



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

Share price	206.0 pence
NAV	256.1 pence \$3.534
Discount / Premium	-19.6%
Total Net Assets	\$151.5m
Shares in Issue	43m
Portfolio managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of investments	29	
Median Portfolio Market Cap	\$832.8m	
Foreign Ownership Limit stocks*	44.2%	
Thematic exposure		
Industrialisation	34%	
Domestic Consumption	13%	
Urbanisation	15%	
	2020	2021F
EPS Growth	19.8%	23.9%
P/E Ratio	12.4	10.2

* Percentage of portfolio in stocks at their Foreign Ownership Limits

Performance

USD (%)	1 month	Year-to-date	5 year (CAGR)	10 year (CAGR)
Vietnam Holding NAV	1.1	10.4	8.9	11.9
Vietnam All Share Index (VNAS)	2.8	12.3	14.4	9.1

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 – Unmuting the sustainability discussion in Vietnam

The pandemic has accelerated many global trends, and the increasing importance of investing for a more sustainable future is one gaining much momentum in Vietnam. Although environmental, social and governance (ESG) criteria have been fully integrated into VNH’s investment process for over a decade now, we’re seeing a new wave of forces moving sustainability up the Board agenda in Vietnam as more investors and regulators wake up to the urgencies of climate change and its material impact on people and the planet. As a responsible investor and pioneer of ESG investing in Vietnam, we appreciate how integral our stewardship role for each of our investee companies is in helping them achieve their sustainability goals. This is why we are pleased to reveal the findings of our latest independent carbon footprint assessment, which shows that our portfolio was 41% less carbon intensive than its benchmark, the VN All Share Index, for each US\$100 invested in the year ending December 31st 2019.

The assessment was conducted by Vietnam Energy and Environment (VNEEC), a climate change specialist firm in Ha Noi City, which established that the carbon footprint of the VNH portfolio is 18,003 tCO_{2e} compared with an investment of the same size in VN All Share being 30,396 tCO_{2e}. It is essential that we track our progress in low-carbon investing and keep a pulse on how companies across sectors are dealing with upcoming regulations on reporting on GHG emissions and reductions. VNEEC, which uses an internationally recognised methodology for the reports, will release the findings for 2020 in June. With exports growing fast and a US\$2 bn trade surplus continuing in March 2021, Vietnam is making more of a name for itself in global value chains. As such, companies will be under greater pressure by stakeholders to be more transparent about their ESG risks.

In addition, the government – with its new leadership announced - has revised the Law on Environmental Protection (LEP) with more detailed provisions on climate change, including promoting climate change mitigation and regulating the roadmap for Vietnam’s pledge to reduce GHG. The revisions, which come into effect later this year, were a must for conforming to recent trade agreements and other socio-economic commitments made over the past year in particular. One of our more recent investments is HSC, the first broker in Vietnam to produce a research report on ESG in August 2020. It explored how companies that are more ESG aware have better supply chain resilience and corporate governance. “It stands to reason that companies which are focused on the long-term are better managers of investors’ capital, more able to minimise volatility and risk in their operations and therefore better positioned to generate longer-term returns,” the report stated. We share this view and believe that our ESG approach and analysis of financial and non-financial risks enables us to better understand how a company creates and delivers value for its stakeholders now and into the future. According to the International Monetary Fund, Vietnam’s GDP growth forecast is still set to reach 6.5% in 2021, and economic indicators from March show that manufacturing continues to recover strongly. Nevertheless, the IMF is one of many also saying that Vietnam needs to catch up on the sustainable infrastructure front and roll out more reforms aligned with the UN’s SDGs if it is to continue attracting new foreign players. We are seeing more opportunities for SDG investment in Vietnam, in this respect, particularly in transport infrastructure, green real estate, and improved digital access. In our view, ESG is already becoming less of a trend and more mainstream for companies everywhere in the world if they are to survive the fast-changing landscape this decade brings.

The Fund’s NAV for March was up +1.1% and +10.4% for Q1 2021. Since the start of the financial year in July 2020, the NAV per share has risen 53.1%.

