



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 123,417,181

NAV per share USD 2.171

Shares in issue 56,835,034

Treasury shares 9,924,705

Equity investments 96.47%

Number of investments 23

Vietnam News

A torrid January, down a USD-adjusted -6.6% for the VNAS Index versus -2.7% for VNH, saw the first index decline in a January since 2010 and the worst one since 2008. It really wasn't much about Vietnam *per se*; this was the month of spiking-down oil prices into the 20s and of heightened global concern about big-neighbor China.

Falling oil prices hit oil-related stocks in Vietnam, which account for less than 3% of the (free-float-based) VNAS, but we fail to find other negatives of cheap oil in Vietnam. Oil made up less than 7% of government revenues in 2015, down from a peak of 19% in 2012: this adjustment for the government revenues has coincided with a period of solid economic recovery for the country, with the fiscal deficit unchanged at c. 5-6% of GDP. Meanwhile, falling oil prices represent a direct boon to manufacturing and consumption, the two key drivers of Vietnam's economic story. Vietnam is no longer a commodity-dependent economy.

China is of concern to the world and indeed to Vietnam, though Vietnam is positioned relatively resiliently in this respect. First, as a major net importer from China - huge imports at c. 25% of GDP versus exports at c. 8% - Vietnam is not as directly vulnerable to slowing China in the way that commodity exporters to the Chinese industrial sector like Australia, or as purveyors of middle class goods to the Chinese consumer like Apple are.

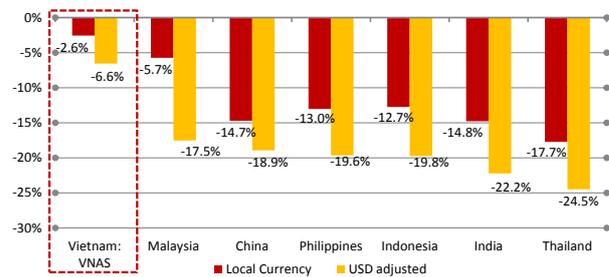
Second, a falling renminbi - emanating from slower Chinese growth and its consequent stresses, poor communication from its leadership to the markets, and resulting capital flight - can only be bad news for the value of virtually *all* emerging market currencies, the dong included. Third, the China situation and the US interest rate cycle both imply coming rises in the cost of capital - Vietnam will suffer from this less than others, given its robust balance of payments structure, and it can help itself with greater *action* added to the impressive policymaking *talk* (for example, on foreign ownership limits).

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	26.0	2.3	2.1
Philippines	19.2	2.4	2.1
India	18.8	2.7	1.5
Thailand	16.4	1.7	3.5
Malaysia	16.4	1.5	3.2
China	14.4	1.6	2.2
Vietnam: VNAS	10.6	1.4	3.9

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 31 December 2015 to 31 January 2016.

VNH Insights

Of course Vietnam did have some of its own news in January, not least the five-yearly party congress which has just ended, apparently with - unusually - the septuagenarian Mr Trong getting another five-year term as general secretary on top of the five he's already had, and deputy Prime Minister Phuc being elevated to Prime Minister.

This leaves the current Prime Minister Dung seeking new pasture after his ten years of bountiful feasting. Vietnamese politics don't give us the tawdry excitement of the US electoral system, so there really isn't too much to say about these developments. Probably things carry on much as before, which from the stock market's point of view is somewhat good and somewhat bad at the same time.

All the while, Vietnamese economic indicators in January were very satisfactorily as before. Although January industrial production was up only 5.9% YoY (the lowest growth rate in a year), retail sales rose 11.7% (the highest in a year).

Disbursed FDI rose 23% in the month to c. USD800m, and applications doubled. Inflation remains below 1% and the monthly trade deficit is still very modest at c. USD200m. In recent years, GDP growth has steadily accelerated to 2015's 6.7%, with another good year likely. Even under a China deep slowdown scenario, 5%+ seems almost assured.

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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Net Asset Value / Portfolio

NAV per Share Performance

Last month	-2.69%
Year-to-date	-2.69%
Last 12 months	6.06%

Portfolio Statistics

P/E (trailing)	10.22x
Dividend yield	3.19%
PEG (trailing)	0.44
PEG (forward)	0.36
Beta	0.75

Median market cap / investment (USD million)	130.11
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Share Price / Discount

Share Price Performance

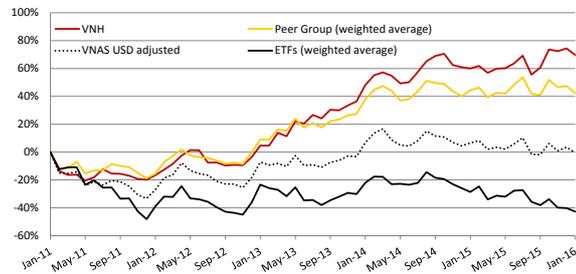
Last month	-7.56%
Year-to-date	-7.56%
Last 12 months	1.14%
Sharpe ratio	0.15
Alpha	0.08
Beta	0.39
Market capitalisation (USD million)	100.74

Share Price Discount to NAV

VNH	18.36%
Peer Group weighted average	25.88%
Operating Expense Ratio (12 month rolling)	2.98%

NAV Performance vs. VNAS and Peers

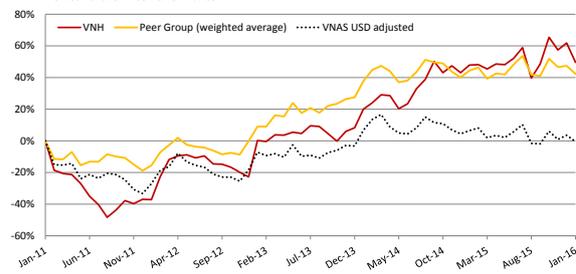
5 Year NAV Performance



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.

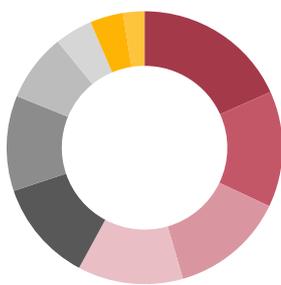
Share Price Performance vs. VNAS and Peers

5 Year Share Price Performance



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

Industry Allocation



Industrial Goods & Services (17.7%)
Retail (13.3%)
Health Care (13.0%)
Real Estate (11.9%)
Construction & Materials (11.6%)
Food & Beverage (10.9%)
Telecommunications (7.7%)
Automobiles & Parts (4.3%)
Personal & Household Goods (3.7%)
Travel & Leisure (2.4%)
Financial Services (0.0%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Viconship	HOSE	8.90%
Traphaco	HOSE	7.74%
FPT Corporation	HOSE	7.72%
Vinamilk	HOSE	6.89%
Phu Nhuan Jewelry	HOSE	6.68%
Binh Minh Plastic	HOSE	6.63%
Thien Long Group	HOSE	6.58%
Dat Xanh Real Estate	HOSE	4.67%
Hoa Phat Group	HOSE	4.47%
Hoa Sen Group	HOSE	4.29%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251
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JPM Cazenove	Steven Cheshire +44 207 155 8063
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