



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	349.0 pence
NAV	387.4 pence \$5.247
Discount / Premium	-9.9%
Total Net Assets	\$155.2m
Shares in Issue	30m
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	\$1479.1m	
Foreign Ownership Limit stocks*	28.9%	
Thematic exposure		
Industrialisation	20%	
Domestic Consumption	14%	
Urbanisation	21%	
	2021F	2022F
EPS Growth	57.3%	28.0%
P/E Ratio	14.9	11.8

* 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	0.5	63.9	24.4	14.6	16.9
Vietnam All Share Index (VNAS)	1.4	53.0	24.7	20.1	15.2

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 – Navigating a new year

In Vietnam, 2021 will be remembered for the harsh effects of Covid-19 variants, but in many ways the country is ringing in 2022 on new and more confident grounds. The country continued to make progress on its vaccination rollout during the month of December, with at the least 70% of the population now fully jabbed. Although the road to recovery in H2 2021 remained segmented, renewed growth in several areas of the economy strengthened as the year wound down. Its stock market has been one of the best performing in the world, up more than 30 percent YoY by the end of December, despite a constantly challenging economic backdrop thanks to Delta and its end-of-year mix with the highly contagious Omicron. By the start of 2022, retail sales had bounced back, export growth hit at an all-time high and global corporations continued to shift production from China to Vietnam. In addition, on January 1st 2022, the government lifted international flight bans and resumed travel to and from Cambodia, Singapore, Taiwan, Japan and the US to those who are fully vaccinated.

The Fund, which was up +63.9% for 2021 versus the benchmark VNAS index's rise of +53%, also ended the calendar year on record notes. For one, it maintained a strong peer outperformance of +14% during H2 2021 when there was growing market divergence. The performance of portfolio companies diverted during Q3 and Q4 of 2021 as Delta caused major disruptions, mid and small-cap companies performed better, domestic retail investors became increasingly more dominant and the capital outflow in large-cap stocks rose. We tactically reduced some large caps – mainly in banking stocks and steel-maker Hoa Phat Group – to allocate into selective smaller-cap names particularly in the more thriving brokerage and real estate sectors. We anticipate the wider property market in Vietnam to continue to perform well in 2022 as government-supported investment in infrastructure is accelerated. We also added to our positions in leading brokerages, which we feel are rightly positioned for opportunities that should crop up as the country's capital markets gradually ripen and expand.

In terms of our broader economic outlook, we expect another divergent year in Vietnam's stock market with one of the most important themes being on how companies address changing stakeholders' needs. As a responsible investor, good corporate governance has always been at the heart of our investment process, and our research continues to focus on how changes in consumerism, urbanisation and industrialisation shape Vietnam's future. Our keen interest in how the behaviour of Vietnam's large millennial population influences business decisions and corporate culture is a prime example. In fact, we have been largely engaged with how investee company retailers are preparing for Tet and the year-ahead and omni-channel retailer Mobile World, one of the top three performers in our portfolio, has been applauded for its recent campaign highlighting the value of family in today's pandemic-stricken world.

Furthermore, as the Regional Comprehensive Economic Partnership agreement became in effect as of the start of 2022, Vietnam's government and business leaders will become even more exposed to the global corporate stage with trading partners, suppliers, and customers from abroad watching how they deal with the pandemic and rapid transformations. Vietnam could benefit greatly from this historic free trade agreement as many of the latest 2022 forecasts of 6.5 percent GDP growth attest.

There's no doubt that the high growth that Vietnam experienced prior to Covid-19 has been stymied by the ongoing pandemic, and it is inevitable that supply chain and other structural risks will remain an integral part of the script in 2022, but the velocity of change, in terms of policy and rising environmental and social urgencies, is the reality that countries and companies all over the world face, large and small. When Vietnam eventually moves up from a frontier to an emerging market status, there could be a sea change in corporate and social responsibility not seen in its growth story ever before.



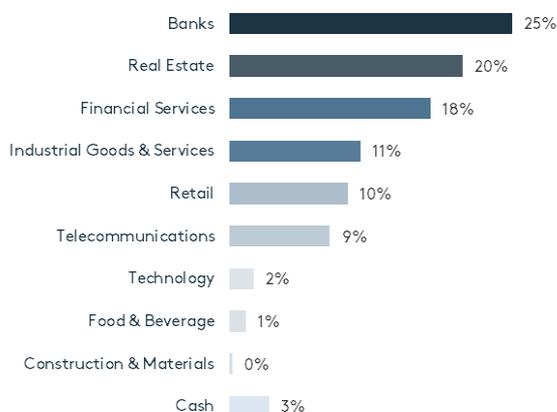
Top Ten Investments	NAV %	% +/-	Manager Comment
FPT Corporation	8.7	-4.7%	11M2021 Net Profit After Tax (NPAT) +19.6% YoY, in line with our expectation; 2022PE 17.9x
Mobile World	7.4	-2.6%	11M2021 NPAT grew by 22% YoY. DMX & TGDD continued posting strong recovery in Nov; 2022PE 14.5x
VNDirect	6.5	+3.3%	Q32021 NPAT grew by 155% YoY. New capital raising plan to support 2022 growth; 2022PB 2.5x
Sacombank	6.3	+8.5%	2021 PBT growth forecast at 42% YoY; good progress of legacy debt solving; 2022PB 1.6x
Khang Dien House	6.0	+9.3%	Valuation re-rating on strength of accumulated landbank, but 2021 ended with flat growth; 2022PB 3.1x
Gemadep	5.6	-5.4%	Q3NPAT up 30.6% YoY, but lower than expected. Gemalink phase 2 delayed until Q22022; 2022PE 17.0x
Viettin Bank	5.5	+3.1%	2021 preliminary PBT growth was flat due to increased provisions; 2022PB 1.4x
MB Bank	5.2	-0.8%	2021 preliminary PBT increased 55% YoY driven by strong credit growth of 24% YoY; 2022PB 1.6x
VP Bank	4.8	-5.5%	2021 PBT growth estimated at 28%YoY despite drop in profit from consumer lending; 2022PB 1.5x
Masan Group	4.6	+14.3%	Strong performances in consumer goods, expect one-off gains to boost Q4's results; 2022PE 25.7x

Total **60.6**

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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