

Monthly update 31 May 2012

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; Privatisation 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 dropped 2.5 percent to USD742.9 million or USD2.36 per share, as at 31 May 2012, from USD769.9 million or USD2.42 per share as at 30 April 2012. The decrease in NAV was largely attributable to a 4.8 percent reduction in USD terms in the capital markets component of the portfolio, with real estate sector companies contributing the most towards the decline. For the month, Development Investment Construction (DIG) and Khang Dien House (KDH) fell 26.5 and 11.4 percent respectively.

Despite that the capital markets component of the VOF portfolio outperformed the VN Index, VOF's NAV has increased just 5.7% YTD, while the VN Index has increased by 22.0%. We attribute this underperformance from other components of the VOF portfolio which have declined in value, specifically, our real estate projects and hospitality holdings. We believe the temporarily depressed valuation of these assets is associated with the illiquid nature of the real estate market in Vietnam at the moment.

VOF shares declined 0.7 percent to USD1.55 as at 31 May 2012, from USD1.56 as at 30 April 2012. May was a busy month in regard to the share buyback programme, with a total of nearly 3.2 million shares repurchased, leaving 315,260,596 shares with voting rights for the Fund.

VinaCapital Vietnam Opportunity Fund announced that its Investment Manager, VinaCapital, will hold a conference call to update investors on VOF and its other AIM listed funds on 18 June 2012 at 17:00 Hong Kong time. For full details on how to participate in the call please click [here](#).

Capital markets

In May, the VN Index closed at 429 points, down 9.4 percent from 474 as at 30 April 2012, the worst performing month of the year. Comparatively, the MSCI Asia ex-Japan and MSCI Emerging Market indices declined 10.0 and 11.7 percent respectively due to persistent pessimism in Europe, negatively affecting global equity markets.

Combined trading volume on both stock exchanges increased 4.8 percent month-on-month in May with 3.2 billion shares changing hands, while trading value increased 11.9 percent to USD2.0 billion. In total, foreign investors were net buyers of USD13.8mn for the month, with PetroVietnam Gas (GAS), Refrigeration Electrical Engineering Corp. (REE), Military Bank (MBB), and Vinacafe Bien Hoa (VCF) as the top acquired companies, while BaoViet Holdings (BVH), VinGroup (VIC), and Danang Rubber (DRC) were sold off the most.

31 May 2012

NAV **2.36** per share (↓2.5%)

Total NAV: USD742.9 million

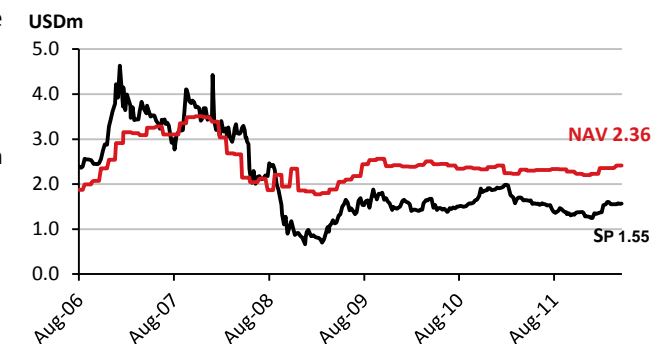
Performance summary

	31-May-12	Cumulative change:			
		3mth	1yr	3yr	5yr
NAV per share	2.36	0.1%	2.6%	15.0%	-27.5%
Share price	1.55	0.0%	-1.5%	-0.6%	-56.0%
Premium/(Discount)	(34.2%)				
Market cap	488.8m				
Total NAV	742.9m				

Performance history (% change on NAV)

	2012	2011	2010	2009	2008	2007	2006
YTD	7.1%	-7.6%	-1.6%	29.7%	-46.6%	37.4%	64.9%
VN Index	23.2%	-25.6%	-7.2%	47.7%	-68.6%	23.5%	142.4%

NAV and share price performance (31 May 2012)



Capital markets (continued)

Most notably during May, PetroVietnam Gas (GAS) listed on the Ho Chi Minh Stock Exchange (HoSE), valuing the company at over USD3.0 billion, instantly becoming the largest company on the exchange by market cap. Additionally, Vietcombank (VCB) listed its remaining shares. Combined, the two companies make up more than 20 percent of the VN Index.

Fixed income

On the back of last month's robust activity, the State Treasury, Vietnam Development Bank (VDB) and Vietnam Bank of Social Policy (VBSP) successfully sold a total of USD752 million worth of bonds in May, an increase of 3 percent from April. State Treasury and VDB bonds dominated new issues, accounting for 59 percent and 34 percent of the total value respectively. All bond yields fell during the month following the rate cuts in April and May. Notably, 2-year Treasury bonds fell just below 9 percent in May, while the 10-year's yield decreased approximately 130 basis points to 9.5 percent from April.

