



Vietnam's Prominent Role in the Global Supply Chain

Wednesday 8th June 2022

10:00 - 10:45 AM UK



The Webinar will start shortly..

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1. Introduction

2. Vietnam's Macroeconomy and Equity Market

3. A sustainable portfolio in Vietnam

4. Gemadept: logistics champion

5. Summary and Q&A



<p>Closed-end fund listed on LSE Main Market (\$140m)</p>	<p>Open-end fund (c.\$30m)</p>	<p>Partner owned Manager with locally based team</p>	<p>+16.0%* p.a. over 10 years <i>Vietnam All Share +12.3% ** p.a.</i></p>
<p>Nimble stock selection, actively managed, high-conviction portfolio with integrated ESG</p>			
<p>24 holdings Largest holding 11.5% Zero gearing</p>	<p>carbon footprint 32% lower the Index</p>	<p>Thematic exposures: 29% Industrialization 16% Consumer 18% Urbanization</p>	<p>72% Active Share (3y avg.) 30% mid & small-cap 63% large-cap <i>VN All Share split (30%/70%)</i></p>

Made in Vietnam

Asia's Emerging Champion



Population



98.5mn
Population
15th in the world



32.5 years
Median age
Youngest in ASEAN



85%
Ethnic Kinh
Stable socio-political environment



98%
Literacy rate
2nd highest among top 10 investible FM countries



>77%
Internet penetration
30% per annum growth in e-commerce



37%
Urbanization rate
Rapidly increasing

Economy



2.58%
2021 GDP growth
30-year average 6.7% pa



USD31.2bn
2021 FDI influx
The 2nd largest share in ASEAN



2x GDP
Total trade
\$645 billion in 2021



USD3,000
2021 GDP per capita
High and stable growth



1.8%
2021 Inflation
Stable macroeconomic



15
FTAs concluded
2 FTAs in negotiations

Key export products

- Smartphones & Accessories
- Textiles and garments
- Computer & Electrical Products
- Machinery & Equipment
- Food and soft commodities
- Footwear
- Furniture
- Construction Materials



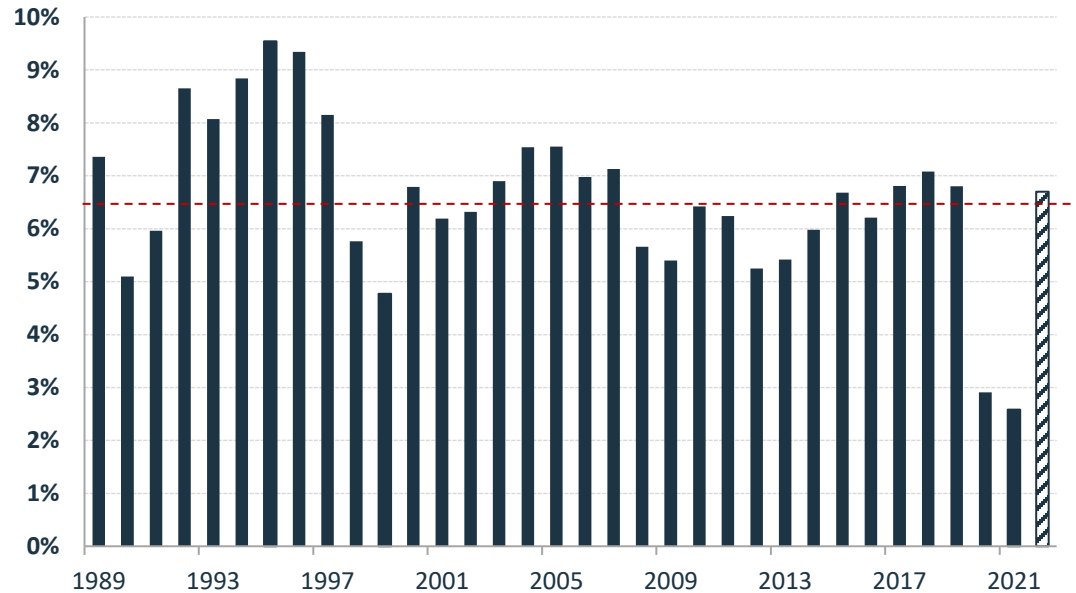
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Vietnam Macro

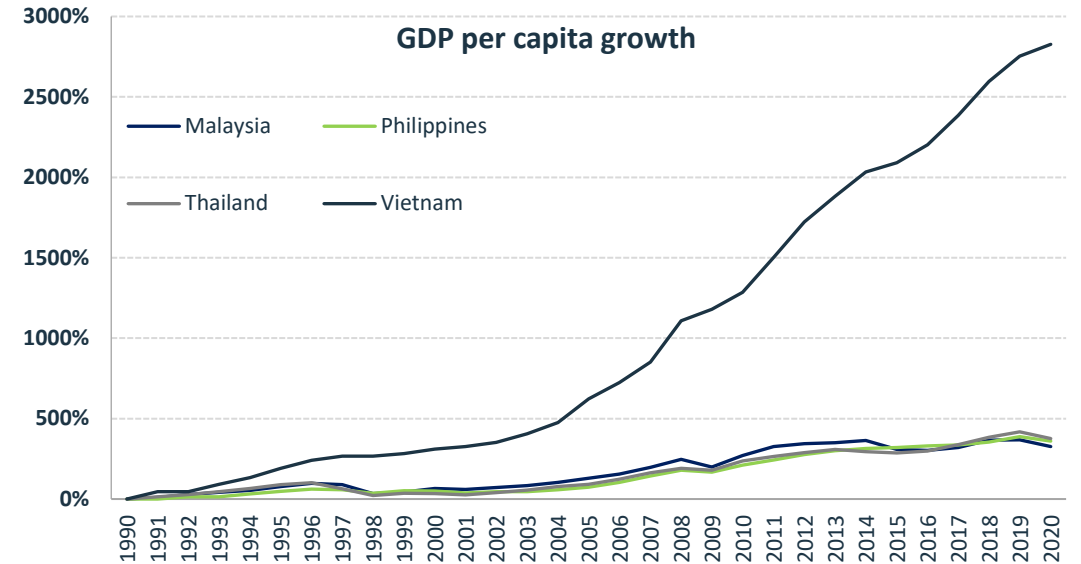
One of the Highest GDP Growth Countries in the World



