

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	260.5 pence
NAV	305.0 pence
	\$3.669
Discount / Premium	-14.6%
Total Net Assets	\$105.4m
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	21
Median Portfolio Market Cap	\$1798.9m
Foreign Ownership Limit Stocks*	50.3%

**Thematic Exposure**

Industrialisation	31%
Domestic Consumption	17%
Urbanisation	12%

	<b>2022E</b>	<b>2023F</b>
EPS Growth	20.2%	25.2%
P/E Ratio	7.8	6.5

\*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	4.7%	-30.1%	9.8%	3.3%	10.8%
Vietnam All Share Index (VNAS)	2.2%	-39.8%	4.1%	0.1%	7.3%

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 – So long 2022 and hello Year of the Cat**

December winded down the extraordinary highs and lows of one of the biggest rollercoaster years in a generation for equity investors around the globe. Putting that into context in Vietnam makes it a distinctive month to draw on, indeed with the pandemic seeming like a lifetime ago. As the world's poly-crisis environment and domestic nuances, including the government's corruption crackdown, rattled equities month-to-month all year, from a macro perspective it is worth noting that December saw an 8% GDP growth boom in Vietnam, a decade high. Most recent estimates from the Asian Development Bank expect this to cap out at 7.5% for 2022 as a whole.

FDI flows into Vietnam also ended the year on a record high – US\$27bn for 2022 overall – with 224 new projects kicking off in December alone bringing the total for the year to 2,036, according to Vietnam's Ministry of Planning and Investment. Vietnam's manufacturing and processing sector maintained the lead in attracting the most FDI in December, further verifying the country's role as a key alternative to China. Korea, Singapore and Hong Kong topped FDI sources for the month of December, while China and the US remained Vietnam's top trading partners in terms of two-way turnover – US\$175.6bn and US\$123.9bn respectively for the year.

In fact, Vietnam's trade surplus for 2022 – US\$11.2bn – was the second highest ever, and just when you thought that was huge enough for this curveball of a year there was also the massive announcement in early December of a US\$15.5bn Just Energy Transition Partnership (JETP) deal between Vietnam and members of the G7, Denmark and Norway. It's the world's third JETP after South Africa's and Indonesia's, and emphasises the additional 15 trade agreements that Vietnam currently has in place and how they also have been helping to shape the country into the global manufacturing hub it is today.

December was a story worth telling for equities too. Despite ongoing concerns about how the rising US dollar and fast-changing global economy might affect Vietnam going forward, the domestic stock market managed

to recover as selling pressure waned and liquidity gradually increased. Full year net buying ended up making the US\$1bn mark, a first since 2019. While we expect local indices to consolidate in this current environment of monetary tightening and wait-and-see sentiment, it is times like these when rare opportunities for the long-term arise, particularly given the attractive valuation levels of Vietnamese stocks and consensus view that corporate earnings growth is more than 10%. VNH was up +4.7 in December and outperformed VNAS for the calendar year with its NAV falling 30.1% versus the VNAS' decline of 39.8%. Strong double-digit growth in the retail sector in 2022 stood out, and we expect that to continue in the lead up to Tet.

Although inflation was a risk for all countries in 2022, it remained low compared to the rest of the world ending the year at 3.15%. This is widely expected to rise to somewhere between 4.5 and 5.0% in 2023, again considering the lingering implications of the global risk landscape. PMIs for December also implied a slowdown, with the current consensus growth target for Vietnam in 2023 standing at around 6.5%.

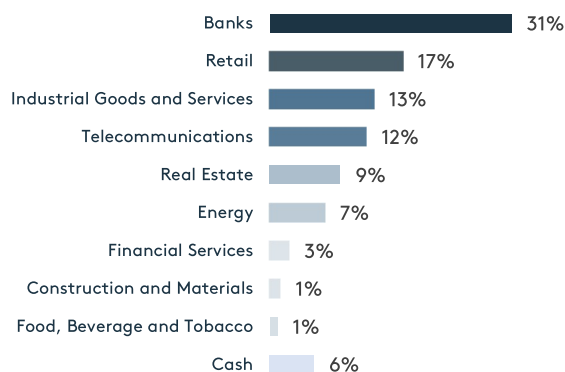
As China's zero-Covid policy helped pave the way for more foreign manufacturers moving into the country in 2022, we believe the overall impact of its recent U-turn re-opening is only likely to benefit Vietnam, indeed all of Southeast Asia, particularly when it comes to tourism, which has suffered since the start of the pandemic. With Chinese consumers' revenge-spending being amplified on a 1.2bn scale this could be just the boost this sector needs.

Rising infections in the China region might dampen their travel plans during the upcoming Lunar New Year, but Vietnam's Year of the Cat is considered a 'good' year associated with longevity and fortune and domestic travel is expected to be busy. The Cat is the fourth animal in the Vietnamese zodiac and the only one of the 12 signs that is different to the Chinese, which is instead the Rabbit. The Cat in Vietnamese culture is a symbol of tactful consideration and thinking ahead, which is why we see many across the country feeling hopeful during this festive time.

**Top 10**

Investments	NAV %	% +/-	Manager Comment
FPT	12.4	+7.8%	11M2022 Net profit after tax (NPAT) reached USD262 mn (+26% YoY). Outsourcing service PBT increased by 28%. 2023PE 14.5x
Phu Nhuan Jewelry	10.9	+10.4%	NPAT for 11M2022 was USD70 mn (+96% YoY), in which retail sales recorded a record level of USD 802 mn. 2023PE 13.7x
Sacombank	8.4	+17.6%	Expected 2022 PBT of USD268 mn, +44% YoY. 2023PB of 1.0x
Gemadep	7.0	+0.1%	Plans to fully divest its 85% stake of NHDV port which is expected to generate a large one-off gain. Core 2023PE of 14.2x
Mobile World	6.1	+1.7%	11M2022's NPAT was down by 9% YoY to USD170 mn mainly due to capex write-offs & weaker consumption. 2023PE 12.7x
VPbank	5.5	+11.4%	Expected 2022 PBT of USD1,064 mn, +72% YoY. 2023PB of 1.0x
MBbank	5.3	+2.7%	Preliminary 2022 PBT of USD979 mn, +37% YoY. 2023PB of 0.9x
Vietinbank	5.1	+4.5%	Preliminary 2022 PBT of USD894 mn, +22% YoY. 2023PB of 1.0x
Vinhomes	4.5	-7.9%	Robust sales from its 'Empire' project in 9M2022 will support 2022's earnings. 2023PB 1.4x
PV Technical Service	3.7	+5.5%	Business to business service provider in the energy sector, expected to benefit from larger projects in 2023. 2023PE of 10.1x

**Total 68.9**
**NAV Performance**

**Sector Weights**

**Fund Information**

Structure	Closed-end Fund
Listed	London Stock Exchange
Ticker	VNH
ISIN	GG00BJQZ9H10
BIC Code	SCBLSGSG
Launch	30 June 2020
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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