



VinaCapital Vietnam Opportunity Fund (VOF)

**First Quarter Update with
Interim Results Highlights**

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01 | Macroeconomic Update and Outlook



Four Macro Themes for Q2 and Beyond

1. **6.5% GDP** growth in 2021 *looks certain*
2. **Consumption**: Remarkably resilient
3. **Manufacturing**: Positive leading indicators
4. **US Fiscal Stimulus** & “**Stay-At-Home**” goods support exports

Vietnam's Resilient Economic Performance in Q1

Vietnam's GDP grew 4.5% in Q1, despite:

1. A third COVID outbreak

- GDP Growth: 4.5% in Q4 → 4.5% in Q1
- (Despite modest COVID restrictions, late-January to late-March!)

2. A collapse of Foreign Tourism

- GDP Growth: 3.7% in Q1, 2020 → 4.5% in Q1, 2021
- (Despite 2 months of Tourists in 1Q20, and **None** in 1Q21!)

Resilient Q1 Performance = 6.5% GDP Growth

GDP growth of 6.5-7.0% in 2021 now ***looks certain***, based on:

1. Rebound in Consumption growth to 7-8%
2. Rebound in Manufacturing growth to 10-11%

In-line with
5-year average
(pre-COVID)







	2020 Growth	2021F Growth
GDP	2.9%	6.5%
Consumption	~1%	~7%
Manufacturing	6%	11%

Resilient Consumption, Despite COVID

VinaCapital's estimate of Personal Consumption growth*

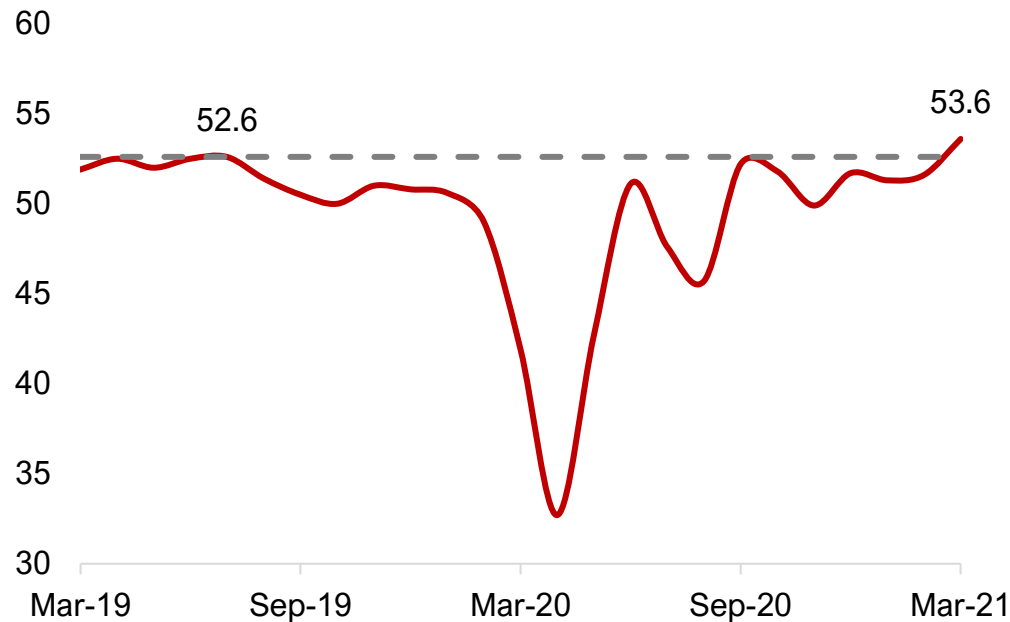
- 1Q20: +2%
- 1Q21: +9%

Vietnam's adept COVID handling supports Consumer Confidence

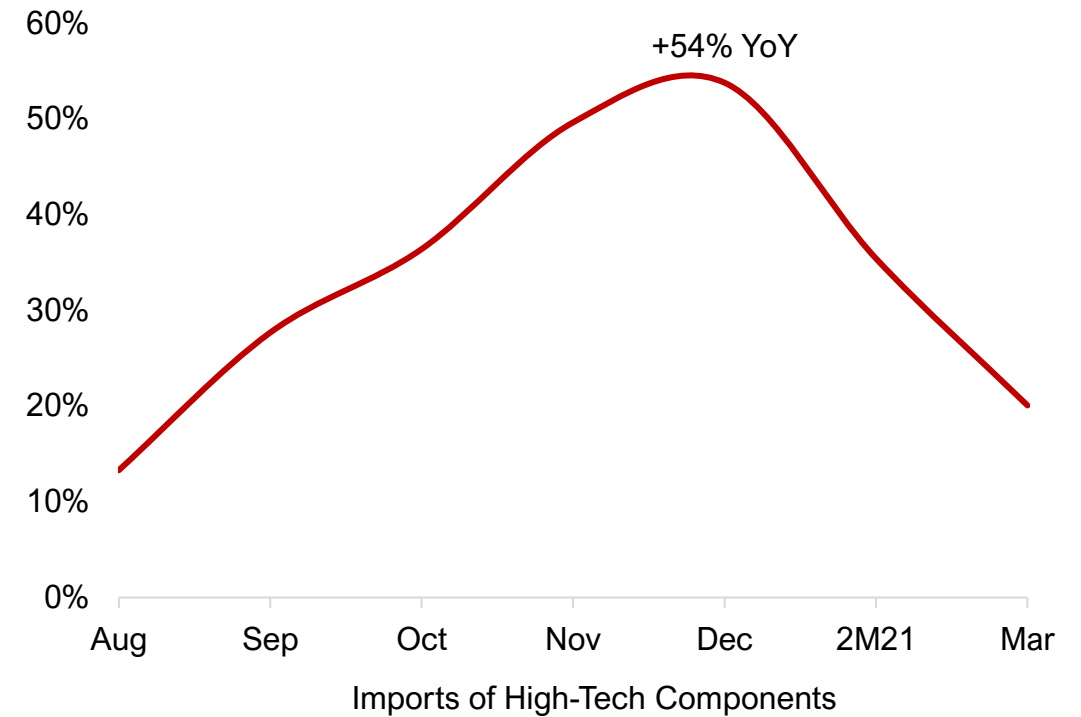
COVID Handling Rank	Country	Lowy Institute Score**
1	 New Zealand	94.4
 2	 Vietnam	90.8
3	 Taiwan	86.4
4	 Thailand	84.2
5	 Cyprus	83.3

