at year end.

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