



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 investment themes are agriculture, domestic consumption and urbanization. VNH is listed on both the London and the Frankfurt stock exchanges.

Fund Statistics

Total NAV USD 128,569,956

NAV per share USD 2.164

Shares in issue 59,416,239

Treasury shares 7,615,500

Equity investments 98.56%

Number of investments 24

Vietnam News

July was an exciting month for Vietnamese stocks, with the local-currency Vietnam All Share Index putting on a vigorous 4.1% to 599. Enthusiasm has emanated from three main sources. First, the coming foreign ownership limit (FOL) increases. These will likely take effect at various points from September onwards, with many companies being able to go "limitless". Second, high hopes for the recent Trans-Pacific Partnership (TPP) negotiating round in Hawaii, though post-month end news arrived that the talks have not yet reached a conclusion. Third, the continued strong near term economic prospects, supported by good recent data releases, such as credit growth (up 6.3% ytd by June), industrial production (up 9.6% yoy in 1H15), disbursed foreign direct investment (USD 7.4bn ytd through July, up 9% yoy), and real retail sales (up 8.3% yoy in 1H15). All of these indicators are running at multi-year highs.

As ever, there of course are concerns to monitor. First, a significantly sized trade deficit has reappeared this year for the first time since 2011, perhaps in 2015 amounting to over USD 6bn or 3% of GDP, with export growth at 9% in 1H15 being outstripped by import growth at 17%. Second, all is not well with government finances, with strain appearing in the government's ability to finance its c. 5% habitual annual budget deficit. This has shown itself in under-subscribed government bond auctions, even as the authorities undertake the sound project of building out a long term yield curve for such paper, to include 20 year paper during 2H15 for the first time. Meanwhile, public indebtedness is now creeping right up to the government's self-imposed limit of 65% of GDP.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	25.6	2.3	2.1
India	22.3	3.0	1.3
Philippines	20.8	2.7	1.8
Thailand	19.0	1.9	3.1
China	18.8	2.2	1.8
Malaysia	16.1	1.7	3.3
Vietnam: VNAS	12.0	1.6	3.0

Source: Bloomberg.

Vietnam Fund Universe - NAV Performance Comparison

Period	Rank 1	Rank 2	Rank 3
1 year	VEIL: 9.5%	VNH: 9.0%	VEH: 6.6%
2 years	VNH: 35.9%	VEEF: 31.6%	VEH: 30.7%
3 years	VNH: 73.1%	JPM: 56.7%	VEIL: 52.8%
4 years	VNH: 99.9%	VEH: 77.9%	JPM: 70.1%
5 years	JPM: 65.4%	VNH: 59.3%	VEF: 54.9%
6 years	JPM: 91.8%	VNH: 89.2%	VOF: 52.9%

Sources: Bloomberg and company websites.

As per 30 June 2015. Where 30 June data not available, closest date to 30 June is used.

Funds covered: VNH, Lumen Vietnam Fund, PXP Vietnam Emerging Equity Fund (VEEF), DWS Vietnam Fund, Fullerton Vietnam Fund, JPMorgan Vietnam Opportunities Fund (JPM), Vietnam Enterprise Investments Limited (VEIL), Vietnam Growth Fund (VEF), Vietnam Equity Holding (VEH), Vietnam Opportunity Fund (VOF), Vietnam Infrastructure Fund.

VNH Insights

VNH's NAV per share rose 3.4% to USD 2.164 over the month, making a 5.1% gain for the calendar year to date. The good reasons for being positive on the market continue to exist, and recent market action has reflected this. The foreign limit increases are good in themselves, but also because they increase the chance of a market upgrade to emerging market status, from frontier, by MSCI. The TPP, if and when it happens, is great news for Vietnam's growth rates, but also for the imposed reform and modernisation it implies. Near term economic data is likely to continue accelerating; 7% GDP growth is looking more and more likely within 12 months.

