



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 135,650,504**

NAV per share **USD 2.450**

Shares in issue **55,372,453**

Treasury shares **10,954,240**

Equity investments **97.85%**

Number of investments **25**

**Vietnam News**

Vietnam's economic data points continue to be overwhelmingly positive. It is easy to glaze over such numbers and not really take them in. We give a few examples here and remind the reader that these are truly rare growth rates in today's world, even today's emerging world. The five-months-growth of industrial production through May was 7.5% year-on-year, and May's purchasing managers' index (collated by Nikkei) was a strong 52.7, up from the 52.3 in April.

The private data group Stoxplus collated outstanding consumer loans at year-end 2015 at USD 15.1bn, up a whopping 44% year-on-year, which serves as a reminder of the enormous new-middle-class consumption boom that is now flowering before our eyes in the country. The first quarter GDP statistics show 9.9% growth for the construction industry, the highest rate seen for six years.

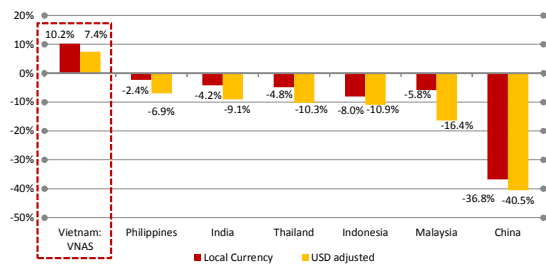
The new prime minister is assuming a vigorous pro-growth stance, which bodes well. An example of this includes trying to "jaw-jaw" interest rates lower, which at the margin will be helpful. However, the likely global reality of a continuous firming US interest rates shouldn't make anybody overly excited about the efficacy of his efforts on this. Another recent government decision was to delay and dilute the implementation of new lending regulations regarding the property sector. We watch such policy developments carefully and with a critical eye, to ensure we do not detect any abrogation of prudence. Vietnam monetary policy-making has made great strides of improvement over the past four years, and it is important that this is not destroyed by another inflationary binge as most recently seen in 2008 and 2011, which history shows are generally destructive for equity investors. Inflation has now begun to tick upwards (up 2.3% year-on-year and 0.5% month-on-month for May). A good strong hand on the monetary tiller is now called for.

**Regional Valuation and Dividend Yield Comparison**

|                      | P/E trailing | Price to Book | Dividend Yield |
|----------------------|--------------|---------------|----------------|
| Indonesia            | 23.8         | 2.3           | 2.0            |
| Philippines          | 21.8         | 2.5           | 1.8            |
| India                | 20.1         | 2.9           | 1.5            |
| Thailand             | 19.5         | 1.8           | 3.3            |
| Malaysia             | 18.2         | 1.5           | 3.2            |
| China                | 16.1         | 1.6           | 2.1            |
| <b>Vietnam: VNAS</b> | <b>12.6</b>  | <b>1.5</b>    | <b>3.5</b>     |

Source: Bloomberg.

**Regional Performance Comparison**



Source: Bloomberg. Date range: 31 May 2015 to 31 May 2016.

**VNH Insights**

Vietnamese stocks had a good May, further building upon their solid year-to-date performance. The Vietnam All Share Index has risen 5.5% this year amid a stable local currency, with May itself registering a gain of 2.1%; the corresponding figures for VNH are +9.8% and +4.2% respectively, leaving VNH's NAV per share at end-May at USD 2.45. The market's 2016-to-date appreciation puts it comfortably in the top quartile of US dollar-adjusted global market performance. We are well on our way to another solid calendar year for Vietnamese stocks in a bull trend that is now about four years old.

Mobile phone and consumer electronics retailer Mobile World Group (MWG VN), a VNH holding, had rapid growth in its first

quarter - it is notable that its same store sales (SSS) growth was an excellent 10% year-on-year, accelerating from the 7% SSS growth it generated for all of 2015.

Auto sales rose by a vigorous 28% in the first four months of the year and beer a cheering 5.8%. Cement and steel are also seeing strong growth: 17% industry domestic volume growth in the first four months of 2016 for the former, and stunning 47% growth in the second quarter for the latter's sheets and pipes segment (VNH holds HSG VN, a leader here). In construction steel, the 20%-market-share industry leader Hoa Phat Group's (HPG VN, another fund stalwart) first-four-months volume growth was a stonking 25%.

