

VietNam Holding Ltd. (VNH) is a value investor aiming to achieve long-term capital appreciation by focusing on high-growth companies based primarily in Vietnam that demonstrate strong environmental, social and corporate governance awareness. Its current high conviction investment themes are domestic consumption and urbanization. VNH's ordinary shares are listed on the London Stock Exchange's Alternative Investment Market (AIM).

### Portfolio Information

Total Asset Value	USD 192,848,249.05
Shares in Issue	65,646,288
NAV/share	2.938
Cash	1.9%
Number of investments	28
AIM Capitalization (USD m)	166.1
Median Portfolio Company Market Cap (USD m)	405.4
Share Price Discount to NAV	13.9%
Total Expense Ratio (12M rolling)	2.5%
30-Day Avg Trading Value (USD)	186,480
P/E Ratio (12M Trailing)	13.2x
Dividend Yield	2.0%
Forward PEG (2017-2019)	0.5x
EPS Growth (2017-2019 CAGR)	25.7%

### Market Statistics

	VNASTR	VN30TR
Index	973.9	1,020.2
Monthly change (USD)	-0.8%	-1.7%
YTD change (USD)	-4.9%	-4.7%
YOY change (USD)	16.9%	23.9%
P/E Ratio (12M Trailing)	14.2	15.2
P/B Ratio	2.0	2.8
Dividend Yield	2.0	1.6
Market capitalization (USD bn)	100.1	84.5
30-Day Avg Trading Value (USD m)	113.0	72.3
30-Day Avg Trading Value (Shs m)	125.6	45.1

### Performance

Figures in %	1M	YTD	1YR	3YR	5YR	5YR CAGR
VNH NAV per share	-4.0	-5.9	5.8	35.8	69.4	11.1
VNH Share price	-5.2	-7.4	3.5	34.4	94.9	14.3
VNAS (USD)	-0.9	-5.9	14.6	40.4	70.0	11.2
VN30 (USD)	-1.7	-5.6	21.9	36.7	58.1	9.6
MSCI EM Index	1.7	-6.1	2.0	20.6	14.8	2.8

Source: Bloomberg, Dynam Capital Management Ltd. Data for VNAS Total Return and VN30 Total Return (including dividends) is available after July 24 2015. For consistency, figures reflect the respective simple index and not total return. Total return adds 2-3% to annual index performance reflecting the index dividend yield.

### Manager Commentary

#### Sideways glances

In July the Vietnamese stock market reached a six-month low before ending the month more or less back where it started. Market liquidity was low, a combination of more interesting action in the World Cup in Russia perhaps, and general nervousness in the face of Trump's trade-tantrums. Foreign investors were mainly bearish, and there wasn't much in the way of domestic enthusiasm to dent the overall negative flows.

The Vietnamese Dong faced some pressure, as the Yuan continued its decline, and the dollar continued its rise; the latter was the main cause of the 1.5% drop in the VND, bringing the calendar year's decline to 2.5%. The State Bank of Vietnam intervened and spent USD 3 bn in a fruitless attempt to soften the decline, and to hold back its fear of the inflationary enemy of 10 years ago. CPI in fact remained subdued, but in part to artificial caps on some of its constituents, including healthcare and fuel. These measures are unlikely to last long, and it remains to be seen where the full year inflation levels will be, and whether the official figures capture the dynamic fully.

The rest of the macro picture is reasonably robust, with GDP growth for the full year forecast at 6.7%. There was a trade deficit of USD 300m in July, but the full year-to-date surplus is USD 3.06 bn. Credit growth appears to be slowing, at 7.69% as of July, and this will take some wind out of the sails of the banking sector.

15 years' ago, Standard Chartered Bank published its 'Viva Vietnam' report, ahead of the wave of foreign investment, and the beat in the country is still very positive. A walk along the side-streets off Nguyen Hue shows part of the story of consumer discretionary spending – queues for Bubble Tea and Taiwanese delights. The other part of the story is the rapid development of the modern trade segment of the retail sector, including online and omni-channel retail opportunities.

There are, however, global macro shocks that could still hurt Vietnam. Domestic investors take their cues from the foreign flows of money, and collectively the memory of the 2008-2009 meltdown hasn't faded, despite the 2017 Bull-run. A patient, disciplined investment strategy is necessary, and we think there is value to be found, particularly at the current 14x forward earnings multiples, considering that the consensus EPS CAGR for the next 12 months is over 20%.

On the 16<sup>th</sup> July, Dynam Capital Management ([www.dynamcapital.com](http://www.dynamcapital.com)) became the Fund Manager for Vietnam Holdings Limited. We look forward to working with the board and delivering value for investors in the Fund, and keeping investors informed of the market developments.

We are planning an investor meeting in Ho Chi Minh City on Tuesday 9<sup>th</sup> October 2018. Mark your calendars and let us know if you would like to attend.

