



VIETNAM HOLDING LTD.

# Investor Presentation

April 2016



# VietNam Holding (VNH)

Signatory of:



- Value investment approach
- Long-term growth: focus on megatrends
- Conviction portfolio: mid-cap centric
- Dynamic portfolio management
- 10 year track record of **top-performance**
- Experienced **local team**

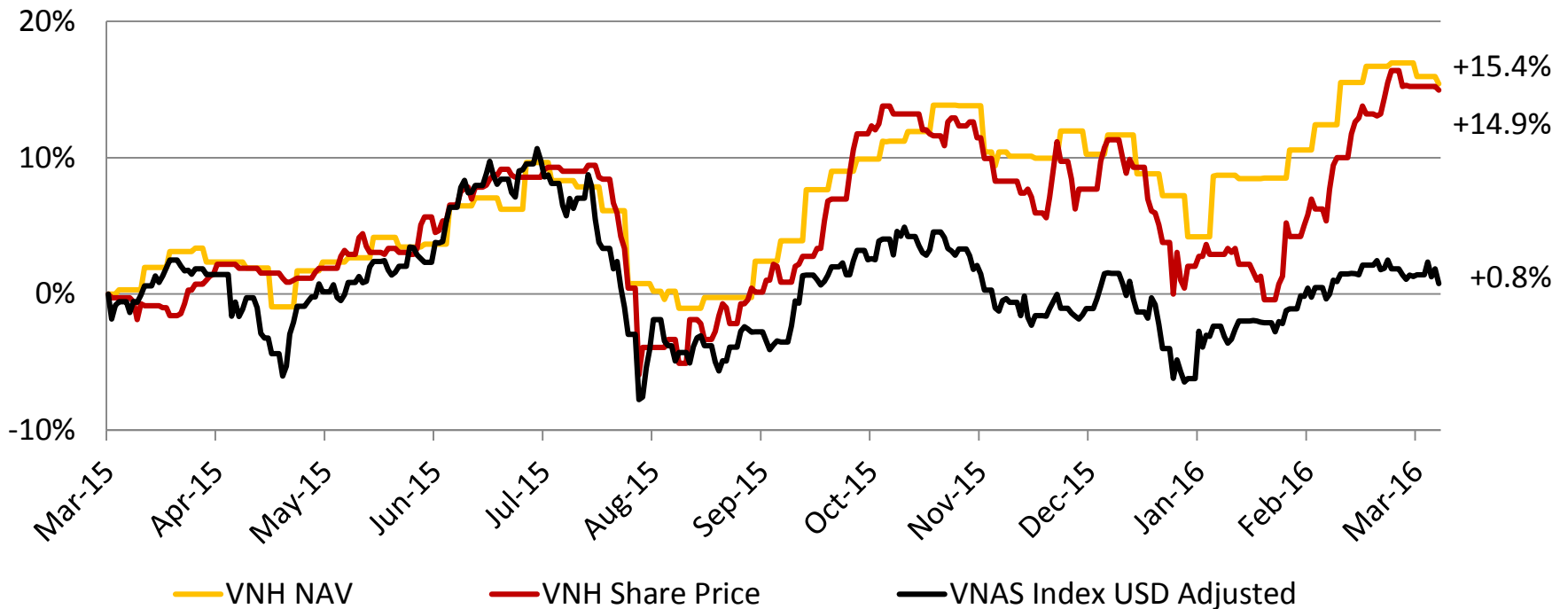


## Fund Information

Launch	15 June 2006
Listing	London Stock Exchange: AIM
Sustainability	ESG Integration
Investment Themes	Agri-Business Domestic Consumption Urbanization
Tickers	<b>London:</b> VNH:LN <b>Bloomberg:</b> VNH LN Equity <b>Reuters:</b> VNHq.L
ISIN	KYG9361X1043
Investment Manager	VietNam Holding Asset Management

# VNH Performance

1-Year Performance Comparison



## VNH Performance Drivers:

- 📍 Theme-based asset allocation
- 📍 Value disciplines guide portfolio rebalancing
- 📍 Mid-cap centric and higher EPS growth
- 📍 Active engagement on sustainability issues

# Vietnam Policy Update

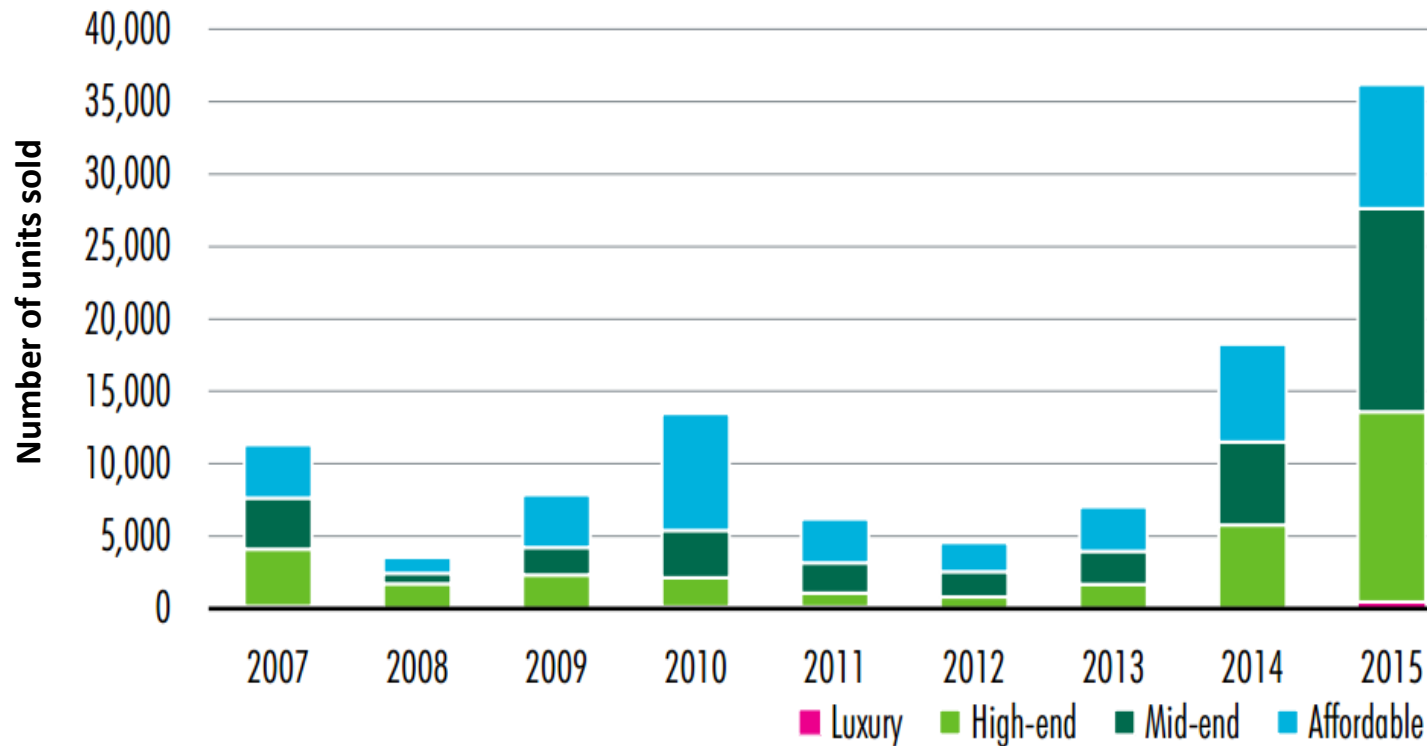


- Open room up to 100% for foreign investors in certain sectors
- SOEs reform / privatizations and IPOs
  - SOEs are required to be listed on UpCom 90 days after IPO
  - IPO Pipeline in Telecom and Airlines sector
  - SCIC to divest from 10 companies
  - Strengthening corporate governance standards

- New Party leadership with strong commitment to continue reforms
- Banking and real estate more regulated to maintain healthy growth
- Derivatives market to be introduced in 2016
- Favorable measures for local value-add by supporting industries

# Real Estate Market Recovery

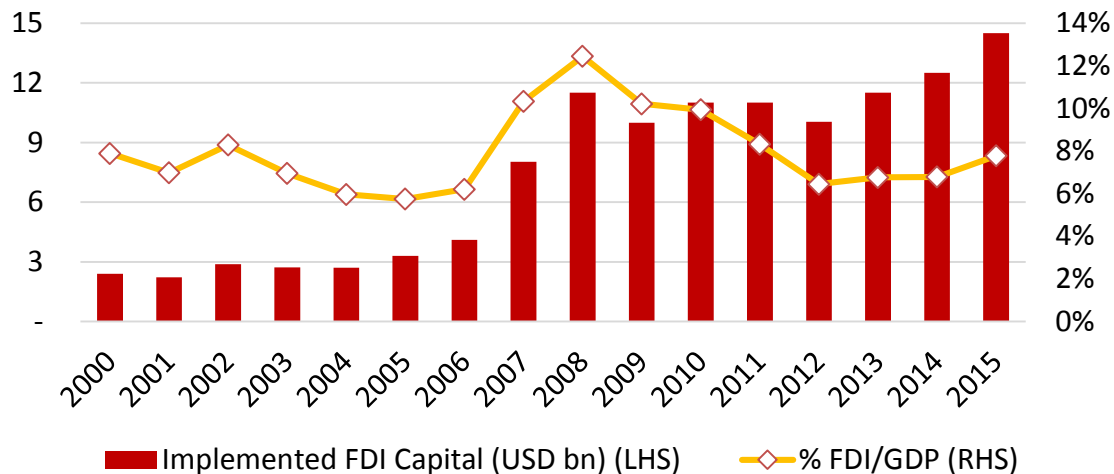
Ho Chi Minh City Residential Market, Annual Sales by Segments