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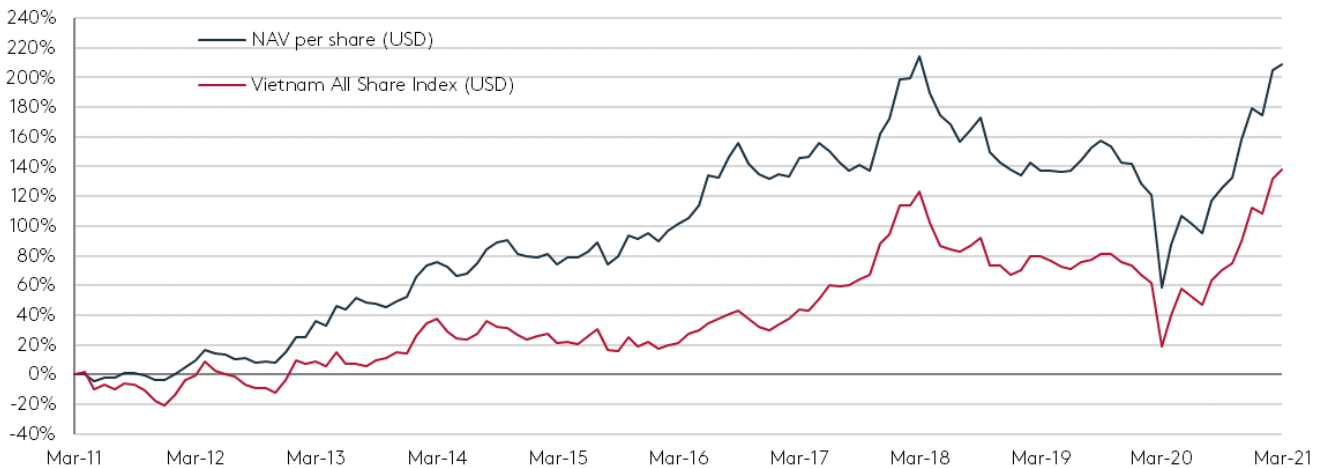
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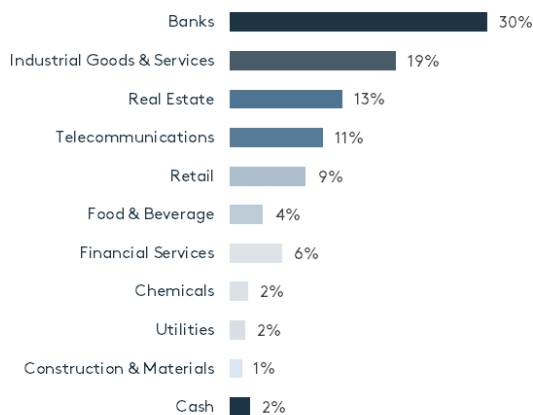
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	10.9	+1.7%	Robust growth in Net Profit After Tax (NPAT) during first 2 months (+21.5% YoY); 2021PE 15.9x
Vietin Bank	9.4	+7.5%	Preliminary estimates of Q1 pre-tax profit of ~US\$325 million imply c150% YoY growth; 2021F PB 1.5x
Hoa Phat Group	8.9	+2.4%	2021 business plan forecast revenue and profit growth of 33%; 2021PE 9.6x
VP Bank	7.5	+11.4%	Preliminary estimates of Q1 pre-tax profit of ~US\$174 million imply 37% YoY growth; 2021F PB 1.7x
Vinhomes	5.4	-4.5%	Profit growth appears to be tapering in 2021; 2021PE 10.8x
MB Bank	5.4	+1.6%	Preliminary estimates of Q1 pre-tax profit of ~US\$200 million imply 110% YoY growth ; 2021F PB 1.4x
Gemadep Corp	4.7	+0.8%	Gemalink (new port)2021 volume est. at 1.2 mil TEUs, 80% capacity utilization; 2021F PE 15.9x
Mobile World	4.6	-4.2%	NPAT for 2 months grew 18%YoY, FY2021 NPAT f/c to grow by 21% YoY; 2021PE of 11.6x
Khang Dien House	4.4	-4.8%	New projects delayed by legal formalities, single-digit earnings growth f/c in 2021; 2021PE 13.5x
Phu Nhuan Jewelry	4.3	+0.2%	2021 business plan targets growth in revenue and NPAT of 20% and 15% YoY, respectively; 2021PE 16.4x

Total **65.5**

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 (w.e.f 1 st Nov 2020)	1.75% on NAV below \$300m 1.50% on NAV \$300-600m 1.00% on NAV above \$600m
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

Disclaimer

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