



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

| | |
|--------------------|--------------------------------|
| Share price | 242.0 pence |
| NAV | 322.4 pence \$4.482 |
| Discount / Premium | -24.9% |
| Total Net Assets | \$190.3m |
| Shares in Issue | 42m |
| Portfolio managers | Vu Quang Thinh Craig Martin |
| Investment Manager | Dynam Capital |
| Ticker | VNH |
| Website | www.vietnamholding.com |

Portfolio

| | | |
|---------------------------------|--------------|--------------|
| Number of investments | 25 | |
| Median Portfolio Market Cap | \$2348.4m | |
| Foreign Ownership Limit stocks* | 42.5% | |
| Thematic exposure | | |
| Industrialisation | 28% | |
| Domestic Consumption | 12% | |
| Urbanisation | 17% | |
| | 2021F | 2022F |
| EPS Growth | 71.4% | 23.2% |
| P/E Ratio | 11.7 | 10.2 |

* 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 | -2.6 | 40.0 | 15.1 | 11.0 | 14.9 |
| Vietnam All Share Index (VNAS) | -5.3 | 31.0 | 15.0 | 15.1 | 11.9 |

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 – Opportunities in times of uncertainty

July was a volatile month in Vietnam. Its economic growth streak of the past 12 months slowed due to the spread of the Covid-19 delta variant and consequential disruption to much of the country and its neighbouring nations. The government responded as expected with strict social distancing rules to constrain the more contagious wave. Yet while retail sales suffered, -19.8% YoY, and manufacturing contracted for a second consecutive month, Vietnam's trade growth maintained its momentum and the government managed to accelerate its vaccination rollout, with heightened plans to jab 70% of the population in HCMC, where most of the cases in the country were concentrated, by the end of August. The Fund's NAV was down -2.6% for the month but outperformed the VNAS and other indices in Vietnam, which saw their biggest equity market declines since the coronavirus crisis first struck in Q1 2020. FPT remained a top positive contributor in VNH's portfolio, reporting revenue and NPATMI growth of 19.2% and 17.2%, respectively, for 1H2021, as demand for technology and IT services continues to thrive throughout the pandemic. MWG, which is issuing a 50% stock dividend with ex-right date on 30 August 2021, is another one of our sustainable growth stories both before and during the Covid-19 era. Its Bach Hoa Xanh chain is expected to report a record high revenue per store per month in July despite the delta disruption. As an active, selective manager with high conviction and responsible investment principles at its core, we are always eyeing opportunities that meet our strategic criteria and appetite for risk, and the United Nation's Intergovernmental Panel on Climate Change's (IPCC) report released in early August was the latest stark warning of the role investors can play in addressing the existential threats the world is facing by turning them into opportunities.

Electric vehicles is a prime example, and although the market in Vietnam is in its infancy it is one that we have been researching for some time. Like digitalisation it is an irreversible trend, especially given Vietnam's growing and more conscious-consuming urban middle-class population. On top of this demand potential, is the fact that Vietnam's first-ever domestic car manufacturer, VinFast, a subsidiary of Vingroup, is well on the electronic vehicle path having sold 50,000 e-motorbikes in 2019. We expect more foreign private entities to promote this market in Vietnam as collective action for reducing global warming increases. VinFast has partnered up with Austria-based battery tech provider, Kreisel Electric, to make batteries for electric cars and buses. LG, the South Korean conglomerate corporation, also has a joint venture with VinFast to produce batteries for both electric cars and scooters. Other international companies have become more energetic about the potential in Vietnam for both domestic sales, particularly of e-motorbikes and e-scooters, and efficient manufacturing sites. Mitsubishi Motors, for example, has had a MoU with the Ministry of Industry and Trade on R&D for electric vehicles for three years now, and we expect to see more international start-ups, such as Modmo, an electric bicycle maker, setting up factories in Vietnam for more efficient product creation and supply chain management. Modmo joins PEGA and Dat Bike aiming to put Vietnam on the global e-bike map. Although we might not invest directly in these manufacturers, the business linkages supporting such value-added 'clusters' may generate opportunities in logistics and industrial real-estate, which are sectors we are invested in, and we see as primed for longer-term growth.

NB: On August 3rd, VNH announced a tender offer for 30% of the Company's shares at a 2% discount to August 31st NAV. Shareholders on the register at August 2nd may participate in the tender by 26th August and all are reminded to vote prior to the August 31st EGM.

