

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	334.5 pence
NAV	393.2 pence
	\$4.575
Discount / Premium	-14.9%
Total Net Assets	\$133.4m
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	25
Median Portfolio Market Cap	\$1136.1m
Foreign Ownership Limit Stocks*	41.2%

### Thematic Exposure

Industrialisation	28%
Domestic Consumption	17%
Urbanisation	21%

	<b>2022E</b>	<b>2023F</b>
EPS Growth	20.7%	24.9%
P/E Ratio	10.4	8.5

\*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	4.4%	-12.8%	16.5%	11.0%	13.7%
Vietnam All Share Index (VNAS)	5.3%	-20.4%	13.3%	10.0%	10.7%

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 – A Brief History of Time

The last few weeks alone have shown how events, whether they be the passing of world leaders or national days of celebration, can cause reflection on the past and present, and in Vietnam's case consider how this brief period of time has put the country's unique growth into context. On September 2<sup>nd</sup> the country joyfully celebrated the 77<sup>th</sup> anniversary of when its revolutionary leader Ho Chi Minh declared independence from colonial powers. A far cry from last year's National Day, which was dimmed by the Delta variant and related restrictions, this year's commemoration reminded many of 'Doi Moi', the open-door policy introduced during the National Party Congress in 1986, and how it has contributed to the country's renowned resilience and growth evident even throughout the pandemic. By no coincidence 1986 was also the year when Mikhail Gorbachev, the last leader of the Soviet Union, introduced his *Glasnost* and *Perestroika* reforms. His death last month was a reminder of how fast the winds of change can blow and puts Vietnam's rapid ascent as a global trade and manufacturing hub into context.

While Vietnam has faced its fair share of bumps and setbacks, it has managed to become one of the most open economies in the world as well as one of the few to pave a strong road to recovery in what continues to be an unprecedentedly volatile 2022. August was no exception. As rising inflationary risks, extreme weather and various disruptions stemming from the war in Ukraine continued to escalate global headwinds, Vietnam made its way through the month with further import and export growth and an increasing number of new manufacturing projects announced.

Vietnam's equity market also managed to recover in August and appeared relatively resilient to global shocks, with Q2 earnings growth leading to even more attractive valuation levels. VNH's NAV was up +4.4% with a notable recovery of retail stocks in the portfolio, MWG, PNJ and DGW. MWG, which is primarily active in computer and electronics retailing made a whopping 21% return in August. The efficient restructuring of its Bach Hoa Xanh (BHX) stores, a key driver of MWG's success, has been right on track and the firm's

management expects the grocery chain to reach EBITDA break-even by the end of 2022. A potential future IPO of BHX could trigger a rerating of the whole group. Banking stocks, the biggest sector in the portfolio, also performed well, and we expect that to continue into 2023 thanks to their attractive valuation and stable growth.

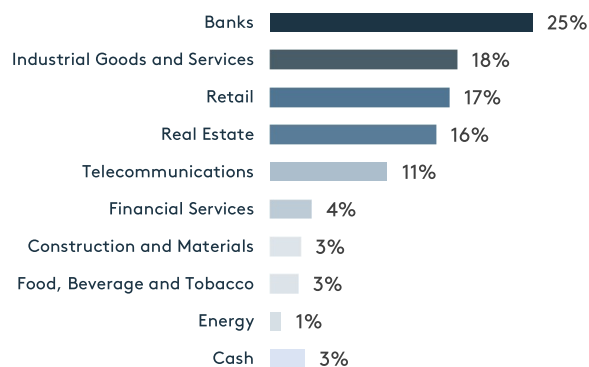
August also highlighted Vietnam's foreign investment in manufacturing tech products, with new projects set up by the likes of Apple, Foxconn and South Korean conglomerates such as Samsung and Lotte proving the country's climbing status in the global value chain. Apple continues to move more production from China to Vietnam and in August Foxconn, a key Apple supplier, leased 50.5 hectares of land in Bac Giang Province with plans to build a US\$300m factory employing up to 30,000 workers.

Vietnam recorded a US\$3.96bn trade surplus for the first eight month of 2022 and continues to gain more share in the global export market considering its more attractive position relative to many neighbouring nations and its successful vaccination rollout and policy directions on environment and corporate governance. From a macro perspective, Vietnam has crucially managed to weather the inflation crisis better than some nations partly due to the fact that it consumes less energy than most Western countries and since 50% of its energy mix is made up of domestically sourced renewables, including hydro, solar and wind, and natural gas. John Kerry, the US's special presidential envoy for climate, recently visited Vietnam again to meet with government officials and business leaders to build consensus on key actions to address the climate crisis and accelerate the transition to a clean energy economy. Updating the country's infrastructure in this respect will require collective action and remain a critical priority as Vietnam continues to both progress its goal of becoming a modern industrialised economy and seeking to fulfil its commitment to be Net-Zero by 2050.

**Top 10**

Investments	NAV %	% +/-	Manager Comment
FPT Corporation	11.1	+4.5%	Net profit after tax (NPAT) rose by 28% YoY for 7M2022 due in part to a 29% growth in global IT services; 2022PE 19.7x
Mobile World	9.1	+20.8%	NPAT grew by 3% YoY for 7M2022 with same-store sales growth improving in the BHX grocery chain; 2022PE 19.3x
Gemadep	7.9	+1.2%	Throughput volumes at Gemalink remain flat amid weak exports to the US & Europe; 2022EV/EBITDA 10.2x
Phu Nhuan Jewelry	7.0	+0.3%	NPAT soared by +66% YoY for 7M2022 thanks to high levels of growth in retail sales; 2022PE 14x
Sacombank	6.2	0.0%	The State Bank (SBV) approved an additional credit growth quota of 4%, implying full-year growth of 11% YoY; 2022PB 1.2x
MB Bank	5.9	+10.7%	SBV approved an additional credit growth quota of 3.2%, implying full-year growth of 18.2% YoY; 2022PB 1.5x
Khang Dien House	5.4	-1.7%	VND800bn of bonds issued successfully in August to finance projects in the east of HCM City; 2022PB 1.8x
VP Bank	5.4	+10.4%	SBV approved an additional credit growth quota of 0.7%, implying full year growth of 15.7%; 2022F PB 1.4x
IDICO Corp	4.8	+3.8%	One of the largest industrial park developers in Vietnam with over 700ha landbank in prime locations; 2022PE 9x
Hai An Transport	4.6	-2.7%	The high NPAT growth seen in the second quarter expected to continue through the third quarter of 2022; 2022PE 4.5x

**Total**                    **67.4**
**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 <sup>st</sup> 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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