



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	153.0 pence
NAV	173.3 pence \$2.260
Discount / Premium	-11.7%
Total Net Assets	\$114.9m
Shares in Issue	51m * as of 30 July 2020
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	\$509.1m
Foreign Ownership Limit stocks*	41%

Thematic exposure

Industrialisation	38%
Consumer	13%
Urbanisation	23%

	2020F	2021F
EPS Growth	8.1%	21.5%
P/E Ratio	9.0	7.4

* 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	-2.1	-18.5	0.9	5.2
Vietnam All Share Index	-3.6	-14.9	2.5	1.8

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 – Force For Good

Having been a signatory of the United Nation’s Principles for Responsible Investment (PRI) for over a decade now, VNH has always considered environmental, social and governance (ESG) as an integral part of its investment process, which is why we are so proud to reveal our latest PRI assessment of A, A* and A. Covid-19 has emphasised how important ESG investing is in helping shape positive outcomes, not least within developing countries. In Vietnam’s case, it also has highlighted the role social responsibility has played in the country’s effective handling of the crisis compared to other nations around the world. We have engaged with our portfolio companies in many ways and will continue to do our part in helping them navigate through the next norm whilst also exploring opportunities with other budding businesses that, in our view, are purpose-driven and well-positioned for sustainable growth.

The Fund outperformed local stock indices in July but was still down 2.1%. Despite the falls in equity markets, we continue to see signs of bottoming out and recovery in Vietnam’s economy. Exports were almost flat year on year (YoY) but jumped by 9.5% month on month (MoM). Imports decreased by 4.1% YoY, but again increased by 7.3% MoM. As such, Vietnam ran a US\$1bn trade surplus in July, and US\$6.5bn year to date (YTD). We maintain our cautious view on the global demand side, which remains highly correlated with Covid-19 and its ongoing disruption on the global economy. Our outperformance in July stems partly from us taking some profit in FPT, the software and IT services provider, by reducing our stake from around 15% to 12% and selling at a premium of 20% to the market price.

Clearly, the recent emergence of new Covid-19 cases in Da Nang surprised Vietnam, after having contained the outbreak so well with under 500 cases, zero deaths and recording 99 days without any new community-spread cases until 24th July. There are now 20 deaths and a total of 905 cases as of 14th August. Whilst these figures remain minimal compared to the rest of the world, the economic impact has been dramatic. Some of the cases were imported and of course quarantined upon arrival, but most were transmitted throughout the community, largely in Da Nang and Hoi An, two hugely popular tourist destinations. Da Nang was immediately put under strict lockdown, after having enjoyed a comeback from the initial shutdown. Vietnam’s usual booming tourism business is now halted. Vietnam Airlines, the national flag carrier, plans to halve salaries for pilots and flight attendants, for example, and is looking to sell several planes amidst projections of US\$650m in losses for the year. The next few weeks will be key to see how the spread of the virus is contained.

There are some reasons to remain hopeful. Retail figures for the month of July, particularly for online sales, show that consumer spending is increasingly optimistic. Let us not forget the country’s relatively quick recovery following the national shutdown in March. If the government’s handling can continue to ensure public confidence as it did before with closed borders, testing, tracking and tracing, hotspot isolating and caring for patients in the specialist National Hospital for Tropical Diseases, then tourism and domestic spending are likely to bounce back again. In the end, Vietnam’s battle against Covid-19 boils down to its people pulling together and making it their duty to follow the government’s guidelines and rally against the virus as a matter of national security. In the long run, we believe businesses with sustainable strategies will benefit from this type of spirit and consumer behaviour.

