



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

Fund Statistics

Total NAV USD 151,910,149

NAV per share USD 2.774*

Shares in issue 54,771,800

Treasury shares 9,647,853

Equity investments 97.34%

Number of investments 26

*Warrants-diluted NAV per share: USD 2.567

Vietnam News

Government budget stress remains a theme of note in Vietnam. The respected newspaper Tuoi Tre reported on the central government's decision to "shake down" key cities for money. Thus, the percentage of revenues the cities are allowed to keep falls as follows: Hanoi from 42% to 28%, Ho Chi Minh City from 23% to 18%, Danang from 85% to 68%, and Binh Duong from 40% to 36%.

The National Assembly has thrown in the towel on its self-imposed limit of government debt to GDP of 50%, raising it this month to 55% - no real choice, given that 50% has now been breached. Another above 5% fiscal deficit is on the cards for 2016. The current course, if maintained, would see public debt ratios continuing to increase.

Furthermore, with Vietnam no longer considered a poor country by some measures, overseas development assistance is likely to start falling from next year.

These difficulties are coming at a time when investment in infrastructure is a pressing need. A new north-south expressway spanning the length of the country between the two great cities is said to cost USD 10.2bn, the new southern airport at Long Thanh is USD 16.3bn, and the required investment in the power sector over the period 2016-20 is some USD 40bn.

Good things often come from economic pressure and such will be the case in Vietnam. It is already acknowledged by the government that the majority of these massive lumps of infrastructure money will come from the private sector and foreigners.

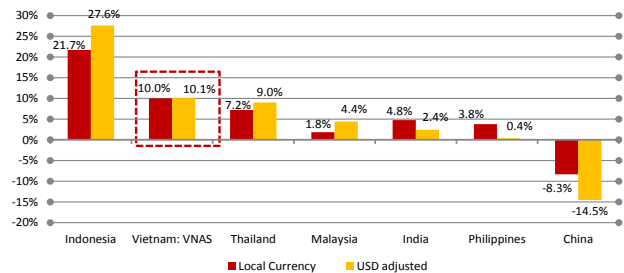
Therefore the state's relative presence in the economy is set for a further lurch downward: a massive positive, and one which on a long term perspective will bode well for the creation of private businesses that become listed and investable.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	25.9	2.5	1.7
Philippines	20.8	2.4	1.7
India	20.6	2.8	1.5
Malaysia	19.0	1.6	3.0
Thailand	17.9	1.8	3.2
China	17.6	1.7	1.9
Vietnam: VNAS	13.2	1.5	2.5

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 31 October 2015 to 31 October 2016.

VNH Insights

The Vietnamese stock market paused for breath in October, experiencing resistance as the widely watched VN-Index neared the 700 level. VNH's NAV per share was 5.4% down in the month, to USD 2.774, while the free-float-weighted Vietnam All Share Index that we use as a reference yardstick was 3.3% down, to 649.2.

Another solution to Vietnam's funding needs mentioned above is privatisation of existing state-owned businesses. We have written about the ongoing acceleration of this process already, and are pleased to see details unfolding. This past month's listing of northern brewer Habeco will be followed by discussions with Carlsberg concerning the latter's desire to increase its minority stake.

It is interesting to see that Habeco's market share - in the high teens - has been on a clearly falling trend - this prompts the thought of there being in many cases an additional spur to rapid divestment: there are many wasting assets and time is short. This might not yet be as obvious with big beer brother Sabeco in the south, but even here we smell the same theme.

It is apparent to us that top Vietnamese policy makers understand these issues well, and are responding in a pragmatic and effective fashion. In the just-released economic plan for 2017, the target for the budget deficit is less than 3.5% of GDP, a noticeably low figure compared to recent years' intentions and outcomes.

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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Net Asset Value / Portfolio

NAV per Share Performance

Last month	-5.39%
Year-to-date	24.28%
Last 12 months	24.95%

Portfolio Statistics

P/E (trailing)	12.76x
Dividend yield	3.08%
PEG (2016-2018)	0.81
Beta	0.71

Median market cap / investment (USD million)	178.52
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Share Price / Discount

Share Price Performance

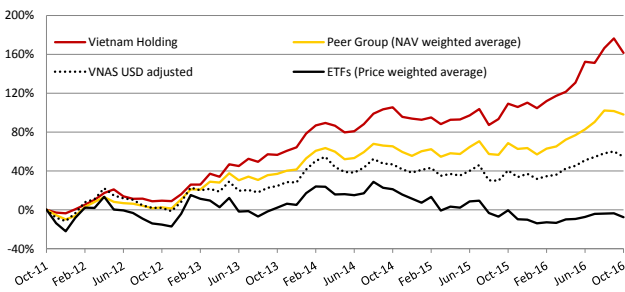
Last month	0.44%
Year-to-date	18.12%
Last 12 months	15.56%

Sharpe ratio	1.81
Alpha	0.12
Beta	0.64

Market capitalisation (USD million)	124.06
Share Price Discount to NAV	18.73%

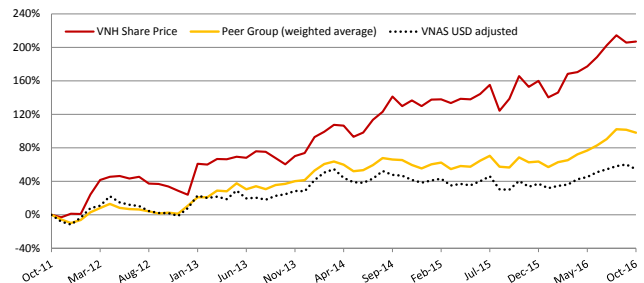
Operating Expense Ratio (12 month rolling)	2.84%
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NAV Performance vs. VNAS and Peers



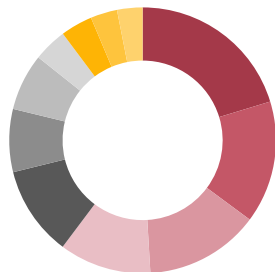
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. Index and Peers



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

Industry Allocation



- Industrial Goods & Services (19.7%)
- Health Care (14.5%)
- Retail (13.5%)
- Construction & Materials (10.9%)
- Food & Beverage (10.6%)
- Real Estate (7.5%)
- Telecommunications (6.7%)
- Automobiles & Parts (4.0%)
- Oil & Gas (3.8%)
- Personal & Household Goods (3.2%)
- Utilities (3.0%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.33%
Binh Minh Plastic	HOSE	8.06%
Thien Long Group	HOSE	6.81%
FPT Corporation	HOSE	6.73%
Phu Nhuan Jewelry	HOSE	6.73%
Viconship	HOSE	6.52%
Hoa Phat Group	HOSE	6.16%
Vinamilk	HOSE	4.88%
Danang Rubber	HOSE	3.98%
Petrovietnam Transportation	HOSE	3.77%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251	Stifel Nicolaus	Shayne Barge +44 207 710 7665
Jefferies	Michele White +44 207 898 7127	Numis Securities	David Cumming +44 207 260 1376
JPM Cazenove	Steven Cheshire +44 207 155 8063	finnCap	James Simpson +44 207 220 0558
Investec	Peter Brown +44 207 597 5063	Peel Hunt	David Kininmonth +44 207 418 8895



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