

VIETNAM HOLDING LTD* (VNH LN)

CORP

302.5p price, 354.3p NAV, 14.6% discount, 0% yield, £89m market cap

Solid fundamentals for continued growth

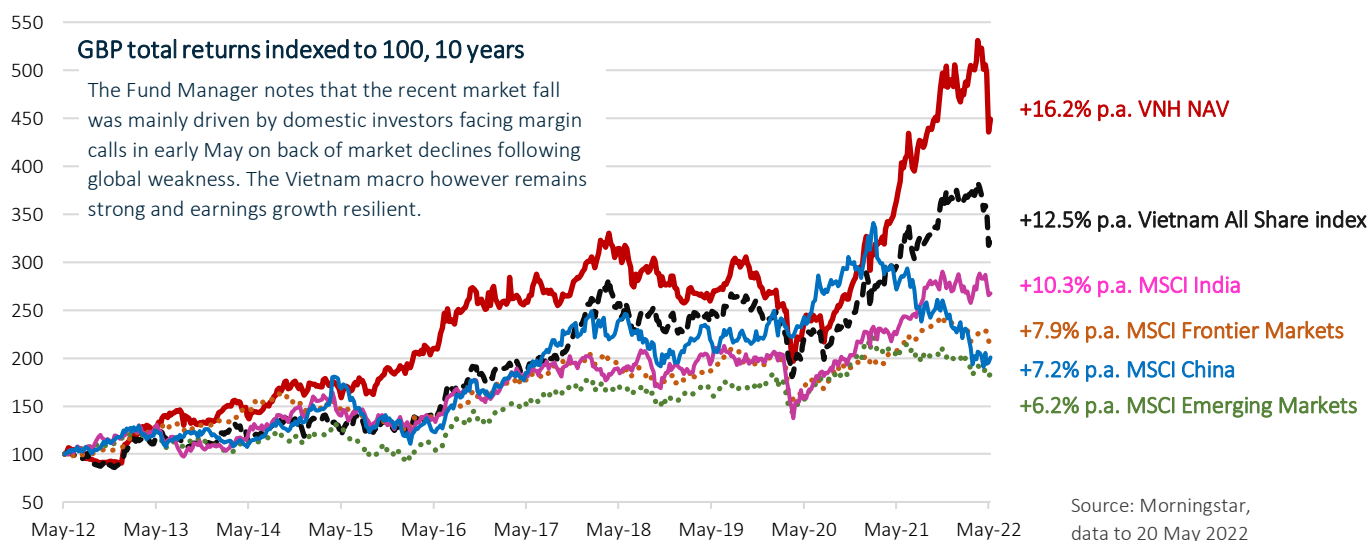
THE FUND: Growth, Quality, ESG, Unconstrained

- London-listed closed-end fund est Jun 2006
- PRI[^] signatory since 2009
- Zero gearing
- Vietnam-based fund manager
- Invests in Vietnamese equities, currently 100% listed (max 20% unlisted permitted)
- Seeks earnings growth at a reasonable price (GARP) from quality companies
- High conviction (c.25 holdings), nimble, unconstrained, market-cap agnostic
- Top-down and bottom-up approach with strong ESG emphasis

POSITIVE OUTLOOK: High economic growth, increasingly liquid market, stable currency, high growth portfolio

LONG TERM	NEAR TERM	EQUITY MARKET	CURRENCY	VNH PORTFOLIO
Vietnam set to remain one of the world's highest GDP growth countries (6.8% average 2015-2019, 6.5% 2022 IMF forecast)	Economy in strong shape (2.6% 2021 GDP growth) following limited COVID-related domestic disruption, high domestic confidence and strong export position	Market cap grew nearly 50% in 2021 to \$338bn, while liquidity doubled to c.\$1bn daily average	Vietnamese Dollar stable vs the US over the past three years	Dong Higher and more consistent EPS growth than b'mark (2017-2021 average 26% vs 16%, 2022F 36% vs 24%), at consistently lower valuations (12.3% discount on average 2016-2022) - see page 2

STRONG LONG-TERM OUTPERFORMANCE vs benchmark, frontier markets and emerging markets



