



VietNam Holding Ltd. (VNH) is a value investor, aiming to generate high risk-adjusted returns by combining rigorous financial analysis with interactive sustainability research. The fund is an attractive opportunity to participate in the further development of one of the world's fastest growing emerging markets. VNH is listed on both the London and the Frankfurt stock exchanges.

Fund Statistics

Total NAV **USD 68,669,183**

NAV per share **USD 1.267**

NAV last month **-2.16%**

NAV last 12 months **13.04%**

Equity investments **97.38%**

Number of investments **28**

Vietnam News

The VNI ended July down at 414.5, compared to 422.4 a month earlier. The HNX also dropped, from 71.1 to 69.2 in July. This reflects a mixed picture on the 1H2012 corporate earnings front, with listed banks in particular struggling with virtually nil credit growth, tight spreads, and rising NPLs. Indeed, the State Bank of Vietnam has revised up its calculation of total non-performing loans in the commercial banking sector, to a more realistic 8.6% of all outstanding loans, or about VND200 trillion.

The central bank also gave one of its rare reports on the size of Vietnam's foreign exchange reserves. It says they amounted to US\$19bn at end-June, which is a marked increase on the last figure announced, late last year. These improved reserve levels and the minimal trade deficit have allowed the VND to hold stable against the USD and other major currencies. Despite the difficult global backdrop, foreign direct investors pumped US\$6.25bn into Vietnam in the first seven months of 2012 -- a figure roughly the same as in the same period last year. However, pledges of new FDI inflows were a disappointing US\$5.2bn; a drop of over 40% on last year.

Inflationary forces continue to dissipate. In July the CPI figure was -0.29% MoM, taking the YoY figure to 5.4%, compared to 6.9% in June.

This decline in inflation rate from 23% last year has resulted in a significant decrease in interest rates. We expect that this downward trend will continue for a while and that bank lending growth will resume, albeit at moderate rates.

One note of concern: the Vietnam purchasing manager's index dropped for the fourth month in succession in July, to 43.6, from 46.6 in June. This is the lowest level since the index began in April 2011. Reduced domestic demand is reported to be the main culprit, along with reduced export orders from Europe and China. Consequently, many firms are seeking to reduce their inputs, as well as get their inventory levels down. Yet, the industrial production index was up 4.8% in the first seven months of 2012, and 6.1% YoY as at end-July. The inventory index was up 20.2% YoY in July, a sharp reduction from the level of almost 35% back in March.

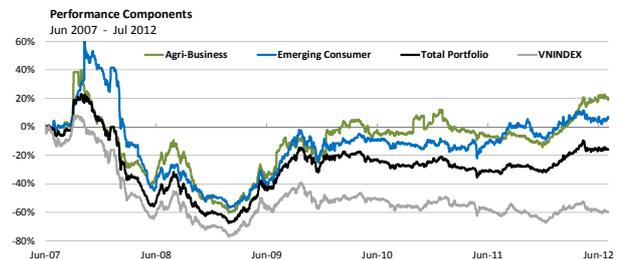
Vietnam's total exports in July were estimated at US\$9.6bn; a minor drop of US\$290m on June. Imports were largely flat, at US\$9.5bn, and so there was another welcome (and rather rare) trade surplus, this time of US\$100m. Agricultural exports in particular seem to be performing well, despite weakening global commodity prices earlier in the year, achieving aggregate earnings of US\$15.9bn up to July 2012; a rise of 12.4% YOY.

Regional P/E and Dividend Yield Comparison

	P/E trailing	Dividend Yield
Philippines	18.21	2.57
Indonesia	18.14	2.26
Thailand	15.81	3.59
Malaysia	14.96	3.58
India	14.47	1.67
China Shanghai Comp	11.35	2.74
Vietnam	10.56	4.43

Source: Bloomberg.

VNH Performance Components



Source: Bloomberg and VNHAM.

