



VietNam Holding Ltd. (VNH) is a value investor, aiming to generate high risk-adjusted returns by combining rigorous financial analysis with interactive sustainability research. The fund is an attractive opportunity to participate in the further development of one of the world's fastest growing emerging markets. VNH is listed on both the London and the Frankfurt stock exchanges.

### Fund Statistics

Total NAV USD 65,273,554

NAV per share USD 1.196

NAV p/s last month 4.59%

NAV p/s last 12 mths 1.01%

Equity investments 89.84%

Number of investments 28

### Vietnam News

Vietnam's equity market indices rose strongly in February, on robust volumes. The VNI was up 9.2% in February, taking the year-to-date rise to 21.4%; well ahead of its emerging market and frontier market peers. While foreign investors were leading the charge into the stock market, the general sense in the business community was that 2012 would be a challenging year for most businesses. Industrial production grew by a modest 3.9% for the first two months of 2012.

The bullishness of equity investors stems from a number of factors. The inflation rate continues to decrease, and interest rates are expected to be lowered soon as the macro-economic backdrop gradually improves. The government bond yield curve has also started to flatten. Monthly inflation in February increased to 1.4% due to Tet however YoY inflation declined from January's 17.3% to 16.4%.

The trade deficit also continues to contract, calming perennial concerns about foreign exchange reserves. So far in 2012, Vietnam has recorded exports of US\$15.3bn and imports of US\$15.9bn; rises of 24.8% and 11.8% respectively. The resulting trade deficit of USD 600m was down by two thirds from 2011. Relative to the GDP the trade deficit has been cut in half over the last two years.

The central bank's deft handling of the banking sector is also a source of some inspiration. Commercial banks have now been classified into four groups, and caps on their credit growth are being set accordingly. We anticipate a large increase of M&A deals in the banking sector for 2012.

Vietnam has seen more positive media reports over the last two months than at any time since the beginning of 2008. For example, Bloomberg has identified Vietnam as the most promising frontier market in the years ahead. Foreign value as well as momentum investors find Vietnamese stocks attractive, as evidenced by the US\$79m that foreign funds injected into the equities market in February – almost 95% of all foreign portfolio inflows in 2011.

The State Securities Commission has extended the stock markets' trading into the early afternoon, and has submitted plans to the government to merge the Hanoi and HCM City stock markets in 2013. Both moves should aid liquidity, with close to 700 stocks now listed in the country.

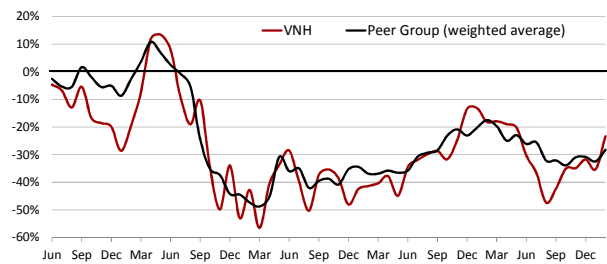
The VND appreciated against the USD by roughly 1% in February.

### Regional P/E Comparison

Indonesia	20.38
Philippines	18.05
India	16.15
Malaysia	15.88
Thailand	15.37
China Shanghai Comp	12.76
<b>Vietnam</b>	<b>10.14</b>

Source: Bloomberg.

### Share Price Discount to NAV



Source: Bloomberg and LCF Rothschild.

### VNH Insights

VietNam Holding's NAV increase of 8.9% over the past two months lags the VNI's 21.4% by quite a margin. This is due to the fact that the stock market increase was largely concentrated on interest-sensitive companies, including banks, stock brokers and real estate firms. Undaunted by the market's focus and speculative drive, VNH has continued its portfolio rebalancing efforts and has added several new companies to its investments, while exiting others.

VNH's trailing portfolio P/E of 6.65x is almost 35% below the VNI's overall market valuation. The dividend yield of VNH's value portfolio over the last 12 months was 6.07% compared to the market's overall 4.45%.

The positive press reports on Vietnam's economy and stock market have translated into higher demand for our VNH shares. Since the year-end 2011 the VNH share price has increased by 22.75% as of the end of February, by 33.6% as of the time of writing this report.

