



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

Fund Statistics

Total NAV	USD 158,044,055	NAV per share	USD 2.931*
Shares in issue	53,924,319	Treasury shares	10,281,430
Equity investments	93.90%	Number of investments	28

*Warrants-diluted NAV per share: USD 2.684

Vietnam News & VNH Insights

The well-founded boom rolls on

May was a month of renewed bullishness after a stable April, with the Vietnam All Share Index increasing 4.9% in local currency terms and 4.9% in dollars. This puts the year-to-date index up 15.9% in dollars. For the month, your fund's NAV per share was up 3.7%; year-to-date it is up 10.6%.

Vietnam is enjoying healthy fundamentals for good earnings per share growth, which is comfortably in double digits. GDP growth of 6% or better carries on, inflation is very reasonable at a latest run-rate of 3.2%, the fiscal deficit is improving to a 3-4% range from 5-6%, foreign direct investment continues to pour into the country at a good rate, and its workforce quality and cost competitiveness remains impressive. The rating agencies are agreeing: Moody's in May raised its outlook on Vietnam to positive, citing FDI and optimism on government debt burden stabilisation.

Just as good news is that the stock market valuation picture for Vietnam remains attractive. The VNAS sports a trailing price/earnings ratio of 12.8X, versus the MSCI frontier market index at 14.4X and MSCI emerging market index at 15.3X. Other comparisons are similarly favourable: the Shanghai Composite on 16.7X, Jakarta Composite on 23.5X, Philippines Composite on 21.5X, and the S&P500 on 21.4X. That Vietnam continues to look attractive valuation-wise is testament to the earnings-driven nature of the five-year-old bull market, and gives us confidence that equity values in Vietnam are not remotely stretched at this stage.

The importance of SOE reform follow-through

There has been close attention by the government to maximising headline GDP growth. However, we hope that a greater focus will be placed on state-owned enterprise reform follow-through. There are a handful of major recently listed businesses whose free-float is extremely low, where further stake selling would be of key importance to stock market depth. There are also many more state companies awaiting privatisation. It is progress on these privatisations that will ultimately benefit Vietnam's sustainable GDP growth rate, more than pushing PetroVietnam to pump more oil or accelerating an environmental approval here or there will. The Prime Minister has recently approved an equitization plan for 137 SOEs in the 2016-20 period. While previous targets of this type have tended to be missed, we hope that this one will be pursued vigorously.

As the time of writing, the Prime Minister is in Washington. A good relationship with the US remains highly beneficial for Vietnam, and closer US economic ties are expected in due course, including the possibility of freer trade. At the same time, Vietnam is wise to remain an enthusiastic backer of the "Trans-Pacific Partnership minus one" initiative, on the basis that it will help impose Vietnam's economic reform drive at home, while also keeping alive the possibility that the US will ultimately rejoin it in a few years' time when the political landscape of that country returns to something more normal.

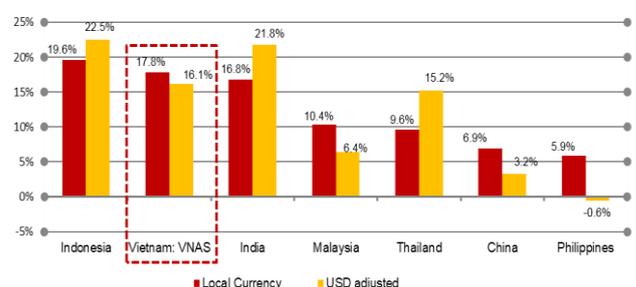
Conditions in Vietnam remain conducive for long-term profitable sustainable investing, and we continue our upbeat search for further opportunities.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	23.5	2.4	2.2
India	22.9	2.9	1.2
China	16.7	1.7	1.7
Philippines	21.5	2.5	1.6
Malaysia	14.7	1.0	4.9
Thailand	15.8	1.9	3.2
Vietnam: VNAS	12.8	1.7	3.0

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 31 May 2016 to 31 May 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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Signatory of:





Net Asset Value / Portfolio

NAV per Share Performance

Last month	3.67%
Year-to-date	10.60%
Last 12 months	19.95%

Portfolio Statistics

P/E (trailing)	13.32x
Dividend yield	2.93%
PEG (2017-2019)	0.98
Beta	0.74

Median market cap of investee companies (USD million)	228.77
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Share Price / Discount

Share Price Performance

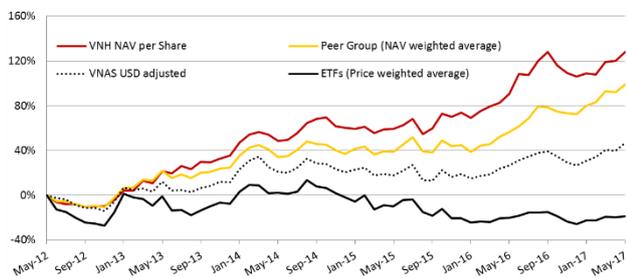
Last month	-1.38%
Year-to-date	-3.24%
Last 12 months	5.04%

Sharpe ratio	0.39
Alpha	-0.12
Beta	0.57

Market capitalisation (USD million)	115.83
Share price discount to NAV	26.71%

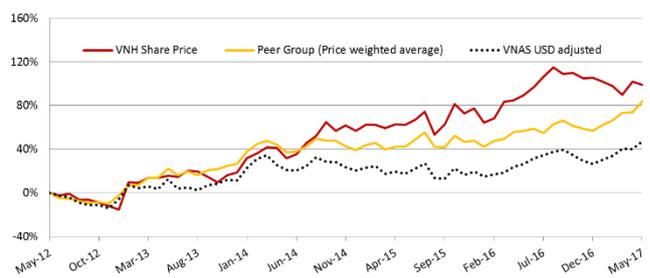
Operating expense ratio (12 month rolling)	2.83%
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NAV Performance vs. VNAS and Peers



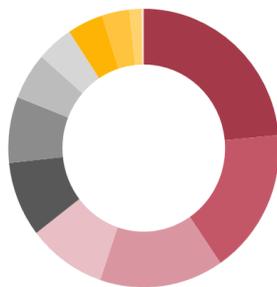
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, Vietnam Phoenix Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

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 (22.1%)
- Health Care (15.9%)
- Retail (13.9%)
- Construction & Materials (8.8%)
- Food & Beverage (8.2%)
- Telecommunications (7.2%)
- Real Estate (5.1%)
- Oil & Gas (4.1%)
- Banks (4.0%)
- Personal & Household Goods (3.1%)
- Financial Services (1.4%)
- Utilities (0.2%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.6%
Phu Nhuan Jewelry	HOSE	8.9%
FPT Corp	HOSE	7.2%
Viconship	HOSE	5.8%
Thien Long Corporation	HOSE	5.0%
Binh Minh Plastic	HOSE	4.9%
Hoa Phat Group	HOSE	4.7%
Petrovietnam Transportation Co	HOSE	4.1%
Hau Giang Pharma	HOSE	3.3%
Vinamilk	HOSE	3.3%

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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