

## 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 comment

VOF's unaudited net asset value was USD776.2 million or USD2.70 per share as at 28 February 2013. This represents a 1.1 percent decrease from a net asset value per share of USD2.73 as at 31 January 2013. The decline in NAV per share was mainly attributable to the performance of VOF's capital market portfolio in February, notably a 5.4 and 6.8 percent loss from shares of Eximbank (EIB) and Phu My Fertiliser (DPM), respectively.

The Company's share price closed at USD2.07 as at 28 February 2013, an increase of 1.1 percent, compared to a closing price of USD2.05 as at 31 January 2013. As a result, the current share price to NAV discount narrowed to 23.4 percent from 24.8 percent at the end of January.

The Company repurchased 181,576 shares in February, which are held in Treasury. As at 28 February 2012, the company has spent in aggregate USD59.6 million to buy back 37.5 million shares, since the beginning of the programme in November 2011, representing 11.6 percent of total shares in issue.

On 7 March 2013, we presented an update of the Company to shareholders at the Edmond de Rothschild Emerging Markets Funds Conference 2013 in London. Our presentation provided an update on performance over past year and VOF's strategy going forward. You can access the presentation on our website by clicking on this [link](#).

## Capital markets

The VN Index decreased by 1.4 percent in USD terms, closing February at 474.56 after reaching a high for the calendar year of 496 points prior to the Lunar New Year. Comparatively, the MSCI Asia ex-Japan and MSCI Emerging Markets indices fell slightly during the month, down by 0.2 and 1.3 percent, respectively. Total trading value and volume on Vietnam's stock exchanges was USD1.1 billion on 2.1 billion shares. The combined market capitalization for both of Vietnam's bourses was USD41.4 billion compared to USD41.8 in January. As a result, the VN Index traded on a trailing P/E of 13.6x and P/B of 1.7x, as at 28 February 2013.

Foreign investors were net buyers of Vietnamese equities, accounting for a net purchase of just USD4.2 million compared to USD121 million in January. However, this includes USD12.5 million in shares of Masan (MSN) divested by a foreign owner during the month. The top acquired companies were Hoa Phat Group (HPG), Bao Viet Holding (BVH), and Sacombank (STB) while, along with Masan, REETech (REE) and PetroVietnam Drilling (PVD) were most actively divested.

28 February 2013

NAV **2.70** per share (↓1.1%)

Total NAV: USD776.2 million

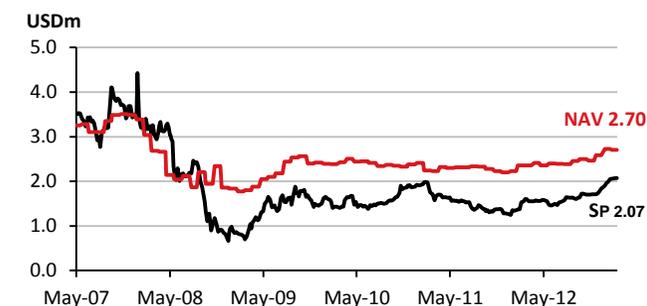
## Performance summary

		Cumulative change:				
	28-Feb-13	3mth	1yr	3yr	5yr	
NAV per share	2.70	9.9%	14.9%	13.4%	-11.1%	
Share price	2.07	21.2%	33.7%	44.9%	-36.0%	
Premium/(discount)	(23.4%)					
Market cap	595m					
Total NAV	776.2m					

## Performance history (% change on NAV)

	2013	2012	2011	2010	2009	2008	2007
YTD	4.7%	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 (28 Feb 2013)



## Macroeconomic update

Many macroeconomic comparisons against the prior year were distorted as a result of the Tet holiday season occurring in February 2013, versus January in 2012.

**Vietnam's CPI increased 1.3 percent month-on-month in February.**

Vietnam's February consumer price index rose 1.30 percent month-on-month, representing a 7.0 percent increase from a year ago, according to the General Statistics Office (GSO). Notably, food and foodstuff prices increased by 2.28 percent month-on-month in February, caused mainly by the seasonal effect on demand during the Tet holiday season. Health care costs grew by just 0.58 percent in February month-on-month, a sharp contrast to the 7.7 percent increase recorded in January.

