



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 105,937,406	NAV per share	USD 1.662
NAV last month	-1.54%	NAV last 12 months	43.03%
Equity investments	91.83%	Number of investments	25

Vietnam News

Vietnam's equity markets virtually stood still in October, with the benchmark VNI ending the month broadly unchanged at 497. However, there was increased net buying by foreign investors, reacting possibly to a wide range of improving macro-economic data releases.

The Purchasing Manager's Index (PMI) for October was the same as September, at 51.5, indicating an increasing rate of manufacturing growth, primarily for export, with foreign-invested enterprises leading the charge.

Inflation was also benign in October, at 0.49% MoM, compared with 1.06% in September. This takes the YoY inflation figure to 5.92% and the YTD figure to 5.14%, which in turn may encourage some further monetary loosening.

The VND held steady during October, broadly unchanged at 21,100 / 21,125 to the Dollar. Speaking during his visit to the US, Prime Minister Nguyen Tan Dung indicated that Hanoi does not want to see the VND depreciate by more than 3% in 2013, despite even larger devaluations already seen this year in a number of other Southeast Asian economies.

Vietnam's balance of payments benefits from steady inward remittances from the roughly 4mn Vietnamese that reside overseas. The World Bank estimates that they will send around US\$11bn into the country this year. Although the country is the world's 13th largest country by population it is the ninth largest recipient of inward remittances.

October exports increased 16% YoY to US\$11.7bn, driven by electronics, mobile phones, footwear and garments. Imports were at US\$11.9bn in October, resulting in a cumulative US\$ 187mn trade deficit for 10 months, however, this figure does not include gold imports of USD 1.8bn.

Registered Foreign Direct Investments (FDI) reached USD 19.2bn, 65.5% over the same period last year. 78% of the FDIs were flowing to the processing and manufacturing industries. South Korea is the leading investor in the year to date, ahead of Singapore, China and Japan.

The industrial production index continues to grow at the steady annual rate of 5.4%. Retail sales grew by 5.5% YoY, slightly higher than the previous month's 5.3%, but lower than 2012's level of 6.8%.

Finally, the National Assembly went into session in October. It debated the 2014 economic plan with the following cornerstones: GDP growth of 5.8%, inflation below 7%, a 10% export growth and a trade deficit of 6% of total exports. It also backed an increase of the budget deficit cap from 4.8% to 5.3% of GDP. A 7.8% shortfall in government revenues this year is the main culprit for this year's US\$ 9bn deficit. Up to US\$ 8bn domestic treasury bonds issued in VND in 2014-2016 will help to fund the higher deficit level.

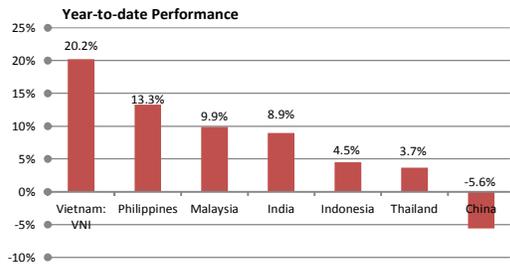
In the latest "Doing Business Survey" of World Bank, Vietnam was ranked 99th out of 189 countries covered, ahead of the Philippines, Indonesia and India, and only 3 places behind China.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Philippines	19.54	2.87	2.11
Indonesia	19.42	2.57	2.18
India	18.41	2.66	1.48
Malaysia	17.65	2.05	3.32
Thailand	15.74	2.29	2.99
Vietnam: VNI	12.59	1.75	4.09
China	10.88	1.42	2.97

Source: Bloomberg.

Regional Stock Market Comparison



Source: Bloomberg.

VNH Insights

The Ministry of Agriculture and Rural Development has drafted a circular that, if approved, would give a green light for the first genetically modified crops to be grown commercially in Vietnam, initially for animal feed. Although Vietnam has been importing GM food and feed for some time, it has until now been quite wary about domestic production. This reluctance was in part because one of the leading GM seed producers formerly manufactured Agent Orange during the Vietnam War. If the decision is made to proceed, the hope is that yields can increase for a number of crops, and the country can reduce its dependence on the import of animal feed and some other agricultural commodities.

