



**Vietnam Holding**  
April 2022



<p>c.£104m Market cap</p>	<p>Closed-end fund listed on LSE Main Market</p>	<p>Partner owned Manager with locally based team</p>	<p>+17.9%* p.a. over 10 years <i>Vietnam All Share +14.7% ** p.a.</i></p>
<p><b>Nimble stock selection, actively managed, high-conviction portfolio with integrated ESG</b></p>			
<p><b>25</b> holdings Largest holding <b>9.9%</b> Zero gearing</p>	<p>carbon footprint <b>32%</b> lower the Index</p>	<p>Thematic exposures: <b>29%</b> Industrialization <b>15%</b> Consumer <b>22%</b> Urbanization</p>	<p><b>63%</b> Active Share (3y avg.) <b>32%</b> mid &amp; small-cap <b>65%</b> large-cap <i>VN All Share split (30%/70%)</i></p>

# Portfolio

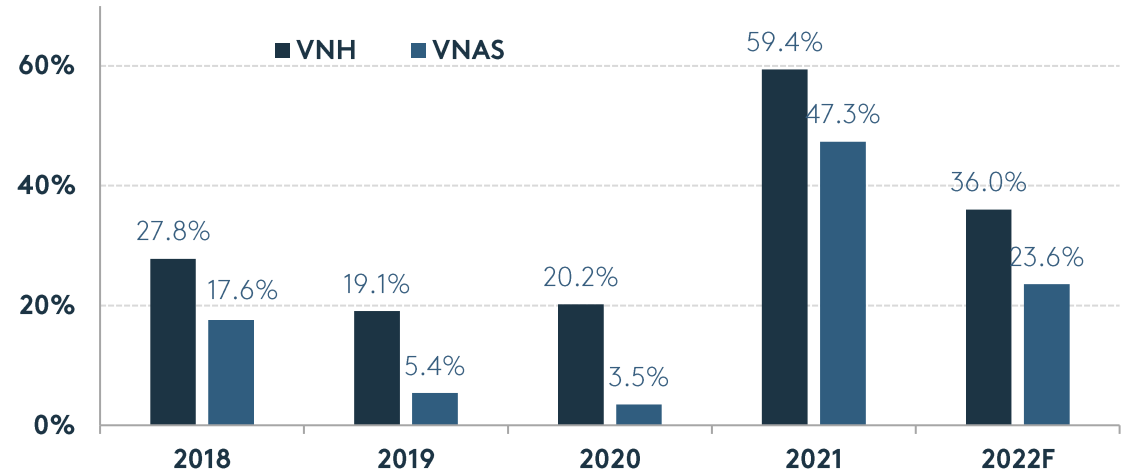
## Growth at a Reasonable Price (GARP)



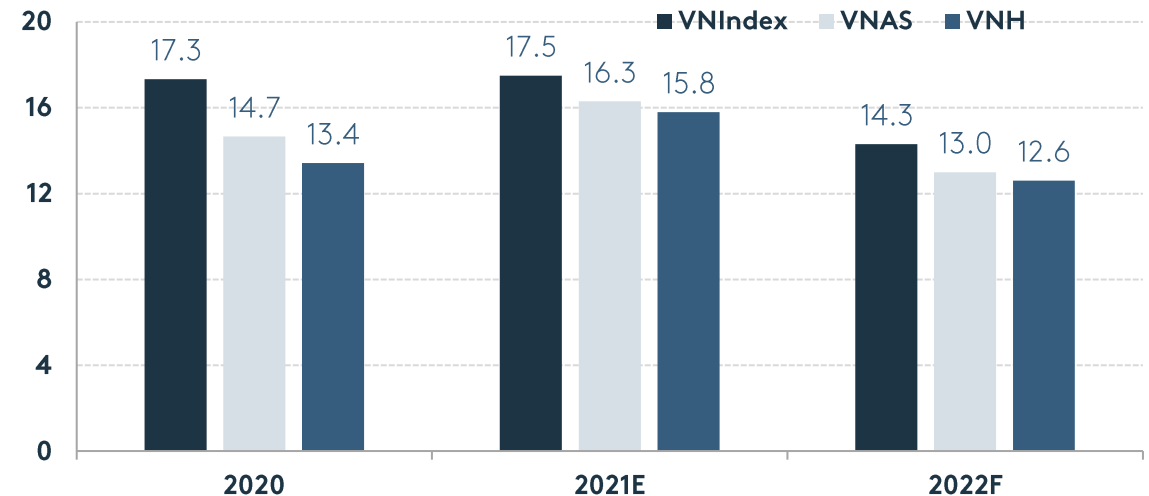
### Investment Criteria

- Compounding long-term EPS growth (c20% pa)
- Attractive valuation with built-in safety margin
- Strong balance sheet and cash flow management
- Industry leaders with strong competitive position
- Best management teams among peers
- Commitment to engagement and improving ESG delivery

### Growth at a Reasonable Price



### Valuation (P/E Ratio)





1. **Vietnam:** Asia's Emerging Champion
2. **Vietnam Equity Market:** Strong Performance Despite COVID
3. **Vietnam Holding Portfolio:** Sustainable Growth – Strong Track Record
4. **Fund Manager:** Responsible Investor and Vietnam Specialist
5. **Summary**

# Vietnam at a glance

## Asia's emerging champion



### Population

**98.5mn**  
**Population**  
15<sup>th</sup> in the world



**32.5 years**  
**Median age**  
Youngest in ASEAN



**85%**  
**Ethnic Kinh**  
Stable socio-political environment

**98%**  
**Literacy rate**  
2<sup>nd</sup> highest among top 10 investible FM countries



**>77%**  
**Internet penetration**  
30% per annum growth in e-commerce



**37%**  
**Urbanization rate**  
Rapidly increasing

### Economy

**2.58%**  
**2021 GDP growth**  
30-year average 6.7% pa



**USD31.2bn**  
**2021 FDI influx**  
The 2<sup>nd</sup> largest share in ASEAN



**2x GDP**  
**Total trade**  
\$645 billion in 2021

**USD3,000**  
**2021 GDP per capita**  
High and stable growth



**1.8%**  
**2021 Inflation**  
Stable macroeconomic



**15**  
**FTAs concluded**  
2 FTAs in negotiations

### Key export products

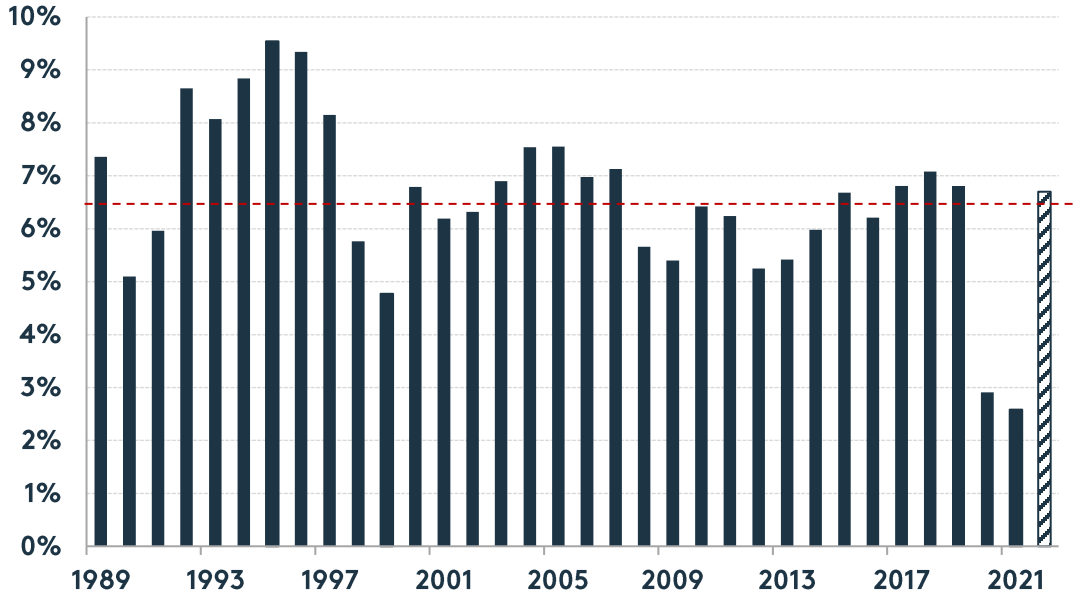
- Telephone & Accessories
- Textiles and garments
- Computer & Electrical Products
- Machinery & Equipment
- Footwear
- Wood & Wooden Products
- Iron Steel

# Vietnam Macro

One of the Highest GDP Growth Countries in the World



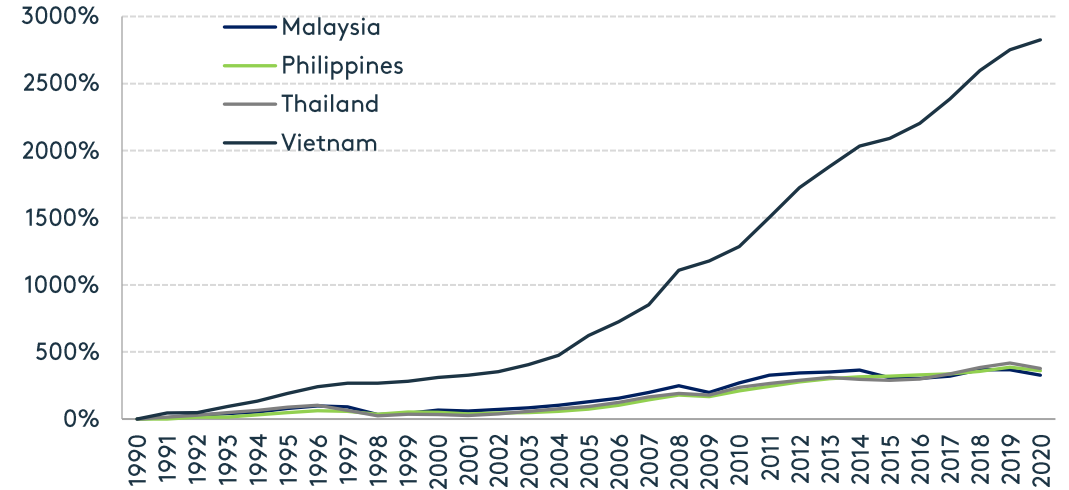
## High and stable GDP growth over last 30 years



