

Performance summary 28 February 2018

	USD	GBP
NAV per share:	6.10	4.43
Change (Month-on-month)	1.16%	4.48%
Total NAV (million):	1,203.9	873.8
Share price:	4.93	3.58
Market cap (million):	973.3	710.6
Premium/(discount)	-19.2%	-19.2%

GBP/USD exchange rate as 31 January 2018: 1.42

GBP/USD exchange rate as 28 February 2018: 1.38

Source: Reuters

Cumulative change (% change)

	3 mth	1 yr	3 yr	5 yr
NAV per share (USD)	17.3	40.4	87.7	125.6
Share price (USD)	14.3	45.5	95.2	138.1
VN Index (USD terms)	17.9	58.0	77.6	117.2
MSCI Emerging market	6.6	27.6	20.7	13.3
MSCI Vietnam	18.5	70.6	54.1	54.2

Annual performance history (% change)

	CY 2018	2017	2016	2015	2014	2013
NAV per share (USD)	10.4	32.1	25.5	1.2	8.4	15.3
VN Index (USD terms)	13.8	48.4	13.4	0.9	6.6	20.5

Top ten holdings*

Investee company	% of NAV	Sector
Hoa Phat Group (HPG)	17.0	Construction materials
Vinamilk (VNM)	9.2	Food & beverage
Airports Corporation of Vietnam (ACV)	7.8	Infrastructure
Khang Dien House (KDH)	7.2	Real estate & construction
Phu Nhuan Jewelry (PNJ)	6.7	Consumer discretionary
Vietjet Air (VJC)	4.3	Industrials
Eximbank (EIB)	3.5	Financial services
Quang Ngai Sugar (QNS)	3.3	Food & beverage
Ho Chi Minh Development Bank (HDB)	2.9	Financial services
Binh Son Refinery (BSR)	2.7	Mining, oil & gas
Total	64.7	

*Capital market equities

February: Volatility returns, but market quickly recovers

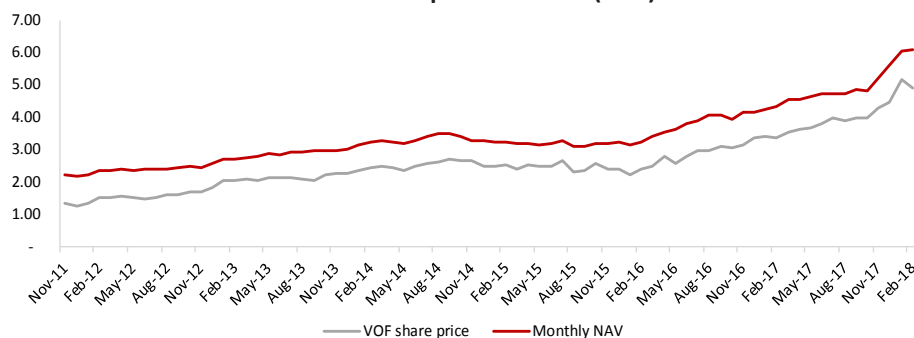
The beginning of February saw volatility across the world's stock markets, and Vietnam was not immune. Early in the month, the VN Index declined as much as 8.7%, only to seesaw back to positive territory to end the month up 0.9% in USD terms. While foreigners modestly turned to net sellers during the month, retail investors were active and helped drive the market forward. By the end of the month, the VN Index's year-to-date rise was 13.8%, far outperforming regional and global peers. The consensus view is that the Index (currently at 1,120 at the time of writing) will in the next 3-6 months surpass its all-time of 1,170, which it recorded more than ten years ago. Although we hesitate to speculate on how high the Index may or may not reach, from a purely technical basis the current trend is strong enough to support this consensus view.

VOF's net asset value (NAV) per share was USD6.10, an increase of 1.2% from the previous month. The discount between share price and NAV widened to 19.2%. The listed equity portion of our portfolio performed in line with the VN Index, while our unlisted equity portion (ie pre-IPO and stakes held in recently privatised state-owned enterprises) outperformed thanks to the addition of the two new investments discussed in our January report, Binh Son Refinery (BSR) and PV Power (POW). Both are listed on the UpCom market, a preliminary step before we expect BSR moves to the Ho Chi Minh Stock Exchange, and POW lists on the Hanoi Stock Exchange. Both stocks rose sharply after their first day of trading. As of end of February, BSR and POW returned 29.3% and 18.1% respectively versus the average winning auction price.

