



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 110,498,755

NAV per share USD 1.744

NAV last month 2.17%

NAV last 12 months 41.56%

Equity investments 97.51%

Number of investments 23

Vietnam News

Initial estimates suggest that Vietnam's economy grew by 5.4% in 2013, up from 5.1% in 2012, and just below the government's target of 5.5%. Next year, the government is targeting GDP growth of 5.8%. In December, the HSBC Purchasing Manager's Index was 51.8, up from 50.3 in November, with marked increases in both employment numbers and new orders.

The local media reported that the government is poised to raise the foreign equity cap in select listed stocks to 60%, from 49%, in 1Q2014. Details of the change are scarce, but will likely require the approval of shareholders in the relevant company, and possibly by the prime minister too. It is not yet clear which companies will be eligible for the change, although roughly a dozen of Vietnam's largest listed firms are already at the 49% cap. It is also expected that the total foreign stake in unlisted companies will also rise from 30% to 49%.

The HNX market in Hanoi is reportedly poised to open a trading platform for Vietnam's first onshore ETFs. Meanwhile, the State Securities Commission has proposed that all of the country's commercial banks should be listed, in a bid to improve the standard of financial transparency in the banking sector. At present, just eight of Vietnam's 40 or so joint stock banks are listed, with the rest privately held.

Vietnam's FDI inflow pledges exceeded expectations in 2013 at US\$21.6bn, well ahead of the government target of US\$16bn for the year, and US\$6.7bn higher

than in 2012. Of the US\$21.6bn, US\$14.3bn stemmed from new project applications, and the balance from scale-up of existing projects. Actual FDI disbursements in 2013 were estimated at US\$11.5bn, slightly above the US\$11bn target set by Hanoi, and US\$1bn greater than in 2012. South Korea was the largest investor in 2013, with Samsung leading the charge.

For the first time in Vietnam's history, export revenues from mobile phones and appliances exceeded those of garments, thanks in large part to Samsung's burgeoning presence in the country. Mobile phone export revenues jumped by 70% in 2013, to reach US\$21.5bn in total, well ahead of the US\$17.9bn from garment export revenues.

For the second year in succession, Vietnam recorded a small trade surplus, of US\$863m in 2013, according to provisional figures. This was achieved on export revenues of US\$132.2bn (up 15.4% on 2012) and imports of US\$131.1bn (up 15.4%).

The VND held largely steady in 2013, depreciating by just 1% in June, to end the year at 21,075 to the US dollar. The central bank has announced that it aims to keep the VND trading band at +/-2% against the greenback during 2014. Inflation remains under control, at 6.04% YoY and 0.51% MoM in December, giving the authorities some room for loosening monetary policy in 1H2014. Total loan growth in 2013 was estimated to be around 12%.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	19.48	2.42	2.24
Malaysia	18.19	2.05	3.35
India	17.88	2.62	1.47
Philippines	17.17	2.50	2.37
Thailand	14.47	2.01	3.34
Vietnam: VNI	12.54	1.78	4.02
China	10.63	1.41	2.99

Source: Bloomberg.

P/E Comparison: Large Caps vs. Small/Mid Caps

	HCMC Stock Exchange P/E (Free Float)		
	Large Caps	Small/Mid Caps	Total Market
31-Dec-2012	13.70x	10.23x	12.84x
31-Dec-2013	13.13x	14.27x	13.34x

	VNH Portfolio P/E		
	Large Caps	Small/Mid Caps	Total Portfolio
31-Dec-2012	9.67x	5.41x	6.69x
31-Dec-2013	10.60x	9.34x	9.85x

Source: Bloomberg, VNHAM.

VNH Insights

The benchmark VNI index ended 2013 at 504.6, down 0.6% for December, but up 22% for the year in VND and 20% in US\$. The Ho Chi Minh City stock market was the best performing in Southeast Asia during 2013, followed by Malaysia at 12% in local currency, respectively 5% USD-adjusted.

After a 2% increase in December, the total VNH Net Asset Value ended 2013 at US\$110.5 million, which resulted in a full-year NAV/share performance of 41.6%. LCF Rothschild, which has tracked country funds globally for over 10 years, pegged VNH as the leading performer in 2013 of the 16 Vietnam equity funds.

The main reasons for this gratifying result can be found in our successful portfolio rebalancing, which further emphasized our strong focus on under-valued mid and small cap companies. As anticipated at the beginning of last year and illustrated in the tables above, the valuations for this segment markedly improved in 2013, both at the Vietnam stock market and in the VNH Portfolio. The VNI's mid / small cap shares' valuations collectively improved by 40%, VNH's by 73%.