High and stable GDP growth over last 30 years



GDP per capita accelerating (USD)



- GDP growth is among the highest in the world
- By 2050, Vietnam will be in the top 20 economies in the world
- Domestic growth makes the economy more resilient
- Rapid levels of urbanization and industrialization providing growing investment opportunities in real estate development and industrial services

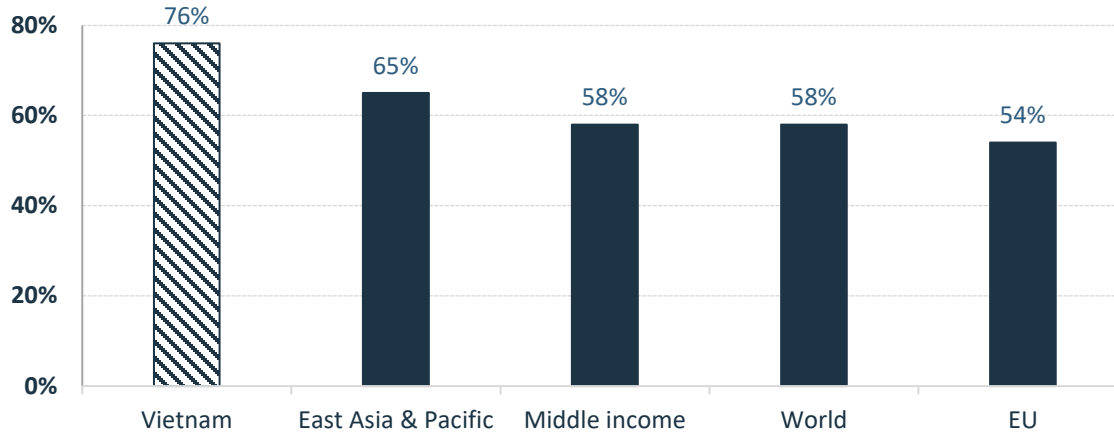
- Vietnam GDP per capita trebled since joining the WTO in 2007
- Growing middle class and increasingly consumer-driven society
- China and Thailand doubled its GDP per capita from where Vietnam is today in 5 years and 7 years, respectively
- Inflection point in growth - Vietnamese consumer power could double by 2035 – with increased demand for consumer goods through rapidly growing modern trade and retail chains

Vietnam

Favorable Demographics Driving the Opportunities

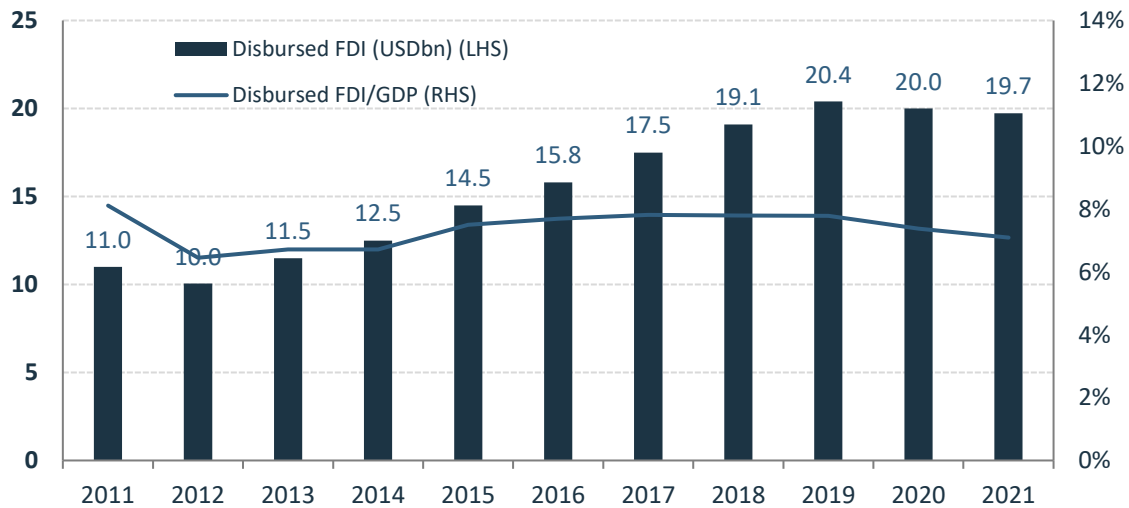


Among highest Employment to Population Ratio (%) in the world



- Young and large population
- Industrious workforce
- Manufacturing labor cost is just about half of China and two-thirds of Mexico

Strong and sustainable influx of FDI (USD bn) with 10-y CAGR 6.0%



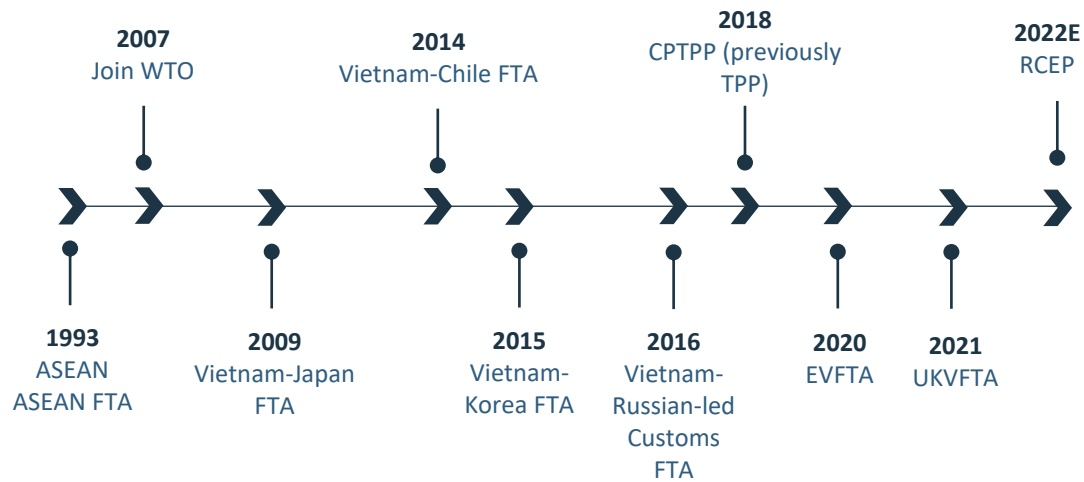
- Strategically located in the heart of ASEAN and nearby major economies (China, Japan, and Korea) makes Vietnam a manufacturing hub
- Attracting record levels of Foreign Direct Investment (FDI)
- Strategic alternative to China for global sourcing

