



VietNam Holding Ltd. (VNH) is a value investor, aiming to generate high risk-adjusted returns by combining rigorous financial analysis with interactive sustainability research. The fund is an attractive opportunity to participate in the further development of one of the world's fastest growing emerging markets. VNH is listed on both the London and the Frankfurt stock exchanges.

Fund Statistics

Total NAV USD 66,836,420

NAV per share USD 1.239

NAV last month -0.48%

NAV last 12 months 12.13%

Equity investments 96.67%

Number of investments 25

Vietnam News

In the manufacturing sector there was welcome news from the Purchasing Manager's Index, which rose just above the critical 50-point level in November, up from 48.7 in October. At 50.5, the index suggests that manufacturing activity in Vietnam expanded during November; the first such increase in 14 months. Initial estimates suggest that there was a small trade deficit of US\$50m in November, after five consecutive months of surplus figures. Even so, Vietnam looks on course to record a small trade surplus for 2012, which would be the first in twenty years, and a stark contrast from the US\$18bn trade deficit 'blow out' recorded in 2008. Foreign invested companies are currently estimated to be the source of two thirds of all Vietnam's exports – which would also be a first.

The National Assembly was in full session for much of the month, during which it passed a revised personal income tax law, due to go into effect on 1st July 2013. Changes made in the law include a substantial upward revision in the minimum income threshold from VND4m per month to VND9m, and the allowance for dependents will also more than double, from VND1.6m to VND3.6m. There are thought to be roughly 13m formal wage earners in Vietnam, of which around 4m have been paying personal income tax. But with the threshold change, this figure is expected to drop well below 2m. This will be welcome news to the retail sector, as salaried people find themselves with more money in their pocket. Inflation in November was below 0.5%, taking the YTD figure to 6.5% and 7.08% year-on-year.

Significantly, the 500-member National Assembly also voted to introduce an annual vote of confidence for all senior government officials, including the President, Prime Minister, and all ministers, among other members of the executive branch. Assembly delegates will judge each individual for their work performance, as well as their "morality and lifestyle", and can indicate 'high confidence', 'confidence', or 'low confidence'. Any official that receives a low confidence vote for two consecutive years will be subject to a no confidence vote, which if passed will trigger their removal from office. This new development is feasible because the National Assembly is the highest organ of the State, although its authority does not extend to senior leadership positions in the VCP. This is very encouraging!

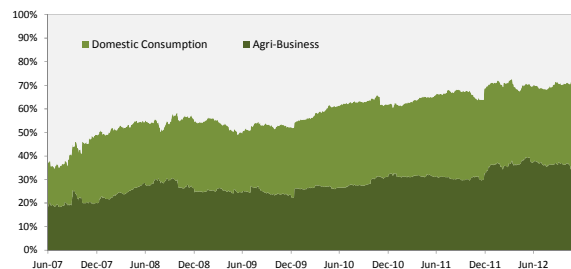
Two months ago, the Prime Minister approved a National Strategy on Green Growth, to run up until 2020. As part of this strategy, the government announced in November that it aims to establish a domestic carbon trading scheme, probably along the lines of Europe's 'cap and trade' scheme. The aim is to span all six greenhouse gases included under the Kyoto Protocol, and get Vietnam's total emissions down by 10% from their 2010 levels, by 2020. A major determinant of the scheme's success will be in the agricultural sector, which is a major producer of greenhouse gases in Vietnam. Although not quite as vigorous as China, Vietnam has been an active participant in the global Clean Development Mechanism initiative, with over 150 projects formally approved as CDM offset projects.

Regional P/E and Dividend Yield Comparison

	P/E trailing	Dividend Yield
Philippines	18.08	2.33
Indonesia	16.77	2.16
Thailand	16.74	3.36
India	16.25	1.54
Malaysia	13.64	3.56
China Shanghai Comp	10.93	2.88
Vietnam	10.55	4.80

Source: Bloomberg.

VNH Portfolio Weightings by Investment Themes



Source: Bloomberg and VNHAM.

VNH Insights

Stock market sentiment remained subdued in November, with the VNI in HCM City declining 2.73% to 377.8. The HNX in Hanoi also weakened, by 3.62% to 51.05. But the VND currency remains firm at around 20,845 to the greenback; an exchange rate that has barely changed all year.