Manufacturing: Positive Lending Indicators

Highest Vietnam PMI in Over Two Years



Surging Imports of Production Inputs by FDI Mfg's



All Driven by ***Surging*** New Orders !

US Fiscal Stimulus Supports Vietnam's Exports

\$600 Stimulus Checks at End-December

① US Retail Sales +7.4% month-on-month in **January**
(~10-Year High Growth)



② Sales of most “**Made in Vietnam**” Products +15%
(near Record-High Growth for Electronics, etc)



③ **Vietnam Exports to the US**, +72% yoy in January



④ **Total Exports**, +24% yoy in VN & Taiwan, in 2M21

THE WALL STREET JOURNAL.

The Vietnamese Recovery Is Made in America

March 30, 2021

Vietnam's economy is growing again, on the back of a strong rise in exports. The Southeast Asian nation looks to be one of the most clear-cut international beneficiaries of the [U.S. stimulus package](#).

First-quarter gross domestic product was up 4.5% relative to last year's figure, according to an initial estimate released Monday. The recovery is being driven by a surge in goods and services sold abroad, which rose almost 20% year-over-year in March. Sales to the U.S. specifically are likely rising even faster, with no sign of a slowdown on the horizon.

Using Vietnamese export data and U.S. data for imports from Vietnam, it is clear that the American share of Vietnam's overseas sales has risen considerably. In the 12 months through January, U.S. imports from Vietnam were equivalent to about 29% of the Asian country's total exports, far higher than the roughly 20% average before 2019. Some caution is needed when data come from different organizations, but historically the two series tend to match up with figures published with a lag by the International Monetary Fund, which are considered the gold standard.

Vietnam emerged as a big winner from the China-U.S. trade spat. Some supply chains reoriented away from China, and the country also was a logical docking station for multistage [“transshipments”](#) to avoid American tariffs.

Some of those gains may not be repeatable, but given the fiscal splurge in Washington, it is likely that the U.S. share of Vietnam's exports will remain high for some time. Domestic economic growth in the order of 6.5% this year—as forecast by the Organization for Economic Cooperation and Development—will keep U.S. import demand strong and business brisk for export-focused Vietnamese companies.

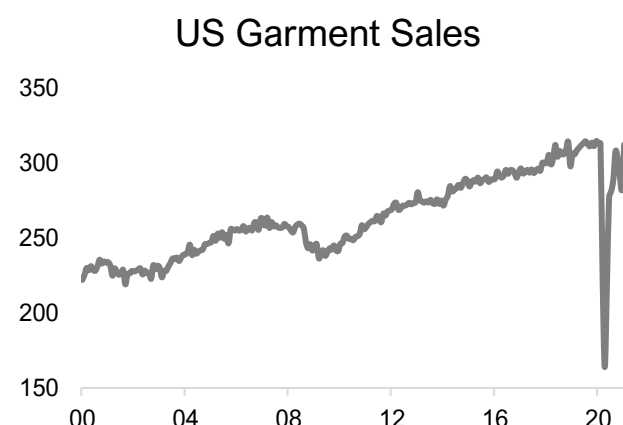
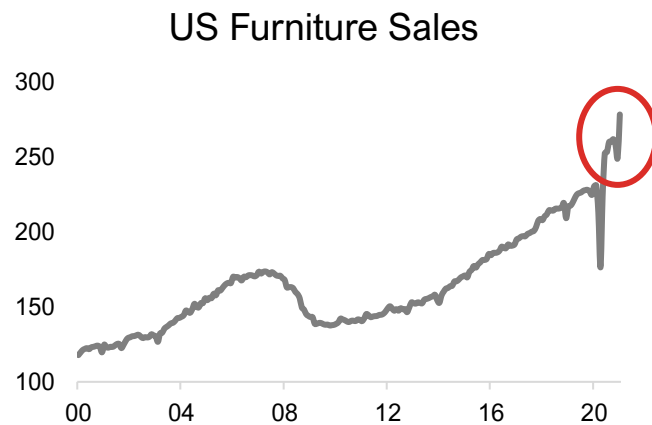
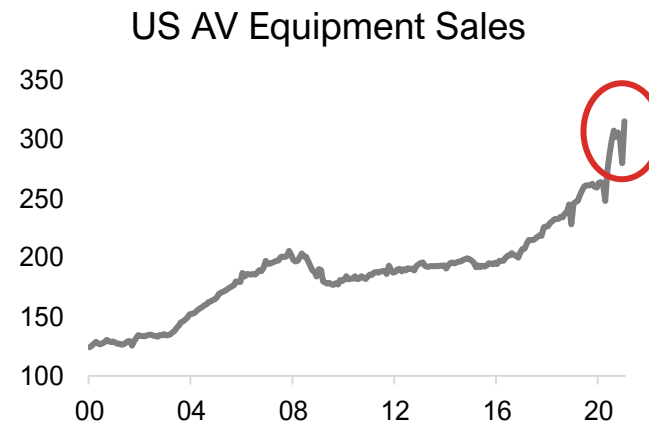
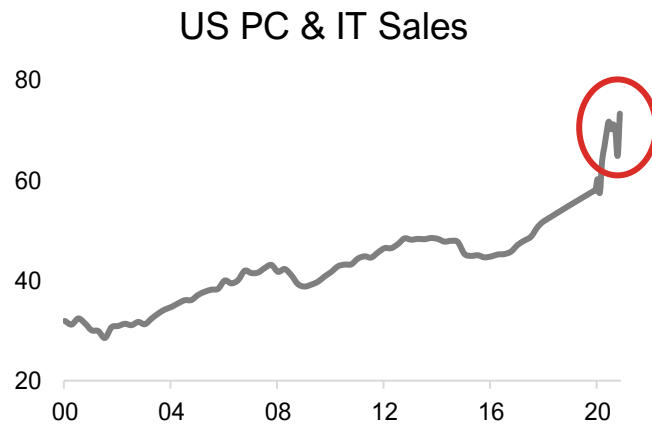
Vietnam's control of the Covid-19 pandemic is among the most impressive in the world, especially given the country's income bracket. But that hasn't been enough to protect [a domestic economy](#) with large exposure to tourism revenues during a year in which international travel all but ceased.

