

Performance summary 30 June 2016

	USD	GBP
NAV per share:	3.82	2.86
Change (Month-on-month)	5.3%	14.7%
Total NAV (million):	796.8	596.0
Share price:	2.82	2.11
Market cap (million):	588.5	440.2
Premium/(discount)	-26.1%	-26.1%

GBP/USD exchange rate as at 31 May 2016: 1.46
 GBP/USD exchange rate as at 30 June 2016: 1.34
 Source: Reuters

Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share (USD)	11.6	19.1	32.7	64.9
Share price (USD)	12.8	12.7	32.4	79.7
VN Index (USD terms)	12.6	4.3	24.7	34.9
MSCI Emerging market	-0.3	-14.2	-11.3	-27.2
MSCI Vietnam	11.0	-5.5	5.8	-12.9

Annual performance history (% change)

	CY 2016	2015	2014	2013	2012	2011
NAV per share (USD)	18.0	-1.2	9.0	15.0	17.4	-7.6
VN Index (USD terms)	10.1	1.1	6.6	20.4	18.9	-25.6

Top ten holdings

Investee company	% of NAV	Sector
Vinamilk (VNM)	14.5	Food & beverage
Hoa Phat Group (HPG)	8.2	Construction materials
Sofitel Legend Metropole Hotel Hanoi	7.6	Operating assets
Eximbank (EIB)	5.2	Financial services
Phu Nhuan Jewelry (PNJ)	4.8	Consumer discretionary
International Dairy Product (IDP)	4.7	Food & beverage
Khang Dien House (KDH)	3.8	Real estate & construction
Quang Ngai Sugar JSC	3.7	Food & beverage
VinaLand Ltd (AIM: VNL)	2.6	Real estate & construction
Petrovietnam Technical Services Corporation (PVS)	2.5	Mining, oil & gas
Total	57.6	

Brexit bypasses Vietnam

Brexit pummeled most global markets, but despite some expectations that it would do the same in Vietnam, it barely registered any impact. The country's stock market saw no lasting impact from Brexit. On the day before the results of the vote were announced, the VN Index closed at 632 points; the Index ended the month less than a week later at the same level. Moreover, at the time of writing (8 July), the Index has continued its rise, reaching 659 points, its highest level in the past eight years and overcoming the psychological 640 barrier that has been a ceiling for the Index in recent years.

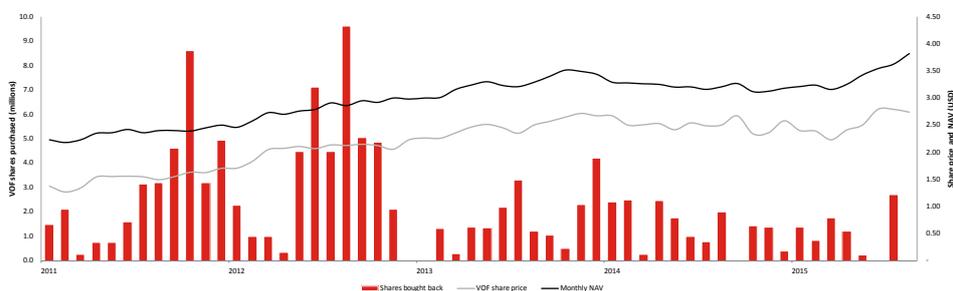
During the month, VOF's net asset value increased 5.3% to USD796.8 million or USD3.82 per share, beating the VN Index which recorded a gain of 2.7% in USD terms. Our capital markets portfolio again outperformed the rest of the market (+10%), with key holdings such as Hoa Phat Group (HPG, +17%) and Phu Nhuan Jewelry (PNJ, +20%) up strongly. In addition, we also sold our shares in Hau Giang Pharmaceutical (DHG) to a strategic investor - Taisho, a leading Japanese pharmaceutical company – for a significant premium to the market price, which also contributed to the NAV increase. This transaction further demonstrates our ability to exit at a premium the large, concentrated blocks we tend to take and deliver value to our shareholders.

On another note, An Cuong Woodworking JSC, a private equity investment we announced last month, said that its year-to-date growth has reached 30%. With residential construction at continued high levels, we expect the company's strong growth to continue for the foreseeable future.

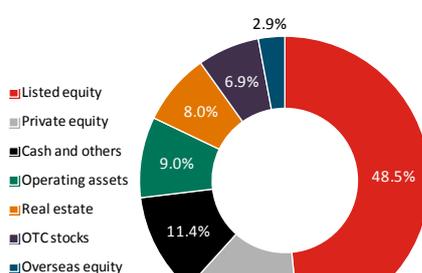
In terms of performance, the VN Index performance in June is broadly in line with the MSCI Asia ex-Japan Index and MSCI Emerging Markets Index which increased by 1.9% and 3.3% respectively this month. The VN Index traded on a trailing P/E ratio of 13.7x and P/B ratio of 1.8x according to Bloomberg, still a 37% and 17% discount respectively compared to a group of regional peers including Malaysia, Thailand, the Philippines and Indonesia.

We are pleased to report that VOF started trading as part of the FTSE All Share/ Small-Cap Index on 20 June, the first Vietnam-focused fund to be included. The fund's share price has benefitted from the subsequent improvement in trading liquidity as both index tracking and retail investors continue to allocate to VOF as a proxy for Vietnam exposure.

