

Fund background

VinaCapital Vietnam Opportunity Fund (VOF) is a closed-end fund trading on the AIM Market of the London Stock Exchange.

ISIN KYG9361Y1026
 Bloomberg VOF LN
 Reuters VOF.L

Investment objective

Medium to long-term capital gains with some recurring income and short-term profit taking. Primary investment focus areas are: privately negotiated equity investments; undervalued/distressed assets; privatization of state-owned enterprises; real estate; and private placements into listed and OTC-traded companies.

View [VOF details](#).

Download [VOF factsheet](#).

Fund managing director

Andy Ho

Manager

VOF is managed by VinaCapital Investment Management Ltd (VCIM) and requires investment approvals from a four member internal Investment Committee.

More information about VCIM is [available here](#).

Manager's comment

As at 30 April 2013, VOF's net asset value was USD768.7 million or USD2.79 per share, representing a 1.1 percent increase from a net asset value per share of USD2.76 as at 31 March 2013. During the month, the capital markets component within VOF increased by 2.2 percent, mainly as a result of listed investee companies; Vinamilk (VNM) and Hoa Phat Group (HPG), which were up 6.8 and 7.2 percent, respectively.

VOF's share price closed at USD2.07 at the end of April, a decline of 1.7 percent compared to the closing price of USD2.11 at the end of March. As a result, the Company's share price to NAV discount widened to 25.8 percent from 23.7 percent in March.

In April, VOF bought back 7.1 million shares which are held in Treasury. As at 30 April 2013, the Company has spent USD83.9 million repurchasing 49.1 million shares, representing 15.1 percent of total shares in issue.

Capital markets

The VN Index decreased by 3.4 percent in USD terms, closing the month of April at 474.5, while the MSCI Asia ex-Japan and MSCI Emerging Markets indices increased slightly by 1.6 and 0.4 percent, respectively. Trading value and volume on Vietnam's stock exchanges was USD900 million on 1.5 billion shares, a decline of 10.0 and 16.7 percent, respectively, compared to the previous month. The combined market capitalization for both of Vietnam's bourses was USD41.2 billion compared to USD42.4 a month ago. As a result the VN Index traded on a trailing P/E of 12.7x and P/B of 1.7x.

Foreign investors were net buyers of Vietnamese equities, accounting for a net purchase of USD13.0 million throughout April. The top acquired companies were Masan Group (MSN), PetroVietnam Gas (GAS) and Hoa Phat Group (HPG) while Vincom Group (VIC), Hoang Anh Gia Lai Group (HAG), and Vietcombank (VCB) were most actively divested.

30 April 2013

NAV **2.79** per share (↑1.1%)

Total NAV: USD768.7 million

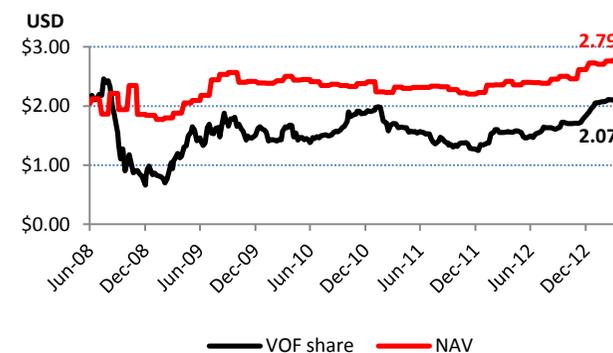
Performance summary

		Cumulative change:				
	30-Apr-13	3mth	1yr	3yr	5yr	
NAV per share	2.79	2.3%	15.5%	11.5%	4.9%	
Share price	2.07	1.0%	32.7%	24.0%	-34.8%	
Premium/(Discount)	(25.8%)					
Market cap	570.2m					
Total NAV	768.7m					

Performance history (% change on NAV)

	2013	2012	2011	2010	2009	2008	2007
YTD	6.5%	17.4%	-7.6%	-1.6%	29.7%	-46.6%	37.4%
VN Index	14.2%	18.9%	-25.6%	-7.2%	47.7%	-68.6%	23.5%

NAV and share price performance (30 April 2013)



Vietnam's consumer price index remained unchanged at an annual rate of 6.6 percent during the month of April.

The official exchange rate saw the VND depreciate slightly to VND20,960 per USD in April.

Primary bond activity fell dramatically, with just USD386 million worth of government bonds issued in April.

