

## 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 USD783.8 million or USD2.73 per share as at 31 January 2013, an increase of 5.8 percent from a net asset value per share of USD2.58 as at 31 December 2012. The rise in NAV was mainly due to unrealized gains on the Company's capital markets portfolio which increased by 10.1 percent during the month. Shares in listed investee companies Vinamilk (VNM), Hoa Phat Group (HPG), Kinh Do Group (KDC) and Phu My Fertiliser (DPM) rose 15.3, 18.6, 14.0 and 27.9 percent, respectively.

The Company's share price closed at USD2.05 as at 31 January 2013, an increase of 11.7 percent, compared to a closing price of USD1.84 as at 31 December 2012. As a result, the current price to NAV discount narrowed to 24.8 percent from 29.0 percent at the end of December 2012 and well below 39.2 percent recorded a year ago.

The Company continued its commitment to its share buyback program and is working closely with Edmond de Rothschild Securities in this effort. Opportunities to repurchase shares in January, however, have been limited due to natural demand. VOF did buyback 168,249 shares during the month, which are held in Treasury. Since the onset of the buyback programme, the Company has spent USD59.2 million to repurchase 37.4 million shares, representing 11.5 percent of total shares in issue.

## Capital markets

The VN Index increased by 15.9 percent in USD terms, closing at 479.8 for the month of January, the best performing month since September 2009. The VN Index outperformed both the MSCI Asia ex-Japan and MSCI Emerging Markets indices, which increased by 1.7 and 1.3 percent, respectively. Total trading value and volume on Vietnam's stock exchanges was USD1.75 billion on 3.6 billion shares. The combined market capitalization for both of Vietnam's bourses increased to USD41.8 billion from USD36.7 a month ago. As a result, the VN Index traded on a trailing P/E of 13.1x and P/B of 1.7x, at the close of January 2013.

Foreign investors were net buyers of Vietnamese equities, accounting for net purchases of USD121 million compared to USD67 million in December. The top acquired companies were Masan Group (MSN), Phu My Fertiliser (DPM), and Military bank (MBB), while Bac Giang Mineral (BGM), Tien Len Steel (TLH), and Kinh Do Corporation (KDC) were most actively divested.

31 January 2013

NAV **2.73** per share (↑5.8% m-o-m)

Total NAV: USD783.8 million

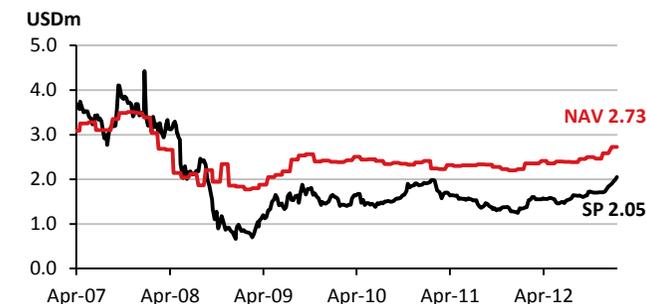
## Performance summary

	Cumulative change:				
	Jan-13	3mth	1yr	3yr	5yr
NAV per share	2.73	9.0%	22.3%	14.0%	-19.6%
Share price	2.05	20.2%	51.3%	28.9%	-38.1%
Premium/(Discount)	(24.8%)				
Market cap	593m				
Total NAV	783.8m				

## Performance history (% change on NAV)

	2013	2012	2011	2010	2009	2008	2007
YTD	5.8%	17.4%	-7.6%	-1.6%	29.7%	-46.6%	37.4%
VN Index	15.9%	18.9%	-25.6%	-7.2%	47.7%	-68.6%	23.5%

## NAV and share price performance (31 Jan 2013)



Monthly update 31 January 2013

**January CPI increased 1.25 percent month-on-month, a 7.1 percent increase from a year ago.**

## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's January consumer price index rose 1.25 percent month-on-month, representing a 7.1 percent increase from a year ago. Pricing pressure generally occurs ahead of the Lunar New Year, however, the primary driver for the January CPI figure came as a result of a 7.7 percent month-on-month increase in health care costs. Prices for food and foodstuffs, which represents approximately 40 percent of the CPI calculation, rose by just 0.3 percent. Government policy is still focused on keeping inflation at a reasonable rate to mitigate its effect on the markets as it did from 2010 through 2011.

Vietnam recorded a USD200 million trade surplus to begin in January. This initial surplus, however, was smaller than revised figures in December 2012 (USD500 million surplus), as imports increased 15 percent month-on-month, while exports grew just 3.6 percent. This notable rise in imports is attributable to the strong demand for overseas goods preceding the Lunar New Year in February.

In January, the exchange rate remained unchanged at VND20,865 per USD. The State Bank of Vietnam has successfully prevented currency depreciation versus the USD for the past 13 months with the help of a balance of payments surplus of approximately USD10 billion. The surplus of balance of payments came as a result of robust capital inflows from foreign direct investment (USD11 billion) and remittances (USD10 billion), a trade surplus for all of 2012.

## Fixed income

Within Vietnam's primary bond market, only USD646 million worth of government and government sponsored bonds were issued in January, a 50 percent decline from December 2012. The average yield rate increased 40 bps on short term (2- and 3-year) and 35 bps on 5-year State Treasury bonds. Demand for fixed income is expected to remain strong throughout 2013, which should lead to lower bond yields in the coming months.

