



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 91,032,329

NAV per share USD 1.734

NAV last month 5.22%

NAV last 12 months 36.88%

Equity investments 97.96%

Number of investments 27

Vietnam News

Mostly due to the foreign industrial sector, Vietnam achieved a small US\$200m trade surplus in July, according to initial estimates, thereby taking the trade deficit YTD to a very modest US\$733m, on exports of US\$72.74bn and imports of US\$73.47bn. A new star performer in exports has been the fruit and vegetable sector which racked up export earnings of over US\$490m in 1H2013; a 33.5% increase on the same period in 2012. China and Japan are the main export destinations, with dragon fruit, mangoes, lychees and longans leading the charge.

The inflation rate in July was 0.27% MoM, 7.29% YoY and 2.68% YTD. Food prices have started to trend up for the first time since 'Tet' (the lunar new year holiday), while the wider economy began to feel the impact of a hike in petroleum prices in June. It was announced that electricity prices would increase by 5% in August, and that too is expected to feed into next month's inflation figures. The VND held broadly steady in July, ending the month at 21,175 to the US dollar.

The government formally launched the Vietnam Asset Management Company (VAMC) in July, with the aim of reducing the size of non-performing loans (NPLs) among banks' loan portfolios. With working capital of just US\$24m

(against NPLs conservatively estimated at US\$7.8bn), and few details on how the VAMC will actually work, the reactions of some, including the World Bank, is that this initiative is no 'golden bullet'. Presumably in a bid to manage popular expectations, the central bank governor conceded at the launch that the VAMC would not be able to 'magic away' all of Vietnam's NPLs, 60% of which are reported to be 'category 5' (i.e. loans overdue for more than 360 days, and rescheduled loans overdue by more than 180 days), for which banks must provision for at 100%.

President Truong Tan Sang visited the White House in Washington in July, and signed a 'US-Vietnam Comprehensive Partnership Agreement' with President Obama. Also on the agenda was the Trans-Pacific Partnership trade initiative, in which Hanoi wishes to be an active participant, and the export of US military equipment to Vietnam. In June, Vietnam's Chief of the General Staff visited the Pentagon and met with his American counterpart, in the first ever such visit by the head of the military.

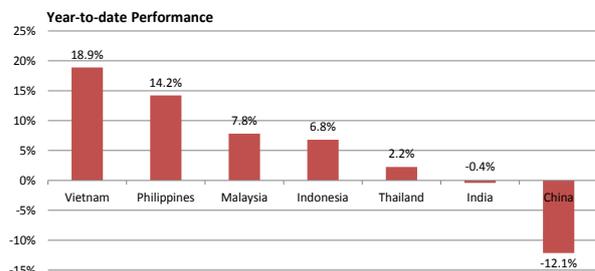
It was announced that McDonald's will open its first restaurant in Vietnam in 2014. The franchise to erect those famous 'golden arches' in the country has gone to Henry Nguyen, the son-in-law of the current prime minister.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Philippines	19.66	2.94	2.14
Indonesia	18.57	2.82	2.14
India	16.86	2.55	1.61
Thailand	15.82	2.25	3.03
Malaysia	15.73	1.98	3.37
Vietnam: VNI	13.55	1.77	3.61
China	10.72	1.37	3.20

Source: Bloomberg.

Regional Stock Market Performance Comparison



Source: Bloomberg.

VNH Insights

July was a relatively sedate month for Vietnam's equity markets. The benchmark VNI index closed at 491.85 on the last day of July, up 2.2% for the month and 18.9% YTD, but off its recent high of 527.97 recorded on 7 June 2013.

Last month the VNH NAV per share increased by 5.22%. The main contributor to this impressive outperformance of the VNI in July was Hau Giang Pharma (+25.3%), one of VNH's strong conviction mid-cap investments from the domestic consumption theme. After it had reported Q2 figures which were mostly in line with analysts' expectations, the company's stock rallied on rumours of a stock split as well as the ongoing discussions of a possible increase in the foreign ownership limits of Vietnamese equities. Eventually, Hau Giang Pharma paid its shareholders a cash dividend and no bonus shares were issued. The stock price maintained its upward trend nevertheless.

