



VIETNAM INTELLIGENCE

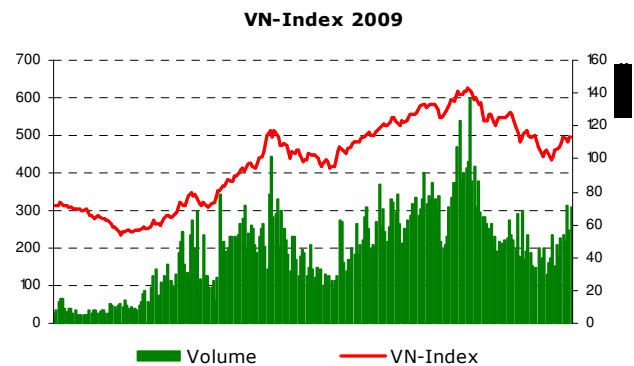
Welcome to the January, 2010 issue of Vietnam Intelligence, Manulife Vietnam Fund Management's ("MVFM") monthly publication that contains our regular roundup of market views and fund updates from the Vietnam investment team.

Equity market Outlook

by Mark Canizares, Head of Equities

By mid-January, the benchmark VN Index has been relatively in line with Asian peers, up less than a percent and close to the 500-point level. As mentioned in our December issue, macroeconomics have dictated the move and sentiment in the last couple of weeks, following adjustments by the State Bank of Vietnam to the base rate to 8% and the depreciation of the Vietnamese dong.

For the remainder of the month and going into the first two weeks of February, we expect lacklustre trading to occur, barring unforeseen surprises on the policy front (e.g. changes in the base rate, etc.). Traditionally, the weeks leading to the annual Tết Nguyên Đán ("Tết") festival leads to a slowdown in trading as the local populace gears up for the country's most important and popular holiday. For 2010, the festival also coincides with the exchanges being shut for a full week. We do not therefore expect any significant moves in the market leading to the holiday, and range-bound trading may be expected.



(Source: HOSE, MVFM)

Tết-related psychology may influence short-term market movements, but will be unlikely to persist. As it is taboo to start the Vietnamese New Year with debts, there might be some pressure to unwind stock-related loans that helped fuel the market's resurgence last year. On the other hand, there might be some positive sentiment towards the consumer-related names, as the entire country prepares feasts to welcome the New Year.

Although the holidays will somewhat relieve current concerns in the market, they will undoubtedly be the focus again once the season is over. Key risks that could resurface would include macroeconomic concerns, including the country's trade deficit and an expected increase in the inflation figure. Of note, though, is that the government's stimulus package will help offset any negative sentiment flowing from the return of the

aforementioned macro risks, as the government is still bent on ensuring that the country's GDP achieves 6.5% this year, with most of the growth being expected in the second half of 2010. We continue to maintain our thesis that Vietnam is a long-term growth story and believe that in the coming New Year its economic prospects will remain bright as the economy continues with its development and industrialization.

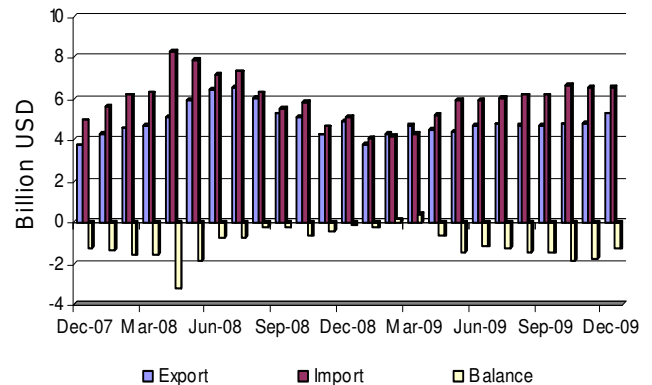
Fixed Income Market Outlook

by Putu Yudhana, Fixed Interest Manager

We reiterate our expectation for tighter monetary policies for 2010. A government report released in the second week of December 2009 called for a shift from a loose monetary policy to a cautious flexible policy. This is to ensure a reasonable credit growth rate, thus supporting target of macroeconomic stability, economic development, and inflation prevention. The central bank also mentioned that it aimed to slow credit growth to about 25% in 2010, compared to 38% in 2009.