THE PORTFOLIO: Play on the Vietnam domestic growth story (data as of 30 Apr 2022)

25 holdings (all listed)	65% large cap (vs index 70%) 32% mid & small cap (vs index 30%)	63% active share vs Vietnam All Share index	38% FOL stocks (foreign ownership limit)	Largest holding = 10% Top 10 = 65%
Approach	GROWTH AT A REASONABLE PRICE (GARP)			
Key themes	URBANISATION 33%	INDUSTRIALISATION 29%	CONSUMPTION 15%	FINANCIALS 29%
Sub-themes	Real Estate Clean Energy & Clean Water Banking	International Trade Logistics Infrastructure Industrial Goods Manufacturing	Retail FMCG Domestic Logistics Services	Banks Financial Services

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VIETNAM: THE INVESTMENT CASE

SOLID LONG-TERM FUNDAMENTALS

FAVOURABLE DEMOGRAPHICS

Vietnam's population is:

LARGE	98.5 million people 15 th in the world
YOUNG	32.5 years median age Youngest in ASEAN
EDUCATED	98% literacy rate 2 nd highest among top 10 FM countries
TECH-CONNECTED	>77% internet penetration 30% p.a. e-commerce growth
INCREASINGLY URBANISED	37% urbanisation rate Rapidly increasing

HEALTHY + FAST-GROWING ECONOMY

One of the highest GDP growth countries in the world

STRONG GDP GROWTH	2.6% in 2021, 7.2% IMF 2022F 6.7% 30-year average
RISING GDP/CAPITA	\$3,000 in 2021 vs \$2,000 in 2014 vs China at \$12,500
STRONG FDI	\$31.2bn in 2021 The 2 nd largest share in ASEAN
STABLE INFLATION	1.8% in 2021 2.6% - 3.5% 2016-2021 range
TRADE SURPLUS	\$4bn in 2021 Foreign reserves now \$110bn

POSITIVE NEAR-TERM OUTLOOK

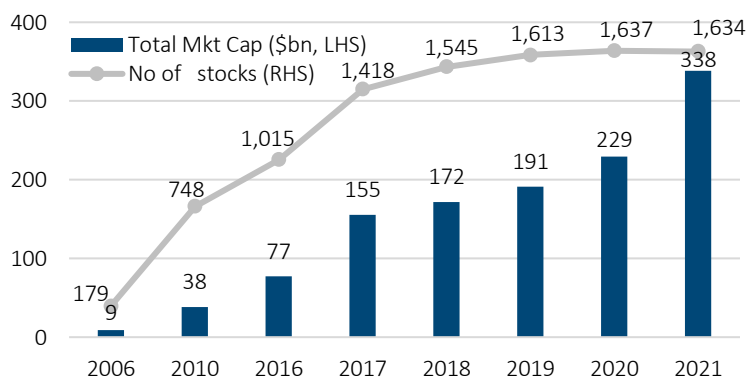
Macro

- Strengthening **exports** to US – trade surplus and FX reserves providing backstop for currency
- Digitalisation** advances following COVID. More than \$15bn in ecommerce sales through Facebook alone
- Continuing to attract strong **FDI** (foreign direct investment) – Lego \$1bn investment in carbon neutral expansion at its 7th factory in the world

Portfolio themes (% of portfolio)

- Urbanisation (33%)**: completion of domestic infrastructure projects (bridges and rail) enhances value of real estate developers' assets
- Industrialisation (29%)**: trade increases port and logistics volumes
- Consumption (15%)**: post-COVID recovery boosting retail sales and consumption
- Financials (29%)**: banks enjoying credit growth, strong net interest margin (NIM) levels and upfront fees from bancassurance deals (banks selling insurance products) with international insurance companies

