



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	161.0 pence
NAV	191.6 pence \$2.370
Discount / Premium	-16.0%
Total Net Assets	\$120.4m
Shares in Issue	51m
Portfolio managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

**Portfolio**

Number of investments	24
Median Portfolio Market Cap	\$495.7m
Foreign Ownership Limit stocks*	43%

**Thematic exposure**

Industrialisation	39%
Consumer	16%
Urbanisation	22%

	<b>2020F</b>	<b>2021F</b>
EPS Growth	6.6%	21.6%
P/E Ratio	9.1	7.4

\* 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	10.4	-14.5	3.0	5.1
Vietnam All Share Index	13.0	-8.7	5.5	2.2

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 Darling Buds of May**

Vietnam continued to ‘make the news’ throughout the month of May. It was Asia’s best performing stock market and stood out from the rest of the world with its swift containment of covid-19 and smooth start to the re-opening of its economy. Vietnam has reported around 320 cases from a population of over 97m, and remarkably has not reported any covid-19 related deaths. As a result, the Asian Development Bank forecast Vietnam’s economic growth to be among the fastest in the region this year, with the International Monetary Fund reissuing a predicted growth rate of 2.7 percent. The World Bank also applauded Vietnam’s resilience, reiterating how the nation benefits from numerous free trade agreements and favourable labour market conditions.

The VNH portfolio performed strongly, up 10.4 percent from April, while domestic investors fuelled a 13 percent rally in the Vietnam All Share Index led mainly by banks and real estate companies. Most companies in our portfolio implemented effective business continuity plans before and during the lockdown, and we have been impressed by management teams’ top priority being with the health and safety of their employees and customers. To date, no covid-19 cases have been recorded at any of these companies. Our environmental, social and governance (ESG) criteria have shone through the portfolio throughout this pandemic. FPT Corp, our largest holding, was outstanding in communicating its preventative measures and contingency plans to stakeholders and shareholders, not least to its staff and supply chain. It organised its AGM in April online, rather than cancelling, and kindly dedicated its 2,000-room university dormitory as a quarantine site after donating US\$850k

in medical supplies to support the government’s fight against covid-19. It also launched a free website app providing real-time information about the virus. Hoa Phat Group, one of our fastest growing companies, continued to invest heavily in energy efficient technology, and its long-term partnerships with importers imposing the strictest requirements on quality and the highest of industry standards led to a steel pipe exportation year-on-year increase of 78% over the first five months of 2020.

Vietnam’s ability to limit the impact of the pandemic is also reflected in how it acts as a society. For example, the state did not shy away from broadcasting the seriousness of the virus, and even made a pop music video to communicate the importance of handwashing that immediately went viral. In March, the government launched a fundraising campaign to buy medical and protective equipment for people working closely with covid-19 patients. By the 5<sup>th</sup> of April, more than 2.1m donations had been sent via text message platform. At the same time, E-commerce continued to grow, with online shopping increasing by 33 percent in April and May, as well as online payments and use of e-wallets jumping 10 percent. Phu Nhuan Jewellery, a top contributor in the portfolio, implemented a sophisticated contingency plan as early as February, pushing online sales from the onset to help cushion store closures during lockdown. Domestic travel served as another bolster for Vietnam’s economy in May having opened during the holiday weekend of the 30<sup>th</sup> of April to areas such as Da Lat, Vung Tau and Mui Ne. Hotel occupancies increased, with restaurants and coffee shops opening under stringent social distancing guidelines. Savills Vietnam predicts tourism to fully recover once international flights resume, particularly with travellers from South Korea and China, as the country’s successful handling of the covid-19 crisis has given it a ‘safe status’ for visitors too.

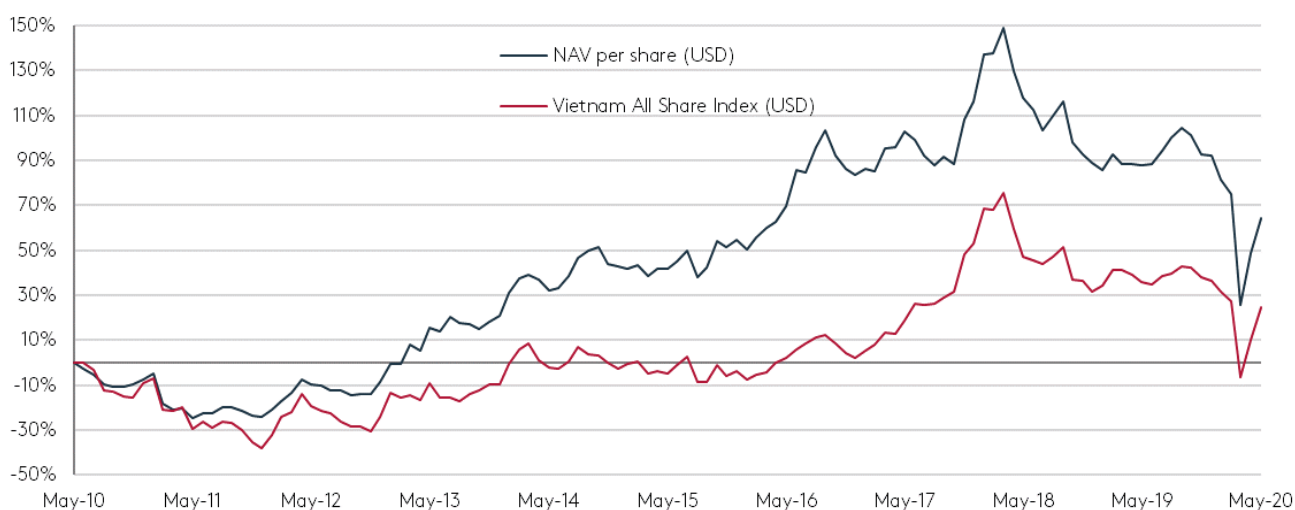
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Top Ten Investments	NAV %	% +/-	Manager Comment
FPT	14.6	+11.2%	22% share of domestic broadband, solid 4M earning growth of +17%YoY; PE 11.4x
Mobile World	7.0	+4.2%	Aggressive expansion planned for grocery chain to acquire more market share; PE 9.9x
Phu Nhuan Jewelry	7.0	+11.6%	All 349 stores resumed opening since late April; Gold bar sales +18% YoY; PE 16.5x
Hoa Phat Group	6.8	+28.3%	May sale volumes increased +14.3% YoY, tripling of sale volumes in the South; PE 9.0x
MB Bank	6.3	+8.5%	Strong income growth of +25% YoY dampened by increased provisions; PE 5.6x, PB 0.9x
Khang Dien House	5.8	+5.7%	Improving sales from key property developments, Q1 earning growth of +50.8% YoY; PE 11.6x
ABA Cooltrans	5.0	+0.6%	Cold-chain logistics not negatively impacted by Covid-19, 4M EBITDA +90.5%
Viettel Post	4.6	+7.7%	Second largest last-mile delivery service, benefits from e-commerce trend; PE 19.3x
Dat Xanh Group	4.3	+15.0%	Largest property brokerage, 2020 earnings could drop by 15% YoY; PE 4.9x, PB 0.6x
Vietcombank	4.3	+26.1%	Fourth largest bank, loan growth +2.7% YTD, profits dampened by provisions; PE 18.9x, PB 3.2x
<b>Total</b>	<b>65.7</b>		

### 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	1.50% on NAV below \$300m 1.25% on NAV \$300-600m 1.00% on NAV above \$600m
Incentive Fee	12% (hurdle rate 8%)
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

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