

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	258.5 pence
NAV	318.7 pence
	\$3.950
Discount / Premium	-18.9%
Total Net Assets	\$111.2m
Shares in Issue	28m
Portfolio Managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of Investments	23
Median Portfolio Market Cap	\$989m
Foreign Ownership Limit Stocks*	30.2%

Thematic Exposure

Industrialisation	36%
Domestic Consumption	8%
Urbanisation	14%

	2023E	2024F
EPS Growth	24.9%	16.6%
P/E Ratio	8.8	7.8

*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	3.1%	7.7%	18.6%	4.7%	9.0%
Vietnam All Share Index (VNAS)	2.7%	8.0%	10.0%	2.4%	6.2%

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 – May’s green shoots of improvement

Greater awareness of environmental, social and governance (ESG) issues in Vietnam was blooming in May and the momentum continued into the first day of June, with the inaugural Vietnam ESG Investor Conference in Ho Chi Minh City. We were a key supporter and lead sponsor of the event, a first of its kind for Vietnam, attracting over 350 business leaders, investors, government officials and delegations from overseas. The consensus was that while there is a way to go in getting companies to act on ESG issues, changing stakeholder expectations are forcing them to better define and drive their strategies. Listed companies have been required to report their corporate objectives for managing environment and social impacts, including their GHG emissions, since 2021, and we remain focused on supporting our investee companies on this.

Craig Martin, in his keynote speech, advised investors to use ESG as a screen for separating ‘the great companies from the good, and the good from the bad’ in their selection criteria and called on companies to ‘do more, measure more, and report more’ if they are to achieve their goals. Indeed, only a week earlier, Vietnam approved its new power plan, which aims to boost wind and gas energy while also reducing reliance on coal. The plan, known as, PDP8, requires nearly US\$135 bn of funding for new plants and grids, and follows the establishment of the Just Energy Transition Partnership (JETP) with G7 countries at the end of 2022. It is an important step forward for Vietnam’s net-zero transition because it not only sets out the country’s electricity roadmap to 2030 but also gives investors more clarity about the projects the government is likely to back moving forward. Although the government’s commitments are becoming clearer, many challenges remain for Vietnam’s transition to a green, low-emission economy. For one, its demand for electricity has been rising exponentially due to the booming middle class and ongoing

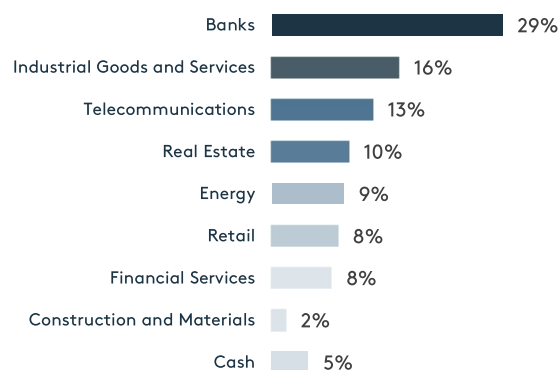
urbanisation, which have helped stimulate the country’s remarkable growth over the past few decades. The need for investment to keep pace, therefore, is only intensifying. As Vietnam could be one of the countries hardest hit by climate change, collaboration in progressing the transition will be key. While the global economic slowdown still poses the biggest threat to manufacturing growth in Vietnam, the country’s domestic macro story paints a prettier picture. Foreign trade picked up slightly in May, inflation remained relatively low and port activity strengthened. Retail sales was also upbeat, mainly thanks to the tourism recovery which saw international arrivals jump +12.6 times YoY. Additionally, public investment is up 18% YoY for 5M2023 and on track accounting for 26% of the whole year plan.

Vietnam’s equity market also sustained a gradual recovery in May, with trailing price-earnings-ratios up almost 50% from six months ago and the Vietnam All Share Index (VNAS) up 8% for 5M2023. Liquidity further improved as locals remain active and valuations attractive. VNH’s NAV rose 3.1% in May, outperforming the VNAS for the month, though slightly below the index for the year to date at +7.7%. The Fund has been nimble during recent volatile periods, adding to IDC – the leading industrial zone developer in Vietnam – and HPG – the biggest steel maker in Southeast Asia – at better prices. Our move into PV Technical Services earlier in the year has been rewarded with a 22.4% increase in May. This is a company in transition: historically a contractor and leading operator of offshore support vessels for the Oil and Gas industry, it is pivoting to become a key supplier to the offshore wind energy sector, as well as to gas power projects. This sector is poised to get a significant boost domestically under the PDP8 plan, and the company has also entered into an initial agreement to support the export of renewable energy in the future to Singapore, which would involve building one of the world’s longest undersea power cables.

Top 10

Investments	NAV %	% +/-	Manager Comment
FPT	12.9	+8.4%	4M2023's Net profit after tax (NPAT) reached USD104mn (+18% YoY), with global IT service revenue growing by 32%. 2023PE of 15.8x
Sacombank	9.8	+9.4%	2Q2023 NPAT is expected to grow strongly on the back of a year-on-year doubling in Net Interest Margin. 2023PB of 1.2x
Gemadep	8.2	-4.9%	Revenues at Gemalink – a 65% owned subsidiary – are estimated to rise by 50% QoQ and will return to profit in 2Q2023. 2023PE of 6.3x
PV Technical Service	6.1	+22.4%	The company signed two more offshore wind farm contracts worth a total of USD500mn. 2023PE of 13.6x
Phu Nhuan Jewelry	5.9	-8.0%	4M2023's NPAT was USD 36.5mn (-0.7% YoY) on softer revenues but firmer gross margin (19.1% vs 17.8% in 2022). 2023PE of 11.6x
MBbank	5.5	+0.7%	Lower provisioning expenses expected in 2Q2023 on moderating risks related to real estate and energy clients. 2023PB of 0.9x
Vietinbank	5.0	-3.1%	The bank plans to pay a large share dividend in the coming months. 2023PB of 1.1x
IDICO Corp	4.1	+8.4%	NPAT dropped to USD6.2mn (- 42% YoY) in 1Q203; better results expected in 2H2023 due to recently signed contracts. 2023PE of 6.6x
Hoa Phat Group	4.0	-2.2%	5M2023's sale volumes reached 2.36MT (-31% YoY) of which construction steel volume was 1.36MT (-33% YoY). 2023PE of 15.6x
Vietcombank	3.9	+3.8%	The bank plans to increase share dividends over the next two years, and undertake a private placement. 2023PB of 2.6x

Total 65.4
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 st 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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