



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	320.0 pence
NAV	377.1 pence \$5.058
Discount / Premium	-15.1%
Total Net Assets	\$149.3m
Shares in Issue	30m
Portfolio managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

Portfolio

Number of investments	27
Median Portfolio Market Cap	\$1337.1m
Foreign Ownership Limit stocks*	24.4%

Thematic exposure

Industrialisation	20%
Domestic Consumption	13%
Urbanisation	21%

	2021E	2022F
EPS Growth	44.8%	28.8%
P/E Ratio	15.8	12.6

* 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	-3.6	-3.6	23.6	13.5	16.0
Vietnam All Share Index (VNAS)	-2.9	-2.9	22.8	18.7	13.8

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 – Eye of the Tiger

Vietnam's economy roared into 2022 with retail sales making a strong recovery of 1.3% YoY growth in the runup to the Tet holidays and its manufacturing PMI also bouncing back, in line with our expectations, to 53.7 for January. This was the fourth consecutive improvement in factory activity following a four-month sequential decline during the Delta wave in Q3 2021. Although industrial production was naturally slower towards the end of the month, due to the Lunar New Year, demand for travel, leisure and shopping surged as mobility restrictions were eased and confidence in containing omicron was reinforced by the country's successful vaccination rollout. FDI disbursement also rose sharply as lockdowns were lifted, increasing 6.8% YoY to US\$ 1.61bn, the highest January for the past five years. Additional capital commitment to existing projects was another reason to feel festive, recording a dramatic rise of 169% YoY. Nonetheless, Vietnam's equity markets entered the year on a more volatile note with a twist in divergence between blue-chips and mid-caps and an increased disparity of returns among sectors. These movements were largely due to profit taking by domestic retail investors, who continue to drive the country's stock market and in January made a sudden reversal from the month before by selling mid-caps in brokerage and real estate and shifting to blue chips in banking and retail. Our ongoing research and market surveys conducted over the past year indicate how fast this growing group have evolved in such a short space of time, with the more experienced F1 investors now tending to refer to company financial statements when selecting stocks rather than looking at technical indicators as they did before. This could be because of the ever-increasing interest in online financial education through YouTube and other social media channels. The novice investors, or F0s, are now trying to detect signals from the market, whereas in earlier waves were listening to what brokers were recommending and prior to that taking tips from family, friends, and insiders.

The Fund's NAV was down -3.6% in January reflecting a diverse range of performances among positions considering the heightened divergence and volatility. The indiscriminate sell-off brought the whole pool of mid-caps down regardless of fundamentals and we considered many of the movements to be irrational. We believe the overreaction is likely to be attributable in part to the high level of margin trading among retail investors. In any case, we kept steady hands and chose to stay largely still as the market moved at furious speed, and then began to recover in early February.

Top positive contributors to the Fund for January were mostly from the banking sector, where valuations appeared more attractive after the underperformance in 2H2021. PNJ was also in this top cohort with a better-than-expected recovery ahead of Tet, which is an 'in-demand' season for jewellery. While Q4 business results in the brokerage sector were mostly in line with our expectations, stock prices suffered from the volatility spike, and we anticipate our picks to continue to thrive as Vietnam's capital markets grow. Real estate also endured a correction after the super performance in previous months. VNH had reduced its holdings in the sector to take profit before the January correction, but was overweight in some real estate development positions, which we envision will recover in the new year and perform well as the property market benefits from the government's increased investment in infrastructure.

Vietnam's equity market overall is at its long-term valuation levels, and despite the twists and turns in January, we still see much upside for 2022. Stock picking is always key in emerging markets such as Vietnam and, as always, our eyes will be on companies well-positioned for growth and making a positive impact.

