

Performance summary 30 April 2019

	USD	GBP
NAV per share:	5.16	3.96
Change (Month-on-month):	-1.5%	-1.5%
Total NAV (million):	953.8	731.6
Share price:	4.35	3.34
Market cap (million):	803.5	616.3
Premium/(discount):	-15.8%	-15.8%

GBP/USD exchange rate as 31 March 2019: 1.30

GBP/USD exchange rate as 30 April 2019: 1.30

Source: Reuters

Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share (USD)	2.1	-10.2	46.0	59.9
Share price (USD)	2.3	-8.5	55.8	77.4
VN Index (USD terms)	7.2	-8.8	56.9	53.5
MSCI Emerging market	2.8	-7.3	28.5	8.4
MSCI Vietnam	8.5	-7.3	51.0	36.4

Annual performance history (% change)

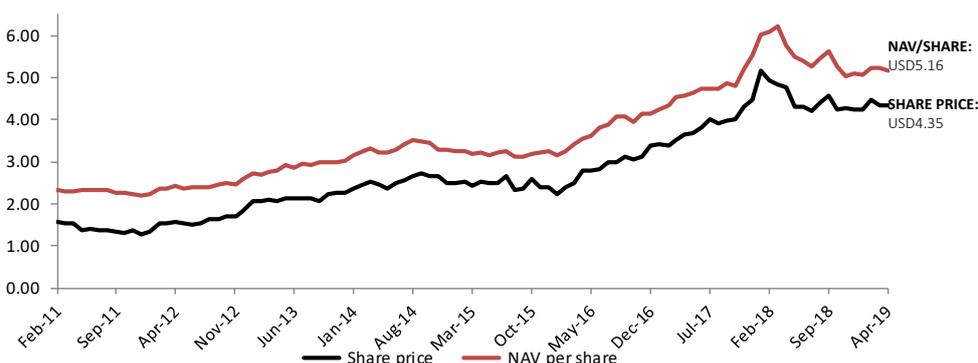
	CY	2019	2018	2017	2016	2015	2014
NAV per share (USD)		0.5	-9.0	32.1	25.5	1.2	8.4
VN Index (USD terms)		9.4	-11.2	48.4	13.4	0.9	6.6

April 2019: A Flat Market Amidst Global Uncertainty

Vietnam's stock market was flat in April, with the VN Index declining 0.4% in USD terms. The fund's net asset value (NAV) per share fell 1.5%. Most listed companies have now reported their first quarter results, with overall profit slightly declining (-2% year-on-year), with the main contributor to this decline coming from the property sector given its overweight position in the VN Index. However, we expect growth will resume over the balance of the year and for the full year, we should see an increase in the low teens. The market was also affected by ongoing and escalating trade tensions between the US and China.

After the end of the month, two significant pieces of news were announced. First, on a positive note, Fitch Ratings upgraded Vietnam's rating outlook from 'Stable' to 'Positive', stating that Vietnam has demonstrated an improving track record of economic management, strengthening buffers against external issues with persistent current account surpluses, falling government debt levels, high economic growth rates, and stable inflation. Second, MSCI announced the results of their annual review of countries eligible for upgrade to Emerging Market (EM) status from Frontier. Argentina was among the frontier markets that "graduated" to EM status. As a result, Vietnam's weight in the MSCI Frontier index will increase, making it the second largest after Kuwait. Unfortunately, Vietnam did not get put on the watchlist for possible upgrade to EM status. Although the country has met most of the quantitative criteria, there are several qualitative criteria (e.g., foreign ownership limits, FX inflows/outflows, publication of disclosures in English) that still have not been met, and therefore we believe upgrade is still a few years away. We recently prepared a short note about the areas where continued improvement and/or reforms are needed, which may be found here.