GROWING EQUITY MARKET



IMPROVING MARKET LIQUIDITY

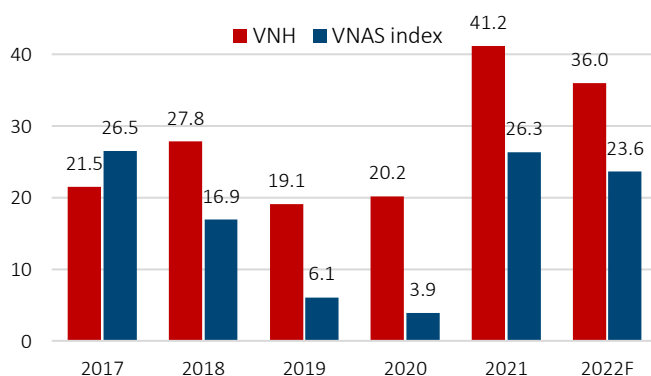
c.\$1bn average daily trading volumes currently, vs c.\$500m in 2021 and <\$200m in 2020

STABLE CURRENCY

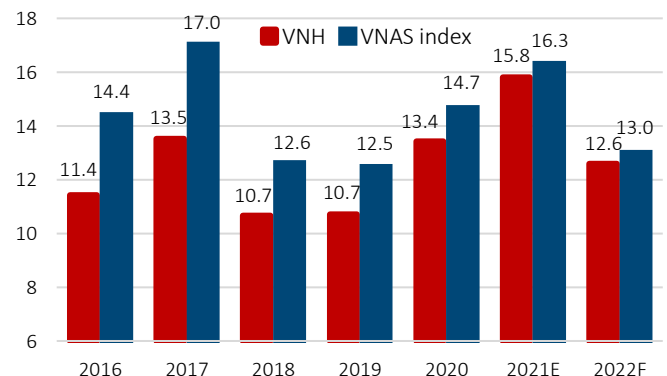
- Vietnamese Dong stable for around the past four years, ending the 20-year depreciation trend of approximately 2.4% p.a.
- Trade surpluses set to continue to support the local currency

VNH PORTFOLIO vs. MARKET: Higher and more consistent earnings growth at lower valuations

Earnings growth, % (pre-2022 historical, 2022 forecast)



Price to Earnings Ratios (pre-2022 trailing, 2022 forward)



THE PORTFOLIO (30 April 2022)

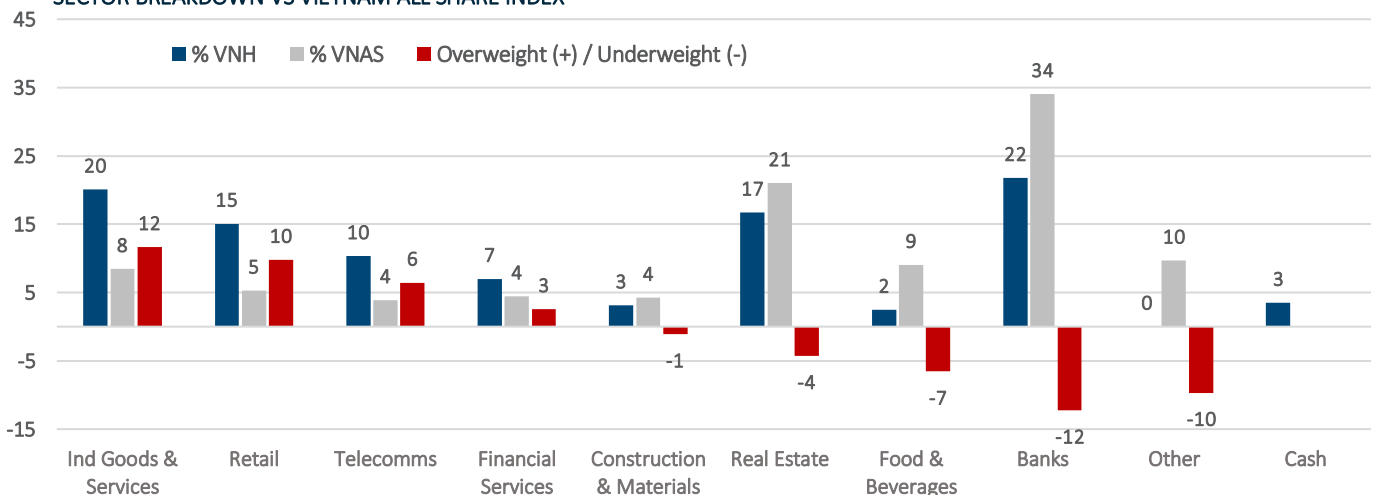
High conviction = 25 holdings
(all listed)

