

Performance summary 31 May 2016

	USD	GBP
NAV per share:	3.62	2.49
Change (Month-on-month)	2.5%	3.2%
Total NAV (million):	756.3	519.6
Share price:	2.79	1.92
Market cap (million):	582.1	400.6
Premium/(discount)	-23.0%	-23.0%

Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share (USD)	11.5	14.7	24.5	57.8
Share price (USD)	15.8	12.2	31.0	77.3
VN Index (USD terms)	10.1	5.7	11.9	34.7
MSCI Emerging market	9.1	-19.6	-20.0	-30.9
MSCI Vietnam	10.6	-1.7	-7.2	-9.9

Annual performance history (% change)

	CY 2016	2015	2014	2013	2012	2011
NAV per share (USD)	12.0	-1.2	9.0	15.0	17.4	-7.6
VN Index (USD terms)	7.2	1.1	6.6	20.4	18.9	-25.6

Top ten holdings

Investee company	% of NAV	Sector
Vinamilk (VNM)	15.3	Food & beverage
Sofitel Legend Metropole Hotel Hanoi	8.2	Operating assets
Hoa Phat Group (HPG)	7.6	Construction Materials
International Dairy Product (IDP)	4.7	Food & beverage
Eximbank (EIB)	4.7	Financial services
Phu Nhuan Jewelry (PNJ)	4.3	Consumer discretionary
Khang Dien House (KDH)	4.1	Real estate & construction
Quang Ngai Sugar JSC	3.7	Food & beverage
VinaLand Ltd (AIM: VNL)	3.3	Real estate & construction
Hau Giang Pharmaceuticals (DHG)	2.8	Pharmaceuticals & health care
Total	58.6	

Sold in May?

Had you stuck to the age old adage of "Sell in May and go away" in Vietnam, you probably would have lost money. May proved to be another strong month for the market, with the VN Index up 2.8% and our fund NAV following closely up 2.5% in USD terms. The capital market portfolio continued to outperform the VN Index and peers, up by 4.7% and driven by strong performance in several listed holdings including Eximbank (EIB, +22%) after a protracted period of weak stock price performance relative to other banking peers; Phu Nhuan Jewelry (PNJ, +12%) which continues to deliver strong growth in their core business; and PetroVietnam Drilling (PVD, +29%) which is playing catch up as oil prices have nearly doubled from their lows earlier in the year.

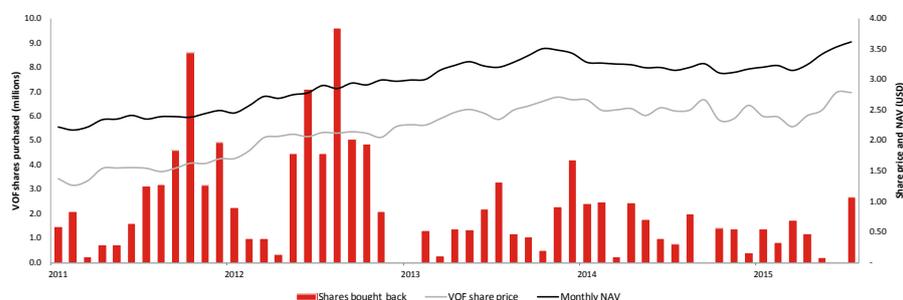
The month was also eventful in terms of news flow. The market's biggest stock, Vinamilk (VNM), announced the abolition of its foreign ownership limit thereby allowing foreigners to own up to 100% of the company. While the stock hardly reacted on the day the news broke, this news had already been anticipated by local investors who had already bid up the stock price significantly in anticipation of the news. We suspect foreign investors will wait for the actual room to technically open before buying. Overall, the next real test for the stock market is at least a few weeks away, when second quarter results are announced and updated macro data is released given the government's vocal commitment to achieve its ambitious growth targets.

At the end of May the State Bank of Vietnam came out with a watered down version of Circular 36, which initially was drafted with the aim of curtailing real estate lending and improving banks' mismatch between short term funding and medium and long term lending. In the revised circular, real estate loans risk-weighted assets will increase from a current 150% to 200% (the previous draft raised it to 250%) but only at the beginning of next year, while the ratio of short term funds to medium and long term lending will be reduced from 60% to 50% beginning in 2017 and 40% in 2018 (previously with immediate effect). The bottom line is that the revised circular benefits banks in the short term, but should these measures again be delayed come 2017, the long term implications could be negative for the sector and have a flow-on impact to sectors like real estate and construction.

