



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	192.0 pence
NAV	234.2 pence \$3.201
Discount / Premium	-18.0%
Total Net Assets	\$137.4m
Shares in Issue	43m
Portfolio managers	Vu Quang Thinh Craig Martin
Investment Manager	Dynam Capital
Ticker	VNH
Website	www.vietnamholding.com

**Portfolio**

Number of investments	25
Median Portfolio Market Cap	\$1,320.7m
Foreign Ownership Limit stocks*	45%

**Thematic exposure**

Industrialisation	37%
Domestic Consumption	14%
Urbanisation	13%

	<b>2020</b>	<b>2021F</b>
EPS Growth	10.6%	19.5%
P/E Ratio	12.1	10.1

\* 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	8.2	15.4	7.5	9.1
Vietnam All Share Index (VNAS)	11.6	22.5	11.6	6.3

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 – Shiny Happy People**

As we step into 2021, it is hard to believe how the world has changed since this time last year. No one could have imagined the velocity and vastness of the pandemic, or the spectrum of varied economic stories and sentiment not only across the globe but also the region. Vietnam ended 2020 on relatively high notes, in this respect, with its manufacturing PMI rebounding to 51.7 in December and a record trade surplus reaching close to \$20bn.

Vietnam is poised to be one of the few economies in the world to register positive growth for 2020 having achieved a YoY growth of +2.9%. Asia’s recovery appears to be faster than after the global financial crisis of 2008-2009, and Vietnam stands out given the relatively quick resumption of domestic activity.

Domestic confidence is especially robust compared with other countries. In an end of year survey conducted by Indochina Research between October 31<sup>st</sup> and November 12<sup>th</sup>, 98% of Vietnamese people compliment the government’s handling of the pandemic, 63% of them feel happy with their lives, 89% feel healthy, and 67% are optimistic about 2021. Such optimism has been reflected in the increased activity of retail investors in Vietnam’s equity markets: daily liquidity (and the margin lending that accompanies it) has reached record levels. Although this has been putting some strain on the stock exchange infrastructure, a system upgrade expected this year will benefit all investors.

December proved to be another strong month for the Fund, with NAV up +8.2%, taking the gains over the last six months to +38 percent. 23 out of 25 stocks in the VNH portfolio performed positively in December, led by VP Bank (+21.5%), Gemadept (+17.4%) and Hoa Phat Group (+16.9%). Laggards included Vinh Hoan (-6.2%), which is a leading exporter of aquaculture products

but faces a rising risk of higher tariffs in the US market due to the USTR’s investigation into alleged currency manipulation by Vietnam. Viettel Post was also down 1.1%, despite increasing 32% during the year. Its delivery services have been on the right track all year, particularly given the booming e-commerce sector, but fears of increasing competition from foreign players took the shine off the stock during the month.

Retail sales recovered significantly by +9.4% YoY in December 2020 and the outlook for the manufacturing sector remains solid. This is not so surprising considering that FDI disbursement in 2020 was down by only 2% YoY, and we expect an even smoother flow of FDI into Vietnam this year. Public investment disbursement reached \$20.2bn in 2020, a YoY increase of +34%.

Whilst consumer confidence has recovered significantly since May, it is still not where it was this time last year. Nevertheless, Parliament has been focusing on incentives to further spur local consumption, for example, given the impact that international travel restrictions have had on Vietnam’s large tourism sector over the past year. Although restrictions on international air travel are expected to carry on for some time from countries where the new variant is present, as the Vietnamese continue their cautious stance on the risk of imported cases of Covid-19, domestic travel has been growing since May. Airports and restaurants in famous beach get-away spots, such as Phu Quoc, have been particularly busy and bustling of late, albeit with social distancing rules in place.

Vietnam remains a bright spot of optimism as clouds persist across many other countries. If it can isolate itself from further outbreaks of Covid-variants and work steadily to derive a vaccination plan for its c100m people, then 2021 could be the year in which Vietnam steps up and steps out into the sunshine. Whilst short-term risks remain, the strength of forecast corporate earnings growth supports the market optimism.

