



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 117,371,834

NAV per share USD 1.990

Shares in issue 58,991,239

Treasury shares 8,040,500

Equity investments 96.90%

Number of investments 23

Vietnam News

A difficult month with the VNAS losing 8% to 551 (in USD: 10.9%). This was the month when the image of proficient Chinese technocrats suddenly became one of flailing autocrats, courtesy of its little 2.7% (v USD) currency devaluation. Vietnam responded in kind with its own effective devaluation in the month of 2.9%, bringing the Dong's ytd depreciation v USD to 4.8% (and 6.2% since 1/1/14).

Vietnam really didn't have much of a choice, with it having to burn forex to hold up the Dong within its allowed band, prior to it moving; so in Vietnam's case this wasn't so much "policymaking" as rather doing what the market required of it. Such is the key difference between China and Vietnam in matters of foreign exchange: Vietnam has much lower, but still respectable, forex reserves of c. USD40bn, whereas China's still-over USD3tn.

When China moved on its currency, it was instinctive for Vietnam watchers to think about how a weaker Renminbi would affect Vietnam-China trade, which accounts for 31% of Vietnam GDP (2014 data), though a highly unbalanced 23% for VN imports versus only 8% for VN exports.

But probably this is all much ado about nothing: it's the Dong more than the Renminbi that's depreciated more over the past 18 months; and with trade between the two countries being very structural in nature, it seems unlikely that volumes will shift much at all in reaction to these modest currency machinations, even if the Renminbi slips relatively further.

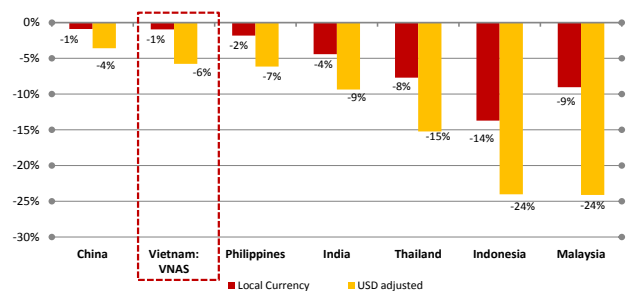
One importantly positive item that was easy to overlook in August: the free trade agreement with the EU was signed. This is another important milestone for Vietnam's long term growth outlook and full integration with the world economy.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	23.3	2.2	2.1
India	20.8	2.7	1.4
Philippines	20.1	2.5	1.9
Thailand	17.3	1.8	3.2
China	16.0	1.9	2.0
Malaysia	15.2	1.5	3.6
Vietnam: VNAS	10.7	1.5	3.9

Source: Bloomberg.

Regional Performance Comparison YTD



Source: Bloomberg. Date range: 31 December 2014 to 31 August 2015.

VNH Insights

In line with the VNAS' decline in August VNH's NAV per share lost 8%, closing the month at USD 1.99 as the VNH portfolio was not spared from the Chinese stock market's tumble.

The broader question also looms of how a worse-than-expected Chinese economic slowdown will affect Vietnam. Exports to China could suffer, not least on account of still-weaker commodity export prices. But in other respects one senses a continued cyclical divergence between the neighbours: FDI into Vietnam still looks set fair and inward remittances from the global diaspora continue their multi-year upward march. Vietnamese consumption remains on a newly robust path.

Foreign ownership limit changes are still pending. As yet only brokerage stocks have a green light to go limitless, which leading brokers SSI and HSC are proceeding with. The government is busy working out the allowed new limits for each sector. Unless further delays occur (never implausible in Vietnam), the full list of sectors should be available sometime in 4Q2015. Actual implementation will likely occur in waves during 4Q15 and 1H16. We expect a significant new percentage of total Vietnam market cap to be freed up for foreign buying, though a more precise statement than this is not yet possible.

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

AIM Nominated Adviser

Altium Capital Limited
 Tim Richardson +44 20 7484 4102

AIM Broker

Winterflood Securities Limited
 Neil Langford +44 20 3100 0301

Entry Standard Adviser

Oddo Seydler Bank AG
 Jennifer C. Hoffmann +49 69 92054 128

Administrator & Custodian

Standard Chartered Bank
 7 Changi Business Park Crescent,
 Level 3, Securities Services,
 Singapore 486028

Investment Manager

VietNam Holding Asset Management Ltd.
 Tel: +41 43 500 2810
investorrelations@vnh.com



Net Asset Value / Portfolio

NAV per Share Performance

Last month	-8.04%
Year-to-date	-3.35%
Last 12 months	-5.82%

Portfolio Statistics

P/E (trailing)	10.13x
Dividend yield	3.18%
PEG (trailing)	0.83
PEG (forward)	0.74
Beta	0.77

Median market cap / investment (USD million)	121.55
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Share Price / Discount

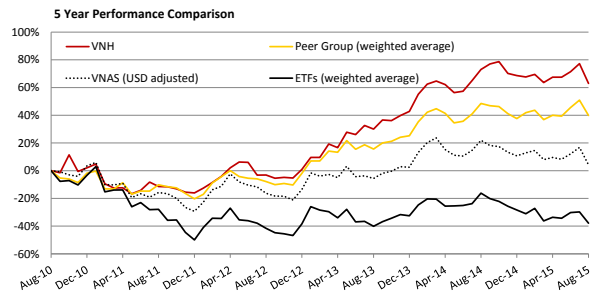
Share Price Performance

Last month	-12.08%
Year-to-date	-2.36%
Last 12 months	0.61%
Sharpe ratio	-0.45
Alpha	0.11
Beta	0.35
Market capitalisation (USD million)	97.63

Share Price Discount to NAV

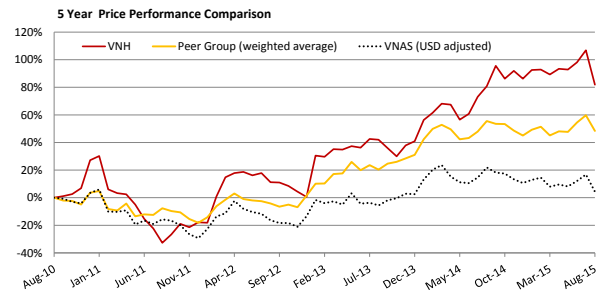
VNH	16.83%
Peer Group weighted average	25.07%
Operating Expense Ratio (12 month rolling)	2.99%

NAV Performance vs. VNAS and Peers



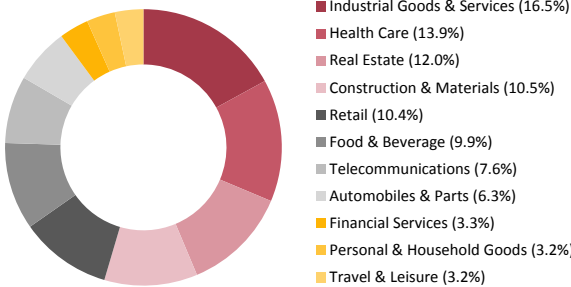
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. VNAS and Peers



Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	8.00%
FPT Corporation	HOSE	7.64%
Viconship	HOSE	7.14%
Vinamilk	HOSE	7.05%
Binh Minh Plastic	HOSE	6.80%
Danang Rubber	HOSE	6.29%
Thien Long Group	HOSE	5.35%
Hoa Phat Group	HOSE	5.25%
Phu Nhuan Jewelry	HOSE	5.03%
Phat Dat Real Estate	HOSE	4.95%

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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