- GDP growth is among the highest in the world
- By 2050, Vietnam will be in the top 20 economies in the world
- Domestic growth makes the economy more resilient
- Rapid levels of urbanization and industrialization providing growing investment opportunities in real estate development and industrial services

## GDP per capita accelerating (USD)

### GDP per capita growth



- Vietnam GDP per capita trebled since joining the WTO in 2007
- Growing middle class and increasingly consumer-driven society
- China and Thailand doubled its GDP per capita from where Vietnam is today in 5 years and 7 years, respectively
- Inflection point in growth - Vietnamese consumer power could double by 2035 - with increased demand for consumer goods through rapidly growing modern trade and retail chains

# Vietnam Macro

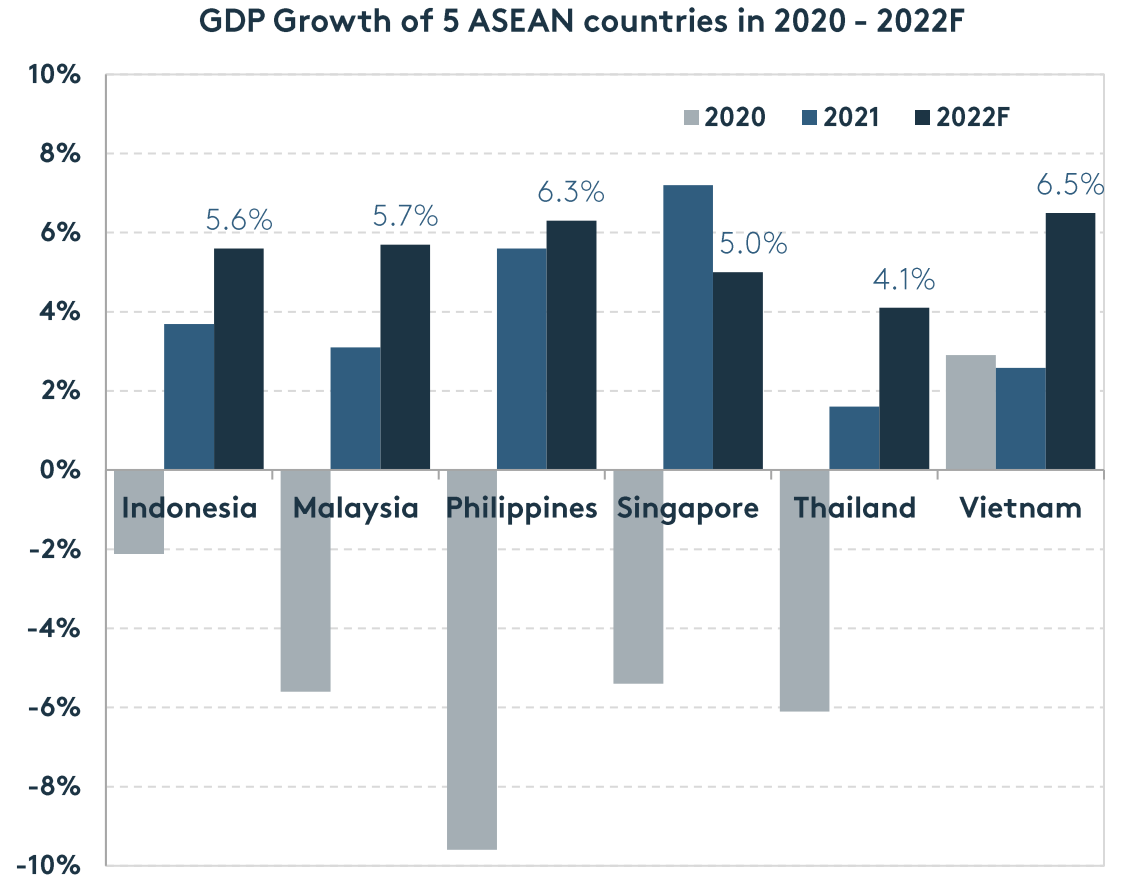
One of the Highest GDP Growth Countries in the World



## After years of high growth, GDP reached a sizable value



## Positive GDP growth in years of Covid-19

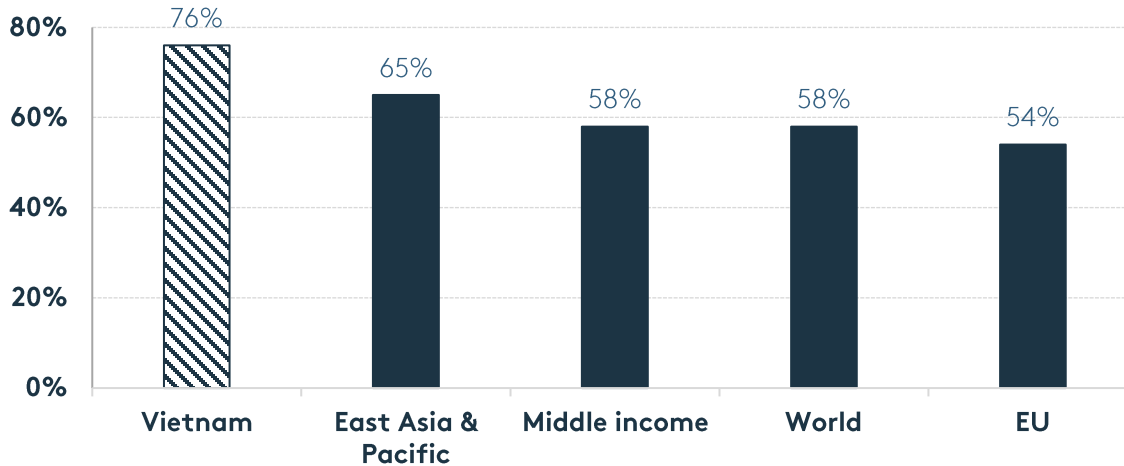


# Vietnam

## Favorable Demographics Driving the Opportunities

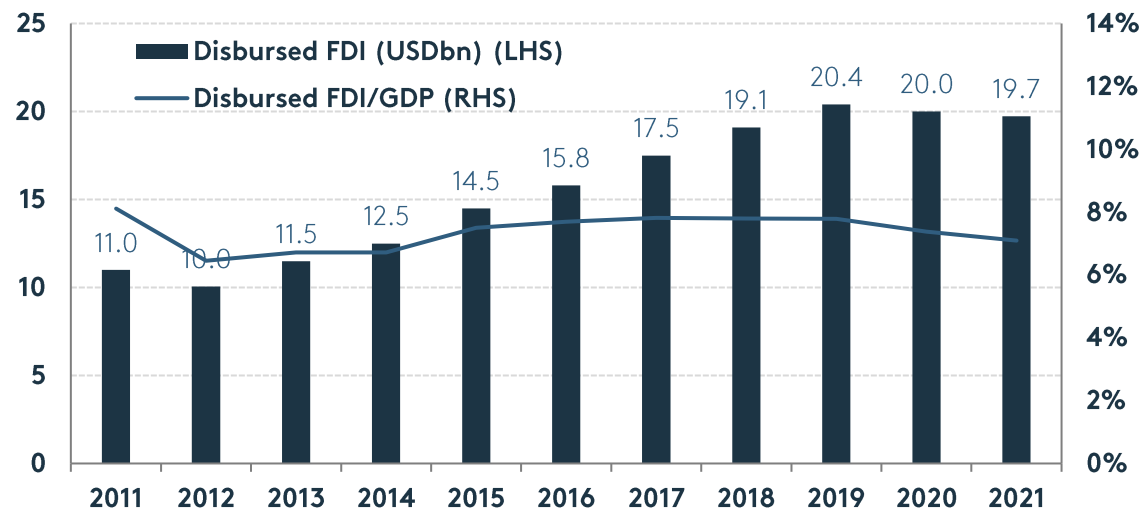


### Among highest Employment to Population Ratio (%) in the world



- Young and large population
- Industrious workforce
- Manufacturing labor cost is just about half of China and two-thirds of Mexico

### Strong and sustainable influx of FDI (USD bn) with 10-y CAGR 6.0%



- Strategically located in the heart of ASEAN and nearby major economies (China, Japan, and Korea) makes Vietnam a manufacturing hub
- Attracting record levels of Foreign Direct Investment (FDI)
- Strategic alternative to China for global sourcing

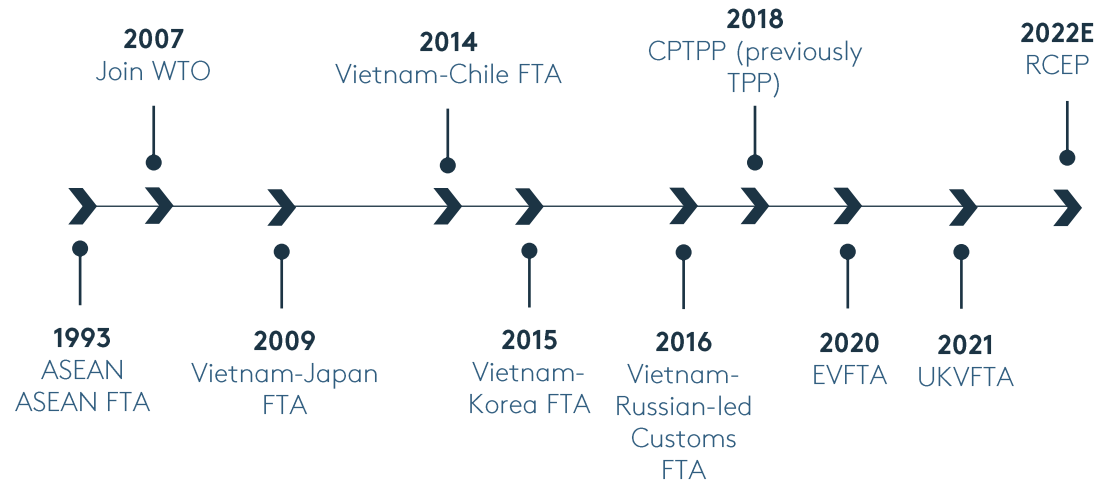


# Vietnam

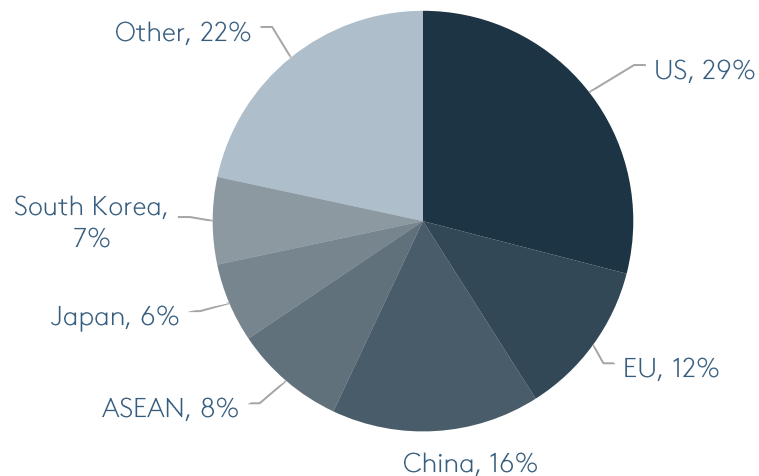
## Supportive Policies for A More Open Economy



