

Performance summary

NAV per share (USD):	3.25
Change (Month-on-month)	3.0%
Total NAV (USDm):	687.9
Share price (USD):	2.41
Market cap (USDm):	509.9
Premium/(discount)	-25.9%

Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share (USD)	1.3	0.0	20.2	45.1
Share price (USD)	0.4	-4.6	16.3	37.9
VN Index (USD terms)	-1.5	-9.6	10.6	13.6
MSCI Emerging Markets Index (USD terms)	-9.1	-25.2	-29.8	-33.2
MSCI Vietnam Index (USD terms)	-4.7	-19.4	-20.8	-30.1

Annual performance history (% change)

	CY 2016	2015	2014	2013	2012	2011
NAV per share (USD)	0.4	-1.2	9.0	15.0	17.4	-7.6
VN Index (USD terms)	-2.6	1.1	6.6	20.4	18.9	-25.6

Manager's comment

The fund's NAV per share increased 3.0% in February, outperforming both the VN Index (+2.3%) and the MSCI Emerging Markets Index (-0.3%).

The fund's top holding, Vinamilk (VNM) played a key role in the positive performance of the fund, gaining 10.3% in February due largely to strong 2015 results. The company reported 2015 revenue and net profit of USD1.8 billion (+14% y-o-y) and USD353 million (+28% y-o-y), respectively, exceeding market estimates. International sales increased 39%, delivering 20% of the company's revenue. The company also announced actions during the month that analysts believe are substantial steps toward opening the company to greater foreign investment. For 2016, revenue is forecast to increase 12% and exceed USD2.0 billion, while net profit is projected to rise 18% to USD416 million.

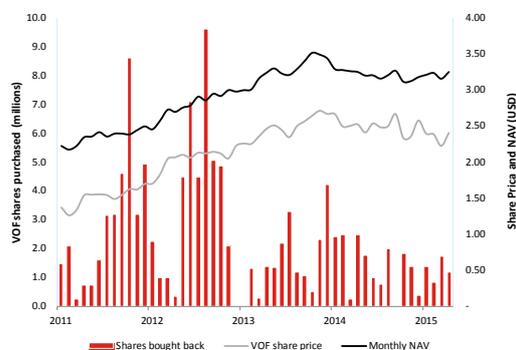
China's impact on Vietnam

An ongoing discussion over the past several months has revolved around events in China and the subsequent impact of these events on both Vietnam and VOF. Our view is that while there will continue to be a strong correlation in terms of currency movements of both countries, as seen last August when the State Bank of Vietnam devalued the Vietnam Dong (VND) immediately after the Chinese Yuan devaluation, so far this year both currencies have held up relatively well versus the U.S. Dollar (the VND has appreciated 0.6% year-to-date, the Yuan 0.8%). Moreover, VOF's portfolio focuses on domestic consumer-driven companies, and thus will be less affected by China, which will have a more notable impact on import/export and commodities-related companies. The exception in our portfolio is Hoa Phat Group (HPG) which has been impacted by excess Chinese steel inventory finding its way to Vietnam, although it continues to benefit from the robust domestic consumption story in terms of real estate and infrastructure development. Last year's strong sales volume in steel has offset a decline in selling price.

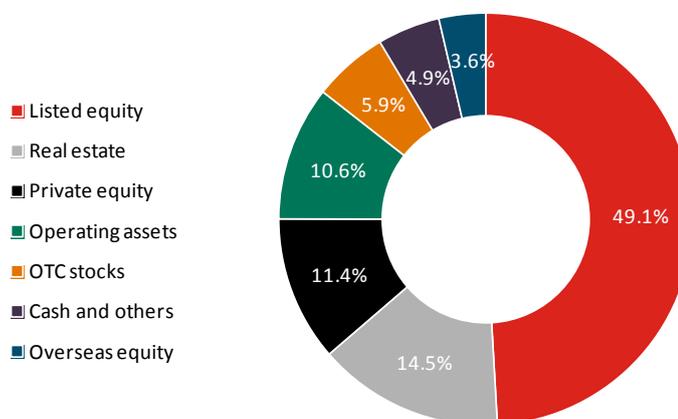
Emerging markets look to recover

There has also been some speculation in recent weeks among market commentators as to whether emerging markets may have finally reached a bottom. After falling out of favour of late, analysts point to recoveries in both emerging market currencies against the U.S. Dollar as well as emerging market stocks as signs of a broader resurgence. Should this trend hold true, and investor risk appetite for emerging markets returns, Vietnam will be a natural beneficiary. Even if this trend does not materialise, which is a distinct possibility, Vietnam has demonstrated unique resilience among global emerging markets and the risk-reward trade remains favourable.

