



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 122,710,532

NAV per share USD 2.049

Shares in issue 59,898,239

Treasury shares 7,537,500

Equity investments 94.17%

Number of investments 23

Vietnam News

The VNAS index rose 2.7% in May to 554.9, which in dollar terms was a 1.7% rise after the second 1% devaluation of the year took place during the month. This was a relatively good performance in the context of a 4.6% monthly fall for the MSCI Frontier Emerging Market Index and a flat MSCI World. Economic momentum has remained robust, with continued strong data releases suggesting that second quarter GDP growth will likely better the 6.0% reported for both full year 2014 and first quarter 2015. First quarter corporate results have generally been good. Banking sector credit growth is estimated to have been 4.5% year-to-date to 31 May, an encouraging figure compared to recent years.

However, there are three areas of incipient concern to monitor. First, a sizeable trade deficit is opening up for the first time since 2011 - now running at an annualised rate of some 3.5% of GDP.

On one hand it is driven mainly by surging machinery, equipment, and industrial materials imports, to be viewed positively; on the other hand, vehicle imports are nearly trebling YoY and account for nearly a third of the total YTD deficit.

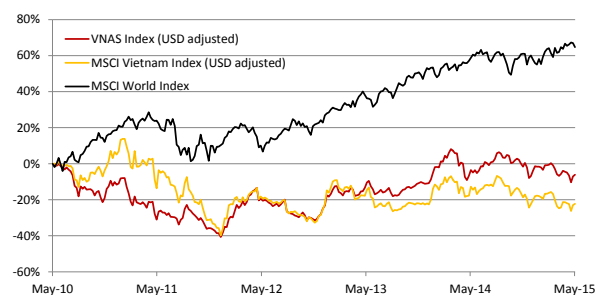
Second, government finances may not be as sound as expected, following historic data revisions; the 2015 fiscal deficit, originally projected by the Finance Ministry at 4.5% of GDP, is a subject of greater uncertainty than before. This has not been helped by talk of the Government considering to "borrow" FX reserves for local infrastructure spending. Third, the monetary sphere: local government bond yields are rising from their recent lows, by ca. 50bps for five-year paper to ca. 6%, and the Central Bank's recent promise of no further dong devaluation this year appears an imprudent one to make.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	23.2	2.6	2.0
China	22.9	2.7	1.4
India	22.2	3.0	1.4
Philippines	21.0	2.8	1.8
Thailand	19.9	2.0	3.0
Malaysia	16.3	1.7	3.3
Vietnam: VNAS	12.1	1.4	3.0

Source: Bloomberg.

Decorrelation: Vietnam Stock Market vs. MSCI World



Source: Bloomberg. May 2010 to May 2015.

VNH Insights

VNH's NAV was up 0.2% from last month at USD 2.049, putting the calendar year-to-date performance at -0.5%, versus a flat YTD performance for the VNAS. We remain of the opinion that the outlook for the fund and the overall market is brighter for the remainder of 2015 and into 2016. This assessment is based on the improving growth outlook across multiple sectors of the stock market, including manufacturing, property, and banking, together with still-modest valuations - starting with a trailing price-earnings ratio of 12.1x for the VNAS Index. As ever, policy making has the power to make or break the market in Vietnam, and we believe the direction of movement here clearly provides a positive rather than a negative. In banking, the Government's

meandering strategy in the right direction is making for a gradual improvement in the sector's non-performing-loan affliction. Free trade agreements, especially the TPP, will be of particular stimulus to Vietnam, not only in a direct economic sense, but also in the enforced reforms and new attitudes that they impose on the country. Every incremental movement on foreign ownership limits in the stock market will rightly be taken positively. Finally, although the pace and extent of privatisation remain disappointing, there is no chance of reversal here and the best bet remains that improvement will be seen; only 33 of a targeted 289 are as yet approved, but the Prime Minister is agitating for greater progress.

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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Net Asset Value / Portfolio

NAV per Share Performance

Last month	0.20%
Year-to-date	-0.49%
Last 12 months	7.33%

Portfolio Statistics

P/E (trailing)	11.21x
Dividend yield	3.02%
PEG (trailing)	0.75
PEG (forward)	0.66
Beta	0.80

Median market cap / investment (USD million)	144.54
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Share Price / Discount

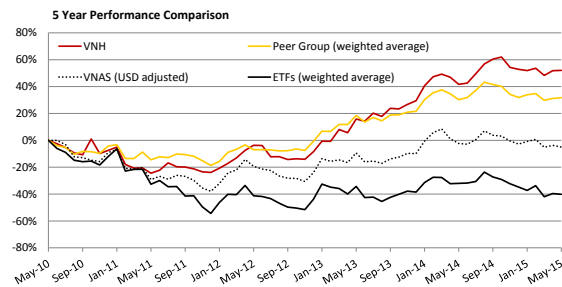
Share Price Performance

Last month	-0.28%
Year-to-date	3.54%
Last 12 months	23.16%
Sharpe ratio	0.68
Alpha	0.40
Beta	0.29
Market capitalisation (USD million)	105.12

Share Price Discount to NAV

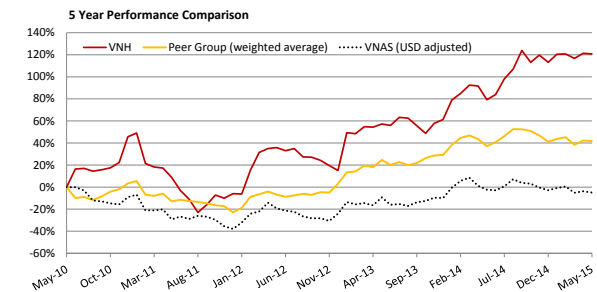
VNH	14.35%
Peer Group weighted average	21.16%
Operating Expense Ratio (12 month rolling)	2.98%

NAV Performance vs. VNAS and Peers



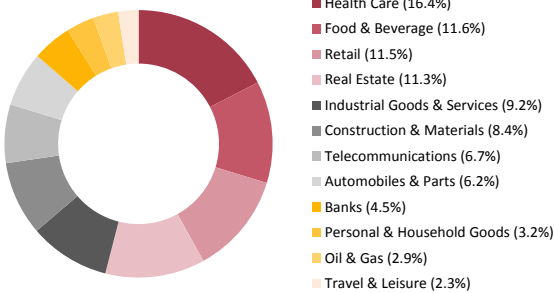
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. VNAS and Peers



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

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	8.00%
Phu Nhuan Jewelry	HOSE	6.72%
FPT Corporation	HOSE	6.67%
Viconship	HOSE	6.26%
Danang Rubber	HOSE	6.25%
Binh Minh Plastic	HOSE	6.17%
Vinamilk	HOSE	5.93%
Hau Giang Pharma	HOSE	5.79%
Hung Vuong Corporation	HOSE	5.65%
Thien Long Group	HOSE	4.81%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251	Stifel Nicolaus	Shayne Barge +44 207 710 7665
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
Investec	Peter Brown +44 207 597 5063	finnCap	James Simpson +44 207 220 0558



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