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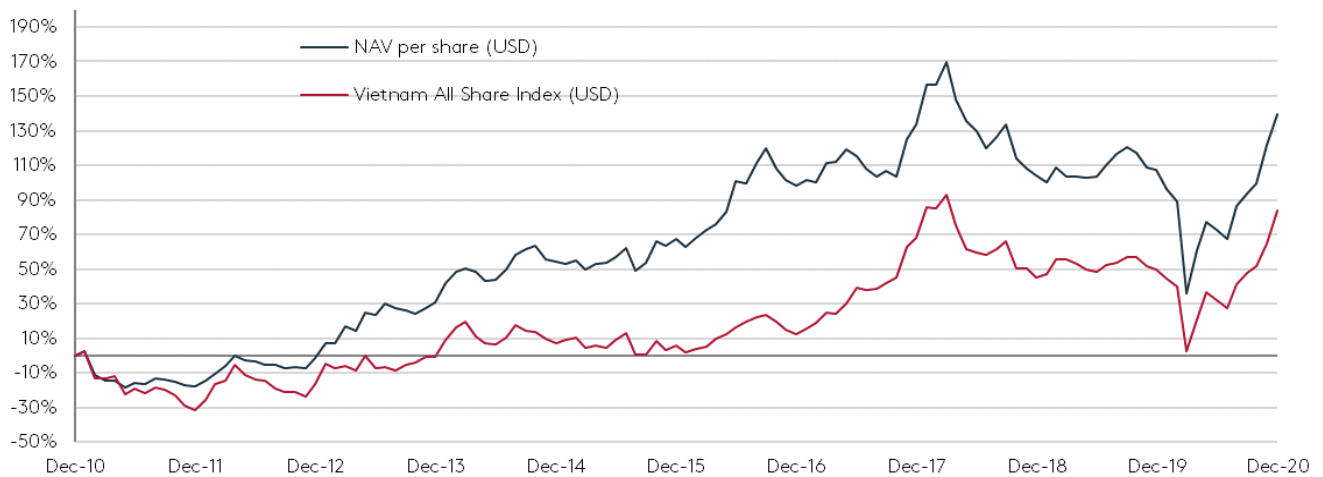
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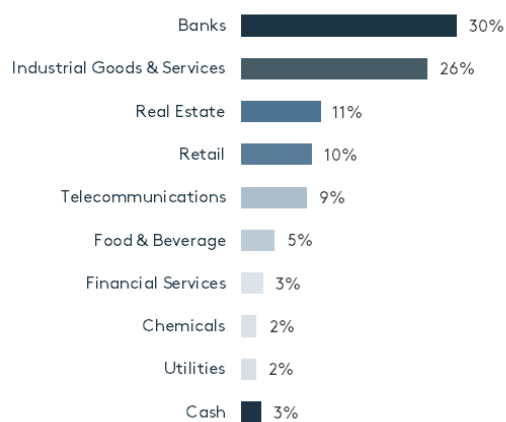
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	9.1	+6.8%	11M sales and pre-tax profit growth of 7.4% and 10.1% YoY, respectively; PE2021 12.6x
Hoa Phat Group	8.7	+16.9%	2020 construction steel sales volume reached 3.4MT, +22.5% YoY, market share 33%; PE2021 10.9x
Vietin Bank	8.6	+4.8%	Prelim 2020F PBT to soar 40% YoY, driven by strong 4Q loan growth; 2021PB 1.3x
Gemadep Corp	7.4	+17.4%	'Gemalink' deep sea-port is expected to finish commissioning in January 2021; PE2021 18.6x
VP Bank	6.0	+21.5%	Est'd 2020F PBT to grow 25% YoY, due to robust Non-Interest Income & cost savings; 2021PB 1.2x
Phu Nhuan Jewelry	5.3	+4.9%	11M sales growth of 1.5% YoY, net profit decline of 12.4%, retail sales remained strong; PE2021 16.8x
MB Bank	4.8	+13.2%	Prelim 2020F PBT increased 6.5% YoY, led by strong loan growth & cost cutting; 2021PB 1.1x
Khang Dien House	4.7	+9.7%	In final stages to launch two new low-rise projects to secure 2021's growth; PE2021 13.8x
Mobile World	4.4	+2.7%	Sales and net profit grew by 6.7% and 1.6%, respectively in 11M2020; PE2021 9.5x
ABA Cooltrans	4.4	0.0%	11M EBITDA grew by 4.2% YoY and fulfilled 66% of the full-year EBITDA target.

**Total** **63.4**

### 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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