

VietNam Holding Ltd. (VNH) is a value investor aiming to achieve long-term capital appreciation by focusing on high-growth companies based primarily in Vietnam that demonstrate strong environmental, social and corporate governance awareness. Its current high conviction investment themes are domestic consumption and urbanization. VNH's ordinary shares are listed on the London Stock Exchange's Alternative Investment Market.

Portfolio Information

Total Asset Value	USD 223,862,124.87
Shares in Issue	67,553,743
NAV/share	USD 3.314
Cash	2.2%
Number of investments	27
AIM Capitalization (USD m)	196.6
Median Portfolio Company Market Cap (USD m)	464.4
Share Price Discount to NAV	12.2%
Total Expense Ratio (12M rolling)	2.4%
30-Day Avg Trading Value (USD)	273,259
P/E Ratio (12M Trailing)	16.9x
Dividend Yield	1.5%
PEG (2017-2019)	0.65x
EPS Growth (2017-2019 CAGR)	20.7%

Market Statistics

	VNASTR	VN30TR
Index	1,047.2	1,104.5
Monthly change (USD)	-9.2%	-10.7%
YTD change (USD)	4.6%	5.5%
YOY change (USD)	44.3%	53.5%
P/E Ratio (12M Trailing)	15.5	16.8
P/B Ratio	2.2x	3.1x
Dividend Yield	2.1%	1.8%
Market capitalization (USD bn)	109.0	94.2
30-Day Avg Trading Value (USD m)	219.4	151.3
30-Day Avg Trading Value (Shs m)	166.7	66.6

Performance

Figures in %	1M	YTD	1YR	3YR	5YR	5YR CAGR
VNH NAV per share	-7.8	6.1	17.2	62.1	117.5	16.8
VNH share price	-3.3	6.5	33.6	65.3	137.0	18.8
VNAS (USD)	-9.2	4.2	41.2	65.7	91.1	13.8
VN30 (USD)	-10.8	5.2	50.9	64.5	75.9	12.0
MSCI EM Index	-1.2	-0.2	18.2	10.4	11.2	2.2

Source: Bloomberg, VNH Asset Management Ltd. Data for VNAS Total Return and VN30 Total Return (including dividends) is available after July 24, 2015. For consistency, figures reflect the respective simple index and not total return. Total return adds 2-3% to annual index performance reflecting the index dividend yield.

Manager Commentary

April was the roughest month in a long time for the Vietnamese stock market, with the Vietnam All Share Index in total return, dollarized terms dropping -9.2% (VNH fund: -7.8%) - and this was a month of largely tranquil or benign performance for most other major global markets. Thus the recently double-digit percentage year-to-date rise of Vietnam – at that time the world's best – has been reigned in to +4.6% in dollars (VNH fund: +6.1%). The good news here is that the VNAS's valuation is looking broadly reasonable once again, at 15.5x trailing earnings (and 18.7x for the more widely watched VN-Index).

As we suggested on this page a month ago, there were good grounds for calling a top to the market, at least a short-term one. The one-way market was looking too good to be true, and at over 20x on the VNI, there was scant reasonable reason to hope for further fundamentally-driven rerating. This conclusion still, in essence, applies: when room for rerating has run out, a stock market is left to rely on earnings growth. The latter, of course, varies mightily, and one can't expect currently strong circa 20% EPS growth to persist indefinitely in the face of a high-single-digit long term historic average.

So we opine that we are now in a new paradigm for the Vietnam market, where stock-selectivity based on long term EPS growth

prospects relative to valuation will reassert its primacy of importance. As once again now being seen in first quarter results, consumers and financials are making the running in earnings performance, so the stocks among these two areas that offer attractive valuations are our prime area of focus at present.

Keeping overall equity returns strong from here in Vietnam requires three things in particular. First, earnings growth must remain strong overall. The signs on this look good for now.

Second, follow-through on continual state owned enterprise privatisations remains key. The General Statistics Office of Vietnam recently observed that the number of SOEs was down by over 20% since 2012, but still were accounting for almost 30% of GDP. The latter remains a chunky, productivity-destroying number which is holding Vietnam's growth well below its potential.

Thirdly, Vietnam must find a way to continue to develop infrastructure at speed, whilst keeping fiscal health under control. In this respect, we applaud the government's floating the idea of a general property wealth tax. Taxing property is a relatively growth-friendly way of raising revenue, at a time when other sources such as import duties are under pressure. We hope the government will follow through with this in the face of the predictable opposition.

