



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 160,587,526

NAV per share USD 2.932*

Shares in issue 54,771,800

Treasury shares 9,719,353

Equity investments 96.11%

Number of investments 25

*Warrants-diluted NAV per share: USD 2.683

Vietnam News

There is traditionally a gap in Vietnam between policy maker proclamations on the subject of economic reform and the reality of their actions. Measuring the extent of this gap and whether it is widening or shrinking is important. After a period of "widening" during the complacent post-WTO years of 2007-2012, it seems a fair bet that we are now in a new phase of accelerated action.

Privatisation pace is on the up, with a few leading businesses in the nation the subject of welcome developments. 9% of the state's c. 45% stake in Vinamilk is apparently set to be sold before Christmas. Leading brewer Sabeco is also likely to be listed in the coming few months, followed by a majority of it being sold by year-end 2017. Meanwhile, tech sector bellwether FPT is the subject of discussion, with the government's c. 6% stake likely to be sold, and possible other helpful M&A surrounding that company mooted. We don't doubt that these and other similar developments could still take longer than advertised, but there is nevertheless a perceptible step-

up in proceedings. Perhaps an irony of modestly-paced delivery on these stories is their capacity to stay in the news for longer, providing a helpful sustained backdrop to equity market sentiment.

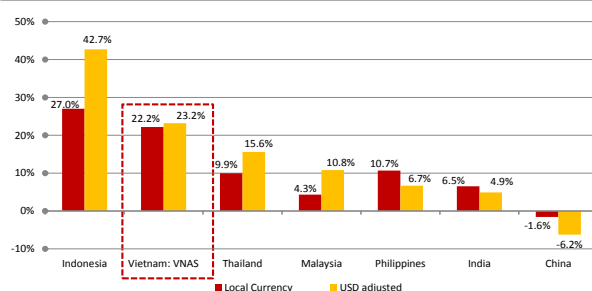
Continued creditable but slower export growth figures from Vietnam in recent months have prompted us to examine the Vietnamese data compared to that of emerging markets overall, which showed that the former's performance since 2012 far exceeds the latter's - by a double-digit average annual percentage. 2016 thus far is typical of the trend: Vietnam's exports up 7% year-on-year, the global emerging world's down by more than 5%. Vietnam's trade balance has turned very modestly negative in September, but there is nothing inappropriate about this in a successfully emerging economy. Indeed, we would be comfortable if the year-to-date surplus of some USD 2.8bn were instead a deficit of the same order: this would represent about 2% of GDP, a modest ratio.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	27.6	2.5	1.8
Philippines	21.4	2.5	1.7
India	20.7	2.9	1.5
Thailand	19.6	1.8	3.3
Malaysia	19.1	1.6	3.0
China	17.5	1.7	1.9
Vietnam: VNAS	14.4	1.6	2.5

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 30 September 2015 to 30 September 2016.

VNH Insights

The nearly five-year-old Vietnamese bull market showed no signs of abating in September, with another 1.2% gain for the Vietnam All Share Index to 671.5. VNH's NAV per share rose 3.8% last month, putting its nine month performance at +31.4%.

It is remarkable that August's and September's good market performance has occurred in the midst of unusually high and sustained foreign investor net selling, USD 79m in August and USD 126m in September. Also, concern has recently refocused on China's large internal indebtedness. Investors in Vietnam are increasingly drawing distinctions between these two nations, rather than tarring them with the same brush - a welcome and rational development.

Monetary conditions remain in a sweet-spot for Vietnamese equities: stability of the dong amidst a recent fall in benchmark interest rates. State-owned commercial banks have cut their deposit rates by 0.3-0.5% in September and the five year government bond is down to 5.14% as of 29/9. M2 growth has generally exceeded loan growth this year, an indicator of excess liquidity that generally favours equities.

This ample liquidity has continued even during what would normally be perceived as a liquidity-absorbing acceleration in GDP, the third quarter figure for which has come out at 6.4%, nearly a whole percentage point higher than the first half outcome.

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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AIM Broker

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Investment Manager

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Net Asset Value / Portfolio

NAV per Share Performance

Last month	3.75%
Year-to-date	31.36%
Last 12 months	42.88%

Portfolio Statistics

P/E (trailing)	13.33x
Dividend yield	3.03%
PEG (trailing)	2.13
PEG (forward)	2.01
Beta	0.72

Median market cap / investment (USD million)	182.33
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Share Price / Discount

Share Price Performance

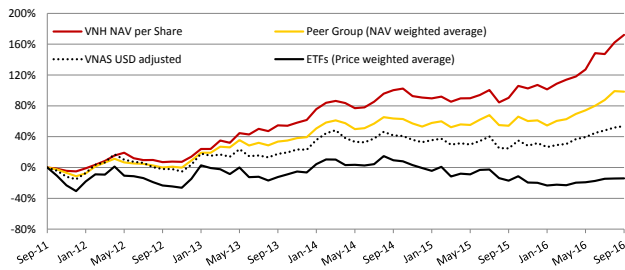
Last month	-2.80%
Year-to-date	17.60%
Last 12 months	28.13%

Sharpe ratio	2.94
Alpha	0.30
Beta	0.93

Market capitalisation (USD million)	123.51
Share Price Discount to NAV	23.09%

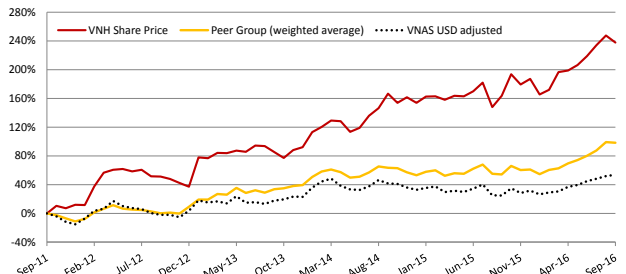
Operating Expense Ratio (12 month rolling)	2.83%
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NAV Performance vs. VNAS and Peers



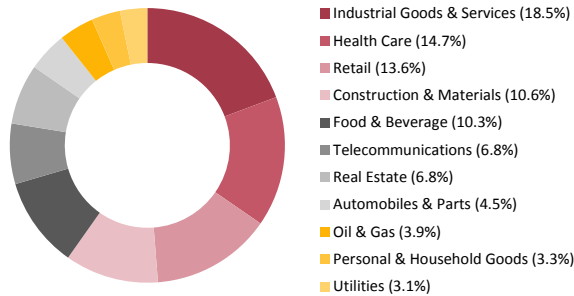
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, DWS Vietnam Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. Index and Peers



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

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	12.42%
Binh Minh Plastic	HOSE	7.76%
Phu Nhuan Jewelry	HOSE	7.03%
Viconship	HOSE	6.94%
FPT Corporation	HOSE	6.83%
Thien Long Group	HOSE	6.57%
Hoa Phat Group	HOSE	6.54%
Vinamilk	HOSE	4.56%
Danang Rubber	HOSE	4.48%
Petrovietnam Transportation	HOSE	3.93%

London Stock Exchange Market Makers

Winterflood	Richard Browne +44 203 100 0251	Stifel Nicolaus	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	finnCap	James Simpson +44 207 220 0558
Investec	Peter Brown +44 207 597 5063	Peel Hunt	David Kininmonth +44 207 418 8895



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