

Performance summary 31 March 2016

	USD	GBP
NAV per share:	3.42	2.38
Change (Month-on-month)		5.3%
Total NAV (million):	723.3	503.0
Share price:	2.55	1.78
Market cap (million):	540.0	375.5
Premium/(discount)		-25.3%

Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share (USD)	5.7	6.9	24.1	53.4
Share price (USD)	6.9	5.8	21.3	50.3
VN Index (USD terms)	-2.2	-1.5	7.4	14.3
MSCI Emerging market	5.4	-14.1	-19.1	-28.5
MSCI Vietnam	-8.1	-9.8	-20.2	-31.4

Annual performance history (% change)

	CY 2016	2015	2014	2013	2012	2011
NAV per share (USD)	5.7	-1.2	9.0	15.0	17.4	-7.6
VN Index (USD terms)	-2.2	1.1	6.6	20.4	18.9	-25.6

Top ten holdings

Investee company	% of NAV	Sector
Vinamilk (VNM)	15.0	Food & beverage
Sofitel Legend Metropole Hotel Hanoi	8.5	Operating assets
Hoa Phat Group (HPG)	7.0	Construction Materials
International Dairy Product (IDP)	4.9	Food & beverage
Khang Dien House (KDH)	4.2	Real estate & construction
Eximbank (EIB)	4.0	Financial services
Century 21	4.0	Real estate & construction
Quang Ngai Sugar JSC	3.5	Food & beverage
Hau Giang Pharmaceuticals (DHG)	3.3	Pharmaceuticals & health care
Phu Nhuan Jewelry (PNJ)	3.3	Consumer discretionary
Total	57.7	

Manager's comment

The fund delivered a strong performance in March, with NAV per share increasing 5.3% over the month, adding to the 3.0% increase in February, and again outperforming the VN Index (+0.4%) but under performing the MSCI Emerging Markets Index (+13.0%) as the emerging markets sector showed early signs of recovery after recent poor performance.

The capital markets portfolio gained 5.5% thanks to strong performance across the fund's top listed holdings, including Vinamilk (VNM), Hoa Phat Group (HPG), Phu Nhuan Jewelry (PNJ), Khang Dien House (KDH), and OTC investment, Quang Ngai Sugar (QNS), all off the back of strong earnings results and continued strength in the consumer goods and construction materials sectors.

On the private equity side, VOF announced this month that it has invested USD9 million for a controlling stake in Thai Hoa International Hospital. Thai Hoa is a general hospital established in 2008, which currently employs 30 doctors, has 200 beds and is capable of treating over 300,000 patient visits per year.

VOF managing director Andy Ho presented an update on the fund at the Numis Emerging Markets Funds Seminar in April. His presentation has been posted to the fund's website: <http://vof-fund.com/media-coverage/>.

A positive start to earnings season

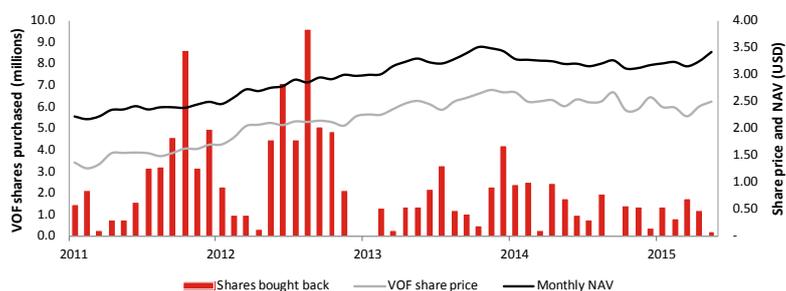
Reporting season in Vietnam has started, and a number of our portfolio companies have reported very positive results for 2015 and targets for 2016 at their Annual General Meetings.

Steel company **Hoa Phat Group** (HPG, 7.0% of VOF NAV March 2016) reported positive 2015 results, with revenue up 8.7% and net profit rising by 7.8%, thanks to margin expansion and volume growth of 38%. Forecasts for 2016 are conservative, with revenue growth pegged at 1.8% and net profit declining 8.6%. We believe the company will easily outperform these forecasts for a number of reasons including a recently imposed tariff on Chinese steel imports helpful to domestic producers, along with higher selling prices and continued robust domestic demand. Indeed, management has promised to deliver net profit equal to that achieved in 2015, and first quarter 2016 results were strong, with sales increasing 40% y/y to VND900bn.