**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

**AIM Nominated Adviser**

Smith & Williamson Corporate Finance Limited  
 Azhich Basirov +44 20 7131 4000

**AIM Broker**

Winterflood Investment Trusts  
 Neil Langford +44 20 3100 0301

**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@vnham.com](mailto:investorrelations@vnham.com)



Net Asset Value / Portfolio

NAV per Share Performance

|                |        |
|----------------|--------|
| Last month     | 4.21%  |
| Year-to-date   | 9.77%  |
| Last 12 months | 19.80% |

Portfolio Statistics

|                |        |
|----------------|--------|
| P/E (trailing) | 12.31x |
| Dividend yield | 3.08%  |
| PEG (trailing) | 0.94   |
| PEG (forward)  | 0.83   |
| Beta           | 0.70   |

|  |        |
|--|--------|
| Median market cap / investment (USD million) | 146.93 |
|--|--------|

Share Price / Discount

Share Price Performance

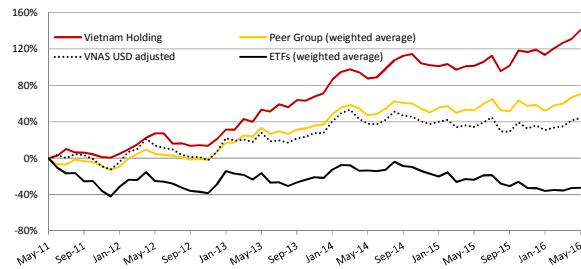
|                                     |        |
|-------------------------------------|--------|
| Last month                          | 2.51%  |
| Year-to-date                        | 6.65%  |
| Last 12 months                      | 16.52% |
| Sharpe ratio                        | 1.01   |
| Alpha                               | 0.23   |
| Beta                                | 0.51   |
| Market capitalisation (USD million) | 113.24 |

Share Price Discount to NAV

|                             |        |
|-----------------------------|--------|
| VNH                         | 16.53% |
| Peer Group weighted average | 21.55% |

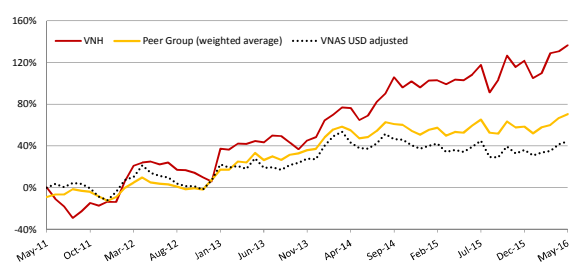
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|--|-------|
| Operating Expense Ratio (12 month rolling) | 2.97% |
|--|-------|

NAV Performance vs. VNAS and Peers



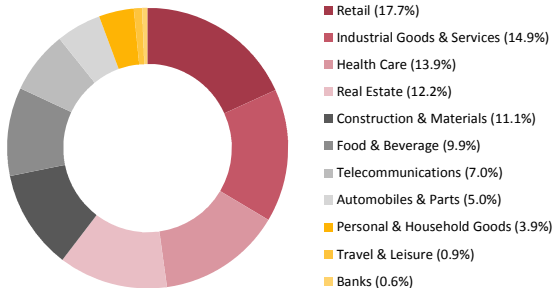
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

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   | 10.61%         |
| Phu Nhuan Jewelry | HOSE   | 8.68%          |
| Vinamilk          | HOSE   | 7.58%          |
| Thien Long Group  | HOSE   | 7.10%          |
| FPT Corporation   | HOSE   | 7.01%          |
| Binh Minh Plastic | HOSE   | 6.84%          |
| Viconship         | HOSE   | 6.58%          |
| Danang Rubber     | HOSE   | 5.05%          |
| Hoà Phát Group    | HOSE   | 4.93%          |
| Khang Dien House  | HOSE   | 3.79%          |

London Stock Exchange Market Makers

|                     |                                  |                         |                                   |
|---------------------|----------------------------------|-------------------------|-----------------------------------|
| <b>Winterflood</b>  | Richard Browne +44 203 100 0251  | <b>Stifel Nicolaus</b>  | Shayne Barge +44 207 710 7665     |
| <b>Jefferies</b>    | Michele White +44 207 898 7127   | <b>Numis Securities</b> | David Cumming +44 207 260 1376    |
| <b>JPM Cazenove</b> | Steven Cheshire +44 207 155 8063 | <b>finnCap</b>          | James Simpson +44 207 220 0558    |
| <b>Investec</b>     | Peter Brown +44 207 597 5063     | <b>Peel Hunt</b>        | David Kininmonth +44 207 418 8895 |



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