

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	277.0 pence
NAV	317.5 pence
	\$3.853
Discount / Premium	-12.8%
Total Net Assets	\$105.1m
Shares in Issue	27m
Portfolio Managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	<a href="http://www.vietnamholding.com">www.vietnamholding.com</a>

**Portfolio**

Number of Investments	26	
Median Portfolio Market Cap	\$946m	
Foreign Ownership Limit Stocks*	29.9%	
<b>Thematic Exposure</b>		
Industrialisation	29%	
Domestic Consumption	14%	
Urbanisation	14%	
	<b>2023E</b>	<b>2024F</b>
EPS Growth	13.4%	32.0%
P/E Ratio	8.0	6.6

\*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	-11.7%	5.0%	13.1%	6.1%	8.8%
Vietnam All Share Index (VNAS)	-12.5%	1.9%	4.3%	2.7%	6.0%

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: VNH wins 'Best Emerging Markets Single Country trust'**

While Vietnam's stock market continued its correction in October, with a steep monthly decline, VNH kicked off November on a higher note by winning the 'Best Emerging Markets Single Country trust' gong at the *Citywire Investment Trust Awards 2023: Best Performers & Best Board* event in London. VNH beat a strong cohort of contenders – Ashoka India, Vietnam Enterprise and Fidelity China – with what Citywire described as 'impressive information ratios and investor returns' over a three year period.

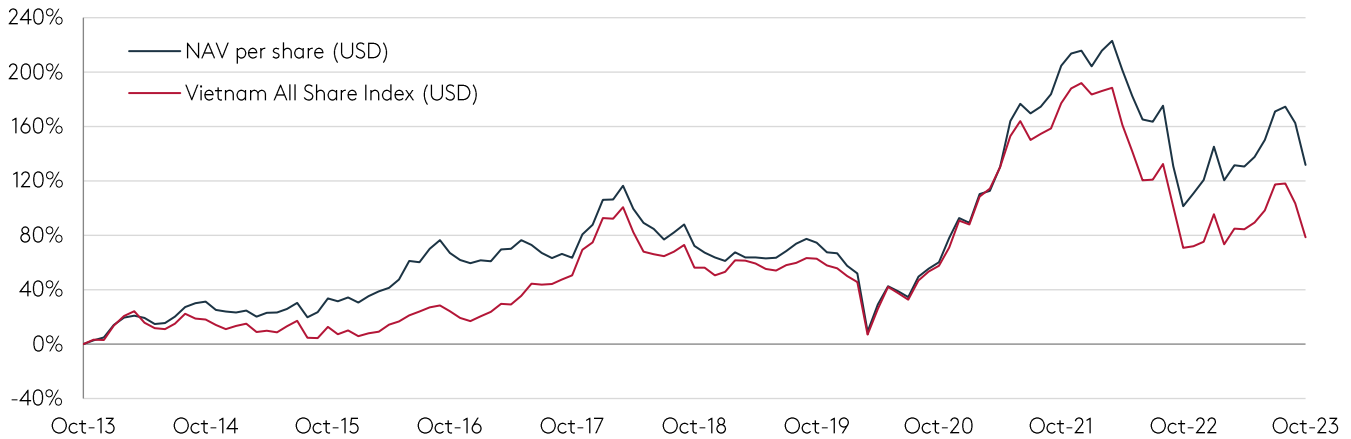
Despite the VNAS Index falling 12.5%, wiping out most of the gains year-to-date, Vietnam is still trading at an attractive valuation versus its peers. Although sentiment in Vietnam's stock market was already shaky due to FX pressures and weaker-than-expected 3Q earnings from big conglomerates, intensifying global geopolitical tensions in the Middle East given the sudden outbreak of war in Gaza greatly aggravated it in October. Uncertainty around the implications of the conflict fuelled fear among domestic retail investors, which make up most of the market, leading to profit-taking and margin calls. We still see the recent correction as a constructive trend that could pave the way for gains in the final two months of 2023 and into the new year. To start, the VN-Index is expected to gradually recover as the end of the US Federal Reserve Bank's rate hike cycle becomes more evident and therefore helps ease FX risks. Additionally, the upcoming launch of the KRX trading system in December is a significant development for the infrastructure of the Vietnamese stock exchange, HOSE, making Vietnam's inclusion in the MSCI EM Indices yet another step closer. Any future upgrade by MSCI is expected to attract inflows of US\$7-10bn into Vietnam's stock market and provide a basis for re-rating of listed companies. BIDV's chief economist stated in early November that such an upgrade will attract "larger, more stable, and more diverse" capital flows from foreign investors.