- Ⓜ Legal basis for foreign ownership of residential units
 Ⓜ Sustainable growth in both retail & office sectors
- Ⓜ More mortgages with affordable interest rates
 Ⓜ Increasing middle class
- Ⓜ New infrastructure (metro and highway systems)
 Ⓜ FDIs accelerate urbanization

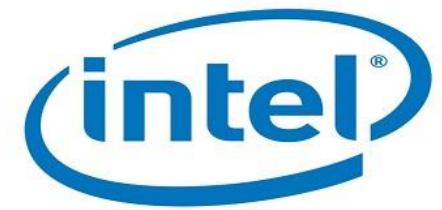
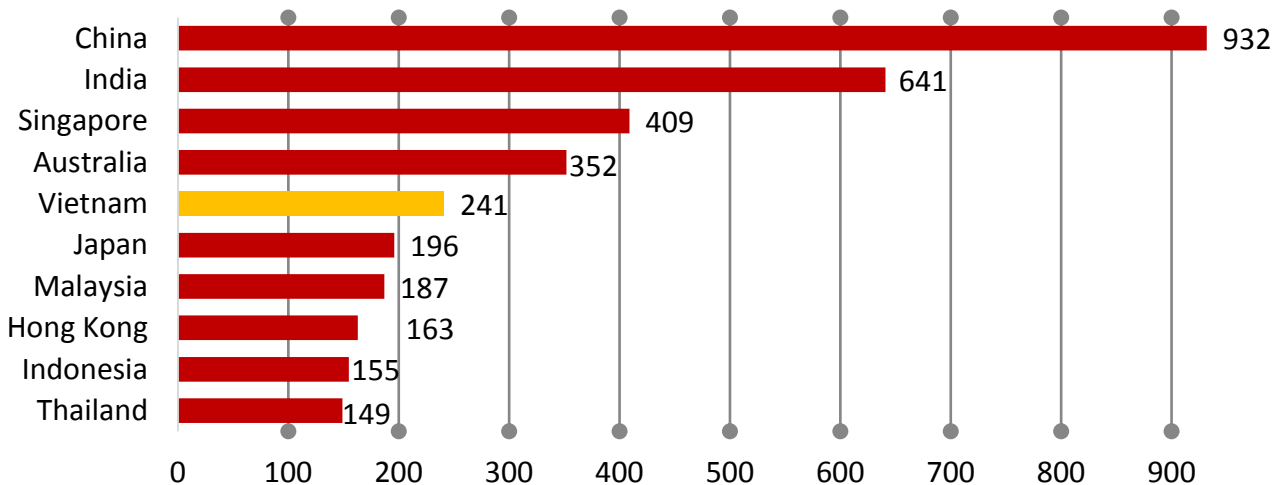
# Foreign Direct Investments (FDI)

FDI into Vietnam and % FDI/GDP (2000-2015)



■ Implemented FDI Capital (USD bn) (LHS)    ◆ % FDI/GDP (RHS)

Vietnam ranked the 5th by number of FDI projects in Asia Pacific (2014)



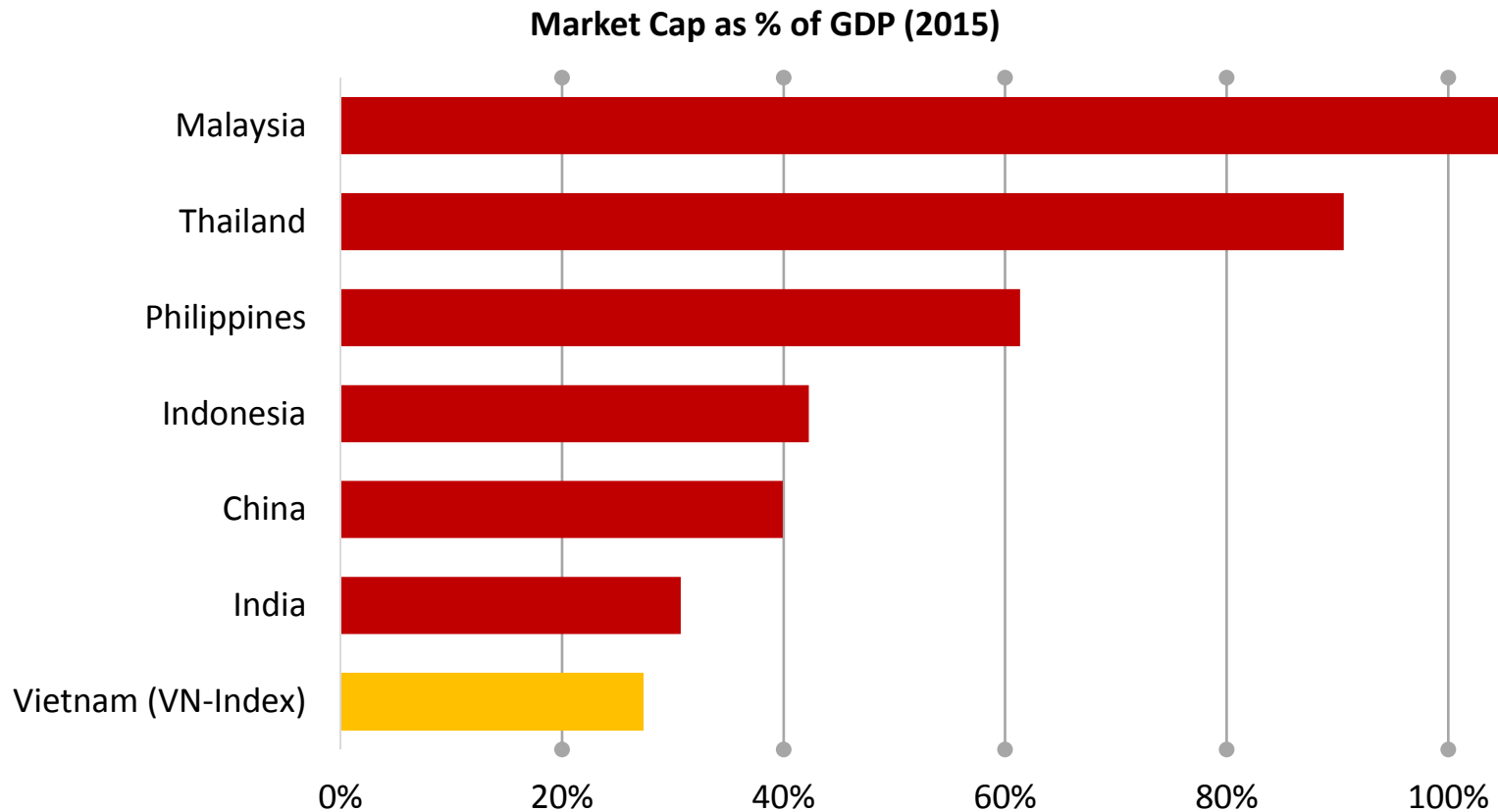
# Global Competitiveness: Moving from 75<sup>th</sup> to 56<sup>th</sup>



## 2015

- ④ #48 in access to financing through local equity market
- ④ #46 in venture capital availability
- ④ #35 in domestic market size
- ④ #27 in primary education

