



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	210.0 pence
NAV	274.4 pence \$3.827
Discount / Premium	-23.5%
Total Net Assets	\$164.1m
Shares in Issue	43m
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	\$909.8m	
Foreign Ownership Limit stocks*	44.9%	
Thematic exposure		
Industrialisation	33%	
Domestic Consumption	11%	
Urbanisation	17%	
	2021F	2022F
EPS Growth	41.5%	20.6%
P/E Ratio	10.9	9.0

* 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	8.3	19.6	10.2	12.8
Vietnam All Share Index (VNAS)	7.4	20.6	15.0	9.7

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 Power of Purpose

The Covid-19 pandemic has proved to be a defining period for a number of Vietnamese companies, and several in VNH’s portfolio stand out, including FPT, currently our largest holding. In its 2020 annual report, released in April, the Chairman and CEO discussed how the company quickly transformed its operational focus from “peacetime” to “wartime” mode and took the initiative to turn “threats into opportunities”. FPT is one of the top three publicly listed companies in Vietnam recognized for corporate governance by the ASEAN Capital Market Forum and last year it became the only Vietnamese enterprise to win a Silver Stevie award for *The Most Valuable Corporate Response to Covid-19*. Throughout the year it donated 135,849 pieces of medical equipment and PPE, provided 2,000 beds in an isolation facility, and supported students from over 15,000 schools nationwide with free online education, all whilst managing to grow its business at home and abroad. FPT’s long term vision to make positive impacts and meet various stakeholders’ needs even during an unprecedented crisis is a prime example of the purpose-led businesses that we look for. Its preliminary Q1 2021 results underline its mission to “constantly bring higher values to all stakeholders” with its software outsourcing and IT contract signings alone jumping +46% YoY. It has maintained its position as the most valuable and trusted technology brand in Vietnam.

Through our ESG lens we look at long term sustainability and good corporate governance, not only the micro performance of individual companies but also the systemic effects of climate change and income inequality, for example, on the country’s social and economic health. Transparent reporting is an integral tool in this respect because it helps companies and stakeholders better understand the risks and opportunities associated with ESG.

The Fund’s NAV increased by 8.3% in April outperforming the indices, led in part by VP Bank (9.1% NAV, +31.2%). The bank closed a deal to sell 49% of its subsidiary FE Credit to SMBC, which will benefit the bank in the long run and strengthen its financial capability for the next cycle of development. Core banking and payments system digitalization are top priorities among the biggest Vietnamese banks in anticipation of rising consumer demands by 2025. Competition is fierce with 80% of the country’s banks having re-invested in credit risk and asset-liability management and more building up capabilities in lending, which is forecast for double-digit growth every year from 2021, according to a recent report commissioned by [Backbase](#), a banking technology platform, on fintech and digital banking in the Asia-Pacific. It also said mobile transactions in Vietnam are to grow by three times by 2025.

Vietnam’s former President, Nguyen Phu Trong, emphasised the government’s focus on “innovation, national digital transformation, and the development of a digital economy and digital society” in his remarks at the opening session of the 13th Party Congress earlier this year. He also highlighted the need “to effectively reform the growth model, restructure the economy, and accelerate industrialisation and modernisation on the basis of science and technology, innovation and high-quality human resources”. To put that into context, the government has set an ambitious goal of making the digital economy account for about 20% of Vietnam’s GDP between 2021-2025 and 30% of GDP by 2030. We believe digitalisation will be a key ingredient of success for most sectors and value chains.

Companies exposed to more traditional areas of urbanisation and domestic infrastructure spend are also seeing benefits and steel maker Hoa Phat Group’s earnings are expanding rapidly. We have revised upwards our forecast portfolio 2021 earnings growth from 23% at the beginning of the year to around 40%. Also, in keeping to our growth-at-a-reasonable-price approach, our forward P/E is currently an undemanding 11x.