The country's merchandise trade—the import-export business—ran to almost 200% of GDP in 2019, among the highest in the world. Such huge exposure to international commerce would be damaging during a more normal recession, but in this one it has provided crucial economic ballast. Other countries in the region will likely have to wait far longer to fully recover economic losses incurred during the pandemic.

The Ho Chi Minh index of Vietnamese equities has now caught back up with the S&P 500 in price terms since the beginning of 2020. Each is up by a little over 20%. But [investors need to be careful](#) when seeking direct exposure to Vietnam: The sole exchange-traded

US Consumers Are Still Buying “Stay-At-Home” Products

Vietnam Makes Stay-At-Home and Work-At-Home Products



▶ Vietnam’s Exports to the US:

- ✓ Up 26% in 2020
- ✓ Up 33% in 1Q21

▶ Vietnam’s Electronics Exports:

- ✓ Up 24% in 2020
- ✓ Up 31% in 1Q21

Strong Demand for “Stay-At-Home” Goods to Continue Into 2022

Workers in the US/Developed Countries Want to Work At Home



Employers Willing to Let Employees Work At Home ~2 Days/Week

A Plethora of Surveys/Evidence:



- 72% of workers want to work at home 2+ days/week



- US Workers want to work at home ~1/2 week
- Employers expect workers to work at home 1-2 days/week