Indeed, Vietnam's economic recovery already looks promising, with further interest rate reductions, for example, supporting strong economic and trade growth. Vietnam hit a record-high US\$24.6bn trade surplus in 10M2023, expanding from US\$9.6bn in the same period of 2022. Trade accelerated in October with exports up +5.9% year-on-year (YoY) and imports +5.2% YoY. To put this progress into context further, exports grew 5.3% month-on-month (MoM) versus a -6.3% MoM decline in September as manufacturers play catch-up with an up-tick in orders. Furthermore, registered FDI in Vietnam soared by 49.9% YoY in October, thanks largely to big projects in solar panel and electrical equipment production. In the past two years since participating in the 26th United Nations Climate Change Conference of the Parties (COP26), Vietnam has been the leader in solar power development in the ASEAN region.

We also see potential for more digitalisation projects, including those enabled by artificial intelligence (AI). FPT, VNH's largest holding, announced several initiatives, including the acquisition of the US engineering services firm, Cardinal Peak, and a strategic partnership with Landing AI, a global AI platform set up by the founder of Coursera and Google Brain. These moves, as part of the company's global growth strategy, allows it to expand its tech capabilities as well as its customer base. FPT targets 30%+ YoY growth in signed revenue driven by rapid digital transformation, and also announced plans to sign a partnership with Microsoft to develop more generative AI use cases for customers, both at home and abroad. Moreover, its commitment to education in Vietnam is on track for opening 13 new high schools in tier-2 and tier-3 provinces across the country. Vietnam's education system is already heavily oriented towards Science, Technology, Education and Mathematics (STEM) with 40% of its college graduates having a STEM focus, which is four times the global average.

**Top 10**

Investments	NAV %	% +/-	Manager Comment
FPT	14.8	-11.5%	9M2023's Net Profit After Tax (NPAT) reached USD239mn (+18.2% YoY), driven by global IT service. 2024PE of 13.2x
Sacombank	6.3	-12.9%	9M23 NPAT surged 66% YoY to VND5.4 trillion, driven by NIM expansion & less provision pressure on legacy debts. 2024 PB 1.0x.
Vietcombank	6.2	-1.9%	9M23 NPAT grew 18.6% YoY to VND23.6 trillion, mostly due to cutting provision expenses. 2024 PB 2.6x.
MBbank	5.9	-8.6%	9M23 NPAT increased 9.3% YoY to VND15.6 trillion, impacted by a contraction in NIM. 2024 PB 0.8x
PV Technical Service	5.3	-13.8%	9M2023 NPAT-MI of VND580bn (+40% YoY) due to strong growth from engineering services segment (+30% YoY). 2024PE of 11.5x
Gemadep	5.1	-12.0%	Excluding one-off gains (VND1,800bn), 9M2023 core NPAT-MI was VND667bn (-17% YoY). 2024PE of 13.5x
Asia Commercial Bank	5.0	-3.1%	9M23 NPAT grew 11.3% YoY to VND12.0 trillion, impacted by higher provision expenses. 2024 PB 0.9x.
VPBank	4.5	-8.8%	9M23 NPAT dropped 49.6% YoY to VND8.0 trillion (a 30.3% YoY decline excluding one-offs). 2024 PB 1.1x
Phu Nhuan Jewelry	4.2	-8.6%	9M2023's NPAT was flat at USD55.8mn with retail sales dropping 10.5% YoY on weaker demand. 2024PE of 10.8x
IDICO Corp	4.2	-9.2%	9M2023's NPAT was recorded at USD43.0mn (-56% YoY) due to differences in revenue booking method. 2024PE of 7.2x

**Total 61.5**
**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 1 <sup>st</sup> 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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