Market cap
agnostic

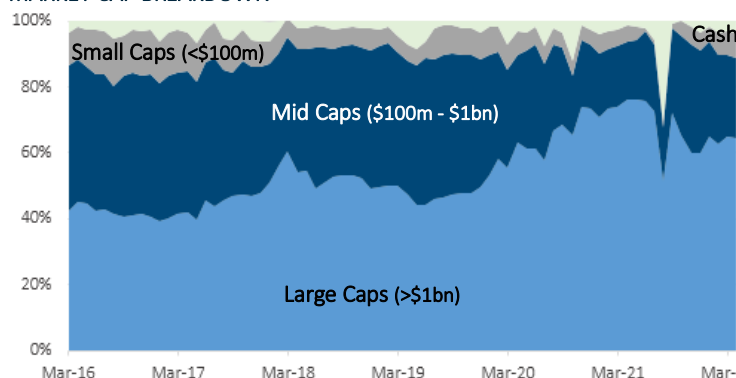
Current key themes: growth from
Industrialisation, Consumption, Urbanisation, Financials

Stock	Sector	Theme	Mkt Cap	% NAV	Fund Manager investment case
1 FPT Corporation	Telecomms	Industrialisation	\$4.1bn	10.3%	Vietnam's largest IT company. Stellar and sustainable growth (+96% in 2021) in revenue from Digital Transformation in both domestic and overseas markets.
2 Mobile World	Retail	Consumer	\$4.8bn	8.5%	Omnichannel champion – largest ecommerce and physical retailer in Vietnam, 60% market share in mobile phones, 40% share in consumer electronics and growing rapidly in grocery segment.
3 Gemadept	Industrial Goods & Serv	Industrialisation	\$714m	7.8%	Deep-water port operator, 20-30% volume growth over past five years. Profit is expected to grow >30% p.a. over the next three years.
4 Saccombank	Banks	Financials	\$2.3b	6.3%	Get on track back to be a leading private bank with robust earnings growth prospect as the bank would solve all legacy problem assets in the coming years.
5 Phu Nhuan Jewellery	Retail	Consumer	\$1.1b	6.0%	Largest jewellery retailer in Vietnam with network of 340 stores. Strong recovery post-COVID. Growth driven by gaining market share from mom-and-pop stores and increasing consumption by the affluent population.
6 Khang Dien House	Real Estate	Urbanisation	\$1.3b	5.9%	Leading developer of townhouses and villas in Ho Chi Minh City, with significant landbank. Expanded into mid-range condominium projects.
7 MB Bank	Banks	Financials	\$4.9bn	5.7%	Strong management team and full suite of banking products, including wealth management in technology partnership with Swiss private banks.
8 Hai An Transport	Industrial Goods & Serv	Industrialisation	\$237m	5.2%	Leading domestic container transport company with 33% capacity market share and 26% volume market share. One of only a few local companies offering full logistic services.
9 VP Bank	Banks	Financials	\$7.1bn	5.2%	Largest consumer lender in Vietnam, 50% market share through its subsidiary FE Credit.
10 VN Direct	Financial Services	Financials	\$1.6b	4.6%	Top 4 equity brokers with 7.5% market share – emerging to become a leading underwriter in the booming bond market with about 9% market share.
Total top 10			65.5%		

SECTOR BREAKDOWN VS VIETNAM ALL SHARE INDEX



MARKET CAP BREAKDOWN



	30 Apr 2022	VNH	VNAS
Cash		3	0
Small		7	8
Mid		25	20
Large		64	72
%		100	100

- The shift in allocation illustrates the fund managers' **market-agnostic active approach to stock picking** and also the fund's ability to access smaller cap names given its nimble size
- The increase in the large cap allocation was partly driven by many mid-caps in the portfolio being reclassified as large caps after years of strong performance

THE FUND MANAGER: DYNAM CAPITAL Ltd

Dynam Capital was appointed as investment manager to VNH in July 2018. Its sole focus is Vietnam equities investment management. It was co-founded in 2018 by Vu Quang Thinh, who had been managing the VNH portfolio since July 2011. Dynam's investment research team is based in Ho Chi Minh City, Vietnam.