- Over 20% of employers to allow more work at home in the future

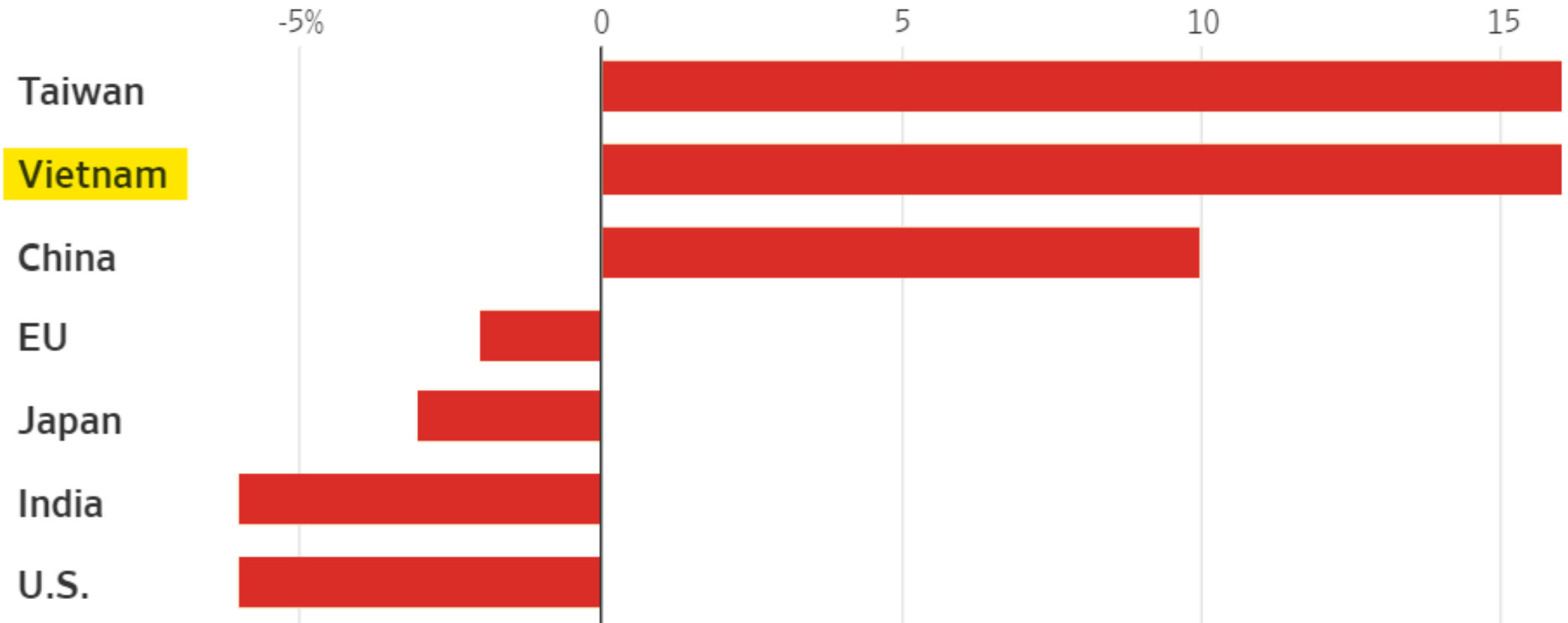


- 1/4 Employees could work at home 3-5 days/week



COVID Benefited Vietnam: Outstanding Export Performance in 2020

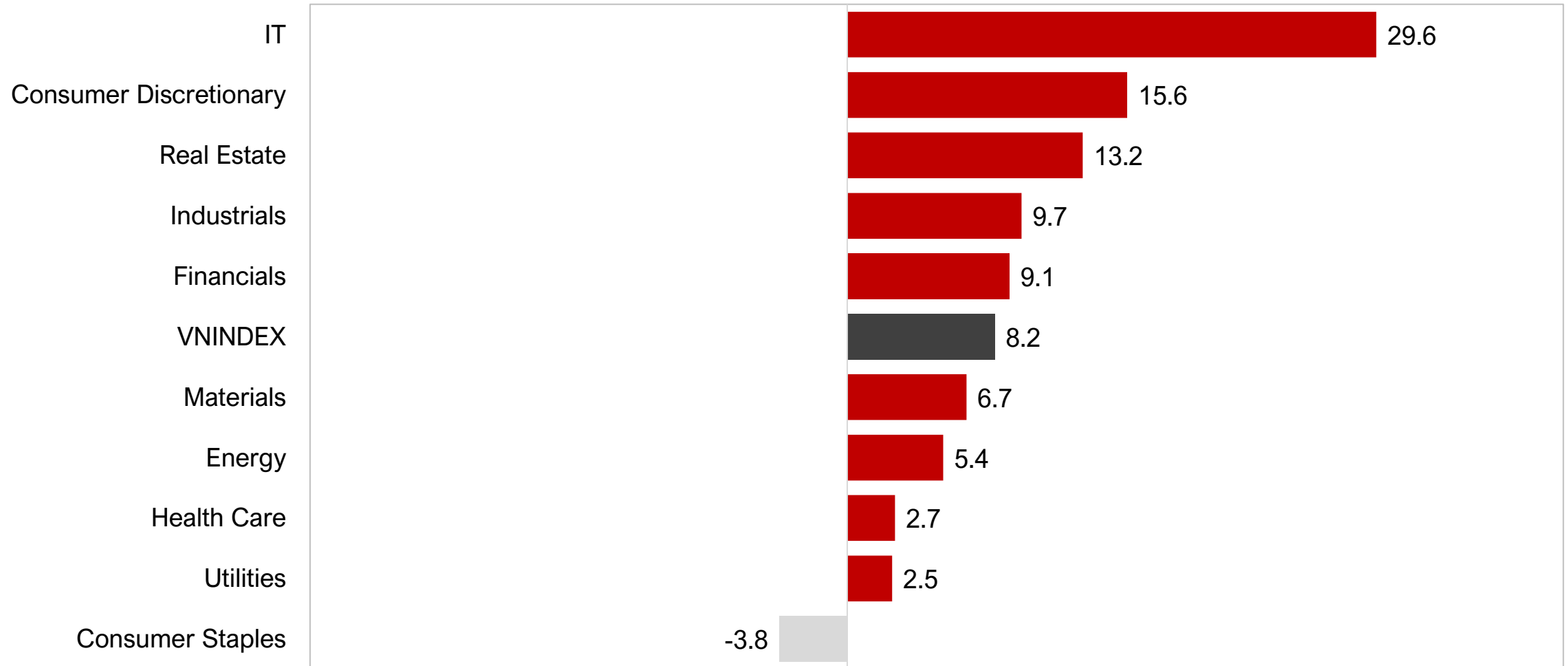
Share of global exports 2020, percentage change from a year earlier