Historical share price, NAV and buyback activity



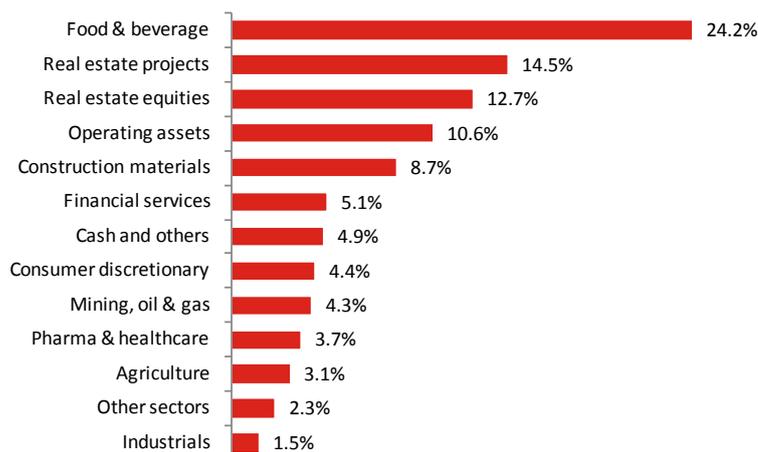
VOF portfolio breakdown by asset class (29 February 2016)



Top ten holdings

Investee company	% of NAV	Sector
Vinamilk (VNM)	15.1	Food & beverage
Metropole Hotel Hanoi	9.0	Operating assets
Hoa Phat Group (HPG)	6.9	Construction Materials
International Dairy Product (IDP)	5.2	Food & beverage
Khang Dien House (KDH)	5.1	Real estate
Eximbank (EIB)	4.1	Financial services
Century 21	3.9	Real estate
Hau Giang Pharmaceuticals (DHG)	3.7	Pharmaceuticals
Phu Nhuan Jewelry (PNJ)	3.3	Consumer discretionary
VinaLand Ltd (AIM: VNL)	3.2	Real estate
Total	59.5	

VOF portfolio allocation by sector (29 February 2016)



Macroeconomic update

Macroeconomic conditions remained positive through February, riding the momentum brought on by the year-end holidays. Inflation rose 0.42% month-on-month, bringing year-on-year growth to 1.27%, and remaining at historic lows. The Index of Industrial Production showed a moderate 7.9% increase in February, and, in keeping with the holiday spirit, retail sales advanced a vigorous 9.7% nominally, or 8.3% in real terms. Foreign direct investment disbursements surged in February, increasing 178% year-on-year, as manufacturers continued to expand operations. At this point, Vietnam looks to be on track to beat 2015's highs.

Trade surplus exceeds expectations

Vietnam's trade surplus has reached USD900 million year-to-date, driven in part by a 39% decline in auto imports, along with a sharp uptick in fish and agricultural exports. In fact, Vietnam generated USD1.88 billion in revenue from agro-forestry-fishery exports in February, bringing the total revenue from this category to USD4.2 billion in the first two months of 2016. On a similar note, the Vietnam Textile & Apparel Association announced that the European Union (EU) imported USD3.11 billion in apparel from Vietnam during 2015, making Vietnam one of the top apparel exporters to the EU – a position that is only likely to increase as the Vietnam-EU Free Trade Agreement moves closer to signing and implementation.

