

### Vietnam Holding Ltd\* (VNH LN)

CORP

216.0p price, 282.5p NAV, 23.5% discount, 0% yield, £93m market cap

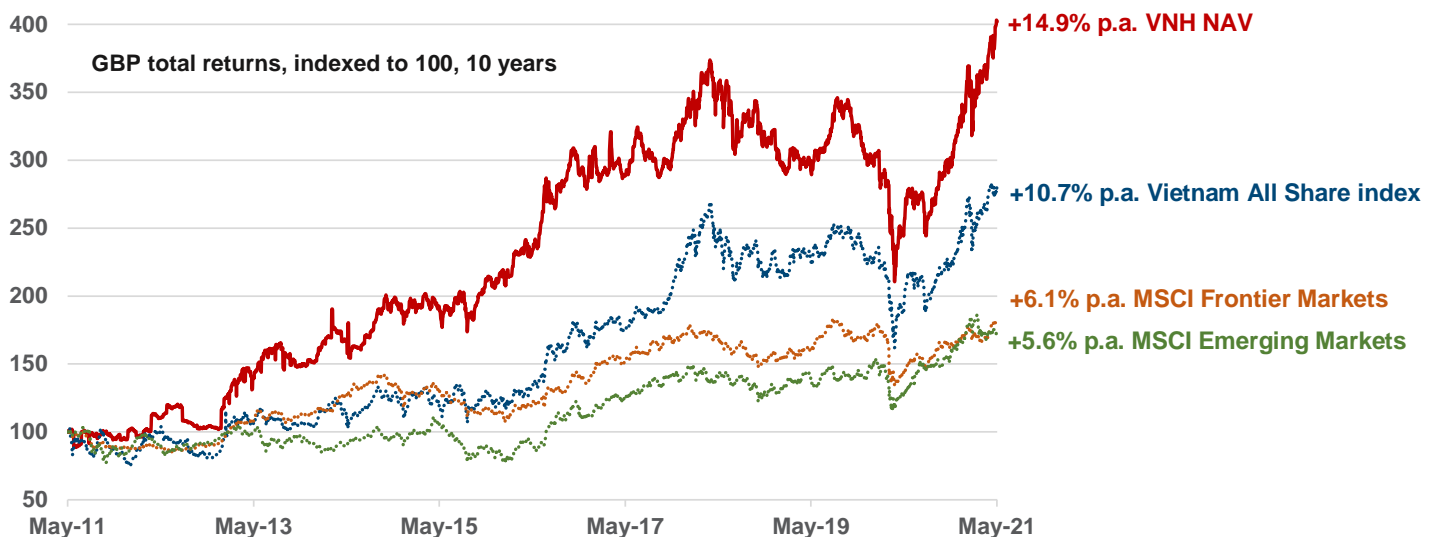
#### Solid fundamentals for continued growth

#### THE FUND: GROWTH, QUALITY, ESG

#### OUTLOOK: VIETNAM GROWTH STORY EVEN STRONGER POST-COVID

- London-listed closed-end fund launched June 2006; signatory of PRI<sup>^</sup> since 2009
- Invests in Vietnamese equities, mostly listed, seeking earnings growth at a reasonable price (GARP) from quality companies
- High conviction (c.25 holdings), nimble, unconstrained, market-cap agnostic
- Top-down and bottom-up approach with strong ESG emphasis
- Zero gearing
- Vietnam-based fund manager
- **Long term:** Vietnam set to remain one of the world's highest GDP growth countries (6.8% average 2015-2019, 6.5% 2021 IMF forecast)
- **Near term:** Economy in strong shape (2.9% 2020 GDP growth) following limited Covid-related domestic disruption, high domestic confidence (including in the stock market) and strengthened export position
- **Equity market:** Both market cap and number of companies continuing to grow, liquidity has improved markedly
- **Currency:** Vietnamese Dong stable vs the US Dollar over the last three years
- **VNH portfolio:** Higher and more consistent EPS growth than the benchmark (2017-2020 average 22% vs 13%, 2021F 41% vs 26%), at consistently lower valuations (VNH portfolio 2021F PE 12x vs index 14x) - see charts on page 2

