



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 126,834,038

NAV per share USD 2.011

Shares in issue 63,079,188

Treasury shares 4,458,052

Equity investments 98.37%

Number of investments 23

Vietnam News

In Vietnam several key macro-economic indicators ended the first quarter of 2014 at a 3-year high: 1) the Q1-2014 GDP growth of 4.96% was mainly driven by the accelerating service sector, 2) the trade balance marked a surplus of USD 1bn (USD 33.3bn exports versus USD 32.3bn imports), 3) the retail sales growth of 5.1% indicates that domestic consumer confidence is strengthening, and 4) by the 4.96% industrial production growth, led by the manufacturing sector which is increasingly strongly dominated by foreign direct investment.

These encouraging numbers provide evidence of a gradual improvement of Vietnam's economic growth rate. At the same time inflation decreased further, as the Consumer Price Index (CPI) declined by 0.44% between February and March. As a result, the YoY CPI was at 4.39% versus 4.65% in the previous month. On the back of these positive developments, the State Bank of Vietnam cut a number of key interest rates in March, including the refinancing rate from 7.0% to 6.5% and the discount rate from 5.0% to 4.5%.

The latest HSBC Purchasing Manager's Index (PMI) delivered another positive macro-economic indicator. According to that leading economic indicator, Vietnam's PMI for March was at 51.3, slightly higher than the 51.0 in February and produced the seventh consecutive month above 50.0, the threshold which indicates growth in the country's manufacturing sector.

Discussions regarding foreign ownership limits (FOL) still continue, with the State Securities Commission circulating a draft circular with no specific FOL ratio, but which will likely be raised from the current limit of 49% to within the 60-75% range. Investors expect feedback from the Prime Minister's office in late April and approval by the Ministry of Finance in May. Meanwhile, several listed companies have added and item to vote to increase the FOL in their shares to their Annual General Meeting agenda, to prepare a swift implementation of the new regulation once it is rolled out.

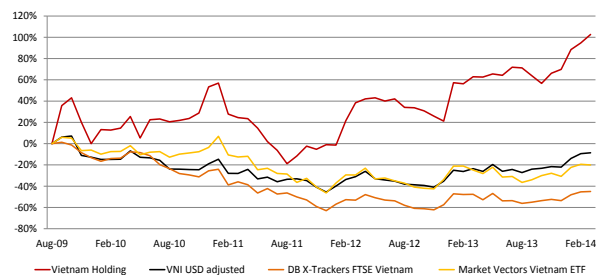
In the equity markets, the HoSE's Vietnam Index (VNI) ended March with a slight gain of 0.87%, as many investors chose to take some of their profit towards the end of the month, after the VNI had gained 20% YTD by March 24th. There were also some concerns of margin loans reaching their limits at some securities brokerage firms. Despite this, the Hanoi HNI-Index managed to advance 7.6% in March. Average trading liquidity improved on both exchanges, with a new record trading volume on March 26th, boosted by end-of-quarter rebalancing by the two Vietnam ETFs. The YTD average daily trading volume on HOSE was USD 111.1mn.

As at the end of March the VNI was up 17% YTD and the Vietnam stock market stays ahead of its regional peers in this comparison.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	30.5	2.6	2.0
Philippines	19.6	2.9	2.0
India	17.8	2.7	1.5
Malaysia	17.0	2.0	3.2
Thailand	15.6	2.1	3.1
Vietnam: VNI	14.2	2.0	3.1
China	9.9	1.4	3.0

Source: Bloomberg.

VNH Share Price Performance vs. Vietnam ETFs

Source: Bloomberg. Since August 2009 (Launch of Market Vectors Vietnam ETF).

VNH Insights

Over the past year, VNH has reduced its agricultural portfolio from 35% in December 2012 to merely 12% as of March 31st, 2014. This reduction was the result of three decisions:

1. We have started to underweight most of our investments in this sector in anticipation of declining global agricultural commodity prices;
2. We have exited from our rubber plantation investments for reasons related to these companies ESG practices leading up to and following the 'Rubber Barons' report published by the NGO Global Witness;
3. We have recently exited our largest theme investment in response to corporate governance concerns.

