



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 77,090,027

NAV per share USD 1.434

NAV last month 8.58%

NAV last 12 months 25.35%

Equity investments 96.30%

Number of investments 24

Vietnam News

Vietnam's equity markets welcomed 2013 in the same way that they said goodbye to 2012; with a rally, and relatively strong volumes. The benchmark VNI on HOSE ended January at 479.79, up 14.7% for the month and 23.7% YoY, testing the highs of early May 2012. The market actually rose for the first two weeks of the month, then retreated in the third week, before rising again for all but the last day of the month. Profit-taking and the commencement of the Tet holiday in mid February will likely result in some profit-taking, as retail investors seek to have some cash for the annual festivities.

The tale of the two markets continues: The 20 large-caps, which make up 80% of the HOSE, have seen their valuation increase by a collective 15.9%. Their aggregate trailing P/E is now at a sky-high 18.3x, higher than the market valuations of all Asian peer markets, except the Philippines'. The valuations of the small- and mid-caps on HOSE continues to be attractively low at an average P/E of 5.8x, up 6.8% since year-end.

Foreign investors were net buyers of roughly US\$90m in Vietnamese equities, driven by a number of positive developments. First, Hanoi's unveiling of two new Commissions intended to monitor more closely the government's performance; the Internal Affairs Commission and the Economic Commission. Both Commissions will have full-time chairpersons and are expected to stymie

any abuse of power or erroneous policy-making. The Internal Affairs Commission is to be headed by the charismatic and widely respected former head of the local government in Danang, Nguyen Ba Thanh, with a mandate to fight corruption. The Economic Commission is to be headed by VuongDinh Hue, the equally respected Minister of Finance, and former Auditor General.

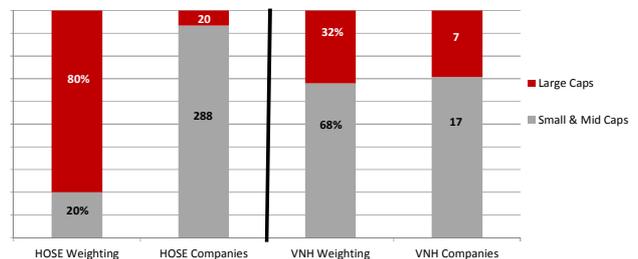
Secondly, the daily trading bands for listed equities was increased in January, from 5% to 7% for HOSE, and 7% to 10% for HNX. Thirdly, there were local press reports suggesting that the State Securities Commission was considering methods by which the current 49% ceiling on foreign investors' cumulative stakes in some listed firms could be raised. One option might be a simple raising of the current ceiling, possibly up to 60%. Another option would be to permit the issuance of new, non-voting shares by approved companies. And a third option could be to permit the issuance of non-voting depository receipts, along the lines adopted by the SET in Thailand. Whatever option is chosen, the liberalisation will be limited to certain sectors only, with listed firms operating in fields deemed to be strategic, such as oil and gas, likely to be left out. Also the foreign equity ceiling on banks, currently at 30%, is unlikely to be changed.

Regional P/E and Dividend Yield Comparison

	P/E trailing	Dividend Yield
Philippines	20.11	2.11%
Thailand	17.91	2.65%
Indonesia	17.77	2.03%
India	16.67	1.48%
China Shanghai Comp	13.14	2.38%
Vietnam VNI	13.04	3.89%
Malaysia	12.90	3.72%

Source: Bloomberg.

Market Capitalization Segmentation / Weighting Comparison



Source: Bloomberg and VNHAM.

VNH Insights

Compared to the benchmark VNI's increases, VNH's NAV per share increased by a lower 8.6% for the month and by a better 25.5% year-on-year. VNH's large caps, which make up merely 32% of the VNH portfolio, have an aggregate P/E of 11.52x. VNH's small- and mid-cap companies, which make up 68% of the total portfolio, produced a very modest P/E of 5.85x. The resulting trailing portfolio P/E of 7.7x is a full 41.3% lower than the overall market's – a tribute to VNH's value investment approach.

Turning to the macro-economic picture, inflation was 1.2% MoM, taking the YoY figure to 7.1%. This was anticipated for the run-up to Tet when consumers typically go on an annual spending spree. There was no change in interest rates, and the local currency VND held steady for yet another month. Vietnam again achieved a small trade surplus in January, initially estimated at US\$200m, on exports of US\$10.1bn and imports of US\$9.9bn. Foreign-invested enterprises accounted for a record 65% of all export earnings.