The year-end 2013 portfolio segment P/E's above show the valuations of VNH's large caps as well as the mid / small caps at 23.8% and 52.7% below those of the respective VNI market segments. These markedly lower P/E's validate our value approach.

Errata: during one of our regular data integrity checks we noticed some inconsistencies in the historic performance data shown in our reports for two of our peers Vietnam Equity Holding (VEH) and DWS Vietnam Fund (DWS). In the case of VEH the currency adjustments made from the fund's EUR-denomination to the overall peer group's US\$ values were inaccurate. The correct numbers are now shown using Bloomberg data. For DWS the previous start date for the performance tracking (May 2008) did not follow our internal guidelines, i.e. the date by when a fund's assets first exceed the 80% invested threshold. This initial tracking date has now been revised to November 2007.

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%)
Shares in issuance	63,363,680
LSE Ticker	VNH
Bloomberg Ticker	VNH LN Equity
ISIN	KYG9361X1043

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Net Asset Value

Lowest NAV per Share since inception	USD 0.71
Highest NAV per Share since inception	USD 2.32
Positive Months	47.78%
Worst Month	-20.24%
Best Month	18.30%
Maximum Drawdown	-69.44%
Volatility p.a.	24.41%

Performance NAV per Share

Last 3 Months	4.56%
Year-to-Date	41.56%
Since inception annualized	-0.37%

Share Price

Share Price	USD 1.28
Market Capitalisation	USD 81.26M

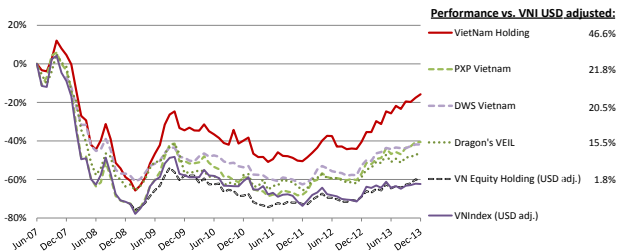
VNH 52 Weeks average Discount to NAV	19.98%
Peer Group 52 Weeks average Discount to NAV	24.20%

Performance

Last Month	2.19%
Last 3 Months	3.64%
Year-to-Date	40.16%
Last 12 Months	40.16%

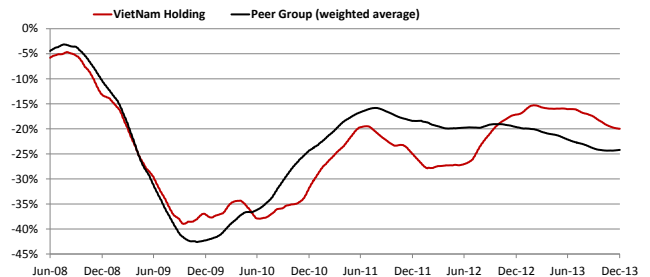
Portfolio TER	PEG (forward): 0.50	Beta: 0.78	P/E (trailing): 9.85x
	3.59% (FY 2013)		

NAV Performance vs. VN Index and Peer Group



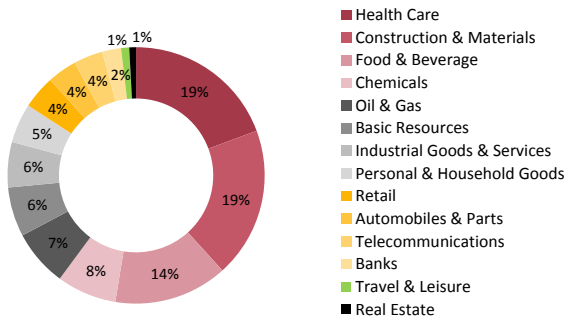
Source: Bloomberg and LCF Rothschild. Corrected data as mentioned in "VNH Insights".

52 Weeks average Share Price Discount to NAV per Share



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

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Hau Giang Pharma	HOSE	8.20%
Vinamilk	HOSE	7.86%
Traphaco	HOSE	7.69%
AnGiang Plant Protection	OTC	7.33%
Petrovietnam Drilling	HOSE	6.96%
Binh Minh Plastic	HOSE	6.76%
Hoa Phat Group	HOSE	6.38%
Hung Vuong Corporation	HOSE	6.09%
Viconship	HOSE	5.08%
Thien Long Group	HOSE	4.75%

London Stock Exchange Market Makers

Oriel Securities	Shayne Barge +44 207 710 7665	Winterflood	Richard Browne +44 203 100 0251
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
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