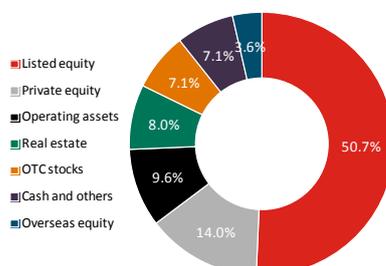
In early June, we issued a press release announcing our inclusion in the FTSE Small Cap/All-Share Index. VOF's inclusion was announced as a part of the FTSE All Share Annual Review, and will come into effect as of the close on 17 June 2016. VOF's press release, which includes a comment from Managing Director Andy Ho, can be found [here](#).

Finally, on the private equity front, we are pleased to announce a significant co-investment of close to USD30 million into An Cuong Wood Working JSC with noted German investor DEG. An Cuong manufactures a wide range of products including wood and laminate panelling, flooring and furniture, and is a manufacturer and exporter for well-known brands in the US, Germany, UK, Japan and Australia. Recognized as the top wood-based surface specialist in the country, the company's products meet international standards for design and quality. Its sustainable environmental and social practices have been recognized with a number of certifications, and we are pleased to join with DEG to help take the company to a new level of growth and expansion.

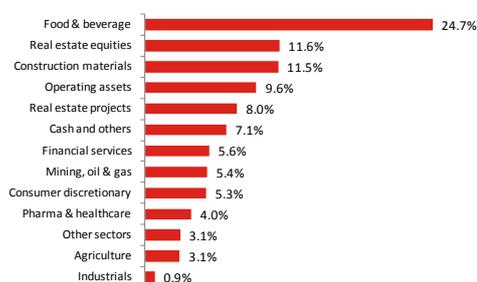
Historical share price, NAV and buyback activity



VOF portfolio by asset class (31 May 2016)



VOF portfolio allocation by sector (31 May 2016)



Macroeconomic update

May was another strong month for the Vietnamese economy. Of note, manufacturing continued its momentum, with the purchasing managers' index (PMI) reaching a twelve-month high of 52.7. Vietnam's May PMI looks even better compared to that of regional peers such as China (49.2), Malaysia (47.2) and Indonesia (50.6). On the domestic consumption front, retail sales have continued to grow steadily at 9.1% in nominal terms year-to-date, or 7.8% in real terms. Industrial production has also remained robust, increasing 2.4% month-on-month in May and 7.5% year-to-date compared to the same period in 2015. Credit growth through the first five months of 2016 was 5.48%, slightly faster than the 5.22% recorded in the same period last year yet slower than M2 growth, which has increased 5.88% over the same period.

In other news, the government of Vietnam has begun drafting their 2017 plan, which includes a target GDP growth rate of 6.8% y-o-y. With respect to more near-term projections, HSBC now expects Vietnam's second quarter 2016 GDP growth to reach 6.3%, coupled with an inflation rate of 1.6%.

FDI remains a bright spot

May saw foreign direct investment (FDI) commitments and disbursements of USD3.3 billion and USD1.1 billion, respectively, bringing year-to-date commitments to USD10.2 billion, up 136.4% against the same period last year, and disbursements to USD5.8 billion, up 17.2% compared to 2015. The manufacturing sector has attracted the vast majority of FDI through the first five months of the year with USD6.6 billion in registered capital, followed by information and communications at USD1.3 billion and real estate at USD542.8 million. Year-to-date, the FDI sector (including crude oil) has recorded a trade surplus of USD9.1 billion, while the domestic sector has produced a trade deficit of USD7.7 billion.

Dong stability, for now

May saw the Chinese Yuan depreciate 1.6%, though with little impact on the Vietnam Dong, which dropped only 0.5%. Market commentators have also suggested a year-to-date USD7 billion accumulation in Vietnam's foreign reserves. As the US dollar continues to strengthen alongside a weakening Yuan and speculation around potential changes in US interest rates, Vietnam's foreign exchange situation remains stable in the near-term, although it continues warrant close monitoring.

President Obama's visit harkens a new relationship

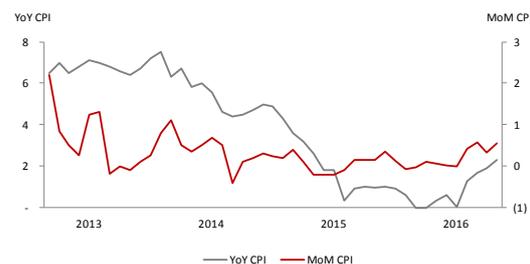
Economic and political ties between Vietnam and the United States may well be at their highest levels in recent memory. President Barack Obama made a highly anticipated, and ultimately highly successful visit to Vietnam in May, one that despite its brevity saw the signing of several important agreements for both Vietnamese and American corporations, while also serving as a symbol of the strengthening trade relationship between the two nations. Of note, the United States has become Vietnam's largest export market, accounting for total export value of USD14.6 billion through the first five months of this year, an increase of 14.9% compared to the same period in 2015.

