



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 chief investment themes are domestic consumption and urbanization. VNH's ordinary shares and warrants are listed on the London Stock Exchange's AIM.

Fund Statistics

Total NAV USD 202,468,079

NAV per share USD 2.776

Shares in issue 72,937,479

Treasury shares 9,405,460

Equity investments 99.43%

Number of investments 28

Vietnam News & VNH Insights

Singing in the rain

July was a flat month overall for stocks, the heavily-watched VN-Index grew marginally (+0.9%) and the Vietnam All Share Index (total return basis) down narrowly (-0.5%), with the dong basically unchanged against the dollar. The fund was down 3.34% to an NAV/share of USD 2.776 in the month.

The outlook for Vietnamese stocks remains bright. Even after the VNAS total return basis is 25.0% calendar-year-to-date (the same in dollars given the remarkably stable dong), valuations have not stretched up very much: the VNAS currently sports a trailing PER of only 13.6x, not high in the context of the robust double digit EPS growth the market is experiencing.

The current stage of the credit cycle appears very sweet indeed for the coming few years at least. July actually saw a refinancing interest rate cut by the central bank, by 25 basis points, to 6.25% on its key refinancing rate. We do not think there will be much more of that direction of rate movement given incipient global trends, but it does demonstrate the stable monetary position Vietnam has got itself into.

Last month we mentioned the legislative tilt in favour of creditors, which could see the legacy non-performing loan pile - 10.1% of system loans as of 31/12/2016, says SBV - being shifted more easily. This month brought the news of a first authority-approved local credit rating agency, which should also provide meaningful support in this direction.

"Mr Sulu, Warp Factor 9 please"

Banks are experiencing robust credit growth of 18-20% overall, with consumer lending, including home mortgages, the fastest area of growth. A plethora of banks are in the throes of becoming listed stocks, and we feel there will be at least a few opportunities among them. With many price/book ratios in the sector well below 2x, value still abounds.

Elsewhere, the foreign investment-driven manufacturing sector retains a central role in the economy, and in this respect it was heartening to hear that Samsung, the biggest of them all – set to account for nearly a quarter of Vietnam's total exports this year – has already raised its localisation rate for its factories to 57% (from 35% in 2014), from a total of 215 local suppliers. This is excellent news, suggesting that the localisation trend that took place elsewhere in more advanced Asian countries over the past decades is also happening in Vietnam. There will be such businesses that eventually list, boding well for the local stock market's development; we are just now closely eyeing up one such company.

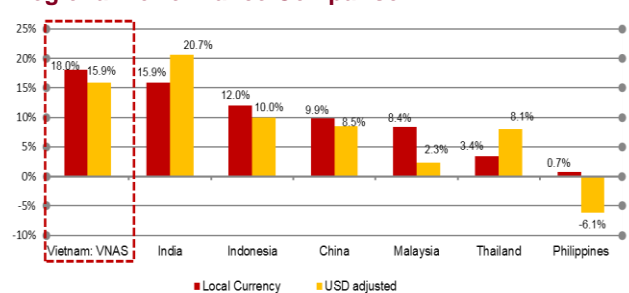
The majority-stake privatisation of already listed state owned enterprises remains an important thing on the government's to-do list, as we mentioned last month. Thus it was good to see pressure being brought to bear this month on big brewer Sabeco, a stock that, once it has a serious free float, will be a major leading – and investible – stock. This deal – or no deal – is an important test of the government's seriousness of purpose on the subject of major-scale privatisation, which is critical for the economy to go into warp speed.

Regional Valuation and Dividend Yield Comparison

	P/E trailing	Price to Book	Dividend Yield
Indonesia	24.1	2.5	2.1
India	23.8	3.0	1.1
China	17.6	1.8	1.9
Philippines	22.2	2.4	1.6
Malaysia	18.8	1.6	2.9
Thailand	16.4	1.9	3.1
Vietnam: VNAS	13.6	1.9	2.6

Source: Bloomberg.

Regional Performance Comparison



Source: Bloomberg. Date range: 31 July 2016 to 31 July 2017.

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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Signatory of:





Net Asset Value / Portfolio

NAV per Share Performance

Last month	-3.34%
Year-to-date	4.75%
Last 12 months	4.24%

Portfolio Statistics

P/E (trailing)	13.46x
Dividend yield	2.51%
PEG (2017-2019)	0.85
Beta	0.84

Median market cap of investee companies (USD million) 234.49

Share Price / Discount

Share Price Performance

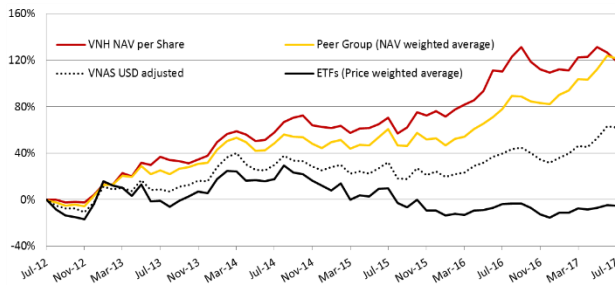
Last month	3.91%
Year-to-date	10.14%
Last 12 months	9.64%

Sharpe ratio	0.89
Alpha	0.02
Beta	0.44

Market capitalisation (USD million)	178.33
Share price discount to NAV	11.92%

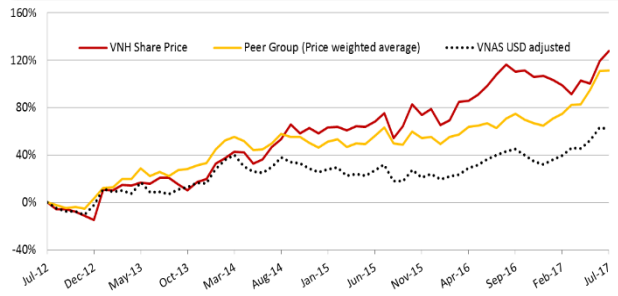
Operating expense ratio (12 month rolling) 2.74%

NAV Performance vs. VNAS and Peers



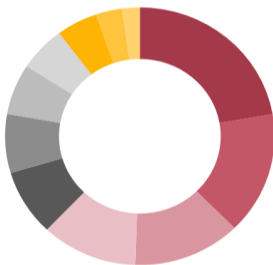
Source: Bloomberg. Peer Group: VEIL, Vietnam Opportunity Fund, VEH, Vietnam Phoenix Fund, PXP Emerging Equity. ETFs: Market Vectors Vietnam ETF and db x-trackers FTSE Vietnam ETF.

Share Price Performance vs. Index and Peers



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

Industry Allocation



- Industrial Goods & Services (22.1%)
- Health Care (15.3%)
- Retail (12.9%)
- Food & Beverage (11.5%)
- Banks (8.2%)
- Construction & Materials (7.3%)
- Telecommunications (6.3%)
- Real Estate (5.6%)
- Oil & Gas (4.9%)
- Financial Services (3.2%)
- Personal & Household Goods (2.1%)

Top 10 Holdings

Investee Company	Market	Percent of NAV
Traphaco	HOSE	11.28%
Phu Nhuan Jewelry	HOSE	7.89%
FPT Corporation	HOSE	6.34%
Vinamilk	HOSE	6.25%
Hoa Phat Group	HOSE	6.17%
Thien Long Group	HOSE	4.96%
Petrovietnam Transportation	HOSE	4.92%
Viconship	HOSE	4.53%
Hau Giang Pharma	HOSE	4.00%
Vinh Hoan Corporation	HOSE	3.88%

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

Fund Rating



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