We are not worried about the trade deficit: it is of modest size and its drivers are largely concomitant to the economic acceleration. The fiscal deficit is of greater concern, although we note that difficulties in financing it are in themselves positive, in that, willy-nilly, they will force greater fiscal discipline over time. The idea of government borrowing from the central bank is a repulsive one and loud commentator disapproval will lead to a quick death for this wholly retrograde idea.

The FOL and TPP themes still have a ways to run and push the stock market sharply higher.

Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Exchanges	London AIM Frankfurt Entry Standard
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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Net Asset Value / Portfolio

NAV per Share Performance

Last month	3.39%
Year-to-date	5.10%
Last 12 months	8.25%

Portfolio Statistics

P/E (trailing)	11.76x
Dividend yield	3.00%
PEG (trailing)	0.69
PEG (forward)	0.59
Beta	0.82

Median market cap / investment (USD million)	169.60
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Share Price / Discount

Share Price Performance

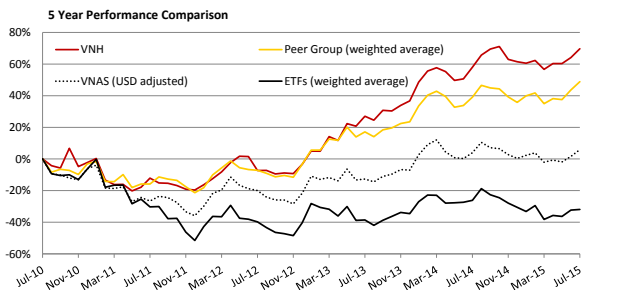
Last month	4.44%
Year-to-date	11.06%
Last 12 months	19.52%
Sharpe ratio	0.56
Alpha	0.32
Beta	0.29
Market capitalisation (USD million)	111.85

Share Price Discount to NAV

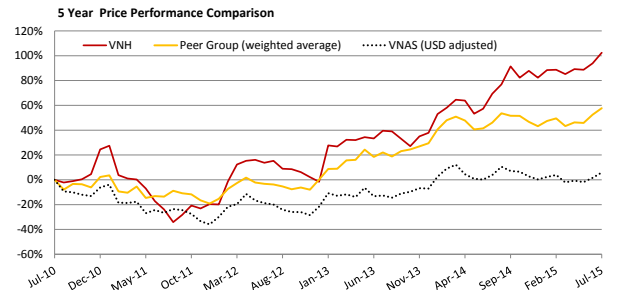
VNH	13.01%
Peer Group weighted average	19.51%

Operating Expense Ratio (12 month rolling)	2.97%
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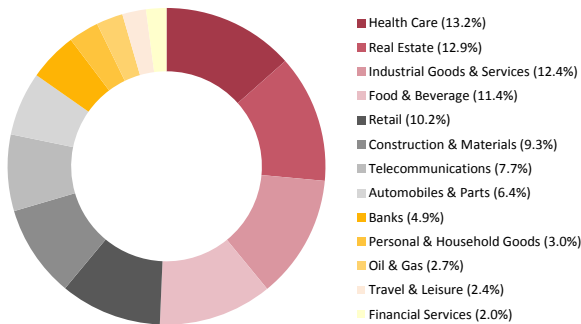
NAV Performance vs. VNAS and Peers



Share Price Performance vs. VNAS and Peers



Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
FPT Corporation	HOSE	7.69%
Traphaco	HOSE	7.39%
Viconship	HOSE	6.66%
Vinamilk	HOSE	6.46%
Danang Rubber	HOSE	6.42%
Binh Minh Plastic	HOSE	6.05%
Phat Dat Real Estate	HOSE	5.47%
Phu Nhuan Jewelry	HOSE	5.34%
Hung Vuong Corporation	HOSE	4.96%
Vietcombank	HOSE	4.90%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251	Stifel Nicolaus	Shayne Barge +44 207 710 7665
Jefferies	Michele White +44 207 898 7127	Numis Securities	David Cumming +44 207 260 1376
JPM Cazenove	Steven Cheshire +44 207 155 8063	LCF Rothschild	Johnny Hewitson +44 207 845 5960
Investec	Peter Brown +44 207 597 5063	finncap	James Simpson +44 207 220 0558



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