

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	301.0 pence
NAV	343.5 pence
	\$3.835
Discount / Premium	-12.4%
Total Net Assets	\$111.2m
Shares in Issue	29m
Portfolio Managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of Investments	23
Median Portfolio Market Cap	\$1102.8m
Foreign Ownership Limit Stocks*	43.2%

Thematic Exposure

Industrialisation	29%
Domestic Consumption	18%
Urbanisation	11%

	2022E	2023F
EPS Growth	19.3%	24.3%
P/E Ratio	8.9	7.4

*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	-16.2%	-26.9%	9.2%	6.8%	12.0%
Vietnam All Share Index (VNAS)	-13.6%	-31.2%	7.1%	6.4%	9.4%

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 – September’s Slippery Slope

Most global equity investors are familiar with the *September Effect*, an anomaly widely considered as a ‘change of season’ downturn in the month of September. Of course, that is not always the case, but as 2022 carries on with yet more twists and turns, this year’s September ended as one of the most down-falling months on record. As the market reacts, turbulence in the world’s financial markets has been of a magnitude not seen for a generation. Global inflation is in double digits for the first time in 40 years and tectonic transformations regarding climate change and other intensifying crises continue to stir up volatility worldwide. Despite Vietnam’s ongoing growth and economic resilience this year, its equity market suffered from this worsening global sentiment in September, and domestic concerns on some bad actors in the real-estate and corporate bond markets. As more than half of Vietnamese stocks are in banks and real estate, also inherently vulnerable to rising interest rates, it goes without saying that market selling hit both the broader market and VNH.

Telecommunications (FPT) and Retail (MWG, PNJ, DGW) holdings remained more robust as they were less impacted by the intertwining global macroeconomic risks arising from a strengthening US dollar, central bank tightening, ongoing implications from the war in Ukraine and other geopolitical disruptions around the world. Although Vietnamese banks likely face a less favourable business environment in 2023, those in the portfolio have healthy balance sheets and attractive valuations for the long-term. The real estate sector, which VNH remains underweighted in, was the worst performing sector in Vietnam’s stock market in September due in part to increased scrutiny of bond issuances, credit quota from some banks, and pending reviews of real estate laws.

Vietnam’s continued GDP growth against all these global headwinds cannot be overlooked – its Q3 GDP was high at 13.7%. This shows further strengthening domestically post-pandemic and underlines the fact that Vietnam’s GDP has grown faster than that of any Asian country bar China, averaging 6.2% per year since 2000.

Through our engagement with our investee companies, we have seen how many Vietnamese businesses have navigated the trying times of Covid-19. We also see how this year’s growth momentum is increasingly fuelled by the underlying efforts of Vietnamese business and government bodies to adopt internationally accepted best practices that help attract investment and drive sustainable performance. Indeed, as environmental, social and governance (ESG) considerations evolve with these shifting times and accelerated global megatrends, we also cannot underestimate the role of responsible investing in today’s world. This is becoming especially evident in emerging and frontier markets, as last month’s extreme weather disasters drew attention to the upcoming COP27, which takes place in Egypt.

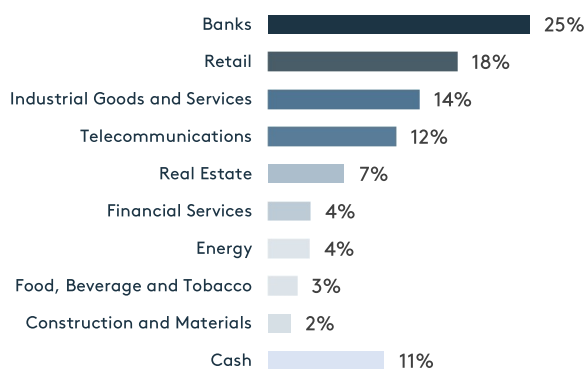
Our stewardship commitments, not least where ESG matters are concerned, have always been a major pillar of our investment management style. This year one of our top-five holdings published their very first ESG report (for 2021) while another investee company made improvements in ESG reporting with more data, including that of trackable year-by-year progress. As Covid restrictions were lifted in 2022, we met with various other management teams to advise how they can improve their ESG practices and disclosures. One of the Fund’s top-five holdings recently asked for our help in reviewing how they assess and communicate their sustainability achievements better to international investors. We also helped guide one top-ten holding on how to structure their ESG Board Committee.

VNH applauds alignment with the United Nation’s 17 Sustainable Development Goals, and one area that continues to grab our attention is companies that provide active employee training programmes. These programmes benefit many stakeholders, not only staff but also their communities, and we have seen how they also have allowed a couple of the Fund’s top-ten holdings to attract the talent they need to grow their business, sometimes beyond market expectations. In these volatile times, finding companies with sustainable business models matters even more.

Top 10

Investments	NAV %	% +/-	Manager Comment
FPT Corporation	12.1	-8.7%	Net profit after tax (NPAT) rose by 28% YoY in 8M2022. Digital transformation revenue grew at 41%; 2022PE 16x
Mobile World	9.3	-15.1%	NPAT grew by 6% YoY in 8M2022, monthly revenue of the grocery chain is improving after restructuring; 2022PE 16.7x
Gemadep	8.8	-7.2%	Possible re-opening of China will support port operations in the last quarter of 2022; 2022 EV/EBITDA 9.0x
Phu Nhuan Jewelry	7.6	-8.5%	NPAT increased by +99% YoY after eight months, driven by growth in retail sales; 2022PE 13x
Sacombank	6.0	-18.4%	Preliminary 9M2022 profit before tax (PBT) of VND4.4trn, implying a growth of 35% YoY; 2022F PB 1.0x
MB Bank	5.8	-17.3%	Support given to a weak bank rewarded with a 5% top-up in credit growth quota, totalling 24% in 2022; 2022PB 1.3x
VP Bank	5.4	-16.6%	Support given to a weak bank rewarded with a 12% top-up in credit growth quota, totalling 28% YoY in 2022; 2022PB 1.2x
Vietinbank	4.0	-19.3%	3Q2022 PBT growth is expected to be robust, due in part to the low base of 2021; 2022PB 1.0x
IDICO Corp	3.9	-21.6%	Strong FDI disbursement is expected to help IDICO complete its target of leasing out 160 hectares; 2022PE 6x
Khang Dien House	3.0	-25.5%	The first phases of the <i>Classia</i> project were launched successfully, contributing to FY earnings target; 2022PB 1.3x

Total **65.9**
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	1.75% on NAV below \$300m
(w.e.f 1 st Nov 2020)	1.50% on NAV \$300-600m
	1.00% on NAV above \$600m
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

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