As the above chart shows, this share price performance has reduced the share price discount compared to the NAV to 23.3% as of the end of February compared to 32.4% as of year-end or 47.1% as of August 31, 2011. When this report was penned, the continuing rise of the share price to a fraction below USD 1.00 translated into a discount to the February 29, 2012 NAV of 16.6%.

### Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Exchanges	London AIM Frankfurt Entry Standard
Management Fee	2%
Performance Fee	20% (hurdle rate 5%)
Shares in issuance	54,582,112
LSE Ticker	VNH
Bloomberg Ticker	VNH LN Equity
Reuters RIC	VNHq.L
ISIN	KYG9361X1043

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**Net Asset Value**

Lowest NAV per Share	USD 0.76
Highest NAV per Share	USD 2.49
Positive Months	44.12%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	26.52%

**Performance NAV per Share**

Last 3 Months	8.22%
Year-to-Date	8.90%
Since inception annualized	-8.02%

**Share Price**

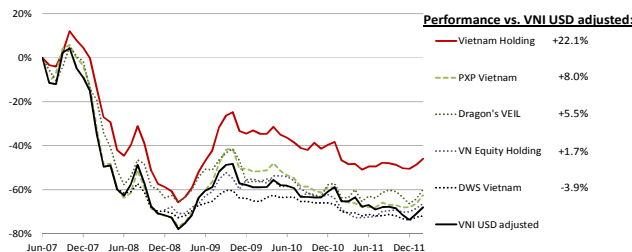
Share Price	USD 0.92
Discount	-23.07%
Market Capitalisation	USD 50.22M
Lowest Share Price	USD 0.24
Highest Share Price	USD 2.85

**Performance**

Last Month	23.15%
Last 3 Months	28.32%
Year-to-Date	22.74%
Last 12 Months	-5.41%

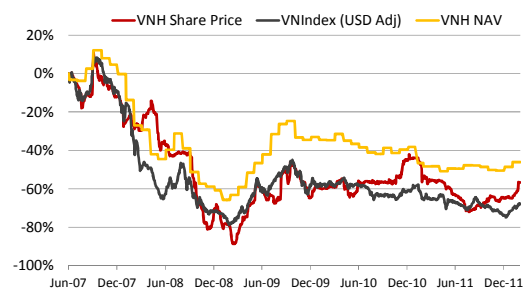
<b>Portfolio TER</b>	<b>PEG (2011e): 0.35</b>	<b>Beta: 0.69</b>	<b>P/E (trailing): 6.65x</b>
	3.97% (FY 2011)		

**NAV Performance vs. VN Index and Peer Group**



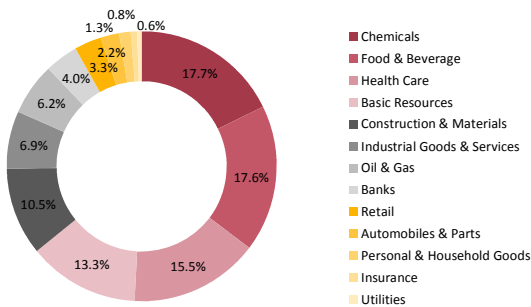
Source: Bloomberg and LCF Rothschild.

**Share Price vs. NAV and VN Index**



Source: Bloomberg.

**Industry Allocation**



**Top 10 Holdings**

Investee Company	Market	Percent of NAV
AnGiang Plant Protection	OTC	12.37%
Vinamilk	HOSE	11.92%
Hau Giang Pharma	HOSE	7.37%
Binh Minh Plastic	HOSE	5.46%
Dong Phu Rubber	HOSE	5.35%
Petrovietnam Drilling	HOSE	4.17%
Viconship	HOSE	3.56%
Petrovietnam Fertilizer	HOSE	3.56%
Eximbank	HOSE	3.42%
Imexpharm	HOSE	3.31%

**London Stock Exchange Market Makers**

<b>Oriel Securities</b>	Shayne Barge +44 207 710 7665
<b>Jefferies</b>	Michele White +44 207 898 7127
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**PRI**  
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UN Principles for Responsible Investment



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