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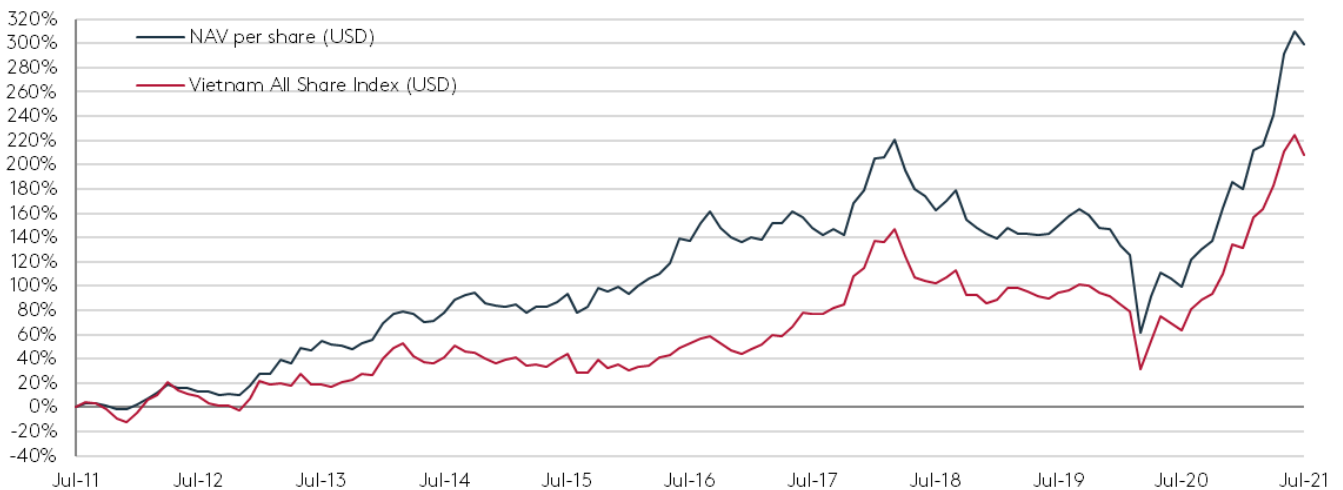
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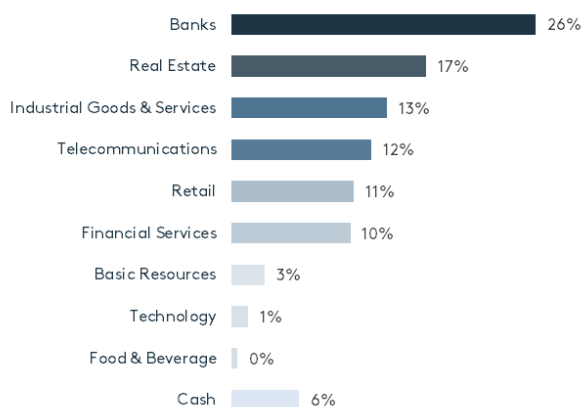
| Top Ten Investments | NAV % | % +/- | Manager Comment |
|---------------------|-------|--------|---|
| FPT Corporation | 12.1 | +7.1% | 1H2021 Net Profit After Tax (NPAT)+17.2% YoY, Digital Transformation sales grew by 52%; 2021PE 22x |
| Hoa Phat Group | 7.9 | -7.9% | 1H2021 NPAT grew at 231% YoY, surpassing FY2020 on steel volumes of 4.3 MT (+60% YoY); 2021PE 7.6x |
| VP Bank | 6.5 | -9.7% | 1H2021 NPAT growth at +37% YoY. FE Credit deal to complete in 3Q21; 2021F PB 2.3x |
| MB Bank | 6.0 | -9.8% | 1H2021 NPAT recorded 55% growth YoY driven by strong loan growth; 2021F PB 1.9x |
| Vinhomes | 5.8 | -8.0% | 1H2021 NPAT growth at 52% YoY, company targets FY2021 NPAT +24% YoY; 2021 PB 3.0x |
| Mobile World | 5.7 | +8.2% | 1H2021 NPAT growth of 26% YoY, company targets FY2021 NPAT +21.2% YoY; 2021 P/E 16.8x |
| Sacombank | 5.4 | -2.1% | 1H2021 NPAT growth of 70% YoY on better-than-expected 2Q2021 results; 2021F PB 1.6x |
| Vietin Bank | 5.4 | -15.6% | 1H2021 NPAT grew by +45% YoY despite provisions dragging 2Q2021 profit down 38% YoY.; 2021F PB 1.7x |
| Khang Dien House | 5.2 | +8.6% | 1H2021 NPAT growth at 15.6% YoY despite modest NPAT growth in 2Q2021 of 4.7% YoY, PB 2.6x |
| Phu Nhuan Jewelry | 4.8 | -4.1% | 1H2021 NPAT rose by 67.6% due to impressive retail and online sales; 2021PE 17.0x |

Total **64.8**

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 st 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 |

Disclaimer

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