



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 two main investment themes are agriculture and domestic consumption. VNH is listed on both the London and the Frankfurt stock exchanges.

Fund Statistics

Total NAV USD 119,713,071

NAV per share USD 1.895

Shares in issue 63,167,501

Treasury shares 4,369,739

Equity investments 98.26%

Number of investments 23

Vietnam News

Vietnam's equity markets were not slow to greet 2014, with the VNI rising over 10.3% to end January at 556.5. This was largely a volume-driven rally, with investors heartened by a number of real and potential developments that has breathed yet more life into the equity markets.

Those developments include an increasing likelihood that some listed firms will be able to have up to 60% of their shares held by foreign investors, pending various approvals, along with a more modest increase in the proportion of shares that a single foreign strategic investor may hold in a local bank (from 15% to 20%). The maximum total foreign ownership in a non-bank financial institution has been set to increase from 30% to 49%.

The macro-economic situation also seems to be gradually picking up, with the government aiming for 5.8% GDP growth in 2014; up from 5.4% in 2013 and 5.0% in 2012. Despite the avid retail shopping that tends to precede the Tet lunar new year festivities, inflation in January was just 0.69% MoM, taking the YoY figure to 5.45%. At the end of January, one US dollar bought 21,039 VND, largely unchanged from the previous month. In the middle of the month, Fitch adjusted its outlook for Vietnam from stable to positive.

The central bank claims that, largely thanks to the work of the Vietnam Asset Management Company (VAMC) 'bad bank', total bad debt in the banking sector is now 3.8%. Since it commenced operations in July, the VAMC claims to have

bought the equivalent of US\$1.9bn in NPLs from various local banks, and is targeting a further US\$4-7bn in 2014. That could take quite a lot of pressure off local banks, which will be expected to abide by more stringent loan classification and provisioning regulations in June. Credit growth in 2013 was reported to be 12.5%.

The government issued a new decree pertaining to the State Capital Investment Corporation (SCIC), under which its portfolio is to be reduced from 380 to 100 stocks by 2015. To help the SCIC do this, it will be permitted to sell shares in some companies at below par value; a privilege not extended to large State-owned enterprises (SOE) that have been instructed to divest their non-core assets.

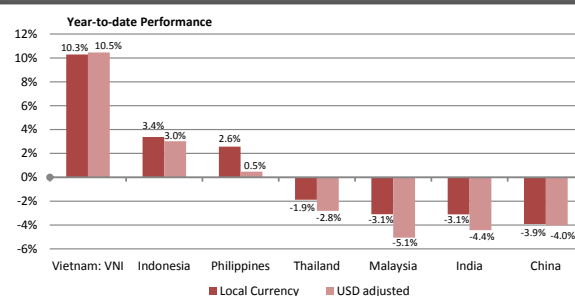
While there have been numerous premature expectations in the past, some investors suspect that a pick-up in SOE restructuring and privatizations could be in the offing. The much-delayed listing of the Bank for Investment and Development of Vietnam (BIDV) shares in January may be a leading indicator of what is to come in the year ahead. It is certainly true that a few large IPOs like that of BIDV could catalyse a greater inflow of institutional funds, attracted by the larger market capitalization and by higher liquidity. Just a handful of substantial and attractive companies, sensibly priced, could have a significant positive effect on how Vietnam's equity markets are perceived by international asset managers.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	20.44	2.49	2.16
Philippines	17.65	2.57	2.31
Malaysia	17.57	1.96	3.39
India	16.87	2.52	1.60
Thailand	14.09	1.96	3.36
Vietnam: VNI	13.88	1.93	3.43
China	10.22	1.35	3.09

Source: Bloomberg.

Regional Stock Market Comparison



Source: Bloomberg.

VNH Insights

VNH's net asset value per share increased by 8.7% in January, which in turn was topped by the VNI's impressive start into the new year. The main reason for VNH's negative variance to the market benchmark was that the majority of the incremental liquidity came from foreign investors, which showed a strong preference for the large caps, while VNH's portfolio is mid-cap centric. Led by the two Vietnam ETFs net foreign investment bought a total of USD80mn on the HOSE and USD6.5mn on the Hanoi Stock Exchange.

Symptomatically, PetroVietnam Drilling (PVD) was one of VNH's few large caps which performed particularly well in January (+18%) and consequently ended the month as the second largest investment in the portfolio.

Besides the fact that the Vietnamese Stock Market continued last year's 22% rally in the new year and the anticipated increase in foreign ownership, Vietnam's improved macro indicators further spurred the interest of internal investors.