LSE Market Maker

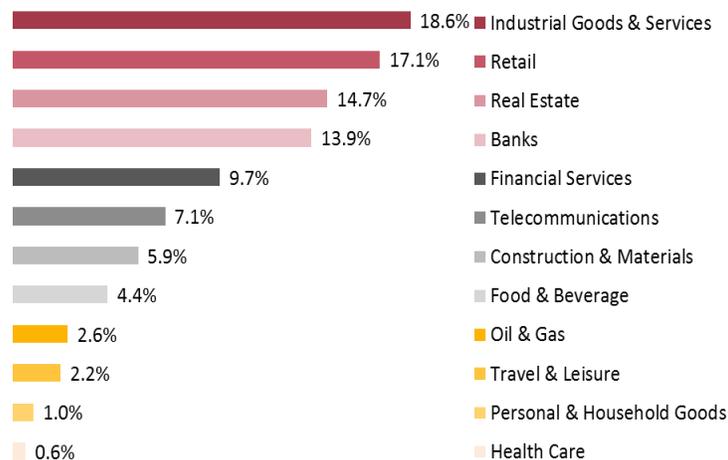
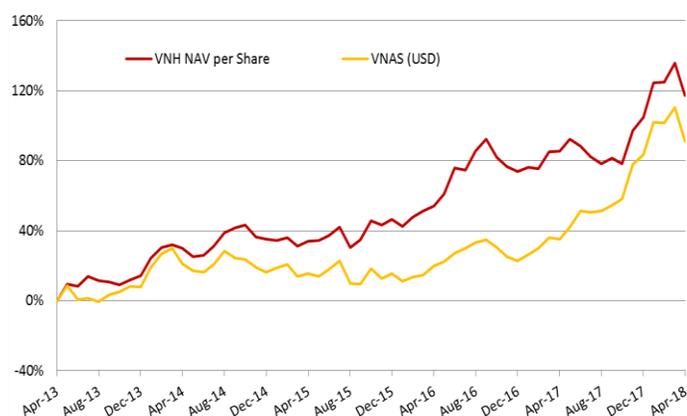
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Sector Weights

Rolling 5YR

Vietnam Macro

	2017	YTD
GDP Growth	6.8%	7.4%
CPI (YOY)	2.6%	2.8%
FX Rate (USD/VND)	22,709	22,763
FX Rate YTD Change (%)	-0.3%	0.2%

Export (USD bn)	214.0	73.8
Import (USD bn)	211.1	70.4
Trade Balance (USD bn)	2.9	3.4

FDI commitments (USD bn)	35.9	8.1
FDI disbursement (USD bn)	17.5	5.1
FDI no. of new project approvals	2,591	883

	Dec 2017	Apr 2018
Retail sales growth (nominal YOY)	10.9%	9.8%
Purchasing Managers' Index (Nikkei)	52.5	52.7

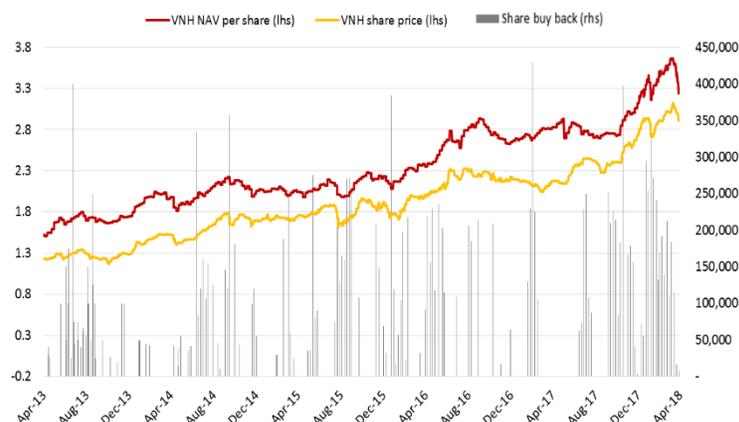
Source: GSO, Customs, Bloomberg, FiiPro

DISCLAIMER

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Top 10

Company	Sector	NAV (%)
Phu Nhuan Jewelry	PNJ Retail	10.1%
Viet Capital Securities	VCI Financial Services	9.7%
Sai Gon Cargo Services	SCS Industrial	8.3%
Hoa Phat Group	HPG Industrial	7.8%
FPT Corp	FPT Telecommunications	7.1%
Khang Dien Housing	KDH Real Estate	6.0%
MB Bank	MBB Banks	4.7%
Vietnam Prosperity Bank	VPB Banks	4.7%
Thien Long Group	TLG Retail	4.2%
Van Phu Invest	VPI Real Estate	4.2%
Total		66.7%

Share Price – NAV per Share – Buybacks

Fund Information

Structure	Closed-end fund
Listed	London Stock Exchange
LSE Ticker	VNH LN
Inception Date	30 June 2006
NAV Frequency	Daily
Management fee	2.00% on NAV below USD 100m 1.75% on NAV between USD 100-150m 1.50% on NAV above USD 150m
Performance fee	15% (hurdle rate 5%)
AIM Nominated Advisor	finnCap
Administrator & Custodian	Standard Chartered Bank
ISIN	KYG9361X1043
Bloomberg Ticker	VNH LN Equity
Clearing	CREST / Euroclear / Clearstream
Settlement	BIC Code: SCBLSGSG
Quotation	LSE direct feed VNH LN www.vietnamholding.com