



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 chief investment themes are domestic consumption and urbanization. VNH's ordinary shares are listed on the London Stock Exchange's AIM.

Fund Statistics

Total NAV USD 210,535,502

NAV per share USD 2.872

Shares in issue 73,301,667

Treasury shares 9,427,772

Equity investments 98.93%

Number of investments 27

Vietnam News & VNH Insights

Can't keep a good market down

June was even better for the market than May's 4.9% increase, with the Vietnam All Share Index rising 6.7% in dollar terms. This put the last 12 months' dollar performance for the index at +19.2%, more than all of which (+22.8%) has occurred in the past six months. VNH's NAV per share (with figures adjusted for the recent final warrant conversion) has grown 7.1% in June, 18.4% in the past six months, and 17.5% for the just-ended financial year.

As reported one month ago, VNH has suffered relatively in recent quarters from avoiding racy IPOs that we could not justify investing in on our strict value criteria, as well as being underweight, for similar reasons, in some other recently-strongly-performing sectors like construction and banks.

Second quarter Vietnamese GDP figures have been released, showing overall growth of 6.2% YoY, after the first quarter's disappointing 5.1%. The outcome for the full year seems likely once again to reach just above 6%. The feel of Ho Chi Minh City these days is one of vigorous economic boom, more so than at most times in our decade of operating in the nation. There is lots of high-rise construction, continuing work on infrastructure (most notably the metro, the first line of which is due to open in 2020), and strong consumer activity around department stores, restaurants and the like. The dark side: motor traffic is suddenly very bad – and no doubt getting worse.

Helpful developments on bad debt and privatisation laws

There has been some news on important economic reforms, which we wait to see whether they will have teeth or not. Firstly, a new law on non-performing loans, which should make it legally easier for creditors to sell bad debts and pledged assets at market price – and financially easier too, since they will be able to amortise resulting losses over ten years. To date, although the separation of bad loans into a government-sponsored asset management company has been useful in stabilising the banking system, there has been no next stage of asset recycling. This new law hopefully will begin to change that.

Second, new regulations are underway to make it easier for the government to sell shares in state-owned enterprises at whatever price the buyer(s) can be found. This is a necessary problem to address, because the next blocks of share sales to strategic and financial investors might have to be at a lower price than the ruling frothy stock market-listed price of their thin free floats. This process of further stake sell-downs is of vital importance to generate real improvement in the business performance of such companies and to make the stock market a deep and liquid one.

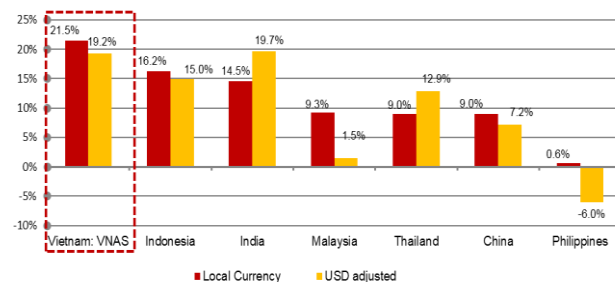
Interest rates in Vietnam remain stable and modest by historical standards, with the five year government bond trading below a 5% yield – some half a percent lower than six months ago. New foreign money is pouring into both the bond (nearly USD 700m so far this year) and stock markets (over USD 400m). The dong has been the most stable currency in the region versus the dollar over the past four years.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	24.9	2.5	2.2
India	23.1	2.9	1.1
China	17.1	1.7	1.8
Philippines	21.5	2.4	1.6
Malaysia	18.4	1.6	2.9
Thailand	16.0	1.9	3.2
Vietnam: VNAS	13.7	1.8	2.7

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 30 June 2016 to 30 June 2017.

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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AIM Broker

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Signatory of:





Net Asset Value / Portfolio

NAV per Share Performance

Last month	7.08%
Year-to-date	18.43%
Last 12 months	17.46%

Portfolio Statistics

P/E (trailing)	13.24x
Dividend yield	2.44%
PEG (2017-2019)	0.91
Beta	0.81

Median market cap of investee companies (USD million)	235.67
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Share Price / Discount

Share Price Performance

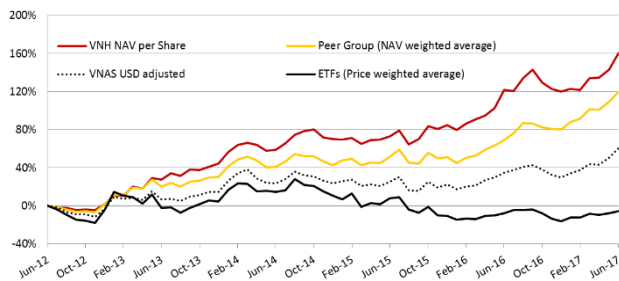
Last month	9.54%
Year-to-date	5.99%
Last 12 months	10.57%

Sharpe ratio	0.72
Alpha	-0.07
Beta	0.62

Market capitalisation (USD million)	172.48
Share price discount to NAV	18.07%

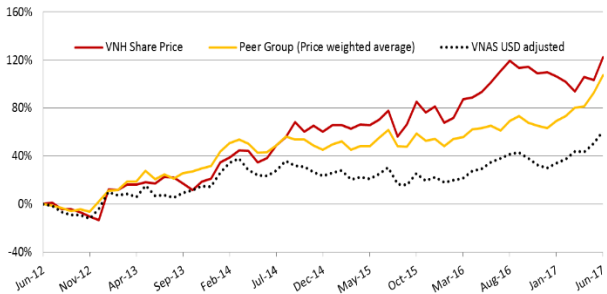
Operating expense ratio (12 month rolling)	2.79%
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NAV Performance vs. VNAS and Peers



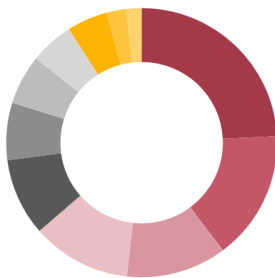
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, Vietnam Phoenix Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. Index and Peers



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

Industry Allocation



- Industrial Goods & Services (24.0%)
- Health Care (15.4%)
- Retail (11.9%)
- Food & Beverage (11.8%)
- Construction & Materials (9.2%)
- Banks (6.8%)
- Telecommunications (5.9%)
- Real Estate (5.2%)
- Oil & Gas (4.8%)
- Personal & Household Goods (2.3%)
- Financial Services (1.8%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	11.26%
Phu Nhuan Jewelry	HOSE	7.14%
Hoa Phat Group	HOSE	6.88%
Vinamilk	HOSE	6.20%
FPT Corporation	HOSE	5.91%
Viconship	HOSE	4.83%
Petrovietnam Transportation	HOSE	4.78%
Thien Long Group	HOSE	4.72%
Hoa Sen Group	HOSE	4.29%
Bank for Foreign Trade of Vietnam	HOSE	4.27%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251
Jefferies	Michele White +44 207 898 7127
JPM Cazenove	Steven Cheshire +44 207 155 8063
Investec	Peter Brown +44 207 597 5063

Stifel Nicolaus	Shayne Barge +44 207 710 7665
Numis Securities	David Cumming +44 207 260 1376
FinnCap	James Simpson +44 207 220 0558
Peel Hunt	David Kininmonth +44 207 418 8895

Fund Rating



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