### Increasing foreign trade thanks to FTAs



### Well-diversified foreign trade partners



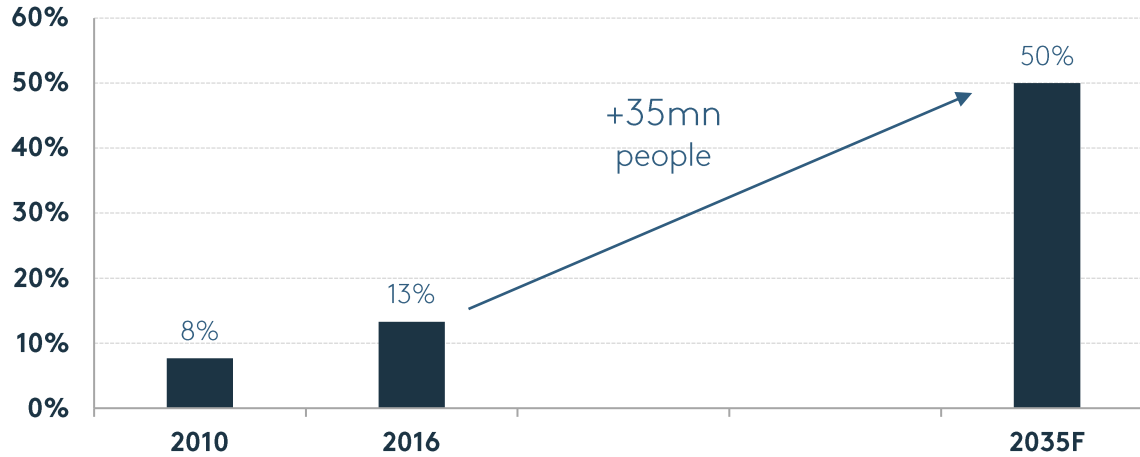
- Total trade as of percentage of GDP doubled to >200% since 2000
- Newly signed CPTPP (Comprehensive and Progressive Agreement of Trans-Pacific Partnership) and Vietnam-EU FTA, EVFTA, and RCEP (Regional Comprehensive Economic Partnership) are expected to boost foreign trade significantly
- In the Global Competitiveness Index (GCI), Vietnam jumped 10-notch from 77<sup>th</sup> in 2018 to 67<sup>th</sup> in 2019, being the country, whose score improved the most globally
- Healthy growth of trade with all major import and export markets last 10 years
- Diversified pool of trade partners
- Recent surge in exports to the US as a result of trade tensions between the US and China

# Vietnam

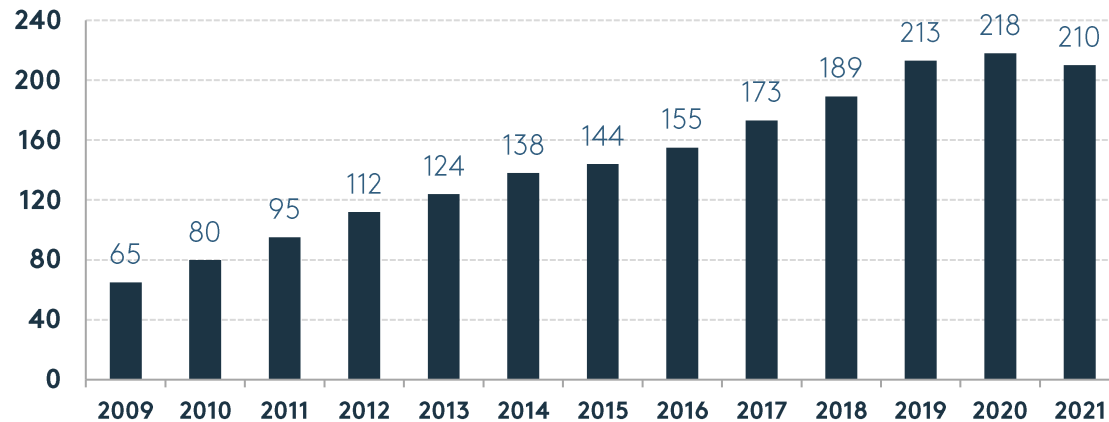
## Rapidly Growing Consumer Middle-class



### Emerging middle class population (consumption >USD15/day)



### Vietnam retail sales (USD bn)



- 35mn more middle-class consumers by 2035
- Car ownership doubled over last 5 years
- Consumer loans increased by 5x to US\$51bn over last 5 years
- 6x increase in air passenger traffic over last decade\*
- Modern trade already at about 30% currently and expected to reach 38% in 2025
- 30% life insurance premium annual growth over 5 years
- Vietnam's Internet economy forecast to reach US\$57bn by 2025

