

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 net asset value was USD779.5 million or USD2.76 per share as at 31 March 2013. This represents a 2.2 percent increase from a net asset value per share of USD2.70 from its close of business on 28 February 2013. This increase in NAV was attributable to VOF's capital markets portfolio which increased 4.5 percent during the month, namely as shares of Vinamilk (VNM), Hau Giang Pharmaceuticals (DHG), Hoa Phat Group (HPG) and Lam Thao Fertilizers and Chemicals (LAS), rose 15.2 percent, 11.5 percent, 7.7 percent and 12.1 percent, respectively.

The Company's share price closed at USD2.11 as at 31 March 2013, a gain of 1.9 percent from USD2.07 at the end of February, resulting in share price to NAV discount of 23.7 percent. In March 2013, the Company bought back 4.5 million shares, which are held in Treasury. Since the beginning of the buyback programme, shares repurchased represent 12.9 percent of the total shares in issue.

On 28 March 2013, VOF issued its interim financial results for the period ended 31 December 2012. The Company's NAV per share, reviewed by PricewaterhouseCoopers (Hong Kong), was adjusted upward to USD2.62 from USD2.58 per share. Notably, the value of the Company's hospitality holdings was revised upward by 5.1 percent as a result of an upward adjustment of the Sofitel Legend Metropole Hotel, while its real estate projects were lowered by 3.6 percent. The entire consolidated financial report can be accessed [here](#).

Capital markets

The VN Index rose 3.4 percent in USD terms, closing the month of March at 491.0. In contrast, the MSCI Asia ex-Japan and MSCI Emerging Markets indices fell by 2.1 and 1.9 percent, respectively. Trading volume on both of Vietnam's stock exchanges declined 15.0 percent in March with a total of 1.8 billion shares exchanging hands while trading value fell 10.0 percent to USD1.0 billion. The combined market capitalization for both of Vietnam's bourses was USD42.4 billion, a 2.42 percent from USD41.4 billion in February. As a result the VN Index traded at a trailing P/E of 13.8x and P/B of 1.8x.

Foreign investors were net buyers of USD56.0 million during March compared to just USD4.2 million in the previous month. The top acquired companies were Vincom Group (VIC), Hoa Phat Group (HPG) and Gemadep (GMD).

31 March 2013

NAV **2.76** per share (↑2.2%)

Total NAV: USD779.5 million

Performance summary

		Cumulative change:				
	31-Mar-13	3mth	1yr	3yr	5yr	
NAV per share	2.76	6.8%	17.1%	13.5%	2.9%	
Share price	2.11	14.8%	35.9%	34.0%	-31.7%	
Premium/(Discount)	(23.7%)					
Market cap	596.0m					
Total NAV	779.5m					

Performance history (% change on NAV)

	2013	2012	2011	2010	2009	2008	2007
YTD	6.8%	17.4%	-7.6%	-1.6%	29.7%	-46.6%	37.4%
VN Index	18.1%	18.9%	-25.6%	-7.2%	47.7%	-68.6%	23.5%

NAV and share price performance (31 March 2013)



Vietnam's consumer price index slowed to an annual rate of 6.6 percent during the month of March.

Q1 2013 GDP growth slowed to 4.9 percent and was mostly attributable to exports.

Primary bond activity increased 132.5 percent with a total of USD1.6 billion in government bonds issued in March.

Macroeconomic update

Vietnam's consumer price index (CPI) slowed to 6.6 percent in March, on a year-on-year basis, mainly attributable to food and foodstuff prices increasing just 1.8 percent during the same period. The State Bank of Vietnam (SBV) cut main policy rates by 100bps, therefore, the refinance and discount rate have been lowered to 8.0 and 6.0 percent, respectively while caps on deposit rates were lowered to 7.0 percent. This represents a signal to investors and businesses that the central bank is continuing to support the economy by lowering lending rates in an attempt to stimulate growth.

First quarter GDP figures showed the Vietnamese economy expanded by 4.9 percent, mainly driven by exports. The foreign direct investment sector continues to be important to support growth as the government implements policies to improve domestic demand. During the month, foreign direct investment disbursement figures reached USD1.7 billion. Additionally, registered capital soared from just USD350 million in February to USD5.4 billion in March from a commitment of USD2.8 billion for the Nghi Son oil refinery and USD2.0 billion for a new Samsung factory in Thai Nguyen.

In March, the SBV also demonstrated its ability to stabilise the foreign exchange market following the disturbance caused by an increase in demand for USD to cover imports during February's lunar holiday season. The SBV intervened by selling official dollar reserves in a sufficient quantity to maintain the longstanding exchange rate of approximately VND20,900 per USD.

