



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 200,557,718

NAV per share USD 2.763

Shares in issue 72,581,346

3M Avg Liquidity 212,840

Equity investments 94.06%

Number of investments 28

Vietnam News & VNH Insights

The Goldilocks boom powers on...

The Vietnam All Share Index rose another 2.3% in September on dollar basis, while VNH's net asset value per share rose 1.8% to USD 2.763. The index is up a stellar 26.2% through nine months of 2017, putting it easily in the top quintile of global equity markets for year-to-date performance.

Third quarter Vietnamese GDP data that came out at the end of the month painted a rosy picture of accelerating GDP growth – 7.46% in 3Q YoY, up from 6.28% in 2Q. Inflation is well under control at 3.4% YoY in September, real retail sales are barreling along at 9.2% yoy growth, disbursed foreign direct investment is up 13.4% yoy and FDI approvals up 34%, the trade deficit is running at less than half a percent of GDP, interest rates remain near all-time lows with five-year government bonds yielding below 5%, and the Vietnam dong remains rock-solid against the US dollar.

Is it all too good to be true?

When all is placid and perfect, wise cynics get worried. Here are a few bitter seeds to chew on:

- The stunning export engine (+20% yoy) remains a foreign-business-driven one: their trade surplus is heading towards 10% of GDP this year, broadly offset by a roughly 10% deficit for the indigenous economy. Since the stock market reflects the latter not the former, beware the macroeconomic mirage.

- On privatisation follow-through on already listed but minimally sold off businesses, something has to give: either the follow-on stake sales of big names like SAB and ACV need to be done at sub-market prices, or else delay will be endemic. Neither outcome would be a spur to higher market valuations.
- Runaway credit growth and unreformed government deficit spending spell a rising risk profile for Vietnam, especially at a time of tightening global monetary policy. Vietnam sits disturbingly close to less-than-household countries like Hungary, Brazil, and India on public sector debt to GDP (65%). Vietnam's credit growth to GDP has risen among the fastest in Asia since the 2013 taper tantrum, from 97% then to 136% estimated by this year-end.

MSCI EM prospects are not too far off

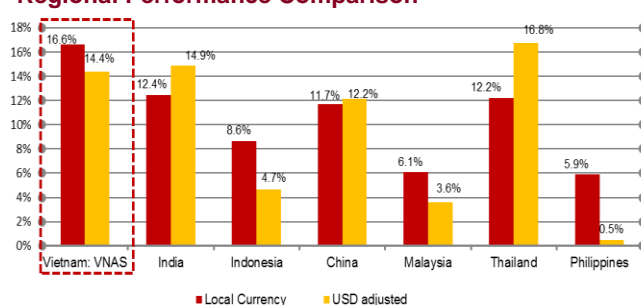
Notwithstanding the above, it seems inevitable, with the market having become dramatically larger (now in excess of USD 120bn of market cap and USD 200m of daily trading) over the past three years, that MSCI emerging market shortlist will occur within the next three. This, coupled with at least a halfway-decent privatisation vigour from the government, should keep Vietnam's overall equities outlook positive. Valuations are not extreme – we are at a reasonable 14.4x trailing PER on the VNAS – and the EPS growth outlook remains one of solid double digits. A concentrated stock selection strategy based on long term value investing should still see attractive returns over the coming years.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	23.0	2.5	2.0
India	23.1	2.9	1.2
China	17.5	1.8	1.9
Philippines	22.7	2.5	1.5
Malaysia	20.4	1.6	3.0
Thailand	17.1	2.0	2.9
Vietnam: VNAS	14.4	2.0	2.6

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 29 Sep 2016 to 29 Sep 2017.

Fund Facts

Domicile
Admission
Stock Exchange
Management Fee

Performance Fee
LSE Ticker
Bloomberg Ticker
ISIN

Cayman Islands
15 June 2006
London AIM
2.00% for NAV < \$100M
1.75% for NAV > \$100-150M
1.50% for NAV > \$150M
15% (hurdle rate 5%)
VNH
VNH LN Equity
KYG9361X1043

AIM Nominated Adviser

Smith & Williamson Corporate Finance Limited
Azhic Basirov +44 20 7131 4000

AIM Broker

Winterflood Investment Trusts
Neil Langford +44 20 3100 0000

Administrator & Custodian

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Investment Manager

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Signatory of:





Net Asset Value / Portfolio

NAV per Share Performance

Last month	1.81%
Year-to-date	4.26%
Last 12 months	-5.76%

Portfolio Statistics

P/E (trailing)	13.75x
Dividend yield	2.45%
PEG (2016-2018)	0.89
Beta	0.85

Median market cap of investee companies (USD million)	297.19
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Share Price / Discount

Share Price Performance

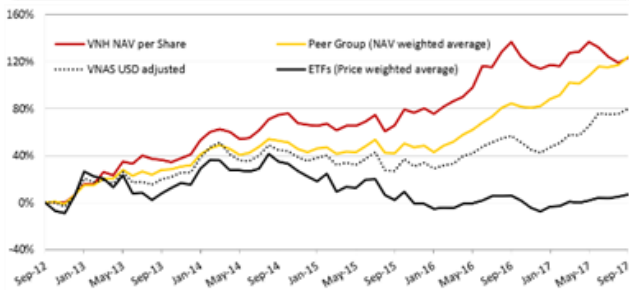
Last month	-3.11%
Year-to-date	5.18%
Last 12 months	3.55%

Sharpe ratio	0.56
Alpha	-0.02
Beta	0.27

Market capitalisation (USD million)	169.48
Share price discount to NAV	15.49%

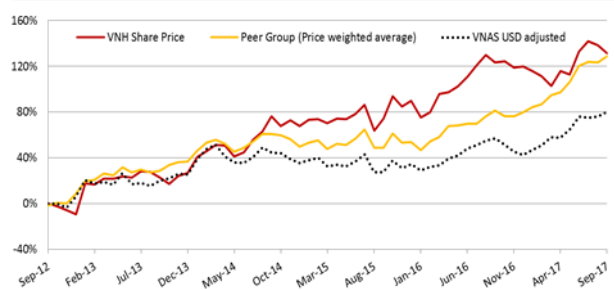
Expense ratio (12 month rolling)	2.71%
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NAV Performance vs. VNAS and Peers



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

Share Price Performance vs. Index and Peers



Source Bloomberg. Peer group is weighted average of VEIL, VOF, Vietnam Phoenix Fund, PXP Vietnam Emerging Equity Fund, and JP.Morgan VN Opportunity Fund

Industry Allocation



- Industrial Goods & Services (21.3%)
- Retail (15.0%)
- Health Care (14.9%)
- Food & Beverage (11.4%)
- Banks (8.7%)
- Telecommunications (6.5%)
- Oil & Gas (4.7%)
- Financial Services (3.1%)
- Real Estate (3.0%)
- Construction & Materials (3.0%)
- Personal & Household Goods (2.5%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	11.19%
Phu Nhuan Jewelry	HOSE	8.74%
Hoa Phat Group	HOSE	7.51%
FPT Corporation	HOSE	6.47%
Vinamilk	HOSE	6.18%
Petrovietnam Transportation	HOSE	4.66%
Thien Long Group	HOSE	4.64%
Viconship	HOSE	4.50%
Vinh Hoan Corp	HOSE	3.86%
Hau Giang Pharma	HOSE	3.70%

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	Johnny Hewitson +44 207 220 0558
Peel Hunt	David Kininmonth +44 207 418 8895

Fund Rating



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