



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	250.0 pence
NAV	308.8 pence \$4.389
Discount / Premium	-19.0%
Total Net Assets	\$187.8m
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	27
Median Portfolio Market Cap	\$2645 m
Foreign Ownership Limit stocks*	44.5%

Thematic exposure

Industrialisation	33%
Domestic Consumption	10%
Urbanisation	13%

	2021F	2022F
EPS Growth	55.5%	19.0%
P/E Ratio	12.4	10.2

* 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	14.7	37.1	11.8	12.4	14.9
Vietnam All Share Index (VNAS)	9.9	32.6	14.6	16.8	12.1

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 – Zooming through the mighty month of May

Vietnam was the best performing stock market in the world in May, with the benchmark VN All Share Index up more than 32% over the first five months of 2021, in spite of a fourth outbreak of Covid-19. The Fund had an even better month, ending as the UK’s top-performing Investment Trust by NAV on the London Stock Exchange. The strong rise in Vietnamese stocks selected by VNH also made it the UK’s the second highest rising Investment Trust by share price increase. FPT, the Fund’s largest holding, saw its stock price rally 60% this year alone, as a leader in Vietnam’s thriving IT sector which is estimated to grow to US\$52 billion in value by 2025. The company, which is also championing software and outsourcing services to Fortune 500 companies, reflects the digital transformation happening in Vietnam, where internet penetration reached 69% in 2020 and 70.3% in 2021. This is amongst the highest in Asia, and although behind China and Japan at 107% and 77% respectively, we believe double digit growth lies ahead. For FPT, fast internet means customers can stream content over their rapidly growing Pay TV business, which has around 55% penetration in Vietnam, less than China’s 76% and South Korea’s 99%, but cheaper access to fast internet can contribute greatly to economic growth. Considering Vietnam’s software engineers on average cost one third of the level of those in India and China, the opportunity for a Vietnamese company, such as FPT, to be internationally competitive is also immense. FPT already serves many Japanese and US companies, which are trying to move their activities to the cloud and upgrade their technologies to adapt to new customer usage patterns. Vietnam’s digitalization story filters into other sectors, and banks were also a main driver of performance in May as many of them transform their brand identity, marketing strategies and product offerings to

connect with a younger group of consumers seeking a more convenient way to access digital financial services. Those banks in our portfolio have seen their stock prices increase thanks in part to strategic decision making by their senior management. For example, positive news on STB’s legacy debt solving progress, released in its 2021 AGM, supported its stock price performance in May. CTG’s high dividend payment and robust earnings growth prospect have supported its market sentiment as well. MB bank’s whopping profit growth of +107% YoY in 1Q21 and dividend plan were also behind its stock price performance. We expect more to come at VPB given its deal to sell 49% of its subsidiary FE Credit to SMBC is due to complete in 3Q21 and likely followed by a private placement to a foreign strategic partner by the end of 2021. Other drivers in the digitalisation momentum currently taking place in Vietnam include education and government regulations. FPT, for example, trains around 40,000 software engineers a year at its campuses across the country, creating a deepening pool of talent for domestic and foreign companies alike. We envision engineering jobs within growth areas, such as Artificial Intelligence, Blockchain, and Cloud computing, to continue to be readily available. The government is also pushing hard for digital technologies as a way to scale Vietnam’s development as a modernising industrial nation and is planning to promote e-payment and e-government. Soft infrastructure is as important as hard infrastructure, and both can have a multiplier effect on economic growth, in our view. Digitalisation is helping Vietnam stay on course to reach its 30-year track record of 6.5% growth. Its stock market ranks as the second most liquid in South-East Asia, recently recording more than \$1bn of transactions a day, with almost 500,000 new stock market accounts opened in the last 12 months. These new investors are increasingly digitally connected, smartphone and app-enabled, and keen to embrace the new industrial revolution. The Fund is up around 90% this financial year and the forecast growth in portfolio EPS for 2021 is over 40% at less than 11x price-earnings.

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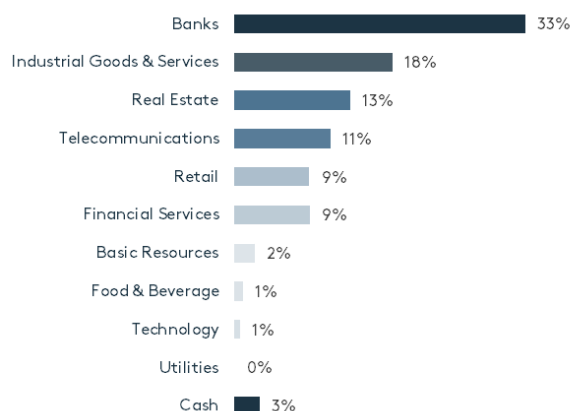
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	11.1	+21.0%	Net Profit After Tax (NPAT) for 4 months +21.3% YoY; 2021PE 20.0x
Hoa Phat Group	11.0	+23.3%	Robust steel volume growth after 5M +56.5% YoY, expect record high Q2 2021 earnings; 2021PE 8.7x
Vietin Bank	10.1	+30.2%	Received State Bank of Vietnam's (SBV) approval to pay a 29% share dividend in H22021; 2021F PB 1.9x
VP Bank	9.4	+18.3%	Plans to secure a foreign strategic partner by the end of 2021; 2021F PB 2.6x.
MB Bank	5.9	+25.2%	Received SBV's approval to pay 35% share dividend; 2021F PB 1.9x
Sacombank	5.2	+41.4%	Plans to sell 81mn treasury shares, subject to SBV's approval; 2021F PB 1.8x
Khang Dien House	4.6	+12.2%	Approved to issue 10% stock dividend and 1.5% ESOP; unchanged forecast for FY21; 2021PE 18.5x
Mobile World	4.4	-1.7%	NPAT in 4M2021 grew +26% YoY; Grocery chain is closer to its break-even level; 2021PE 12.2x
Phu Nhuan Jewelry	4.2	+3.0%	Impressive NPAT growth in 4M2021 (+95% YoY), achieved 48% full year guidance; 2021PE 17.5x
Vinhomes	3.8	+3.3%	Set a high earnings' target of USD 1.5bn (+24% YoY); plans to pay dividend of 45%; 2021PE 11.7x

Total **69.7**

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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