

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.

### Portfolio Information

Total Asset Value	USD 210,363,427.68
Shares in Issue	66,960,817
NAV/share	USD 3.142
Cash	2.2%
Number of investments	28
AIM Capitalization (USD m)	187.5
Median Investee Market Cap (USD m)	478.1
Share Price Discount to NAV	17.1%
Total Expense Ratio (12M rolling)	2.4%
30-Day Avg Trading Value (USD)	179,113
P/E Ratio (12M Trailing)	15.0x
Dividend Yield	1.6%
PEG (2017-2019)	0.60x
EPS Growth (2017-2019 CAGR)	24.3%

### Market Statistics

	VNASTR	VN30TR
Index	969.7	1,020.4
Monthly change (USD)	-7.6%	-7.8%
YTD change (USD)	-3.3%	-2.7%
YOY change (USD)	26.4%	34.3%
P/E Ratio (12M Trailing)	14.2	15.5
P/B Ratio	2.1x	2.9x
Dividend Yield	2.2%	1.9%
Market capitalization (USD bn)	99.6	85.9
30-Day Avg Trading Value (USD m)	156.1	113.3
30-Day Avg Trading Value (Shs m)	120.2	55.7

### Performance

Figures in %	1M	YTD	1YR	3YR	5YR	5YR CAGR
VNH NAV per share	-5.2	0.6	7.2	53.3	88.1	13.5
VNH share price	-3.8	2.5	30.4	59.5	124.0	17.5
VNAS (USD)	-7.8	-3.9	24.1	54.7	61.8	10.1
VN30 (USD)	-8.0	-3.3	32.3	53.9	49.8	8.4
MSCI EM Index	-3.8	-3.3	11.5	11.6	11.1	2.1

Source: Bloomberg, VNH Asset 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

#### Froth off, now spillage – but value is re-emerging

In May the market fall from early April's peak continued, with the Vietnam All Share Index (total return, dollar basis) leaching 7.6%, bringing the market to around 20% below its peak and below the various oft-cited technical support levels. But as alarm and despondency rise, we find the pangs of greediness beginning to stir in the recesses of our gut.

The trailing earnings multiple for the market at large has now retreated to below 18x for the popularly-watched VN-Index, and below 14x for our preferred VNAS index, representing a multiple contraction of about a fifth in just seven weeks.

Prominent local market commentators tend to dismiss the fall as just one of international factors, but this is patent nonsense: Vietnam's recent fall has been much more steep than most over the recent weeks. What they fail to acknowledge is that super-20x valuation multiples are entirely inappropriate for a market with the highly variable corporate governance standards and overall shoddy minority shareholder value that Vietnam still possesses as a dominant characteristic.

As such, this remains a market for extreme selectivity from very disciplined, active fund management. Index and ETF players will get burned here in the long run.

Macroeconomically, Vietnam remains a superb short term and long term story, but we investors can't eat the macro. We eat the micro. That's why the S&P500 and such in the west whips the emerging and frontier market return record over most long term historic time periods. Vietnamese growth will stay strong for years and its balance of payments structure too, providing an enviable backdrop for those corporate managements who dedicate themselves to the cause of genuine shareholder value.

The government's recent interventions to raise property-sector interest rates and to threaten curbs on the nascent consumer finance boom illustrate the silver lining of a technocratic one party state: rampant excesses can be avoided, provided the technocrats have some skill. Vietnamese ones increasingly do and this bodes well.

We are scouring the market for cases of outstanding value that may have emerged in the recent carnage, where managements are not the slippery kind taking the minorities for a ride.

There will be plenty of money to be made for equity investors over the coming few years and longer in Vietnam. But a sceptical eye and an activist voice will be an essential part of the process.

Value is emerging. Time to allocate to the good managers.