13-strong investment team

Most of team had previously worked together managing the fund

VNH is the team's sole focus



Vu Quang Thinh, Dynam Capital Co-founder, CIO, CEO

- Responsible for the day-to-day running of the portfolio
- 14 years' experience investing in Vietnamese equities
- 12 years' corporate restructuring experience, including heading up Management Consulting at KMPG Vietnam
- BSc of Mathematical Economics, Hanoi Economic University
- MBA Washington State University



Craig Martin, Dynam Capital Co-founder, Chairman

- 25 years+ business building and investing in emerging markets
- Was co-CEO of CapAsia, a pan-Asian Private Equity firm
- Previously Head of Private Equity at Prudential Vietnam
- Member of founding team of Standard Chartered Private Equity
- Masters of Engineering, University of York, MBA INSEAD

KEY INFORMATION



Legal structure	Closed-end fund
Listing / Domicile	LSE Main Market / Guernsey
Inception	15 Jun 2006
Fund manager	Dynam Capital (16 Jul 2018)
Portfolio manager	Vu Quang Thinh (4 Jul 2011)
Annual mgmt fee (on NAV)	1.75% below \$300m 1.5% \$300m - \$600m 1.0% above \$600m
Performance fees	None
NAV frequency	Daily
Financial Year End	30 June
Dividend policy	No income distributions
Gearing	Nil (max 25%)
Discount control	Share buybacks
Continuation vote	2023 AGM (Sep-Nov)

BOARD OF DIRECTORS

All independent and non-executive	Year of appointment
Hiroshi Funaki, Chairman	2018
Sean Hurst	2018
Philip Scales	2018
Damien Pierron	2018
Saiko Tajima	2019

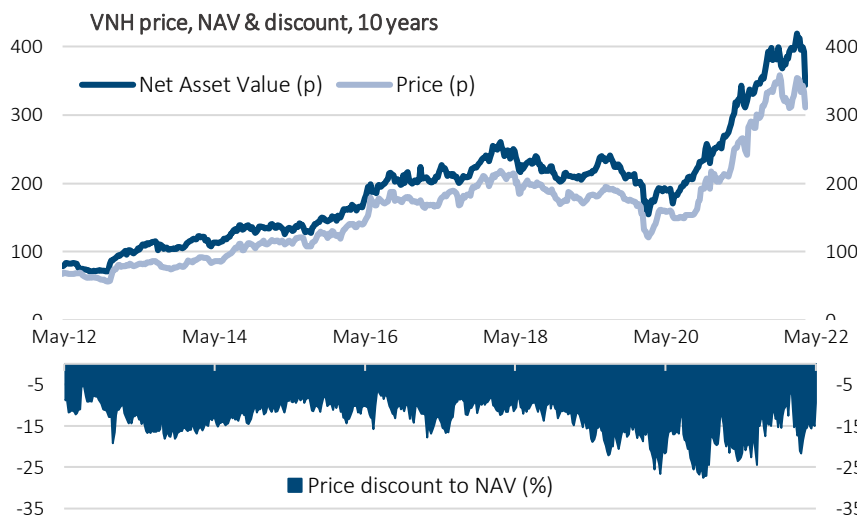
LARGEST SHAREHOLDERS

	1 Apr 2022
Deglora SARL	22.7%
City of London Investment Managers	10.0%
Edentree Investment Management	4.5%
Discover Investment Company	4.4%

TOTAL RETURNS, GBP %

	1yr	3yr	5yr	10yr
VNH NAV	23	71	76	354
VNH price	31	78	83	347
Vietnam All Share index	10	31	73	225
MSCI Frontier Mkts	3	14	22	114
MSCI Emerging Mkts	-12	11	19	79

Source: Morningstar, data to 20 May 2022



Financial reports and further documents and information: www.vietnamholding.com

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