



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	282.0 pence
NAV	331.7 pence \$4.565
Discount / Premium	-15.0%
Total Net Assets	\$193.8m
Shares in Issue	42m
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	\$2019.7m	
Foreign Ownership Limit stocks*	30.4%	
Thematic exposure		
Industrialisation	16%	
Domestic Consumption	10%	
Urbanisation	15%	
	2021F	2022F
EPS Growth	46.3%	25.5%
P/E Ratio	11.9	9.8

* 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	1.9	42.6	14.7	10.1	14.7
Vietnam All Share Index (VNAS)	1.9	33.5	14.9	14.9	11.7

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 – Tough Times for Urbanistas

The streets of Ho Chi Minh City and surrounding provinces became subdued during the month of August as rising Delta variant cases spread across much of Southeast Asia, significantly dampening Vietnam’s economic activities in the short-term. A strict lockdown, working-from-home and factory closures squeezed Vietnam’s manufacturing sector and caused a new level of domestic disruption in the global supply chains that have been driving its extraordinary export-led growth even in 2020 when most countries endured record recessions. Nevertheless, the sense of community and social responsibility underpinning Vietnam’s handling of the virus throughout the pandemic demonstrated once again why the country continues to stand out during these turbulent times. *The Economist’s* recent article, ‘**The economy that Covid-19 could not stop**’ discussed Vietnam’s unrivalled resiliency in this respect by putting its success story into context whilst also pointing out how “its successful diaspora” makes the country one of the largest recipients of remittances in the world with US\$20bn flowing in last year, equivalent to 7% of GDP. Despite the Delta variant’s dent on exports and retail sales, the Fund was up +1.9% for the month, led partly by our profit-taking in the banking sector which had rallied in the last few quarters but has since become more uncertain in the short-term given the bad debts building up in some loan portfolios. Our overweight in brokerage firms was also a positive contributor. Being able to trade from home, domestic retail investors became even more active with daily trading volumes hitting US\$1.5 bn per day, five times the levels in 2019. We expect the brokerage sector to continue to outperform given positive developments in the equity market, with high market liquidity and lower funding cost for margin lending activities. The Fund’s NAV is up 42.6% this year, leading the pack of Vietnam focussed funds.

Urbanisation is one of the key themes of our investment strategy and the communal mindset of Vietnamese citizens provides us with unmissable opportunities as responsible investors with well-defined environmental, social and governance selection criteria. The scenes in Vietnam’s cities are unique, for example, with the military efforts in distributing food to those in need rather than quelling unhappy crowds in other parts of SE Asia. Ironically, in commemorating International Clean Air Day in early September, our own ESG manager recalled a national survey about working from home to help reduce global warming before anyone ever heard of Covid-19 or thought about such a disruption forcing remote working. The notion was unpopular at the time, but we have seen the population embrace the Covid-19 situation by looking for ways to turn it into opportunities to pull together and build back better. August saw a sharp contraction in industrial production, and a large drop in retail sales and yet The World Bank’s latest forecasts for Vietnam expect an overall expansion of 4.8% for 2021 and we remain optimistic for the long-term. By early September the number of Covid-19 cases had risen to more than 572,000, with 15,000 deaths. Although the vaccination rollout has not been as swift as in the West, tremendous progress was underway by early September, especially in HCMC where close to 90% of the adult population had received at least one jab. In addition, vaccination rates are increasing at a faster pace in other areas of the country as more jobs become available. Several provinces have started to ease restrictions, as a result, allowing economic activities to resume and negative impacts eventually wane.

At the EGM on 31st August 2021 shareholders approved the Market Purchase of 30% of the Fund’s shares pursuant to the Tender Offer announced on 3^d August. The Tender price of US\$4.4528 per share was announced on 7th September. The 31st August NAV includes sufficient cash to fund the Tender.

