



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 88,198,156

NAV per share USD 1.648

NAV last month -1.32%

NAV last 12 months 27.26%

Equity investments 96.22%

Number of investments 25

### Vietnam News

Initial estimates suggest that GDP grew by 5.0% in 2Q2013, thereby taking the 1H2013 economic growth figure to 4.9%. In the first half of 2013, the industry and construction sector saw 5.18% growth, the trade and services sector had 5.92% growth, and the agriculture, forestry and fisheries sector saw 2.07% growth. The Purchasing Manager's Index (PMI) for June was a disappointing 46.4; down from 48.8 in May. Export orders were very slightly weaker in June, but domestic demand – or rather the lack of it – remains the chief culprit. Inventories of finished goods were on the rise again in June, and production volumes were trending down as a result.

Inflation rose by just 0.05% in June, taking the YoY figure to 6.69%, compared with 6.36% in May. The government responded by lowering the interest rate ceilings on VND and USD deposits, in a bid to try to stimulate lackluster credit growth. The 7.5% ceiling on VND deposits of less than six months was taken down 50bps to 7.0%, and the 2.0% ceiling on USD deposits for individual savers was reduced by 75bps to 1.25% - corporate USD depositors can now expect just 0.25% interest.

Late in June, the State Bank of Vietnam enacted a 1% devaluation in the VND, by shifting the reference rate – from which all USD-VND exchange trades may

only deviate by +/-1% – from 20,282 to 21,036. This is the first such move since late 2011. Initial figures suggest the trade deficit for 1H2013 was a manageable US\$1.4bn, on total exports of US\$62.1bn and imports of US\$63.5bn. Both exports and imports are up on the same period last year, by 15.3% and 21.7% respectively.

Samsung has announced that it will inject an additional US\$1bn into its telephone assembly plant in Bac Ninh province, thereby taking its total investment in Vietnam to US\$4.5bn across two large plants, both in the north of the country. The new Bac Ninh plant is poised to become Samsung's largest outside of South Korea. Total FDI disbursements in 1H2013 were reported to be US\$5.7bn; a rise of just under 6% on the same period in 2012.

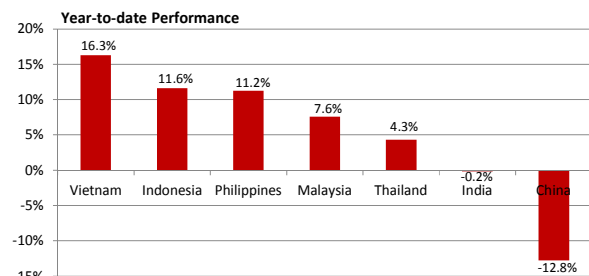
Vietnam's parliament, the National Assembly went ahead with the first of its annual votes of confidence, applied to the 47 most senior members of the government. The State Bank of Vietnam's Governor, the Minister of Education and Training, as well as Prime Minister Nguyen Tan Dung found themselves at the end of the ranking. However, none of the 47 being appraised got less than a 50% approval rating, and thus none will be obliged to resign if they get a similarly low score next year.

### Regional Valuation and Dividend Yield Comparison

	P/E 2013E	Price to Book	Dividend Yield
Philippines	18.94	2.87	2.17
Malaysia	16.26	2.01	3.46
Indonesia	15.48	2.92	2.05
India	13.38	2.66	1.63
Thailand	13.37	2.32	2.96
<b>Vietnam: VNI</b>	<b>11.86</b>	<b>1.76</b>	<b>3.74</b>
China	8.68	1.35	3.03

Source: Bloomberg.

### Regional Stock Market Performance Comparison



Source: Bloomberg.

### VNH Insights

Vietnam's equity markets had a disappointing month in June. The benchmark VNI dropped by 7.2% to end the month at 481.13, although still up 16.3% for 1H2013. Adjusted for the VND devaluation, the VNI increased by 14.3% YTD.

The dull market environment was also affected by selling pressure from ETFs, however VNH's NAV decreased by only a moderate 1.3% in June - including the most recent VND devaluation - which brings the YTD performance to 24.8%. The top performers in VNH's portfolio last month were Bin Minh Plastic (+18%) which announced a 30% stock dividend, followed by Southern Seed (+13%) and National Seed (+9%).