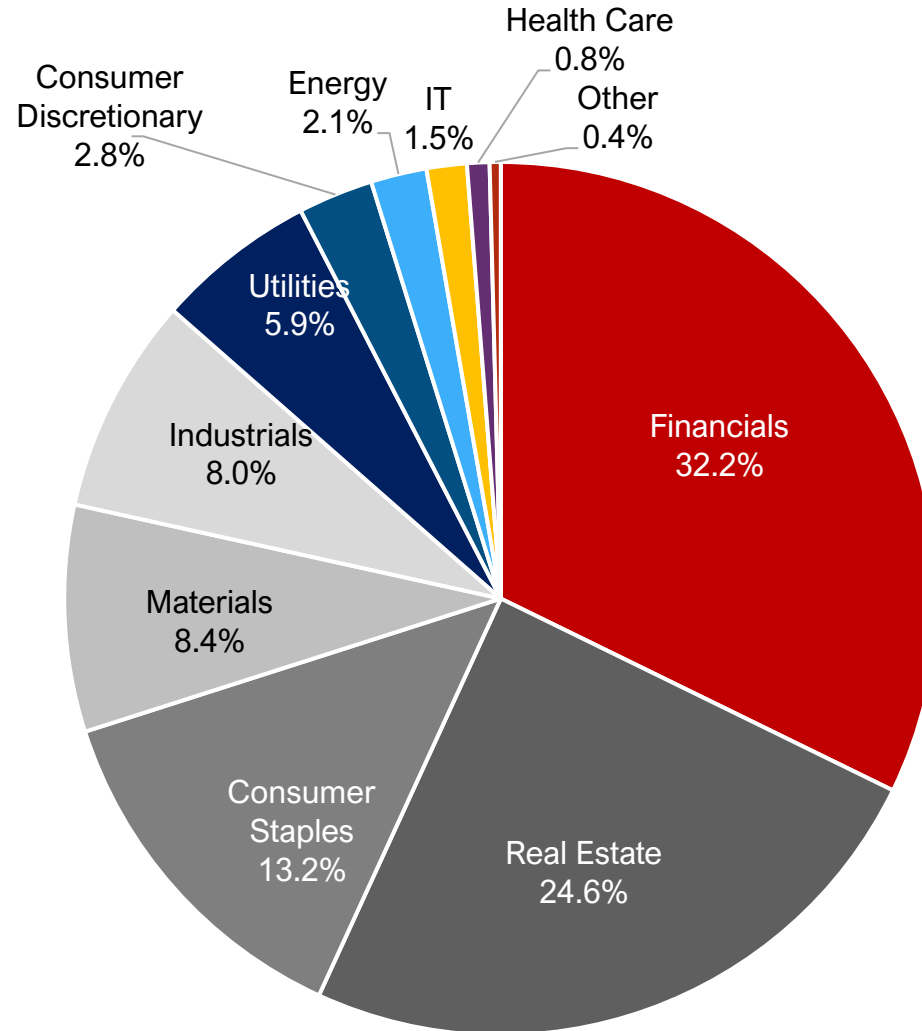
02 | Market Update and Outlook



Sector Performance 1Q21 YTD



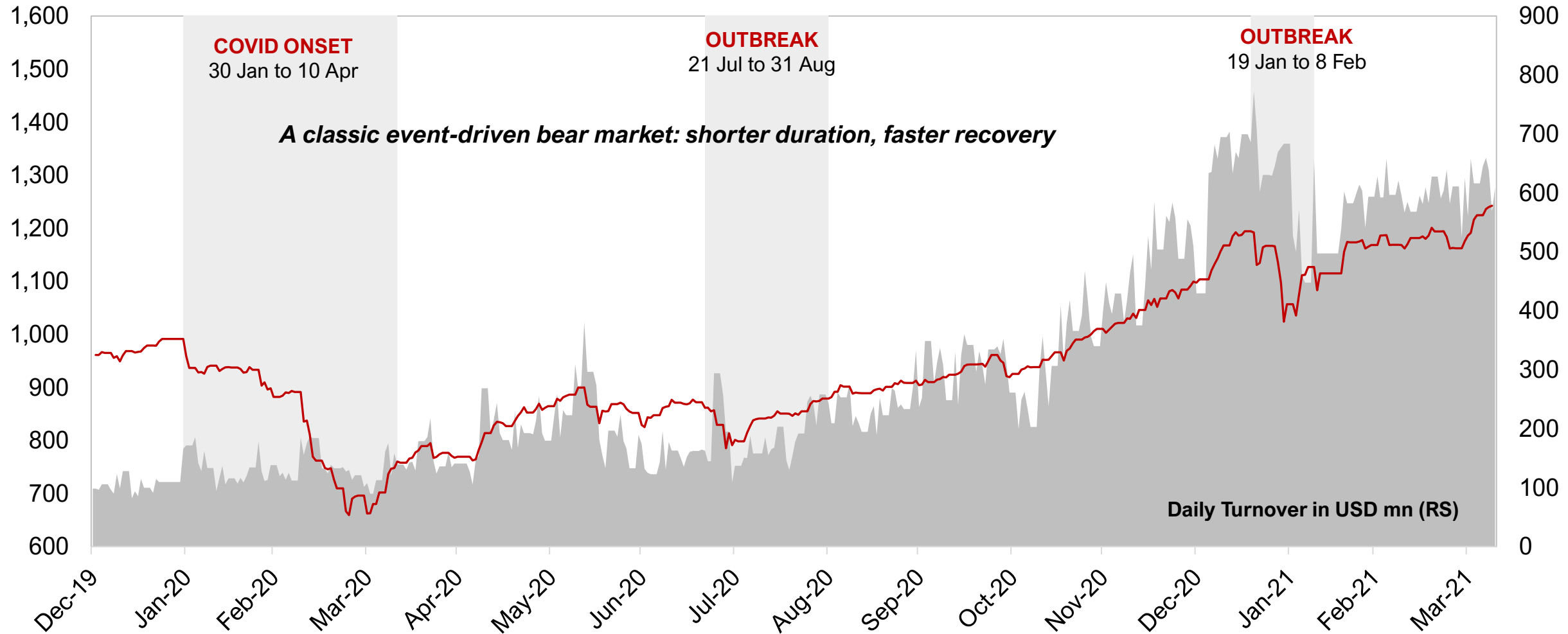
Sector Weights



Financials and Real Estate dominate sector weightings in Vietnam