Macroeconomic update

Vietnam's April consumer price index remained essentially unchanged month-on-month, representing a 6.6 percent increase from a year ago, according to the General Statistics Office (GSO). The aggregate price for food and foodstuffs declined by 0.9 percent month-on-month in April, while health care costs and hospital fees increased in only a few provinces across the country. Notably, there is an absence of demand pull pressure on prices due to a broad reduction in consumer spending. As a result, many retail companies are offering large discounts in order to reduce elevated inventory levels.

In April, the official exchange rate rose slightly to VND20,960 per USD from VND20,855 as at 31 December 2012. However, on the unofficial (grey) market, the exchange rate reached VND21,400, in conjunction with the widening spread between domestic and world gold prices. In order to improve USD reserves, the State Bank of Vietnam (SBV) purchased USD3.2 billion on the open market, obtaining the USD30.0 billion threshold which covers approximately 12 weeks of imports.

During the month, Vietnam's Ministry of Planning and Investment (MPI) stated that achieving the previously expected 2013 GDP growth rate of 5.5 percent is unlikely. Additionally, HSBC's Purchasing Managers' Index rose marginally to 51.0 in April from 50.8 in March. This forecast suggests that economic growth will remain muted unless major reforms are implemented in the banking system to unblock credit flow. However, Vietnam's monthly imports consisted mostly of heavy machinery and equipment used as intermediate inputs for production. Therefore, Vietnam could witness an increase in production for both domestic consumption and exports in the second half of the year.

Fixed income

In contrast to the previous month, the primary bond market in April was quiet, with only a total of USD386 million worth of State Treasury and government-backed bonds issued, compared to USD1.6 billion in March. While yields for 2- and 5-year bonds remained stable, yields on 3-year bonds fell slightly by 15 bps.

In the secondary market, bond activity was robust, with a total of USD1.7 billion worth of government and government-backed bonds exchanging hands, an increase of 36.0 percent, month-on-month.

Macro-economic indicators and forecast

	2012	Apr 2013	YTD	Y-o-Y change
GDP growth¹	5.0%	4.89%	4.9%	-
Inflation	6.8%	0.02%	2.4%	6.6%
FDI (USDbn)	13.0	2.2	8.2	91.0%
Imports (USDbn)	114.3	10.7	40.2	-7.6%
Exports² (USDbn)	114.6	9.7	39.4	-6.2%
Trade surplus/(deficit) (USDbn)	0.3	-1.0	-0.8	33.3%
Exchange rate³ (USD/VND)	20,855	20,960	-0.5%	-0.4%
Bank deposit rate (VND, %)	8.0%	7.5%	-6.25%	-37.5%

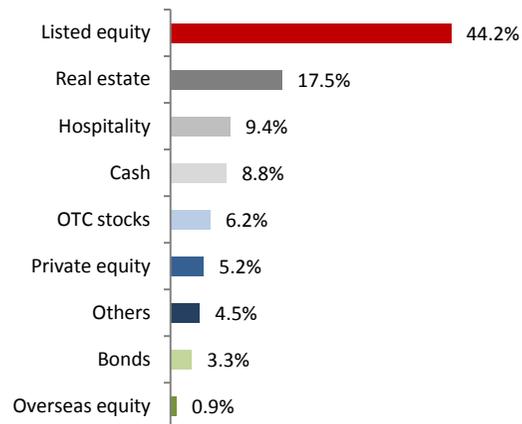
Sources: GSO, SBV, VCB.

¹ Annualized rate, updated quarterly. ² Includes gold. (-) denotes a devaluation in the currency ³ Vietcombank ask rate

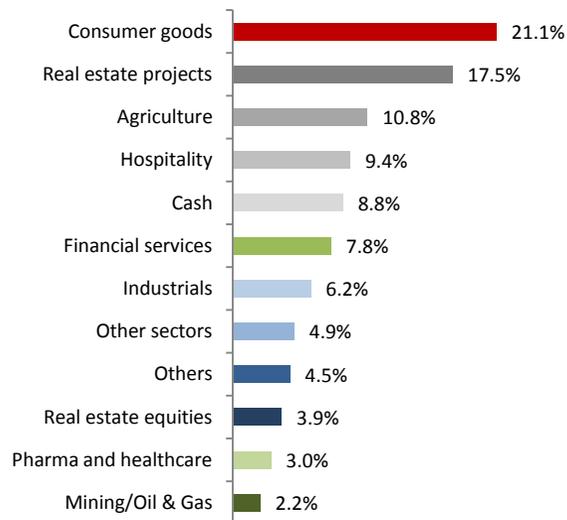
Govt bond yields	1 yr	2 yr	3 yr	5 yr
March 2013	6.75%	7.54%	7.75%	8.38%
April 2013	6.85%	7.35%	7.68%	8.43%