Historical share price and NAV (USD)

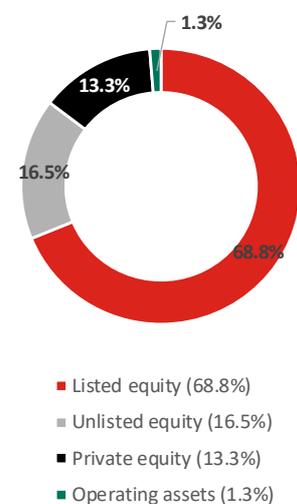


Top ten holdings*

Investee company	% of NAV	Sector
Hoa Phat Group (HPG)	12.2	Construction materials
Khang Dien House (KDH)	8.7	Real estate & construction
Airports Corporation of Vietnam (ACV)	7.5	Infrastructure
Vinamilk (VNM)	6.4	Food & beverage
Phu Nhuan Jewelry (PNJ)	6.1	Consumer discretionary
Eximbank (EIB)	4.7	Financial services
Quang Ngai Sugar (QNS)	3.5	Food & beverage
Coteccons (CTD)	2.9	Real estate & construction
Vietjet Air (VIC)	2.4	Industrials
Orient Commercial Bank (OCB)	2.3	Financial services
Total	56.6	

*Capital market equities

VOF portfolio by asset class**

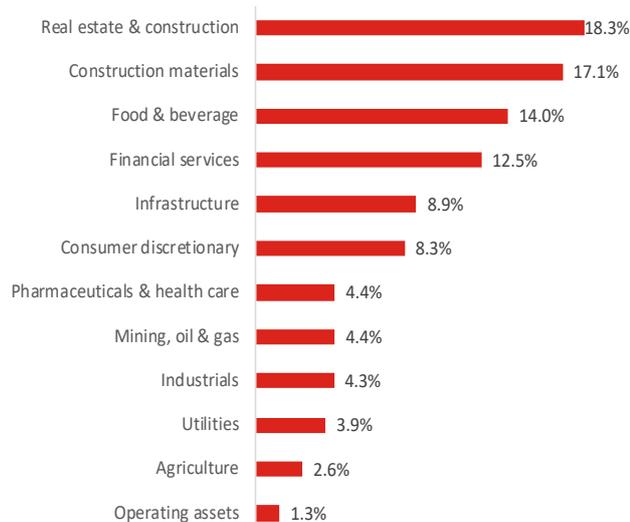


** Excluding cash & others:

Cash: 3.0% of NAV

Liabilities: 0.4% of NAV

VOF portfolio allocation by sector**



Private Equity: Update on OCB

In July 2017, VOF invested USD11 million in Orient Commercial Bank (OCB), one of Vietnam's leading private banks. In 2018, OCB recorded asset growth and profit growth of 19% and 115% respectively, while non-performing loans remained low at 2.2%. For 2019, the bank is targeting asset growth of 20% and profit growth of 45%.

At the end of 2018, OCB was recognized by the State Bank of Vietnam (SBV) for its successful implementation of Basel II standards, and is one of just seven Vietnamese banks to have done so. As a result, we believe OCB may be awarded a 20% credit growth quota for 2019 from SBV vs. the growth cap of 14% of the banking sector. In addition, the International Finance Corporation (IFC), the private sector arm of the World Bank Group, recently lent OCB a USD100 million loan package to expand SME lending, and has committed to helping the bank develop an electronic supply chain platform to support the financing of commercial transactions. This will enable OCB to become one of the few Vietnamese banks to offer a full range of supply chain financial services to smaller businesses, an overlooked sector that has been a very important part of the bank's business. SMEs account for 45% of OCB's loan book and are expected to continue to be the highest growth segment for the foreseeable future.

Macroeconomic Commentary

Inflation in Vietnam crept up from 2.7% y-o-y in March to 2.9% in April, driven by a 10% hike in retail petrol prices during the month, and by a circa 8% hike in electricity prices in late March. Nevertheless, the level of Consumer Price Index (CPI) inflation in Vietnam is essentially unchanged from April 2018. We are currently forecasting an increase in CPI inflation to 3.5% by the end of the year due to the on-going African Swine Fever (ASF) outbreak.

First found in China last year, ASF spread to Vietnam in February. The culling of herds to control the outbreak has led to pork prices in Vietnam rising 5% y-o-y, while global pork prices are up 45% y-t-d; some analysts believe global prices could climb a further 40-70% from current levels. Food prices rose 4%-- in-line with China -- and contributed 1.4 percentage points to the headline CPI figure. Food prices account for 36% of Vietnam's CPI bucket.

Manufacturing growth slipped to 11% y-o-y in 4M19 from 14% y-o-y in 4M18 primarily due to the on-going global slowdown of smartphone sales as well as some specific issues with Samsung's smartphone products.