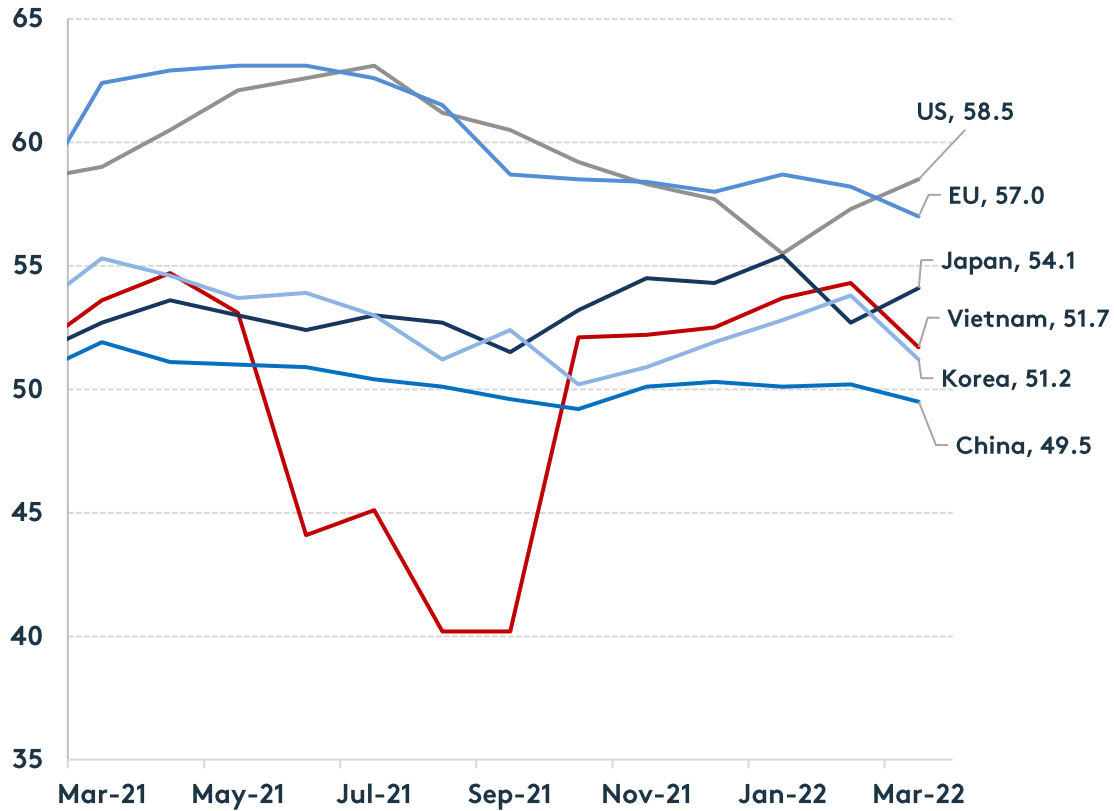
# Macro Review

Rapidly recovering after Covid-19

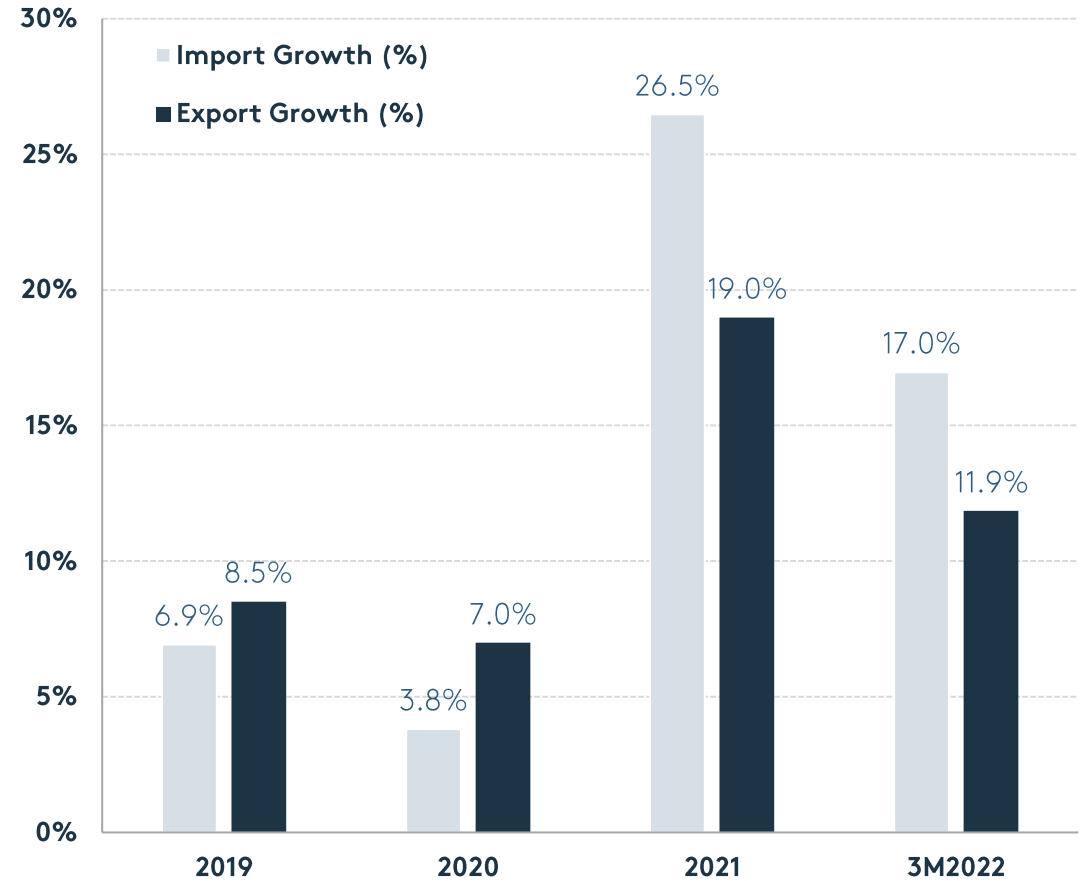


The manufacturing sector continued to bounce back in Q1-2022

### PMI Manufacturing Index



Trade keeps its growth momentum



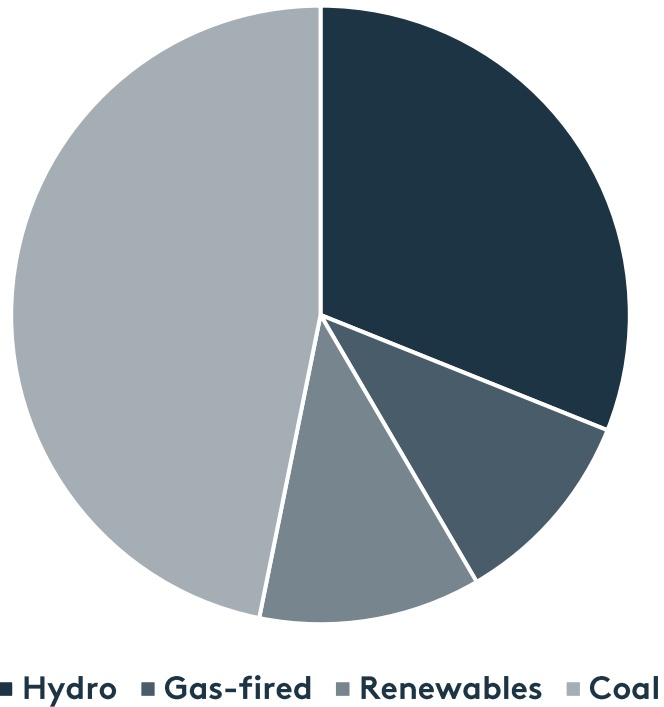
# Vietnam

## Pressure on Inflation – But not Severe



### The energy crisis is not that severe in Vietnam

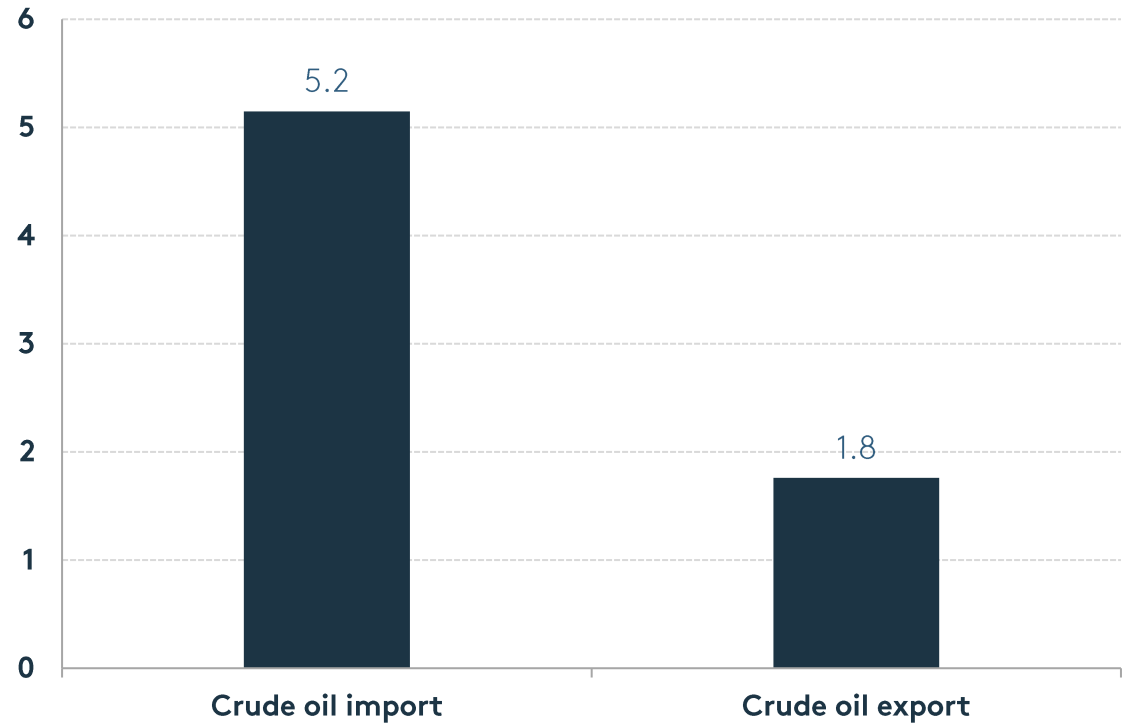
Source of electricity in 2021



- Vietnam does not have to import much energy.

### Healthy current account

Value of import and export of crude oil of Vietnam 2021 (USD bn)



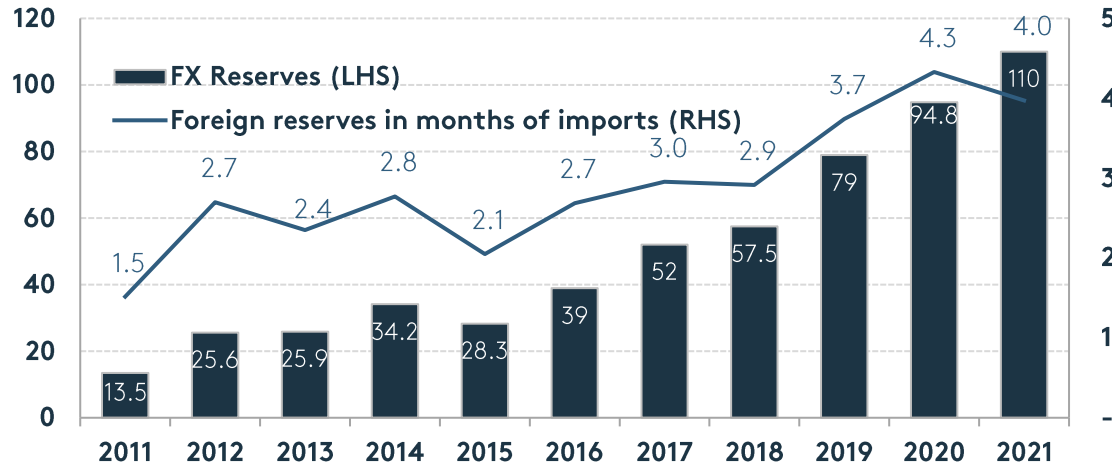
- Trade deficit of crude oil, but controllable.

# Vietnam

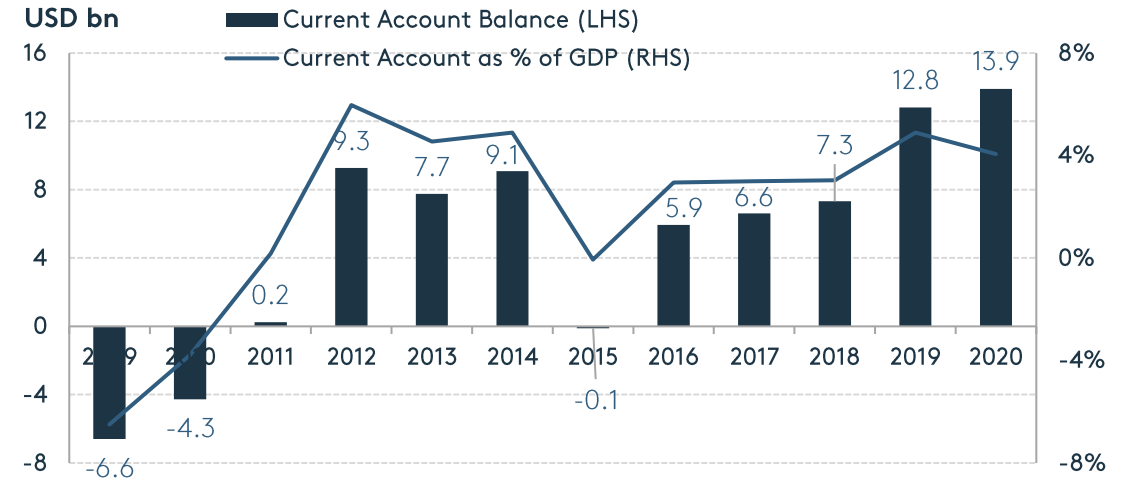
## Strong Macroeconomic Conditions, Supporting Corporate Earnings Growth



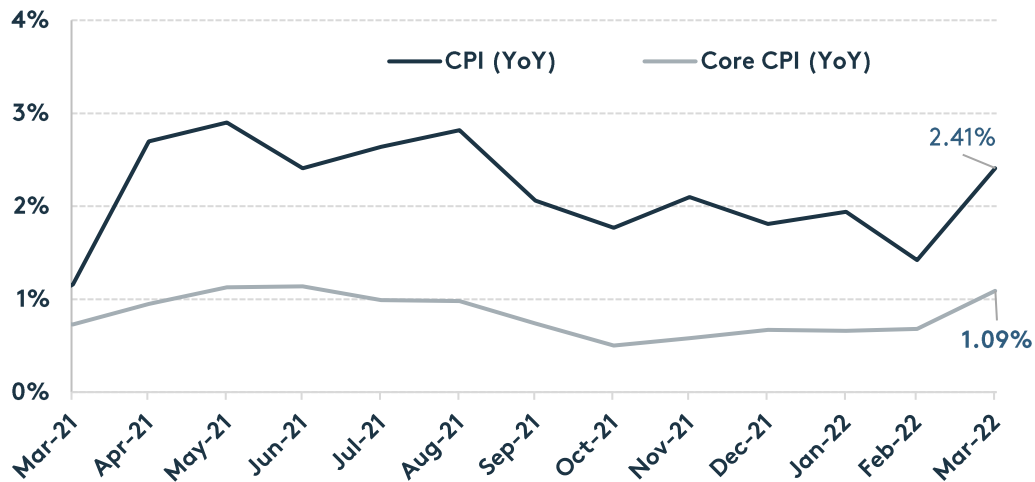
### Record high FX reserve (USD bn)