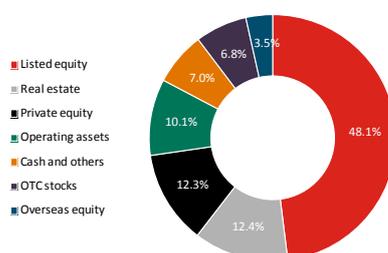
With current factories running at overcapacity, the company has been focused on expanding and improving its manufacturing. HPG is also focusing on building out its agribusiness, with its first feed plant starting operation this month, and two more in the pipeline. The company's total animal feed capacity is expected to be 900,000 tons per year in 2017.

At first glance, 2015 performance for **Phu Nhuan Jewelry** (PNJ, 3.3% of VOF NAV March 2016) looks less than impressive, as net profits fell 41% due to surging financial provisions for investments. A closer look uncovers why we continue to believe in the company's strategy. Core business net profits grew 72%, driven by a 49% increase in retail gold jewelry sales. Growth targets for 2016 are conservatively set at 14% for sales revenue and 12% for core net profit. The company plans to open 25 new stores during the year versus 48 in 2015, adding to its current total of 194 stores across Vietnam. First quarter 2016 results showed a 27% rise in revenue, 9% in net profits after tax, and a 64% gain in retail gold jewelry sales. Other highlights include six new stores opening during the quarter, and the company's sale of a property for VND165bn, which delivered a VND40bn profit. The company has made full provision for the remaining net book value of its Dong A Bank investment, and is pursuing the divestiture of Dong A Land.

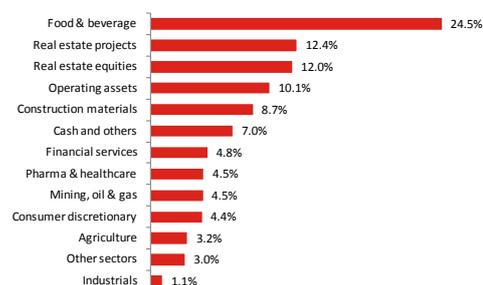
Historical share price, NAV and buyback activity



VOF portfolio by asset class (31 March 2016)



VOF portfolio allocation by sector (31 March 2016)



Finally, **Dabaco Group** (DBC, 1.2% of VOF NAV March 2016), a company specialising in animal feed, cattle and poultry breeding, and food processing, delivered a very strong performance in 2015, with sales up 13% and net profit up 23%. First quarter 2016 profit before tax was up 4%, to VND73bn.

Management also announced what appear to be conservative targets for 2016, with revenue expected to decline 3% and core net profit falling 5%, however we believe the company will deliver strong earnings growth in 2016. The company is planning to build two new factories over the next four years, enabling it to double capacity, and expand its breed stock and animal husbandry business.

Successful completion of the Fund's relisting and change of domicile

On 30 March 2016, the fund successfully completed its listing on the Main Market of the London Stock Exchange after 12 years of being listed on the Alternative Investment Market. Concurrently, the fund migrated and registered in Guernsey (in the Channel Islands) from the Cayman Islands in an effort to improve transparency, governance, and shareholder protections.

The relisting to the LSE Main Market also saw the fund's share price now quoted in British Sterling pence, although the underlying fund NAV, portfolio and reporting currency remains US Dollars. The primary reason for seeking a Sterling quote is that it is a requirement for the fund to be considered for inclusion in the FTSE All Shares Index, a move which may further improve trading liquidity as index trackers and a wider group of retail investors begin to follow the stock. Following on from the date of relisting, up to the close on Tuesday, 19 April 2016, the share price has increased 8.1% according to Bloomberg.

Macroeconomic update

Several areas of the Vietnamese economy continued to demonstrate compelling growth through the first quarter. The services sector grew by 6.1% for the quarter, while the property sector grew 3.4%, both their highest levels since 2012. The property market pulled along construction, which grew by 9.4%, its highest level since 2010. Retail sales were up 7.9% in March, and the PMI reached 50.7, up from 50.3 the previous month and marking the fourth straight month in expansionary territory.