Vietnam

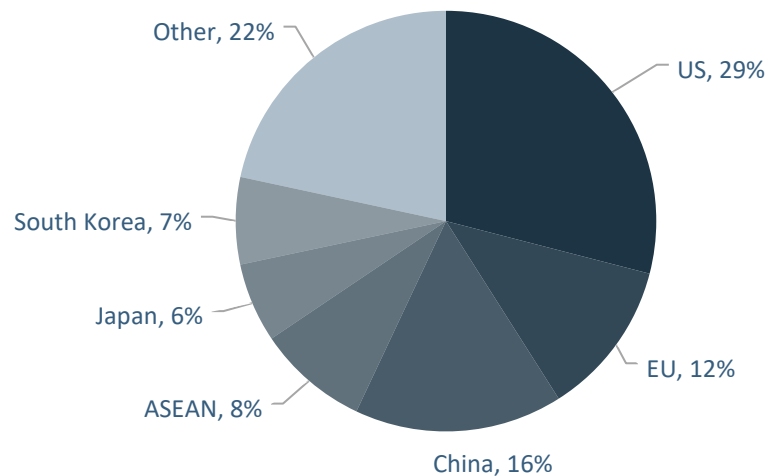
Supportive Policies for A More Open Economy



Increasing foreign trade thanks to FTAs



Well-diversified foreign trade partners



- Total trade as of percentage of GDP doubled to >200% since 2000
- Newly signed CPTPP (Comprehensive and Progressive Agreement of Trans-Pacific Partnership) and Vietnam-EU FTA, EVFTA, and RCEP (Regional Comprehensive Economic Partnership) are expected to boost foreign trade significantly
- In the Global Competitiveness Index (GCI), Vietnam jumped 10-notch from 77th in 2018 to 67th in 2019, being the country, whose score improved the most globally

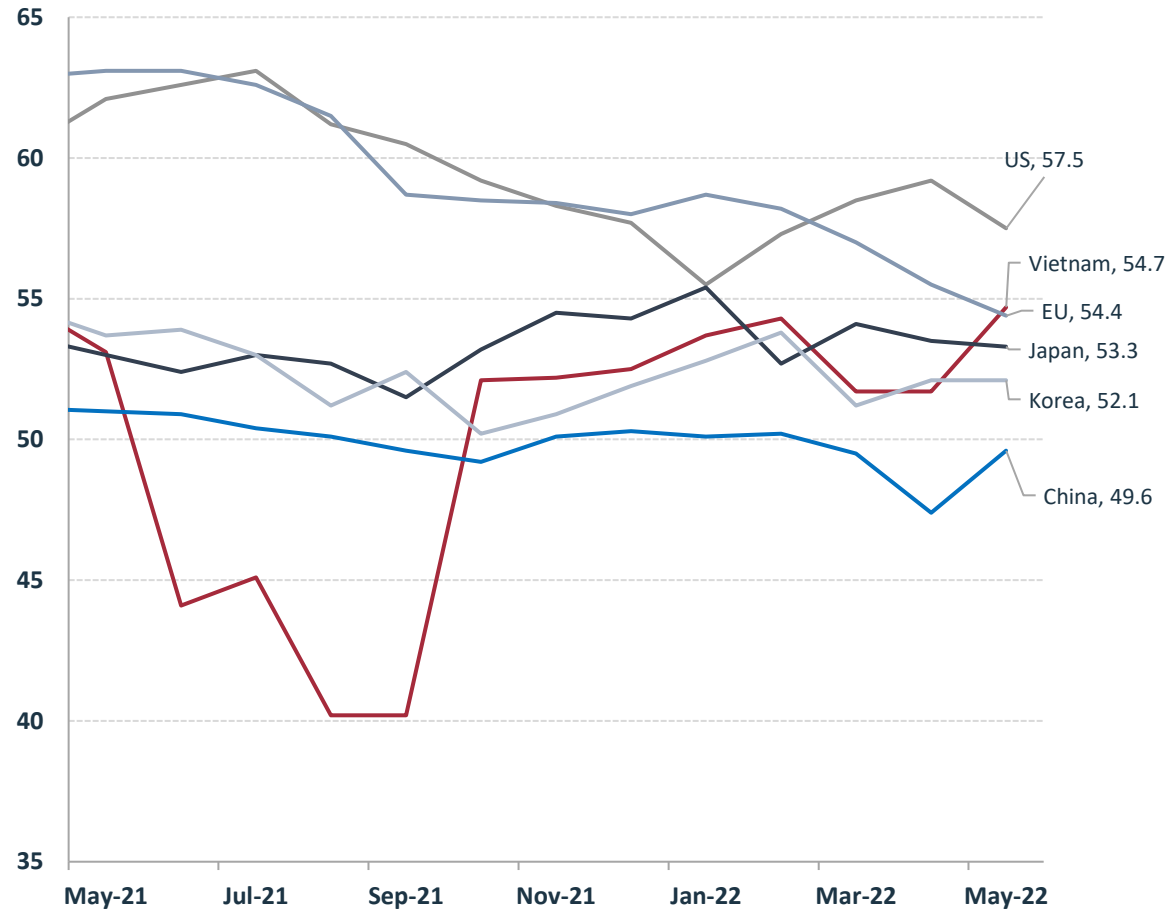
- Healthy growth of trade with all major import and export markets last 10 years
- Diversified pool of trade partners
- Recent surge in exports to the US as a result of trade tensions between the US and China