**Vietnam's trade surplus reached USD780 million year to date.**

Vietnam's originally reported trade surplus of USD900 million was revised to a trade deficit of USD90 million by Vietnam's Customs Office for the month of February. Thus, the overall trade surplus is now USD780 million, year to date. Total exports came to USD7.15 billion led by mobile phones, garments, oil and footwear. Imports totaled USD7.24 billion in February, driven by personal computers, machinery and phone components. This initial trade surplus has helped to alleviate some of the VND devaluation against USD pressure that occurred immediately following the Tet holiday season. In February, the interbank currency exchange rate temporarily reached the ceiling of VND21,020 per USD, before retreating back to VND20,900 at the close of the month, essentially unchanged from a year ago.

According to the State Bank of Vietnam (SBV), lending rates fell to 13.0 percent in February from 14.0 percent in the previous month. This was a result of increased competition between commercial banks to provide loans to the small supply of qualified borrowers. Deposit rates remained unchanged at the rate cap of 8.0 percent during the month of February.

**USD702 million in government bonds were issued in January 2013, an increase of 9.0 percent from January.**

## Fixed income

Market demand for Vietnam government and government sponsored bonds remained strong in February, with a total of USD702 million worth of State Treasury and Vietnam Bank for Social Policy bonds issued, an increase of 9.0 percent from January. Bond yields fell slightly for 2- and 3-year State Treasury bonds; however, longer term yields remained stable, at 9.30 and 9.15 percent for 5- and 10-year bonds, respectively.

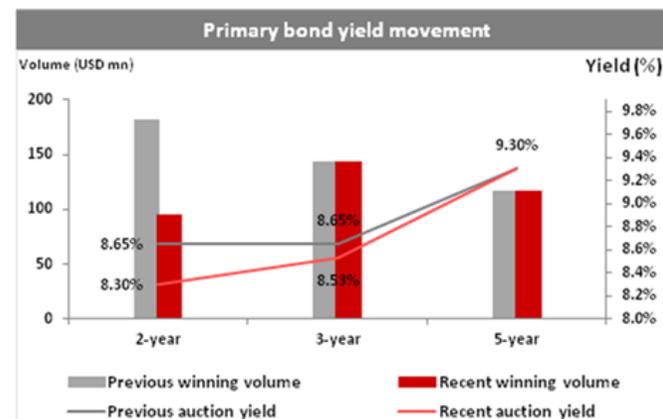
In contrast, market participation on the secondary market in February was muted, with USD563 million worth of government bonds exchanging hands, a decline of 37.0 percent from January.

## Macro-economic indicators and forecast

	2012	Feb 2013	YTD	Y-o-Y change
<b>GDP growth<sup>1</sup></b>	5.0%	-	-	-
<b>Inflation</b>	6.8%	1.3%	2.6%	7.0%
<b>FDI (USDbn)</b>	13.0	0.3	0.6	-47.5%
<b>Imports (USDbn)</b>	114.3	7.2	17.9	10.2%
<b>Exports<sup>2</sup> (USDbn)</b>	114.6	7.2	18.7	23.9%
<b>Trade surplus/(deficit) (USDbn)</b>	0.8	(0.09)	0.8	-
<b>Exchange rate<sup>3</sup> (USD/VND)</b>	20,855	20,900	0.2%	0.1%
<b>Bank deposit rate (VND, %)</b>	8.0%	8.0%	0.0%	-33.3%

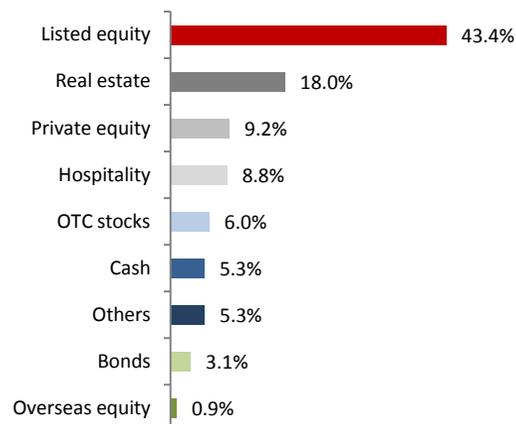
Sources: GSO, SBV, VCB.

