

VietNam Holding Ltd (VNH) is a closed-end fund listed on the London Stock Exchange. VNH aims to achieve long-term capital appreciation by investing in high-growth companies in Vietnam. It has an actively managed, high conviction portfolio with integrated ESG. Core investment themes are domestic consumption, industrialisation and urbanization.

**Fund Overview**

Shares Price	272.0 pence
NAV	302.5 pence
	\$3.662
Discount / Premium	-10.1%
Total Net Assets	\$104.5m
Shares in Issue	29m
Portfolio Managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	<a href="http://www.vietnamholding.com">www.vietnamholding.com</a>

**Portfolio**

Number of Investments	23	
Median Portfolio Market Cap	\$1,060.5m	
Foreign Ownership Limit Stocks*	38.6%	
<b>Thematic Exposure</b>		
Industrialisation	34%	
Domestic Consumption	13%	
Urbanisation	10%	
	<b>2023E</b>	<b>2024F</b>
EPS Growth	25.2%	15.5%
P/E Ratio	8.3	7.3

\*Percentage of portfolio in stocks at their Foreign Ownership Limits

Performance USD (%)	1 Month	Year-to-date	3 Year (CAGR)	5 Year (CAGR)	10 Year (CAGR)
Vietnam Holding NAV	-10.3%	-0.3%	13.1%	1.3%	9.8%
Vietnam All Share Index (VNAS)	-11.3%	-1.1%	6.0%	-2.0%	6.0%

Source: Bloomberg, Dynam Capital Ltd. Data for VNAS Total Return (including dividends) is available after 24 July 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 – Growing pains and long-term gains**

Unprecedented political events in Vietnam trumped all macro and market fundamentals in February, amid the Party's ongoing anti-corruption campaign and extraordinary reshuffle of the country's leadership, which by the beginning of March, saw Vo Van Thuong, the youngest member of its Politburo, appointed as the country's new president.

Reduced macro threats – from the further stabilising of FX and inflation risks to improved liquidity – were also overshadowed by the government's attempts to help stave off a short-term collapse of Vietnam's corporate bond market, which remains highly concentrated in top property developers. Although these commitments to restore confidence and control systemic risk in the markets are healthy for Vietnam in the long run, we anticipate internal disruptions could dampen sentiment into Q2 given the timing of this credit crunch and the Party's regulatory and financial "clean-up" happening all at once.

So far, neither have stopped foreign direct investment from flowing into the country and according to Vietnam's Ministry of Planning and Investment total FDI for 2M 2023 remained considerable at US\$3.1 bn, even if lower than the same period last year. The Singapore came top in February with a relatively big investment of US\$978m for the month. It was followed by Taiwan with US\$407m, and then Netherlands with US\$369m.

Despite weaker demand for goods globally, Vietnam posted an impressive trade surplus YTD of US\$ 2.8bn and we expect a 5% trade growth for the calendar year. Resilient domestic consumption and an ample room for easing fiscal policies are currently counteracting the uncertainty around higher export growth, with GDP for Vietnam in 2023 still forecasted to grow 6.5%. Additionally, Vietnam's manufacturing sector should benefit from the reopening of China and the milder-than-expected slowdown in some major markets.

High volatility was the story for equities in February considering the market was down 11% after having gained 12% the month before. VNH outperformed the benchmark index, which was dragged down by concerns over the financial state of Novaland (HOSE:NVL) and whether other property developers could follow suit or default.

VNH benefited by not holding NVL, and only having relatively small positions in other residential real estate stocks. The Fund's outperformance can also be attributed to our overweight in industrial plays including Ildico and Gemadep, a relatively high cash holding and the fact we did not have any exposure to Travel & Leisure, which ended the month lower. Considering the near all-time low valuations, the market continued to attract new money from foreign investors while locals also re-entered to "bottom-fish".

