



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	265.0 pence
NAV	333.0 pence \$4.600
Discount / Premium	-20.4%
Total Net Assets	\$196.1m
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	26	
Median Portfolio Market Cap	\$1981.2m	
Foreign Ownership Limit stocks*	41.5%	
Thematic exposure		
Industrialisation	29%	
Domestic Consumption	12%	
Urbanisation	16%	
	2021F	2022F
EPS Growth	58.7%	18.4%
P/E Ratio	12.0	9.9

* 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	4.8	43.7	14.5	11.4	15.2
Vietnam All Share Index (VNAS)	4.4	38.4	16.7	16.9	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 – Riding the road to recovery

June proved to be another soaring month for both Vietnam’s economy and the Fund. Despite the latest wave of Covid-19 cases slowing down some of the momentum seen in Vietnam’s Manufacturing sector this year, GDP was still higher than expected in Q2, expanding 6.6%, with the Industry and Construction sector growing 8.4% YoY in H1 2021 compared with 3.0% in H1 2020.

International trade increased significantly in the first half of 2021 with exports rising by +28.4% YoY and imports +35.6 YoY. By the beginning of July, factories in the main industrial hubs of Bac Giang and Bac Ninh had resumed working, and we believe external demand, particularly from the EU, the US and China, will further enhance the country’s exports and production in H2 2021.

VNH continued to post record-high gains for another consecutive month and ended the financial year up almost 100%. Also, with its NAV up +4.8%, it outperformed the VNAS amongst record index levels and domestic daily volumes, thanks mainly to notable gains in the securities brokerage and industrial sectors. The Fund particularly benefited from its overweight holdings in two securities companies: VCI, up +31.6%, and HCM, +30.5%. HCM’s impressive results in 1Q of VND321bn, an increase of +219%, speak for themselves. Valuations remain attractive for the earnings growth outlook, and we expect listed companies to record even higher EPS increases in Q2, largely due to the low base in 2020. The Fund’s overweight position in Industrials also proved positive, with port operation and logistics company Gemadep, GMD, up +16.3% and Airports Corporate of Vietnam, ACV, up 13.0%. Although the recovery for ACV will continue to be impacted by COVID-19 restrictions, GMD could benefit from a recovery in the US and EU.

Gemadep’s deep seaport – Gemalink - showed good throughput volume of 330k TEUs in 6M, while the volume growth for the Hai Phong port posted a positive 5M growth rate of 39% YoY. GMD’s logistic business is forecast for stronger growth, given the need to use cold storage for seafood transporting, as well as the increased freight demand, which ultimately has stemmed from the open trade agreements Vietnam has been establishing with other countries and its memberships in the World Trade Organization and Association of Southeast Asian Nations (ASEAN). We see the increase in international trade in Vietnam as an important foundation for paving a sustainable road to recovery. As a low-cost manufacturing hub, the country is expected to continue to grow sturdily and despite the pandemic’s disruption on supply chains, its ports have benefited as an alternative to China given its location and efficient workforce. Plus, with recent expansion in its electronics industry, as well as rapid developments in its autos and petrochemicals sectors, the steady flow of foreign manufacturers setting up in Vietnam is helping it renew the significant growth experienced before the pandemic. Foreign investment, indeed, has helped the economy remain among the most resilient and vibrant in the world throughout the pandemic.

At the end of the month the Fund received full proceeds from the redemption of its bonds in private logistics company ABA, a leading cold-chain logistics company. The investment was a profitable one for the Fund earning a double-digit rate of return, despite the fact that the company remains unlisted. As a result, at the end of June, the Fund held only liquid quoted securities and cash.

July has started off with heightened volatility in the equity markets due to profit taking, and as Vietnam continues to deal with the increase in COVID-19 cases. Ho Chi Minh City was placed under lockdown on 9th July.