#### STRONG LONG-TERM OUTPERFORMANCE vs benchmark, frontier markets and emerging markets



Source: Morningstar, data to 7 May 2021

#### THE PORTFOLIO: PLAY ON THE VIETNAM GROWTH STORY

28 holdings (1 unquoted, 4%)      Play on the Vietnam growth story      74% large cap (vs index 80%)  
 23% mid & small cap (vs index 20%)      44% FOL stocks (foreign ownership limit)      Largest holding = 11%  
 Top 10 = 66%

Approach	GROWTH AT A REASONABLE PRICE (GARP)			
Key themes	<b>INDUSTRIALISATION</b> 37%	<b>CONSUMPTION</b> 14%	<b>URBANISATION</b> 13%	<b>FINANCIALS</b> 30%
Sub-themes	International trade Logistics Infrastructure Industrial goods manufacturing	Retail FMCG Domestic logistics Services	Real Estate Clean energy & clean water Banking	Banks Financial Services

\* finncap is contractually engaged and paid by the issuer to produce this material on an ongoing basis and it is made available at the same time to any person wishing to receive it. Data is sourced from the Company, and is as of 31 Mar 2021, unless otherwise stated. <sup>^</sup>Principles for Responsible Investing.

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## VIETNAM: THE INVESTMENT CASE / WHY NOW

### SOLID LONG-TERM FUNDAMENTALS

#### FAVOURABLE DEMOGRAPHICS

Vietnam's population is:

<b>LARGE</b>	<b>98 million people</b> 15 <sup>th</sup> in the world
<b>YOUNG</b>	<b>32.5 years median age</b> Youngest in ASEAN
<b>EDUCATED</b>	<b>98% literacy rate</b> 2 <sup>nd</sup> highest among FM countries
<b>TECH-CONNECTED</b>	<b>&gt;65% internet penetration</b> High growth in digital economy
<b>INCREASINGLY URBANISED</b>	<b>36% urbanisation rate</b> Rapidly increasing

#### HEALTHY + FAST-GROWING ECONOMY

One of the highest GDP growth countries in the world

<b>STRONG GDP GROWTH</b>	<b>2.9%</b> in 2020, <b>6.5%</b> IMF 2021F 6.8% average 2015-2019
<b>RISING GDP/CAPITA</b>	<b>\$3,000</b> per capita vs \$2,000 in 2014 vs China at \$11,000
<b>STRONG FDI</b>	<b>\$28.5bn</b> in 2020 The 2 <sup>nd</sup> largest share in ASEAN
<b>STABLE INFLATION</b>	<b>3.2%</b> in 2020 2.6-3.5% 2016-2020 range
<b>TRADE SURPLUS</b>	<b>\$19bn</b> in 2020 Foreign reserves now \$100bn

### POSITIVE NEAR-TERM OUTLOOK

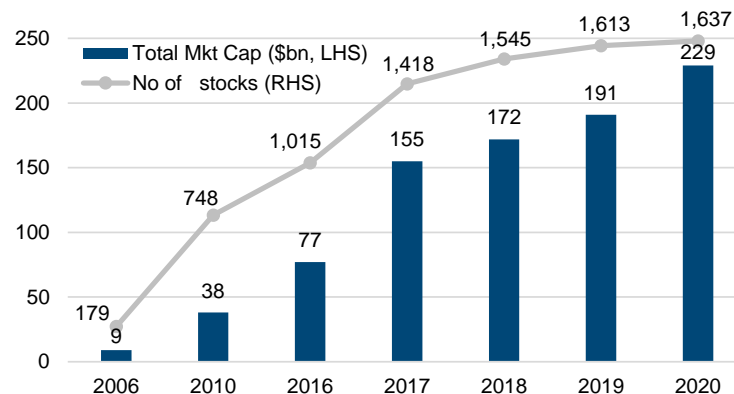
#### Political stability + sustainability trend

- New leadership in place since February for five-year term.
- **Pro-business** + committed to domestic **infrastructure spend**, a key driver in the next phase of economic development given its multiplier effect on economic activity.
- **National Green Growth Strategy** to increase green energy production, reduce GHG emissions, increased availability of climate finance.

#### Economy roaring ahead

- The limited economic and social Covid-related disruption are supporting high levels of **domestic confidence**, including in the stock market, with record numbers of new trading accounts.
- Set to continue to be a beneficiary of **relocation of manufacturing** from other countries to Vietnam, especially given the tense relationship between the US and China. Electronics is a key fast-growing market, with much more of the world working from home.