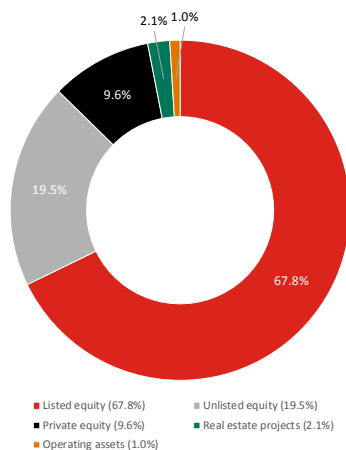
In February, we announced a sizeable private equity investment in a company called Ba Huan, one of the most recognisable and leading poultry businesses in Vietnam, with more than 30 percent share of the pasteurised egg market. The company has made significant investments in its operations, importing modern production lines from Europe and adhering to international food safety practices and standards. The company has implemented a fully integrated and enclosed value chain from feed production and farming, to producing fresh, safe, and clean meat, eggs, and processed foods, enabling it to fully control product quality across the value chain, and allowing consumers to fully trace its products. Ba Huan's products are distributed to both the general trade and modern trade channels such as major grocery chains, and major international fast food businesses via a comprehensive distribution network of more than 2,000 agents and points of sale throughout Vietnam. In 2018, the company expects revenue to surpass USD90 million.

The fund has invested USD32.5 million to acquire a significant minority stake in Ba Huan, and may invest a moderate amount of additional capital during the next twelve months as Ba Huan delivers on mutually agreed milestones. More information about our investment in Ba Huan may be found in [here](#).

Historical share price and NAV (USD)



VOF portfolio by asset class**



** Excluding cash & others of 2.3% NAV
Liabilities of 2.8%

VOF portfolio allocation by sector**



We are pleased to announce that we have launched a new website, which we believe provides important information about the fund in a more straightforward and user-friendly manner. Please note that the site has a new address: vof.vinacapital.com. We welcome any comments you may have about the new site.

Macroeconomic Commentary

Growth and inflation both picked up in the first two months of the year, signaling that Vietnam's GDP growth is likely to exceed a 6% year-over-year (yoy) pace in the first quarter, versus a GDP growth of 5.2% yoy in the first quarter of 2017.

It is important to note that Vietnam's General Statistics Office (GSO) reports macroeconomic statistics on a two-month, year-to-date (YTD) basis at the beginning of each year to mitigate the temporal distortions from the timing of the Lunar New Year each year. This year, the growth of household consumption, which contributes 64% of Vietnam's economy, accelerated from an estimated 5% yoy growth in 2M17 to 9% in 2M18, and the growth of manufacturing activity (15% of GDP) accelerated from 7% yoy in 2M17 to 18% in 2M18.

The rapid growth in Vietnam's manufacturing output in 2M18 was similar to the strong pace seen in the last quarter of 2017 and was driven by an 11% increase in foreign direct investment (FDI) disbursements in 2017. The majority of Vietnam's FDI inflows are designated to develop manufacturing and other highly productive sectors of the economy, such as power generation.

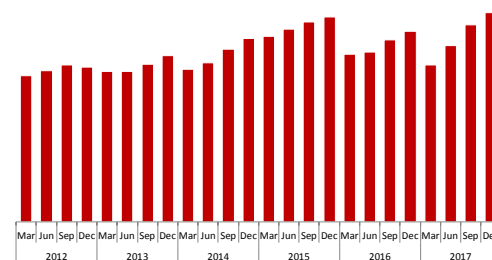
In addition to these positive developments, our expectation for a strong Q1 GDP growth figure is supported by a marked improvement in the outlook for oil production volume, which fell 11% yoy in 2017, knocking 0.5% off Vietnam's GDP growth last year. The decline in Vietnam's oil production volume tempered from a 15% yoy drop in 2M17 to a 5% decline in 2M18. That decline is expected to level out within the next few months, and Vietnam's oil production will likely flip to positive year-on-year growth later in the year, especially given that Vietnam's all-in oil production costs are around USD50/barrel.

Another improvement was in Vietnam's trade balance, which flipped from a USD900 million trade deficit in 2M17 to an estimated USD500 million surplus in 2M18, according to the Vietnam Customs. This improvement was driven by 32% yoy growth in Vietnam's high-tech exports (which account for 32% of the country's total exports), and a 65% yoy growth in Vietnam's exports to China. Exports to China now contribute just over 18% of Vietnam's overall exports, displacing the United States as Vietnam's largest export market. Vietnam's exports to the United States increased 14% yoy in 2M18, and now equate for just under 18% of the country's overall exports.