#### LSE Market Maker

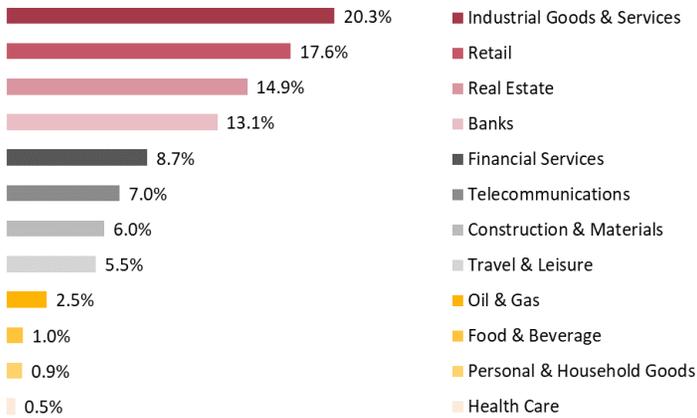
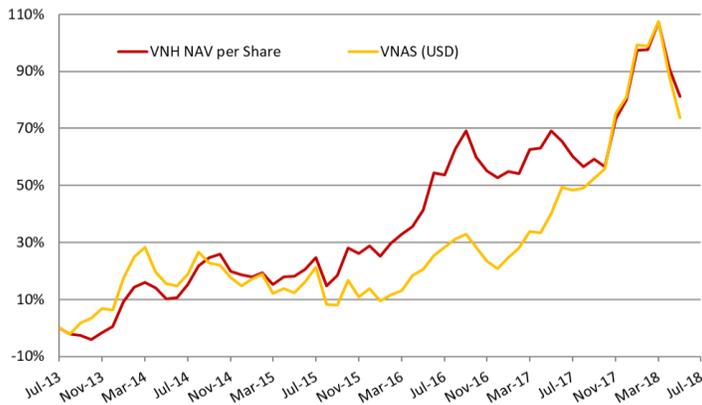
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#### Investment Manager

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**Sector Weights**

**Rolling 5YR**

**Vietnam Macro**

	2017	YTD
GDP Growth	6.8%	7.1%
CPI (YOY)	2.6%	4.5%
FX Rate (USD/VND)	22,709	23,283
FX Rate YTD Change (%)	-0.3%	2.5%
Export (USD bn)	214.0	133.7
Import (USD bn)	211.1	130.6
Trade Balance (USD bn)	2.9	3.1
FDI commitments (USD bn)	35.9	22.9
FDI disbursement (USD bn)	17.5	9.9
FDI no. of new project approvals	2,591	1,656
	<b>Dec 2017</b>	<b>Jul 2018</b>
Retail sales growth (Nominal YOY)	10.9%	11.1%
Purchasing Managers' Index (Nikkei)	52.5	54.9

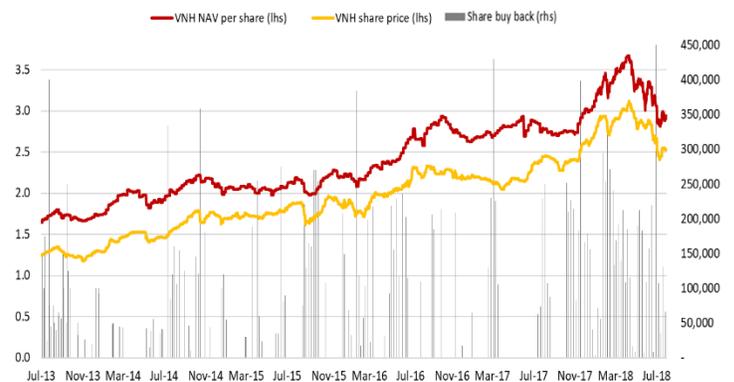
Source: GSO, Customs, Bloomberg, FiinPro

**DISCLAIMER**

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**Top 10**

Company	Sector	NAV (%)
Sai Gon Cargo Service Corp	Industrial	9.3%
Phu Nhuan Jewelry JSC	Retail	9.1%
Viet Capital Securities JSC	Financial Services	8.7%
Hoa Phat Group JSC	Industrial	8.6%
FPT Corp	Telecommunications	7.0%
Khang Dien House	Real Estate	6.2%
MB Bank	Banks	5.0%
Van Phu - Invest	Real Estate	4.7%
Thien Long Group Corp	Retail	4.5%
Vietnam Prosperity Bank	Banks	4.3%
<b>Total</b>		<b>67.3%</b>

**Share Price – NAV per Share – Buybacks**

**Fund Information**

Structure	Closed-end fund
Listed	London Stock Exchange
LSE Ticker	VNH LN
Inception Date	30 June 2006
NAV Frequency	Daily starting from Jan 2018
Management fee	1.50% on NAV below USD 300m 1.25% on NAV between USD 300-600m 1.00% on NAV above USD 600m
Performance fee	12% (hurdle rate 8%)
AIM Nominated Advisor	finnCap
Administrator & Custodian	Standard Chartered Bank
ISIN	KYG9361X1043
Bloomberg Ticker	VNH LN Equity
Clearing	CREST / Euroclear / Clearstream
Settlement	BIC Code: SCBLSGSG
Quotation	LSE direct feed VNH LN
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