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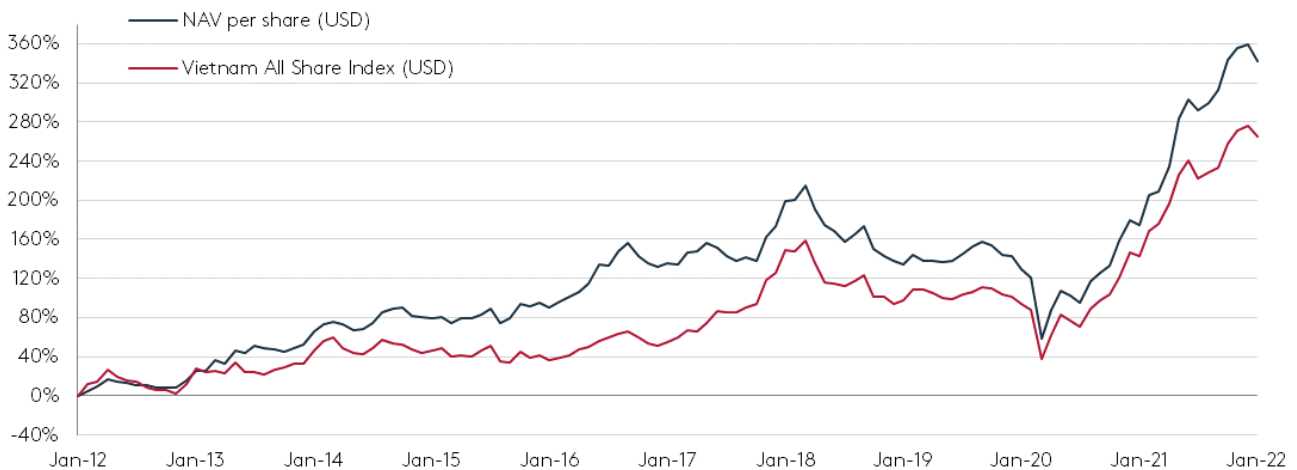
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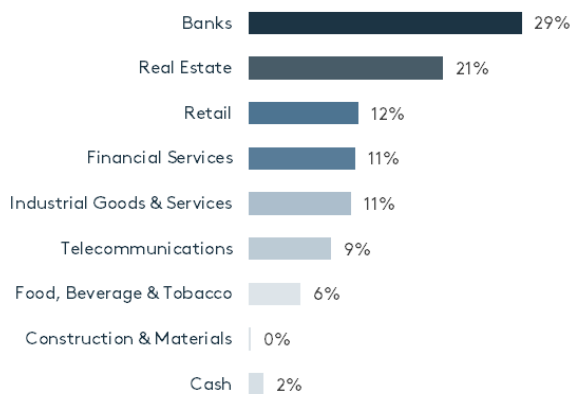
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	8.8	-3.1%	2021 Net Profit After Tax (NPAT) increased by 20.4% YoY, in which DX revenue +72%; 2022PE 18.7x
Sacombank	8.5	+13.7%	2021 NPAT increased 27% YoY, making good progress in addressing legacy debts; 2022PB 1.6x
Mobile World	7.5	-1.8%	2021 NPAT grew by 25% YoY, due to the treasury activity and BHX's improvement; 2022PE 14.4x
MB Bank	6.4	+17.4%	2021 NPAT surged 53.7% YoY driven by strong performance in all segments; 2022PB 1.6x
Viettin Bank	6.2	+9.6%	2021 NPAT inched up 3% YoY due to a hike in provisions on restructured loans; 2022PB 1.4x
Khang Dien House	6.2	-1.3%	2021 NPAT inched up 4.3% YoY in line with our expectation; 2022PB 2.8x
VNDirect	5.7	-15.3%	2021 NPAT soared by 244% YoY, driven by both equity and bond business; 2022PE 10.3x & PB 2.0x
Gemadep	5.3	-8.4%	2021 NPAT jumped by 63% YoY, due to strong port performance; 2022PE 15.8x & 2022 EV/EBITDA 8.4x
VP Bank	5.2	+3.1%	2021 NPAT grew 13% YoY despite parent bank's strong profit growth of +51% YoY; 2022PB 1.5x
Masan Group	4.0	-15.8%	2021 NPAT surged 594% YoY thanks to earnings improvements across key businesses; 2022PE 25.1x

Total **63.8**

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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