### GROWING EQUITY MARKET



### IMPROVING MARKET LIQUIDITY

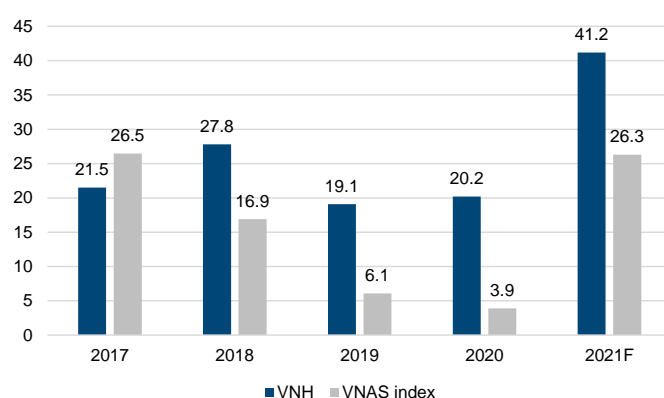
- \$500m - \$600m average daily trading volumes currently, vs <\$200m in 2018-2019

### STABLE CURRENCY

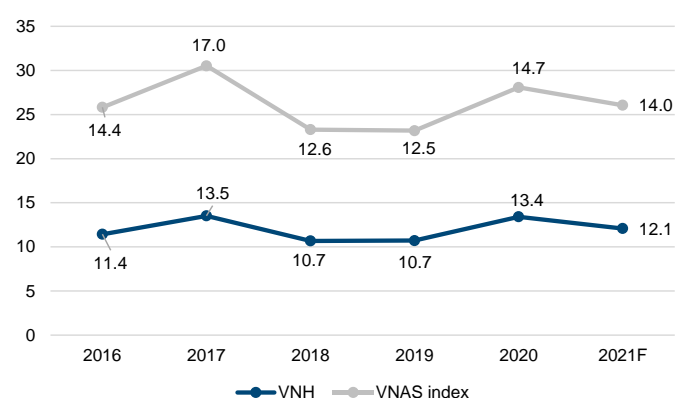
- Vietnamese Dong stable for around the last three years, ending the 20-year depreciation trend of approximately 2.4% p.a.
- Trade surpluses set to continue to support the local currency

### VNH PORTFOLIO vs. MARKET: Higher and more consistent earnings growth at lower valuations

Earnings growth, % (pre-2021 historical, 2021 forecast)



Price to Earnings Ratios (pre-2021 trailing, 2021 forward)



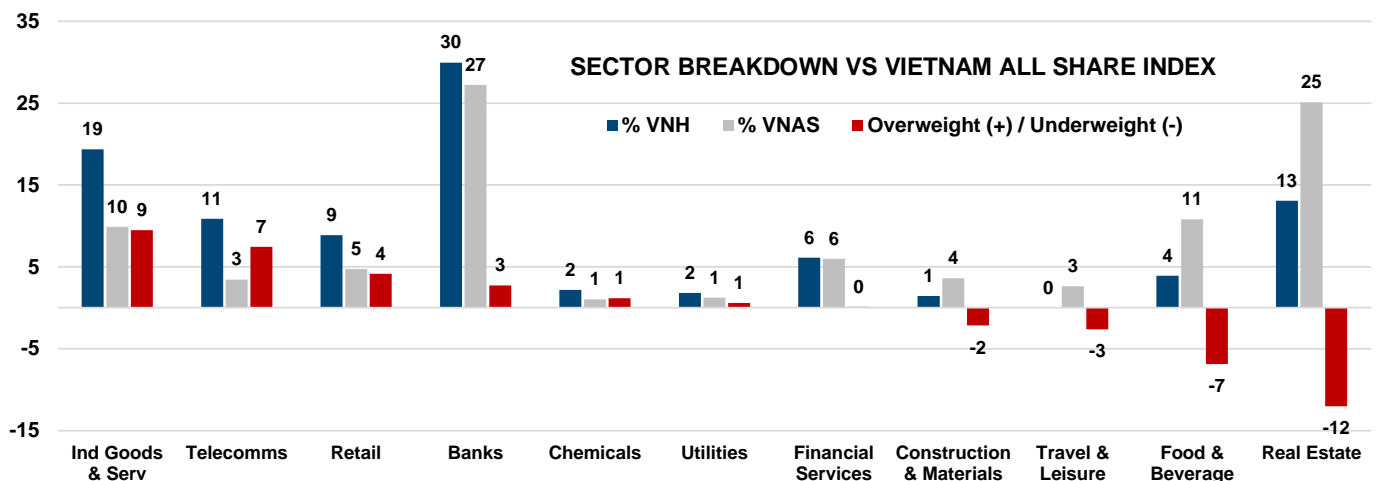
**THE PORTFOLIO** (31 March 2021)

