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Nomura Vietnam Innovative Index

QUANTITATIVE

Launching of Nomura Vietnam Innovative Index

The Nomura Vietnam Innovative Index is an index derived from Nomura's index series. It is developed to provide investors with an effective tool to invest in Vietnam's growing financial market. It is a tradable index tracking the performance of 15 large cap companies on the Ho Chi Minh Stock Exchange (HOSE).

The index is selected based on high market capitalisation, good liquidity and sector representation. The following describes how the Nomura Vietnam Innovative Index is maintained.

- Number of stocks in the country
- Market capitalisation and liquidity
- Market representation
- Foreign trading restriction
- Foreign trading availability
- Market coverage

Nomura Global Index Products

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Exhibit 1. Characteristics and structure of the Nomura Vietnam Innovative Index

Nomura Vietnam Innovative Index	
No. of constituents	15
Base date and value	29-Jun-2007 as 100
Index type	Market cap weighted
Calculation frequency	Daily
Calculation currency	US dollars, local currency
Review frequency	Quarterly

Exhibit 2. Group weighting of Nomura Vietnam Innovative Index (As of 7 March, 2008)

Group Name	No. of stocks	Weighting (%)
Consumer Products	2	6.8
Diversified Holdings	-	-
Energy	1	8.9
Financial	3	23.1
General Industries	5	29.5
Services	4	31.7
TOTAL	15	100.0

Source: Nomura International (HK) Limited

Exhibit 3. Constituent stocks of the Nomura Vietnam Innovative Index (As of 7 March, 2008)

	Bloomberg Code	Company Name	Weighting (%)
1	DPM VM	PETROVIETNAM FERT & CHEMICAL	14.5
2	PPC VM	PHA LAI THERMAL POWER	10.3
3	VPL VM	VINPEARL JSC	9.4
4	PVD VM	PETROVIETNAM DRILLING AND WE	8.9
5	FPT VM	CORP FOR FINANCING AND PROMO	8.7
6	ITA VM	TAN TAO INDUSTRIAL PARK CORP	8.0
7	VIC VM	VINCOM JSC	7.9
8	HPG VM	HOA PHAT GROUP JSC	7.2
9	SSI VM	SAIGON SECURITIES INC	7.1
10	KDC VM	KINHDO CORPORATION	4.6
11	SJS VM	SONGDA URBAN & INDUSTRIAL ZO	4.4
12	VSH VM	VINH SON - SONG HINH HYDROPO	3.3
13	DHG VM	DHG PHARMACEUTICAL JSC	2.3
14	HT1 VM	HATIEN 1 CEMENT JSC	1.9
15	TRC VM	TAY NINH RUBBER CO	1.5

Source: Nomura International (HK) Limited

1) The number of stocks selected from the market and market coverage

The Nomura Vietnam Innovative Index tracks 15 tradable companies on the Ho Chi Minh Stock Exchange in Vietnam. The Nomura Vietnam Innovative Index aims to cover about 50% of the HOSE's market capitalisation.

2) Market capitalisation

The index aims to cover high-capitalisation and quality companies in the index. Domestic HOSE companies are ranked by market capitalisation. Foreign shareholding limits are not considered during this stage of screening.

3) Liquidity

Since the Nomura Vietnam Innovative Index was designed as a tradable benchmark, all constituent stocks must themselves be tradable on the stock market. The Quantitative Research Department of Nomura Int'l (HK) Ltd examines each individual stock's average daily trading value over time, and the frequency of trading is used as a means of selecting the most liquid securities. The liquidity criterion for a stock's selection is not fixed in absolute value, but relative comparisons against the average level of trading activity in the country are considered.

4) Market representation

Achieving a high degree of market representation is a key goal of the index. Market representation can be measured in terms of capitalisation and the correlation of a stock's performance against that of the local index.

5) Trading restrictions on foreign investors

The Nomura Vietnam Innovative Index takes into consideration restrictions on foreign shareholders. The index excludes companies or portions of shares which are unavailable to foreign investors, basically due to foreign ownership limits. This ensures that the index reflects market characteristics, satisfying the interests of international institutional investors. In general the aggregate foreign investment limit for Vietnam companies is 49%; for banks it is 30%. Those companies that have reached the limit or have limited room for foreign investors are excluded from the eligible universe.

