

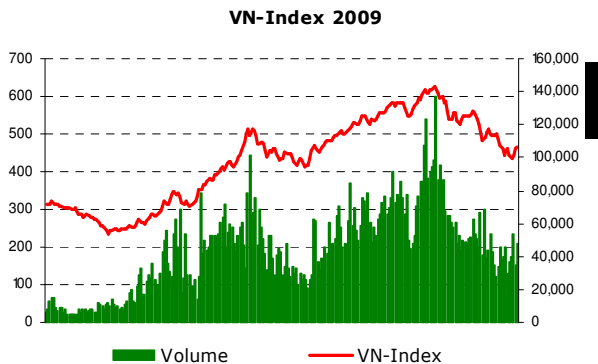
VIETNAM INTELLIGENCE

Welcome to the December issue of Vietnam Intelligence, Manulife Vietnam Fund Management's ("MVFM") monthly publication that contains our regular roundup of market views and fund updates from the Vietnam investment team.

Equity market Outlook

by Mark Canizares, Head of Equities

As 2009 draws to a close, the Vietnam market looks to be at a variety of crossroads. Over the past couple of weeks, the spotlight was focused on macroeconomic indicators following the State Bank of Vietnam's move to raise the base rate to 8% and devalue the Vietnamese dong. The moves come on the heels of a stock market that remains locked in a correction. Although VN Index is up 48.59% from 12/31/08 to 12/15/09 on a total return basis, it is also 25% below this year's peak.



Despite the uncertainty surrounding the outlook on Vietnam's macroeconomy, our strategies remain unchanged. We continue to favour the domestic consumption stocks, which, in our view, will remain the beneficiaries of rising per capita income against a backdrop of an industrializing economy. Local consumer tastes continue to evolve, ultimately allowing domestic consumer companies to expand their product offering and diversify their revenue base. A richer populace would also imply rising purchasing power, ultimately benefiting the

said sector. The ability of these companies to fully pass on the effects of inflation would also shield its margins should inflation come in worse than expected next year.

Banks, which have lagged the broader market this year, may prove to be winners next year. Although the government wants to rein in credit growth and is likely to shift to a tightening monetary stance, the recent rate hikes would allow adequately capitalized banks to increase their loan rates, thereby helping margins improve further. Furthermore, we believe that most joint stock banks have learned their lessons from the loose credit policies of 2006 and 2007 and have evolved to improve their risk management systems. As such, although there would be risk that NPLs will rise next year following this year's credit expansion of +30%, the impact to JSCBs will be minimal, in our view.

The market's correction that began in mid-October has pummeled property stocks, while the recent rate hikes have further pushed sentiment towards them to the negative. However, given that most of the property issues involve residential developers, demand remains strong and is likely to be sustained going into next year. The earnings picture also appears to be quite visible, with the listed developers indicating that launches this year so far have been healthy and booking of revenues for the newly launched projects are likely to be within schedule.

Our theme on industrial and power/utility issues also remains unchanged. Note that the government has already disclosed that, although it's looking to control inflation and ensure macroeconomic stability, the government also appears confident of achieving a 6.5% economic

growth in 2010. This would continue to bode well for the aforementioned sectors as they would be prime beneficiaries of increased economic activity.

From a valuation standpoint, we are positive as well. The market has derated from a P/E of about 18-22x at the height of the rally to about 8-10x forward 2010 earnings, putting it at par versus its ASEAN peers. Also note that 2010 earnings growth is still looking at a figure of 15%-20% for next year, which is encouraging, in our view. Moreover, we expect to see more listings happen next year, which would help broaden investor choices in the market and increase the market's depth. New listings would allow for investors to either rotate into new sectors that are currently either under-represented or not at all (e.g. airlines, telcos), or shift into quality names should more listings take place (e.g. banks, property).

The market's fall has certainly sapped some interest in the last few weeks, but we choose to see this as a great opportunity to position for next year and continue to ride on Vietnam's economic growth story. We continue to have a long-term view that Vietnam's economic prospects will remain bright as the economy continues with its development and industrialization. The glass certainly remains half full, and is nowhere near getting empty.