# Stock Market Capitalization

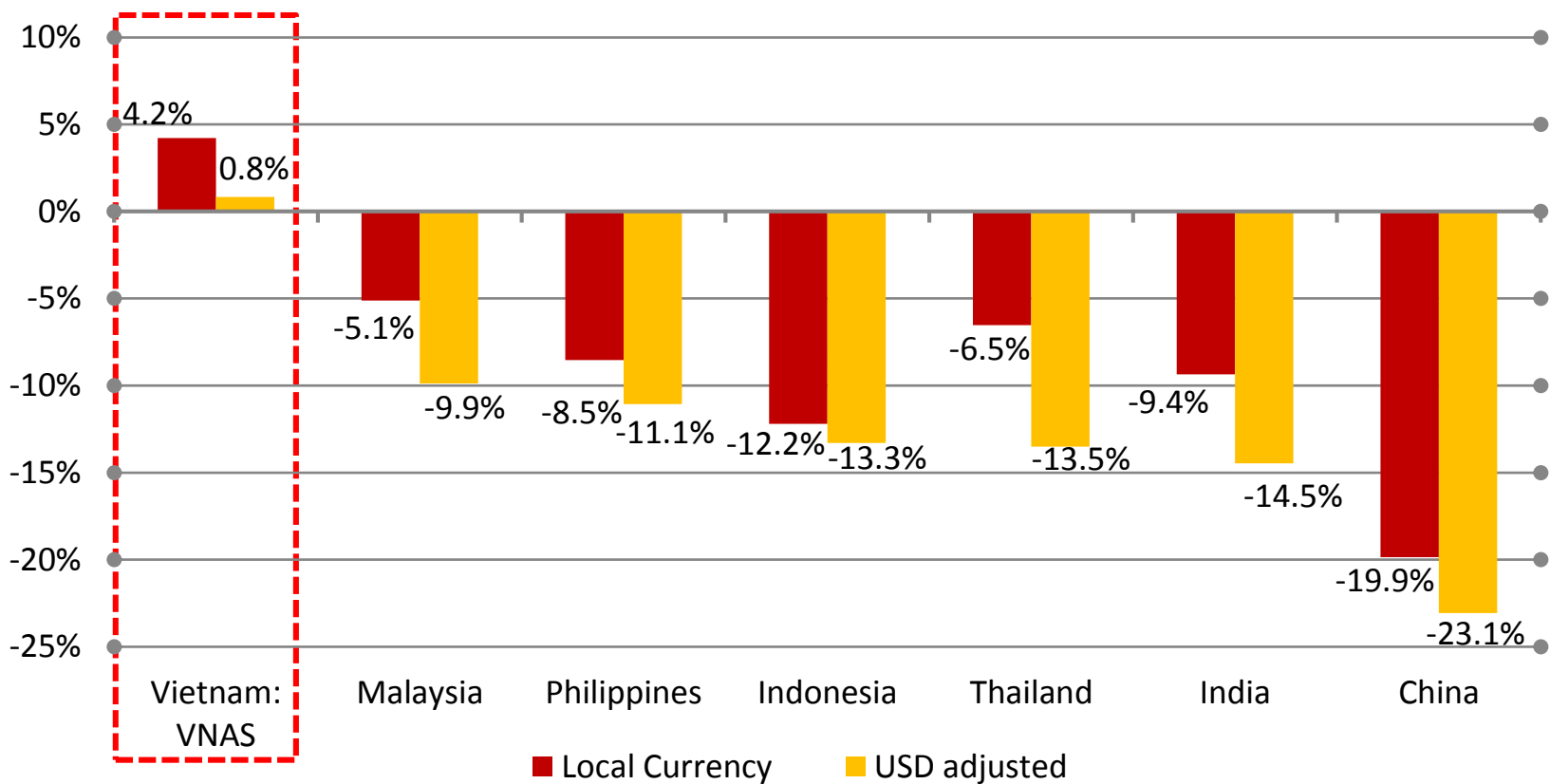


Note: Market capitalization of main stock exchange in each country is used; Vietnam's Market Cap % of GDP is 31% if the Hanoi Stock Exchange is included.



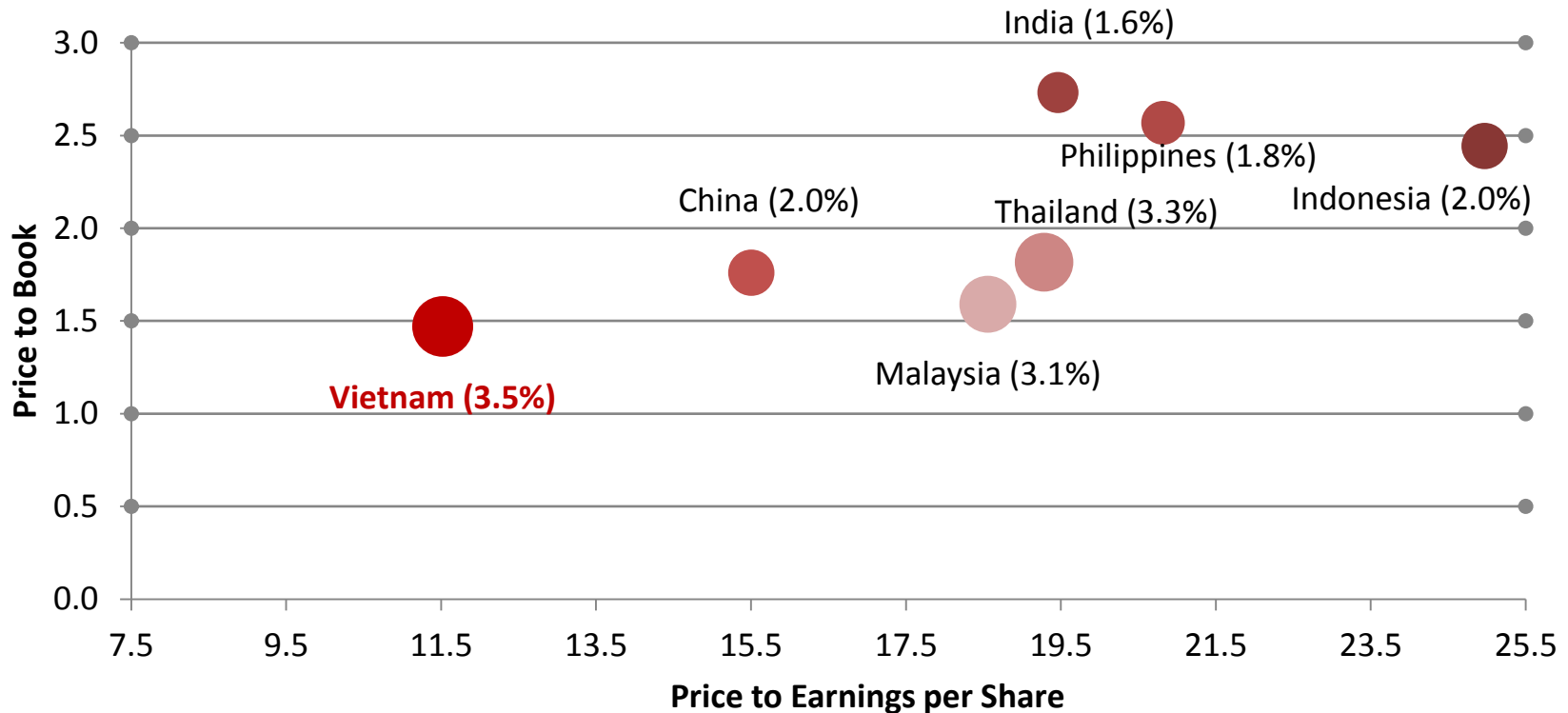
# Stock Market Performance

From 31 March 2015 to 31 March 2016



# Stock Market Valuation

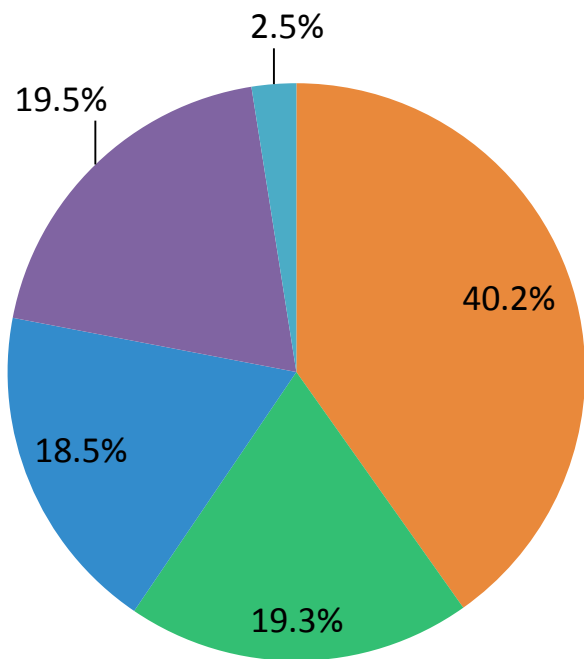
## Regional Valuation



**Note:** Vietnam: VN All Share Index (VNAS); Main bourses of other markets used; Size of bubble is dividend yield (%)

# VNH Investment Themes

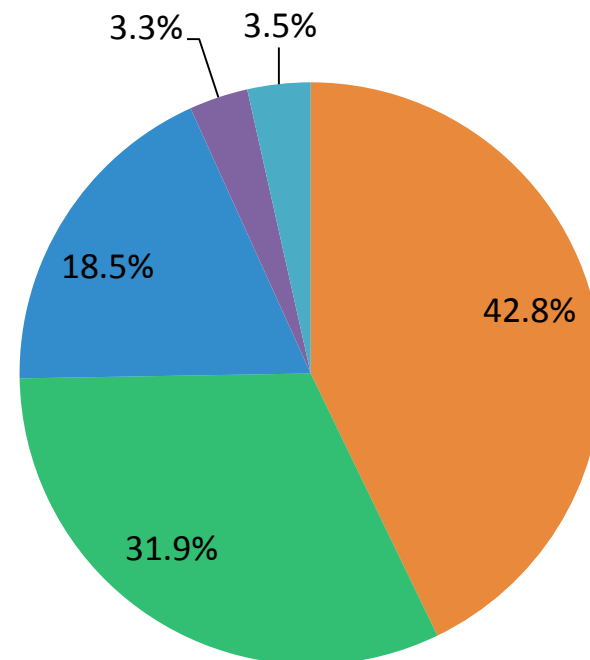
**31 December 2013**



**Theme Allocation**  
Percentage of NAV

- Consumer
- Urbanization
- Other
- Agri-Business
- Cash

**31 March 2016**

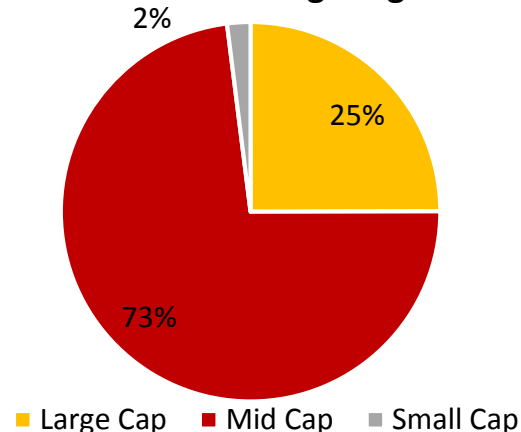


# Small/Mid Caps vs. Large Caps

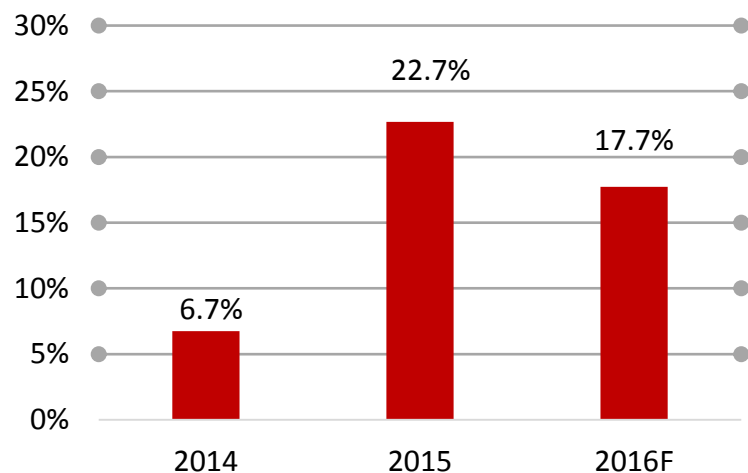
## VNH Value Approach

- Mid-cap centric portfolio
- High EPS growth
- Turn-around investment in mid-caps
- SME valuations increasing

