



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's ordinary shares and warrants are listed on the London Stock Exchange's AIM.

**Fund Statistics**

Total NAV **USD 145,778,742**

NAV per share **USD 2.663**

Shares in issue **54,745,447**

Treasury shares **10,202,022**

Equity investments **97.18%**

Number of investments **26**

**Vietnam News**

In July, the Vietnam All Share Index climbed another 2.3% over the month to just under 648. Accumulated seven month industrial production stands up 7.2% year-on-year, of which the all-important manufacturing component is up 9.9%. Retail sales are up 9.4% on the same basis, or 7.4% in real terms. Meanwhile, the currency and trade balance both continue to be stronger than forecast at the start of the year, with the dong strong at 22,300 to the dollar and a year-to-date surplus of USD 1.8bn. Foreign direct investment inflows are up 18% at USD 1.3bn in July, with the seven month accumulated total up 15% at USD 8.6bn and registrations - a barometer for the future - up a strong 47%. Local-currency banking system net credit growth stood at 8.2% year-to-date at the end of the first half, or up 17.6% year-on-year - a good sign that, despite slow-moving policymaking regarding the large amount of non-performing loans, essentially Vietnam is growing out of the problem and banks are still capable of fulfilling their vital intermediary function.

An encouraging finding from one of the market research firms indicates that rural sales of fast moving consumer goods rebounded during the latter part of the second quarter, following the severe El-Nino related drought earlier in the year.

The pace of privatizations was yet again below target in the first half, with only USD 180m of stake sale proceeds. As ever, the plans are grand, such as to reduce the total number of state-owned enterprises from the current 1,309 to less than 200 by 2020. Vietnam's government knows what it should be doing, although it remains to be seen if this can be achieved.

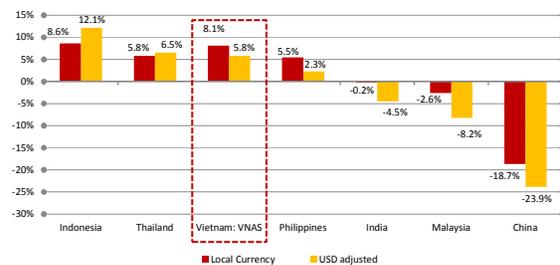
Meanwhile, one report puts the first half fiscal deficit at VND 83tn or 6.4% of GDP, with the seasonal likelihood of the ratio rising further through the year. Privatizations would help to generate additional revenues which would alleviate this deficit.

**Regional Valuation and Dividend Yield Comparison**

	P/E trailing	Price to Book	Dividend Yield
Indonesia	27.2	2.5	1.8
Philippines	23.2	2.7	1.6
Thailand	20.8	1.9	3.1
India	20.6	3.0	1.5
Malaysia	17.9	1.6	3.1
China	16.5	1.7	2.0
<b>Vietnam: VNAS</b>	<b>12.4</b>	<b>1.5</b>	<b>3.4</b>

Source: Bloomberg.

**Regional Performance Comparison**



Source: Bloomberg. Date range: 31 July 2015 to 31 July 2016.

**VNH Insights**

VNH, celebrating its tenth birthday, finished another financial year as the best performing Vietnam equity fund: as shown in the comparison table on page 2, VNH was ranked number one in Vietnam for all full-year performance track record periods ranging over the last five years to 30 June 2016. This peer comparison includes all closed- and open-ended Vietnam equity funds with assets under management in excess of USD 50 million with a minimum track record of five years.

In the equity markets, July was the month that bellwether stock Vinamilk removed all limits on its foreign ownership ratio, with the list of stocks at various stages of this transition standing at around ten names.

The general expectation in most of Asia is that the bears dominate the months of August to October. A closer look at the statistics shows this to be true, albeit only by a relatively small variance of -2.16% for the VNAS over the last five years.

Two factors may offset the bear mood in Vietnam in these coming months: (1) a surge of companies which increase their foreign ownership limit meaningfully and (2) the government's fulfillment of the often promised and then mostly disappointingly low privatization of the remaining SOEs. These factors would not only have a positive impact on the government budget deficit, but also on the stock market.

