

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

Shares Price	309.5 pence
NAV	363.0 pence
	\$4.408
Discount / Premium	-14.7%
Total Net Assets	\$128.8m
Shares in Issue	29m
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	\$1076.2m
Foreign Ownership Limit Stocks*	41.5%

Thematic Exposure

Industrialisation	28%
Domestic Consumption	18%
Urbanisation	19%

	2022E	2023F
EPS Growth	28.0%	22.1%
P/E Ratio	10.3	8.0

*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	-6.0%	-16.0%	17.5%	8.9%	13.0%
Vietnam All Share Index (VNAS)	-8.7%	-24.5%	12.7%	8.8%	9.4%

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 – when Macro matters

Putting risk and the opportunities it creates into perspective in today's chaotic world is as much of an art as it is a science – considering its continued growth stats, Vietnam is no exception. Not only is the country proving to maintain resiliency in what has so far been an economic curveball of a year globally, it also is painting a relatively brighter picture for what is to come in the second half locally. This month Vietnam stood out with a staggering 7.7% YoY GDP growth for Q2 – exceeding expectations and ranking significantly higher than other nations around the world including in the G20 area which rose by only 0.7%, according to OECD reports. Vietnam's continued 'broad-based recovery' has led some international financial institutions to upgrade their growth forecasts for it for the rest of 2022 as different sectors in the country regain pre-pandemic momentum. Both HSBC and Singapore-based United Overseas Bank, for example, recently raised their Vietnam growth forecasts for 2022 to 6.9% from 6.6% and 7.0% from 6.5%, respectively.

Vietnam's growth this year is noteworthy given record rising inflation and other unprecedented disruptions affecting trade and investment worldwide. Despite today's intense global risk landscape, the country's manufacturing sector managed to expand for the ninth consecutive month in June, for example. New orders rose further, and production capacity continued to improve. Disbursed FDI also hit record highs during the first half of 2022 reaching USD 2.9bn in June, the highest monthly amount this year. Looking ahead, as Vietnam's handling of the pandemic pays off, we expect the full reopening of economic activities to continue to boost investment initiatives and feasibility assessments for new projects 2H 2022.

Although equities markets at home and abroad have endured an unsettling 1H 2022, Vietnam's retailers and basic exports sectors have shown increased resilience. The Fund's overweight in these – and underweight in banks and real estate – helped it outperform the benchmark index again in June: -6% versus -8.7% for the month; and -16% versus -24.5% YTD.

The Fund outperformed other indices, including the VN70 midcaps index, which saw a widening divergence of performance driven largely by the switch of retail investors from small and medium caps into larger caps. June set new records in the number of retail stock trading accounts opened, with 1.2m accounts opened in Q2, twice the level in Q1. The market correction in late June led to more attractive valuation levels and, after two years of selling, foreign investors became net buyers in Vietnam's equities markets.

Moving into 2H 2022, the global mood remains weak. Although recessionary risks remain less severe for Asia than the West, a global recession would hit Vietnam's export growth in 2023 and we will be watching the implications closely, including how policy directions and actions unfold. Trade is key to Vietnam's economy, especially given its more prominent place on the global supply chain map – the country posted a trade surplus of over USD 700m in 1H 2022.

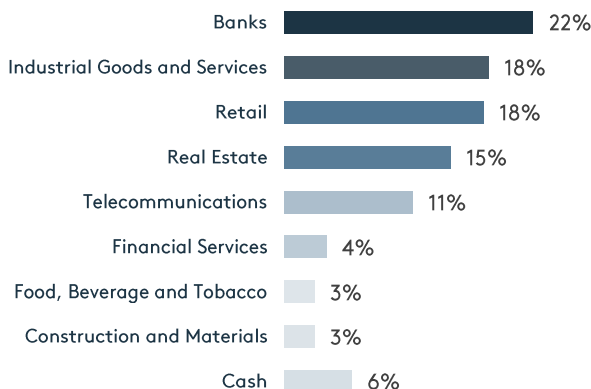
A global recession would not only weigh in on the country's impressive exports and production growth but could also impact its banking sector. On the positive front, the domestic economy may benefit from an increased amount of government spending on infrastructure, which has been under-budget in the first half of 2022. Infrastructure expenditure has a multiplier effect on economic growth, including accelerating the pace of urbanisation, and leading to a growth in real-estate development and the growth in modern trade.

Agile policy making will be as important as ever. As the IMF recently reported, Vietnam's handling of the pandemic and associated risks helped the country get through the last two years, particularly its remarkable vaccination rollout, so with rising retail sales, improving industrial production, and increasing foreign investment, there's a lot to consider when it comes to Vietnam's monetary policy and economic growth as the world evolves.

Top 10

Investments	NAV %	% +/-	Manager Comment
FPT Corporation	11.5	-5.3%	Net profit after tax (NPAT) grew by 30.6% YoY after 5M2022, Global IT Services increased by 31.7%; 2022PE 16.3x
Mobile World	9.2	-1.0%	NPAT grew by 1% YoY after 5M2022 from a high base in 2021. The grocery chain is undergoing restructuring; 2022PE 17.2x
Gemadep	8.5	-7.2%	Gemalink port's container throughput grew by 110% YoY for 5M2022; 2022EV/EBITDA 10.4x and 2022PE 16.6x
Phu Nhuan Jewelry	8.1	+12.0%	NPAT grew by 46.9% YoY after 5M2022, and retail sales growth remains high at 51% YoY; 2022PE 16.7x
Sacombank	5.6	-4.2%	The profit before tax (PBT) in 2Q2022 is expected to increase about 20% YoY; 2022PB 1.1x
Khang Dien House	5.4	-7.8%	The company is confident in its presales plans for townhouse project that will be launched in Q32022; 2022PB 2.0x
Hai An Transport	5.4	-13.0%	Preliminary results in 2Q2022 show NPAT grew by 188% YoY and 19% QoQ; 2022PE 4.5x
MB Bank	5.2	-13.1%	Parent bank's PBT grew by 25% YoY in the first 5 months and credit growth increased by 15% YTD; 2022PB 1.3x
VP Bank	4.6	-6.8%	PBT in 2Q2022 is estimated to have grown by about 16% YoY; 2022PB 1.3x
VietinBank	4.0	-6.6%	PBT is estimated to have grown by around 80% YoY in 2Q2022 from a low base last year; 2022PB 1.1x

Total **67.5**
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	1.75% on NAV below \$300m
(w.e.f 1 st Nov 2020)	1.50% on NAV \$300-600m
	1.00% on NAV above \$600m
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

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