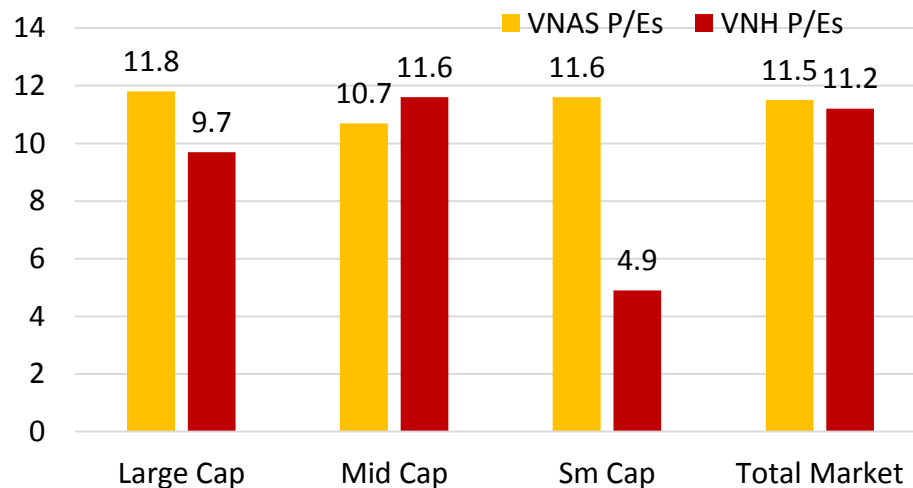
Portfolio Weighting



Portfolio EPS Growth



Valuation Comparison



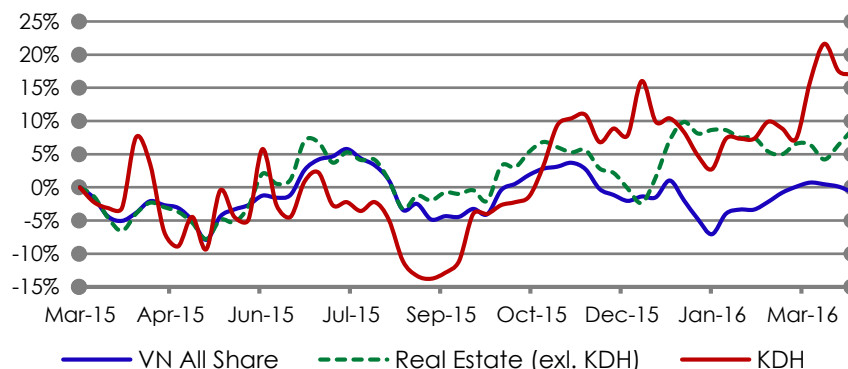
# Khang Dien House (KDH)



<b>Shareholding</b>	Equitized 2007 / Listed 2010		
Market Capitalization	USD 184.9 M		
Free Float	58.1%	Foreign Ownership	48.6%

Year	2013	2014	2015	2016F
P/E	n/a	12.6	10.1	11.5

<b>Investment Performance</b>	<b>EPS Growth 2015</b>
Annualized Total Return	16.2%
	29.2%



## Investment Case

- ④ Leading residential developer for middle-income buyers
- ④ Increasing land bank via M&A activities
- ④ A professional real estate brand
- ④ Sustainable development strategy
- ④ Experienced management team
- ④ Focusing on core competencies

## Real Estate Industry

- ④ Impressive recovery in 2015
- ④ Favorable macroeconomic support
- ④ Confidence back to the buyers
- ④ Sustainable growth in 2016-2017

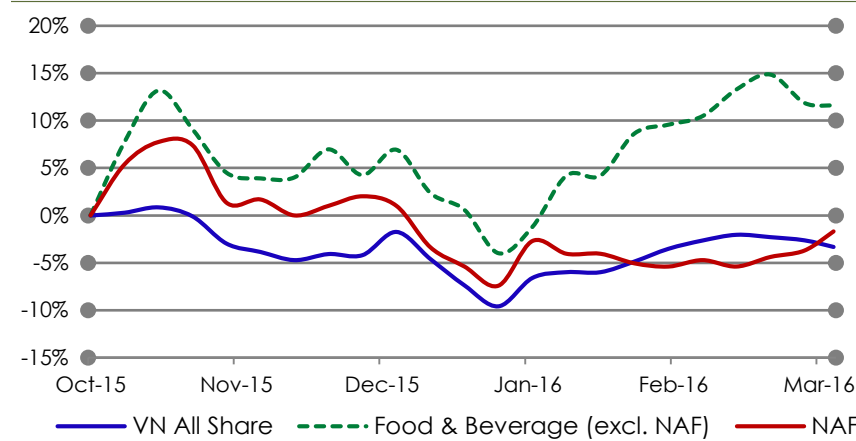
# Nafoods Group (NAF)



Shareholding		Equitized 2010 / Listed 2015	
Market Capitalization		USD 39.3 M	
Free Float	62.1%	Foreign Ownership	10.2%

Year	2013	2014	2015	2016F
P/E	n/a	n/a	17.1	12.8

Investment Performance	EPS CAGR (2013-2015)
Annualized Total Return	-4.0%
	97%

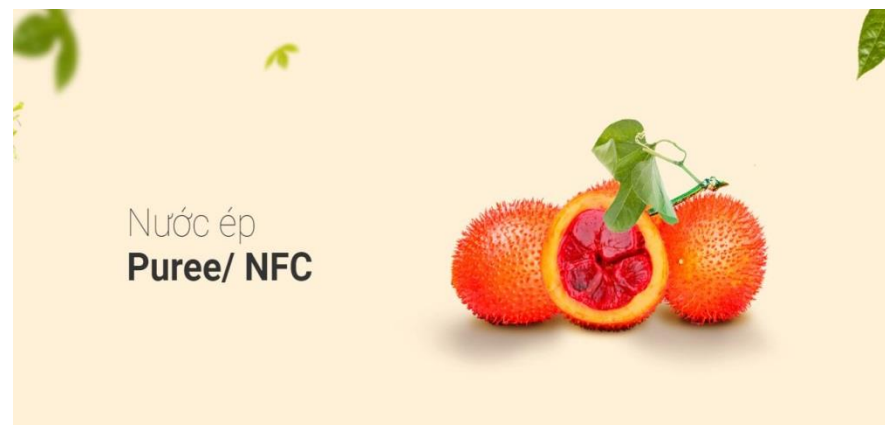


## Investment Case

- A leading exporter of fruit puree & juice concentrate
- 8-10% of passion fruit export share
- Close to 100% of Gac fruit exports
- Diversified customer base in about 50 export markets
- Integrated value chain from seedlings to consumption
- Growth potential through a large new factory
- Largest buyer is Flagfood AG in Zug

## Foods / Agriculture Industry

- Increasing demand for healthy and pure fruit juices
- Potential benefits from FTAs for exporters
- Tax benefits for agribusiness in mountain rural areas
- Farming sub-contracted to minorities with price gtees



# Traphaco (TRA)



## Shareholding

Equitized 1999 / Listed 2008

Market Capitalization USD 119.5 M

Free Float 82.2% Foreign Ownership 45.8%

## Investment Case

- ④ Industry leader in traditional herbal medication
- ④ Restructured distribution enhances market access
- ④ GreenPlan program strictly controls agro chemicals
- ④ Active cooperation: farmers, government, scientists
- ④ Addition of an independent Board member
- ④ Consistent track record for high EPS growth

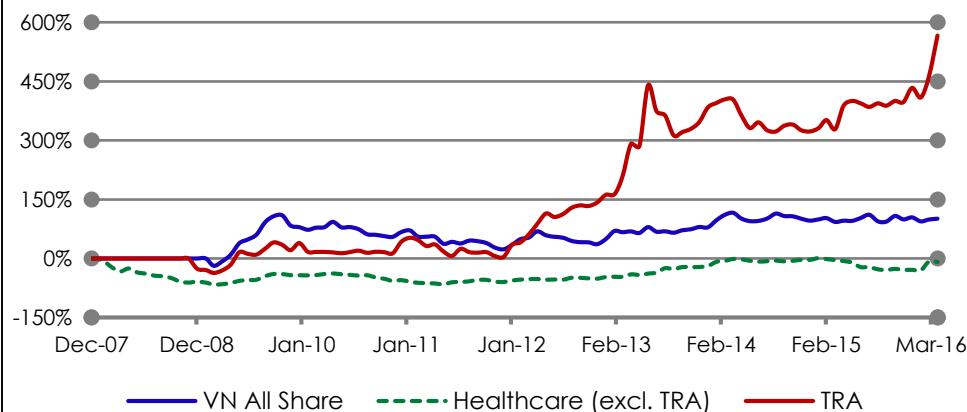
## Herbal medicine industry in Vietnam

- ④ Herbal medicine history for countless generations
- ④ Increasing demand for herbal products
- ④ International distribution potential
- ④ Government development programs until 2020
- ④ TRA is a misfit for SCIC's pharma consolidation plans