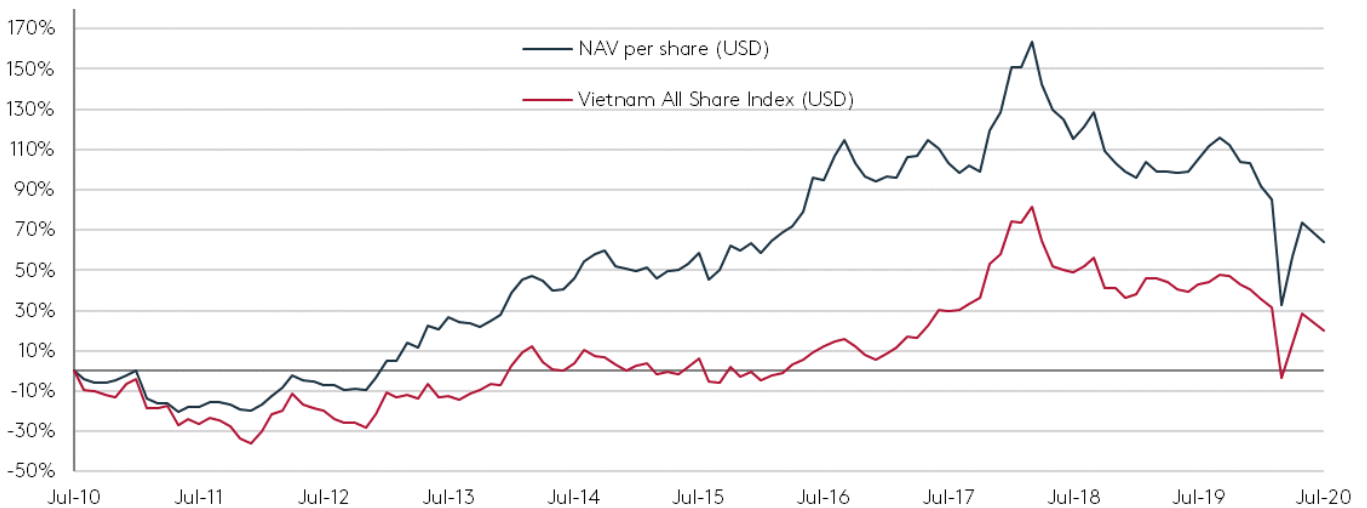
Manager – Dynam Capital | + 84 28 38277 590 | info@dynamcapital.com | www.dynamcapital.com

Market Maker – finnCap | + 44 207 220 0558 | JHewitson@finncap.com

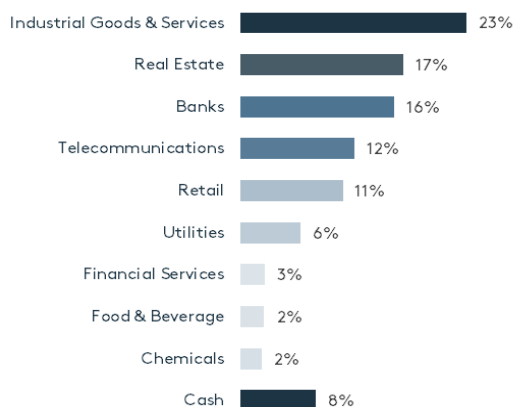


Top Ten Investments	NAV %	% +/-	Manager Comment
FPT	11.9	-2.4%	Resilient performance across business segments; 15%YoY earnings growth in 1H2020; PE 10.6x
Hoa Phat Group	7.0	-0.8%	Positive business results with earnings growth of 31% YoY in 1H2020, PE 8.1x
Mobile World	6.6	-7.6%	Net profit dropped by 4% YoY in 1H2020, opened 478 Grocery stores in 6 months, PE 8.8x
Khang Dien House	6.4	-1.3%	Impressive earnings growth of 90% YoY in 1H2020, completed 37% full year target, PE 12.1x
ABA Cooltrans	5.3	+0.2%	1H2020's EBITDA grew by 57.4% YoY and surpassed the 6M budget EBITDA by 21.9%
Viettel Post	4.6	-5.3%	Second largest last-mile delivery services; solid 1H2020 earnings growth of 21% YoY; PE 18.2x.
MB Bank	4.6	-5.0%	Flat 1H earnings growth YoY, despite strong loan growth & relaxed provisioning in 2Q, PB 0.8x
Vietcombank	4.4	-4.7%	Earnings dropped 3% YoY in 1H mostly due to NIM contraction and higher provisioning, PB 2.8x
Vinhomes	4.3	+3.1%	Leading position in residential property market, large nation-wide land bank, PE 10.3x
Phu Nhuan Jewelry	4.1	-10.0%	Earnings -26% YoY in 1H in part due to April shutdown; strong recovery in May-June; PE 13.5x
Total	59.2		

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	1.50% on NAV below \$300m 1.25% on NAV \$300-600m 1.00% on NAV above \$600m
Incentive Fee	12% (hurdle rate 8%)
Administrator	Sanne Group (Guernsey)
Custodian	Standard Chartered Bank

Disclaimer

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