Concerns over debt, GDP slowdown

GDP figures released by the Government Statistics Office showed slower-than-expected growth in the first quarter of 5.5%, compared to 6.1% for the same period in 2015. This was due largely to the agricultural sector being affected by drought and increased salt content in southern farmland, along with unseasonably cool weather in the north and an overall decline in crude oil production. The Ministry of Finance reported government debt at 50.3% of nominal GDP compared to its earlier estimate of 48.9%, and the deficit at 6.1% of nominal GDP versus the approved limit of 5.0%. These figures clearly hurt investor sentiment in the latter half of the month, and have led to several prominent organisations revising their growth projections for Vietnam. Of note, the World Bank now projects GDP growth to ease to 6.2% in 2016, citing debt levels as well as the impact of the well-documented slowdown in China.

Trade surplus through the first quarter, FDI on the rise

According to the General Department of Vietnam Customs, the trade surplus reached USD1.36 billion in Q1. Specifically, Q1 exports totalled USD38.7 billion, with imports ending the quarter at USD37.4 billion. FDI disbursements hit USD3.5 billion in Q1, an increase of 14.8% versus the same period last year, with manufacturing and real estate attracting the lion's share.

New government takes shape

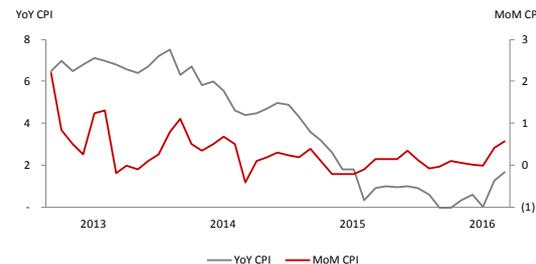
Vietnam's longstanding Prime Minister Nguyen Tan Dung has been replaced by Nguyen Xuan Phuc, who joins incumbent General Secretary Nguyen Phu Trong and President Tran Dai Quang at the top of Vietnam's governing body. The new government was quick to release several economic targets for 2016 – 2020, including 6.5 – 7.0% average GDP growth, and GDP per capita of USD3,200 – 3,500 by 2020. Despite the new faces, we anticipate the government to continue with the economic reforms of recent years, most notable including the ongoing privatisation of state owned enterprises.

Macroeconomic indicators

	2015	Mar-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%	5.46%		
Inflation (%)	0.6%	0.6%	1.0%	1.7%
FDI commitments (USDbn)	22.8	1.2	4.0	87.7%
FDI disbursements (USDbn)	14.5	2.0	3.5	8.1%
Imports (USDbn)	165.6	14.1	37.4	6.0%
Exports (USDbn)	162.4	14.2	38.8	11.8%
Trade surplus/(deficit) (USDbn)	(3.2)	0.1	1.4	
Exchange rate (USD/VND) ²	22,450	22,325	0.6%	
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

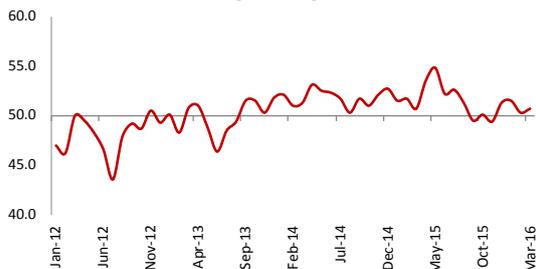
Year-on-year and month-on-month inflation (%)



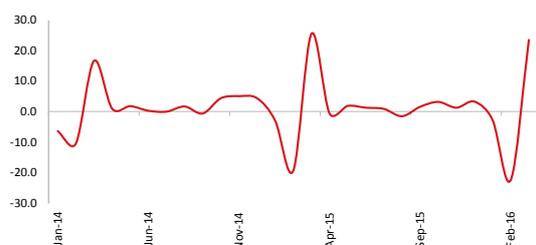
Quarterly GDP growth (%)



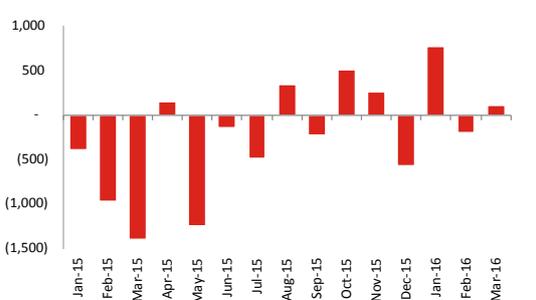
Purchasing Managers' Index



Index of Industrial Production



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
		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)		
Lawyers	Wragge Lawrence Graham & Co (UK), Carey Olsen (Guernsey)		
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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