One of the star performers in external trade remains the agricultural sector, which generated in January exports of US\$2.17bn and imports of merely US\$ 1.28bn, thus producing a net trade surplus contribution of US\$890m.

Public debate on a revised national Constitution is now underway, anticipated to be passed in November 2013. The current draft, recently disseminated for comments and consultation, proposes a strengthening in the power of the State President, notably at the expense of the Prime Minister and his cabinet. Another important and welcomed anticipated change is a diminution in the strategic role of the SOE sector. If the current wording remains, SOEs will lose most or all of their privileges in what is an important further levelling of the corporate sector 'playing field'. Public dissatisfaction with the larger SOEs in particular has risen since the recent scandals at Vinashin and Vinalines. There is a growing awareness that the SOE sector has under-performed relative to its share of investments, access to credit and land, among many others.

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	53,774,042
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	45.57%
Worst Month	-20.23%
Best Month	18.32%
Maximum Drawdown	-69.42%
Volatility p.a.	25.23%

Performance NAV per Share

Last 3 Months	15.12%
Year-to-Date	8.58%
Since inception annualized	-4.35%

Share Price

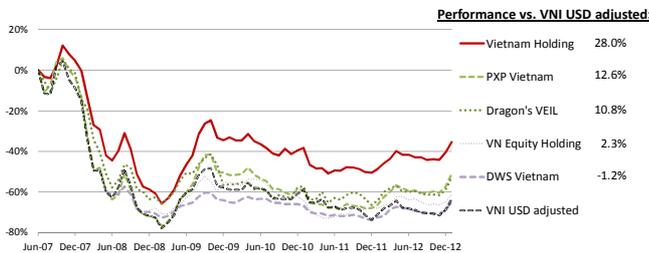
Share Price	USD 1.19
Discount to Net Asset Value	-16.99%
Market Capitalisation	USD 63.99M
Lowest Share Price since inception	USD 0.24
Highest Share Price since inception	USD 2.85

Performance

Last Month	29.78%
Last 3 Months	20.25%
Year-to-Date	29.78%
Last 12 Months	59.40%

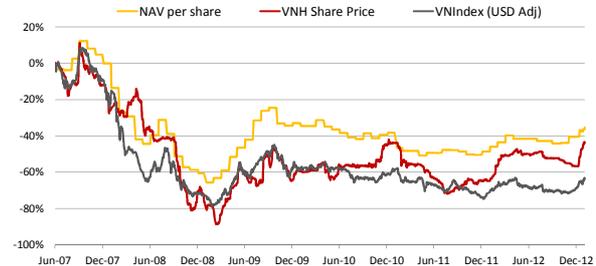
Portfolio TER	PEG (forward): 3.64	Beta: 0.68	P/E (trailing): 7.66x
	3.89% (FY 2012)		

NAV Performance vs. VN Index and Peer Group



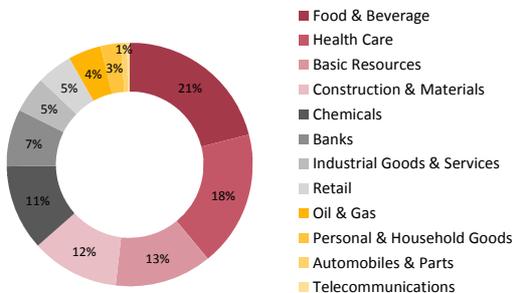
Source: Bloomberg and LCF Rothschild.

Share Price vs. NAV and VN Index



Source: Bloomberg.

Industry Allocation



Top 10 Holdings

Investee Company	Market	Percent of NAV
Vinamilk	HOSE	10.74%
AnGiang Plant Protection	OTC	10.15%
Hau Giang Pharma	HOSE	7.49%
Traphaco	HOSE	6.48%
Binh Minh Plastic	HOSE	5.32%
Hung Vuong Corporation	HOSE	5.30%
Dong Phu Rubber	HOSE	4.70%
Phu Nhuan Jewelry	HOSE	4.55%
Eximbank	HOSE	4.55%
Dabaco Group	HNX	4.23%

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

Winterflood	Richard Browne +44 203 100 0251
Numis Securities	David Cumming +44 207 260 1376
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