



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 146,228,044

NAV per share USD 2.674*

Shares in issue 54,686,148

Treasury shares 9,720,956

Equity investments 96.44%

Number of investments 27

*Warrants-diluted NAV per share: USD 2.497

Vietnam News & VNH Insights

Boom Boom

February added to the market's good start to 2017, with the local Vietnam All Share Index adding another 3.5%. It was still up nicely in USD even after the VND's 0.8% slippage versus the USD. VNH's NAV was up 0.7% on the month, with a lack of heavy weighting in banks and construction hurting VNH's very recent relative performance. Vietnam is exhibiting the signs of a mid-stage bull market, with lots of new stock names appearing on both the main market and the "UpCom" over-the-counter market, record levels of foreign investor interest in both the stock market and the real economy, and buoyant growth metrics across broad swathes of the economy.

It is a time when fashionable stocks are capable of rushing into the stratosphere, chased by investors of various stripes whose level of greed is running high and fear low. For disciplined value investors it can therefore be an occasionally frustrating time, watching from the sideline as certain stocks advance seemingly without cause.

Growth metrics are flashing green...

First quarter 2017 GDP growth looks to be well on its way to a c. 6% figure. Core metrics such as the index of industrial production (up 2.4% year-on-year in the first two months) and retail sales (up 8.7% nominal, 5.6% real) are a little sluggish at present, but previous laggards agriculture (rice farming now showing strong double-digit recovery)

and extraction (broadly stable) are not the drag that they were through most of last year.

Foreign trade has started 2017 very robustly, with exports up 15% YoY and imports 20%, making a very marginal deficit. Foreign portfolio investors are visiting Vietnam in record numbers, while direct ones are actively pursuing entry and expansion in local retailing and food & beverage and, still, manufacturing as part of their global supply chains. Disbursed foreign direct investment has risen 3% YoY in the first two months. Samsung remains Vietnam's foreign champion and might account for 26% of the nation's exports this year (if its exports grow 25% this year versus Vietnam's overall 9%). Content localisation ratios continue to grow as they should - 34% in 2016 according to a recent survey of Japanese-owned businesses, up from 22% two years before.

...while the government improves its finances

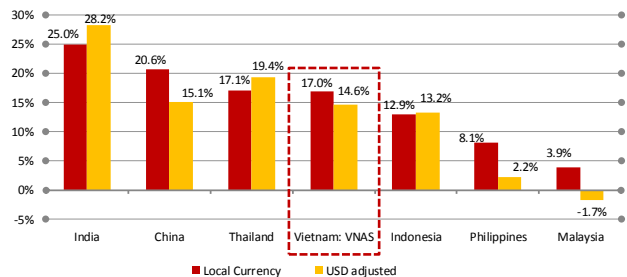
Meanwhile the government wisely continues to show commitment to fixing the roof while the sun is shining: in other words, improving public finances. It has recently reduced its target for government bond issuance in 2017 by 27% to VND 183tn (being USD 8bn, less than 4% of 2017 likely GDP). This might partly reflect a more difficult anticipated environment for issuing paper as interest rates rise, but it also probably shows that the commitment to reduce the budget deficit meaningfully from the traditional level of 5-6% is genuine. The government's target of 3.5% for 2017 should therefore not be laughed out of court. An uptick in inflation - to 5% in February YoY - presents various potential issues of concern, but it also assists in the reduction of real indebtedness.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	24.4	2.2	1.5
India	21.3	2.8	1.5
Philippines	19.5	2.3	1.8
Malaysia	19.1	1.5	3.0
China	18.6	1.8	1.7
Thailand	16.6	1.9	3.0
Vietnam: VNAS	12.8	1.6	3.4

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 28 February 2016 to 28 February 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	0.71%
Year-to-date	2.07%
Last 12 months	20.64%

Portfolio Statistics

P/E (trailing)	12.75x
Dividend yield	3.42%
PEG (2016-2018)	0.79
Beta	0.72

Median market cap / investment (USD million)	174.36
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Share Price / Discount

Share Price Performance

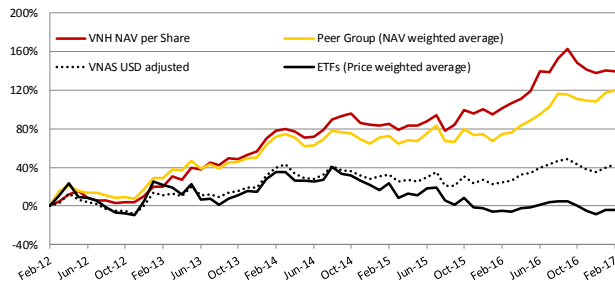
Last month	-1.61%
Year-to-date	-3.83%
Last 12 months	17.63%

Sharpe ratio	0.98
Alpha	0.04
Beta	0.56

Market capitalisation (USD million)	116.75
Share Price Discount to NAV	21.10%

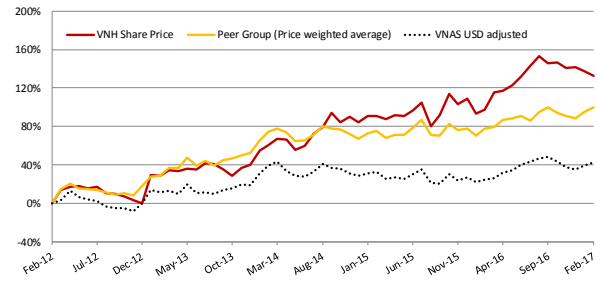
Operating Expense Ratio (12 month rolling)	2.84%
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NAV Performance vs. VNAS and Peers



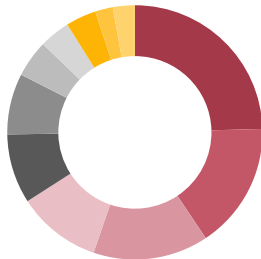
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, Vietnam Phoenix Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

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 (22.9%)
- Health Care (15.0%)
- Retail (13.6%)
- Construction & Materials (9.9%)
- Food & Beverage (8.2%)
- Telecommunications (7.2%)
- Real Estate (4.4%)
- Personal & Household Goods (3.6%)
- Oil & Gas (3.6%)
- Automobiles & Parts (2.1%)
- Utilities (2.6%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.45%
Phu Nhuan Jewelry	HOSE	7.56%
FPT Corporation	HOSE	7.23%
Binh Minh Plastic	HOSE	6.77%
Viconship	HOSE	6.52%
Thien Long Group	HOSE	6.07%
Hoa Phat Group	HOSE	4.88%
Petrovietnam Transportation	HOSE	3.60%
Vinamilk	HOSE	3.12%
Transimex-Saigon	HOSE	2.82%

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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