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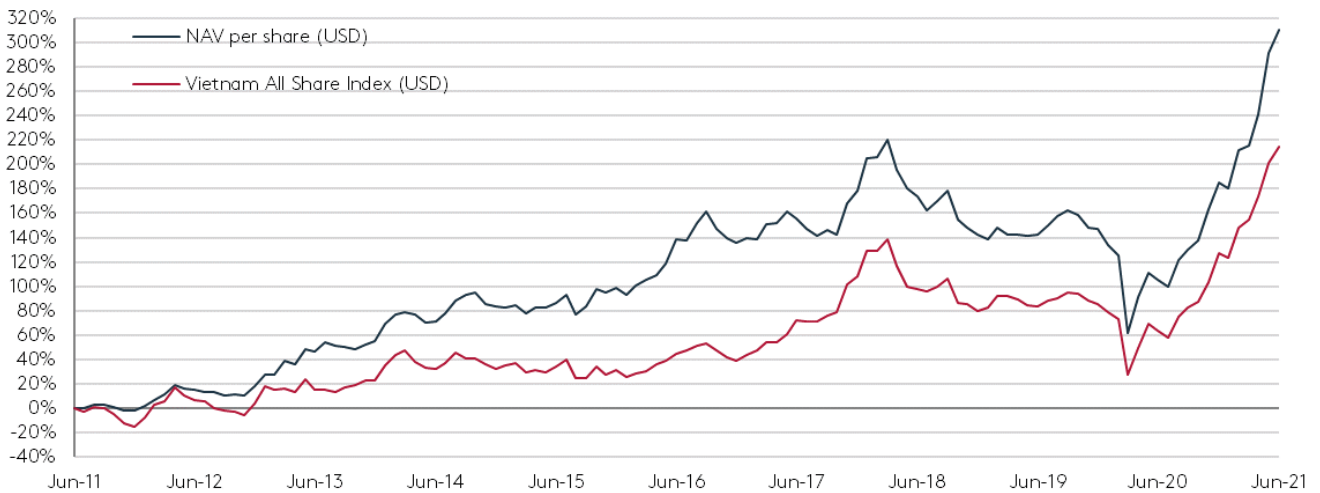
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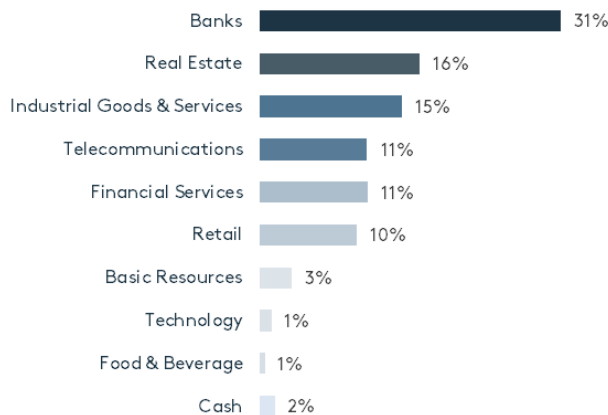
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	11.0	+4.6%	Net Profit After Tax (NPAT) for 5 months +20.2% YoY; 2021PE 20.6x
Vietin Bank	9.6	-0.6%	Prelim 2Q21 PBT VND5trn (+11% YoY), lower than market's expectation; 2021F PB 2.0x
Hoa Phat Group	9.4	-2.1%	5M's sales volume was 3.7MT (69.8% YoY) in which construction was 1.6MT (+27.5% YoY); 2021PE 8.5x
VP Bank	7.3	-2.0%	Seeking shareholders' approval on capital raising via dividend payment; 2021F PB 2.5x
MB Bank	6.4	+14.3%	Expecting a strong 2Q21 PBT growth; 13 Jul 2021 ex-date for share dividend (100:35); 2021F PB 2.2x
Vinhomes	6.1	+15.2%	Plans to launch two new mega projects in the North in 2H2021; 2021PE 12.4x,
Mobile World	5.0	+10.0%	NPAT grew by 26% after 5M2021, fulfilled 45.7% of total FY2021's guidance; 2021PE 13.9x
Phu Nhuan Jewelry	4.9	-0.6%	Impressive NPAT growth in 5M2021 (+90.6% YoY) due to retail revenue growth of 58.7%; 2021PE 17.2x
Khang Dien House	4.6	+4.9%	Issued straight bond amount of VND400bn with coupon rate 12%, 4 years maturity; 2021PE 18x
Sacombank	4.5	-9.3%	Selling 81mn treasury shares (4.3% of total shares) to enhance capital base; 2021F PB 1.7x

Total **68.8**

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

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