Also a government focus for 2010 is the widening trade deficit, which usually follows economic recovery. GDP growth for Q4 2009 was 5.32%, compared to 4.6% in the previous quarter. Having said that, there was a positive development in December 2009, where the trade gap decreased by 38% to USD 1.3 billion, compared to USD 2.08 billion in November. This made the 2009 deficit at USD 12.25 billion, which is lower by 32% compared to 2008. In the midst of VND devaluation concerns, this trend may help improve market sentiments.

Vietnam Trade Balance



(Source: Bloomberg)

On the bond issuance side, primary market activities were still limited during December, with only VND 30 billion of government bond issued. We expect similar situation to occur in January 2010, despite the government target of VND 56 trillion for the full year. However, pressures to issue more bonds will increase this year, due to total issuance size back in 2009. There are some expectations of issuance in the longer tenor, as the yield curve is now inverse and long term market yields are lower. In the secondary market, yields are still expected to go up, following the movement in the interest rates. Having said that, significant volatility like what happened in 2008 is less likely.

FUND UPDATES

MANULIFE PROGRESSIVE FUND (MAFPF1)

Introduction

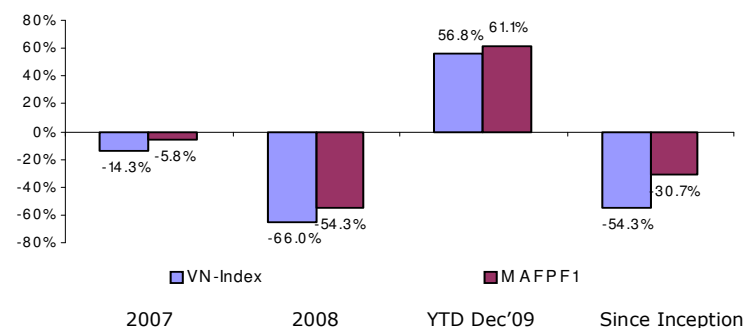
MAFPF1 was Vietnam's first foreign-managed pure equity fund to be structured as a local equity fund. This new and innovative fund structure for Vietnam allows foreign investors to access investments such as banks and key blue-chip companies, which would otherwise be restricted to local Vietnamese investors – 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 31 December 2009)

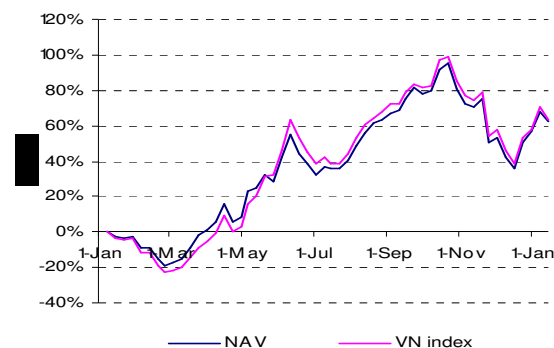
Annualized Returns

	2007	2008	YTD Dec'09	Since Inception
VN-Index	-14.29%	-65.95%	56.76%	-54.26%
MAFPF1	-5.81%	-54.33%	61.13%	-30.68%
Value added	8.48%	11.63%	4.37%	23.58%

Note: MAFPf1 was launched on 5 October 2007

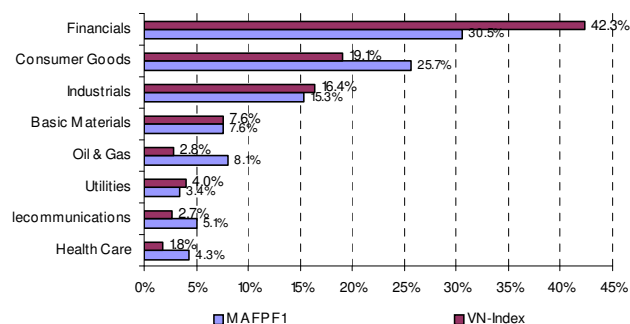
(Source: MVFM, HOSE. Data as of 31 December 2009)

MAFPF1 YTD'09 Performance vs Benchmark



(Source: MVFM, HOSE. Data as of 14 January 2010)

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 December 31, 2009 amounted to US\$281 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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