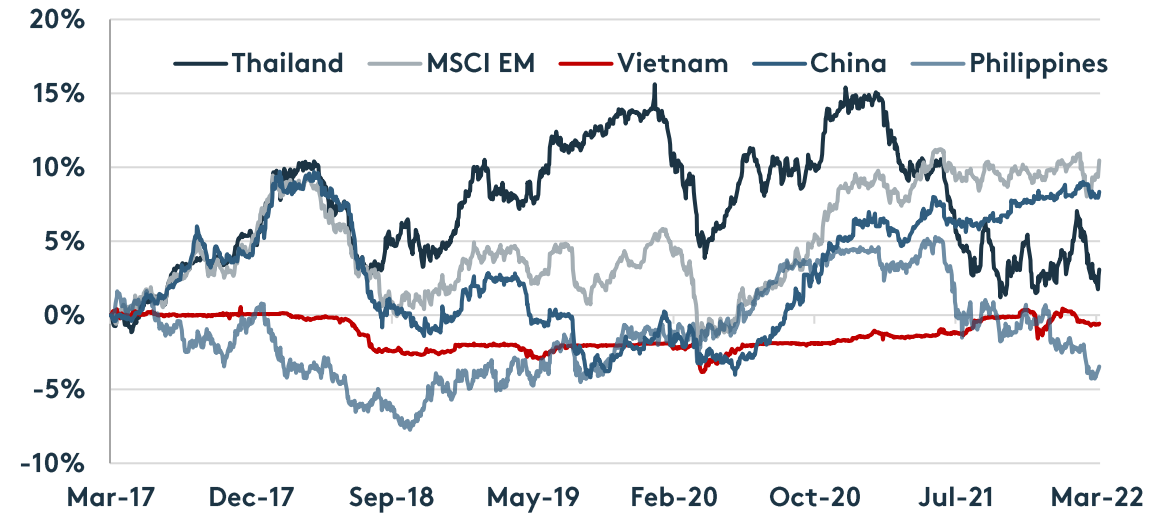
### Healthy current account



### Controlled inflation (% YoY)



### Favorable FX trend (% versus USD)





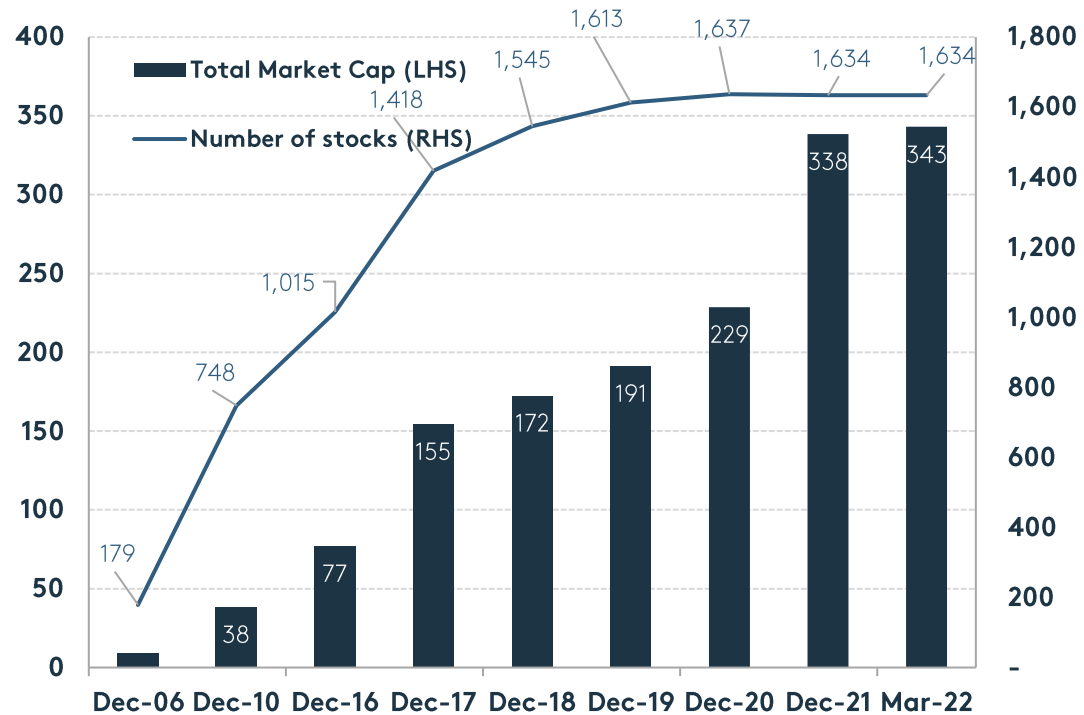
1. Vietnam: Asia's Emerging Champion
- 2. Vietnam Equity Market: Strong Performance Despite COVID**
3. Vietnam Holding Portfolio: Sustainable Growth – Strong Track Record
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# Vietnam Equity Market

## Rise of the Retail Investor



### Market capitalization (USD bn)



- Market capitalization grew from \$2bn in 2006 to \$340bn in 2021
- Healthy entrepreneurial-led private sector and overall trend of privatization of public sector

### Liquidity expanding rapidly



- 1.5 million new domestic investors in 2021, increasing by 200,000 per month
- Retail investors have driven daily liquidity to 5x the levels of 2019

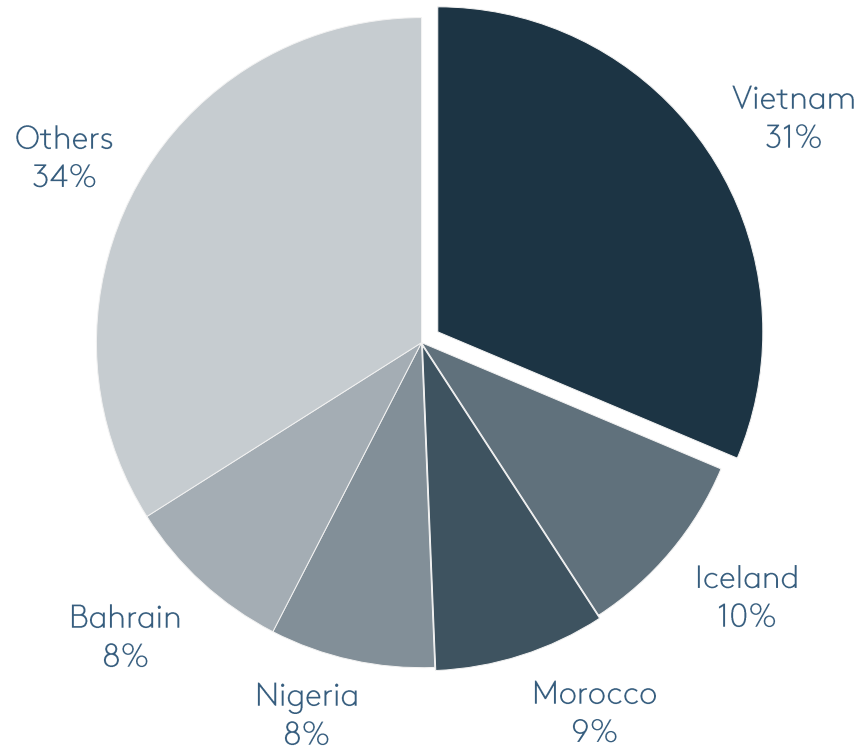
# Vietnam Equity Market

Largest market in the MSCI Frontier Market Index



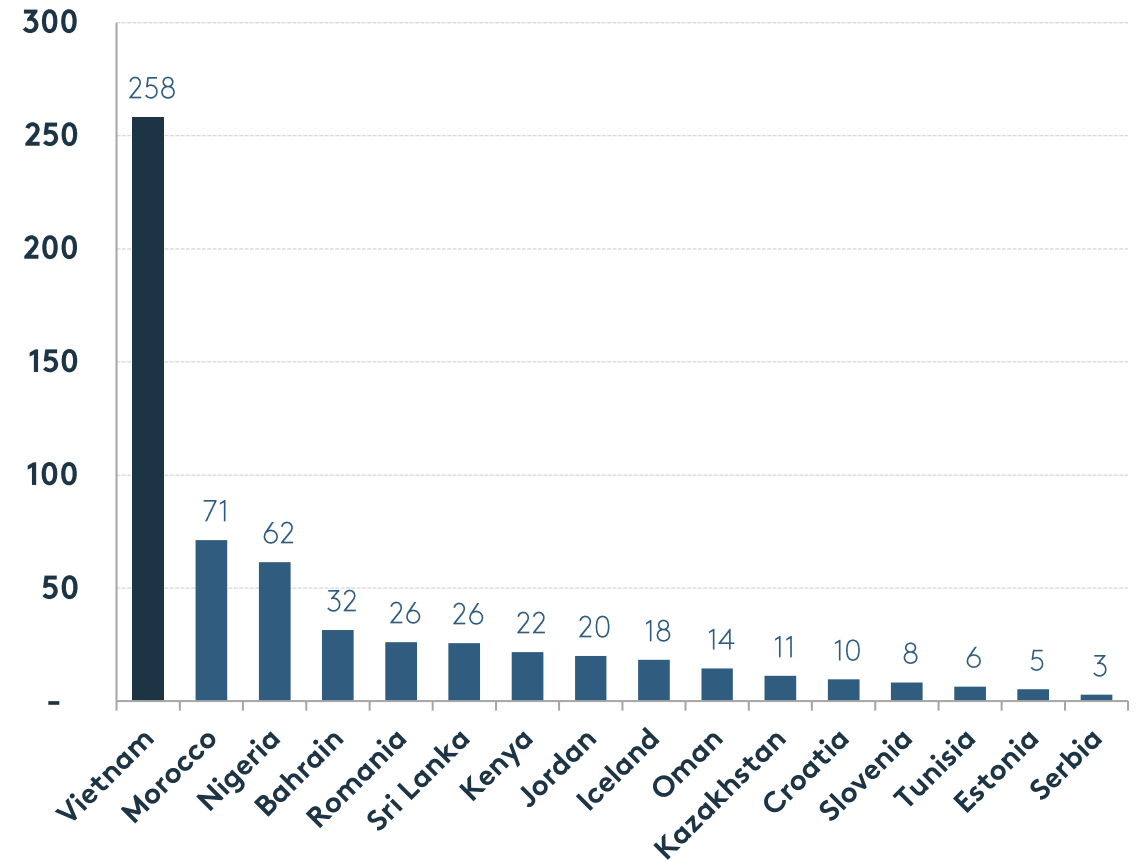
## Vietnam is the largest weighting in the MSCI FM Index