In our VNH interim report of December 31st, 2013, we took an in-depth look at the investment opportunities relating to Vietnam's challenges as well as opportunities relating to its urbanization trend. Our comprehensive examination of this mega trend has resulted in several very attractive new investments.

During the past quarter, Vietnam saw USD 40.0mn in net foreign investments into the Vietnam equity market. During all of last year, the net inflow was USD 126.6mn. Most of these investment inflows were channelled through the two Vietnam ETFs, the Deutsche Bank X-Trackers FTSE Vietnam ETF and the Market Vectors Vietnam ETF.

In our table above we show that the better of the two ETFs has barely kept track of the main market index VNI, while the DB X-Tracker has underperformed the VNI by almost 40% since August 2009, the date when the second of these ETFs was launched.

During the same period, VNH outperformed the index by a substantial margin (see above table) and has produced very high positive returns for its investors. The same holds true when benchmarked against each of our actively-managed peer funds, as our traditional peer comparison table on the next page shows.

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	1.36%
Last 3 months	15.31%
Year-to-date	15.31%
Last 12 months	38.12%

Portfolio Statistics

P/E (trailing)	12.15x
Dividend yield	2.98%
PEG (forward)	0.55
Beta	0.91
Average market cap / investment (USD million)	610.16

Total Expense Ratio	3.59% (FY 2013)
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Share Price / Discount

Share Price Performance

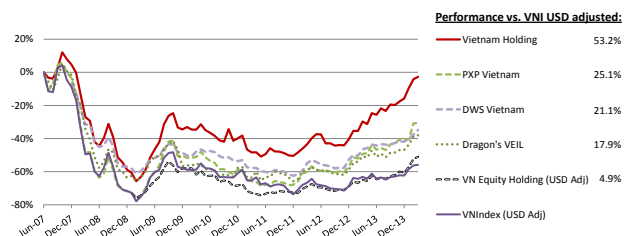
Last month	4.08%
Last 3 months	19.30%
Year-to-date	19.30%
Last 12 months	24.39%

Market capitalisation	USD 96.51M
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Share Price Discount to NAV

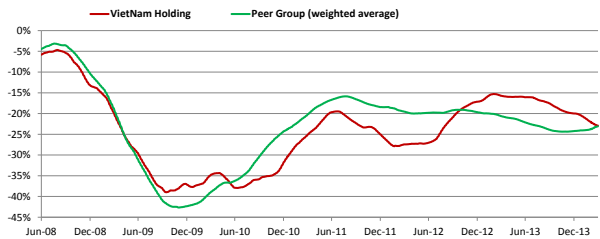
VNH 52 weeks average	22.91%
Peer Group 52 weeks weighted average	23.09%

NAV Performance vs. VN Index and Peer Group



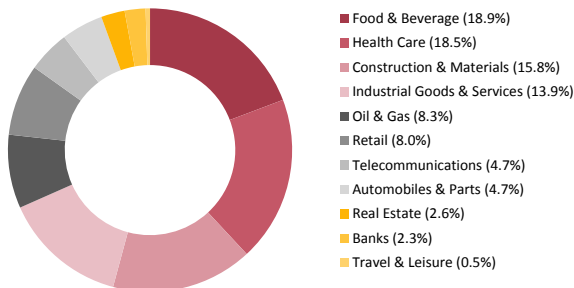
Source: Bloomberg and LCF Rothschild.

52 Weeks average Share Price Discount to NAV per Share



Source: Bloomberg and LCF Rothschild. Peer Group: Dragon's VEIL, PXPVF, VEH.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Hau Giang Pharma	HOSE	8.88%
PetroVietnam Drilling	HOSE	8.24%
Hoa Phat Group	HOSE	7.41%
Traphaco	HOSE	7.14%
Vinamilk	HOSE	7.14%
Binh Minh Plastic	HOSE	6.87%
Hung Vuong Corporation	HOSE	6.26%
Viconship	HOSE	5.95%
FPT Corporation	HOSE	4.70%
Danang Rubber	HOSE	4.67%

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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