Year	2013	2014	2015	2016F
P/E	13.5	12.4	13.5	12.7

## Investment Performance EPS CAGR (2011-2015)

Annualized Total Return	25.7%	15.4%
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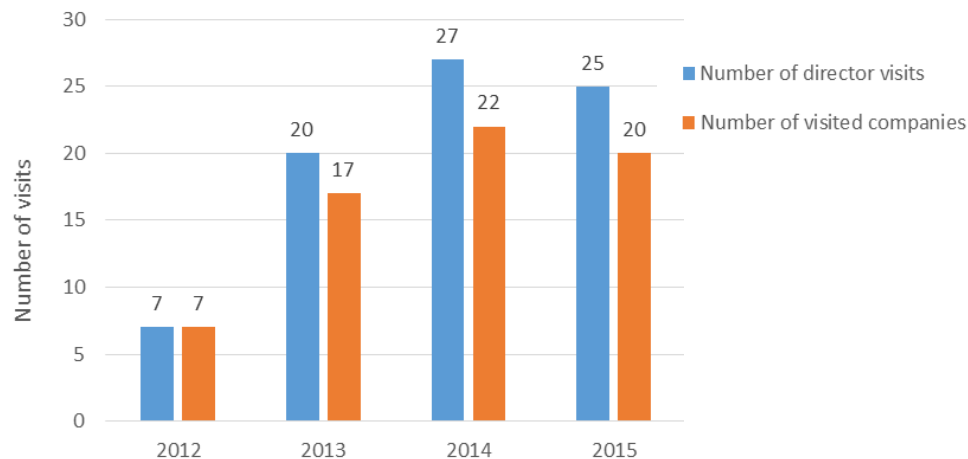


# Active Engagement Program

## Mandate

- Create awareness of key issues on ESG
- Apply global best practices
- Dialogue focused on ESG progress

## Rapid Growth of VNH's Director Engagement Program



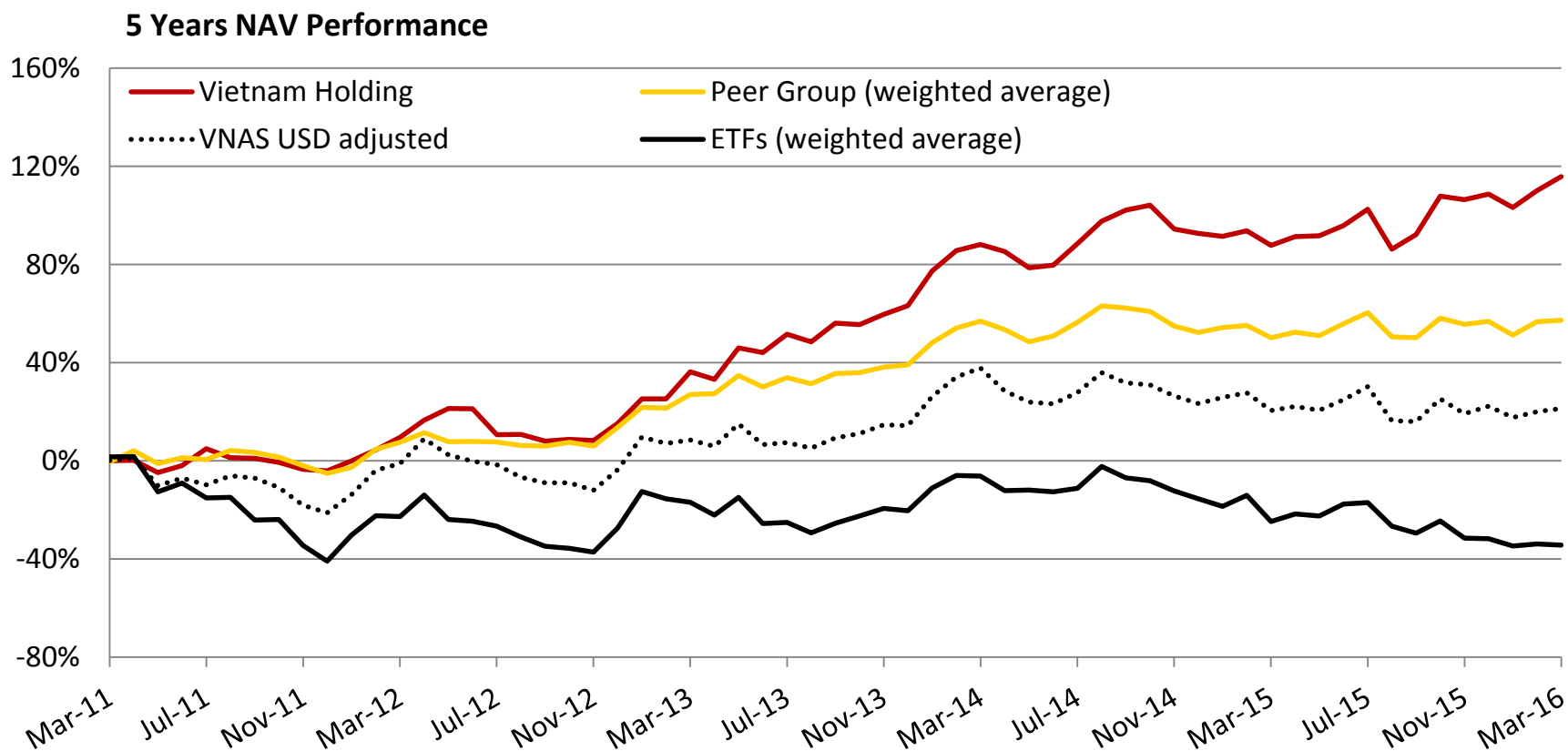
## Reclassification of Conviction Level based on ESG Criteria

	2013				2014				2015			
	Total	Up grade	Down grade	Divest	Total	Up grade	Down grade	Divest	Total	Up grade	Down grade	Divest
# of companies w/t changed Conviction level	14				12				20			
# of companies w/t changed Conviction level re. ESG	5	1	1	3	3			3	2		1	1
Regarding E&S issues	1			1	1			1	1		1	
Regarding G issues	4	1	1	2	2			2	1			1



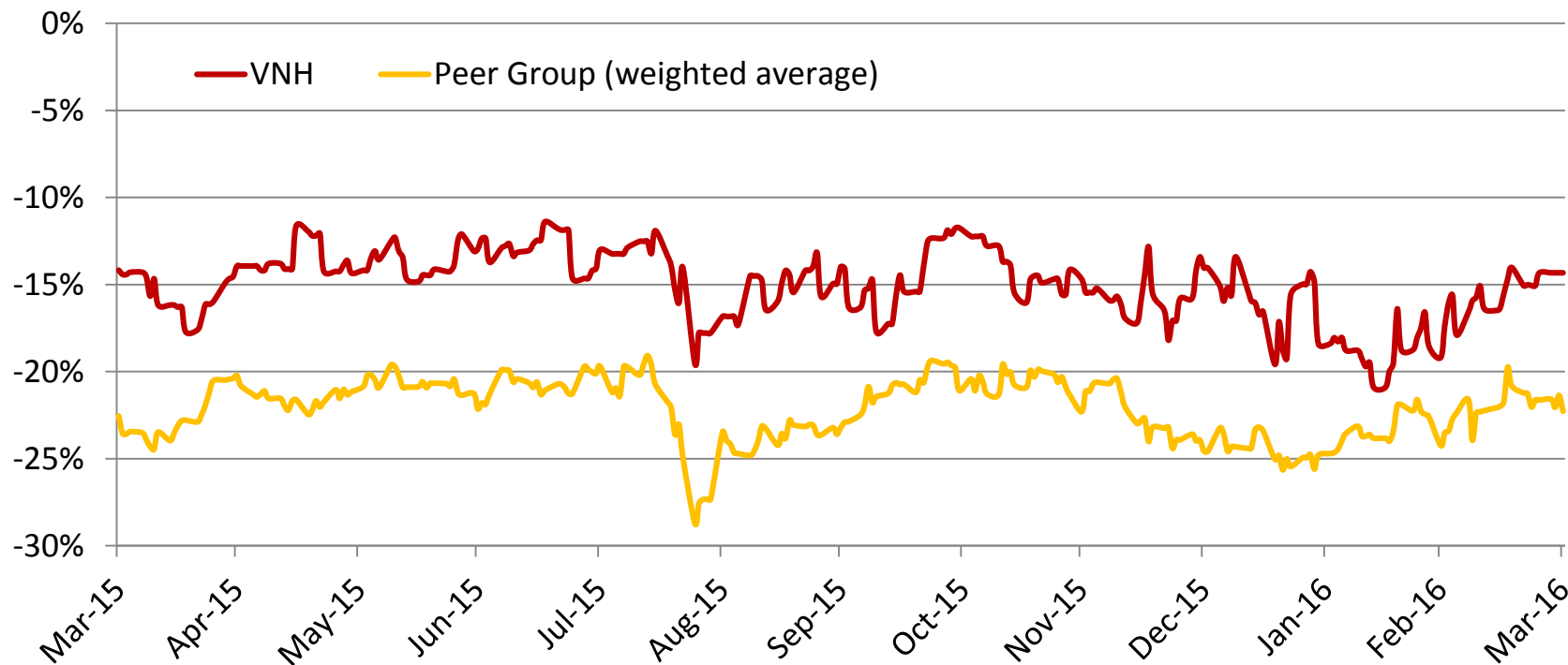
# NAV Performance Comparison

**Generating high risk-adjusted returns by combining rigorous financial analysis with interactive sustainability research**