Weighting of MSCI Frontier Markets Index (%)



## ...and the largest market capitalization

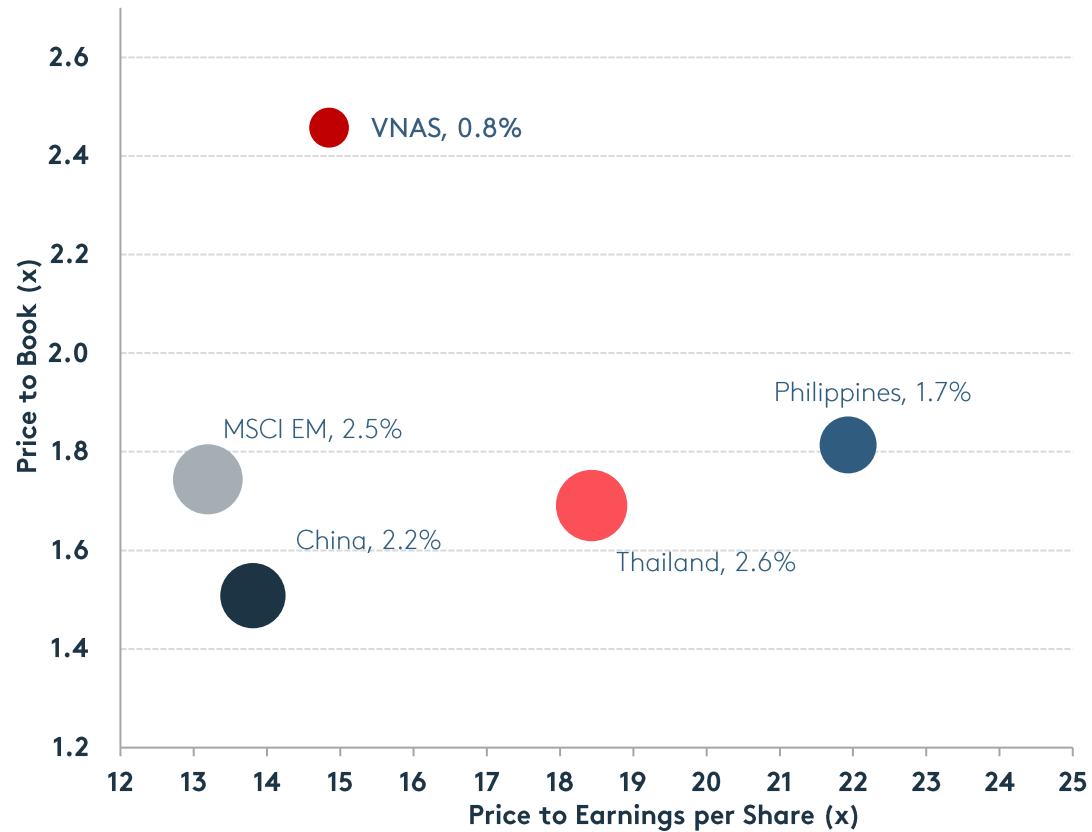
Market capitalization of MSCI FMs (USD bn)



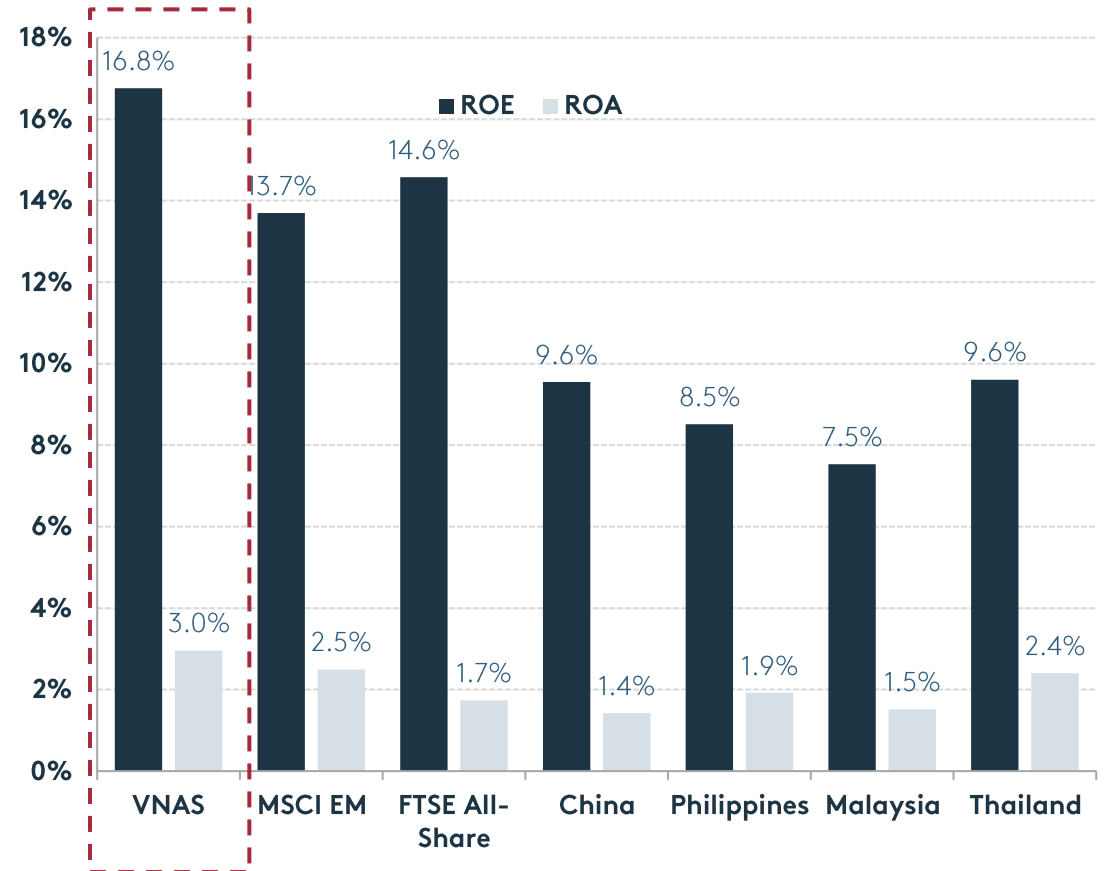




### Valuation remains in line with regional peers



### With higher profitability



# Vietnam Equity Market

MSCI EM Index Inclusion remains elusive for now, yet key Impediments Are Being Solved



## Key impediments:

- Foreign Ownership Limit (FOL): 30% for banks and 49% for others -> Progress has been made with FOL removed in F&B, Pharma, and Brokerage sectors and New Security Law may provide more clarity
- Market infrastructure: trading system being improved
- Information transparency and equality between local and foreign investors: improving
- Liberalization of currency market: unlikely in the near term

The government supports MSCI EM inclusion and views the stock market as a way to boost reform of state-owned enterprises, but EM inclusion will likely be at least 24 months away.



- **Introduction of the derivatives market**

- VN30 Index futures were introduced in July 2017
- Covered warrants were introduced in July 2019
- Bond futures were introduced in July 2019
- Non-Voting Depositary Receipt (NVDR) is being considered
- Local ETFs give more access for foreign investors to the market, especially to full room stocks

- **New Law on Securities effective 2021**

- Easing restrictions on FOL
- Clearer regulations on private placement
- Improvements on the legal framework for securities offering, public company, and information disclosure

- **The establishment of the Vietnam Stock Exchange to streamline the operation of its two subsidiaries Ho Chi Minh Stock Exchange and Hanoi Stock Exchange**

- **The new KRX trading system expected to go online in 2022**



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**Fundamental  
long term  
investment  
philosophy**

**Top down – Bottom up**

- Combining top-down and bottom-up strategies for a balanced portfolio
- **Top-down:** Portfolio structuring process integrating macroeconomic forecasts into asset allocation
- **Bottom-up:** Extensive analysis and disciplined investment process

**Integrating ESG into  
the full investment  
cycle**

- ESG integration and commitment to the highest standards of investment management
- Close engagement with portfolio companies

**Disciplined portfolio  
construction process**

- Active Weighting of portfolio companies according to the degree of conviction
- Portfolio weights based on macro-economic factors and company specific trends and events
- A balanced portfolio for outperformance and stable return throughout economic cycles

