

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	248.0 pence
NAV	290.5 pence
	\$3.345
Discount / Premium	-14.6%
Total Net Assets	\$96.4m
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	22	
Median Portfolio Market Cap	\$1124.0m	
Foreign Ownership Limit Stocks*	37.6%	
<b>Thematic Exposure</b>		
Industrialisation	29%	
Domestic Consumption	18%	
Urbanisation	10%	
	<b>2022E</b>	<b>2023F</b>
EPS Growth	19.6%	24.1%
P/E Ratio	8.1	6.7

\*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	-12.8%	-36.2%	4.9%	4.2%	10.4%
Vietnam All Share Index (VNAS)	-15.0%	-41.5%	1.6%	2.5%	7.6%

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 – Turning the tides**

With all the extraordinary events and multiple crises this year, the messages coming out of the United Nations Climate Change Conference, COP 27, in Egypt couldn't be more stark, not least when it comes to building sustainable futures for developing markets, such as Vietnam.

From the start, discussions in Sharm El-Sheikh moved well beyond the pledges made by government and business leaders around the world at last year's COP in Glasgow – when Vietnam's Prime Minister Pham Minh Chinh announced the country's commitment to phase out coal power generation by the 2040s and achieve net-zero carbon emissions by 2050 – to how these goals can be achieved given the accelerating global risks of today. From disastrous droughts and extreme floods to the war in Ukraine and cost of living crisis, there is immense pressure on public policy makers worldwide to set out clearer plans on how they will facilitate this critical transition to net zero. The game changer will be how governments, investors and business leaders come to together to turn ambitions into action.

For Vietnam, the transition presents explicit risks but also enormous opportunities. While the country's economy continues to grow at high levels – back on its 30-year trend of 6.5% to 7% GDP growth, as many others in the West contract – it faces both physical threats from the potential damage caused by flooding as well as transitional risks given a high proportion of its GDP comes from high-carbon sectors and its capital stock from fossil fuel-based power. On the positive, Vietnam's policy goals are in line with many of its ASEAN peers not only through its National Strategy on Climate Change, but also critically via multiple agencies within the Vietnamese government that have outlined what a recent McKinsey report described as 'concrete' CO2 reduction policies. These include the Ministry of Industry and Trade's Power Development Plan 8 (PDP8), which aims to switch 75% of generation capacity to renewables by 2045. The prime minister continues to encourage electric vehicles (EV), EV charging infrastructure and electric public transit, and so far public stakeholders have taken action accordingly.

Opportunities exist across sectors for public and private partnerships, e.g., funding the energy transition would represent a US\$ 1.5bn revenue opportunity for Vietnamese banks that issue transition finance products. The challenges lie in how to allocate the necessary funds and keep pace with the rapidly rising risks. In this respect, we also recognise our stewardship role and having been a signatory to the United Nations Principles for Responsible Investing for over 12 years will continue excelling our task of 'Doing More, Measuring More and Reporting More'. Our portfolio's carbon footprint is 60% lower than the VNAS index and that shows how our active management style in sector allocation and selection of well-managed, companies matters more than ever in these times of increased uncertainty.

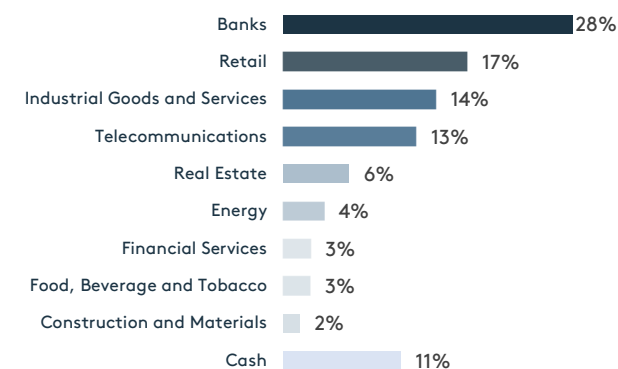
October proved just how fierce and fast-moving the global stock markets' reactions to all these risks have become, and Vietnamese equities were no exception. Despite its manufacturing sector expanding and retail sales recovering further, the country's stock market fell sharply due to irrational selling as interest rates and FX risks heightened, with Real Estate and Financials being particularly hard-hit.

The Fund outperformed the VNAS but its NAV was down -12.8% for the month, with most positions falling because of the worsening market sentiment. MWG lost 22.5% despite fundamentals remaining on the right track. The Fund, which has kept a high level of cash throughout the downturn, had also selectively increased its positions given the attractive valuations for the long-term. Most listed companies in Vietnam reported Q3 earnings growth, which was very much in line with our expectations, but the banking sector was especially attractive with an earnings growth average greater than 30%. This is on top of a stable NIM and conservative reserves for bad debts. If there is one thing to come out of Cop 27, it is that agile planning and decision making – as was demonstrated by the Vietnamese government and indeed its citizens throughout the pandemic – is going to be the key ingredient to success. This goes for businesses, households, governments and investment managers alike.

**Top 10**

Investments	NAV %	% +/-	Manager Comment
FPT Corporation	12.6	-9.8%	Net profit after tax (NPAT) of USD202mn (+28% YoY) in 9M due to strong sales growth from IT services; 2022PE 17x
Gemadep	9.3	-5.7%	9M2022 NPAT and minority interest surged 94% YoY driven by strong performance in most ports; 2022PE 13.9x
Mobile World	8.3	-22.5%	After 9 months, NPAT grew only by 4% because of the grocery chain being restructured; PE 2022 12.8x
Phu Nhuan Jewelry	8.2	-6.5%	NPAT for the first 9 months increased by +132.7% YoY, driven by a 113% increase in retail sales; PE 2022 13x
MB Bank	5.7	-15.0%	9M2022 NPAT grew 53% YoY to VND14trn, driven by strong loan growth of 17% YTD & NIM expansion; 2022PB 1.1x
Sacombank	5.2	-24.7%	9M2022 NPAT grew 29% YoY to VND3.2trn thanks to robust NIM expansion in 3Q22; 2022PB 0.8x
VP Bank	5.2	-12.7%	9M2022 NPAT grew 70% YoY to VND15.9trn mainly due to one-off upfront fees from the bancassurance deal; 2022PB 1.1x
Vietinbank	4.7	+1.9%	9M2022 NPAT grew 13% YoY to VND12.6trn, lower than its peers due to raising provisioning; 2022PB 1.1x
IDICO Corp	3.9	-14.5%	NPAT of USD98.5mn (+337% YoY) was recorded in 9M2022 due to strong leasing levels in industrial parks; 2022PE 5.5x
Vietcombank	3.3	-3.5%	9M2022 NPAT increased 29% YoY to VND19.6trn on 18% YTD loan growth and higher NIM; 2022PB 2.7x

**Total**                      **66.4**
**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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