**High conviction = 28 holdings**  
27 listed + 1 unquoted (4%)

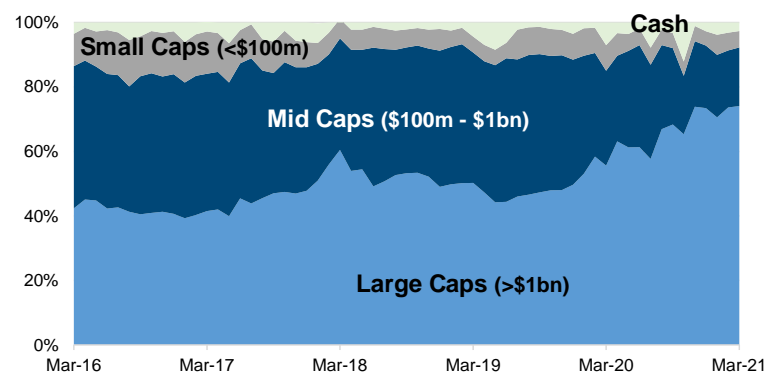
**Market cap agnostic**

Current key themes: growth from  
**Industrialisation, Consumption, Urbanisation, Financials**

Stock	Sector	Theme	Mkt Cap	% NAV	Fund Manager investment case
1 FPT Corporation	Telecomms	Industrialisation	\$2.6bn	10.9%	Vietnam's largest IT company. Revenue from Digital Transformation & Cloud Services expected to grow 40-50% p.a. in 2021.
2 Vietin Bank	Banks	Others	\$6.5bn	9.4%	Third-largest bank by assets (11% market share) on a growth trajectory following aggressive bad debt restructuring and new product lines.
3 Hoa Phat Group	Industrial Goods & Serv	Industrialisation	\$6.7bn	8.9%	Largest steelmaker in SE Asia (32% domestic market share). Fully integrated value chain makes it the lowest-cost producer.
4 VP Bank	Banks	Others	\$4.5bn	7.5%	Largest consumer lender in Vietnam, 50% market share through its subsidiary FE Credit.
5 Vinhomes	Real Estate	Urbanisation	\$14bn	5.4%	Largest residential developer with 40% share of premium segment and 22% across all segments. Huge nationwide landbank.
6 MB Bank	Banks	Others	\$3.4bn	5.4%	Strong management team and full suite of banking products, including wealth management in technology partnership with Swiss private banks.
7 Gemadept Corp	Industrial Goods & Serv	Industrialisation	\$440m	4.7%	Deep-water port operator, 20-30% volume growth over last five years. Profit is expected to grow >30% p.a. over the next three years.
8 Mobile World	Retail	Consumer	\$2.6bn	4.6%	Largest retailer in Vietnam, 50% market share in mobile phones, 40% share in consumer electronics and growing rapidly in grocery segment.
9 Khang Dien House	Real Estate	Urbanisation	\$740m	4.4%	Leading developer of townhouses and villas in Ho Chi Minh City, with significant landbank. Expanded into mid-range condominium projects.
10 Phu Nhuan Jewellery	Retail	Consumer	\$830m	4.3%	Largest jewellery retailer in Vietnam with network of 340 stores. Growth driven by gaining market share from mom-and-pop stores and increasing consumption by the affluent population.
Total top 10				65.5%	



**MARKET CAP BREAKDOWN**



31 Mar	VNH	VNAS	
Cash	3	0	
Small	5.1	5.5	
Mid	18	14	➤ By way of example, recently, some smaller, ex-growth names were rotated into banks (larger caps, now 30% of the portfolio vs 9% in December 2019) which have performed very strongly
Large	74	80	
%	100	100	

**THE FUND MANAGER: DYNAM CAPITAL Ltd**

Dynam Capital was appointed as investment manager to VNH in July 2018. Its sole focus is Vietnam equities investment management. It was co-founded in 2018 by Vu Quang Thinh, who had been managing the VNH portfolio since July 2011. Dynam's investment research team is based in Ho Chi Minh City, Vietnam.