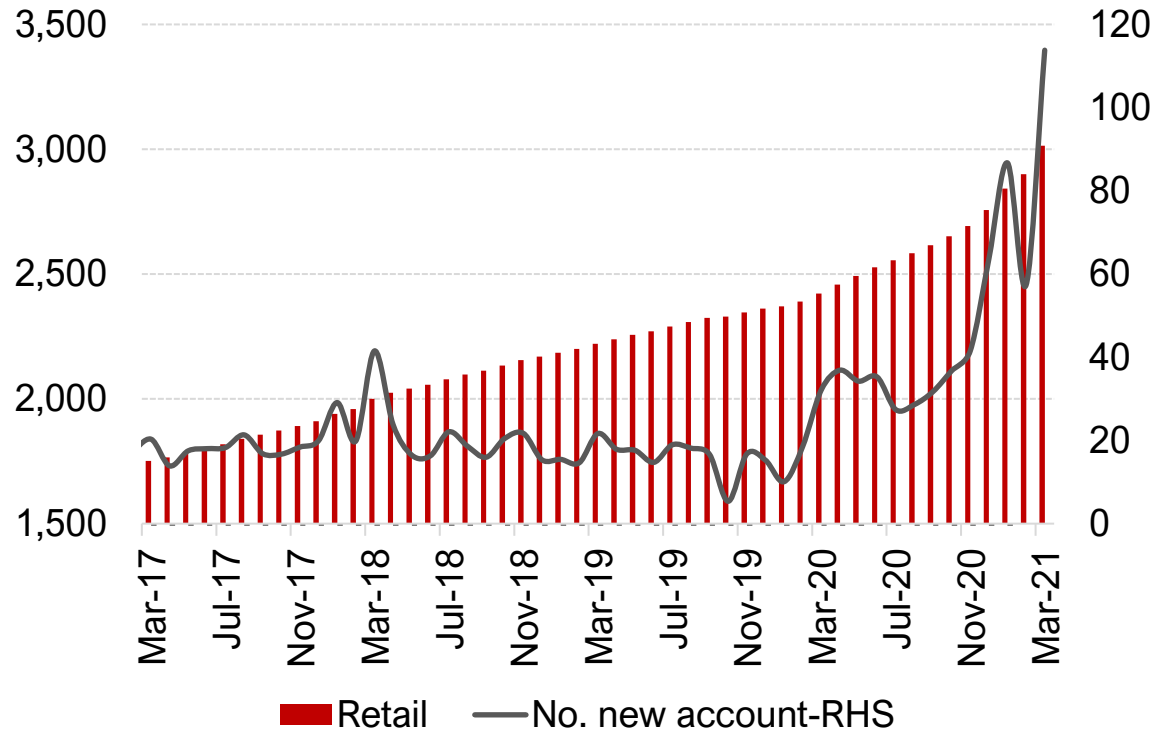
VN Index

Performance of VN Index and Daily Turnover



Local Investor Support, Higher ADT

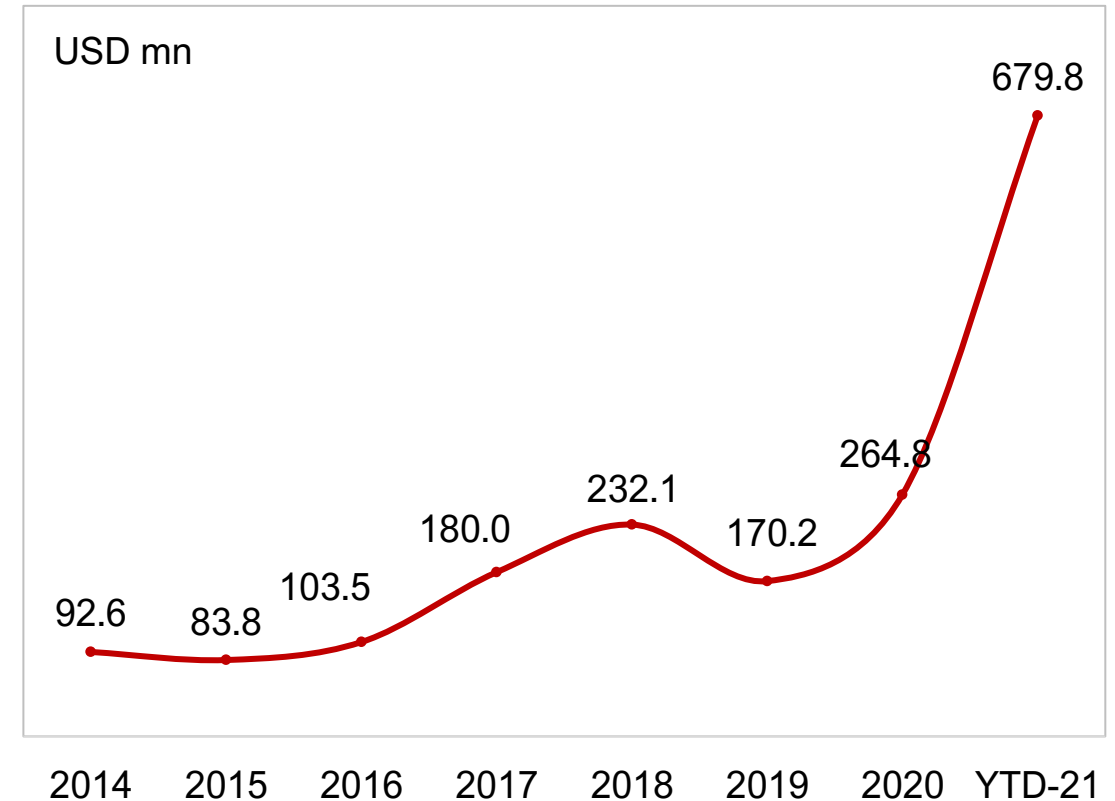
Number of trading accounts



Record account opening continues:

