



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's ordinary shares and warrants are listed on the London Stock Exchange's AIM.

Fund Statistics

Total NAV USD 126,969,068

NAV per share USD 2.249

Shares in issue 56,458,413

Treasury shares 10,163,661

Equity investments 97.82%

Number of investments 23

Vietnam News

Despite the fundamental outlook for the Renminbi looking somewhat weak, so far this year such worries have not yet come to pass, with the RMB flat to a smidgeon up against the US Dollar year-to-date. The Vietnamese Dong too stayed firm, up 0.8% on the same basis. We continue to hold two main views on the Dong:

- 1) if, as seems justified, the RMB weakens, it would be sensible to expect a competitive devaluation of the Dong too;
- 2) Vietnam's balance of payments and overall economic situation is very different to China's. In isolation this suggests a relatively firm currency outlook for the Dong.

Data points for the first two months of 2016 underpin the latter assertion above: a Vietnamese trade surplus of USD 865m; disbursed foreign direct investment up 15% YoY at USD 1.5bn, continuing strong retail sales growth of 9.7% nominal, 8.3% real; and industrial production growth of 6.6%.

Characterized as it is by strong inward foreign direct investments and remittances, only a small amount of foreign currency commercial debt financing, and broadly balanced trade, the Vietnamese balance of payments looks very solid, in contrast to many emerging and frontier markets that have failed to orient themselves away from commodity dependency.

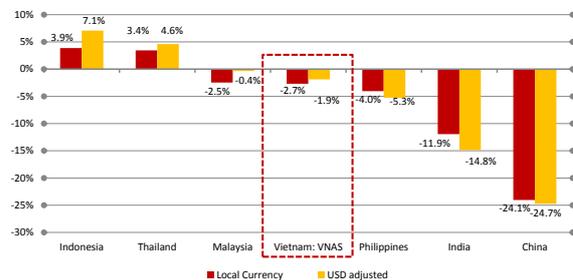
Vietnam thus looks very solid in the context of global capital washing away from emerging markets. The Institute for International Finance puts the net capital outflow from emerging markets in 2015 at USD 735bn, the first year of net outflow since 1998, while the Bank for International Settlements has recorded a contraction in bonds and bank loans to emerging economies of USD 60bn in 3Q2015. It is difficult to predict how the US interest rate rising cycle and other global uncertainties will play out, but it is prudent to assume that capital flow conditions for emerging and frontier markets will remain challenging. Vietnam should offer something of a safe haven in this context.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	26.7	2.4	2.0
Philippines	19.9	2.4	2.1
Thailand	17.9	1.7	3.5
India	17.7	2.5	1.6
Malaysia	17.3	1.5	3.2
China	14.2	1.6	2.3
Vietnam: VNAS	11.2	1.4	3.7

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 31 December 2015 to 29 February 2016.

VNH Insights

The first two months of 2016 have been mostly very bad for equities worldwide. Year to date benchmark indexes have swooned in Japan (Topix, -16%), China (Shanghai Composite, -24%), the Eurozone (Euro Stoxx 50, -11%), and the US (S&P500, -5%). In this context, Vietnam's VNAS 2.7% YTD decline is something of a success, with February alone seeing a rise of 2.4% to 564.

VNH's NAV per share rose 3.6% in February to USD 2.249 and now stands at 0.8% up since the beginning of the calendar year. Vietnamese stocks are near to three-year valuation lows, at 11.2x trailing earnings and 1.4x book value; this is at parity with the MSCI emerging market index's price/earnings ratio, and a near 40% discount to the MSCI world's price/earnings ratio.

Foreign ownership limits on listed equities in Vietnam are beginning to be raised on a case by case basis, for a dozen stocks so far. Vinamilk, most prominently, is moving in this direction, plus a collection of smaller names. This gives us some evidence that real change is afoot even if the implementation is piecemeal and gradual.

VNH remains committed, through diligent analysis and very careful selection, to owning companies at cheap valuations that offer excellent earnings per share growth prospects.

Vietnam remains a very attractive hunting ground for such an investment approach.

Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Stock Exchange	London AIM
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	3.59%
Year-to-date	0.81%
Last 12 months	8.65%

Portfolio Statistics

P/E (trailing)	10.52x
Dividend yield	3.06%
PEG (trailing)	0.46
PEG (forward)	0.37
Beta	0.75

Median market cap / investment (USD million)	126.26
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Share Price / Discount

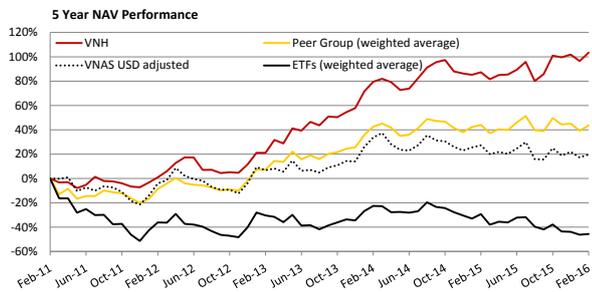
Share Price Performance

Last month	2.40%
Year-to-date	-5.35%
Last 12 months	3.42%
Sharpe ratio	0.93
Alpha	0.07
Beta	0.50
Market capitalisation (USD million)	102.47

Share Price Discount to NAV

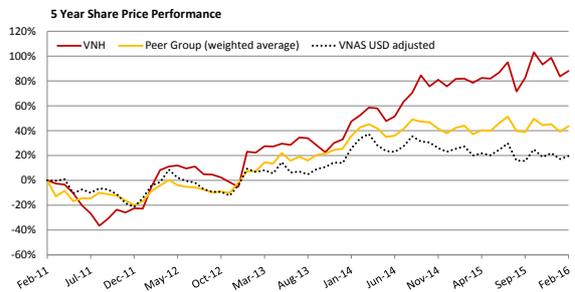
VNH	19.30%
Peer Group weighted average	22.78%
Operating Expense Ratio (12 month rolling)	2.98%

NAV Performance vs. VNAS and Peers



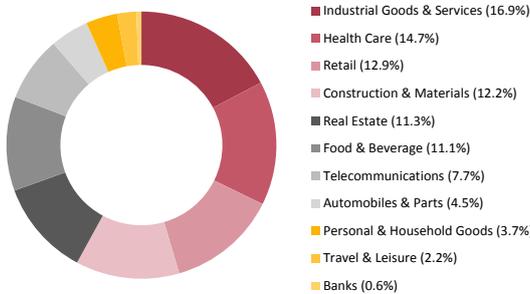
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

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	8.27%
Viconship	HOSE	7.98%
FPT Corporation	HOSE	7.70%
Vinamilk	HOSE	7.37%
Binh Minh Plastic	HOSE	6.90%
Phu Nhuan Jewelry	HOSE	6.52%
Thien Long Group	HOSE	6.42%
Hoa Sen Group	HOSE	4.52%
Danang Rubber	HOSE	4.50%
Hoa Phat Group	HOSE	4.39%

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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