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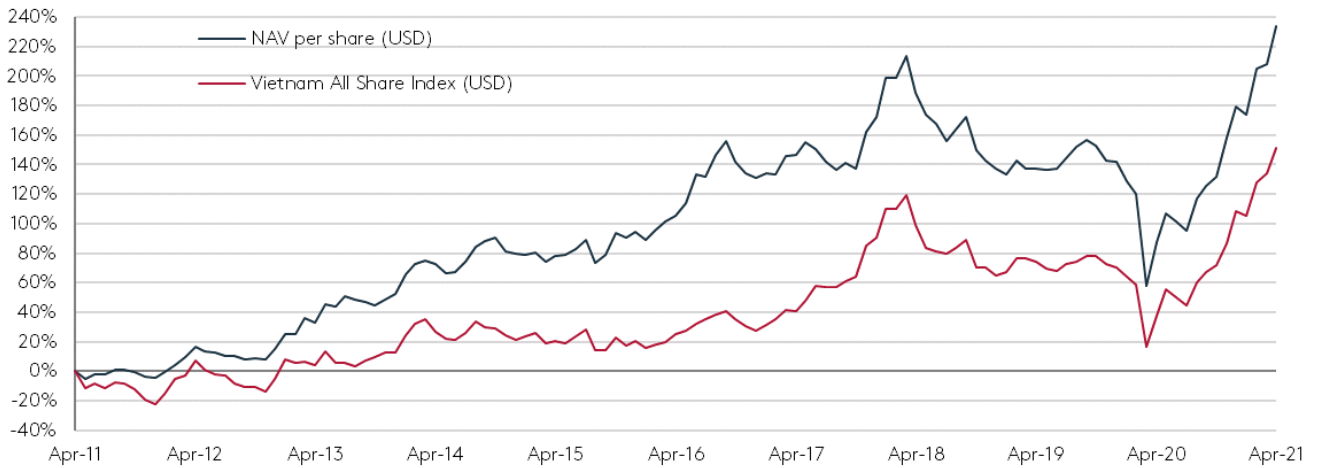
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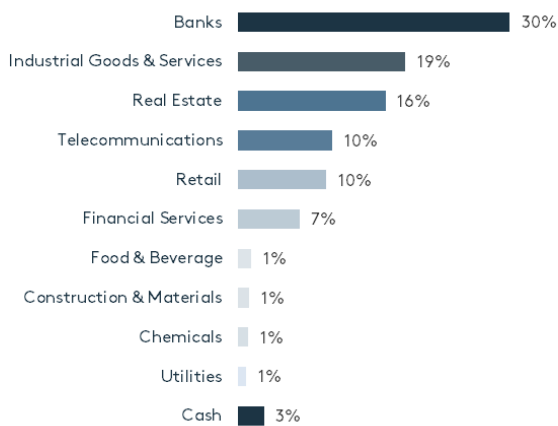
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	10.5	+4.2%	Positive growth in Net Profit After Tax (NPAT) in 1Q2021 (+22.8% YoY); 2021PE 16.6x
Hoa Phat Group	10.3	+24.3%	Robust growth in NPAT in 1Q2021 (+204% YoY); expected to surpass 2021 guidance; 2021PE 8.8x
VP Bank	9.1	+31.2%	1Q2021 NPAT growth of +38% YoY. Announced deal to sell 49% FE Credit to SMBC; 2021 PB 2.3x
Vietin Bank	8.8	+1.7%	NPAT growth of +168% YoY in the first quarter due to less pressures on provisioning; 2021 PB 1.6x
MB Bank	5.4	+7.9%	1Q2021 NPAT growth of +107% YoY, driven by strong loan growth and NIM expansion; 2021 PB 1.6x
Mobile World	5.2	+8.8%	NPAT growth of 18% YoY for 3 months, full year NPAT forecast to grow by +21% YoY; 2021PE 13x
Vinhomes	4.9	+2.2%	Robust pre-sales in 1Q2021; Deliveries from two mega projects supported 1Q's earnings; 2021PE 10.7x
Khang Dien House	4.7	+15.6%	Encouraging earnings in 1Q2021 (+34% YoY), modest forecast for full year at 8-10% YoY; 2021PE 16.5x
Phu Nhuan Jewelry	4.6	+16.1%	Revenue and NPAT growth of 43.6% and 25.7% respectively in 1Q2021; 2021PE 16.8x
Sacombank	4.2	+11.5%	1Q2021 NPAT growth of only +2% YoY because of focus on legacy debt solving; 2021F PB 1.2x

Total **67.7**

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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