

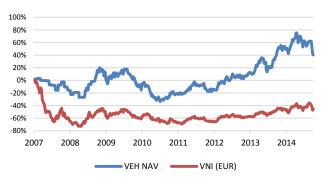
## Vietnam Equity Holding (VEH)

Monthly Update - August 2015

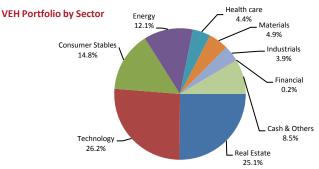
Monthly Results	Aug – 15	Jul – 15	% Change
NAV per share	€ 3.30	€ 3.78	-12.8%
Share price	€ 2.85	€ 3.13	-8.9%
Discount	13.6%	17.2%	3.6%
Outstanding Shares	12,486,644	12,486,644	0%
Total NAV	€41,199,193	€47,223,275	-12.8%

Performance Data	Monthly	YTD	2014	Since Inception
NAV per share	-12.8%	-5.2%	34.7%	40.9%
Share price	-8.9%	7.1%	47.8%	9.6%
VN Index in EUR	-13.7%	3.5%	21.2%	-45.2%

## VEH vs. VNI (EUR) Performance



Top 7 Holdings	Foreign Ownership %	% of NAV
FPT Corp (FPT)	49.0	22.8
PetroVietnam Drilling (PVD)	37.7	11.8
Vinamilk (VNM)	49.0	10.9
Development Investment Construction Corp (DIG)	26.9	6.7
Khang Dien Housing (KDH)	49.0	4.7
Japan Vietnam Medical Instrument (JVC)	44.0	3.5
Becamex (IJC)	10.3	3.5



	Aug-15	Y-o-Y	YTD	2014
GDP Growth (%)	6.4%	6.3%	6.3%	6.0%
Inflation (%)	-0.1%	0.6%	0.6%	1.9%
Exports	\$14.5Bn	9.0%	\$106.3Bn	\$150.0Bn
Imports	\$14.6Bn	16.4%	\$109.9Bn	\$148.1Bn
Trade Surplus or (Deficit)	-\$0.1Bn	-\$1.2Bn	-\$3.7Bn	\$1.9Bn
Disbursed FDI	\$1.1Bn	7.6%	\$8.5Bn	\$12.5Bn
Registered FDI	\$4.5Bn	30.4%	\$13.3Bn	\$21.9Bn
VND/USD	22,500	6.0%	5.1%	21,250

## **VEH Update**

The Fund outperformed the Vietnam Index in August, decreasing 12.8% against a drop of 13.7% in the VNI (both in EUR terms). The VNI fell 57 points from last month, a 9.1% drop in local terms, but remains up 3.5% YTD. The concern of a "currency war" prompted by China's devaluation of the Yuan, in conjunction with a Vietnamese summer passive month effect, sent the market into a dive.

The main contributing stocks were PVD (-2.05%), FPT (-1.5%), JVC (-1.31%) as well as an FX gain of 5.3%. PVD detracted 2.05% from NAV following their underperforming Q2 result, further declines in crude oil price, and margin calls. JVC continued to fall 38% as the company had been late in release of Q1 results and delayed its AGM. The big drop was also attributable to a massive selloff in the broad market.

Foreign investors net selling for the month was VND 370.9 billion. Liquidity saw a slight decrease, with average daily turnover at VND 2,190.5 billion, down 12.46% compared to July. Foreign activity accounted for 26.74% of daily trading.

## **Macroeconomic Update**

On August 4th, the Vietnam–EU FTA was officially signed, resulting in elimination of nearly 99% of tariff lines over 7 to 10 years. The EU is one of the largest trading partners of Vietnam, accounting for 11% of total trade. The trade pact should give a boost to Vietnam's key shipments to EU including electronics, apparel, and fishery. Vietnam's manufacturers will also benefit from cheaper inputs made in the EU.

During August, the State Bank enacted a series of policies effectively devaluing the Dong by 1% and expanding the trading band to 3% in response to China's devaluation of the Yuan. This action was deemed necessary to remain competitive amongst other emerging export-oriented economies in the region. The State Bank however has committed to not adjusting the exchange rate further for the near future, instead pledging to use other ways to stabilize the market.

Monthly registered FDI hit a high at USD 4.5bn this month. The main contributor was electronics giant Samsung with USD 3bn in investment to expand production of LCD displays. Registered FDI reached USD 13.3 bn YTD, up 30.4% YoY, with disbursed FDI at USD 8.5bn, up 7% YoY.

Decree 60, which details relaxation of foreign ownership limits (FOL), began to take effect on September 1. Only a single company has raised FOL to 100% thus far, but the event confirmed that a General Shareholders meeting is not required to do so. The decision to increase FOL is in the hands of each individual company, though eligibility requirements will apply (certain sectors will remain restricted).

For subscription and redemption questions, please contact Investor Relations at  $\underline{\text{ir@saigonam.com}}$ 

Vietnam Equity Holding	Company Details		
ISIN	KYG936251043		
Bloomberg Code	3MS:GR		
Reuters Code	3MS.DE		
<b>German Securities Code</b>	A0M12V		
Board of Directors	Independent Non-executive Directors		
	Dr. Lee G. Lam (Chairman)		
	Mr. Howard Golden		
	Dr. Kathryn Vagneur		
	Executive Director		
	Mr. Louis T. Nguyen		
Investment Objective	The investment objective of the Fund is to achieve capital appreciation by making equity investments in companies with significant interests in Vietnam. Specially, the Fund intends to invest in equity securities of publicly and privately owned companies, over-the-counter (OTC) companies, listed companies, and debt securities. The Fund aims to invest in a diversified and balanced portfolio that should achieve above average returns at an acceptable level of risk, give rise to long-term and short-term returns, and be capable of yielding recurrent earnings and/or capital gains.		
Contacts	Investor Relations/ Communications		
Saigon Asset	<u>ir@saigonam.com</u> / +848-54043 488		
Management	www.saigonam.com		
Market Makers	Jefferies International invcos@jefferies.com / +44 (0) 207 898 7127 Edmond de Rothschild Securities funds@lcfr.co.uk / +44 (0)20 7845 5960 Schnigge		
	www.schnigge.de / +49 211 13 86 10		

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