Macro Review

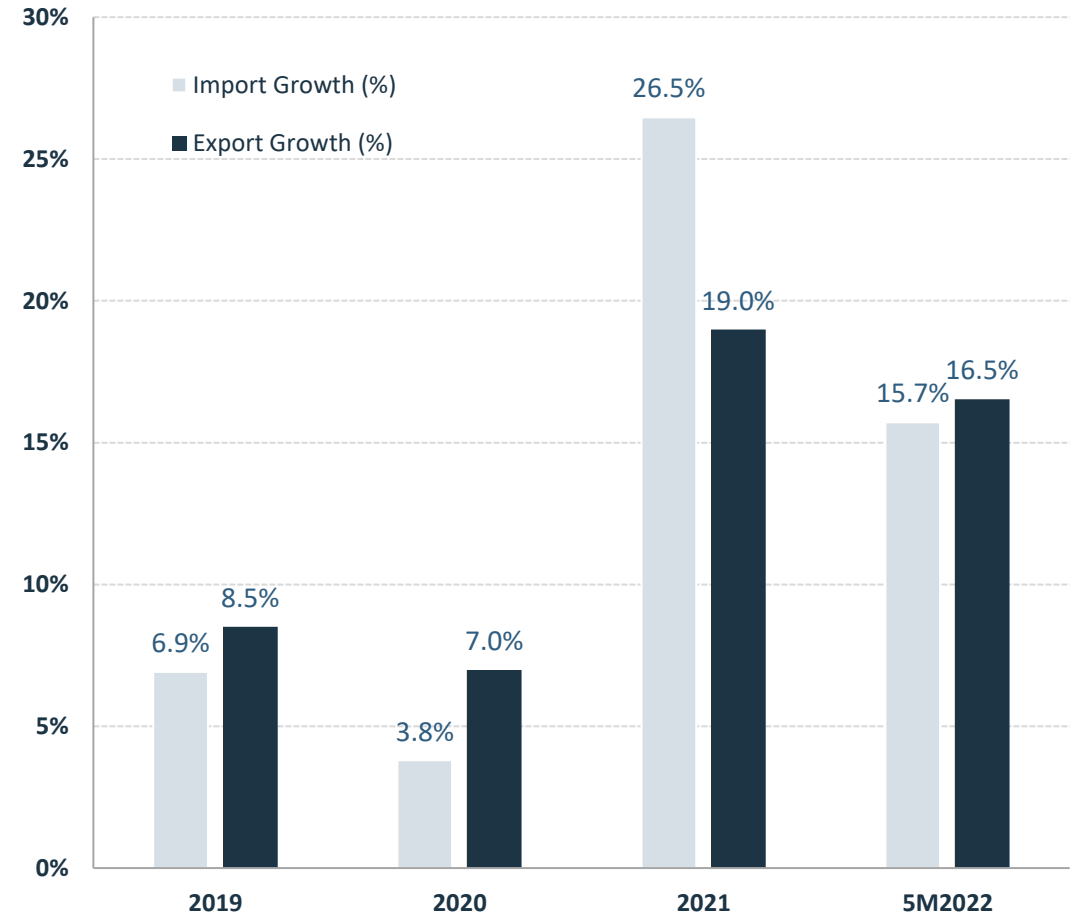
Rapidly Recovering After Covid-19



The manufacturing sector continued to bounce back in Q2-2022



Trade keeps its growth momentum

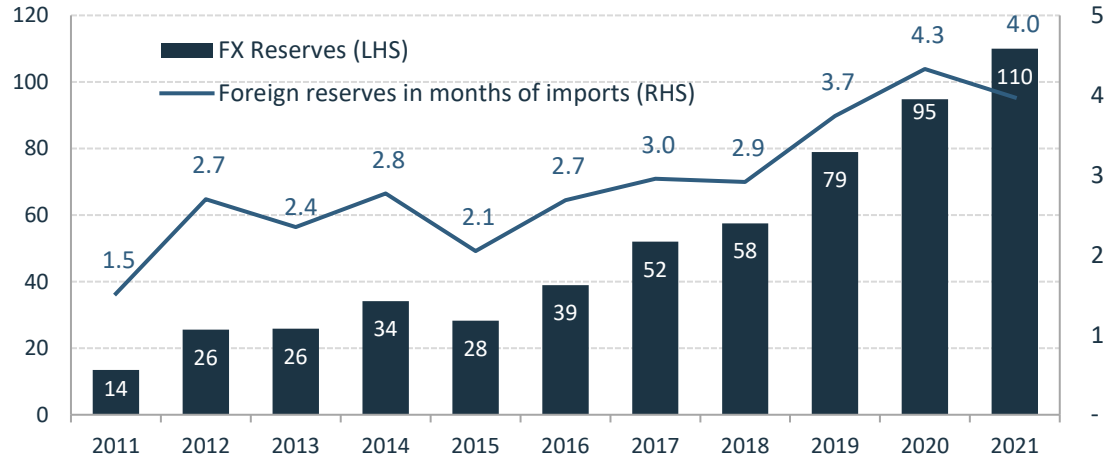


Vietnam

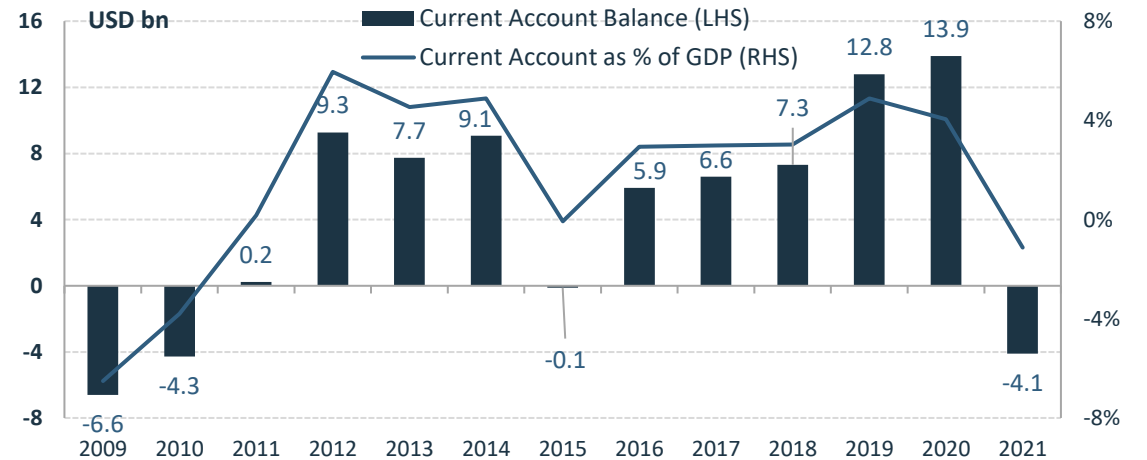
Strong Macroeconomic Conditions Supporting Corporate Earnings Growth