<sup>1</sup> Annualized rate, updated quarterly. <sup>2</sup> Includes gold. <sup>3</sup> Vietcombank ask rate

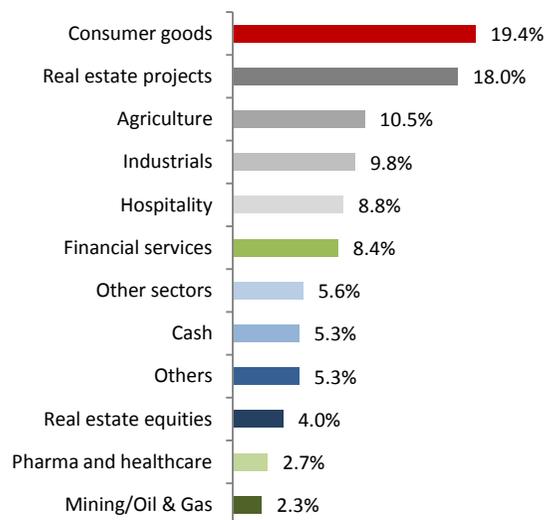


Source: HNX

## Portfolio by asset class



## Portfolio by sector



## Top holdings at 28 February 2013

### Top 5 listed investments

Name of Investee	% of NAV	Sector	Description
Vinamilk (VNM)	12.4	Consumer goods	Leading dairy company with dominant market share.
Eximbank (EIB)	6.0	Financial services	One of the top ten commercial banks.
Kinh Do Corp (KDC)	4.6	Consumer goods	Top confectionery manufacturer in Vietnam.
Hoa Phat Group (HPG)	3.0	Industrials	The largest steel manufacturer by market share.
Phu My Fertiliser	2.3	Agriculture	Vietnam's largest urea fertiliser producer.

### Top 5 OTC investments

Name of Investee	% of NAV	Sector	Description
An Giang Plant Protection	5.0	Agriculture	The largest plant protection chemicals firm.
Nam Viet Oil	0.4	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	7.6	Hospitality	Vietnam's top city-centre hotel.
Century 21	3.2	Real estate	HCM City residential development.
VinaLand Ltd (AIM: VNL)	2.2	Real estate	VCIM-managed Vietnam real estate fund.
Dai Phuoc Lotus	1.9	Real estate	Residential developer with townhouse sales underway.
Danang Beach Resort	1.8	Real estate	Resort villa sales underway.

### Top 5 private equity investments

Name of Investee	% of NAV	Sector	Description
Prime Group	4.2	Industrials	The largest ceramics producer with dominant market share.
IBS	1.1	Industrials	Construction materials firm.
International School, HCMC	0.6	Education	Leading international school in Ho Chi Minh City providing world-quality education.
Hoan My Hospital	0.6	Pharmaceuticals & health care	Private hospital chain.
SSG- Saigon Pearl	0.6	Real estate	One of the biggest property developers in Vietnam.

## 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.

<b>William Vanderfelt</b>	Chairman (Independent)
<b>Michael G. Gray</b>	Director (Independent)
<b>Martin Glynn</b>	Director (Independent)
<b>Steven Bates</b>	Director (Independent)
<b>Martin Adams</b>	Director (Independent)
<b>Don Lam</b>	Director

## VinaCapital

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

<b>Don Lam</b>	Chief Executive Officer
<b>Brook Taylor</b>	Chief Operating Officer
<b>Andy Ho</b>	Managing Director, Head of Investment
<b>Dang P. Minh Loan</b>	Deputy Managing Director, Private equity

### Contact

<b>David Dropsey</b>	Investor Relations/Communications ir@vinacapital.com +848-3821-9930 <a href="http://www.vinacapital.com">www.vinacapital.com</a>
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### Brokers

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

Numis Securities  
+ 44 (0)20 7260 1327,  
[mail@numis.com](mailto:mail@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](http://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.