The VNH total NAV has decreased by a smaller 0.58%, whereas the NAV per share declined by a smaller-still 0.48% as the result of a share buy-back at the end of the month. VNH's NAV per share has increased by 12.84% since year-end 2011. During that same period the benchmark VNI increased by 7.79% and VNH's share price by 26.67%.

Last month, we reported the complete divestment of Imexpharm, the first pharmaceutical company VNH had added to its portfolio back in early 2007. We also reported a small increase in our investment in Traphaco to 3.6% of NAV. In November, VNH has almost doubled its investment in the firm with Traphaco now representing 6.7% of NAV. This makes the company the fourth largest investment in VNH's portfolio.

Traphaco – Bloomberg TRA:VN – is Vietnam's second largest pharmaceutical company behind Hau Giang Pharma. TRA is the market leader, both in terms of total revenues and market share, in Vietnamese traditional pharmaceutical products. TRA specializes in producing, trading, cultivating and processing herbal medication, cosmetics and chemical products.

TRA is also the market leader in herbal R&D and new product development. The company is expanding its herbal plantation acreage to 32 hectares in the northern mountain province of Sapa.

TRA has consistently produced impressive business performances: The average annual revenue growth for the period 2006-2011 was 27.8% and 33.1% for net profits. Despite restrictions on TRA's foreign ownership quota, VNH was able to increase its stake at market price.

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	53,941,112
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	44.16%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	25.18%

Performance NAV per Share

Last 3 Months	-2.26%
Year-to-Date	12.83%
Since inception annualized	-6.61%

Share Price

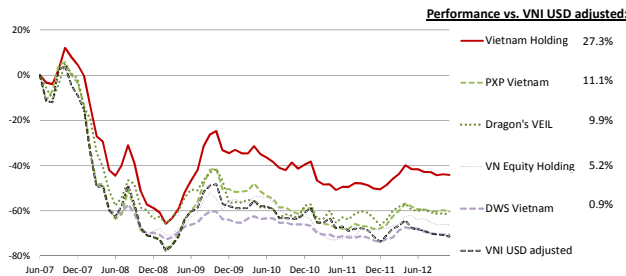
Share Price	USD 0.95
Discount to Net Asset Value	-23.33%
Market Capitalisation	USD 51.24M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

Performance

Last Month	-3.80%
Last 3 Months	-6.17%
Year-to-Date	27.09%
Last 12 Months	32.87%

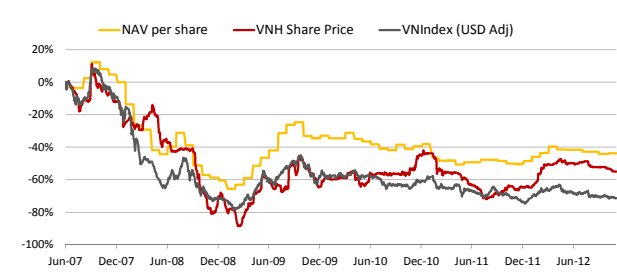
Portfolio TER	PEG (forward): 0.68	Beta: 0.67	P/E (trailing): 7.20x
	3.89% (FY 2012)		

NAV Performance vs. VN Index and Peer Group



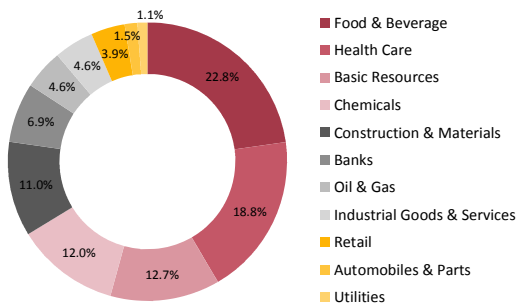
Source: Bloomberg and LCF Rothschild.

Share Price vs. NAV and VN Index



Source: Bloomberg.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Vinamilk	HOSE	12.33%
AnGiang Plant Protection	OTC	10.93%
Hau Giang Pharma	HOSE	7.54%
Traphaco	HOSE	6.74%
Dong Phu Rubber	HOSE	5.32%
Hung Vuong Corporation	HOSE	4.90%
Binh Minh Plastic	HOSE	4.84%
Dabaco Group	HNX	4.79%
Eximbank	HOSE	4.52%
Japan Vietnam Medical Instrument	HOSE	3.92%

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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