



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 120,022,271

NAV per share USD 1.909

Shares in issue 62,877,833

Treasury shares 4,659,407

Equity investments 98.63%

Number of investments 24

Vietnam News

The biggest news emanating from Vietnam in May was the latest spat with China over competing territorial claims in the South China Sea (or 'East Sea', as it is known in Vietnam). This time it was provoked by China sending a large oil rig into waters just 120 miles off the Vietnamese central coast, close to the Paracel Islands. Since then, naval boats from both China and Vietnam have been busily sparring in that area of water, and at least one Vietnamese fishing boat was sunk after being allegedly rammed by a Chinese naval vessel.

But what was most striking was the widespread reaction in Vietnam itself to the oil rig provocation. Demonstrations immediately occurred in a number of cities, and in some locations, mutated into mobs attacking and looting factories owned by ethnic Chinese, Hong Kong and Taiwanese investors in particular. The violence prompted a significant number of the Chinese community in Vietnam to temporarily evacuate the country, with China chartering ships and aircraft to help get their nationals out. Firms including Foxconn were forced to halt operations for several days.

The long-term damage done to Vietnam's reputation as a conducive environment for foreign direct investment is not yet clear. As the government and foreign investor community alike start to recover from the rioting, and businesses return to normality.

The government has also signalled that compensation to affected firms will be forthcoming. In the meantime, Hanoi has signalled that it will submit a request to the international courts for a ruling on the disputed waters. Both Moody's and S&P have issued statements confirming that they do not plan to revise Vietnam's ratings as a consequence of recent events.

Away from the demonstrations, the Vietnamese economy continued to show signs of improving health; the HSBC purchasing manager's index of 52.5 in May marked the 9th consecutive month with a PMI above 50. Both demand and output continued to increase, while Inflation was just 0.2% MoM in May, taking the YTD figure to a benign 1.08% and YoY figure to 4.72%. The good rice harvest in the Mekong delta has helped keep staple food prices down.

Provisional figures suggest that Vietnam imported US\$12.4bn of goods and exported US\$12.0bn in May, resulting in reduced YTD surplus of US\$283m. The foreign investment sector continued to do much of the heavy lifting, with a net trade surplus of US\$1.1bn. Mobile phones and parts remain the single largest export item, worth US\$2.5bn in May.

Foreign bond investors' selling USD 200m in Vietnam bonds in May put some pressure on the VND. At the time of this writing, the currency has lost 0.35% since May 1. The Central Bank announced that it would intervene to support currency stability.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	21.7	2.5	2.0
Philippines	21.0	2.7	2.2
India	17.9	2.8	1.5
Malaysia	16.6	2.0	3.1
Thailand	16.6	2.1	3.3
Vietnam: VNAS	11.8	1.6	3.9
China	10.0	1.3	3.0

Source: Bloomberg.

P/E Comparison: VNH vs. VNAS

	Large Caps	Mid Caps	Small Caps	Total
Vietnam AllShare Index (VNAS)	12.0x	11.3x	11.5x	11.8x
VNH Portfolio	11.5x	10.2x	7.9x	10.6x

Source: Bloomberg.

VNH Insights

Despite the South China / East Sea tensions with China, the equity markets held relatively firm in May. Foreign institutional investors saw this as a buying opportunity in the latter half of May, having invested an additional USD 99m during the month. As a result, the VNI ended May at 562.02, down merely 10 points compared with the end of April, but still well off its lowest point in mid-May at 513. Indeed, the VNI remains up by 11.4% YTD, while the VN30 index of big cap stocks ended May at 618, up 9.96% YTD. So far this year, foreign investors have been net buyers of US\$213m in Vietnamese stocks.

Included in the tables above are our updated portfolio and segment valuations, compared to the Vietnam AllShare Index (VNAS) which was launched on January 27 of this year.

The VNAS covers the Ho Chi Minh City Stock Exchange (HoSE) universe. The two sub-indices for the VN30 and for small and mid caps allow us to provide a finer segmentation of our portfolio and to compare our valuations to realistic market figures.

