

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	303.0 pence
NAV	360.0 pence
	\$4.562
Discount / Premium	-15.8%
Total Net Assets	\$125.9m
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	27
Median Portfolio Market Cap	\$1,144m
Foreign Ownership Limit Stocks*	31.6%

Thematic Exposure

Industrialisation	30%
Domestic Consumption	12%
Urbanisation	15%

	2023E	2024F
EPS Growth	18.6%	21.6%
P/E Ratio	9.4	7.9

*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	1.3%	24.3%	22.4%	8.5%	10.4%
Vietnam All Share Index (VNAS)	0.3%	24.4%	14.1%	5.3%	8.7%

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 – Vietnam’s moment in the sun

Vietnam enjoyed further stock market gains and GDP growth in August, setting up a shiny backdrop for US President Joe Biden’s recent milestone visit to Hanoi, where he said ties between the two countries have ‘entered a new stage’.

Not only have the economic reforms and commitments to stamping out corruption paved the way for Vietnam’s comeback this year, but the government also has been proactively enhancing its relations with several countries, including the US, its largest export market. Vietnam has what it calls a ‘comprehensive strategic partnership’ currently with China, Russia, India, and South Korea and is preparing to upgrade its diplomatic statuses with Australia and the United Arab Emirates (UAE) by the end of the year. These evolving agreements are already leading to increased FDI and manufacturing activity in Vietnam, with the August Purchasing Manager Index survey by S&P Global reporting the first month-on-month improvement in new export orders and production after five consecutive months of declines due to cooling global demand in key products, such as electronics and textiles.

Another moment in the limelight in August was when the electric vehicle maker VinFast made its celebrated debut on the Nasdaq’s Global Select Market, making it the largest Vietnamese company by market capitalisation. Its valuation briefly reached an extraordinary US\$200 bn, on extremely thin float and trading, making it the same size as Toyota and 50% more than Boeing. It has since retreated to US\$40 bn.

Despite stock fluctuations throughout the month, Vietnam’s equity market stood out compared with global bourses, which as a whole saw their second worst month of the year. The VN Index was up +19.2% for the first eight months of 2023, outperforming

its neighbours by a long range with Thailand’s SET and Indonesia’s JCI down -7.1% and up only +3.4%, respectively, for the same period. Technology and financial services were Vietnam’s top performing sectors, though industrials, consumer, and real estate also extended strong gains (ongoing since May) and continue to be trading at attractive valuations versus peers in the region. VNH’s biggest holding, FPT, was the country’s best performing stock in August, rising by 12.3%. Year to date the Fund is up 24.3%, in line with the Vietnam All Share Index, but is significantly ahead of its London-listed peers.

We expect this positive momentum in the broader market to carry on given the continued low interest rate environment and improving company earnings for upcoming quarters. While high volatility is also expected to persist, given the significant participation of retail investors, we view this as a positive factor for the long-term development of Vietnam’s equity market. Although valuations have risen this year, this is offset by a positive outlook for earning’s growth through the rest of 2023 and into 2024.

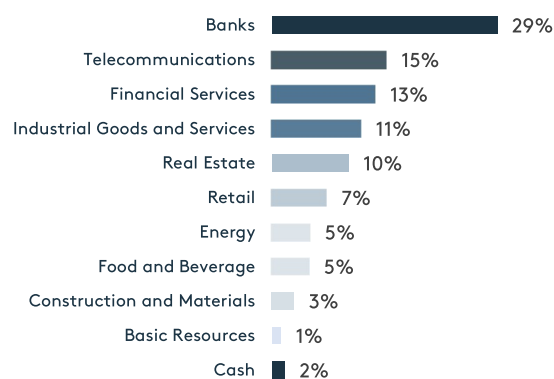
Additionally, Vietnam’s stock exchange is accelerating the implementation of the new KRX trading system – expected by December 2023 – for facilitating the deployment of new products, facilitating even greater trading levels, faster settlement and enabling the eventual removal of ‘pre-funding’ of stock trading accounts. This is seen by many as one of the key steps for Vietnam getting its own upgrade from frontier to emerging market status and ever so sought after place in the MSCI EM Index.

We will be available to meet investors in the UK from 17th to 23rd October – please contact us or the fund’s Corporate Broker if you would like more information, or to arrange a meeting.

Top 10

Investments	NAV %	% +/-	Manager Comment
FPT	14.6	+12.3%	Net profit after tax (NPAT) for 7M2023 was VND4.3tn (+18% YoY) driven by global IT services demand from Japan. 2023PE 18.2x
Sacombank	6.5	+10.9%	1H2023's NPAT surged 84% YoY to VND3.8trn, driven by expansion of Net Interst Margin (NIM) from 2.2% to 4.1%. 2023PB 1.4x
MBbank	5.4	-3.5%	In 1H2023 MBB posted a modest NPAT growth of 8% YoY to VND12.7trn due to NIM contraction. 2023PB 1.0x
Vietcombank	5.4	-4.3%	In 1H2023 VCB recorded a strong NPAT growth of 18% YoY to VND16.4trn with YTD loan growth of 2.9%. 2023PB 3.1x
PV Technical Service	4.9	+1.5%	1H2023's NPAT and minority interest of VND439bn rose +97% YoY driven by higher services revenue recognition. 2023PE 17.6x
Gemadep	4.6	+5.1%	1H2023's NPAT of VND1,848bn rose +229% YoY due to a one-off gain from the divestment of Nam Hai Dinh Vu Port. 2023PE 7.8x
Asia Commercial Bank	4.5	-3.2%	In 1H2023 ACB posted a moderate NPAT growth of 11% YoY to VND8.0trn, weighed down by rising provision expenses. 2023PB 1.2x
SSI Securities	4.4	+10.8%	SSI, a leading stock-broker with -10% market share, posted 1H2023 NPAT of VND1,070bn, -5.1% YoY. 2023PE 25.3x
Phu Nhuan Jewelry	4.0	-4.6%	In 7M2023, PNJ reported revenues of VND 18,823bn, -9.2% YoY and net profit of VND 1,171bn, +0.3% YoY. 2023PE 14.0x
VPBank	4.0	-7.0%	1H2023's core NPAT declined 24% YoY due to increasing provision expenses and non-performing loans (NPL). 2023PB 1.3x

Total 58.3
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	Apex Group (Guernsey)
Custodian	Standard Chartered Bank

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