**Fund Facts**

Domicile Cayman Islands  
 Admission 15 June 2006  
 Stock Exchange London AIM

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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 Azhic Basirov +44 20 7131 4000

**AIM Broker**

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 Neil Langford +44 20 3100 0301

**Administrator & Custodian**

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**Investment Manager**

VietNam Holding Asset Management Ltd.  
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## Net Asset Value / Portfolio

## NAV per Share Performance

Last month	-0.56%
Year-to-date	19.31%
Last 12 months	23.17%

## Portfolio Statistics

P/E (trailing)	13.75x
Dividend yield	2.75%
PEG (trailing)	2.08
PEG (forward)	1.95
Beta	0.68

Median market cap / investment (USD million)	175.55
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## Share Price / Discount

## Share Price Performance

Last month	4.82%
Year-to-date	16.30%
Last 12 months	18.46%

Sharpe ratio	1.70
Alpha	0.27
Beta	0.63

Market capitalisation (USD million)	122.08
Share Price Discount to NAV	16.26%

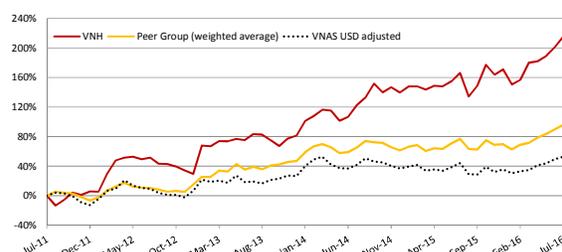
Operating Expense Ratio (12 month rolling)	2.92%
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## NAV Performance Comparison to 30 June 2016

Period	VNH	#2 Ranking Fund	VNH Share Price	VNAS Performance
1 year	28.0%	18.2%	18.0%	7.7%
2 years	39.5%	22.6%	45.5%	9.2%
3 years	74.0%	49.0%	71.6%	26.2%
4 years	121.7%	75.8%	101.2%	34.8%
5 years	155.8%	95.4%	176.3%	44.8%

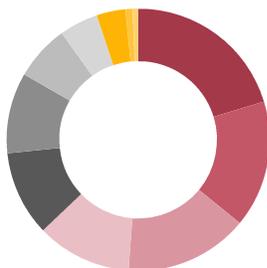
Source: Bloomberg. Funds covered (NAV greater than USD 50mn and track record of min. 5 years): VNH, DWS Vietnam Fund, Vietnam Enterprise Investments Limited, PXP Vietnam Emerging Equity Fund, Vietnam Opportunity Fund, JPMorgan Vietnam Opportunities Fund, Vietnam Infrastructure Fund. Total NAV of peers: USD 2.87bn as of 30 June 2016.

## Share Price Performance vs. VNAS and Peers



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

## Industry Allocation



- Industrial Goods & Services (19.7%)
- Retail (15.2%)
- Health Care (14.7%)
- Construction & Materials (11.4%)
- Food & Beverage (10.2%)
- Real Estate (9.7%)
- Telecommunications (6.6%)
- Automobiles & Parts (4.6%)
- Personal & Household Goods (3.4%)
- Oil & Gas (0.8%)
- Banks (0.7%)

## Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.63%
Phu Nhuan Jewelry	HOSE	8.03%
Vinamilk	HOSE	7.92%
Viconship	HOSE	7.64%
Thien Long Group	HOSE	7.21%
Binh Minh Plastic	HOSE	7.19%
FPT Corporation	HOSE	6.61%
Hoa Phat Group	HOSE	6.10%
Danang Rubber	HOSE	4.64%
Hoa Sen Group	HOSE	3.59%

## London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251
Jefferies	Michele White +44 207 898 7127
JPM Cazenove	Steven Cheshire +44 207 155 8063
Investec	Peter Brown +44 207 597 5063

Stifel Nicolaus	Shayne Barge +44 207 710 7665
Numis Securities	David Cumming +44 207 260 1376
finnCap	James Simpson +44 207 220 0558
Peel Hunt	David Kininmonth +44 207 418 8895

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 Principles for Responsible Investment



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