



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

Fund Statistics

Total NAV USD 130,240,620

NAV per share USD 2.113

Shares in issue 61,637,675

Treasury shares 5,899,565

Equity investments 97.90%

Number of investments 26

Vietnam News

The Purchasing Manager's Index (PMI) was 50.3 in August; down from 51.7 in July, the fourth consecutive monthly loss but also the twelfth straight month in expansion territory. Output growth appears to be slowing, while both new domestic and export orders are also declining. Inflation remains benign, with a YoY figure of 4.31% in August, compared with 4.94% in July. A spate of reductions in petroleum prices at the pumps have helped in this regard. The low inflation is expected to allow the State Bank of Vietnam to ease indicative interest rates further. The VND was broadly unchanged in August, ending the month at VND 21,195 to the USD.

No adjustments were made to Vietnam's credit ratings in August, which currently stand at BB- by S&P (since June of last year), B1 by Moody's (since July), and B+ by Fitch (since January). Fitch has a positive outlook for Vietnam, while Moody's and S&P both have a stable outlook, so no downgrades anticipated. There has been some speculation in the local media that Hanoi is contemplating a US\$1bn bond issuance later this year. If so, this would be its third overture to the international capital markets, the previous two being in 2005 and 2010.

Credit growth remains slower than policy-makers had hoped for this year. In addition to limited demand for debt financing, the banks also seem more cautious than usual to lend.

The Vietnam Asset Management Company (VAMC) has found it harder than it anticipated to buy and then sell-on bad loans acquired from commercial banks. One local report suggested that in the first five months of this year, the VAMC had only been able to acquire US\$538.4m in NPLs, and sold a mere 2% of the US\$2.4bn in bad loans it currently has on its books.

Nokia is following Samsung's example to relocate the bulk of its global smartphone assembly to northern Vietnam. Nokia's other production plants in China, Hungary and Mexico are to be significantly scaled back or closed completely. If so, Bac Ninh province will likely find itself hosting both the Samsung and Nokia smartphone assembly plants. Meanwhile, Samsung, who has invested US\$8.5bn in Vietnam, has submitted a request for a devoted terminal at Hanoi's Noi Bai airport for its shipments, as it is the single largest user of cargo operations at the airport.

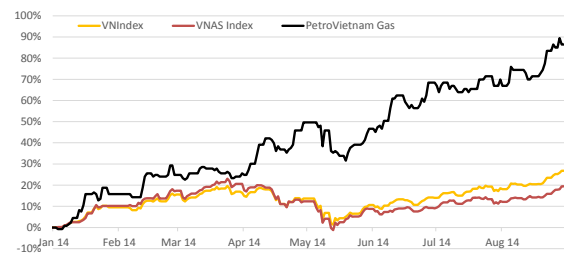
While Nokia is scaling up its activities in Vietnam, the German supermarket chain, METRO, is to depart, having sold their entire operations in Vietnam to Berli Jucker of Thailand, for close to US\$900m. Berli Jucker, founded in 1882 by Swiss, was listed in 1975 on the Thai SET and since 2001 is 75% controlled by the Thai Charoen Corporation, or CP as today the group is commonly known in Asia. CP is the leading in agriculture and retail conglomerate in the region.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	21.0	2.8	1.9
Philippines	20.7	2.8	2.1
India	18.8	2.9	1.6
Thailand	18.0	2.2	3.0
Malaysia	16.6	2.0	3.0
Vietnam: VNAS	13.8	1.7	3.8
China	10.6	1.4	3.1

Source: Bloomberg.

PetroVietnam Gas' Impact on Vietnam Index' Performance



Source: Bloomberg.

VNH Insights

The Vietnam All Share Index (VNAS) rose by 6.2% to end the month at 607.4. That takes the VNAS's performance to a commendable 19.5% year-to-date, outperformed by the even stronger Vietnam Index's (VNI) performance of 26.2%, which in turn was propelled by PetroVietnam Gas' (GAS) 86.5% performance. At the end of August GAS made up 20.9% of the VNI's total market capitalization.