The following differences between the VNI and the VNAS motivated our switch for the valuation comparisons:

1. The VNI covers the entire HoSE market capitalization of US\$46.8bn while the VNAS is a free-float index, with a market cap of US\$12.6bn;
2. VNAS excludes a total of presently 64 companies which are suspended from trading for various reasons;
3. The VNAS includes only companies with a minimum free float of 5% of issued shares. This excludes GAS, which makes up 19.79% of the VNI;
4. The VNAS excludes companies if liquidity is <0.05%, however if the stock was included in the index during last term it is excluded if its liquidity is <0.04% (of average daily market cap over previous 6 months);
5. The VNAS caps any company at 10% of the total index, even though Vinamilk, for example, would account for 34.75% of the VNAS.

The VNI's 11.4% YTD performance compares to the VNAS' back-tested 8.8% as per end of May.

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	-3.59%
Last 3 months	-3.77%
Year-to-date	9.46%
Last 12 months	22.37%

Portfolio Statistics

P/E (trailing)	10.60x
Dividend yield	3.38%
PEG (forward)	0.79
Beta	0.88
Median market cap / investment (USD million)	139.18

Total Expense Ratio	3.59% (FY 2013)
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Share Price / Discount

Share Price Performance

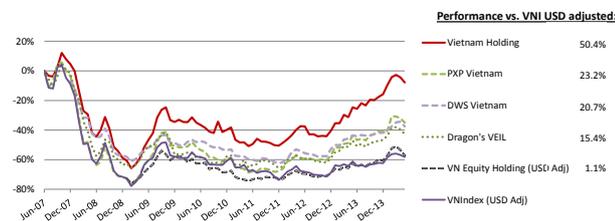
Last month	-6.48%
Last 3 months	-3.06%
Year-to-date	11.11%
Last 12 months	14.00%

Market capitalisation	USD 89.60M
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Share Price Discount to NAV

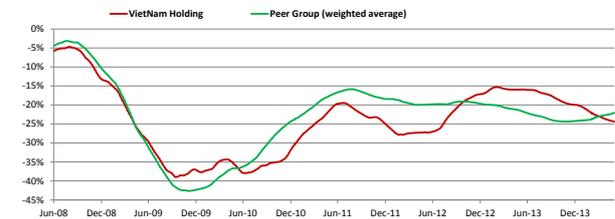
VNH 52 weeks average	24.37%
Peer Group 52 weeks weighted average	22.09%

NAV Performance vs. VN Index and Peer Group



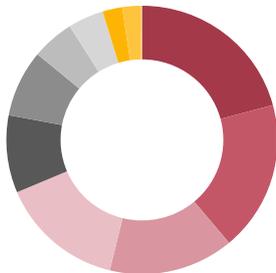
Source: Bloomberg and LCF Rothschild.

52 Weeks average Share Price Discount to NAV per Share



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

Industry Allocation



- Food & Beverage (20.5%)
- Health Care (17.8%)
- Construction & Materials (14.7%)
- Industrial Goods & Services (14.6%)
- Retail (9.2%)
- Oil & Gas (7.9%)
- Automobiles & Parts (5.0%)
- Telecommunications (4.2%)
- Banks (2.3%)
- Real Estate (2.1%)
- Chemicals (0.2%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Hau Giang Pharma	HOSE	9.18%
Hoa Phat Group	HOSE	8.66%
PetroVietnam Drilling	HOSE	7.94%
Vinamilk	HOSE	6.58%
Traphaco	HOSE	6.46%
Hung Vuong Corporation	HOSE	6.28%
Binh Minh Plastic	HOSE	6.15%
Viconship	HOSE	5.51%
Danang Rubber	HOSE	4.99%
National Seed	HOSE	4.52%

London Stock Exchange Market Makers

Oriel Securities	Shayne Barge +44 207 710 7665
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JPM Cazenove	Steven Cheshire +44 207 155 8063
Investec	Peter Brown +44 207 597 5063

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