



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 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 82,025,827

NAV per share USD 1.524

NAV last month -2.25%

NAV last 12 months 14.16%

Equity investments 95.89%

Number of investments 22

Vietnam News

Vietnam's equity markets went into consolidation mode during April, after the rallies of recent months, with domestic retail investors taking their cues from some foreign institutional selling. The VNI index decreased by 3.4% ending April at 474.5, taking the YTD gains to 15.7%. In Hanoi, the HNX also declined by roughly 4% to end April at 58.4, a drop of 1.3% YTD.

The IMF completed its regular Article IV assessment in April and gave Vietnam a relatively clean bill of health. The bottom line: "The authorities have initiated important structural reforms in the banking and SOE sectors, which is welcome. These measures need to be implemented decisively and additional steps considered," said the IMF. This sentiment was echoed by the Purchasing Manager's Index (PMI), which rose above the key 50 figure, to 50.8 in March, largely driven by new export orders.

There was also some welcome news on the foreign investment front. FDI inflow pledges of US\$8.22bn have been approved in the first four months of 2013, which is over half the target figure for the full year. Roughly 60% of these pledges are for new projects, and 40% are for the expansion of existing projects. In terms of actual FDI disbursements in the first four months of the year, the figure of US\$3.75bn has been cited.

Inflation was benign at just 0.01% MoM in April, taking the YoY figure to 6.02%.

But there was no lowering of interest rates, despite continued weakness in credit growth. Government bond yields hit a new low of 7.73% (for the benchmark three-year paper) in April; the lowest level seen since late 2007. The VND continues to hold steady against major global currencies, and was trading at 20,840 to the USD at end-April.

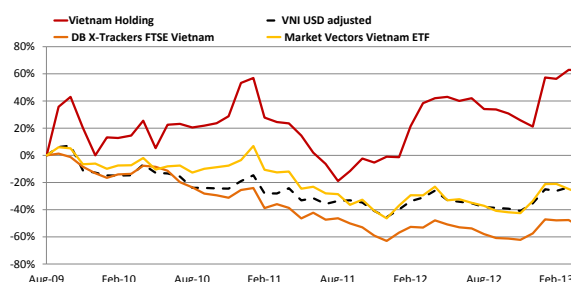
The State Bank of Vietnam proceeded with its controversial gold auctions in April, with about 12 tons of gold sold over the first dozen sessions. The principal buyers have been local commercial banks that closed out their gold deposit accounts with customers before the central bank's deadline of end-June. Consequently, despite the government's sale of bullion into the market, gold in Vietnam continues to trade at a marked premium to global prices.

Export performance also remains strong, with substantial YoY growth seen in mobile phones and components, garments and footwear, electronics and crude oil. Overall, exports in the first four months of 2013 are 20% greater than the same period last year. The foreign invested sector is in the driving seat, now accounting for about 65% of all the country's exports. This sector achieved a positive net trade surplus of US\$3.8bn in the first third of the year, while domestic firms continue to be net importers overall.

Regional P/E and Dividend Yield Comparison

	P/E trailing	Dividend Yield
Philippines	22.30	1.88%
Indonesia	19.26	1.88%
Thailand	17.98	2.73%
India	16.01	1.57%
Vietnam VNI	13.40	3.82%
China Shanghai Comp	11.69	2.62%
Malaysia	10.26	3.54%

Source: Bloomberg.

VNH Share Price vs. Vietnam ETFs

Source: Bloomberg.

VNH Insights

During the month of April the VNH NAV per share retreated by 2.3% to USD 1.524 which brought the year-to-date performance to +15.5%.

The overall market correction in Vietnam after an impressive start into 2013 can be mostly attributed to selling pressure from ETFs unloading index heavy weights. This underlines our thesis of the dichotomy between large and small/mid caps in terms of market share and valuations. The ETFs' focus on relatively few and liquid shares can substantially increase the volatility of the large caps in an already volatile market.

Despite being the driving force behind the large caps and consequently the VNI as the same large caps accounting for more than 80% of the market value of the index, the ETFs underperform not only their actively-managed peer funds but also their benchmark index. This development is illustrated in the line chart above comparing VNH's share price performance against the two largest Vietnam ETFs.

