



VietNam Holding Ltd. (VNH) is a value investor, aiming to generate high risk-adjusted returns by combining rigorous financial analysis with interactive sustainability research. Its current investment themes are agriculture, domestic consumption and urbanization. VNH's ordinary shares and warrants are listed on the London Stock Exchange's AIM.

Fund Statistics

Total NAV USD 146,875,869

NAV per share USD 2.678

Shares in issue 54,854,947

Treasury shares 10,487,673

Equity investments 97.63%

Number of investments 24

Vietnam News

Headline second quarter Vietnamese GDP growth came in at a rather modest 5.5%, essentially unchanged from the first quarter figure. Closer examination reveals a similar underlying story to the first quarter: agriculture (-0.2% in 2nd quarter) and extractive industries (-2.9% in 2Q) were again a major drag on the overall figure, with manufacturing (+10.1% in the first half year) construction (+8.8% in 1H) and retail/wholesale (+8.1% in 1H) all performing very well. In light of the El Niño aftermath and global oil glut phenomena, the GDP figures in themselves are perfectly fine and do not appear to be a cause for worry.

Of greater concern is the risk that the government over-emphasizes its full year GDP plan growth target of 6.7%, which could lead to excessively loose monetary policymaking during the second half of the year. While the current government is to be commended for generally showing itself to be attitudinally pro-business, market participants are watching carefully to make sure this ambitious growth target does not morph into an

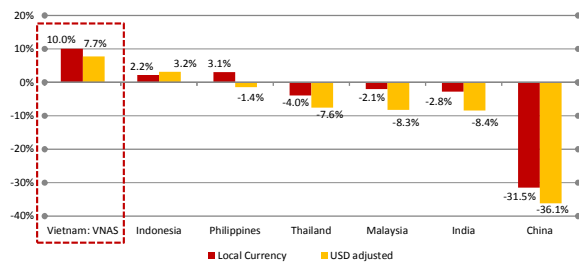
encouragement for the banking sector to lend egregiously at a 20-plus percent growth rate. Why the concern? First, although the residential property sector is barreling along very nicely - with condominium transactions in the two main cities recently running at two times the previous 2010 peak and six times the 2012 trough - there are early signs of lending growth to this sector being too hurried at this point in the cycle. The government has recently diluted and pushed back the implementation date of measures to contain property sector lending. Second, we might be the first canary in the coal mine here, but consumer price inflation needs careful monitoring. This has now shown two consecutive months of 0.5% month-on-month growth, putting the June year-on-year figure at 2.4%. No cause for panic, just worth paying careful attention to: a month-on-month figure of 0.8% - which Ho Chi Minh City registered in June - actually represents over 10% inflation when annualized.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	27.3	2.4	2.0
Philippines	23.0	2.7	1.7
India	19.8	2.9	1.5
Thailand	19.8	1.8	3.3
Malaysia	18.3	1.6	3.1
China	16.1	1.6	2.1
Vietnam: VNAS	12.9	1.6	3.5

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 30 June 2015 to 30 June 2016.

VNH Insights

Another 3.5% gain for the Vietnam All Share Index in June increases the calendar half year performance to +9.2% in VND and +10.1% in USD. In turn, VNH's monthly NAV performance was +10.9% for a net asset value per share of USD 2.678, putting the half year performance at +20.0%.

VNH would be perfectly happy as Vietnamese equity investors if the 2016 full year GDP growth outcome was in the vicinity of 6.0%; this in itself would imply improved growth in the second half.

We do not see any reasons for the government to play fast and loose with the monetary policy. The new prime minister and his

mostly newly appointed cabinet are very keen to be seen as supporting growth. VNH intends to maintain its measured approach in this context.

With Vietnam's growth story looking likely to continue apace, VNH's measured approach should continue to position it well for the future.

However, it is important that the authorities do not forfeit their prudential oversight. Despite our words of warning, VNH remains positive on the Vietnamese equity market outlook.

Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Stock Exchange	London AIM
Management Fee	2.00% for NAV < \$100M 1.75% for NAV > \$100-150M 1.50% for NAV > \$150M
Performance Fee	15% (hurdle rate 5%)
LSE Ticker	VNH
Bloomberg Ticker	VNH LN Equity
ISIN	KYG9361X1043

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Investment Manager

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Net Asset Value / Portfolio

NAV per Share Performance

Last month	10.94%
Year-to-date	19.98%
Last 12 months	29.31%

Portfolio Statistics

P/E (trailing)	13.73x
Dividend yield	2.66%
PEG (trailing)	2.14
PEG (forward)	2.01
Beta	0.68

Median market cap / investment (USD million)	156.30
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Share Price / Discount

Share Price Performance

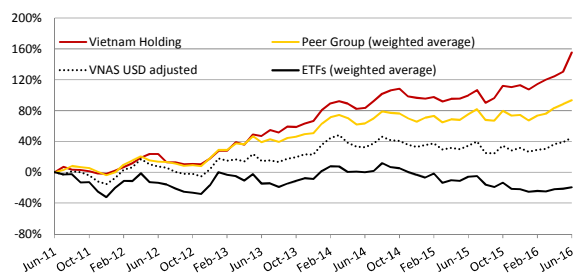
Last month	4.03%
Year-to-date	10.95%
Last 12 months	18.03%

Sharpe ratio	1.31
Alpha	0.25
Beta	0.54

Market capitalisation (USD million)	116.70
Share Price Discount to NAV	20.56%

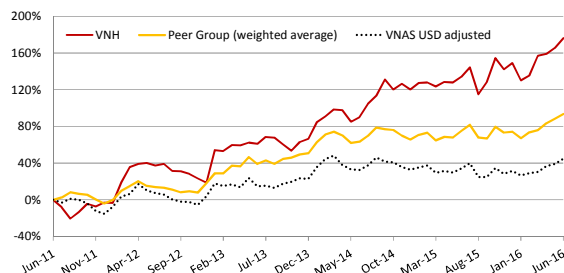
Operating Expense Ratio (12 month rolling)	2.92%
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NAV Performance vs. VNAS and Peers



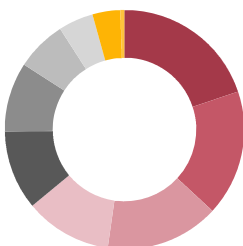
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. VNAS and Peers



Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity.

Industry Allocation



- Industrial Goods & Services (19.4%)
- Retail (16.6%)
- Health Care (15.0%)
- Real Estate (11.5%)
- Construction & Materials (10.5%)
- Food & Beverage (9.1%)
- Telecommunications (6.7%)
- Automobiles & Parts (4.6%)
- Personal & Household Goods (3.7%)
- Banks (0.6%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.66%
Phu Nhuan Jewelry	HOSE	9.60%
Viconship	HOSE	7.31%
Vinamilk	HOSE	7.02%
Thien Long Group	HOSE	7.01%
FPT Corporation	HOSE	6.70%
Binh Minh Plastic	HOSE	6.40%
Hoa Phat Group	HOSE	5.39%
Danang Rubber	HOSE	4.60%
Hoa Sen Group	HOSE	3.74%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251	Stifel Nicolaus	Shayne Barge +44 207 710 7665
Jefferies	Michele White +44 207 898 7127	Numis Securities	David Cumming +44 207 260 1376
JPM Cazenove	Steven Cheshire +44 207 155 8063	finnCap	James Simpson +44 207 220 0558
Investec	Peter Brown +44 207 597 5063	Peel Hunt	David Kininmonth +44 207 418 8895

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Principles for Responsible Investment

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