Petrol production in Vietnam surged 73% y-o-y thanks to the introduction of new oil refining capacity, which offset some of the decline in industrial production attributable to Samsung. Meanwhile, Vietnam's Purchasing Manager Index (PMI) increased from 51.9 in March to 52.5 in April and has remained above the '50' expansion-contraction threshold since December 2015.

High-tech products make up about one-third of Vietnam's total exports, and the smartphone issues mentioned above led to that segment's export growth slowing to just 4% in 4M19 after posting 27% y-o-y growth in 4M18. This in turn led to a decline in Vietnam's overall export growth to 6% in 4M19 from around 20% in 4M18. Compared to some regional manufacturing peers like Korea, Taiwan, and Thailand -- where exports declined an average of 7% in 4M19 -- Vietnam's performance looks reasonable.

The 11% growth of Vietnam's imports in 4M19 outpaced export growth, with the Vietnam Customs reporting that the country's overall trade surplus fell to USD750 million in 4M19 compared to USD3.9 billion in 4M18. Despite that decline in the trade balance, the value of the VN Dong was essentially unchanged during April, partly because the State Bank of Vietnam has bought over USD8 billion of FX reserves YTD, helping foster confidence and bringing total FX reserves to USD66 billion, or just over three months' worth of imports, the minimum level of FX reserves recommended by the World Bank, IMF, and others.

Another factor that helped boost confidence in the VN Dong was an 8% increase in disbursed FDI inflows to USD5.7 billion in 4M19. In addition, the value of newly registered FDI projects also increased by nearly 50% to USD5.3 billion, driven by a surge in new Chinese investment, which increased from UDD400 million in 4M18 to USD1.4 billion in 4M19.

Kathryn Matthews Joins the VOF Board

On 13 May 2019, the Board of VOF was pleased to welcome Kathryn Matthews as an independent director. Ms Matthews, who has nearly 40 years of experience in finance, was most recently Chief Investment Officer for Asia ex Japan equities with Fidelity International Investments in Hong Kong. More information about Ms Matthews may be found [here](#).

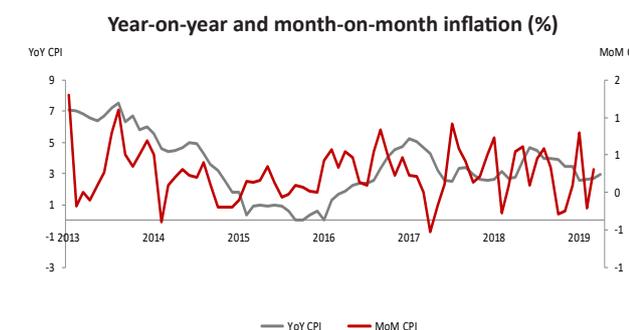
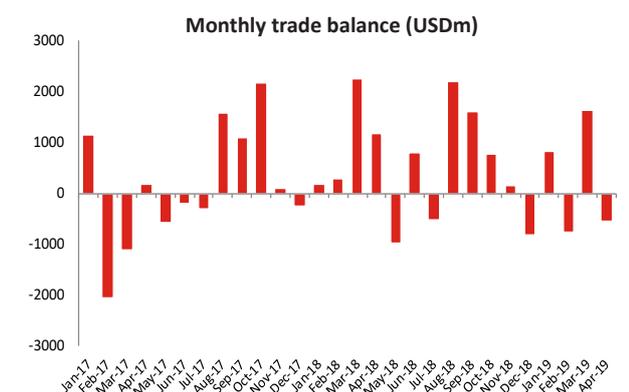
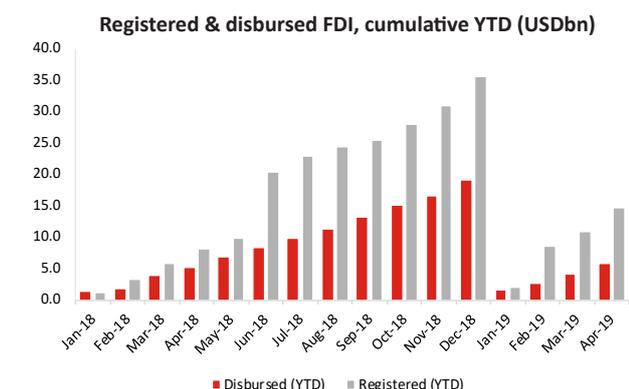
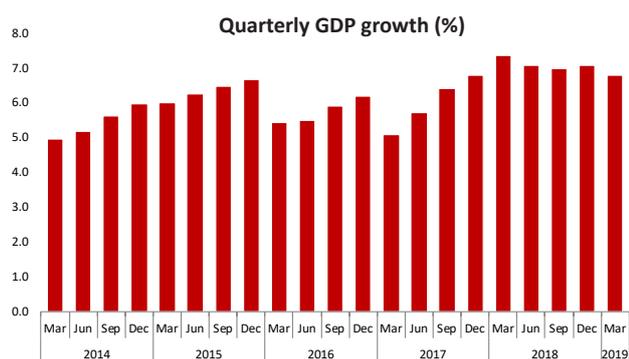
2019 VinaCapital Investor Conference – Save the Date