Another factor supporting the equity market was the HSBC's latest Purchasing Manager's Index (PMI) which was reported to be 52.1 in January 2014. This was the highest PMI in 33 months and January was the fifth consecutive month the index stayed above the expansion level of 50.0.

On Feb. 6, VietNam Holding Asset Management was pleased to announce the appointment of Mr. Pham Ngoc Bich as its new CEO. Mr. Bich served most recently as Managing Director of Institutional Sales at SSI, Saigon Securities Inc., a leading local broker. Prior to joining SSI in 2010, Mr. Bich held senior management positions at international financial institutions in global financial markets, including as CEO of Prudential Vietnam Fund Management, Managing Director at CIBC Global Capital Management in Hong Kong and Chief Portfolio Manager of CIBC Wood Gundy in Canada. Mr. Bich graduated from the Université de Montreal with a MBA, and has been a CFA Charter holder since 1993. We look forward to Mr. Bich joining us on March 17.

Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Exchanges	London AIM Frankfurt Entry Standard
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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Net Asset Value / Portfolio

NAV per Share Performance

Last month	8.66%
Last 3 months	14.01%
Year-to-date	8.66%
Last 12 months	41.63%

Portfolio Statistics

P/E (trailing)	10.71
Dividend yield	3.20
PEG (forward)	8.96
Beta	0.81
Average market cap (USD million)	814

Total Expense Ratio 3.59% (FY 2013)

Share Price / Discount

Share Price Performance

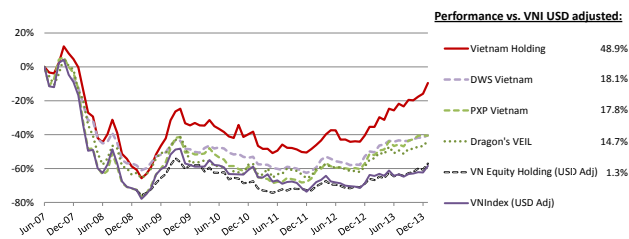
Last month	10.92%
Last 3 months	20.30%
Year-to-date	10.92%
Last 12 months	19.79%

Market capitalisation USD 89.86M

Share Price Discount to NAV

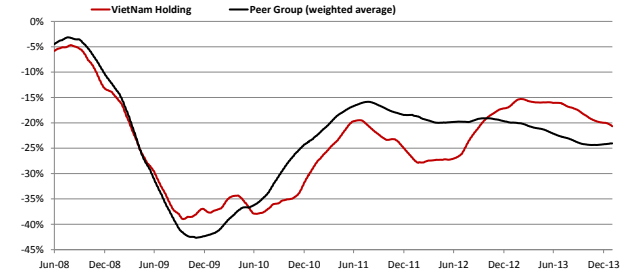
VNH 52 weeks average	20.68%
Peer Group 52 weeks weighted average	24.05%

NAV Performance vs. VN Index and Peer Group



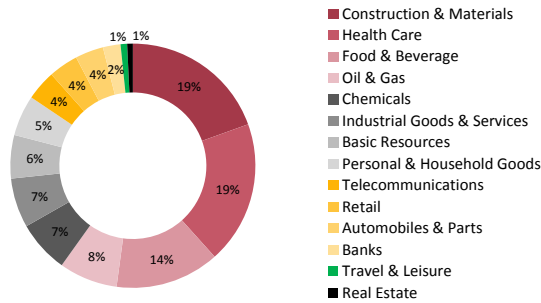
Source: Bloomberg and LCF Rothschild.

52 Weeks average Share Price Discount to NAV per Share



Source: Bloomberg and LCF Rothschild. Peer Group: Dragon's VEIL, PXP/PVF, VEH.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Hau Giang Pharma	HOSE	8.50%
Petrovietnam Drilling	HOSE	7.60%
Vinamilk	HOSE	7.59%
Traphaco	HOSE	7.28%
Binh Minh Plastic	HOSE	6.92%
AnGiang Plant Protection	OTC	6.78%
Hoa Phat Group	HOSE	6.55%
Viconship	HOSE	5.94%
Hung Vuong Corporation	HOSE	5.93%
Thien Long Group	HOSE	5.16%

London Stock Exchange Market Makers

Oriel Securities	Shayne Barge +44 207 710 7665	Winterflood	Richard Browne +44 203 100 0251
Jefferies	Michele White +44 207 898 7127	Numis Securities	David Cumming +44 207 260 1376
JPM Cazenove	Steven Cheshire +44 207 155 8063	LCF Rothschild	Johnny Hewitson +44 207 845 5960
Investec	Peter Brown +44 207 597 5063		



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