



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 77,055,220	NAV per share	USD 1.433
NAV last month	-0.02%	NAV last 12 months	19.82%
Equity investments	97.22%	Number of investments	24

**Vietnam News**

The Tet (lunar new year) festivities made February a short business month in Vietnam, with no less than nine days of official holidays. The recent rally in the equity markets came to a spluttering end in February. In HCM City, the VNI ended the month down 5 points, at 474.6. Local investors remain anxious about the economic recovery, with mixed signals emanating from various sources. The Purchasing Manager's Index, for example, dropped below 50 again, to 48.3, even though inventories are gradually clearing. And a false rumour that the Chairman of State-owned BIDV bank had been arrested also served to fray local investors' nerves.

There was more good news on the inflation front, with just a 1.32% MoM rise in consumer prices, despite the feverish buying that tends to occur around Tet. This took annual inflation to 7.02% YoY; high but not so by recent historic standards. Provisional figures suggest the trade surplus for February was around US\$900m, on exports of US\$7.5bn and imports of US\$6.6bn. The foreign-invested sector continues to be the star performers. During the first two months of 2013, Vietnam's corporate sector as a whole generated a trade surplus of US\$1.67bn, of which foreign-invested firms generated a net surplus of US\$2.96bn, and domestic firms racked up a net trade deficit of US\$1.29bn. After 20 years of trade deficits, we may have to get used to positive trade balances!

Turning to the State enterprise sector, there was some welcome news that could bode well for Vietnam in the months ahead. Credit Suisse recommends to all Vinashin's creditors that they accept the terms of a proposed debt restructuring plan. This entails the conversion of the defaulted US\$600m loan into a 12 year US\$622m of zero coupon bonds guaranteed by the Ministry of Finance. Interest of 1% per annum will be paid on maturity.

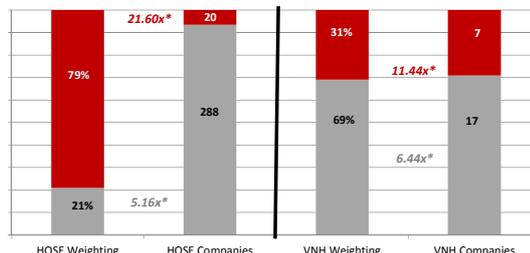
The government signalled that all large SOEs have until end-2015 to divest themselves of their non-core assets, with further details on what must go expected to be announced before June this year. This could also set in train a flow of M&A deals and new IPOs. This move is just one component of the Prime Minister Nguyen Tan Dung's one-year-old master plan on restructuring the Vietnamese economy by 2020. Under this master plan, past emphasis on the State enterprise sector is to be diluted further. The current draft of the revised Constitution that is being circulated for comments orders the SOEs to get out of activities that they have no business being in and stipulates that they no longer be given the privileged treatment they have enjoyed in the past. The master plan also places onus on getting the banking sector into healthy shape, and on public spending and investment to become less wasteful.

**Regional P/E and Dividend Yield Comparison**

	P/E trailing	Dividend Yield
Philippines	20.83	1.97%
Indonesia	18.92	1.89%
Thailand	17.68	2.59%
India	16.10	1.56%
<b>Vietnam VNI</b>	<b>13.33</b>	<b>3.85%</b>
China Shanghai Comp	13.10	2.40%
Malaysia	9.49	3.67%

Source: Bloomberg.

**Investment Universe / Weighting & Valuation Comparison**



Source: Bloomberg and VNHAM.

**VNH Insights**

The free-wheeling economic ways of recent years, and the unsustainable dash for growth at any cost, do appear to be replaced by a less cavalier and more considered approach to economic policy-making. The recent establishment of two new Commissions by the Party, to be chaired on a full-time basis by two very capable senior leadership figures, is a reflection of the seriousness of intent. Having been stung by the degree of criticism about corruption and economic ineptness, policy-makers in Hanoi recognize that there is a pressing need to prove their competency and legitimacy in the eyes of the public, and investors.

"Sustainable Growth" may not be an empty slogan, as many sceptics feared it would turned out to be. We continue to do our very best to contribute in small ways: During the first week of March, VNH sponsored the 8<sup>th</sup> VNH Forum, which was well attended by a selected list of very senior local executives and was very well received. You find details and press reports on our website.