VinaCapital's 2019 Investor Conference will be held 9-11 October, this year in Hanoi. Watch for more information in the coming months.

Macroeconomic indicators

	2018	Apr-19	2019 YTD	YTD Y-O-Y
GDP growth ¹	7.1%			6.8%
Inflation (%)	3.5%			2.9%
FDI commitments (USDbn)	35.5	3.8	14.6	81.0%
FDI disbursements (USDbn)	19.1	1.6	5.7	7.5%
Imports (USDbn)	236.7	21.0	78.5	10.9%
Exports (USDbn)	243.5	20.4	79.2	6.5%
Trade surplus/(deficit) (USDbn)	6.8	(0.55)	0.76	
Exchange rate (USD/VND)	23.155	23.230	-0.3%	

Sources: GSO, Vietnam Customs, MPI, VCB | 1. Annualised rate, updated quarterly



Source: GSO, Vietnam Customs, Bloomberg

Board of Directors		VinaCapital Investment Management Ltd	
VOF's Board of Directors is composed entirely of independent non-executive directors.			
Member	Role	Member	Role
Steven Bates	Non-executive Chairman	Don Lam	Group CEO
Thuy Dam	Non-executive Director	Brook Taylor	Group COO
Huw Evans	Non-executive Director	Andy Ho	Group CIO & Managing Director
Julian Healy	Non-executive Director	Duong Vuong	Deputy Managing Director, Capital Markets
Kathryn Matthews	Non-executive Director	Loan Dang	Deputy Managing Director, Private Equity

Fund information	
LEI	2138007UD8FBBVAX9469
ISIN	GG00BYXVT888
Bloomberg	VOF LN
Reuters	VOF.L

Fund summary	
Fund launch	30 September 2003
Term of fund	Five years subject to shareholder vote for liquidation (next vote to be held by December 2023)
Fund domicile	Guernsey
Legal form	Exempted company limited by shares
Investment manager	VinaCapital Investment Management Ltd, with sub-delegation to VinaCapital Fund Management JSC
Structure	Single class of ordinary shares trading on the Main Market of the London Stock Exchange plc
Auditor	PricewaterhouseCoopers (Guernsey)
Custodian	Standard Chartered Bank Vietnam
Custodian and Administrator	Aztec Financial Services (Guernsey) Limited
Registrar and Transfer Agency	Computershare Investor Services
Brokers	Numis Securities (Bloomberg: NUMIS)
Management and incentive fee	Commencing July 1, 2018: a tiered management fee structure has been introduced, with the following annual rates applied to net assets: <ul style="list-style-type: none"> - 1.50% of net assets, levied on the first USD500 million of net assets - 1.25% of net assets, levied on net assets between USD500 million and USD1,000 million - 1.00% of net assets, levied on net assets between USD1,000 million and USD1,500 million - 0.75% of net assets, levied on net assets between USD1,500 million and USD2,000 million - 0.50% of net assets, levied on net assets above USD2,000 million The incentive fee is 12.5% of any increase in NAV above an 8% per annum hurdle rate, with the cap on incentive fees paid out in any year at 1.5% of weighted average of month-end net assets. Excess fees are still carried forward, but can be clawed back if NAV declines after the year end. The Investment manager must use 25% of any incentive fee paid to buy VOF shares via open market purchases, subject to a minimum holding period.
Investment objective	Medium to long-term returns through investments either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam
Investment objective by geography	Investments will be in Vietnam or in companies with at least 75 per cent of their assets, operations, revenues or income in, or derived from, Vietnam at the time of investment

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