14-strong investment team      Most of team had previously worked together managing the fund      VNH is the team's sole focus



**Vu Quang Thinh, Dynam Capital Co-founder, CIO, CEO**

- Responsible for the day-to-day running of the portfolio
- 14 years' experience investing in Vietnamese equities
- 12 years' corporate restructuring experience, including heading up Management Consulting at KMPG Vietnam
- BSc of Mathematical Economics, Hanoi Economic University
- MBA Washington State University



**Craig Martin, Dynam Capital Co-founder, Chairman**

- 25 years+ business building and investing in emerging markets
- Was co-CEO of CapAsia, a pan-Asian Private Equity firm
- Previously Head of Private Equity at Prudential Vietnam
- Member of founding team of Standard Chartered Private Equity
- Masters of Engineering, University of York, MBA INSEAD

**KEY INFORMATION**



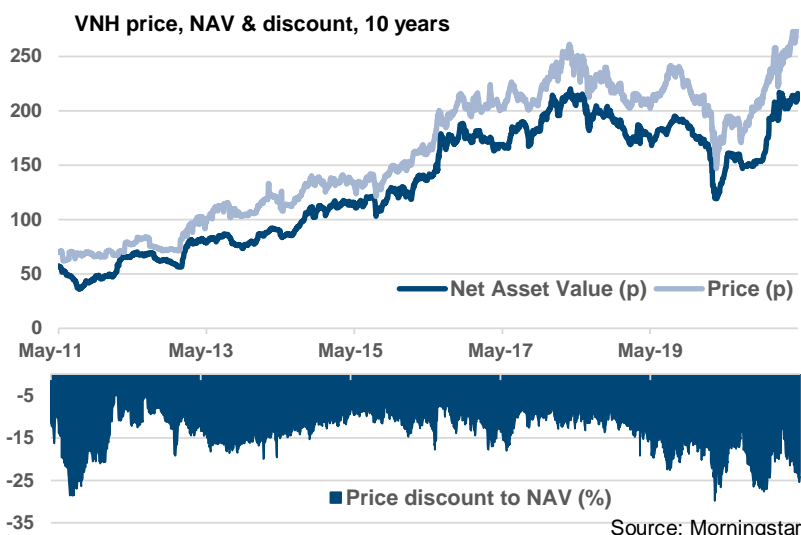
<b>Legal structure</b>	Closed-end fund
<b>Listing / Domicile</b>	LSE Main Market / Guernsey
<b>Inception</b>	15 Jun 2006
<b>Fund manager</b>	Dynam Capital (16 Jul 2018)
<b>Portfolio manager</b>	Vu Quang Thinh (4 Jul 2011)
<b>Annual mgmt fee (on NAV)</b>	<b>1.75% below \$300m</b> 1.5% \$300m - \$600m 1.0% above \$600m
<b>NAV frequency</b>	Daily
<b>Financial Year End</b>	30 Jun
<b>Dividend policy</b>	No income distributions
<b>Gearing</b>	Nil (max 25%)
<b>Discount control</b>	Share buybacks
<b>Continuation vote</b>	2023 AGM (Sep-Nov)

<b>Board of Directors</b>	Year of appointment
All independent	
<b>Hiroshi Funaki, Chairman</b>	2018
<b>Sean Hurst</b>	2018
<b>Philip Scales</b>	2018
<b>Damien Pierron</b>	2018
<b>Saiko Tajima</b>	2019

<b>Largest shareholders</b>	28 Feb 2021
Deglora Sarl	22.7
City of London Investment Managers	11.8
Julius Baer Private Banking	7.1
ICM	5.5
Discover Investment Company	5.1
De Pury Pictet Turetini	4.5
Edentree Investment Management	4.2
UBS Wealth Management	3.0

<b>GBP total returns, %</b>	1yr	3yr	5yr	10yr
VNH NAV	58	13	72	302
VNH Price	54	5	55	280
Vietnam All Share index	44	17	107	180
MSCI Frontier Mkts	23	7	48	81
MSCI Emerging Mkts	35	23	94	73

Source: Morningstar, data to 7 May 2021



**Financial reports and further documents and information: [www.vietnamholding.com](http://www.vietnamholding.com)**

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