VNH's focus on solid medium sized enterprises such as Hung Vuong Corporation (+5.4%), Thien Long Group (+3.6%) or Bin Minh Plastic (+1.5%) has again lead to an outperformance of the market as the share prices of these companies among our top 10 positions closed the month in positive territory. It is also worth mentioning in this context that Vinamilk (VNM), one VNH's few real large cap investments managed to gain 6.9% in April. Even though VNM is the second largest company in Vietnam in terms of market capitalization it is usually not covered in ETF portfolios due to its foreign room being constantly full.

April 25, 2013 marked the second exercise date for the VNH warrants. As a result 221,750 new ordinary shares were issued which brings the total number of outstanding VNH shares to 55,825,792. There are still 17,939,357 VNH warrants in issue with the next and final exercise date being 25 September 2013. The strike price remains unchanged at USD 1.196.

Fund Facts

Domicile	Cayman Islands
Admission	15 June 2006
Exchanges	London AIM Frankfurt Entry Standard
Management Fee	2%
Performance Fee	20% (hurdle rate 5%)
Shares in issuance	53,825,792
LSE Ticker	VNH
Bloomberg Ticker	VNH LN Equity
Reuters RIC	VNHq.L
ISIN	KYG9361X1043

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Net Asset Value

Lowest NAV per Share since inception	USD 0.76
Highest NAV per Share since inception	USD 2.49
Positive Months	45.12%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	25.01%

Performance NAV per Share

Last 3 Months	6.33%
Year-to-Date	15.45%
Since inception annualized	-3.33%

Share Price

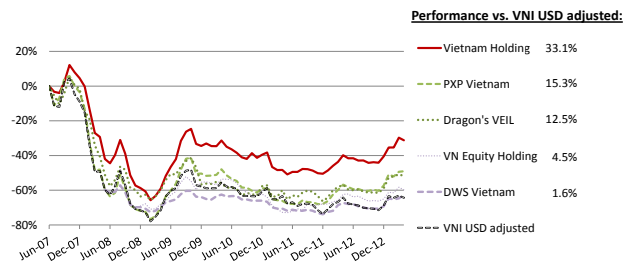
Share Price	USD 1.23
Discount to Net Asset Value	-19.45%
Market Capitalisation	USD 66.07M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

Performance

Last Month	-0.20%
Last 3 Months	3.37%
Year-to-Date	34.15%
Last 12 Months	14.45%

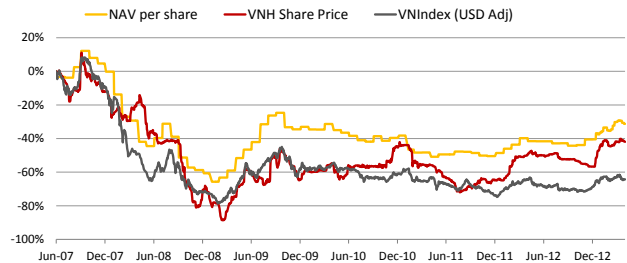
Portfolio TER	PEG (forward): 0.77	Beta: 0.69	P/E (trailing): 8.47x
	3.89% (FY 2012)		

NAV Performance vs. VN Index and Peer Group



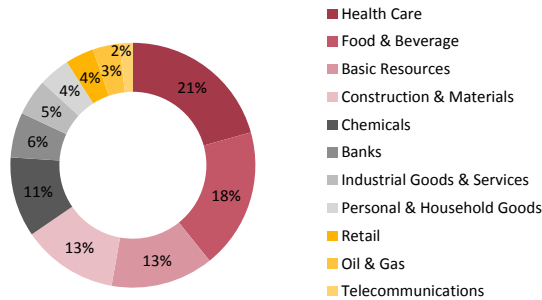
Source: Bloomberg and LCF Rothschild.

Share Price vs. NAV and VN Index



Source: Bloomberg.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
AnGiang Plant Protection	OTC	10.14%
Traphaco	HOSE	8.93%
Vinamilk	HOSE	8.72%
Hau Giang Pharma	HOSE	7.43%
Binh Minh Plastic	HOSE	6.32%
Hung Vuong Corporation	HOSE	5.87%
Dong Phu Rubber	HOSE	4.69%
Viconship	HOSE	4.05%
Thien Long Group	HOSE	3.97%
National Seeds	HOSE	3.90%

London Stock Exchange Market Makers

Oriel Securities	Shayne Barge +44 207 710 7665
Jefferies	Michele White +44 207 898 7127
JPM Cazenove	Steven Cheshire +44 207 155 8063
HSBC	Hugh Harvey-Kelly +44 207 991 5241

Winterflood	Richard Browne +44 203 100 0251
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