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VietNam Holding Limited
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VietNam Holding Limited ("VNH" or the "Company")

Monthly Investor Report

A report detailing the activities of the Company for the month of January 2025 has been issued by Dynam Capital Limited, the investment manager of the Company. Electronic copies of the report have been made available to shareholders on the Company's website and a summary of the report is included below.

Manager Commentary: Fewer snakes, more ladders

January was a sideways month for Vietnam's economy and stock market, with fewer working days during the Lunar New Year (Tet holiday) and global geopolitical and tariff twists continuing to rattle supply chains around the world. However, relative to other countries, Vietnam managed to navigate the unprecedented uncertainties and maintain a positive GDP growth outlook for 2025, with the National Assembly increasing its target for the year to 8% based on the sustainable momentum.

Indeed, on the back of 2024's better-than-expected 7.09% growth rate, the Vietnamese government continues to push ahead on policies aimed at attracting investment, increasing domestic consumption and stimulating economic expansion, as part of a 'National Rising' campaign. For example, on public infrastructure investment, its planned 400km Lao Cai-Hanoi-Hai Phong US 8.4 bn railway project, which will connect Vietnam's Chinese border to the growing Lach Huyen International Port in Hai Phong, is bound to boost trade and logistics and lead to further foreign capital. Construction is meant to run from 2026 to 2030, resulting in 90,000 new jobs while also traversing a region that is home to 20% of Vietnam's population and 25% of its industrial bases. In preparing for an annual growth rate beyond 10% for 2026 onwards, the government also showed that it remains committed to tax breaks and financial support for high-tech industries and renewable energy projects that can help position Vietnam as a regional investment hub. For instance, in January, Vietnam's revised Public Investment Law came into effect, introducing significant changes to enhance the efficiency of public investment management. The reforms were made to overcome existing bottlenecks, foster decentralisation, and streamline public investment processes, thereby contributing to Vietnam's long-term economic development ambitions. Additionally, efforts to upgrade Vietnam's stock market classification to emerging market status continued in January through regulatory adjustments to enhance transparency.

As for Vietnam's stock market, it mirrored the broader global economic uncertainties that intensified in January, with cautious domestic investor sentiment and broad-based selling of frontier and emerging market stocks by foreign investors. In terms of sectors, banking and retail held steady, buoyed by the government's stimulus efforts, while manufacturing stocks faced foreign sell-offs due to weaker global demand stemming from potential trade war implications. The banking sector's strong earnings prospects, attractive valuations, and favourable credit growth have contributed to their resilience, despite the broader market volatility. VNH's net asset value was up +1.4% thanks to the outperformance of retail, banks and telecoms.

Despite the near-term headwinds, we believe that long-term optimism remains as Vietnam's economic fundamentals and growth 'ladders' have the potential to keep investors engaged. January underscored the importance of adaptability in the evolving global landscape and, as the Year of the Snake unfolds, Vietnam has several opportunities to bank on, not least its booming tourism industry, which made a roaring start to 2025, having set a record with nearly 2.1 million international visitors. This figure not only surpassed pre-pandemic levels but also marked a 36.9% increase compared to January 2024. China reclaimed its position as the leading source of international visitors, but the European market also emerged as a significant contributor, bolstered by Vietnam's unilateral visa exemption policy. The surge in tourists naturally boosted Vietnam's economy, with some provinces reporting tourism revenue increases of 40%.

Tourism, strengthening domestic household spending and a growing middle class can partially offset potential weakening in exports as global trade disruptions evolve, while at the same time Vietnam's active participation in regional trade agreements opens doors for new investment avenues and market expansion throughout the year.

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