Fixed Income Market Outlook

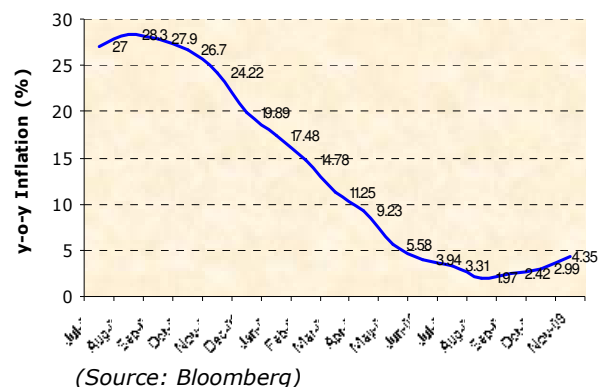
by Putu Yudhana, Fixed Interest Manager

The Ministry of Finance recently indicated that Vietnam plans to sell VND 56 trillion of bonds next year. The proceeds will be used to finance infrastructure projects, similar as the government's focus this year, related with efforts to spur economic growth. We see the main obstacles will still come from the ceiling rates set for the government bond offering, which often does not match with market expectations. For example, during the underwriting session by the end of November, the ceiling rates for 2 and 3 year bonds were set at 9.8% and 10%, respectively, while

similar issues were traded above 11% in the secondary market. We have not seen any indications to revise the ceiling rates significantly, which may affect the successfulness of future auctions. Alternative funding might likely come from multinational or bilateral loans, as in 2009.

For 2010, we expect tightening policies to still be a dominant trend. This is indicated by the recent decision to increase the base rate from 7% to 8%, in order to curb inflation. The CPI figures have been declining throughout most of 2009, as a result of the high base effect from 2008. With the recovering economy, we expect inflation to start picking up in the following months. Benchmark rates might be adjusted upward, but likely with less magnitude compared with 2008. Therefore, while the bond trend might still be bearish, we expect less volatility next year, compared to last year.

Vietnam YoY Inflation



On the currency front, the government seems to be more proactive now to address the shortage problem in the market. Recently the Central Bank announced that it would sell USD to commercial banks that have a foreign currency deficit of more than 5% to help stabilize the market. The action resulted in tighter liquidity for the VND, and it is actually a positive outcome to ensure economic activities, especially foreign trading, to run smoothly. The gap between the official exchange rate and market expectations has narrowed since the VND devaluation by 5% at the end of November.

FUND UPDATES

MANULIFE PROGRESSIVE FUND (MAFPF1)

Introduction

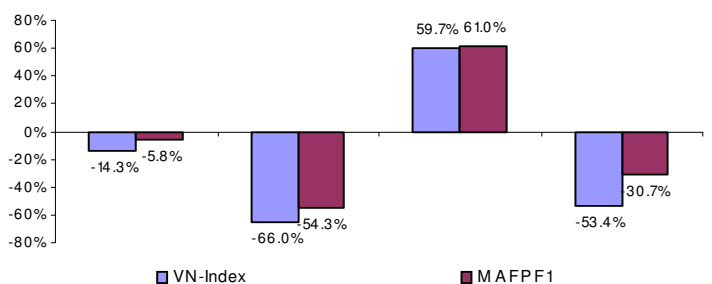
MAFPF1 was Vietnam's first foreign-managed pure equity fund to be structured as a local equity fund. This new and innovative fund structure for Vietnam allows foreign investors to access investments such as banks and key blue-chip companies, which would otherwise be restricted to local Vietnamese investors – thereby helping to open the Vietnam equity market to foreign investment. To do so, MVFM and MFC GIM's investment team had to create portfolio construction and investment research database seemingly from scratch, given that Vietnam's sell side industry is still in its infancy.

In addition, MFC GIM introduced groundbreaking risk management innovations including rigorous compliance systems, broker approval systems and self-imposed asset mix weightings. With improved investment capabilities and customer services has earned MVFM the Most Innovative Product in Vietnam award for 2008 from Asia Asset Management.