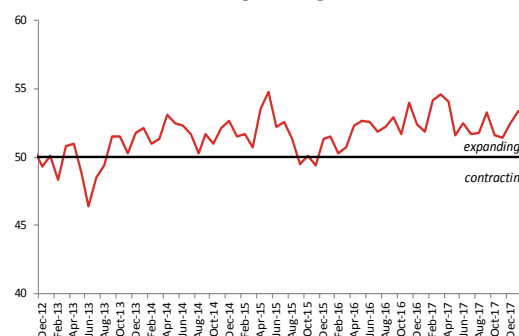
Despite this robust growth, the macro-economy remained stable. Vietnam's Consumer Price Index (CPI) increased 0.7% month-on-month (mom) in February and was mainly due to a 1.5% mom increase in food prices, which lifted the country's annual inflation rate from 2.6% yoy in January to 3.2% in February. That increase in food prices, which account for 36% of the CPI basket, was comparable to the food price inflation experienced in China at that time.

Increases of monthly inflation exceeding 0.5% mom typically concern most market participants, but the current stability of Vietnam's economy and the confident sentiment this stability has engendered mitigates such concerns. The Vietnam Dong exchange rates and interbank interest rates remain steady, despite both rates experiencing strains in the lead-up to the Lunar New Year, as demand for the USD increased and economic activity prompted locals to withdraw money from banks.

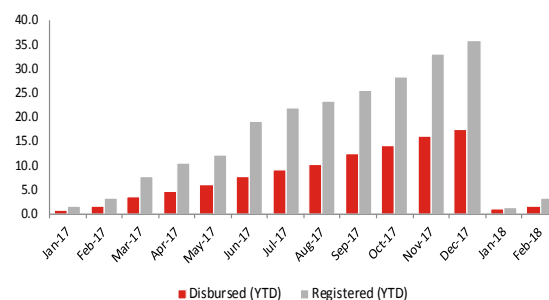
Quarterly GDP growth (%)



Purchasing Managers' Index



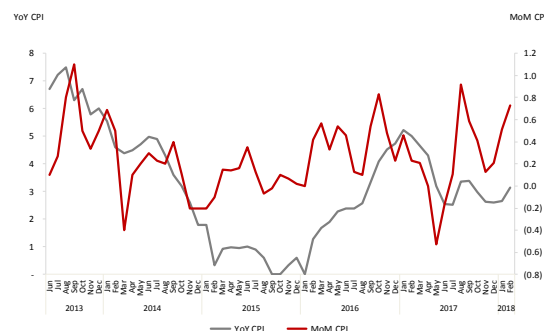
Registered and disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDm)



Year-on-year and month-on-month inflation (%)



Source: GSO, Vietnam Customs, Bloomberg

Macroeconomic indicators

	2017	Feb-18	2018YTD	Y-O-Y
GDP growth ¹	6.8%			
Inflation (%)	2.6%	0.7%		3.2%
FDI commitments (USDbn)	35.9	2.1	3.3	-1.8%
FDI disbursements (USDbn)	17.5	0.7	1.7	9.7%
Imports (USDbn)	211.1	14.0	34.0	20.4%
Exports (USDbn)	213.8	14.3	34.5	25.8%
Trade surplus/(deficit) (USDbn)	2.7	0.3	0.5	
Exchange rate (USD/VND)	22,655	22,720		-0.3%

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

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	Chief Executive Officer
Martin Adams	Non-executive Director	Brook Taylor	Chief Operating Officer
Thuy Dam	Non-executive Director	Andy Ho	Chief Investment Officer
Huw Evans	Non-executive Director	Duong Vuong	Deputy Managing Director, Capital Markets
Fund information			
LEI	2138007UD8FBBVAX9469		
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 2018)		
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	Northern Trust International Fund Administration Services (Guernsey) Limited		
Registrar and Transfer Agency	Computershare Investor Services		
Brokers	Numis Securities (Bloomberg: NUMIS)		
Base and incentive fee	Base fee of 1.5% of NAV. Incentive fees are based on two separate pools of investments: direct real estate and all other investments. The incentive fee paid equates to 15% of the increase in the NAV of each pool during the year over a hurdle of 8%. The total amount of incentive fees paid in any one year is capped at 1.5% of the pool's NAV		
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		
Dividend policy	<p>It is the intention of the Board to declare semi-annual dividends, normally declared in April and October, for the foreseeable future of an amount of at least 4.8 US cents per share, or the equivalent in UK pence. This amount is approximately equal to 1 per cent of VOF's net asset value at 30 June 2017. As and when circumstances permit, it is the Board's intention to increase the dividend.</p> <p>Dividend payments will not necessarily be fully covered by income and, as such, may represent a return of capital to shareholders. Shareholders should note that the change in dividend policy is in addition to the Company's share buyback programme, which has been the primary mechanism for attempting to control the share price discount to net asset value.</p>		

© 2018 VinaCapital Group. All rights reserved.



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 Ltd 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 Ltd.

Investor Relations/Communications
 ir@vinacapital.com
 +84 28 3821 9930
 www.vinacapital.com

Broker
 Numis Securities
 +44 (0)20 7260 1000
 funds@numis.com