



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 156,520,879

NAV per share USD 2.826\*

Shares in issue 55,377,131

Treasury shares 9,197,022

Equity investments 94.52%

Number of investments 25

\*Warrants-diluted NAV per share: USD 2.607

**Vietnam News**

Economic data continued its overall positive trend, with manufacturing production up 9.7% YoY in the first eight months, electricity generation up 11.6%, real retail sales up 7.2%, inward FDI up 9%, and exports in dollars up 5.5%. Instances of foreign investor interest abound, with Siam City Cement buying out Holcim's Vietnamese operations for USD 582mn; LG at an advanced stage of considering smartphone, washing machine, and camera module plant investments (also in the hundreds of millions of dollars); and Singapore's Government Investment Corporation having announced the purchase of a 7.7% equity stake in leading bank VCB. Meanwhile, a Financial Times-backed survey has rated Vietnam the top scoring FDI destination of any country on earth.

The IMF's recent annual economic consultation with Vietnam concluded that the fiscal deficit remains a key source of concern, with this having been 6.5% of GDP for 2012-16.

Unless this ratio halves, the IMF opines that public debt will breach the officially specified 65% threshold during 2017-20. On the other hand, the IMF's view on the country's non-performing loan situation is relatively sanguine: it puts the overall system NPL ratio at 12.5% - within the lower end of emerging economies globally - and estimates future bank recapitalization needs at USD 5bn, or a relatively modest 2.5% of GDP.

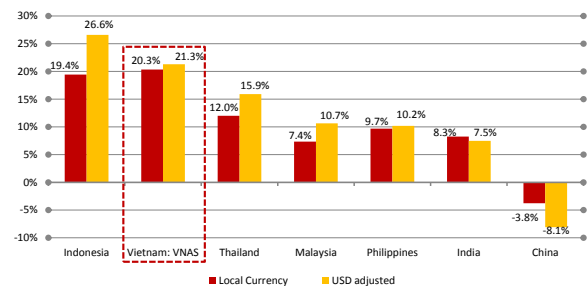
Divestment of state owned enterprises remains a theme with ostensible developments expected. A recent government meeting concerned 12 of the major SOE names. The government extols the top aim as being to maximize the state's benefits via an increase of its debt service capacity. The market, however, is more interested in economic and societal benefits resulting from the massive transformations that often ensue from the rigors of private ownership.

**Regional Valuation and Dividend Yield Comparison**

	P/E trailing	Price to Book	Dividend Yield
Indonesia	26.9	2.5	1.8
Philippines	22.0	2.6	1.7
India	21.0	2.9	1.5
Thailand	20.6	1.9	3.1
Malaysia	19.2	1.6	3.0
China	17.9	1.7	1.9
<b>Vietnam: VNAS</b>	<b>14.1</b>	<b>1.6</b>	<b>2.5</b>

Source: Bloomberg.

**Regional Performance Comparison**



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

**VNH Insights**

August was a very good month for VNH: NAV per share was up 6.1% to USD 2.826 versus the VNAS index's + 2.4%. VNH's calendar year performance of +26.6% is 12.2% ahead of the index.

Encouragingly, a small host of corporate scandals - not concerning any of VNH's investments - has failed to dent market sentiment, with the positive - and correct, in our opinion - view being taken that these reflect a reasonable level of rigor in ensuring that malfeasance is exposed and corrected.

Also positive is the announced decision to halt government credit guarantees for new SOE projects from next year onwards. The total

stock of such SOEs on 31 December 2015 stands at USD 26bn, or 13% of GDP.

Finally, on environmental matters, it was interesting to read that the government aims to raise wind power output by some 90x over the 14 years to 2030. A laudable-looking target, though it is telling that this would still only account for 2.7% of the nation's total power generation needs by that time. This tells us is that gas - currently about a third of the mix - will need to remain a growing source of power, in order to reduce reliance on dirty coal-fired power plants, which currently also accounts for around a third. We added investments in a gas as well as a hydro power plant.

**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	6.12%
Year-to-date	26.61%
Last 12 months	42.15%

Portfolio Statistics

P/E (trailing)	12.90x
Dividend yield	2.63%
PEG (trailing)	1.93
PEG (forward)	1.81
Beta	0.71

Median market cap / investment (USD million)	185.75
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Share Price / Discount

Share Price Performance

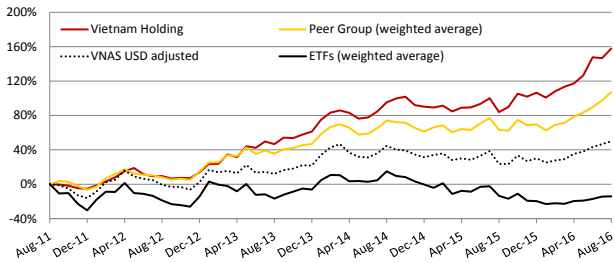
Last month	4.04%
Year-to-date	20.99%
Last 12 months	40.18%

Sharpe ratio	2.79
Alpha	0.44
Beta	0.62
5-year volatility	14.30%

Market capitalisation (USD million)	128.47
Share Price Discount to NAV	17.91%

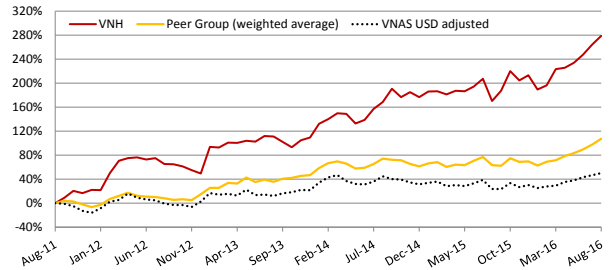
Operating Expense Ratio (12 month rolling)	2.88%
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Share Price Performance vs. Index and Peers



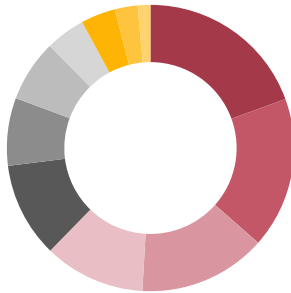
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. Index and Peers



Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity.

Industry Allocation



- Industrial Goods & Services (18.4%)
- Retail (16.1%)
- Health Care (13.6%)
- Food & Beverage (10.8%)
- Construction & Materials (10.1%)
- Real Estate (7.2%)
- Telecommunications (6.6%)
- Automobiles & Parts (4.2%)
- Personal & Household Goods (3.7%)
- Oil & Gas (2.4%)
- Utilities (1.4%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	11.56%
Phu Nhuan Jewelry	HOSE	8.24%
Thien Long Group	HOSE	7.88%
Vinamilk	HOSE	7.55%
Viconship	HOSE	7.54%
Binh Minh Plastic	HOSE	6.70%
FPT Corporation	HOSE	6.60%
Hoa Phat Group	HOSE	6.28%
Danang Rubber	HOSE	4.22%
Khang Dien House	HOSE	3.27%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251
Jefferies	Michele White +44 207 898 7127
JPM Cazenove	Steven Cheshire +44 207 155 8063
Investec	Peter Brown +44 207 597 5063

Stifel Nicolaus	Shayne Barge +44 207 710 7665
Numis Securities	David Cumming +44 207 260 1376
finnCap	James Simpson +44 207 220 0558
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