The secondary market was active in January given the shortage in demand within the primary market. A total of USD1.5 billion worth of government and government sponsored bonds exchanged hands, an increase of 15 percent from December 2012. Over 62 percent of all bond activity occurred in short to medium term bonds (3 years and below). According to data compiled by Bloomberg, yields declined between 40 to 70bps for all bonds from the previous month.

**Vietnam recorded a USD200 trade surplus for the month of January.**

**Primary bond activity fell by nearly 50 percent in January compared to December 2012.**

## Macro-economic indicators and forecast

	2012	Jan-13	YTD	Y-o-Y change
<b>GDP growth<sup>1</sup></b>	5.0%	-	-	-
<b>Inflation</b>	6.8%	1.25%	1.25%	7.1%
<b>FDI (USDbn)</b>	13.0	0.3	0.3	-25.0%
<b>Imports (USDbn)</b>	114.3	9.9	9.9	42.3%
<b>Exports<sup>2</sup> (USDbn)</b>	114.6	10.1	10.1	43.2%
<b>Trade surplus/(deficit) (USDbn)</b>	0.3	0.2	0.2	-
<b>Exchange rate<sup>3</sup> (USD/VND)</b>	20,855	20,865	0.0%	0.2%
<b>Bank deposit rate (VND, %)</b>	8.0%	8.0%	0.0%	-4.0%

Sources: GSO, SBV, VCB.

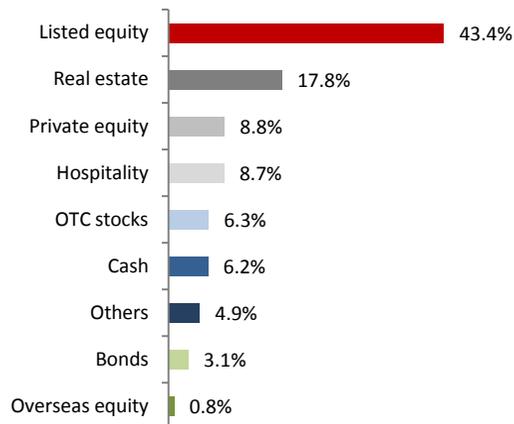
<sup>1</sup> Annualized rate, updated quarterly. <sup>2</sup> Includes gold. <sup>3</sup> Vietcombank ask rate

Govt bond yields	1 yr	2 yr	3 yr	5 yr	10 yr
December 2012	8.4%	8.8%	9.1%	9.6%	10.2%
January 2012	7.8%	8.4%	8.6%	8.9%	9.5%

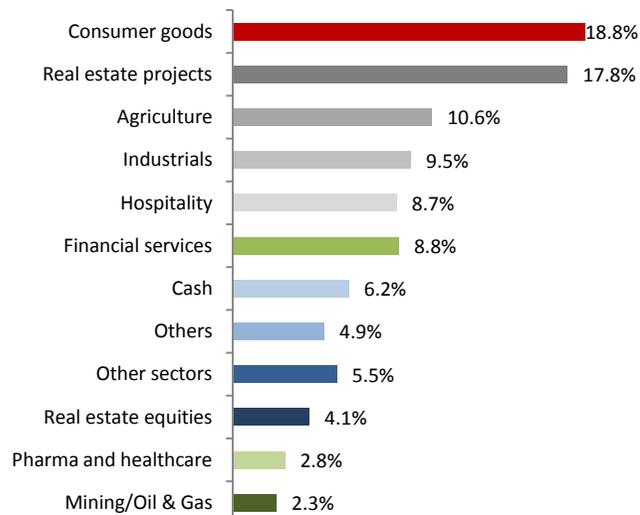
Source: Bloomberg

Monthly update 31 January 2013

## Portfolio by asset class



## Portfolio by sector



## Top holdings at 31 January 2013

### Top 5 listed investments

Name of Investee	% of NAV	Sector	Description
Vinamilk (VNM)	12.1	Consumer goods	Leading dairy company with dominant market share.
Eximbank (EIB)	6.3	Financial services	One of the top ten commercial banks.
Kinh Do Corp (KDC)	4.3	Consumer goods	Top confectionery manufacturer in Vietnam.
Hoa Phat Group (HPG)	3.1	Industrials	Largest steel manufacturer by market share.
Phu My Fertiliser	2.5	Agriculture	Vietnam's largest urea fertiliser producer.

### Top 5 OTC investments

Name of Investee	% of NAV	Sector	Description
An Giang Plant Protection	4.8	Agriculture	The largest plant protection chemicals firm.
Nam Viet Oil	0.4	Mining/Oil & Gas	Major gasoline producer.
Binh Dien Fertiliser	0.4	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	2.8	Real estate	HCM City residential development.
Dai Phuoc Lotus	2.7	Real estate	Residential developer with townhouse sales underway.
VinaLand Ltd (AIM: VNL)	2.2	Real estate	VCIM-managed Vietnam real estate fund.
Danang Beach Resort	2.1	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.

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## 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

**David Dropsey** Investor Relations/Communications  
 ir@vinacapital.com  
 +848-3821-9930  
[www.vinacapital.com](http://www.vinacapital.com)

### 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.