Fixed income

The primary bond market was highly active in March, with a total of USD1.6 billion worth of State Treasury and Vietnam Bank for Social Policy bonds issued, a 132.5 percent increase from the previous month. As a result, bond yields fell by 70-75 bps to 8.87 and 9.25 percent on 3-year and 5-year State Treasury bonds, respectively. The secondary market also saw bond yields decline due to increased demand, specifically for short-term; 1-year and 3-year bonds.

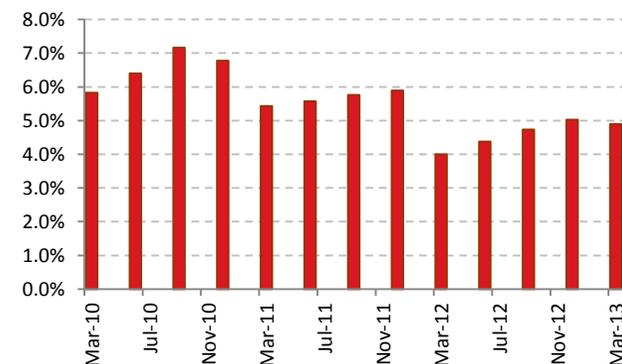
Macro-economic indicators and forecast

	2012	Mar 2013	YTD	Y-o-Y change
GDP growth¹	5.0%	4.89%	4.9%	-
Inflation	6.8%	-0.19%	2.4%	6.6%
FDI (USDbn)	13.0	5.4	6.0	63.6%
Imports (USDbn)	114.3	11.3	29.2	-32.9%
Exports² (USDbn)	114.6	11.0	29.7	-30.8%
Trade surplus/(deficit) (USDbn)	0.3	-0.3	0.5	-
Exchange rate³ (USD/VND)	20,855	20,960	0.3%	0.2%
Bank deposit rate (VND, %)	8.0%	7.0%	0.0%	-41.7%

Sources: GSO, SBV, VCB.

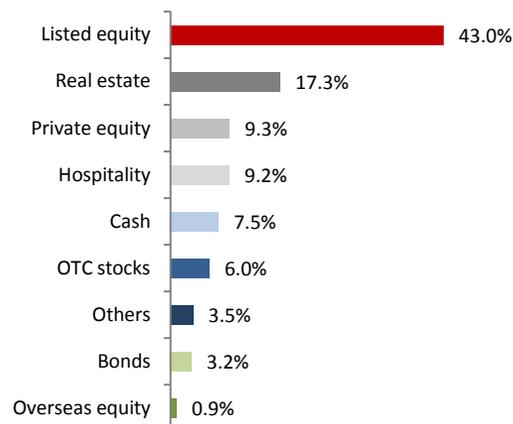
¹ Annualized rate, updated quarterly. ² Includes gold. ³ Vietcombank ask rate

Quarterly GDP growth

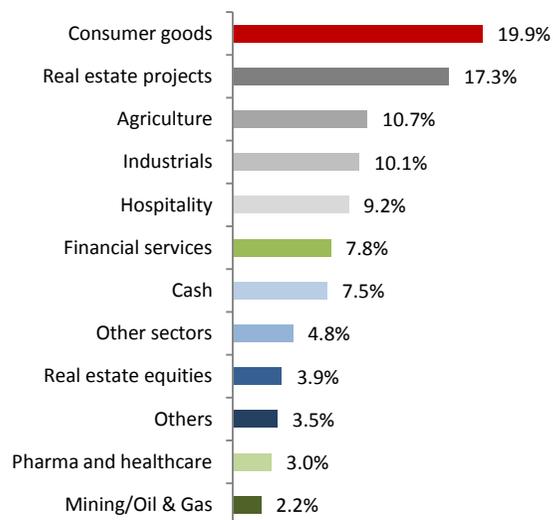


Source: GSO

Portfolio by asset class



Portfolio by sector



Top holdings at 31 March 2013

Top 5 listed investments

Name of Investee	% of NAV	Sector	Description
Vinamilk (VNM)	13.2	Consumer goods	Leading dairy company with dominant market share.
Eximbank (EIB)	5.5	Financial services	One of the top ten commercial banks.
Kinh Do Corp (KDC)	4.4	Consumer goods	Top confectionery manufacturer in Vietnam.
Hoa Phat Group (HPG)	3.2	Industrials	The largest steel manufacturer by market share.
Hau Giang Pharmaceuticals	2.4	Pharmaceuticals & health care	The largest domestic pharmaceutical producer in Vietnam.

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	8.1	Hospitality	Vietnam's top city-centre hotel.
Century 21	2.9	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 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	1.2	Industrials	Construction materials firm.
Hoan My Hospital	0.7	Pharmaceuticals & health care	Private hospital group.
International School, HCMC	0.6	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.

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.

William Vanderfelt	Chairman (Independent)
Michael G. Gray	Director (Independent)
Martin Glynn	Director (Independent)
Steven Bates	Director (Independent)
Martin Adams	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

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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.