## VNH Portfolio

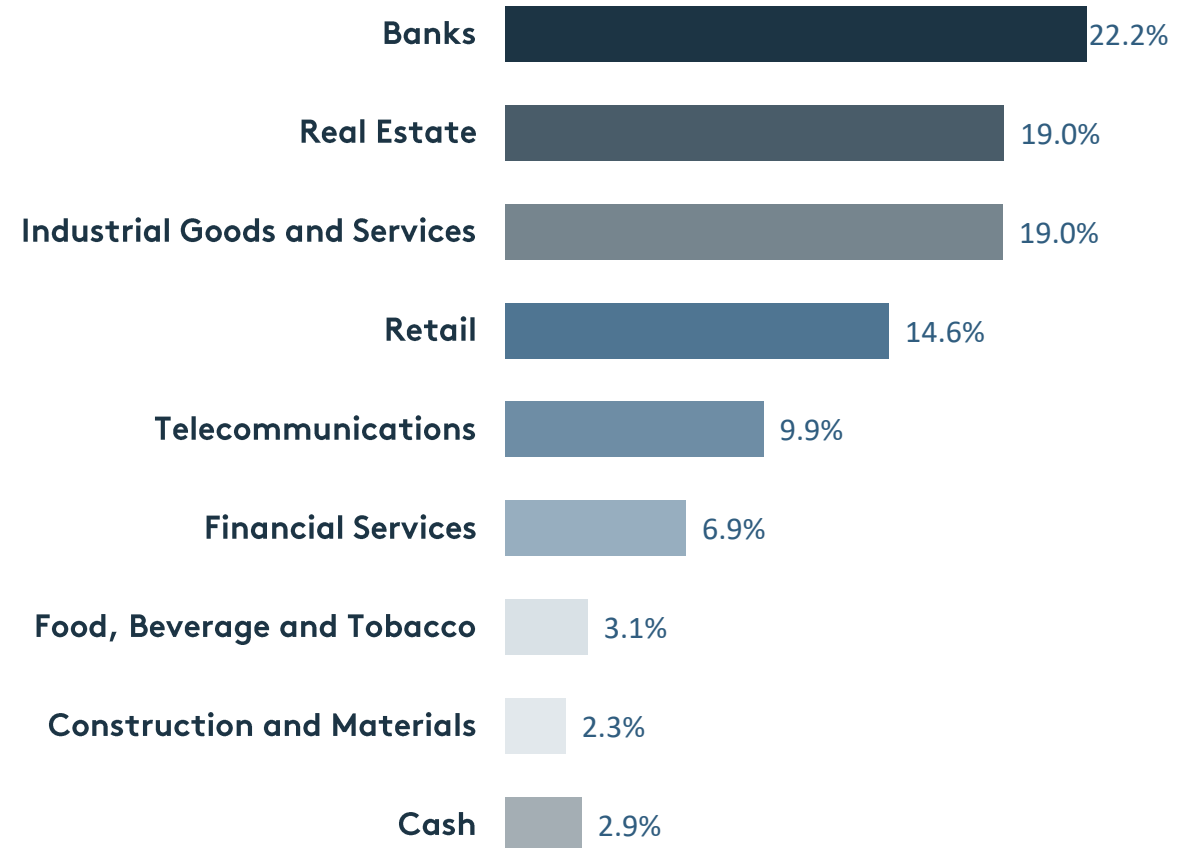
High Conviction/Concentrated Portfolio Across Key Themes of Domestic Consumption, Urbanization and Industrialization



### Top Ten Holdings

Company	% NAV
FPT	9.9%
Gemadept	7.9%
Mobile World	7.8%
Sacombank	6.8%
Khang Dien House	6.1%
MB Bank	5.9%
Phu Nhuan Jewelry	5.8%
VNDirect Securities	5.4%
VPBank	4.9%
Hoa Phat Group	4.5%
<b>Total</b>	<b>65%</b>

### Sector Allocation

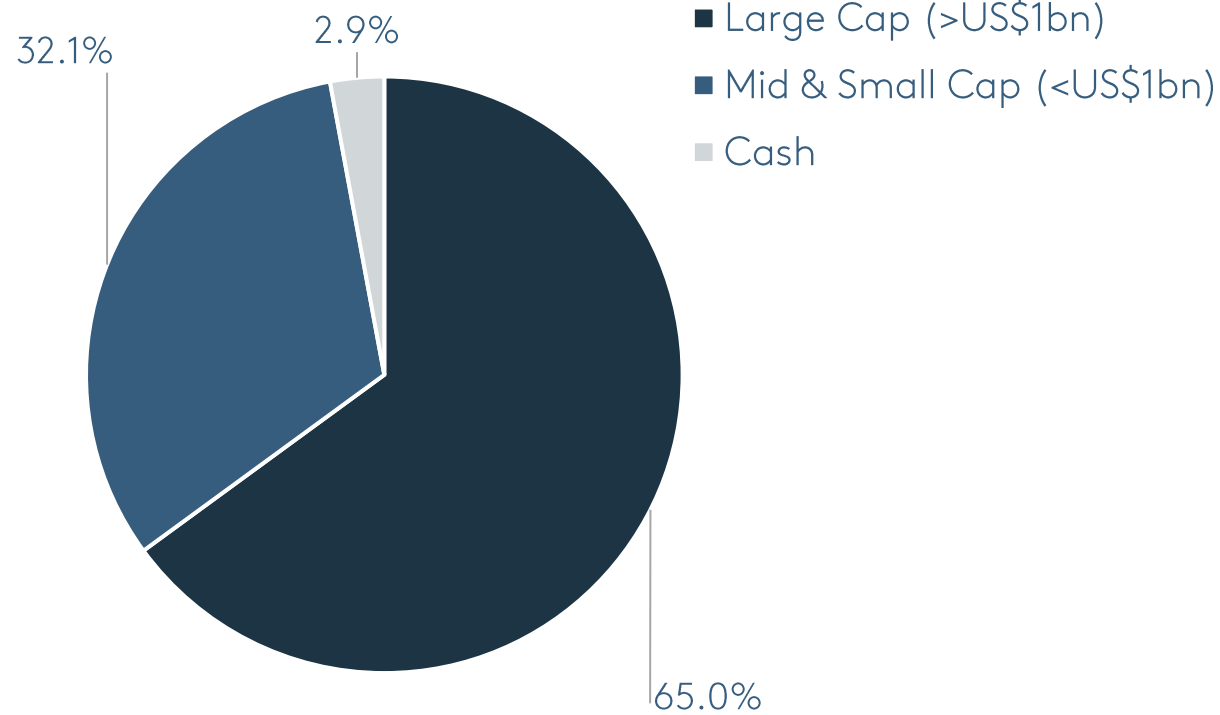


# VNH Portfolio

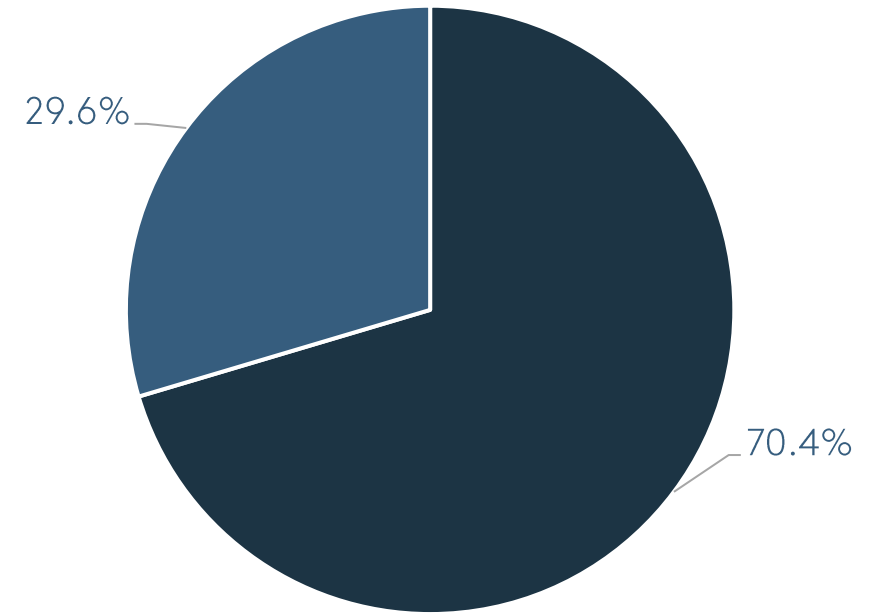
High Active Weight (70%) with Median Cap of US\$1,337m



### VNH Portfolio



### VN All Share Index



VNH Portfolio  
NAV per Share Performance vs. VNAS Index

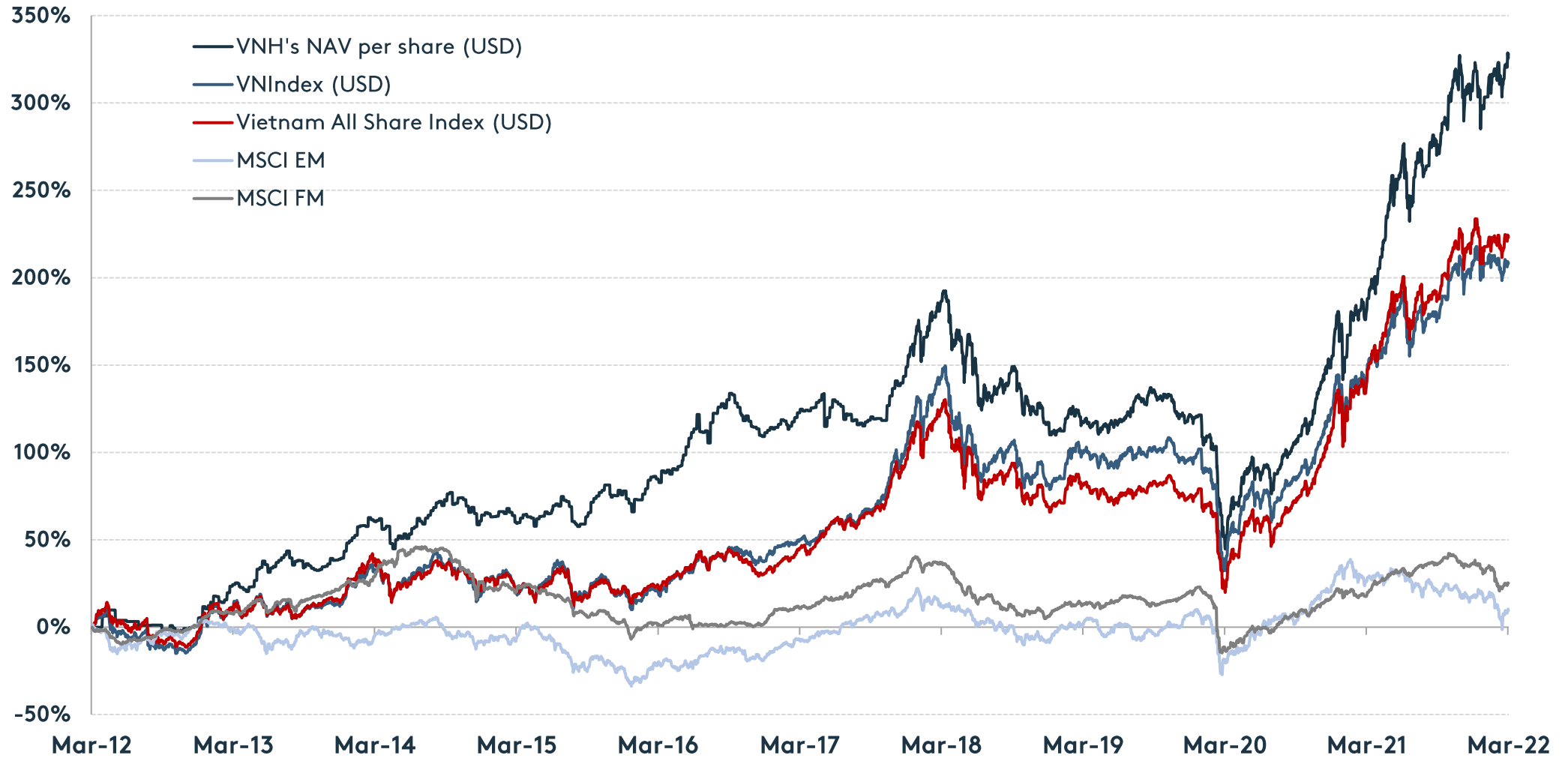


	VNH NAV per Share	VNAS (USD)	MSCI Emerging Market	FTSE All-Share
<b>1 year</b>	51.9%	34.6%	-13.3%	4.1%
<b>3 years</b>	97.4%	78.7%	7.9%	6.4%



