



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	149.0 pence
NAV	185.7 pence \$2.486
Discount / Premium	-19.8%
Total Net Assets	\$126.1m
Shares in Issue	51m
Portfolio managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of investments	24	
Median Portfolio Market Cap	\$729.4m	
Foreign Ownership Limit stocks*	45%	
Thematic exposure		
Industrialisation	39%	
Consumer	14%	
Urbanisation	23%	
	2020F	2021F
EPS Growth	9.6%	20.2%
P/E Ratio	9.8	8.3

* 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	10.0	-10.3	4.6	6.6
Vietnam All Share Index	10.2	-5.7	7.0	3.9

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 – A month with strong momentum

A fascinating report, *Next Generation Vietnam*, released in August by the British Council, showed that 40% of Vietnamese 16-to-30 year-olds plan to start their own business. The research, conducted in 2019 before coronavirus struck, also pointed out that the next generation shares three of the top priorities their mothers had in a survey a couple years earlier: food security; access to clean water; and access to higher education.

Ho Chi Minh City Securities Corporation (HSC) became the first brokerage in Vietnam to release a report on the rising focus on environmental, social and governance (ESG) in the country, and highlighted how Vietnamese companies committed to sustainability solutions are proving more resilient throughout the COVID-19 crisis.

Although unrelated, these reports represent another reminder of the driving forces behind Vietnam’s road to recovery. Whilst COVID-19 has pulled at the reins on Vietnam’s exponential growth over the past three decades, it also has accelerated themes that are already shaping its future. Indeed, one news item that hardly received any notice during lockdown in April was the approval of a free trade agreement between the European Union (EU) and Vietnam. It is unique because it includes certain ESG provisions, for example: property protection, labour rights and sustainable development. Singapore was the only other nation in the region to seal this kind of trade agreement with the EU. The inclusion of labour rights and sustainability criteria will ultimately strengthen the value of ESG measures in Vietnamese companies and lead them to think more long-term.

From an investment point of view, we have an important role to play in guiding companies on how to progress in this respect. It is

our responsibility to carry out effective stewardship and encourage company boards to consider what we believe in. During the pandemic, we added to Vinamilk (VNM), which was an early adherent of good corporate governance and has involved foreign specialists as supervisory and main board of directors for more than 12 years now. VNM has attracted significant investment from regional strategic investors largely due its long-term performance and increasingly robust ESG reporting methodology. FPT, one of the biggest contributors in August, is another company with an open-door to foreign non-executive directors as a means of enhancing its corporate governance and resiliency.

Many of our top-ten holdings performed strongly in August, contributing to a monthly fund return of 10%, in-line with the Vietnam All Share Index gain of 10.2%. Despite more short-term disruptions caused by a second wave of COVID-19, local investors returned to the market. In addition, Vietnam’s exports and imports increased by 2.4% and 2.5% year-on-year, respectively. With an additional US\$3.5 bn trade surplus in August, Vietnam’s accumulated trade balance for the first eight months of 2020 was US\$11.9 bn, more than double that recorded over the same period in 2019. As for FDI, it was in line with expectations, however Vietnam’s PMI went down to 45.7 given sluggish global demand. Looking ahead, further targeted restrictions and travel bans are bound to hamper the economy as COVID-19 lingers. GDP growth forecasts have been trimmed to 2.5%.

In our view, Vietnam will also remain an attractive destination for international companies looking to relocate from China because of the trade war with the US and growing geopolitical uncertainties. The way Vietnam dealt with the first wave of the virus has given the world a lot of confidence in the country, and it can bank on that moving forward.