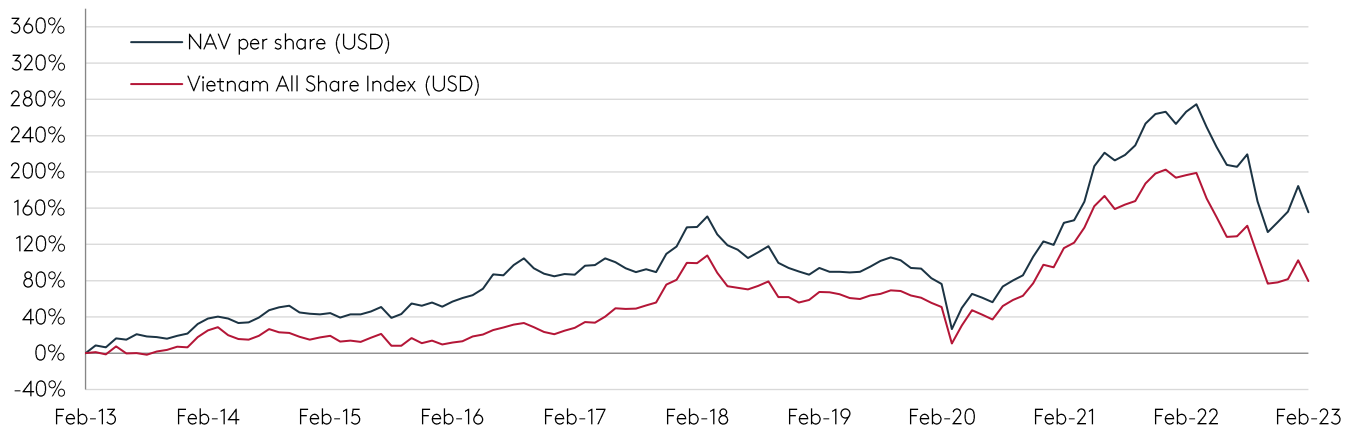
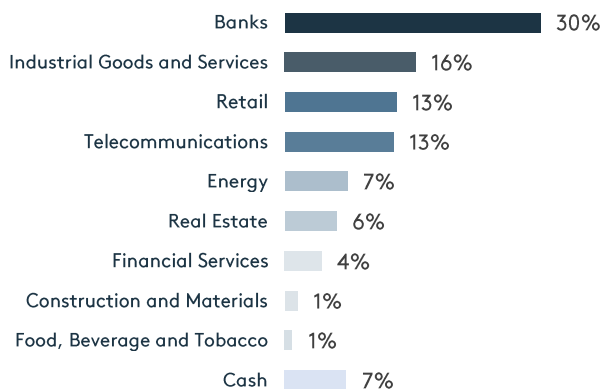
Conviction continues to play an important role in how Dynam Capital, VNH's investment manager, weathers uncertainty. For example, as Vietnam's GDP per capital is around US\$ 4,000 – or four times the level when its stock market was born – we consider this unique growth an inflection point in consumer demand which bodes well for domestic brands and retailers, particularly those with competitive positions in the "modern trade" segment. We also look at how Vietnam's urbanisation rate, still relatively low at 37%, provides opportunities as cities expand, infrastructure improves, and as a result modern retail chains grow. Moreover, as Vietnam's "middle income" is projected to expand at a rate of 18% annually, we can foresee an additional 35 million consumers of branded products by 2030 sparking a whole new stage of growth and development.

Dynam Capital will be hosting a Webinar on [Thursday the 23<sup>rd</sup> of March 10am UK time](#) to discuss opportunities in Vietnam's retail sector with Phu Nhuan Jewellery, one of our core holdings. PNJ is the leading producer and retailer of jewellery in the country with more than 50% of the market share. We also will provide an update on VNH's interim results as of 31<sup>st</sup> December 2022, so please join us then.

We thank all our investors for their continued interest and support in the Fund.

**Top 10**

Investments	NAV %	% +/-	Manager Comment
FPT	13.0	-5.0%	2023's profit before tax is expected to grow by 18% YoY and the global IT segment is set to increase by 25% YoY. 2023PE of 14x
Phu Nhuan Jewelry	9.3	-16.0%	Net profit after tax grew by 11.8% YoY in Jan, with good performance during the Lunar New Year period. 2023PE of 12.3x
Sacombank	8.9	-13.6%	Sacombank was granted an initial credit growth quota of 7.4% in 2023. 2023PE of 7.6x and PB of 1.0x
Gemadep	8.4	-9.0%	One-off gain from the sale of Nam Hai Dinh Vu port will support 1Q2023's result. 2023PE of 6.5x
MBbank	5.4	-13.0%	MBbank received the initial credit growth quota of 9% in 2023. 2023 PE of 4.3x and PB of 0.8x
Vietinbank	5.1	-11.4%	Vietinbank received the initial credit growth quota of 8.3% in 2023. 2023 PE of 8.3x and PB of 1.0x
PV Technical Service	4.5	+0.1%	The pivot towards supporting wind farm projects in the region is supportive of strong project pipeline for 2023-2025. 2023PE of 11.2x
Vietcombank	4.1	+0.3%	Vietcombank received the initial credit growth quota of 9% in 2023. 2023 PE of 15.1x and PB of 2.7x
Hoa Phat Group	4.0	-10.8%	Sale volume of construction steel, HRC and billets declined 34% YoY during the first two months of 2023. 2023PE of 13.7x
Mobile World	3.9	-15.2%	Weakening consumption and tightening consumer finance activities have been weighing on retail chains. 2023PE of 12.7x

**Total 66.6**
**NAV Performance**

**Sector Weights**

**Fund Information**

Structure	Closed-end Fund
Listed	London Stock Exchange
Ticker	VNH
ISIN	GG00BJQZ9H10
BIC Code	SCBLSGSG
Launch	30 June 2006
NAV Frequency	Daily
Life	Continuation vote in 2023
Management Fee (w.e.f 1 <sup>st</sup> Nov 2020)	1.75% on NAV below \$300m 1.50% on NAV \$300-600m 1.00% on NAV above \$600m
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

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