#### LSE Broker & Nomad | VNH Board Advisor

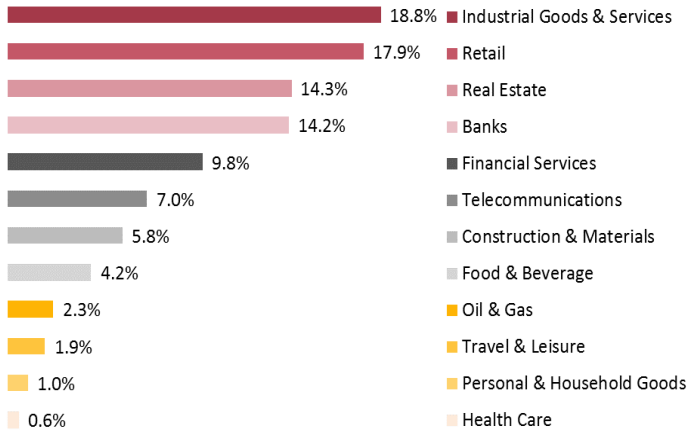
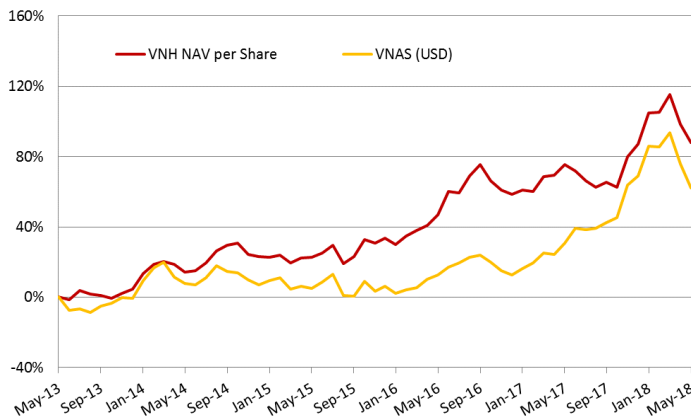
finncap  
Johnny Hewitson

+44 207 220 5558  
[JHewitson@finncap.com](mailto:JHewitson@finncap.com)

#### Investment Manager

VietNam Holding Asset Management  
[www.vnham.com](http://www.vnham.com)

+44 781 078 5933  
[Investorrelations@vnham.com](mailto:Investorrelations@vnham.com)

**Sector Weights**

**Rolling 5YR**

**Vietnam Macro**

	2017	YTD
GDP Growth	6.8%	7.4%
CPI (YOY)	2.6%	3.9%
FX Rate (USD/VND)	22,709	22,806
FX Rate YTD Change (%)	-0.3%	0.4%
Export (USD bn)	214.0	93.1
Import (USD bn)	211.1	89.7
Trade Balance (USD bn)	2.9	3.4
FDI commitments (USD bn)	35.9	9.9
FDI disbursement (USD bn)	17.5	6.8
FDI no. of new project approvals	2,591	1,076
	<b>Dec 2017</b>	<b>May 2018</b>
Retail sales growth (nominal YOY)	10.9%	10.1%
Purchasing Managers' Index (Nikkei)	52.5	53.9

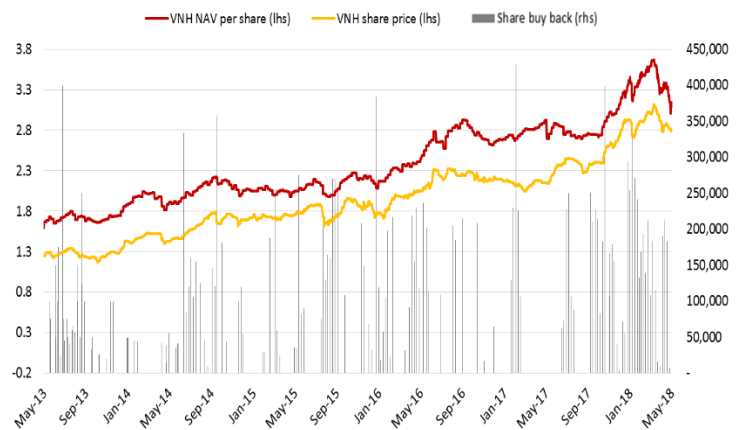
Source: GSO, Customs, Bloomberg, FiinPro

**DISCLAIMER**

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**Top 10**

Company	Sector	NAV (%)
Phu Nhuan Jewelry	PNJ Retail	10.4%
Viet Capital Securities	VCI Financial Services	9.8%
Hoa Phat Group	HPG Industrial	8.7%
Sai Gon Cargo Services	SCS Industrial	7.8%
FPT Corp	FPT Telecommunications	7.0%
Khang Dien Housing	KDH Real Estate	5.8%
MB Bank	MBB Banks	4.9%
Van Phu Invest	VPI Real Estate	4.4%
Thien Long Group	TLG Retail	4.3%
Vietnam Prosperity Bank	VPB Bank	4.2%
<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
Management fee	2.00% on NAV below USD 100m 1.75% on NAV between USD 100-150m 1.50% on NAV above USD 150m
Performance fee	15% (hurdle rate 5%)
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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