The secondary market again remained active with USD917 million worth of Treasury and VDB bonds traded, a 32 percent increase compared to April. With the State Bank of Vietnam (SBV) cutting rates by 100 basis points again in May, the third such reduction for 2012, we expect bond market activity to subside a bit, until there are more clear signs of another rate cut, which could happen towards the end of June.

Macroeconomic update

For the month of May, month-on-month inflation increased by 0.18 percent, equivalent to 8.3 percent year-on-year, the lowest level in the past 10 months. Despite rising fuel prices and increases in the minimum wage, slow domestic demand and decreases in commodity prices helped bring down the cost of food and foodstuffs, which makes up the largest component of CPI.

Late in the month, the government issued a new policy effectively lowering the deposit rate cap by 1.0 percent. With this move, the deposit rate cap and discount rate were set at 11.0 percent, while the lending rate cap was set at 14 percent. The SBV continues to show that it is concerned about slowing GDP growth and is listening to the private sector which has long claimed that borrowing costs have been the main culprit impeding business expansion.

Once again, the exchange rate for the VND remained nearly flat closing at 20,866 per USD in May. Most notably, the spread between VND and USD deposit rates have shrunk to just 9.0 percent, which will put more pressure from investors moving out of VND and into other assets. With USD denominated deposit rates set at just 2.0 percent, we could see investors move away from fiat currency all together and into equity and gold. As a result, there could be some added pressure for the government to devalue the currency by the end of the year.

Bond activity remained at elevated levels during May, with new bond issues increasing 3 percent to USD752 from April.

Yearly inflation fell to 8.3 percent in May on weakening domestic demand.

The government lowered deposit rate caps and policy rates by 1 percent to 11 percent during May.

VND to USD again remained flat, closing May at VND 20,866 per USD.

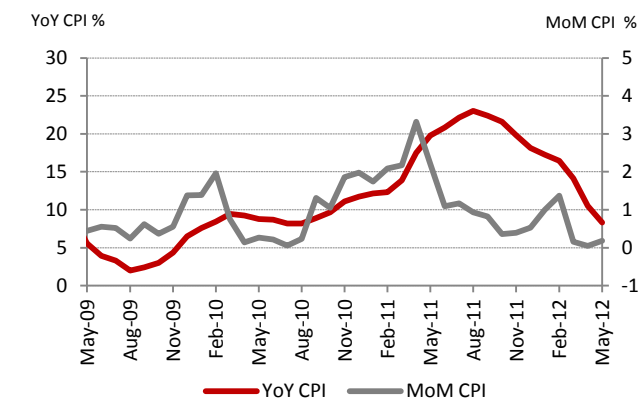
Macro-economic indicators and forecast

	2011	May-12	YTD	Y-o-Y change
GDP growth¹	5.9%		4.0%	
Inflation	18.1%	0.18%	2.8%	8.3%
FDI (USDbn)	14.7	1	5.3	13.0%
Imports (USDbn)	105.8	9.8	43.5	6.6%
Exports² (USDbn)	96.3	9.1	42.9	24.1%
Trade deficit (USDbn)	9.5	0.7	0.6	-90.9%
Exchange rate³ (USD/VND)	21,036	20,890	-0.7%	0.0%
Bank deposit rate (VND %)	12.0-14.0%	11.0%	-21.4%	-21.4%

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period. Sources: GSO, SBV, VCB.

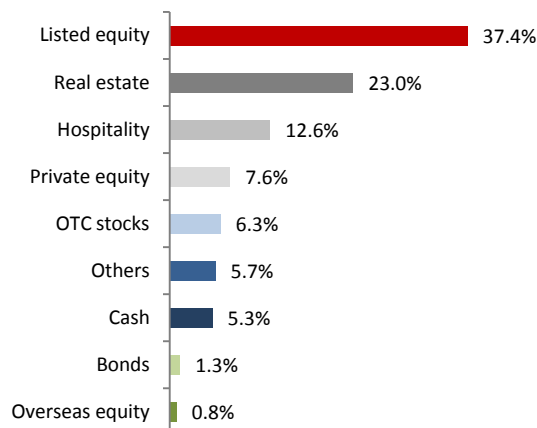
¹ Annualised rate. ² Includes gold. ³ State Bank central rate.