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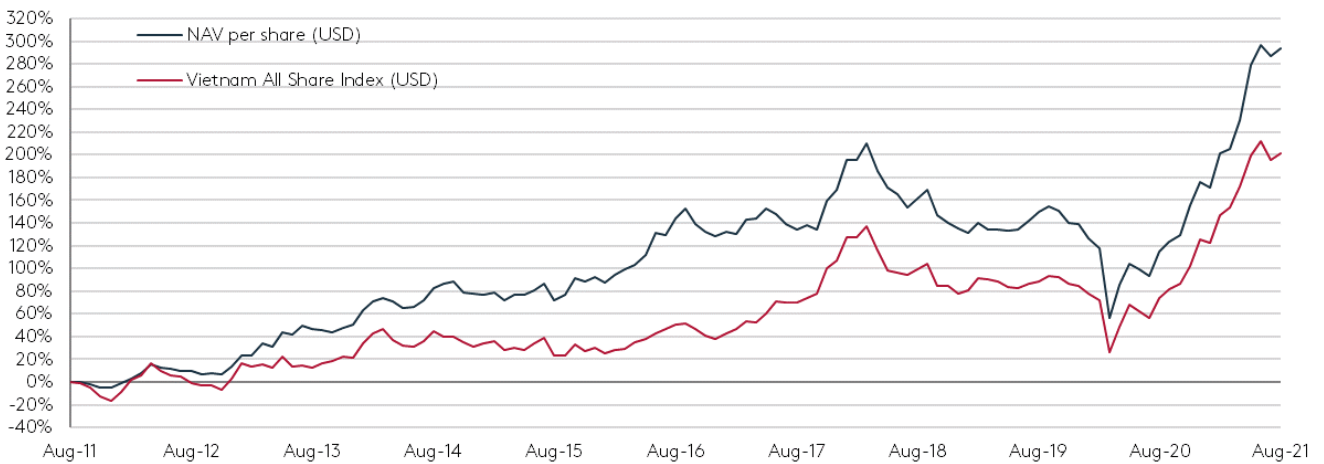
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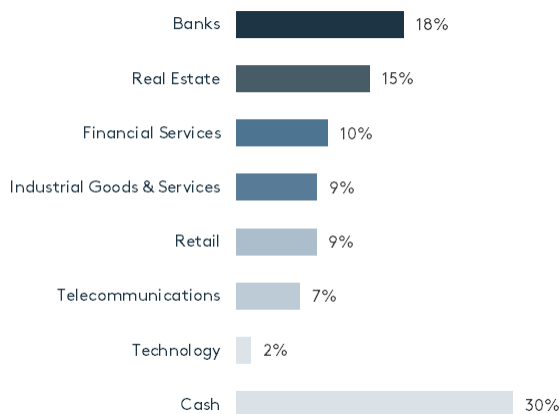
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	7.0	+0.1%	7M2021 Net Profit After Tax (NPAT)+18.2% YoY despite Covid-19 impacts; PE2021 22x
Sacombank	4.9	-7.9%	Current wave of Covid-19 may prolong resolution of problem assets; 2021 PB 1.5x
Mobile World	4.8	+2.7%	70% of physical stores closed in Aug and early Sep, NPAT for Q3 likely to be hit; 2021PE 20x
Vinhomes	4.8	-1.1%	Bulk sales have been key during the pandemic, company targets FY2021 NPAT +24% YoY; 2021PB 3.0x
VP Bank	4.4	+1.7%	Buoyed by prospects for proceeds of FE Credit sale, strategic partner, dividend in 2H21; 2021PB 2.3x
Nam Long Group	4.3	+0.3%	Prominent developer of mid-end and landed properties in HCMC and neighbouring areas; 2021PB 1.8x
MB Bank	4.2	-2.8%	Consumer lending segment negatively hurt by the lockdown in 3Q2021; 2021PB 1.9x
Gemadep	4.1	+15.5%	Despite Covid-19, operations in Gemalink port are busy, record profits in July; 2021PE 23.5x
Hoa Phat Group	4.0	+5.0%	Export activities are key driver during lockdown period, 7M sale volume 4.9MT (+50% YoY); 2021PE 7.9x
Phu Nhuan Jewelry	3.9	-9.6%	80% of physical stores closed, loss in July; NPAT for Q3 likely to be hit hard; PE2021 24x

Total **46.4** **Note: Cash level in Portfolio at 31 Aug 2021 was 30% (in preparation for Tender Offer)**

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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