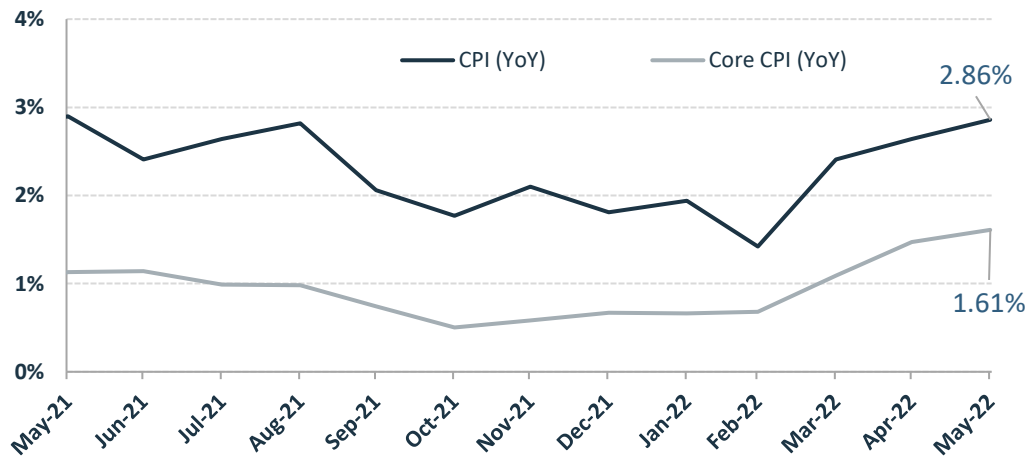
Record high FX reserve (USD bn)