Monthly CPI trends

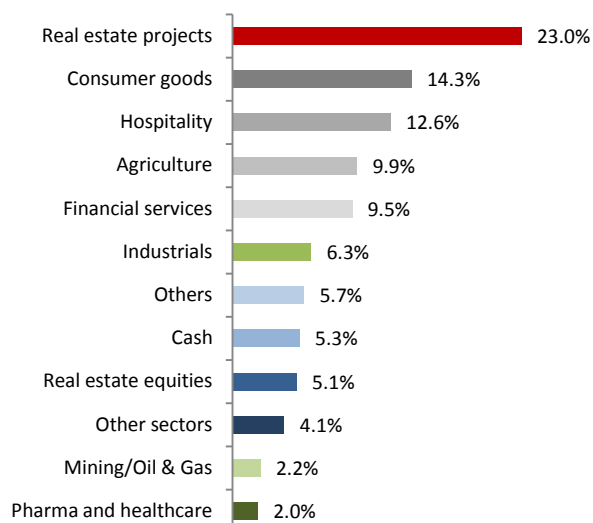


Monthly update 31 May 2012

Portfolio by asset class



Portfolio by sector



Top holdings at 31 May 2012

Top 5 listed investments

Name of investee	% of NAV	Sector	Description
Vinamilk (VNM)	7.6	Consumer goods	Leading dairy company with dominant market share.
Eximbank (EIB)	7.3	Financial services	One of the top ten commercial banks.
Kinh Do Corp (KDC)	3.5	Consumer goods	Top confectionary manufacturer in Vietnam.
Hoa Phat Group (HPG)	2.6	Industrials	Major steel manufacturer.
Phu Nhuan Jewelry	1.9	Consumer goods	The largest jewelry manufacturer and distributor in Vietnam.

Top 5 OTC investments

Name of investee	% of NAV	Sector	Description
An Giang Plant Protection	4.6	Agriculture	Leading plant protection chemicals firm.
Nam Viet Oil	0.6	Mining/Oil & Gas	Major gasoline producer.
Binh Dien Fertiliser	0.4	Agriculture	The largest NPK fertiliser producer.
Tam Phuoc Industrial	0.3	Infrastructure	An industrial park, a subsidiary of Tin Nghia, Dong Nai's biggest state corporation.
Minh Hai Jostoco	0.1	Agriculture	One of the largest shrimp processors and exporters.

Top 5 real estate investments

Project	% of NAV	Sector	Description
Sofitel Metropole	7.9	Hospitality	Vietnam's top city-centre hotel.
Century 21	3.6	Real estate	HCM City residential development.
Legend hotel	3.6	Hospitality	One of the leading 5 star hotels in Ho Chi Minh City.
Dai Phuoc Lotus	3.1	Real estate	Residential developer with townhouse sales underway.
VinaLand Ltd (AIM: VNL)	2.5	Real estate	VCIM-managed Vietnam real estate fund.

Top 5 private equity investments

Name of investee	% of NAV	Sector	Description
Prime Group	1.8	Industrials	Ceramics producer with dominant market share.
Yen Viet	1.1	Agriculture	Produces birds nest nutritional products.
IBS	1.0	Industrials	Construction materials firm.
International School, HCMC	0.7	Education	Leading international school in Ho Chi Minh City providing world-quality education.
Indochina Food	0.7	Consumer goods	The leading sugar and ethanol manufacturer in Vietnam and Cambodia.

Monthly update 31 May 2012

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)
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
Nguyen Viet Cuong	Deputy Managing Director, Capital markets
Dang P. Minh Loan	Deputy Managing Director, Private equity

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

Brokers	LCF Edmond de Rothschild Securities +44 (0)20 7845 5960 or funds@lcf.co.uk Numis Securities + 44 (0)20 7260 1327, mail@numis.com
----------------	--

Important Information

This document, and the material contained therein, is not intended as an offer or solicitation for the subscription, purchase or sale of securities in VinaCapital Vietnam Opportunity Fund Limited (the "Company"). Any investment in any of the Companies must be based solely on the Admission Document of that Company or other offering document issued from time to time by that Company, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in either of the Companies and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Companies have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

No undertaking, representation, warranty or other assurance, express or implied, is given by or on behalf of either of the Companies or VinaCapital Investment Management Limited or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise.

No warranty is given, in whole or in part, regarding the performance of either of the Companies. There is no guarantee that investment objectives of any of the three Companies will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of VinaCapital Investment Management Limited.

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
LCF 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 policy: 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; Privatisation of state-owned enterprises; Real estate; and Private placements into listed and OTC-traded companies.

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