



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	137.5 pence
NAV	172.6 pence \$2.147
Discount / Premium	-20.3%
Total Net Assets	\$109.2m
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	22
Median Portfolio Market Cap	\$516.7m
Foreign Ownership Limit stocks*	47%

Thematic exposure

Industrialisation	37%
Consumer	20%
Urbanisation	24%

	2020F	2021F
EPS Growth	7.9%	20.4%
P/E Ratio	9.7	7.9

* 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	18.4	-22.6	1.0	3.5
Vietnam All Share Index	17.6	-19.2	2.7	0.2

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 – What a difference a month makes

Global markets made a dramatic comeback in April after freefalling at record rates the month before when covid-19 spread across Europe and the US. The global economy, however, tells a different story as the lockdowns around the world lead to sharp contractions unseen in a lifetime.

Amidst it all, Vietnam continues to stand out for its impressive handling of the pandemic with the *Wall Street Journal* proclaiming: “Vietnam’s coronavirus recovery is as good as it gets for emerging economies”. A week later, *The Economist* listed it as the 12th strongest economy among 66 countries, applauding the government’s measures both to contain the virus and to support affected enterprises and households. CNBC also ran a piece on how Vietnam’s early action against the virus could help it avoid a recession. As such, the Vietnam All Share Index bounced back by 17.6 percent in April compared with the Emerging Market All Share Index’s 8.5 percent gain, while the Fund’s NAV went up 18.4 percent compared to a decline of 28.2 percent in March.

In the sell-off by foreign investors we have taken the opportunity to add to stocks that until recently have been hard to access (including one or two banks). This has resulted in an increase in the median portfolio market cap to \$517m (from \$352m). Our nimble approach across the spectrum of opportunities in Vietnam remains intact, as does our focus on engaging authentically with mid-cap companies and contributing to their ESG thinking in a meaningful way.

A great growth story within the portfolio is Mobile World Group (MWG), which rose by 40 percent in April. In our view, this company has always had a knack for timing. To start, it launched itself as the mobile-accessories retailer in Vietnam, and cleverly built up its business with careful store locations and sound financial disciplines. It also moved into consumer electronics at a ripe time and has developed a robust market share in that sector as well. When we invested we knew their management was first class, and that their business could double in value. For them to then move forward into groceries when they did was especially shrewd, and we believe they will come out of the Covid-19 crisis even stronger as they expand their online shopping focus and take market share from (or takeover) smaller competitors.

Despite the global lockdowns, Vietnam’s export value for the first four months of 2020 saw a year-on-year increase of 4.8 percent, with phones, PCs and other technological services proving most resilient. In addition, the government sensibly scrapped a ban on rice exports imposed back in March to ensure national food security, realising that supply would exceed demand by 6.7 million tonnes by the end of the year. This was positive news not only for farmers and traders but the wider economy since Vietnam is the world’s third largest rice exporter. There also was a growing sense of euphoria across the country as restaurants, shops, schools and businesses re-opened. Vietnam has one of the fastest growing middle classes, and there are signs that more foreign investors are taking notice of the country’s favourable demographics. Vietnam’s thriving high-tech manufacturing sector, its young, highly skilled workforce and proven resilience throughout the pandemic continues to impress foreign groups looking at a ‘China-plus-one’ strategy.

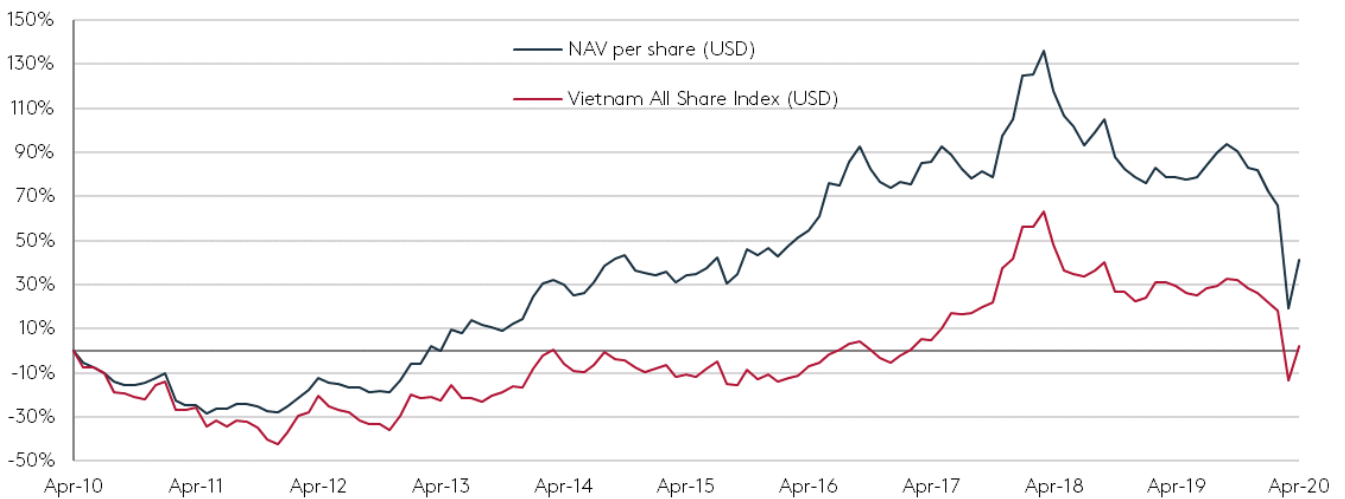
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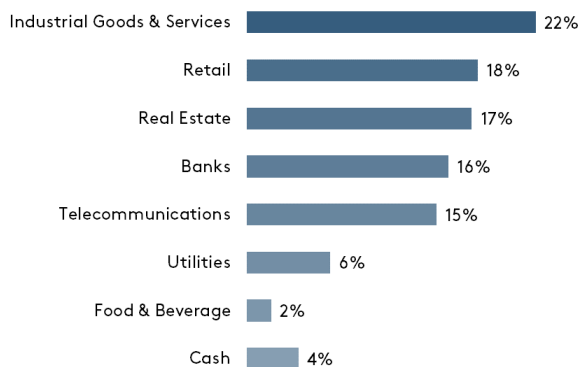


Top Ten Investments	NAV %	Manager Comment
FPT	14.7	Technology & telecoms robust through continued digital transformation; PE 10.5x
Phu Nhuan Jewelry	9.0	85% of its 350 stores shut temporarily until late-April; Gold bar sales +15%; PE of 11.8x
Mobile World	7.4	25% of stores shut temporarily until late-April; could gain market share post COVID; PE 8.1x
MB Bank	6.4	Expect Net Interest decline, increase in provisions for bad debt; PE 5.2x, PB 0.8x
Khang Dien House	6.0	Buyback ~5% of outstanding shares; Net cash position; strong landbank; PE 11.1x, PB 1.5x
ABA Cooltrans	5.5	Convertible Bond; resilient demand for delivery of essential goods; 3M2020 EBITDA +119% y-o-y
Hoa Phat Group	5.4	Industry leader in construction steel, 32% market share; 4M volumes +13.8% y-o-y; PE 6.9x
Sai Gon Cargo	4.5	Global air cargo hit as airlines disrupted; volumes and earnings to drop significantly; PE 12.2x
Dat Xanh Group	4.1	Property brokerage impacted significantly; new property launches in May; PE 4.3x, PB 0.5x
Vietcombank	3.8	Fourth largest bank in terms of assets; best-in-class asset quality and governance; PE 15.1x, PB 2.5x
Total	66.8	

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	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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