



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 is listed on both the London and the Frankfurt stock exchanges.

### Fund Statistics

Total NAV USD 123,746,688

NAV per share USD 2.047

Shares in issue 60,456,534

Treasury shares 7,080,706

Equity investments 92.95%

Number of investments 25

### Vietnam News

The Vietnam market is coming to terms with new constraints on margin lending and a more nuanced to positive view of lower oil prices. As Vietnam is an oil and gas producer, government revenues get hit somewhat, but the trade balance should not be much affected. The stimulatory effect of lower prices should be a major positive across the private sector, giving a tailwind to the accelerating economy.

The new government directive ("Circular 36", effective from February) presents short term challenges to the banking and brokerage sectors. It represents some of the regulatory tough love that the financial sector needs for longer term health: prudent restraints on margin lending, a ban on bank lending to insider principals, and a partial dismantling of the spaghetti-like cross-shareholding regime that has long permeated the bloated (in terms of number of players) Vietnamese banking sector.

There is renewed regulatory push for progress this year on banking M&A in order to thin down the long list of banks - bullish top-down if achieved and highly desirable.

The central bank devalued the Dong official rate by 1% in January, half a year after the last 1% devaluation. At VND 21,317 to the Dollar, the currency's outlook looks solid. We may see another adjustment later in the year to correct the strengthening Dong compared to most world currencies, an unwanted side-effect of the currency peg to the increasingly strong USD. Key supporting factors here are the healthy current account and overall balance of payments surplus, quiescent inflation, and a maintained political and economic stability despite last May's oil rig-related China wobbles.

Meanwhile, free trade talks with the EU and US are making progress and will be important positives when achieved.

### Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	23.5	2.4	1.9
Philippines	21.9	3.0	1.9
India	20.6	3.1	1.4
Thailand	18.0	2.2	2.9
China	15.4	2.0	2.1
Malaysia	14.9	1.7	3.2
<b>Vietnam: VNAS</b>	<b>12.6</b>	<b>1.6</b>	<b>3.2</b>

Source: Bloomberg.

### Vietnam Fund Universe

#### NAV Performance Comparison

Period	Rank 1	Rank 2	Rank 3
1 year	Lumen Vietnam Fund	Vietnam Equity Holding	<b>VNH</b>
2 years	<b>VNH</b>	Vietnam Equity Holding	PXP Vietnam Fund
3 years	<b>VNH</b>	PXP Vietnam Fund	JPM Vietnam Opportunities
4 years	<b>VNH</b>	PXP Vietnam Fund	JPM Vietnam Opportunities
5 years	<b>VNH</b>	JPM Vietnam Opportunities	Vietnam Opportunity Fund
6 years	<b>VNH</b>	JPM Vietnam Opportunities	PXP Vietnam Fund

Source: LCF Rothschild, per 31.12. 2014. 12 largest closed-end and open-ended Vietnam funds covered.

### VNH Insights

VietNam Holding's NAV per share ended January at US\$ 2.047, down 0.6% for the month versus a 2.0% rise for the US\$-adjusted Vietnam All Share Index (VNAS). For the last five years, the fund is up 47.7% versus the US\$-adjusted VNAS which is down 0.3%.

VNH has consistently reviewed its peer performance since the time when we were 80% invested for the first time. We will in future show the same peers over a rolling 5 year period. As the fund management universe is notorious for picking the comparison periods which suits them best, we are here also reviewing our peer performance over the last six year periods.

Although the fund is not immune from the short term reactions relating to the Circular 36 described above, our very low weighting in bank shares remains appropriate in this environment. On the overweight side, we continue to maintain a strong exposure to consumer-related stocks (40% of the portfolio) and to mid-cap names (55% of the portfolio), which continue to offer an overall valuation discount to large caps.

The fund's board has recently announced that it is considering an issue of warrants to shareholders, in order to raise the fund's size at a phase in the longer-term cycle when it makes sense to be investing in Vietnam.

### 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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### Investment Manager

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Net Asset Value / Portfolio

NAV per Share Performance

Last month	-0.58%
Year-to-date	-0.58%
Last 12 months	8.02%

Portfolio Statistics

P/E (trailing)	10.71x
Dividend yield	3.38%
PEG (trailing)	0.78
PEG (forward)	0.72
Beta	0.86

Median market cap / investment (USD million)	133.45
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Share Price / Discount

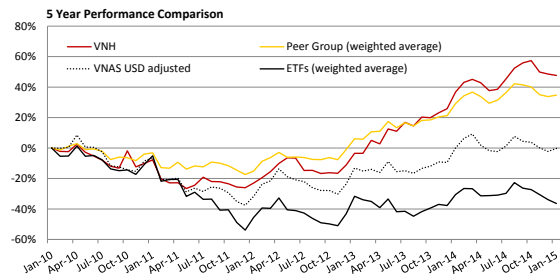
Share Price Performance

Last month	3.39%
Year-to-date	3.39%
Last 12 months	23.20%
Sharpe ratio	1.60
Alpha	0.37
Beta	0.35
Market capitalisation (USD million)	105.95

Share Price Discount to NAV

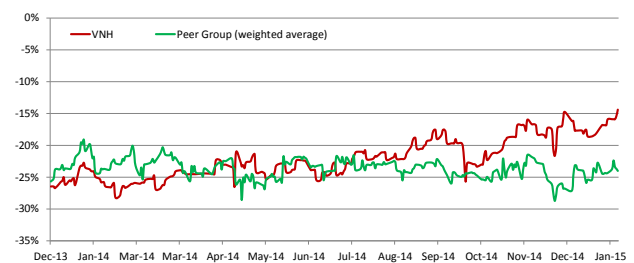
VNH	14.39%
Peer Group weighted average	24.01%
Operating Expense Ratio (12 month rolling)	3.03%

NAV Performance vs. VNAS and Peers



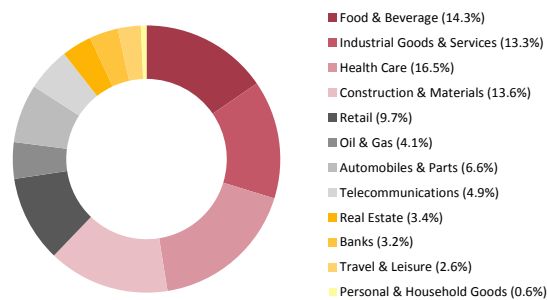
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Discount to NAV vs. Peers



Source: Bloomberg and Morningstar. Peer Group: VEIL, Vietnam Opportunity Fund and DWS Vietnam Fund.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Hau Giang Pharma	HOSE	8.17%
Hoa Phat Group	HOSE	7.38%
Traphaco	HOSE	7.27%
Binh Minh Plastic	HOSE	7.24%
Vinamilk	HOSE	5.95%
Danang Rubber	HOSE	5.77%
Viconship	HOSE	5.42%
Thien Long Group	HOSE	5.21%
FPT Corporation	HOSE	4.94%
Hung Vuong Corporation	HOSE	4.56%

London Stock Exchange Market Makers

<b>Winterflood</b>	Richard Browne +44 203 100 0251	<b>Oriel Securities</b>	Shayne Barge +44 207 710 7665
<b>Jefferies</b>	Michele White +44 207 898 7127	<b>Numis Securities</b>	David Cumming +44 207 260 1376
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