Although yet to be confirmed, a number of recent comments made by senior officials and draft circulars issued suggest that the government is gearing up to raise some foreign ownership limits, as advocated by the State Securities Commission. The first pertains to equity stakes in both listed and unlisted public companies. The current 49% cap on common shares in listed companies could

be increased to 60% through approval by the prime minister. In addition, an unlimited amount of non-voting preferential shares could be issued to foreign shareholders by companies that have hit the 49% ceiling. Similarly, the 30% cap on foreign ownership of local banks may also be raised, perhaps to 49%, or even higher in special cases.

The Vietnam Asset Management Company has begun buying up chunks of bad debts from local commercial banks, including AgriBank, Saigon-Hanoi Bank, Saigon Commercial Bank and PG Bank. Meanwhile, the Ministry of Finance's Debt and Asset Trading Company is preparing to issue over US\$625m in guaranteed bonds as part of the financial restructuring of Vinashin, soon to be renamed the Shipbuilding Industry Corp.

We cannot end this monthly Investor Report without mentioning the sad passing of General Vo Nguyen Giap, aged 102. General Giap masterminded the armed liberation struggles against the French as well as the U.S. forces.

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 < \$100M 1.50% for NAV < \$150M
Performance Fee	15% (hurdle rate 5%)
Shares in issuance	63,727,708
LSE Ticker	VNH
Bloomberg Ticker	VNH LN Equity
ISIN	KYG9361X1043

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Net Asset Value

Lowest NAV per Share since inception	USD 0.71
Highest NAV per Share since inception	USD 2.32
Positive Months	46.59%
Worst Month	-20.24%
Best Month	18.30%
Maximum Drawdown	-69.44%
Volatility p.a.	24.70%

Performance NAV per Share

Last 3 Months	2.61%
Year-to-Date	34.90%
Since inception annualized	-1.03%

Share Price

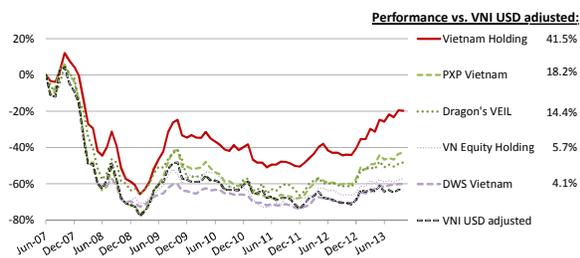
Share Price	USD 1.18
Discount to Net Asset Value	-28.87%
Market Capitalisation	USD 75.36M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

Performance

Last Month	-4.44%
Last 3 Months	-8.86%
Year-to-Date	29.23%
Last 12 Months	19.75%

Portfolio TER	PEG (forward): 0.65	Beta: 0.77	P/E (trailing): 9.37x
	3.59% (FY 2013)		

NAV Performance vs. VN Index and Peer Group



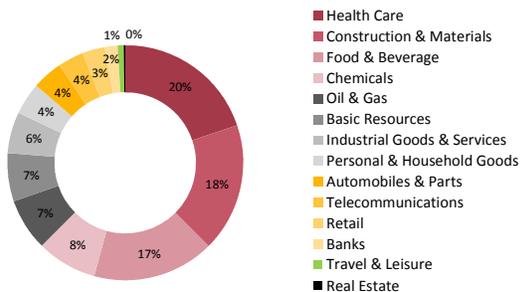
Source: Bloomberg and LCF Rothschild.

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
Vinamilk	HOSE	8.50%
Hau Giang Pharma	HOSE	7.88%
AnGiang Plant Protection	OTC	7.65%
Traphaco	HOSE	7.21%
Petrovietnam Drilling	HOSE	6.56%
Binh Minh Plastic	HOSE	6.46%
Hung Vuong Corporation	HOSE	5.78%
Viconship	HOSE	4.73%
Hoa Phat Group	HOSE	4.34%
Thien Long Group	HOSE	4.08%

London Stock Exchange Market Makers

Oriel Securities	Shayne Barge +44 207 710 7665
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JPM Cazenove	Steven Cheshire +44 207 155 8063
Investec	Peter Brown +44 207 597 5063

Winterflood	Richard Browne +44 203 100 0251
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