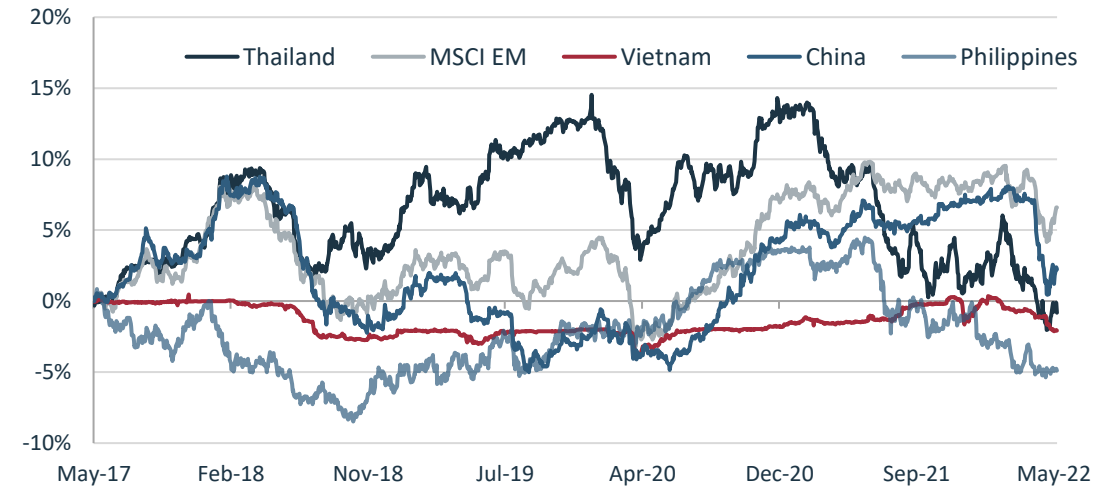
Healthy current account



Inflation under increasing pressure in 2022; targeted 4.5%



VND depreciated slightly in May

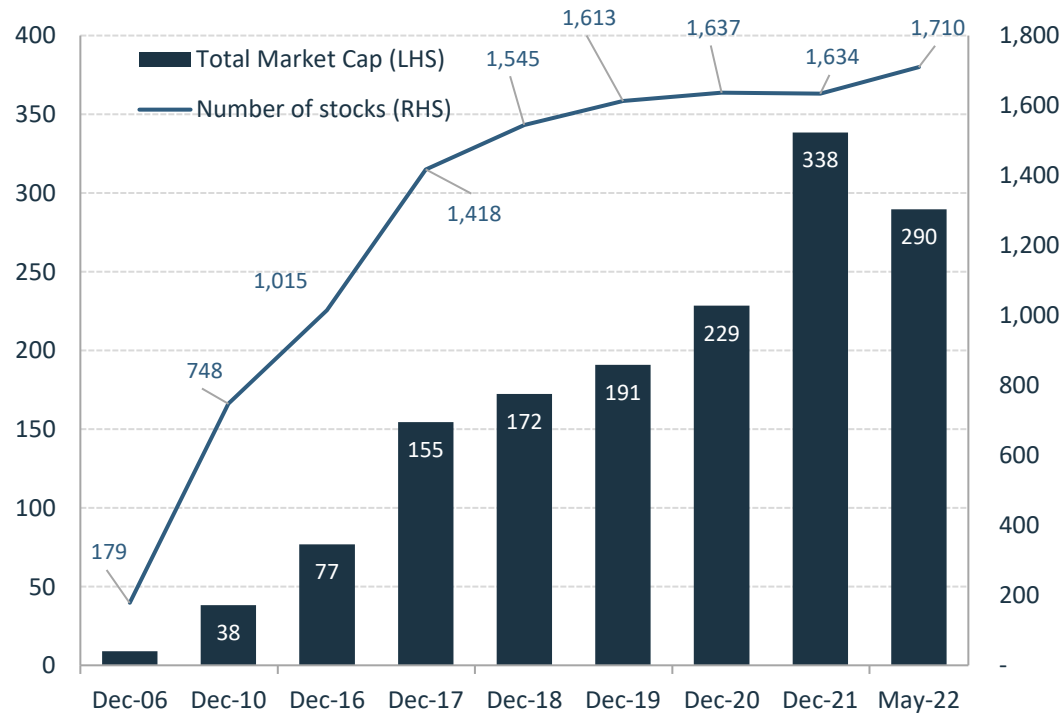


Vietnam Equity Market

Rise of the Retail Investor

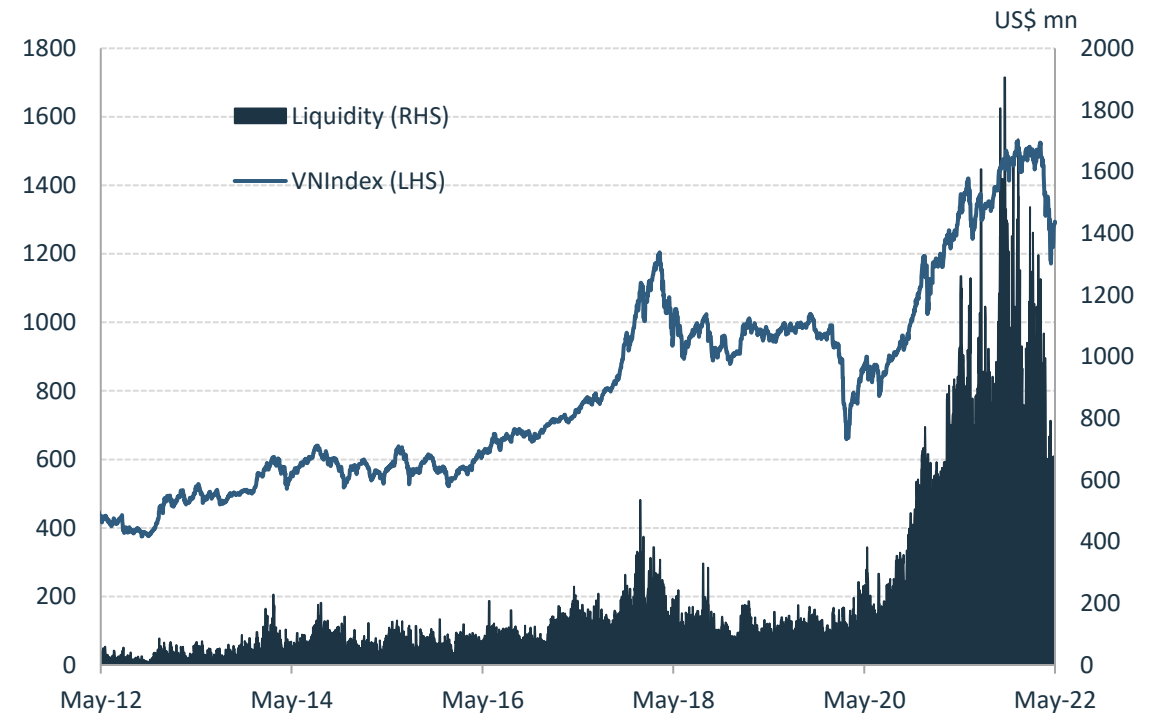


Market capitalization (USD bn)



- Market capitalization grew from \$2bn in 2006 to \$340bn in 2021
- Healthy entrepreneurial-led private sector and overall trend of privatization of public sector

Liquidity expanding rapidly



- 1.5 million new domestic investors in 2021, increasing by 200,000 per month
- Retail investors have driven daily liquidity to 5x the levels of 2019



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**Fundamental
long term
investment
philosophy**

Top down – Bottom up

- Combining top-down and bottom-up strategies for a balanced portfolio
- **Top-down:** Portfolio structuring process integrating macroeconomic forecasts into asset allocation
- **Bottom-up:** Extensive analysis and disciplined investment process

**Integrating ESG into the
full investment cycle**

- ESG integration and commitment to the highest standards of investment management
- Close engagement with portfolio companies

**Disciplined portfolio
construction process**

- Active Weighting of portfolio companies according to the degree of conviction
- Portfolio weights based on macro-economic factors and company specific trends and events
- A balanced portfolio for outperformance and stable return throughout economic cycles

Dynam Capital

Leading edge of responsible investing in Vietnam



Responsible investing drives sustainable growth and manages downside risk

Integrated into established investment process:

- Initial Screening with Dynam's ESG exclusion list
- Proprietary ESG scoring matrix and database
- Detailed ESG due diligence including site visits
- Active ownership and dedicated company engagement process

Focus on Governance - supported by advocacy and training



VNH Portfolio

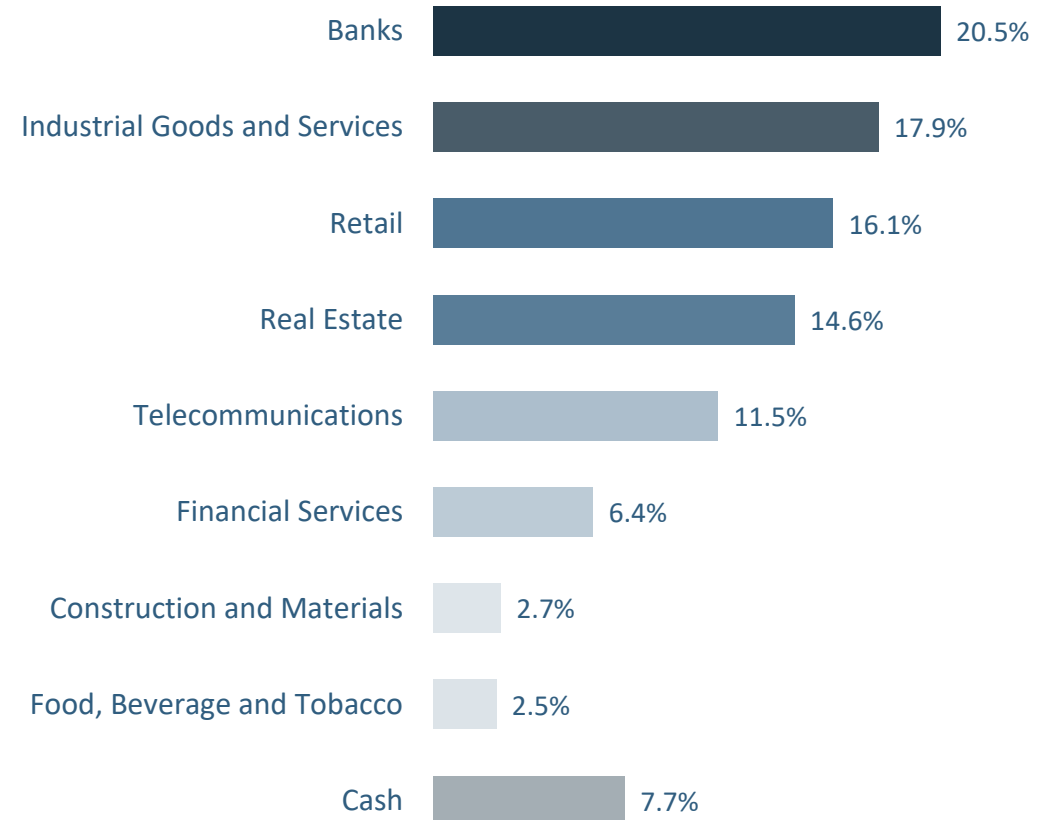
High Conviction/Concentrated Portfolio Across Key Themes of Domestic Consumption, Urbanization and Industrialization