The market in turn took its main cues from the good macro-economic headlines:

- Trade surplus widened to a record US\$3bn year-to-date
- Inflation has slowed down, driven by three consecutive gasoline price cuts
- Automobile sales numbers still robust, August typically being a slow month
- Prime Minister urged measures to push weak domestic demand
- Disbursed FDI on track, registered FDI to increase towards year-end
- Prime Minister approved privatization of Vietnam Airlines
- Vietnam to privatize 150 State-owned Enterprises by end of 2014

VNH portfolio's trailing P/E of 11.4x remains below the 13.8x of VNAS and is substantially lower than the VNI's 15.8x. Its forward P/E has moved up to 15.6x.

VNH's year-to-date NAV increase was 21.2%. The portfolio valuation has increased by a lower 16.1%. This is mostly due to VNH's introduction of the Urbanization investment theme. Many of the companies included in this new portfolio continue to have valuations well below the market's – for example Hoa Phat Group and Bin Minh Plastics trade at 9.9x and 8.5x trailing P/Es, respectively. But several others additions to the Urbanization theme are in the construction or real estate development sectors. These are mostly in turnaround situations, showing low or no profits this year but are expected to produce much higher profits during the next 4 quarters. A good example is Becamex, with a forward P/E of 24.7x.

VNH decreased its investment in Hung Vuong as part of its ongoing rebalancing reviews, however it remains convinced of the company's long-term potential.

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	5.70%
Last 3 months	10.69%
Year-to-date	21.16%
Last 12 months	33.06%

Portfolio Statistics

P/E (trailing)	11.43x
Dividend yield	3.33%
PEG (forward)	0.68
Beta	0.84
Median market cap / investment (USD million)	136.59

Total Expense Ratio	3.22% (FY 2014)
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Share Price / Discount

Share Price Performance

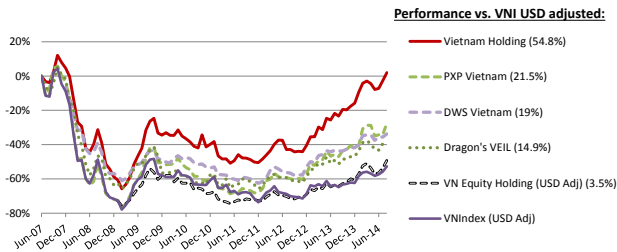
Last month	4.44%
Last 3 months	15.44%
Year-to-date	28.27%
Last 12 months	27.27%

Market capitalisation	USD 101.39M
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Share Price Discount to NAV

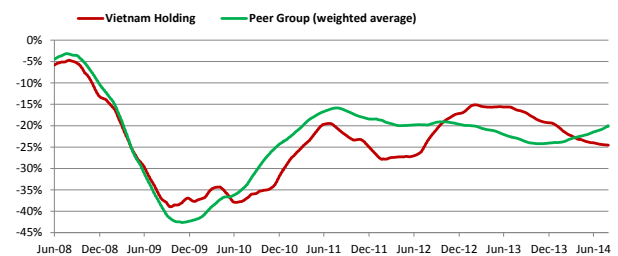
VNH 52 weeks average	24.55%
Peer Group 52 weeks weighted average	20.13%

NAV Performance vs. VN Index and Peer Group



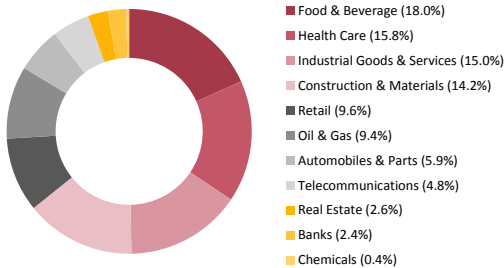
Source: Bloomberg and LCF Rothschild.

52 Weeks average Share Price Discount to NAV per Share



Source: Bloomberg and LCF Rothschild. Peer Group: Dragon's VEIL, PXPVF, VEH.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
PetroVietnam Drilling	HOSE	9.42%
Hoa Phat Group	HOSE	8.38%
Hau Giang Pharma	HOSE	7.78%
Viconship	HOSE	6.14%
Vinamilk	HOSE	6.07%
Binh Minh Plastic	HOSE	6.04%
Danang Rubber	HOSE	5.77%
Traphaco	HOSE	5.75%
Hung Vuong Corporation	HOSE	5.21%
FPT Corporation	HOSE	4.82%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251	Oriel Securities	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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