# Discount Management

## Share Price Discount to NAV



● Share buyback program: USD 5.6M in 2015

● Pro-active investor relations

● Potential reissue of treasury share

● Improving shareholder transparency



# Investment Case

## Vietnam

**Fundamentals** remain strong despite regional slowdown

Government policy achieved **growth with stability**

Market supported by **banking and real estate** recovery

**Corporate earnings growth**: 2016 EPS projections: **8.8%**

**FTAs and strong inflow of FDIs** create long term benefits



## VNH

10 year track record of **consistent outperformance**

**Value investment** integrating **ESG analysis**

**Low portfolio valuation** combined with **high EPS growth**



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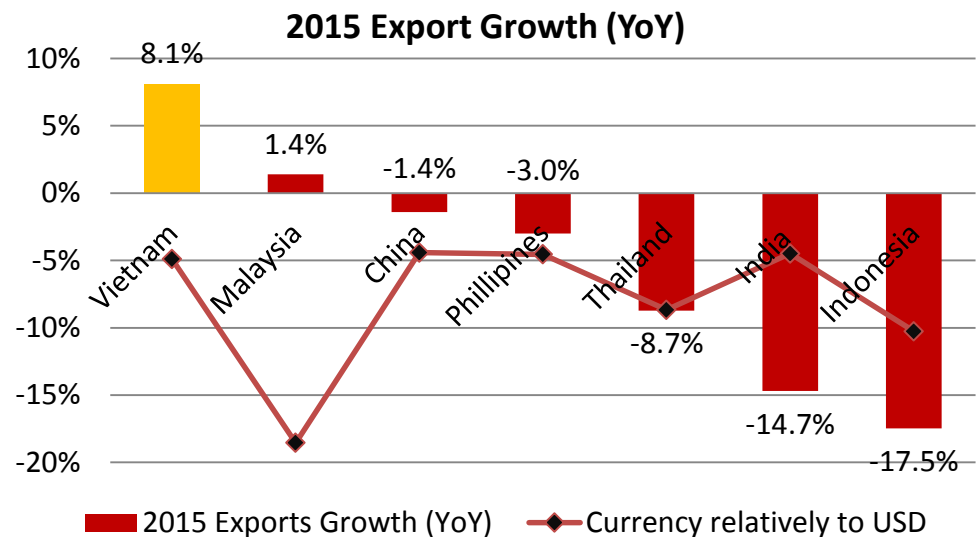
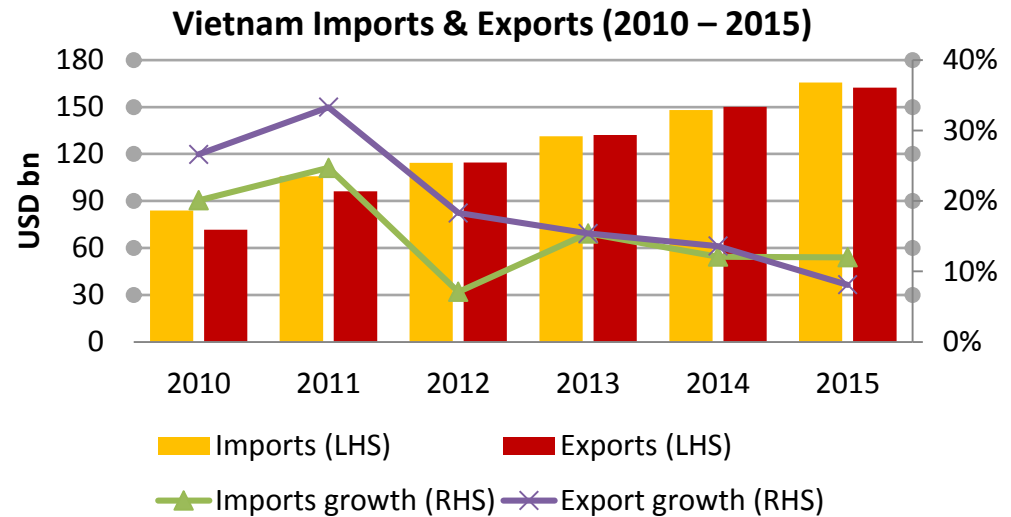
# Appendix

# Vietnam Macroeconomic Picture

	2012	2013	2014	2015	2016F
<b>GDP Growth</b>	5.2%	5.4%	6.0%	6.7%	6.7%
<b>Inflation</b>	6.8%	6.0%	1.8%	1.3%	3.0%
<b>Export Growth</b>	18.2%	15.4%	13.6%	8.3%	10.5%
<b>Import Growth</b>	7.4%	18.3%	12.1%	11.9%	13.0%
<b>Trade Balance</b>	USD 0.7 bn	USD 0.9 bn	USD 2.0 bn	-USD 3.2 bn	-USD 5.2 bn
<b>FDI Disbursement</b>	USD 10.5 bn	USD 11.5 bn	USD 12.5 bn	USD 14.1 bn	USD 16.4 bn
<b>FDI as % of GDP</b>	6.7%	6.8%	6.7%	7.6%	8.2%
<b>VND/USD Depreciation</b>	2.0%	1.0%	1.0%	6.0%	3.9%
<b>FX Reserve % of GDP</b>	14.8%	20.6%	21.5%	19.3%	20.1%

# Newly signed FTAs to boost trade turnover and GDP

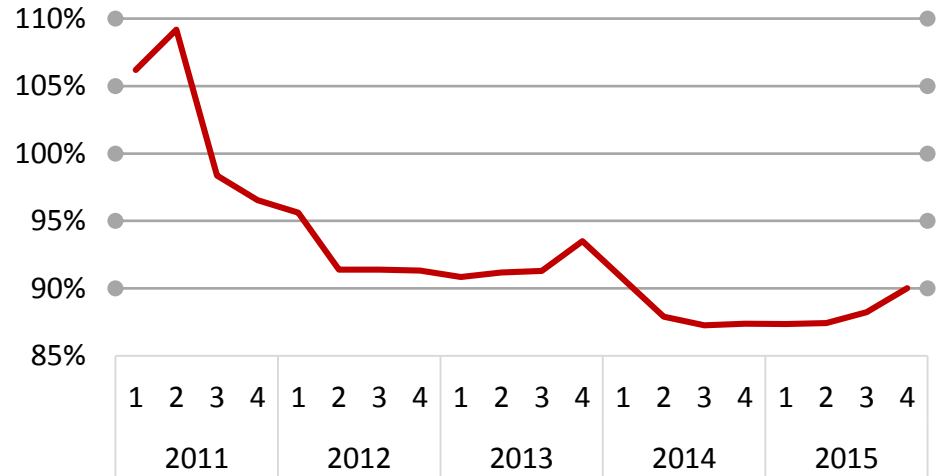
- Consistent import and export growth
- Vietnam exports grew 8.1% in 2015 despite global trade stagnation
- 10.5% export growth expected for 2016
- Newly-signed FTAs and FDI sector help boost exports



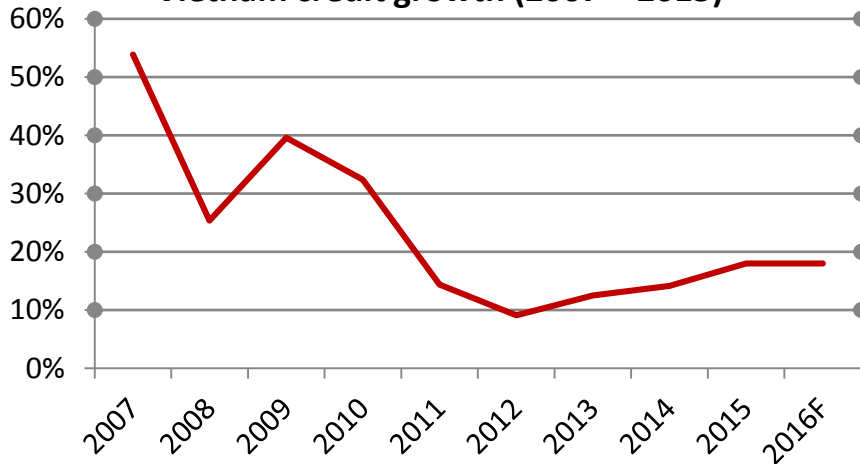
# Banking Sector: The Worst is Over

- Abundant liquidity after deleveraging process; Loan to Deposit Ratio (LDR) down from 109% in 2011 to 90% in Q4-2015
- Healthier credit growth with lower lending rate
- NIM bottoming out
- NPLs down from 17% to around 8.1% to 10% after heavy provision booking
- Recovering real estate
- Banking sector reform on the right track; 10 banks restructured