Top Ten Holdings

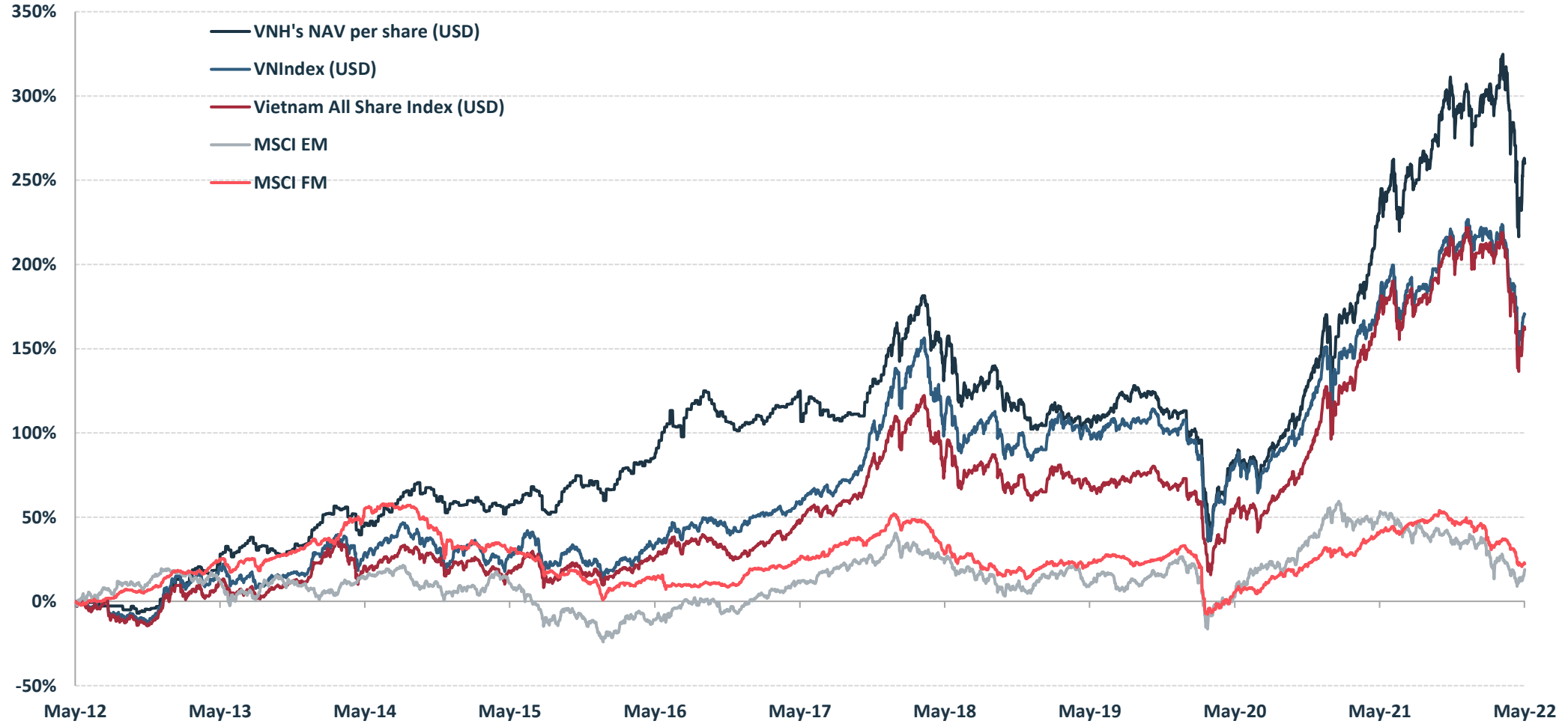
Company	% NAV
FPT	11.5%
Mobile World	8.7%
Gemadept	8.5%
Phu Nhuan Jewelry	6.8%
Hai An Transport	5.8%
MB Bank	5.6%
Khang Dien House	5.5%
Sacombank	5.4%
VPBank	4.7%
VNDirect Securities	4.0%
Total	66.5%

Sector Allocation



Strong portfolio performance

10-year NAV per Share Performance vs. VNAS Index (May 2012 – May 2022)





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Gemadept Corporation(GMD: HOSE)

Logistics Champion



Investment Case

- Gemalink, a deep-water port in the South of Vietnam, commenced operations in January 2021
- Gemadept (GMD) is now the second biggest seaport operator in Vietnam.
- The deep-water port helps GMD capture the structural shift in cargo flows from regional ports to Cai Mep-Thi Vai area.
- Port operations have seen an average growth of 25-30% over the last 5 years.
- The logistics segments of GMD, including its warehouse and maritime shipping services (in JV with CJ Corp from Korea), and air-cargo (through its investment in Saigon Cargo Services), are witnessing a strong rebound in 2022 as the consumer demand recovers.

