VIETNAM HOLDING

31 July 2023

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	298.0 pence
NAV	350.1 pence
	$4.505
Discount / Premium	-14.9%
Total Net Assets	$124.7m
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		28
Median Portfolio Market Cap		$1,142m
Foreign Ownership Limit Stocks*		29.4%
Thematic Exposure		
Industrialisation		30%
Domestic Consumption		12%
Urbanisation		15%
	2023E	**2024F**
EPS Growth	17.3%	17.1%
P/E Ratio	9.3	7.7

*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	8.4%	22.8%	25.9%	8.9%	10.0%
Vietnam All Share Index (VNAS)	9.6%	24.0%	17.9%	5.7%	8.4%

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 – The heat is on

Vietnam's stock market made an impressive comeback in July, with the VN Index reaching its highest level in more than eight months and surpassing major stock markets in the world, such as the US, Korea, India, and China. The momentum stems from a much-improved domestic macroeconomic environment that has been spurred by fiscal and monetary policies, including the State Bank of Vietnam's monetary easing since the beginning of 2023. This included a fourth consecutive round of interest rate cuts in July, which, amidst a stable FX rate, saw month-on-month (MoM) exports increase for the first time this year and a record trade surplus reach US$15bn.

Vietnam's commitment to sustainable economic development has also helped foreign direct investment (FDI) expand to an all-time high with US$12bn dispersed in the first seven months of 2023 (7M2023). 70% of this was in the manufacturing sector, which despite still contracting, is back on an upward trend, up 4.2% MoM and 3.6% year-on-year (YoY). To put that into greater context, the Manufacturing Purchasing Manager Index (PMI) was 48.7 in July, the highest level in five months, and we expect the recent rise in production and exports to continue in 2H2023, for example, with Samsung's new series of mobile phones scheduled to be released in August.

Additionally, Vietnam's tourism industry has continued to rebound. International tourist arrivals in the country rocketed to 6.6m for 7M 2023 YoY, growing to nearly 70% of pre-Covid levels, with tourism-related sales increasing by 53.6% YoY. Vietnam's new e-visa extension from 30 to 90 days is projected to enhance the country's resurgent tourist sector in 2H2023. The recent 2% VAT drop and increase in the statutory base rate for officials' and public employees' wages, both of which went into effect in July, should also support purchasing power.

As July was the hottest month on record, the rising average world temperature is only adding on more pressure to the already tense global economy, for example, through reduced labour productivity, damaged crops, higher mortality rates, and massive trade disruption. Nonetheless, Vietnam's efforts in driving its strategies and relevant policies have demonstrated the country's fervent willingness to address climate change issues on its own, including its recently approved National Energy Master Plan.

Public investment will continue to be a key driver of growth in Vietnam's economy in all these areas, with public disbursements increasing 18% YoY to US$5.7bn in July, according to the Ministry of Finance. Although the fiscal year target of US$28bn remains unmet, we expect the government to increase public investment expenditures through the end of the year to keep all its economic development plans on track and to mitigate the negative impact of slowing global demand for exports and production. We expect industrial real-estate stocks, such as IDICO (+6%) to benefit from accelerated infrastructure development and FDI.

Because of the growing optimism among both domestic and foreign investors in Vietnam, market liquidity increased dramatically – by 30% from Q1 – to US$1bn at the end of July. The market is still trading at more attractive levels than its Asian counterparts. The increase in stock market activity helped boost the Fund's position in SSI Securities, a broker, by +14.3%. The Fund's overall +8.4% gain in July was also helped by its overweight positions in FPT (+15.2%) and Gemadept (+12.5%). We underperformed the VNAS index in July, which was up 9.6%, in part on excitement in stocks related to Vincom, whose founder's stake in VinFast was being readied for its debut on Wall Street (via a SPAC on 15th August, temporarily reaching a market value of $85 billion – almost twice that of General Motors or Ford).

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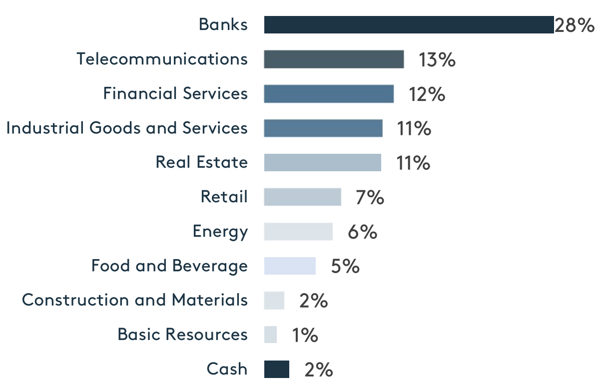
Top 10 Investments	NAV %	% +/-	Manager Comment
FPT	13.3	+15.2%	1H2023's net profit after tax (NPAT) reached USD156mn (+18% YoY) driven by its outsourcing division. 2023PE of 17.2x
Sacombank	6.0	-3.4%	2Q23 NPAT +139% YoY & 6M23 NPAT +84% YoY driven by strong Net Interest Margin (NIM) expansion. 2023PB 1.2x
Vietcombank	5.7	+7.6%	2Q23 NPAT +25% YoY & 6M23 NPAT +18% YoY due to lower provisioning for bad debts. 2023PB 3.2x
MBbank	5.7	+6.7%	2Q23 NPAT +5.8% YoY & 6M23 NPAT +8% YoY due to NIM contraction. 2023PB 1.0x
PV Technical Service	4.9	+5.6%	2Q23 net profit of VND225bn (up 32x y/y from a low base in 2Q22 of VND7bn). 2023PE of 16.9x
Gemadept	4.4	+12.5%	2Q23 core earnings were flat QoQ; one-off gain from Nam Hai Dinh Vu divestment drove NPAT-MI 470% YoY. 2023PE of 7.3x
VPBank	4.3	+11.0%	2Q23 NPAT -13% YoY & 6M23 NPAT -53% YoY due to decline in NIM and increased provisions for bad debts. 2023PB 1.3x
Phu Nhuan Jewelry	4.3	+10.1%	1H2023's NPAT reduced by 0.5% YoY to USD46mn as retail sales dipped by 10% YoY due to weaker demand. 2023PE of 14x
SSI Securities	4.0	+14.3%	Despite market liquidity contracting by 25% YoY, 2Q23 NPAT rose by 35% YoY due to improving investment activities. 2023PB 1.9x
IDICO Corp	3.9	+6.0%	1H2023's NPAT dropped by 52% YoY to USD 35.6mn, more revenue expected to be booked in 2H2023. 2023PE of 7.1x
Total	**56.5**		

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 1st 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

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