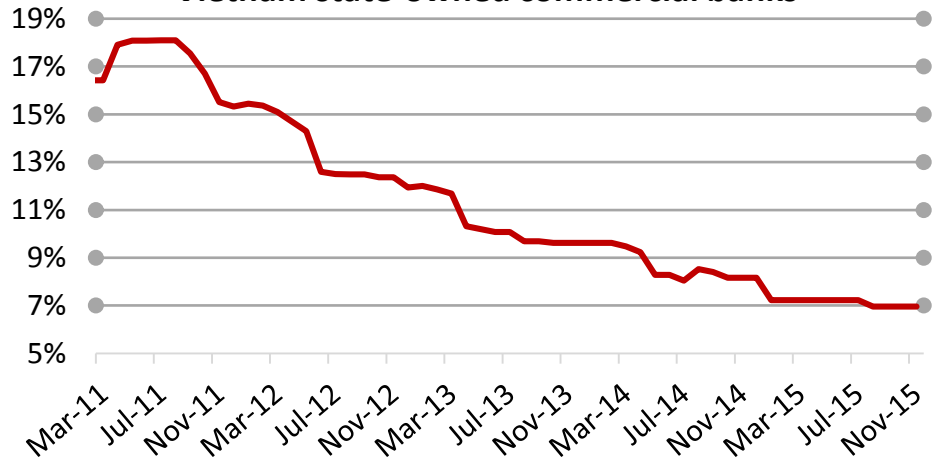
**Loan to Deposit Ratio (LDR)**



**Vietnam credit growth (2007 – 2015)**



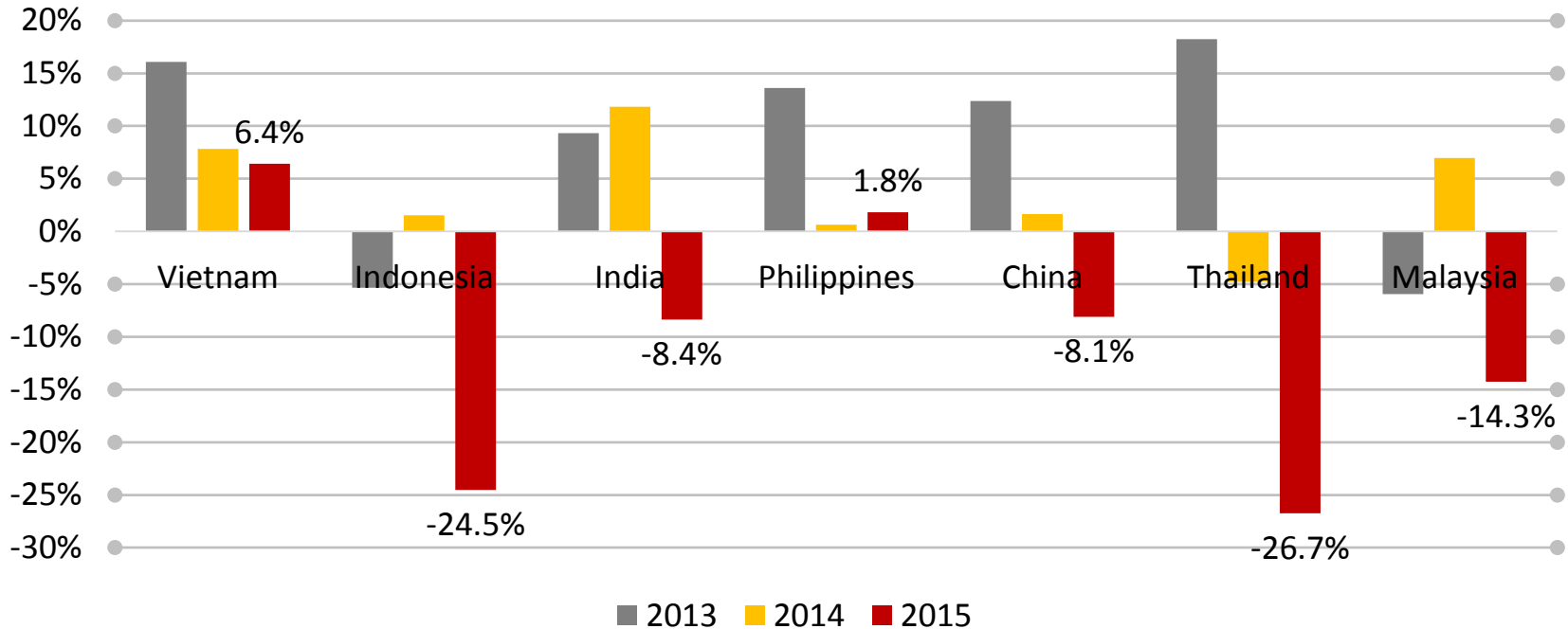
**Average short term lending rate of 4 large Vietnam state-owned commercial banks**





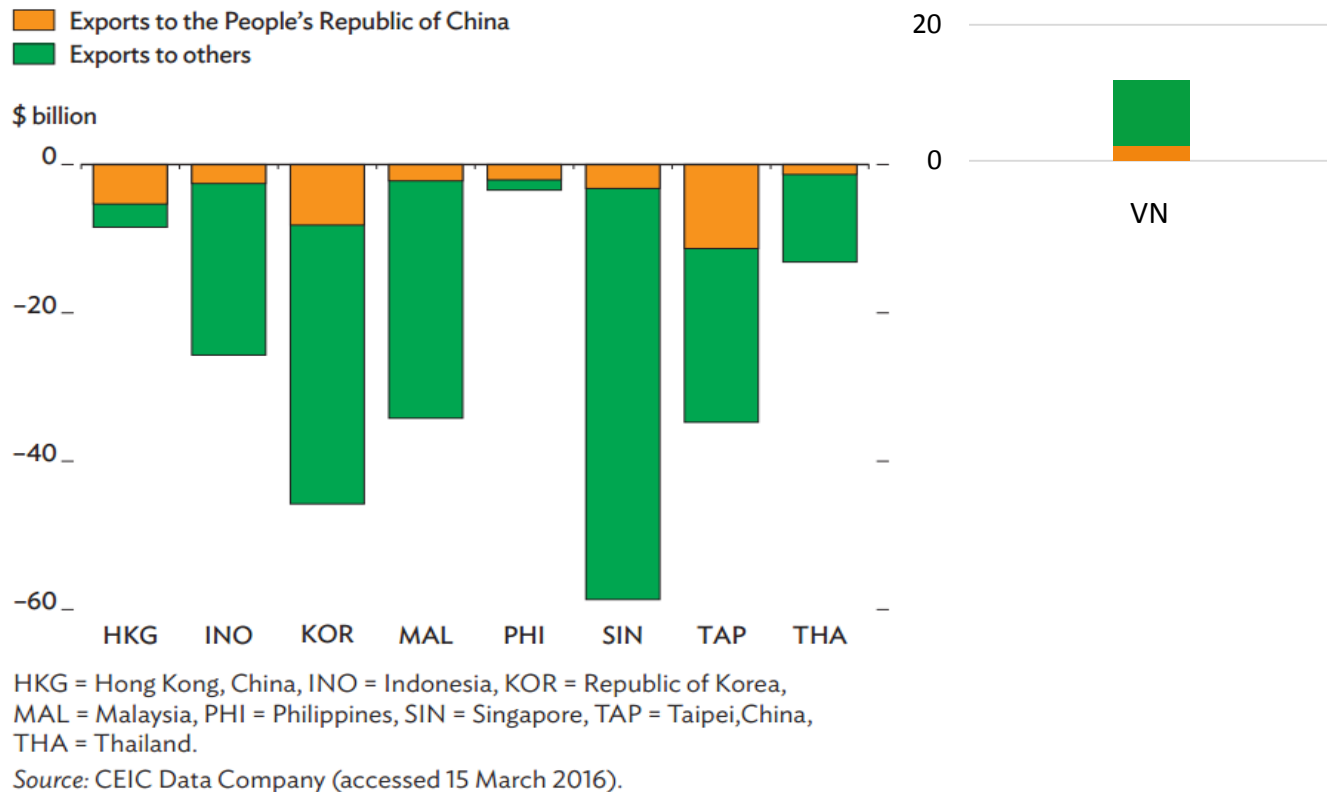
# EPS Growth Analysis

Regional Peers EPS growth (2013 -2015)



- VN-Index (Vietnam) EPS growth stable in 2013 – 2015
- 6.4% EPS growth in 2015
- 2016 EPS growth expected to be better than 2015 given low base of Oil and Gas sector in 2015

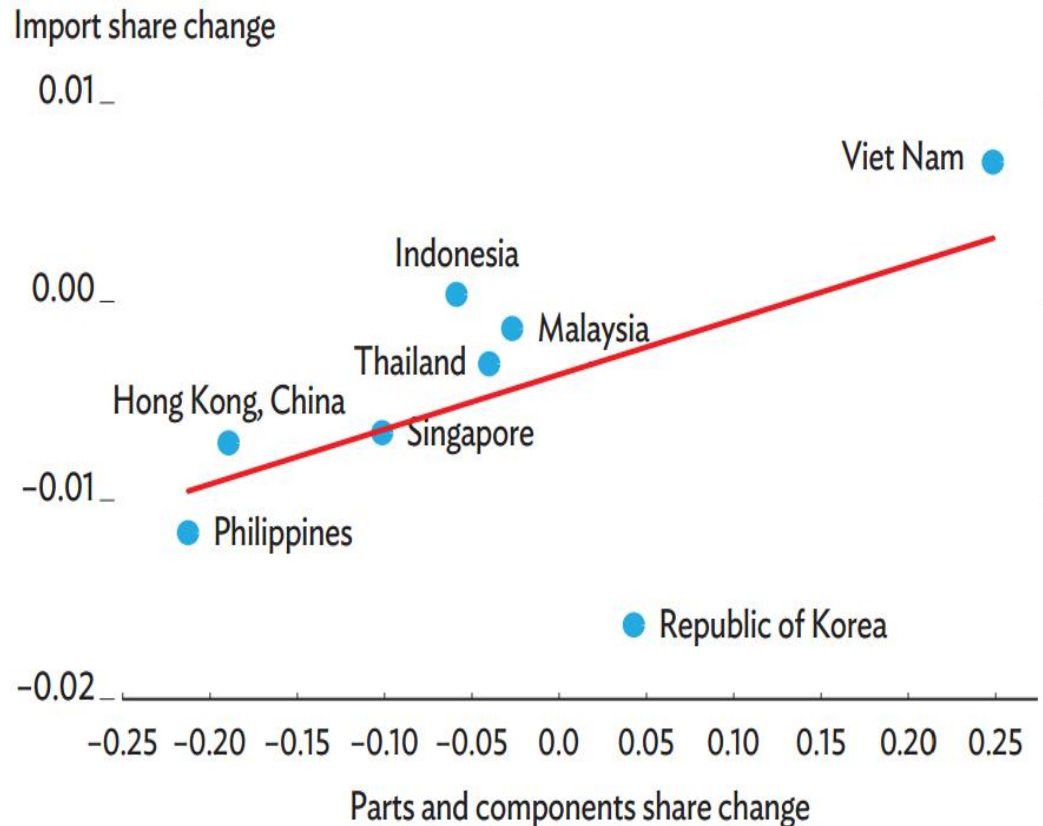
# 2015 Export Growth Comparison



- 📍 Vietnam's exports to China + 14.8% YoY in 2015
- 📍 Vietnam's exports to others + 7.2% YoY in 2015