Generally, investors in Vietnam are following the developments around a potential introduction of non-voting depository receipts (NVDRs) with great

interest as this would lift the foreign quota and as a result more liquidity could be expected. At the current stage it is hard to foresee if or when this would be approved and implemented by the Ministry of Finance and the State Security Commission, respectively.

During the month of July VNH, through its corporate broker in London, Oriel Securities, bought back 1,020,000 of its own shares to be kept in treasury. This marks the most active month since the beginning of the share repurchase program in September 2010 and it underlines VNH's commitment to narrow the share price discount to NAV. In July the VNH share price increased by 4.6% amid the, as usual, rather sluggish trading volumes during the summer months. Due to the strong NAV performance the discount at month-end was still at 25% which was in line with the peer group's weighted average discount.

Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Exchanges	London AIM Frankfurt Entry Standard
Management Fee	2%
Performance Fee	20% (hurdle rate 5%)
Shares in issuance	52,510,411
LSE Ticker	VNH
Bloomberg Ticker	VNH LN Equity
Reuters RIC	VNHq.L
ISIN	KYG9361X1043

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Net Asset Value

Lowest NAV per Share since inception	USD 0.76
Highest NAV per Share since inception	USD 2.49
Positive Months	45.88%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	24.90%

Performance NAV per Share

Last 3 Months	13.66%
Year-to-Date	31.33%
Since inception annualized	-1.44%

Share Price

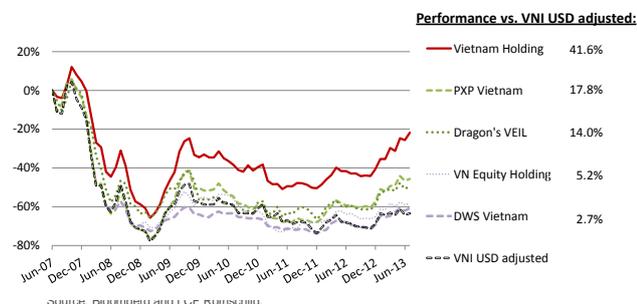
Share Price	USD 1.30
Discount to Net Asset Value	-25.01%
Market Capitalisation	USD 68.26M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

Performance

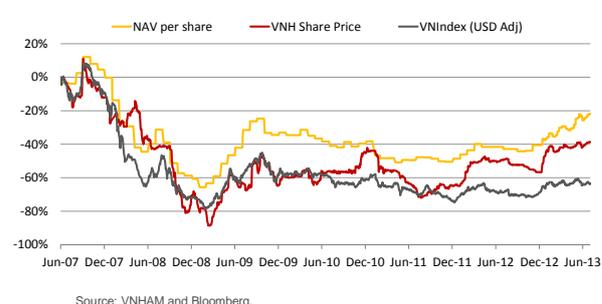
Last Month	4.64%
Last 3 Months	5.70%
Year-to-Date	41.80%
Last 12 Months	20.98%

Portfolio TER	PEG (forward): 0.35	Beta: 0.67	P/E (trailing): 9.24x
	3.59% (FY 2013)		

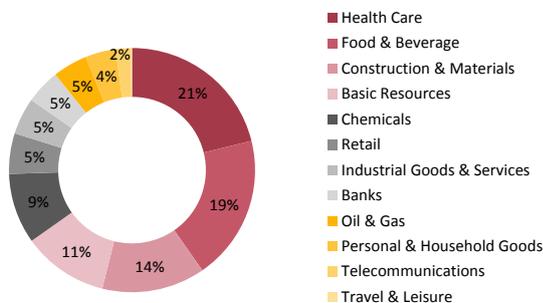
NAV Performance vs. VN Index and Peer Group



Share Price vs. NAV and VN Index



Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Hau Giang Pharma	HOSE	9.14%
Vinamilk	HOSE	9.08%
Traphaco	HOSE	8.92%
AnGiang Plant Protection	OTC	8.87%
Binh Minh Plastic	HOSE	7.98%
Hung Vuong Corporation	HOSE	6.74%
Petrovietnam Drilling	HOSE	5.22%
Thien Long Group	HOSE	4.90%
Viconship	HOSE	4.17%
National Seeds	HOSE	3.90%

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



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