Source: Bloomberg

Portfolio by asset class



Portfolio by sector



Top holdings at 30 April 2013

Top 5 listed investments

Name of Investee	% of NAV	Sector	Description
Vinamilk (VNM)	14.3	Consumer goods	Leading dairy company with dominant market share.
Eximbank (EIB)	5.6	Financial services	One of the top ten commercial banks.
Kinh Do Corp (KDC)	4.5	Consumer goods	Top confectionery manufacturer in Vietnam.
Hoa Phat Group (HPG)	3.5	Industrials	The largest steel manufacturer by market share.
Hau Giang Pharmaceuticals (DHG)	2.3	Pharmaceuticals & health care	The largest domestic pharmaceutical producer.

Top 5 OTC investments

Name of Investee	% of NAV	Sector	Description
An Giang Plant Protection	5.1	Agriculture	The largest plant protection chemicals producer.
Nam Viet Oil	0.5	Mining/Oil & Gas	Major gasoline producer.
Binh Dien Fertiliser	0.3	Agriculture	The largest NPK fertiliser producer.
Tam Phuoc Industrial	0.1	Infrastructure	An industrial park, a subsidiary of Tin Nghia, Dong Nai's biggest state corporation.
Minh Hai Jostoco	0.1	Agriculture	One of Vietnam's largest shrimp processors and exporters.

Top 5 real estate & hospitality investments

Project	% of NAV	Sector	Description
Sofitel Metropole	8.3	Hospitality	Vietnam's top city-centre hotel.
Century 21	3.0	Real estate	HCM City residential development.
VinaLand Ltd (AIM: VNL)	2.0	Real estate	VCIM-managed Vietnam real estate fund.
Dai Phuoc Lotus	1.9	Real estate	Residential developer with townhouse sales underway.
Danang Beach Resort/Golf Course	1.7	Real estate	Resort villas with sales underway.

Top 5 private equity investments

Name of Investee	% of NAV	Sector	Description
IBS	1.2	Industrials	Construction materials firm.
Hoan My Hospital	0.7	Pharmaceuticals & health care	Private hospital group.
International School, HCMC	0.7	Education	Leading international school in Ho Chi Minh City providing world-quality education.
SSG-Saigon Pearl	0.6	Real estate	One of the biggest property developers in Vietnam.
Yen Viet	0.5	Consumer goods	Produces birds nest nutritional products.

VOF Board of Directors

VinaCapital Vietnam Opportunity Fund Ltd (VOF) is led by a Board of Directors composed of a majority of independent non-executive directors.

Steven Bates	Chairman (Independent)
Martin Adams	Director (Independent)
Martin Glynn	Director (Independent)
Michael G. Gray	Director (Independent)
Don Lam	Director

VinaCapital

VinaCapital Investment Management Ltd (VCIM) is the BVI-registered investment manager of VOF.

Don Lam	Chief Executive Officer
Brook Taylor	Chief Operating Officer
Andy Ho	Managing Director, Head of Investment
Dang P. Minh Loan	Deputy Managing Director, Private Equity

Contact

David Dropsey	Investor Relations/Communications ir@vinacapital.com +848-3821-9930 www.vinacapital.com
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Brokers

Edmond de Rothschild Securities
+44 (0)20 7845 5960 or
funds@lcf.co.uk

Numis Securities
+ 44 (0)20 7260 1327,
funds@numis.com

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Fund summary

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Download the VOF factsheet at www.vinacapital.com

Fund launch

30 September 2003

Term of fund

Five years subject to shareholder vote for liquidation

Fund domicile

Cayman Islands

Legal form

Exempted company limited by shares

Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

Auditor

PricewaterhouseCoopers (Hong Kong)

Nominated advisor (Nomad)

Grant Thornton Corporate Finance

Custodian and Administrator

HSBC Trustee

Brokers

Edmond de Rothschild Securities (Bloomberg: LCFR)
Numis Securities (Bloomberg: NUMI)

Lawyers

Lawrence Graham (UK)
Maples and Calder (Cayman Islands)

Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase after achieving the higher of an 8 percent compound annual return and the high watermark

Investment manager: VinaCapital Investment Management Ltd

Investment objective: Medium to long term capital gains with some recurring income and short term profit taking. Primary investment focus areas are: Privately negotiated equity investments; Undervalued/distressed assets; Privatization of state-owned enterprises; Real estate; and Private placements into listed and OTC-traded companies.

Investment objective by geography:

Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.