

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	325.0 pence
NAV	352.3 pence
	\$4.491
Discount / Premium	-7.7%
Total Net Assets	\$122.5m
Shares in Issue	27m
Portfolio Managers	Vu Quang Thinh Nguyen Hoang Thanh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of Investments	25	
Median Portfolio Market Cap	\$1,117m	
Foreign Ownership Limit Stocks*	30.1%	
Thematic Exposure		
Industrialisation	39%	
Domestic Consumption	16%	
Urbanisation	8%	
	2023E	2024F
EPS Growth	13.6%	30.1%
P/E Ratio	12.5	10.1

*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	3.4%	22.4%	11.9%	10.5%	9.9%
Vietnam All Share Index (VNAS)	4.3%	15.9%	2.1%	6.2%	7.0%

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: New year cheer in an increasingly uncertain world

Vietnam and VNH kicked off 2024 on the right feet thanks to many end of year highs. Trade continued to improve in December 2023 amid growing global complexities, with Vietnam's trade surplus reaching a record USD 28bn. This not only supports monetary policy easing, but also helps pave a more favourable macroeconomic environment in Vietnam for the start of 2024. Exports recovered for the third consecutive month, despite global supply chain bottlenecks and geopolitical implications weighing on exports and imports, which fell -4.3% and -8.7% month on month, respectively, in December. Vietnam's electronic product exports were particularly robust in Q4 2023, and overall exports to key global markets continued their recovery streak that began in Q3 2023. Retail sales momentum was another area worth mentioning, with a 9.3% year-on-year (YoY) increase. Foreign direct investment should continue to contribute to Vietnam's sustainable growth, with disbursed FDI reaching USD 23.2bn at the end of 2023, a new record high. In December, disbursed FDI increased by 3.5% YoY while registered FDI surged by 32.1%. We estimate FDI disbursement to accelerate even further in 2024, and with public investment reaching new highs of USD 26.1bn, a 27% YoY increase, it will remain a primary focus for the government this year. Reduced foreign exchange risk also contributed to the country's promising outlook for 2024. The VND depreciated within the projected range, in spite of all the market volatility in 2023, and a 2% devaluation (30-year average) would certainly deliver another solid boost to Vietnam's exports.

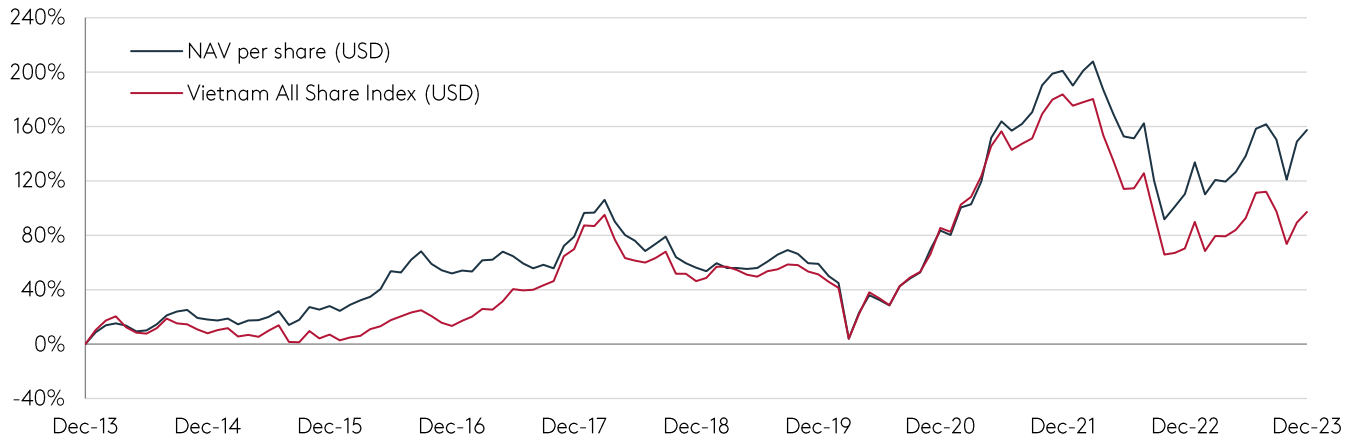
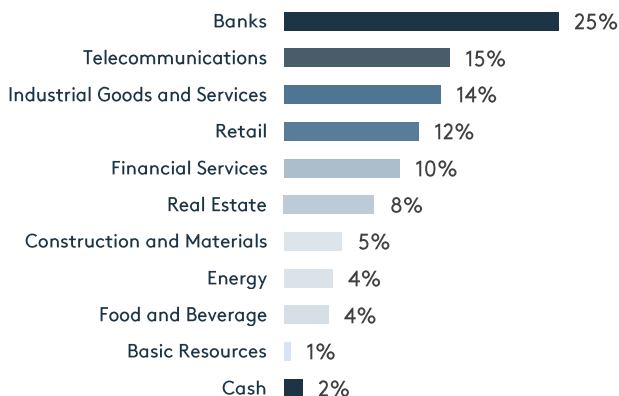
VNH itself finished 2023 with high marks. Despite a small underperformance versus the index in December, the Fund significantly outperformed the benchmark index and remained ahead of its Vietnamese peers throughout 2023. Furthermore, as we enter 2024, its single-digit discount to NAV is still the narrowest of the three UK-listed Vietnam-focused funds.

