

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	290.0 pence
NAV	331.1 pence
	\$4.076
Discount / Premium	-12.4%
Total Net Assets	\$117.1m
Shares in Issue	29m
Portfolio Managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of Investments	21
Median Portfolio Market Cap	\$2178.7m
Foreign Ownership Limit Stocks*	50.5%

Thematic Exposure

Industrialisation	33%
Domestic Consumption	16%
Urbanisation	12%

	2022E	2023F
EPS Growth	20.1%	25.3%
P/E Ratio	8.7	7.3

*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	11.1%	11.1%	15.9%	3.5%	11.0%
Vietnam All Share Index (VNAS)	11.5%	11.5%	9.2%	0.3%	7.1%

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 – Just the Beginning

January provided some interesting insights into what is to come in Vietnam in 2023. As liquidity continued to improve and FX risks stabilised, political events hogged headlines with the extraordinary resignations of two (out of the four) deputy prime ministers – one in charge of diplomacy and the other of public health – in the first week of the month alone. News of both being linked to mishandlings of Covid-19 supplies and repatriation flights had been brewing over recent months, and in an unprecedented twist, the Party Central Committee went on to also announce that the President, Nguyen Xuan Phuc, would be resigning from all his positions, including the Politburo – the highest policy-making body – for “violations and wrongdoing” by officials under his control.

Despite the noise, retail sales remained upbeat thanks to the Tet holiday and while Vietnam’s manufacturing sector lost some momentum, more to do with global economic uncertainties, it was the country’s biggest FDI industry recipient in January with 153 new projects and additional registered capital of US\$ 1,200m, according to the Ministry of Planning and Investment. FDI disbursement is at an all-time high with public investment also accelerating and clearly becoming a key growth driver for Vietnam moving forward.

VNH’s NAV was +11.1% for the month, slightly lower than the index. This followed the Fund’s outperformance of the Vietnam All Shares Index (VNAS) for the 2022 calendar year, with its NAV declining 30.1% versus the VNAS’ decline of 39.8%. Strong double-digit growth in Retail stood out in 2022, and we expected that to continue in the lead up to Tet. In January, VNH benefitted from its overweight in outperforming banks, STB, ACB and MBB, as well as its underweight in Real Estate, keeping to our conviction that banks were oversold in 2022 and that real estate companies would face increasing headwinds due to the lagging impacts of rising interest rates. The Fund’s overweight in Industrials – IDC (up +28.4%) and GMD (up +17.7%) – along with its continued convicted positions in Telecoms and Retail, also all paid off.

We feel optimistic about a more stable VND in 2023 as external and internal risks have reduced, but also expect divergence of EPS growth among sectors and stocks to increase.

Additionally, on top of very attractive valuations, market liquidity also continues to move in the right direction following the indiscriminate selloffs and short-term shocks of 2022. Foreign investors net bought US\$ 179m in January and we saw a come-back of both foreign and local participants in the equity market. As with several ASEAN countries, Vietnam is kicking off 2023 in a strong position to outstand the rest of the world in terms of GDP growth – forecasted at 6.5% for the year.

However, companies will need to strengthen their corporate governance – their internal controls, due diligence, organisational structure, culture, and transparency – if they are to maintain resilience given the global uncertainties and black swans that persist in today’s poly-crisis norm. This is something we continue to work on with investee companies and Vietnam’s business community at large. As many companies look to expand, take advantage of new technologies and access necessary capital to help them grow and innovate, long-term performance has become much more contingent to how they address environmental, social and governance (ESG) matters. Although challenges remain, Vietnam is unarguably on a positive path with considerable potential for building a more sustainable economy and society.

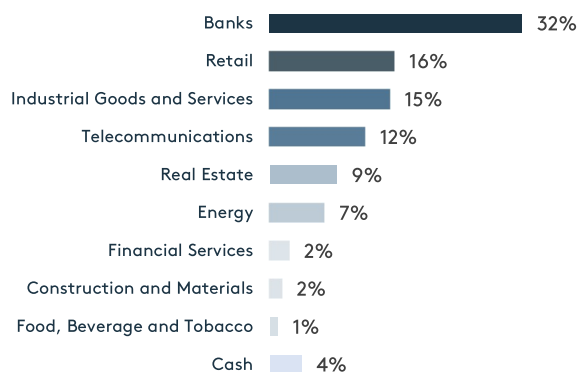
As most of its backbone industries are ESG intensive – this includes the steel and rapidly expanding manufacturing sectors – Vietnam has a lot at stake compared to neighbouring countries. Through our engagement with companies, we see a growing recognition that the integration of ESG principles not only enhances a company’s reputation, but if properly put into practice also creates more positive outcomes for stakeholders. The government’s launch of the Sustainable Development Strategy of Vietnam, the One Strategic Framework for Sustainable Development Cooperation, and the Vietnam Corporate Sustainability Index are already raising awareness, in this respect. In addition, over recent months, and weeks, we see government authorities also passing more laws related to environmental protection, sustainable development, and corporate social responsibility. If the last year tells us anything, it is that enforcement of these will be real.

We thank-you for your continued support.

Top 10

Investments	NAV %	% +/-	Manager Comment
FPT	12.2	+9.4%	2022 Net profit after tax (NPAT) reached USD 275 mn (+21.1% YoY). Outsourcing services PBT increased by 28%. 2023PE 13.7x
Phu Nhuan Jewelry	9.9	+1.8%	2022 NPAT of USD 76 mn (+77.6% YoY), in which retail sales increased by 79.7%. 2023PE 12.5x
Sacombank	9.1	+21.4%	2022 NPAT increased 48% YoY mainly driven by NIM improvement (+76 bps to 3.35%). 2023PB of 1.2x
Gemadep	8.2	+17.7%	2022 NPAT & minority interests surged 63% YoY, boosted by its core businesses. 2023PE 6.6x
Mobile World	6.0	+9.2%	2022 NPAT contracted by 16.3% YoY mainly due to capex write-offs & weaker consumption. 2023PE 13.9x
MBbank	5.5	+15.2%	2022 NPAT grew 37.5% YoY boosted by 26.7% loan growth & high NIM (+63 bps to 5.72%). 2023PB of 1.0x
VPbank	5.4	+9.5%	2022 NPAT soared 55% YoY mainly thanks to one-off gains from a bancassurance deal. 2023PB of 1.1x
Vietinbank	5.1	+12.8%	2022 NPAT was up 20% YoY, derived from 12.7% loan growth & reducing NIM (-3 bps to 2.99%). 2023PB of 1.1x
Vinhomes	4.3	+6.9%	2022 NPAT recorded negative growth of 26.3% due to challenges in the property market. 2023PB 1.3x
PV Technical Service	4.0	+20.5%	2022 NPAT and minority interests surged 28.5% YoY thanks to the strong growth of the M&C segment. 2023PE 11.2x

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 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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