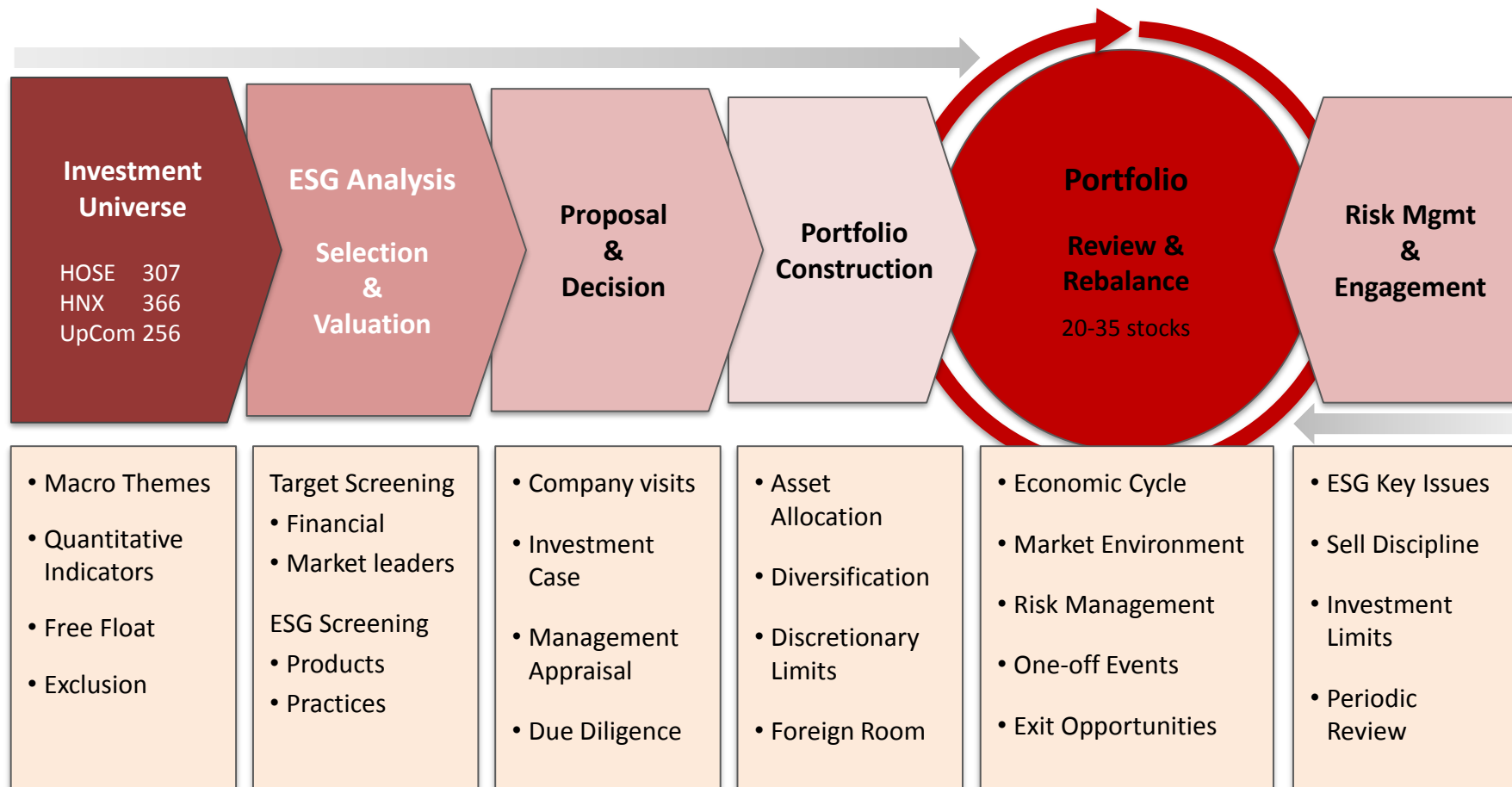
# Vietnam gaining Market Share of total Imports to China

Change in parts and components share versus change in import share, 2006 - 2014



The figure includes a sample of economies in developing Asia that accounted for at least 1% of PRC imports in 2014. The horizontal axis is the change in the share of parts and components in an economy's exports to the PRC from 2006 to 2014. The vertical axis is the change in the economy's share of total imports to the PRC in the same period.

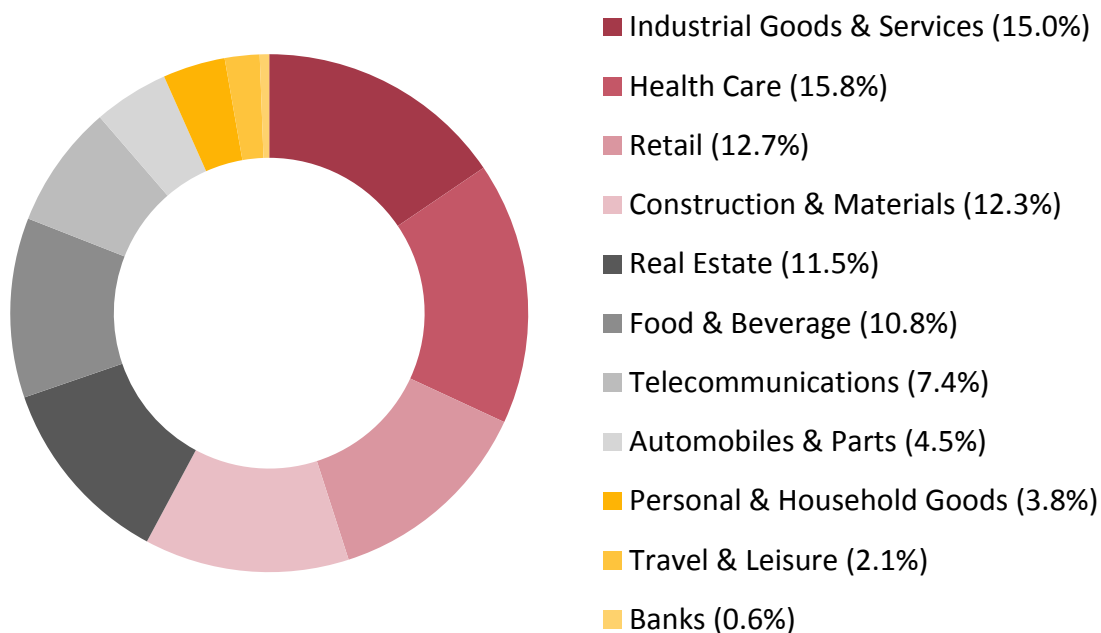
# VNHAM Investment Process



# Portfolio Composition

## Key Metrics

% of NAV invested in Equities	96.5%	Trailing P/E	11.2
Positions	24	Forward P/E	9.3
Median Market Cap	USD 119.6 M	Forward PEG	0.8
Average Investment	USD 5.2 M	Dividend Yield	2.9%



# Portfolio Rebalancing



## Top 10 Companies: % of NAV Comparison

### 31 March 2015

1	Traphaco	7.3%
2	Hau Giang Pharma	7.3%
3	Binh Minh Plastic	6.7%
4	Vinamilk	6.2%
5	Danang Rubber	6.0%
6	Hung Vuong Corporation	5.9%
7	Phu Nhuan Jewelry	5.7%
8	Viconship	5.7%
9	FPT Corporation	5.2%
10	Thien Long Group	4.2%

#### ➤ Top 10 dropouts

- ⊖ Reduced large investments at premiums
- ⊖ Exits due to corporate governance concerns
- ⊖ Portfolio Turnover 2015: 46.9%

### 31 March 2016

1	Traphaco	9.6%
2	Vinamilk	7.6%
3	Binh Minh Plastic	7.5%
4	FPT Corporation	7.4%
5	Viconship	6.9%
6	Phu Nhuan Jewelry	6.8%
7	Thien Long Group	5.9%
8	Hoa Phat Group	4.5%
9	Danang Rubber	4.5%
10	Khang Dien House	4.0%

#### ➤ Top 10 entrants

- ⊖ In-depth look at EPS growth prospects
- ⊖ Consistent ESG screen, leading to investment exits

# Vietnam Fund Universe

## NAV Performance over different periods

Period	#1 Ranking Fund	#2 Ranking Fund	VNH Share Price	VNAS Performance
1 year	<b>VNH: 15.4%</b>	9.9%	14.9%	0.8%
2 years	<b>VNH: 15.2%</b>	6.6%	29.4%	-11.9%
3 years	<b>VNH: 59.2%</b>	37.3%	61.0%	11.9%
4 years	<b>VNH: 97.9%</b>	56.7%	89.5%	22.7%
5 years	<b>VNH: 116.8%</b>	74.8%	110.6%	21.3%

Funds covered: Vietnam Holding (VNH), Lumen Vietnam Fund (LVF), PXP Vietnam Emerging Equity Fund (VEEF), DWS Vietnam Fund (DWS), Fullerton Vietnam Fund, JPMorgan Vietnam Opportunities Fund (JPM), Vietnam Enterprise Investments Limited (VEIL), Vietnam Growth Fund (VGF), Vietnam Equity Holding (VEH), Vietnam Opportunity Fund (VOF), Vietnam Infrastructure Fund (VNI); All Funds NAV as of 31 Mar 16 excluding DWS, VEEF, VNI and VOF as of 29 Feb 16.

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