VNH earned the UK Investor Magazine award for 'best developing market fund' for 2023, following its Citywire gong the month before, and achieved top grades for its latest UN Principles for Responsible Investment scorecard. It was also pleased to announce that the continuation vote had received 99% approval in December, and that shareholders approved an innovative annual redemption programme.

In terms of our outlook for 2024, we expect to see more impressive growth in corporate earnings and believe that present valuations remain relatively undemanding. As sales growth improves, operating profit margins could rise given lower input costs and less aggressive price competition. Falling interest rates should boost net margins even further, while foreign currency losses on US dollar debt should be minimised. Meanwhile, banks may benefit from increasing loan growth and higher credit costs as asset quality improves due to a stronger economy and an extended period of low interest rates. The government's financial situation is also in good shape, and we anticipate considerable budget allocations for infrastructure projects to continue throughout the year. We also see potential for further recovery in foreign visitor arrivals, not least in February over the Lunar New Year, as well as a gradual rebound in real estate and construction activity, thanks to lower mortgage rates and ongoing regulatory improvements to relieve legal hold-ups for developers. At the end of 2023, the administration reiterated its intent on advancing Vietnam's stock market. In a December 13th dispatch, Prime Minister Pham Minh Chinh called for the Ministry of Finance to work with the State Bank of Vietnam, the Ministry of Planning and Investment, and relevant agencies to "drastically implement" the necessary tasks and solutions to upgrade Vietnam's stock market from "frontier" to "emerging" status as soon as possible, adding that this will attract more international cash and institutional investment.

Top 10

Investments	NAV %	% +/-	Manager Comment
FPT	14.9	4.5%	YTD Nov Net Profit After Tax (NPAT) reached USD303mn (+18.1% YoY), driven by 28% growth in global IT revenue. 2024PE of 15.2x
Gemadep	6.5	0.4%	Expected strong recovery of core earnings in 2024. 2024PE of 18.1x
MB Bank	5.6	4.8%	Expected to record NPAT growth of 18.8% in 2023. 2024PB of 0.9x
IDICO	5.5	6.3%	Expected to lease out 124ha of industrial land, completing 95% of this year's business plan. 2024PE of 9.2x
Sacombank	5.0	1.6%	Projected to record 51.3% YoY NPAT growth in 2023. 2024PB of 1.0x
Vietcombank	5.0	-5.2%	Expected to increase NPAT growth of 10.2% YoY in 2023. 2024PB of 2.4x
Asia Commercial Bank	4.9	8.9%	Expected to increase NPAT growth of 18.0% YoY in 2023. 2024PB of 1.0x
FPT Digital Retail	4.9	4.5%	NPAT expected to turn positive in 2024, supported by the recovery in its ICT chain and pharmacy chain. 2024PE of 30.7x
Phu Nhuan Jewelry	4.8	6.8%	Improving margins yielded a 5.7% growth in NPAT in 11M2023. 2024PE of 13.2x
PV Technical Service	4.4	-1.6%	Forecasted NPAT growth of 16% In 2023. 2024PE of 14.8x

Total 61.5
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
Redemption facility	Annual facility (w.e.f Sep 2024)
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	Apex Group (Guernsey)
Custodian	Standard Chartered Bank

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