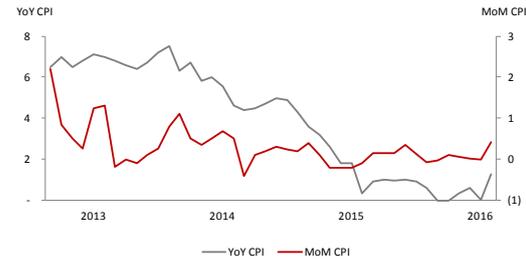
Vietnam's PMI outperforms the region

The Nikkei Purchasing Managers' Index (PMI) for Vietnam declined marginally this month to 50.3, from 51.5 in January, yet still remains in expansionary territory. The slight downturn can be attributed largely to seasonality as many businesses slowed operations to allow employees time off for the holidays. It is worth noting that Vietnam outperformed the region in terms of PMI this month, with peers such as Malaysia, Indonesia, South Korea and Taiwan all falling below 50.

Update to bank lending restrictions

A major news item in Q1 2016 has been the draft revisions to Circular 36, the regulation issued by The State Bank of Vietnam (SBV), which governs the activities of financial institutions. The proposed revisions will restrict lending over the medium-to-long-term to not exceed 40% of short-term funding, from a previous limit of 60% in 2015. This demonstrates the government's desire to enhance risk management within banks, while ensuring bank lending into the property sector remains under control. While further clarification is still required from the SBV, the Ho Chi Minh Real Estate Association is of the view that the high levels of bank lending to the property sector in 2015 should continue into 2016. The consensus is that there will be 20% growth in property lending in 2016, which would mark a slight decline from the 25% growth experienced in 2015.

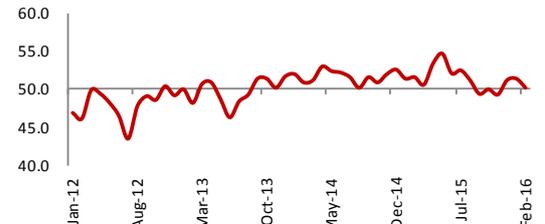
Year-on-year and month-on-month inflation (%)



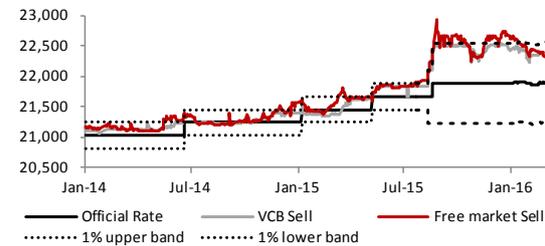
Quarterly GDP growth (%)



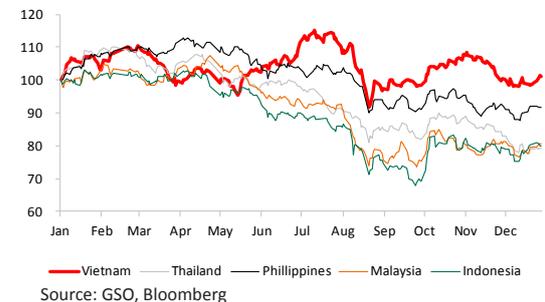
Purchasing Managers' Index



VND/USD exchange rate



VN Index compared to regional peers (2015, USD terms)



Macroeconomic indicators

	2015	Feb-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%			
Inflation (%)	0.6%	0.4%	0.4%	1.3%
FDI commitments (USDbn)	22.8	1.5	2.8	177.7%
FDI disbursements (USDbn)	14.5	0.7	1.5	1.4%
Imports (USDbn)	165.6	10.2	22.8	-2.7%
Exports (USDbn)	162.4	10.3	23.7	8.3%
Trade surplus/(deficit) (USDbn)	(3.2)	0.1	0.9	
Exchange rate (USD/VND) ²	22,450	22,340	-0.5%	

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

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
		Loan Dang	Deputy Managing Director, Private Equity
Fund background			
ISIN	KYG9361Y1026		
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	Cayman Islands		
Legal form	Exempted company limited by shares		
Investment manager	VinaCapital Investment Management Ltd		
Structure	Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc		
Auditor	PricewaterhouseCoopers (Hong Kong)		
Nominated adviser	Grant Thornton UK LLP		
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)		
Lawyers	Wragge Lawrence Graham & Co (UK), Maples and Calder (Cayman Islands)		
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		



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