Macroeconomic indicators

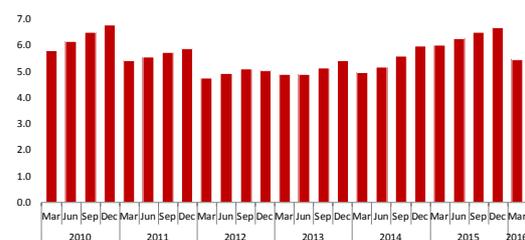
	2015	May-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%		5.46%	
Inflation (%)	0.5%	0.5%	1.9%	2.3%
FDI commitments (USDbn)	22.8	3.3	10.2	478.9%
FDI disbursements (USDbn)	14.5	1.1	5.8	46.7%
Imports (USDbn)	165.6	15.0	66.3	4.2%
Exports (USDbn)	162.4	14.6	67.7	6.6%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.4)	1.4	
Exchange rate (USD/VND) ²	22,450	22,365	0.4%	
Bank deposit rate (VND)	5.0%	5.4%	40 bps	

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Year-on-year and month-on-month inflation (%)



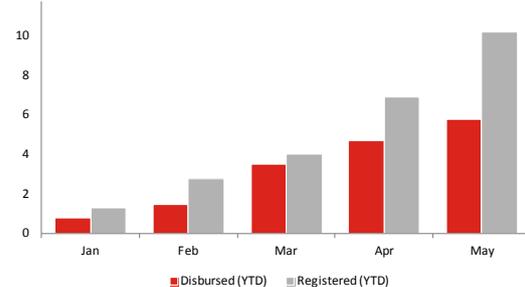
Quarterly GDP growth (%)



Purchasing Managers' Index



Registered and disbursed FDI (2016, USDbn)



Monthly trade balance (USDm)



Source: GSO, Bloomberg

Board of Directors		VinaCapital Investment Management Ltd	
VOF's Board of Directors is composed entirely of independent non-executive directors.			
Member	Role	Member	Role
Steven Bates	Non-executive Chairman	Don Lam	Chief Executive Officer
Martin Adams	Non-executive Director	Brook Taylor	Chief Operating Officer
Michael G. Gray	Non-executive Director	Andy Ho	Chief Investment Officer
Thuy Dam	Non-executive Director	Duong Vuong	Deputy Managing Director, Capital Markets
Huw Evans	Non-executive Director	Loan Dang	Deputy Managing Director, Private Equity
Fund background			
ISIN	GG00BYXVT888		
Bloomberg	VOF LN		
Reuters	VOF.L		
Fund summary			
Fund launch	30-Sep-03		
Term of fund	Five years subject to shareholder vote for liquidation (next vote to be held by 2018)		
Fund domicile	Guernsey		
Legal form	Exempted company limited by shares		
Investment manager	VinaCapital Investment Management Ltd		
Structure	Single class of ordinary shares trading on the Main Market of the London Stock Exchange plc		
Auditor	PricewaterhouseCoopers (Hong Kong)		
Custodian	Standard Chartered Bank Vietnam		
Custodian and Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited		
Registrar and Transfer Agency	Computershare Investor Services		
Brokers	Numis Securities (Bloomberg NUMIS)		
Base and incentive fee	Base fee of 1.5% of NAV. Incentive fees are based on two separate pools of investments direct real estate and all other investments. The incentive fee paid equates to 15% of the increase in the NAV of each pool during the year over a hurdle of 8%. The total amount of incentive fees paid in any one year is capped at 1.5% of the pool's NAV		
Investment objective	Medium to long-term returns through investment either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam		
Investment objective by geography	Investments will be in Vietnam or in companies with at least 75 per cent of their assets, operations, revenues or income in, or derived from, Vietnam at the time of investment		



Important Information

This document, and the material contained therein, is not intended as an offer or solicitation for the subscription, purchase or sale of securities in VinaCapital Vietnam Opportunity Fund Limited (the "Company"). Any investment in any of the Companies must be based solely on the Admission Document of that Company or other offering document issued from time to time by that Company, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in either of the Companies and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Companies have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

No undertaking, representation, warranty or other assurance, express or implied, is given by or on behalf of either of the Companies or VinaCapital Investment Management Ltd or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise.

No warranty is given, in whole or in part, regarding the performance of either of the Companies. There is no guarantee that investment objectives of any of the three Companies will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of VinaCapital Investment Management Ltd.

Investor Relations/Communications
 ir@vinacapital.com
 +84 8 3821 9930
 www.vinacapital.com

Broker
 Numis Securities
 +44 (0)20 7260 1000
 funds@numis.com