



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 89,675,300	NAV per share	USD 1.670
NAV last month	9.58%	NAV last 12 months	28.76%
Equity investments	98.19%	Number of investments	23

Vietnam News

The most note-worthy event during May was in the political front where a plenum of the Vietnam Communist Party (VCP) elected two new Politburo members even though it had been expected that three, not just two, new appointments to the 16-person VCP leadership would be made. The National Assembly formally approved Dinh Tien Dung as the new Minister of Finance. Mr Dung, aged 52 and the youngest ever finance minister, was Auditor General prior to this new role, as had been the case with his predecessor, Vuong Dinh Hue. Mr Hue recently vacated the ministerial position in order to become the full-time Chairperson of the VCP's Economic Commission. A number of pundits noted that neither Mr Hue nor Nguyen Ba Thanh – the high-profile former head of Danang, and now chair of the VCP's Internal Affairs Commission – made it to the Politburo, as widely anticipated.

The signs of economic recovery were mixed in May. Purchasing Managers' Index came in at 48.8 in May, compared with 51.0 in April, suggesting that the corporate sector continued to struggle to sustain its expansion. Falling output prices and lower overall manufacturing output reflected anemic local demand. On the other hand, it was good to see export orders continue to grow and finished goods inventories shrinking which suggested restocking may lead

to future increases of economic activities. Nonetheless, the government has since revised the outlook for the country's annual GDP growth to hit below its target of 5.5%. The IMF is now forecasting 5.2% for 2013 and next.

Inflation remained benign, at -0.06% MoM, +2.34% YTD and 6.36% YoY. Food prices, rice in particular, are down. This allowed the central bank to shave a further 100 bps off each of the various key interest rates in May. Most commercial banks were relieved to hear that the implementation of Circular 02 which regulates asset classification and provisions has been delayed for one year until June 2014. On 18 May the Prime Minister finally approved the proposal for Vietnam Asset Management Company (VAMC), an entity established to take over NPLs from Vietnamese banks. It is expected to start operations in 2H2013 which may provide further tailwind for the markets.

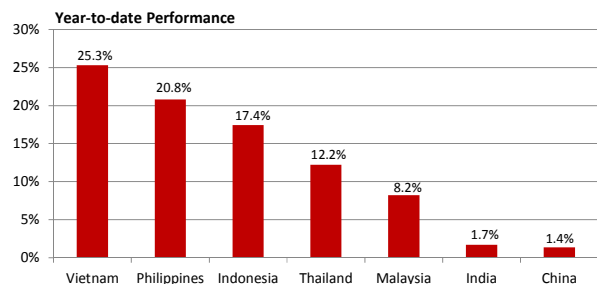
The government has confirmed that the standard rate of corporate income tax in Vietnam will drop from 25% to 22% in January 2014 with the aim to lower it to 20% by 2016. The rate may be even lower for companies that meet certain eligibility criteria.

Regional P/E and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Philippines	20.90	3.12	1.92
Indonesia	19.36	0.33	2.18
Thailand	17.92	2.49	2.76
India	17.48	2.70	1.58
Malaysia	15.94	2.04	3.46
Vietnam: VNI	14.64	1.89	3.50
China	12.38	1.57	2.51

Source: Bloomberg.

Regional Stock Market Performance Comparison



Source: Bloomberg.

VNH Insights

After a brief consolidation in April, Vietnamese equity markets resumed the impressive rally that it achieved in 1Q2013. The benchmark VNI broke confidently through the 500 barrier to end the month at 518.39, thereby rising 25.30% YTD.

Much of the recent rally could be attributed to the net flows of over US\$250m of foreign portfolio money into Vietnamese stocks so far in 2013 – a trend not seen since 2008.

Despite continued concerns over SOE restructuring, the fragile banking sector and a badly bruised property market, institutional investors seemed buoyed by some of the latest economic stimulus measures, including a USD 1.4bn support package for social and affordable housing. As a result, the real estate sector became the main driver behind VNI's strong performance of 9.25% increase in May.

As illustrated in the chart above the Vietnam stock market has outperformed its regional peers by quite a margin since the beginning of the year. This is also reflected in the markedly increased valuations of 14.64x P/E from 11.49x at the end of last year.

Thanks to its value approach VNH's portfolio with a trailing P/E of 9.42x is still substantially better valued as compared to the market, despite the 9.58% increase of NAV during last month.

It is worth mentioning that performance wise equities of Vietnamese small- and mid-cap companies have managed to gain some ground in the most recent market rally. However, we believe that there remains ample upside potential for SMEs with attractive valuations, solid balance sheets and superior EPS growth.

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	53,705,411
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	45.78%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	25.01%

Performance NAV per Share

Last 3 Months	16.53%
Year-to-Date	26.52%
Since inception annualized	-2.01%

Share Price

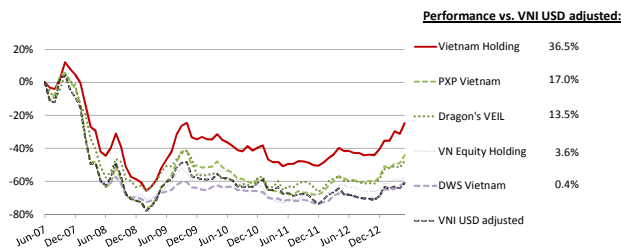
Share Price	USD 1.25
Discount to Net Asset Value	-25.14%
Market Capitalisation	USD 67.13M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

Performance

Last Month	1.83%
Last 3 Months	5.93%
Year-to-Date	36.61%
Last 12 Months	15.74%

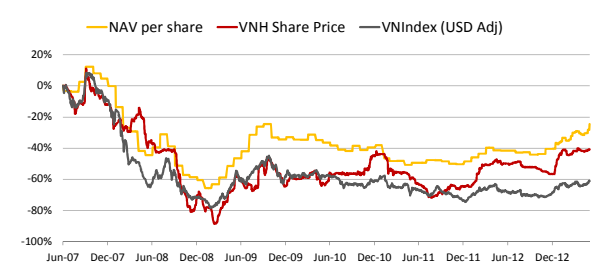
Portfolio TER	PEG (forward): 0.34	Beta: 0.64	P/E (trailing): 9.42x
	3.89% (FY 2012)		

NAV Performance vs. VN Index and Peer Group



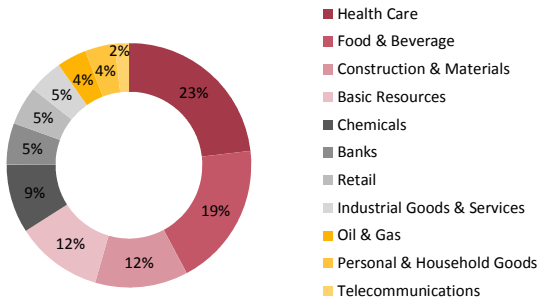
Source: Bloomberg and LCF Rothschild.

Share Price vs. NAV and VN Index



Source: VNHAM and Bloomberg.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.14%
AnGiang Plant Protection	OTC	8.99%
Vinamilk	HOSE	8.59%
Hung Vuong Corporation	HOSE	7.09%
Hau Giang Pharma	HOSE	7.07%
Binh Minh Plastic	HOSE	6.24%
Viconship	HOSE	3.95%
Petrovietnam Drilling	HOSE	3.86%
Thien Long Group Corp	HOSE	3.81%
National Seeds	HOSE	3.71%

London Stock Exchange Market Makers

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

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