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VietNam Holding Limited - VNH Monthly Investor Report
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VietNam Holding Limited ("VNH" or the "Company")

Monthly Investor Report

A report detailing the activities of the Company for the month December 2018 has been issued by Dynam Capital Management Limited, the investment manager of the Company. Electronic copies of the report have been made available to shareholders on the Company's website at <http://www.vietnamholding.com/publications/investor-reports> and a summary of the report is included below.

Investor Report Summary

Christmas decorations were abundant in Vietnam, and local investors also hoped-for a Santa Rally in December which failed to materialise. The broadest equity index in Vietnam (VNAS) decreased by 3.5% in the month, and year-to-date by 13.8%. The Fund's NAV fell by 2.1% in December, delivering a disappointing YTD return of -12.8%. This is despite an attractive macro picture with modest inflation (CPI 3% y-o-y), strong FDI (USD 19.1 bn disbursed YTD), a growing trade surplus (USD 7.2 bn YTD) and more than 7% in GDP growth.

Vietnamese equities are reasonably priced, at 13x PER, after stripping out some outliers, in-line with corporate growth forecasts of 14%. The Fund's portfolio is on an estimated weighted trailing PER of 12x and a forward PER of 9.7x, and the weighted EPS growth forecast of our portfolio is 22.5%.

Domestically we are seeing some weakness in the banking and real-estate sectors, the former from a combination of deliberately controlled credit growth and higher provisioning for NPLs, and the latter from delays in licensing and delays in associated infrastructure (favouring developers with inventory to sell).

We anticipate continued volatility in the global economy, with a multitude of worries related to geo-political dislocations (China-US, UK-Europe, China-Taiwan?). As Vietnam is an increasingly open economy - exporting and importing about 100% of GDP - any potential slowdown in the global economy will have an impact. As a result, much of the nervousness in the equity market is imported. With elections planned for Thailand and Indonesia in 2019, Vietnam has one of the more stable political environments in ASEAN for 2019 and we remain optimistic for the outlook of the Fund in 2019.

Following the splitting of the portfolio into a Continuing Pool and a Tender Pool after the EGM on 31st October 2018, and the successful liquidation of the Tender Pool, we are now working on a rebalancing strategy for 2019.

In December we made a second and final distribution of USD 1.22 per share from the Tender Pool, taking the total to USD 2.72 per share. This was achieved in a period of falling equity prices, and low liquidity.

We wish you all a safe and prosperous 2019.

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