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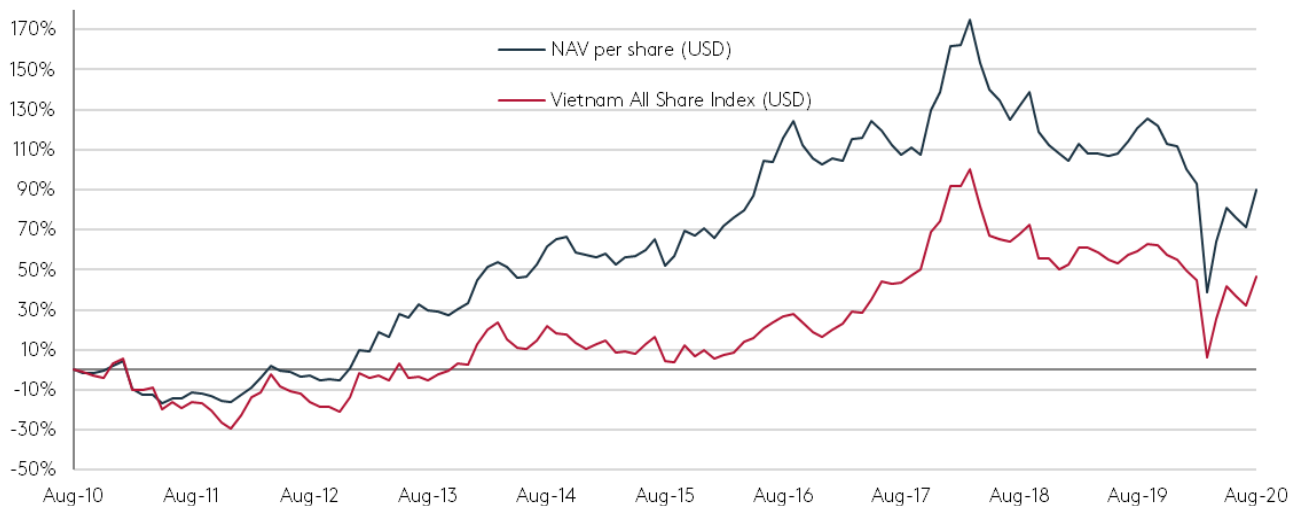
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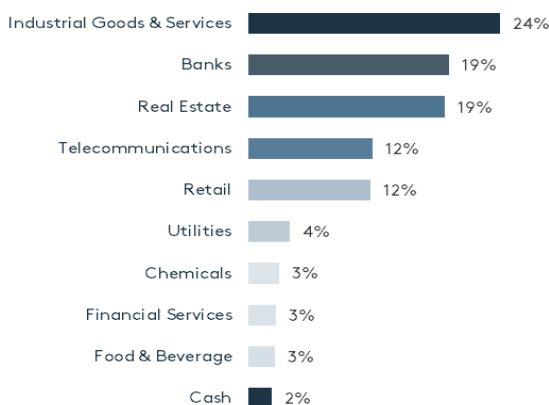
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	11.9	+12.0%	Margin improvement across core segments; 14% YoY earnings growth in 7M2020; PE 11.9x
Hoa Phat Group	8.7	+11.1%	Impressive volumes of 500,000 Tonnes of construction steel sold in Aug, +65% YoY, PE 8.5x
Mobile World	7.4	+25.7%	Net profit dropped by 2% YoY in 7M2020. 1,561 mini marts now in operation, PE 11.3x
Vinhomes	6.7	+9.0%	1H NPAT down by 1.3%, fulfilled 35% of year target, developing mega projects, PE 10.5x
Khang Dien House	6.4	+2.5%	Firmer outlook on 2H2020 earnings as project handovers are on schedule, PE 12.9x
ABA Cooltrans	4.8	+0.0%	7M2020's EBITDA grew by 45.2% YoY and fulfilled 98% of the 7M EBITDA target.
Vietin Bank	4.6	+7.3%	One-off gains and easing of provisioning could boost earnings in 2H2020, PB 1.2x
Vietcombank	4.3	+18.8%	Expected lower provisions could offset declines in Net Interest Margin in 2H2020, PB 3.4x
Phu Nhuan Jewelry	4.3	+16.5%	Post-lockdown recovery in earnings continues; 7M retail gold jewellery sales +4%YoY; PE 15.7x
Gemadep Corp.	4.2	+13.3%	Second largest container port operator once new deep-sea port commences in Q4; PE 14.8x

Total **63.3**

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	1.50% on NAV below \$300m 1.25% on NAV \$300-600m 1.00% on NAV above \$600m
Incentive Fee	12% (hurdle rate 8%)
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

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