# VNH Portfolio

10-year NAV per Share Performance vs. VNAS Index (Mar 2012 – Mar 2022)





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**Craig Martin**  
Chairman

- Over 25-years investment experience in Vietnam and South East Asia
- Previously Head of Private Equity for Prudential Vietnam (now Eastspring)
- Former co-CEO of CapAsia managing cUSD 350m across South East Asia
- Founding team member of Standard Chartered Private Equity (now Affirma)
- Masters of Electronic Engineering, University of York; MBA with Distinction from INSEAD



**Vu Quang Think**  
CIO

- Portfolio Manager of Vietnam Holding since 2011
- 30-years experience in Vietnam including 12 years in Corporate Restructuring
- Previously Head of Management Consulting at KPMG Vietnam
- Founder member and former chairman of the Vietnam Institute of Directors
- BA of Mathematical Economics, Hanoi National Economic University; MBA, Washington State University



### Investment Research



#### Nguyen Nhu Yen Minh

Senior Investment Manager

- 20-year experience in public and private equity investment
- MBA, University of Hawaii, USA; ACCA; CPA



#### Ngo Bich Van

Senior Investment Manager

- 12-year experience in banking and finance
- MSc in Finance, University of Houston, USA



#### Hoang Minh Hai

Investment Manager

- 8-year experience in equity research
- Master of Financial Analysis, La Trobe University, Australia; CFA Level III Candidate



#### Nguyen Tan Quang Vinh

Investment Manager

- 6-year experience in equity research
- Bachelor of Finance and Investment, University of Economics HCMC; CFA Charterholder



#### Ngo Truc Quynh

Investment Manager

- 4-year experience in equity research
- Bachelor of Finance, University of Economics HCMC
- Passed CFA Level I

### Portfolio Management



#### Nguyen Hoang Thanh

Portfolio Manager

- 12-year experience in banking and finance
- MSc in Finance, Clark University, USA; CFA Charterholder



#### Nguyen Trong Nhan

Portfolio Analyst

- 6-year experience in finance
- BSc of Financial Mathematics, Hoa Sen University; CFA Level III Candidate



#### Le Anh Hoa

Head of Trading

- 20-year experience in finance
- BA in Banking and Finance, University of Economics HCMC; BA from University of Social Sciences & Humanities

### Operations



#### Truong Hai Hung

Chief Operating Officer

- 22-year experience in banking and finance
- BA in Economics, Moscow Institute of Int'l Relations; MBA, French-Vietnamese Mgmt School; CMA



#### Ma Thi Ngoc Tram

Financial Controller

- 12-year experience in accounting
- BA in Economics, Banking University in Ho Chi Minh City; Passed foundation level of ACCA

### ESG



#### Nguyen Thi Cat Tuong

ESG Manager

- 8-year experience ESG for corporate sustainability
- Master of Environment, University of Melbourne, Australia; BA in Sustainable Development Studies, Ritsumeikan Asia Pacific University, Japan



## Dynam Capital

Leading edge of responsible investing in Vietnam

Responsible investing drives sustainable growth and manages downside risk

Integrated into established investment process:

- Initial Screening with Dynam's ESG exclusion list
- Proprietary ESG scoring matrix and database
- Detailed ESG due diligence including site visits
- Active ownership and dedicated company engagement process

Focus on Governance - supported by advocacy and training

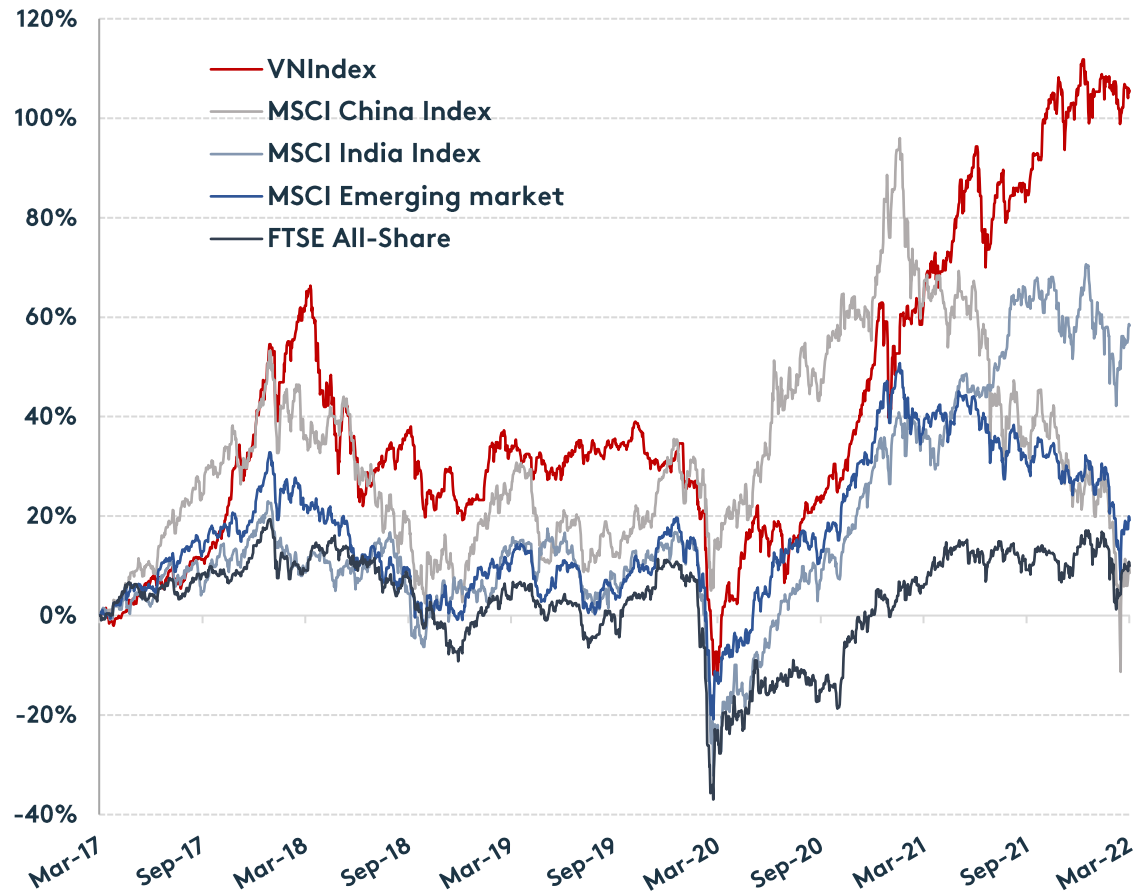




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# Why now?

Expanding capital markets, increasing liquidity, inflection point in economic growth



- **Top Performing Stock Market Globally:** Vietnam's stock market has outperformed China and India over the last five years.
- **Attractive Valuations:** Portfolio trades at 11x 2022 earnings, forecast earnings growth of >25%
- **MSCI Index Inclusion:** Vietnam is 30% of the MSCI Frontier Market Index and could achieve MSCI Emerging Market status within two years
- **Domestic Consumption:** passed important developmental inflection point of US\$3,000 per capita
- **Export Boom:** multinationals continue to diversify their supply chains into Vietnam
- **Privatization:** ongoing sales of state-owned assets is driving economic efficiency and funding infrastructure spending
- **Alignment:** Government policy focused on creating a modern industrialized economy, and a key player in global supply chains



Vietnam Holding Limited	LSE: VNH
<b>Inception</b>	June 2006
<b>Investment Universe</b>	Equities in Vietnam
<b>ISIN/BIC Code</b>	GG00BJQZ9H10/SCBLSGSG
<b>Fund Type</b>	Closed-End/Active management
<b>Base Currency</b>	USD with GBP quote
<b>Style</b>	Growth At a Reasonable Price/ESG Integration
<b>Fund Size (As of 31 Dec 2021)</b>	USD 149.5 million
<b>NAV Frequency</b>	Daily NAV Estimation
<b>Distribution</b>	Re-investment of dividends
<b>Management Fee</b>	1.75% of NAV up to USD300 million 1.50% of NAV between USD300 – USD600 million 1.00% of NAV above USD600 million
<b>Performance Fee</b>	None



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## Appendix

### Vietnam Macroeconomic Indicators



	2017	2018	2019	2020	2021E	2022F
GDP (USD bn)	224	245	262	270	276	296
GDP/capita (USD)	2,385	2,540	2,700	2,800	3,100	3,300
GDP Growth (%)	6.8	7.1	7.0	2.9	2.6	6.8
Inflation (%)	3.5	3.5	2.8	3.2	1.8	3.0
Export Growth (%)	21.0	13.8	8.2	7.0	19.0	16
Import Growth (%)	21.2	12.1	7.1	3.8	26.5	14
Trade Balance (USD bn)	2.7	7.4	11.1	20.0	4.0	11.2
FDI Disbursement (USD bn)	17.5	19.1	20.4	20.0	19.7	22
FDI (% of GDP)	7.8	7.8	7.8	7.4	7.1	7.2
VND/USD Depreciation (%)	-0.27	2.6	0.1	0.0	-1.3	0.0
FX Reserves (*) (% of GDP)	26.8	26.6	31.3	37.5	37.5	40.3

# Contact us



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