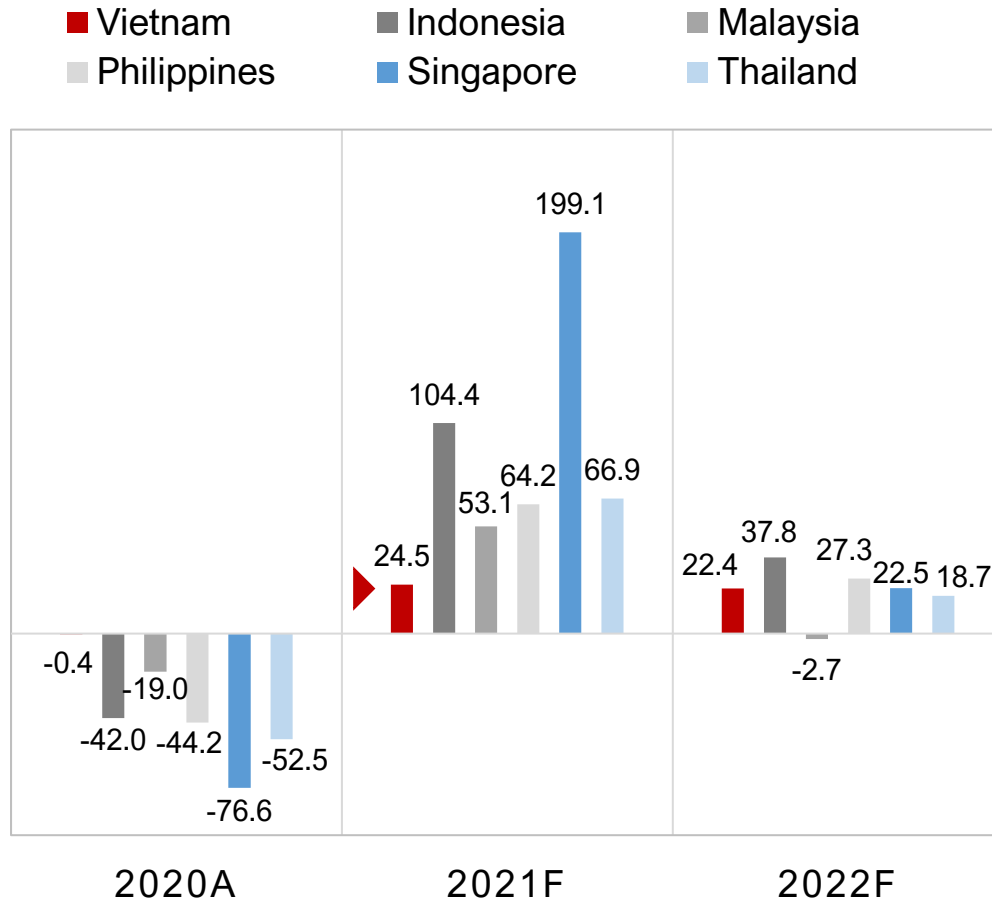
Mar21: 114k (+98% MoM, +254% YoY); 1Q21: 258k (+325% YoY)