Business Updates

- In 1Q2022, GMD posted revenue and NPATMI's growth of 27.9% YoY and 86.0% YoY, mainly driven by the improvement in the ports in Hai Phong
- Gemalink reached 85% capacity utilization and generated about USD1.5mn in profit in 1Q2022, versus a loss of USD1.5mn in 1Q2021, and is expected to contribute USD 11mn of profit in 2022
- Container throughput volume in Hai Phong area increased by 10% YoY in 1Q2022 due to the recovery of regional trade, post-Covid
- GMD's main ports in Hai Phong witnessed stellar y-o-y growth in Q1 of 130% at Nam Dinh Vu port, and 7% at Nam Hai Dinh Vu port
- 2022 NPAT is projected to reach USD 42mn, up 62.3% YoY
- GMD currently trades at 2022 PER of 18.9x and EV/EBITDA of 9.6x

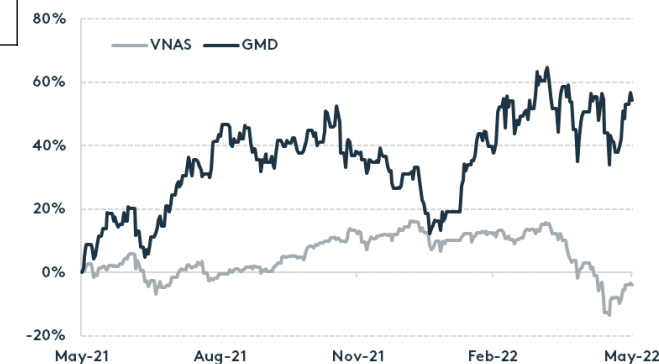
Investment summary	
Date of investment	Aug-19
Invested amount (USD mn)	6.9
No of shares held	4,881,088
% NAV	8.5%
Cost per share (VND)	32,555
Unrealised gain (USD mn)	4.9

Key financial highlight	
EPS growth	59.9%
PER	18.9
PB	2.2
ROE	17.2%
ROA	9.4%
EV/EBITDA	9.6
Net Debt/Equity	0.37

Source: Dynam Capital, Bloomberg as of 31 May 2021

Stock information	
Market cap (USD mn)	725
Current price (VND)	55,800
Share O/S (million)	301
YTD performance	18%
Ave trading volume	2,798,637
Foreign ownership	45%

Shareholder structure	
KITMC	9.3%
Vietfund Management	2.4%
Tianhong Asset Management	2.3%
VNH	1.6%
Others	84.4%

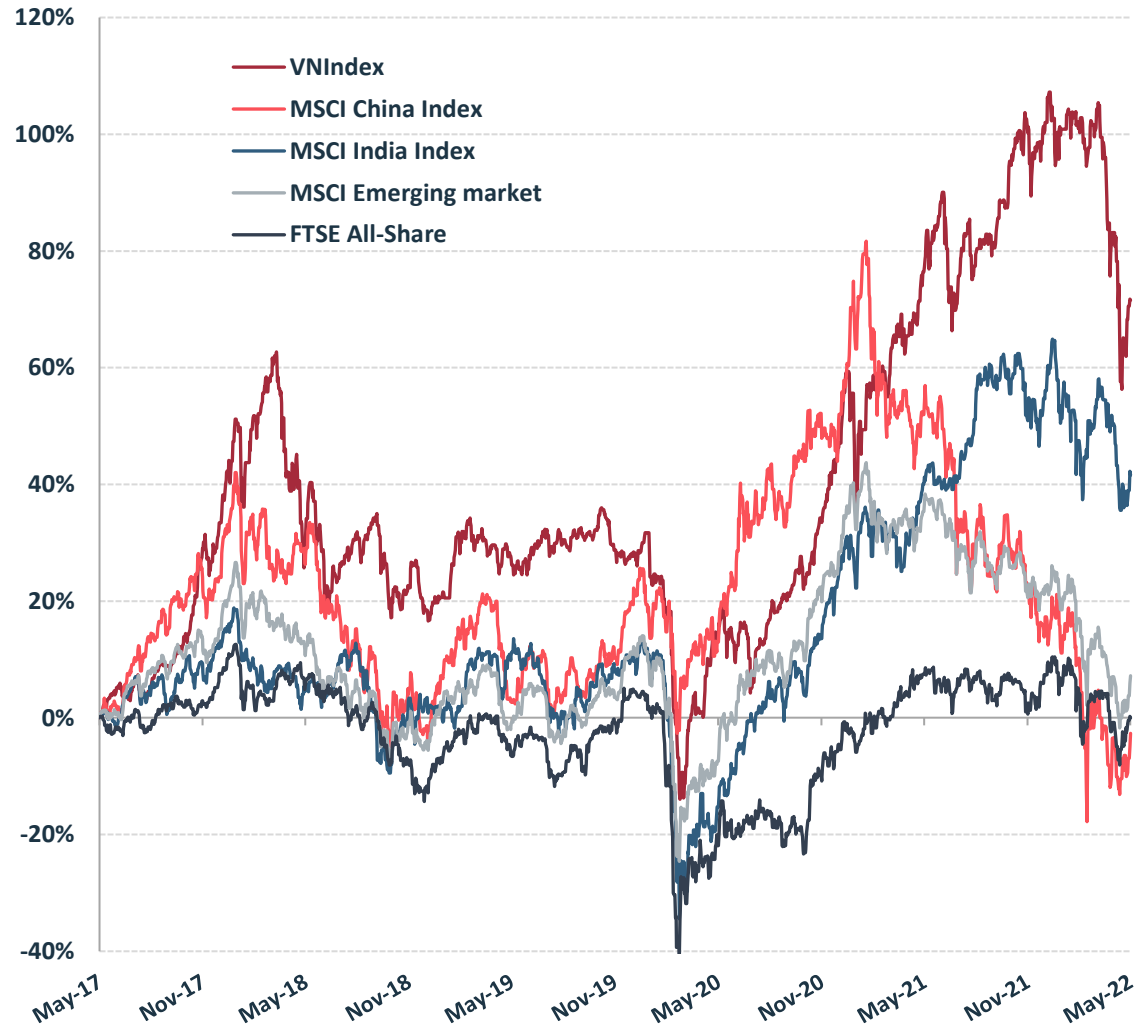




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Why Vietnam and why now?

Expanding capital markets, increasing liquidity, inflection point in economic growth



- Top Performing Stock Market Globally: Vietnam's stock market has outperformed China and India over the last five years.
- Attractive Valuations: Portfolio trades at 11x 2022 earnings, forecast earnings growth of >25%
- MSCI Index Inclusion: Vietnam is 30% of the MSCI Frontier Market Index and could achieve MSCI Emerging Market status within two years
- Domestic Consumption: passed important developmental inflection point of US\$3,000 per capita
- Export Boom: multinationals continue to diversify their supply chains into Vietnam
- Privatization: ongoing sales of state-owned assets is driving economic efficiency and funding infrastructure spending
- Alignment: Government policy focused on creating a modern industrialized economy, and a key player in global supply chains

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