VNH Insights

During the past month, the VNH Net Asset Value declined by 2.16% and underperformed the VNI by 0.29%.

As the chart above shows, the two theme portfolios continue to drive the long-term outperformance of the VNH portfolio compared to the VNI. As a result, the past 12 months have validated our asset allocation: VNH's portfolio substantially outperformed the VNI both during the bear market of the second half of 2011, as well as during the bull market of the first half of 2012.

In late July the prime minister issued new listing criteria for companies. Firms' registered capital must be at least VND120bn for HOSE and VND30bn for HNX. Also, their ROE in the year prior to listing must have been at least 5%, and not have any non-reserved debt obligations overdue by over one year.

To list on HOSE a company must have been profitable for the previous two years, but this requirement does not pertain to HNX. For HOSE, at least 20% of voting shares must be held by at least 300 minority shareholders; and for HNX, at least 15% of voting shares must be owned by at least 100 minority shareholders.

In addition, the stock market regulator has reported that in the coming months it aims to liberalize equity trading regulations, subject to government approval. The minimum period that an investor must hold stocks will be reduced from three days to two days, and possibly one day. Also, the trading bands for daily share price changes, currently 5% for HOSE and 7% for HNX, may be widened. Both initiatives should have a positive impact on liquidity.

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	54,217,112
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	USD 0.76
Highest NAV per Share	USD 2.49
Positive Months	43.84%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	25.85%

Performance NAV per Share

Last 3 Months	-5.09%
Year-to-Date	15.38%
Since inception annualized	-6.61%

Share Price

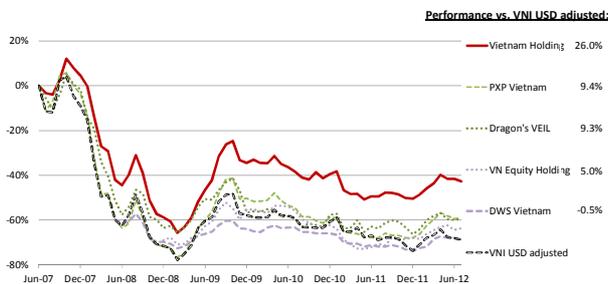
Share Price	USD 1.07
Discount to Net Asset Value	-15.52%
Market Capitalisation	USD 58.01M
Lowest Share Price	USD 0.24
Highest Share Price	USD 2.85

Performance

Last Month	1.42%
Last 3 Months	0.00%
Year-to-Date	43.48%
Last 12 Months	51.59%

Portfolio TER	PEG (forward): 0.51	Beta: 0.68	P/E (trailing): 6.94x
	3.89% (FY 2012)		

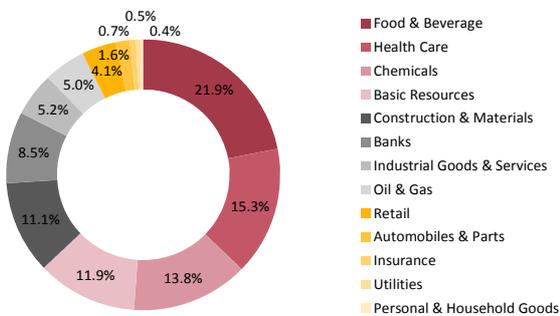
NAV Performance vs. VN Index and Peer Group



Share Price vs. NAV and VN Index



Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
AnGiang Plant Protection	OTC	12.58%
Vinamilk	HOSE	10.50%
Hau Giang Pharma	HOSE	6.99%
Hung Vuong Corporation	HOSE	6.35%
Eximbank	HOSE	5.77%
Binh Minh Plastic	HOSE	5.08%
Dong Phu Rubber	HOSE	4.97%
Dabaco Group	HNX	4.51%
Phu Nhuan Jewelry	HOSE	3.99%
Viconship	HOSE	3.93%

London Stock Exchange Market Makers

Oriel Securities	Shayne Barge +44 207 710 7665
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