Ticker symbol	MAFPF1
Fund Structure	Public Closed-end fund
Term	7 years
Style	Core
Inception Date	October 2007
Currency	VND
Initial Fund Size (VND Bil.)	VND214 (~US\$13 million)
Benchmark	VN-Index
Listing	Ho Chi Minh city Stock Exchange (HOSE)
Fund Manager	Manulife Vietnam Fund Management Company (MVFM)
Management Fee	2% NAV per annum
Number of Holdings	15-35
Expected Tracking Error	2%-9%

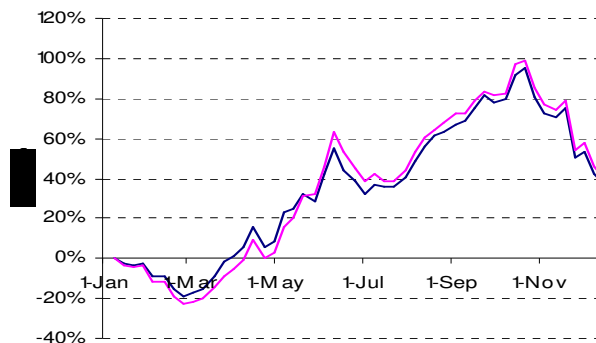
Investment performance

Calendar Year Returns (ending December 31)



(Source: MVFM, HOSE. Data as of 30 November 2009)

MAFPF1 YTD'09 Performance vs Benchmark



(Source: MVFM, HOSE. Data as of 17 December 2009)

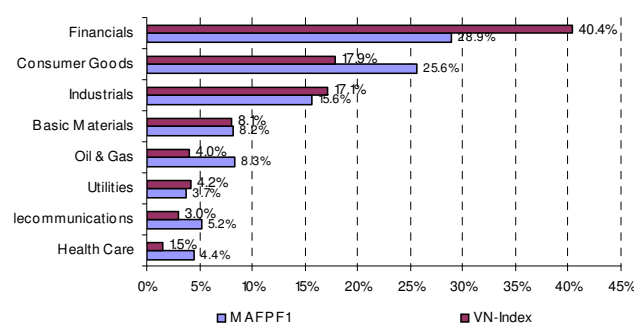
Annualized Returns

	2007	2008	YTD Nov'09	Since Inception
VN-Index	-14.29%	-65.95%	59.72%	-53.39%
MAFPF1	-5.81%	-54.33%	60.99%	-30.74%
Value added	8.48%	11.63%	1.27%	22.65%

Note: MAFPf1 was launched on 5 October 2007

(Source: MVFM, HOSE. Data as of 30 November 2009)

Sectors allocation



(Source: MVFM, Bloomberg)

About Manulife Vietnam Fund Management Company Limited

Manulife Vietnam Fund Management Company Limited (MVFM) is an affiliate to the MFC Global Investment Management (MFC GIM). Our value and expertise that we provide our clients are based on the integration of three elements that form the foundation of our investment management process: Culture of managing risk, teams of talented investment managers and organizational strength.

MVFM was licensed by the Ho Chi Minh City Planning and Investment Department under Business Registration Certificate No. 4104000117 on June 10, 2005 and received the Fund Management License No. 04/UBCKGPHDQLQ from the State Securities Commission ('SSC') of Vietnam on June 14, 2005; Amendment License No.06/UBCK-GPHDQLQ dated 11 October 2007 and Decision No. 413/QĐ-UBCK dated 12 July 2007 by the SSC. MVFM is an independently managed fund management company, which reports to the SSC.

MVFM is fully staffed by licensed investment professionals and provides a full range of products and services commensurate with a top tier fund management company. Assets under Management as of October 31, 2009 amounted to US\$287 million equivalent. Additional information about Manulife Vietnam Fund Management Company Limited may be found at www.manulifefunds.com.vn

About MFC Global Investment Management

MFC Global Investment Management® is the asset management division of Manulife Financial. MFC Global Investment Management's diversified group of companies provides comprehensive asset management solutions for institutional investors, investment funds and individuals in key markets around the world. This investment expertise extends across a full range of asset classes including equity, fixed income and alternative investments such as oil and gas, real estate, timber, farmland, as well as asset allocation strategies.

MFC Global Investment Management has investment offices in Canada, China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, Taiwan, Thailand, United Kingdom, United States and Vietnam. With more than 300 investment professionals, including 80 in Asia alone, MFC Global Investment Management offers worldwide expertise combined with local, on-the-ground knowledge and backed by a strong risk management framework. Additional information about MFC Global Investment Management may be found at www.mfcglobal.com

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