



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 120,437,731

NAV per share USD 1.998

Shares in issue 60,272,033

Treasury shares 7,265,207

Equity investments 96.95%

Number of investments 24

Vietnam News

The VNAS fell 4.8% in March to just under 547.46 in a poor month for Vietnamese equities. This compares with much smaller declines of 1-2% for MSCI indices covering frontier markets, emerging markets, and the world.

Possible contributing factors for the poor recent performance include (a) the emergence of a trade deficit totalling USD 1.75bn for 1Q15, after three years of improving trade balances; (b) weak tourist arrival figures, down 14% YoY in the first two months of 2015, representing a break from recent-years trend; (c) slight worries over the currency, which fell nearly 1% versus the dollar; and (d) Vietnamese exporters' struggles into non-USD countries, including Europe and Russia, resulting from the USD-peg and its impact on higher costs when translated into EUR. Needless to say, the last two items are contradictory.

The larger of the two Vietnam ETFs, the Van Eck (some USD 472m of AUM) had around USD 57m of redemptions in the last 10 days of March, which erased most of the market's YTD foreign inflow and increased bear pressure.

However, as we discuss below, most economic news in the month was predominantly positive - there was good news on GDP growth (1Q above expectations at 6.0% YoY), FDI disbursements remain strong with 1Q up 7% YoY at USD 3bn, and interest rates are still heading lower.

It now seems clear that lower oil prices are a net positive for the Vietnamese economy, so if they continue to remain low, this is helpful to growth.

Negotiations on the important TPP free trade agreement are still ongoing. The prospects for a deal by this year seem quite good. So too for such a deal with the EU.

Regional Valuation and Dividend Yield Comparison

| | P/E trailing | Price to Book | Dividend Yield |
|----------------------|--------------|---------------|----------------|
| Indonesia | 22.2 | 2.8 | 1.8 |
| Philippines | 21.9 | 3.0 | 1.7 |
| Thailand | 19.8 | 1.3 | 2.9 |
| India | 19.6 | 3.0 | 1.4 |
| China | 18.3 | 2.3 | 1.7 |
| Malaysia | 16.2 | 1.8 | 3.2 |
| Vietnam: VNAS | 11.8 | 1.5 | 3.3 |

Source: Bloomberg.

Recent Stock Market Performance: Vietnam vs. China



Source: Bloomberg. 1 October 2014 to 31 March 2015.

VNH Insights

Both recent data and anecdotal observation point to the strongest economic environment in Vietnam for several years, with domestic consumption growth at its strongest since at least 2010 (see our latest post on this on our new blog: blog.vietnamholding.com). The property sector appears to be on a healthy, non-euphoric recovery track. Also the recovery in the banking sector's credit creation is encouraging, with March YoY credit growth estimated at 17%. Interest rates trend steadily lower, resulting in an average lending rate of 10.1%, 1.4% lower YoY at the quarter-end. Finally, the government's reforms are heading in the right direction, as evidenced by the following examples: (a) the substantive progress on the bank governance

rules; (b) the continuation of the privatization program, though less extensive than ideal in terms of percentage stakes on offer; and (c) the new laws on investment, enterprises, and foreigner property ownership.

Our fundamental assessment of market outlook for 2015 continues to be a positive one. Even though the overall emerging and frontier market scene remains challenging, Vietnam still stands out within this asset class for its strong fundamentals combined with low market valuation. The above chart shows the recent divergence between VN and China stocks; based on valuations, a reversal may well be due.

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 | -3.04% |
| Year-to-date | -2.53% |
| Last 12 months | -0.20% |

Portfolio Statistics

| | |
|----------------|--------|
| P/E (trailing) | 10.55x |
| Dividend yield | 2.94% |
| PEG (trailing) | 0.53 |
| PEG (forward) | 0.46 |
| Beta | 0.84 |

| | |
|--|--------|
| Median market cap / investment (USD million) | 134.61 |
|--|--------|

Share Price / Discount

Share Price Performance

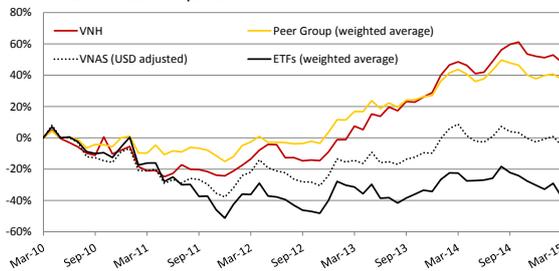
| | |
|-------------------------------------|--------|
| Last month | -1.85% |
| Year-to-date | 1.62% |
| Last 12 months | 12.58% |
| Sharpe ratio | 0.97 |
| Alpha | 0.31 |
| Beta | 0.36 |
| Market capitalisation (USD million) | 103.82 |

Share Price Discount to NAV

| | |
|--|--------|
| VNH | 14.18% |
| Peer Group weighted average | 23.73% |
| Operating Expense Ratio (12 month rolling) | 3.09% |

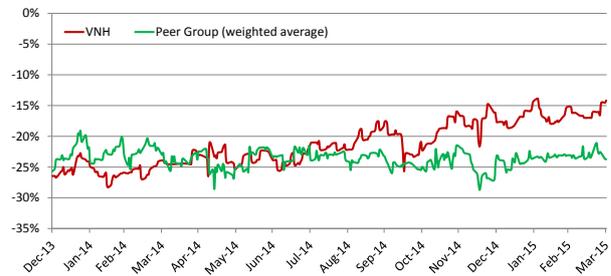
NAV Performance vs. VNAS and Peers

5 Year Performance Comparison



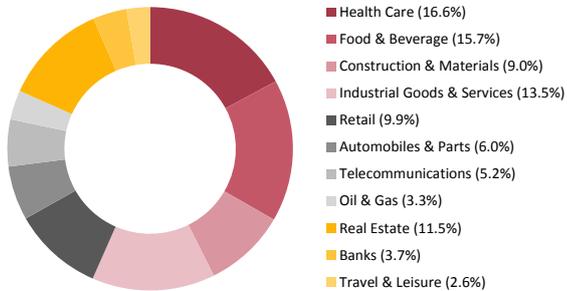
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Discount to NAV vs. Peers



Source: Bloomberg and Morningstar. Peer Group: VEIL, Vietnam Opportunity Fund and DWS Vietnam Fund.

Industry Allocation



Top 10 Holdings

| Investee Company | Market | Percent of NAV |
|------------------------|--------|----------------|
| Traphaco | HOSE | 7.34% |
| Hau Giang Pharma | HOSE | 7.31% |
| Binh Minh Plastic | HOSE | 6.70% |
| Vinamilk | HOSE | 6.17% |
| Danang Rubber | HOSE | 5.99% |
| Hung Vuong Corporation | HOSE | 5.92% |
| Phu Nhuan Jewelry | HOSE | 5.68% |
| Viconship | HOSE | 5.68% |
| FPT Corporation | HOSE | 5.20% |
| Thien Long Group | HOSE | 4.24% |

London Stock Exchange Market Makers

| | | | |
|---------------------|----------------------------------|-------------------------|----------------------------------|
| Winterflood | Richard Browne +44 203 100 0251 | Oriel Securities | 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 |
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