Despite the recent sell-off foreign institutional investors remained net buyers in Vietnam YTD (+US\$177M) as opposed to the situation in other regional stock markets, e.g. Indonesia (-US\$ 256M) or Thailand (-US\$2.6bn). This is also reflected in the index performance comparison above, which still sees Vietnam at

the top since the beginning of this year. We believe that this general trend can be attributed to the fact that the Vietnamese equity markets are less prone to hot money flows.

Mr Vu Bang, the Chairman of the State Securities Commission has revealed that the Ministry of Finance is to formally propose to the government that the 49% cap placed on the aggregate foreign shareholding of listed companies' should be raised. Details have yet to be provided, but may entail the introduction of non-voting shares. It is also not clear whether the ceiling would be raised for all listed firms, or just individual companies that are at or close to the foreign limit, or just firms in select sectors.

On a technical note, in an effort to increase liquidity the daily trading hours on the Ho Chi Minh City and Hanoi stock exchanges are to be increased by 45 minutes to 3pm local time, from 22 July and 29 July, respectively.

### 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	53,530,411
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	45.24%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	24.97%

**Performance NAV per Share**

Last 3 Months	5.66%
Year-to-Date	24.85%
Since inception annualized	-2.17%

**Share Price**

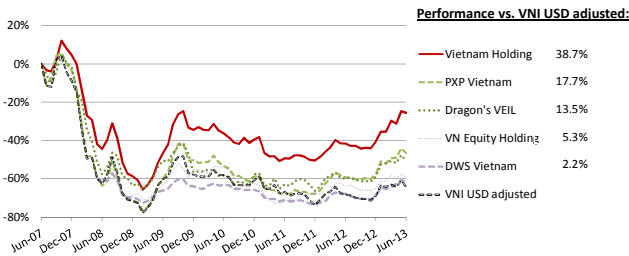
Share Price	USD 1.24
Discount to Net Asset Value	-24.74%
Market Capitalisation	USD 66.38M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

**Performance**

Last Month	-0.20%
Last 3 Months	3.37%
Year-to-Date	34.15%
Last 12 Months	14.45%

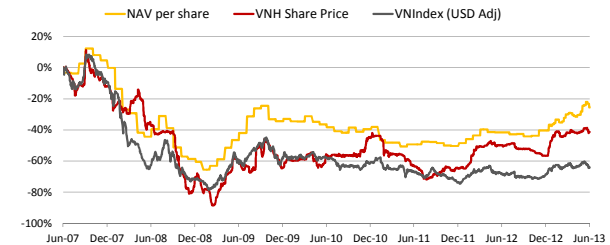
<b>Portfolio TER</b>	<b>PEG (forward): 0.31</b>	<b>Beta: 0.65</b>	<b>P/E (trailing): 8.62x</b>
	3.89% (FY 2012)		

**NAV Performance vs. VN Index and Peer Group**



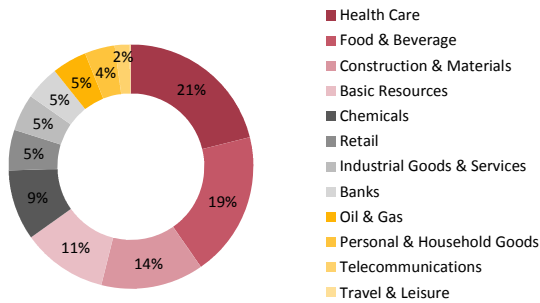
Source: Bloomberg and LCF Rothschild.

**Share Price vs. NAV and VN Index**



Source: VNHAM and Bloomberg.

**Industry Allocation**



**Top 10 Holdings**

Investee Company	Market	Percent of NAV
Traphaco	HOSE	9.41%
AnGiang Plant Protection	OTC	8.97%
Vinamilk	HOSE	8.52%
Hau Giang Pharma	HOSE	7.52%
Binh Minh Plastic	HOSE	7.25%
Hung Vuong Corporation	HOSE	6.90%
Petrovietnam Drilling	HOSE	4.39%
Viconship	HOSE	4.13%
National Seeds	HOSE	4.09%
Thien Long Group Corp	HOSE	3.84%

**London Stock Exchange Market Makers**

<b>Oriel Securities</b>	Shayne Barge +44 207 710 7665
<b>Jefferies</b>	Michele White +44 207 898 7127
<b>JPM Cazenove</b>	Steven Cheshire +44 207 155 8063
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