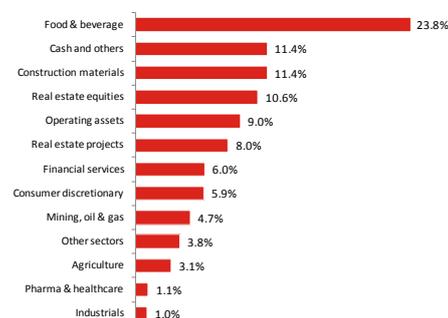
Historical share price, NAV and buyback activity



VOF portfolio by asset class (30 June 2016)



VOF portfolio allocation by sector (30 June 2016)



Macroeconomic update

On macro news, the rather slow 5.5% GDP growth in the first six months of 2016 (compared to a target of 6.7% for the full year) was mainly due to the recent drought that has affected the agriculture, forestry and fishery sector, which declined 0.18% during the period, while total agricultural output fell 0.78%.

While some might see this as cause for concern, it is important to note that other components of the economy continued to show strength. Industrial production increased 7.5% and the June PMI of 52.6 means that business confidence remains strong despite the headline figure.

We expect that the Government will try to make up for growth in the second half of the year by pushing up fiscal spending in areas such as infrastructure, as well as allowing a healthy flow of credit to the economy, which should be supportive for corporate earnings.

FDI staying strong

FDI has remained a driving force in the economy, with year-to-date commitments and disbursements increasing 105% and 15% respectively year-to-date through the end of June. The manufacturing and processing sector has attracted the vast majority of registered FDI through the first six months of this year, at USD8.1 billion, followed by the real estate sector at USD0.6 billion. South Korea continues to be Vietnam's leading foreign investor with invested capital of USD4 billion, accounting for 35% of total registered FDI.

Inflation increasing from last year's lows

Vietnam's CPI rose 0.5% m-o-m in June, or 2.4% y-o-y, as inflation continues to rise after spending much of last year around zero. June's uptick in CPI was driven mainly by increasing gasoline prices, as transport costs increased 3% m-o-m. Since the beginning of the year, Vietnam's CPI has risen 2.35%, fuelled in large part by increasing healthcare costs, which are up 25.4% YTD, and food and catering services, up 2.3% YTD.

VND remains stable despite Brexit

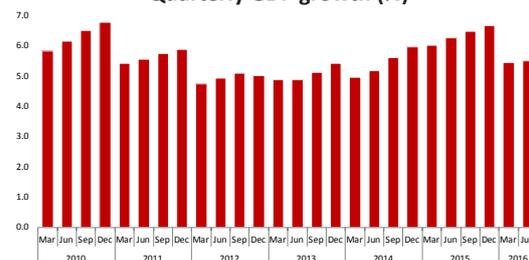
Perhaps the biggest impact Brexit could have on Vietnam over the mid- to longer-term relates to the Vietnamese Dong (VND). According to the State Bank of Vietnam, the VND has appreciated by 1% year-to-date versus the dollar. Interest rates remain low, and we expect the VND to remain fairly stable. And while we do not expect a one-off VND devaluation, this is highly dependent on whether China seeks to devalue the Yuan, if so we should expect Vietnam to follow. We have also lowered our projection for VND devaluation in 2016 to 2.5%, from 3.5% previously.

Macroeconomic indicators

	2015	Jun-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%		5.52%	
Inflation (%)	0.54%	0.46%	2.35%	2.4%
FDI commitments (USDbn)	22.8	1.1	11.3	105.4% ³
FDI disbursements (USDbn)	14.5	1.5	7.3	15.1% ³
Imports (USDbn)	165.6	14.9	80.7	-0.7%
Exports (USDbn)	162.4	14.8	82.2	3.5%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.1)	1.5	
Exchange rate (USD/VND) ²	22,450	22,275	0.8%	
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 | 3. Compared to the first 6 months of 2015

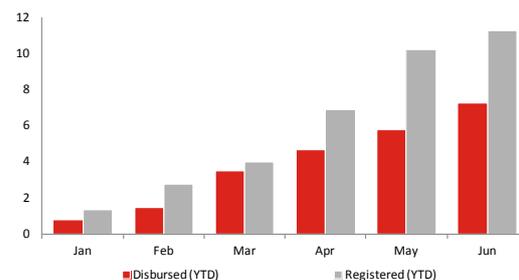
Quarterly GDP growth (%)



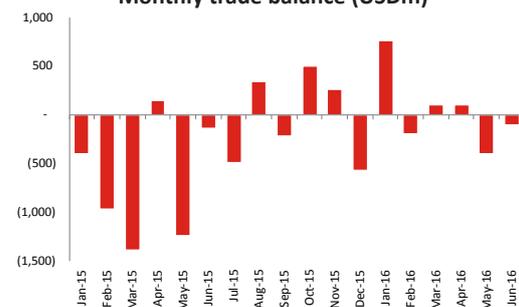
Purchasing Managers' Index



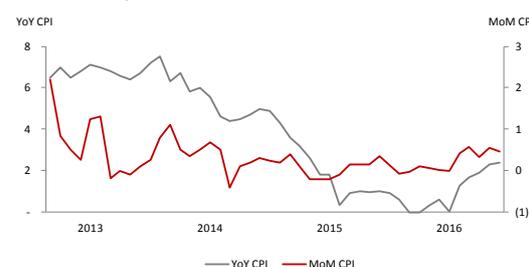
Registered and disbursed FDI (2016, USDbn)



Monthly trade balance (USDm)



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



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		



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