**An update of the evolution of the market segment valuations in 2013:**

As of	HCMC Stock Market			VNH Portfolio		
	20 Large Caps	288 SMEs	Multiple	7 Large Caps	17 SMEs	Multiple
31-Dec-12	15.77x	5.43x	2.9x	9.95x	5.87x	1.7x
31-Jan-13	18.50x	5.82x	3.2x	11.52x	6.12x	1.9x
28-Feb-13	21.60x	5.16x	4.2x	11.44x	6.44x	1.8x

The gap widens. Yet another chapter was added to the tail of two markets. Several top brokers in Vietnam are shifting their research coverage towards the small- and mid caps. This should improve valuations and liquidity.

In the meantime, most companies have reported their full 2013 earnings. This allows us to update the VNI aggregate 5-year EPS growth and compare it with our VNH portfolio's: the market's 7.9% compares to our 21.4% p.a. on average. The VNH NAV was essentially flat for the month of February.

**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	53,774,042
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 since inception	USD 0.76
Highest NAV per Share since inception	USD 2.49
Positive Months	45.00%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	25.07%

**Performance NAV per Share**

Last 3 Months	15.65%
Year-to-Date	8.56%
Since inception annualized	-4.30%

**Share Price**

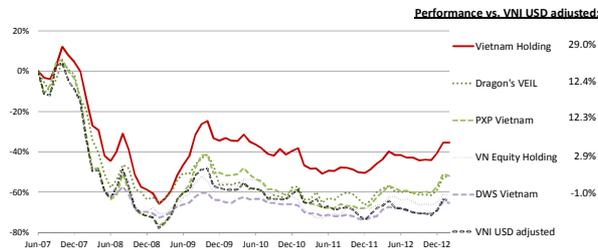
Share Price	USD 1.18
Discount to Net Asset Value	-17.65%
Market Capitalisation	USD 63.45M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

**Performance**

Last Month	-0.63%
Last 3 Months	24.21%
Year-to-Date	28.96%
Last 12 Months	28.61%

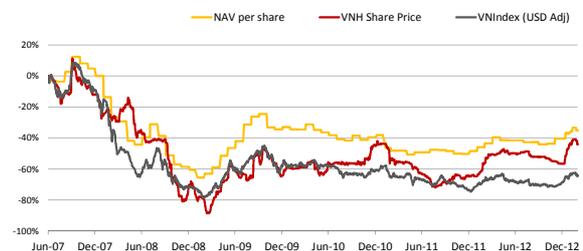
<b>Portfolio TER</b>	<b>PEG (forward): 0.79</b>	<b>Beta: 0.68</b>	<b>P/E (trailing): 7.99x</b>
	3.89% (FY 2012)		

**NAV Performance vs. VN Index and Peer Group**



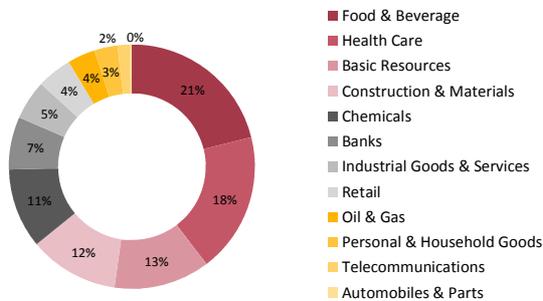
Source: Bloomberg and LCF Rothschild.

**Share Price vs. NAV and VN Index**



Source: Bloomberg.

**Industry Allocation**



**Top 10 Holdings**

Investee Company	Market	Percent of NAV
Vinamilk	HOSE	10.89%
AnGiang Plant Protection	OTC	10.30%
Traphaco	HOSE	7.57%
Hau Giang Pharma	HOSE	7.30%
Hung Vuong Corporation	HOSE	5.50%
Binh Minh Plastic	HOSE	5.50%
Dong Phu Rubber	HOSE	4.59%
Phu Nhuan Jewelry	HOSE	4.46%
Viconship	HOSE	4.42%
Eximbank	HOSE	4.28%

**London Stock Exchange Market Makers**

<b>Oriel Securities</b>	Shayne Barge +44 207 710 7665
<b>Jefferies</b>	Michele White +44 207 898 7127
<b>JPM Cazenove</b>	Steven Cheshire +44 207 155 8063
<b>HSBC</b>	Hugh Harvey-Kelly +44 207 991 5241

<b>Winterflood</b>	Richard Browne +44 203 100 0251
<b>Numis Securities</b>	David Cumming +44 207 260 1376
<b>LCF Rothschild</b>	Johnny Hewitson +44 207 845 5960

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