VNI Avg Daily Turnover Value steadily picking up

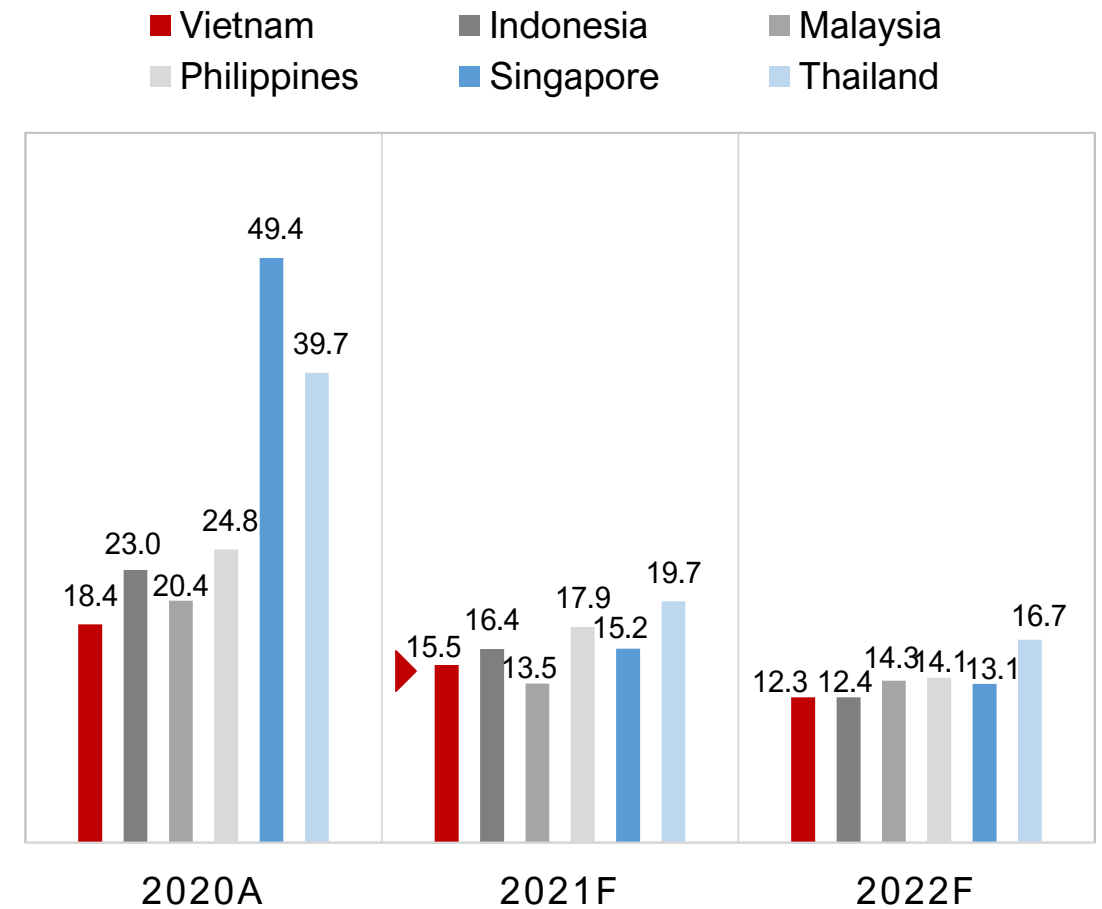


Greater Earnings Certainty, Cheaper Valuations

CONSENSUS EPS GROWTH ESTIMATES



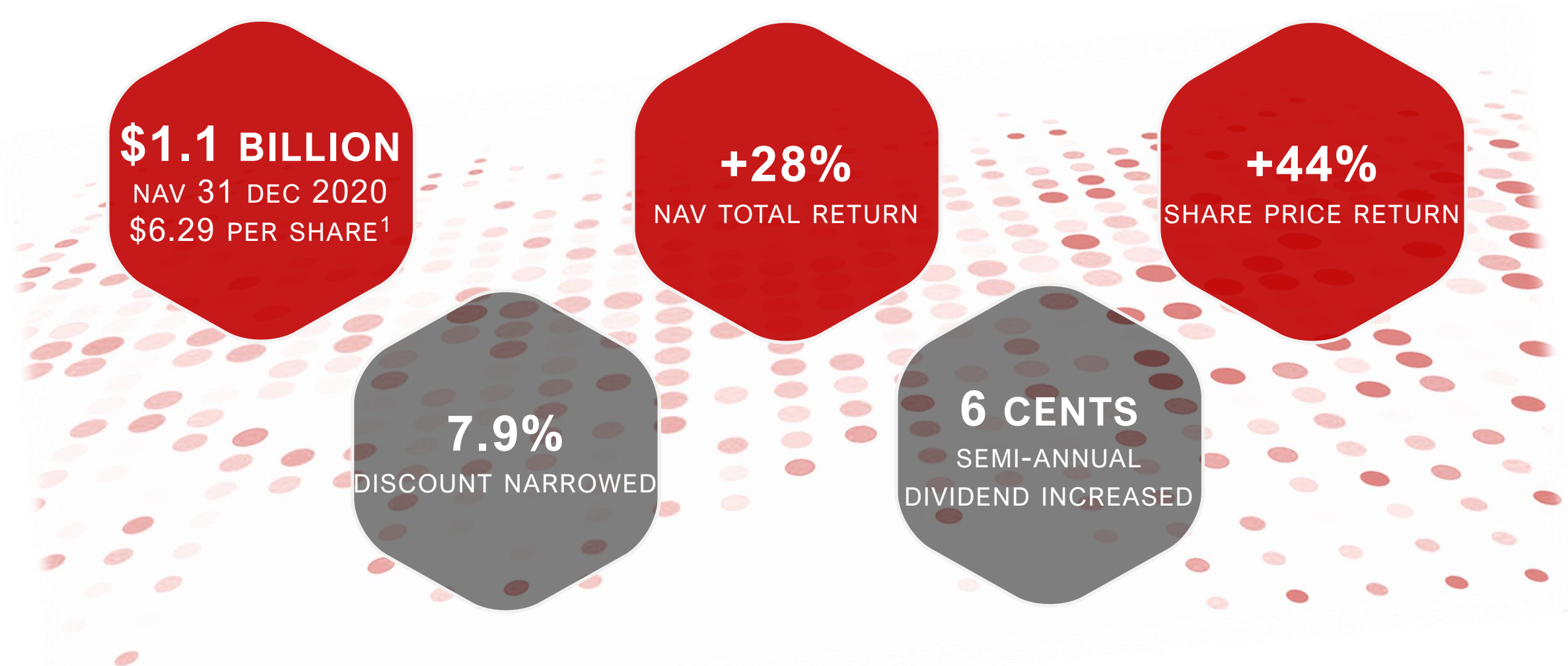
PER (x)



03 | Interim Results and Portfolio Update

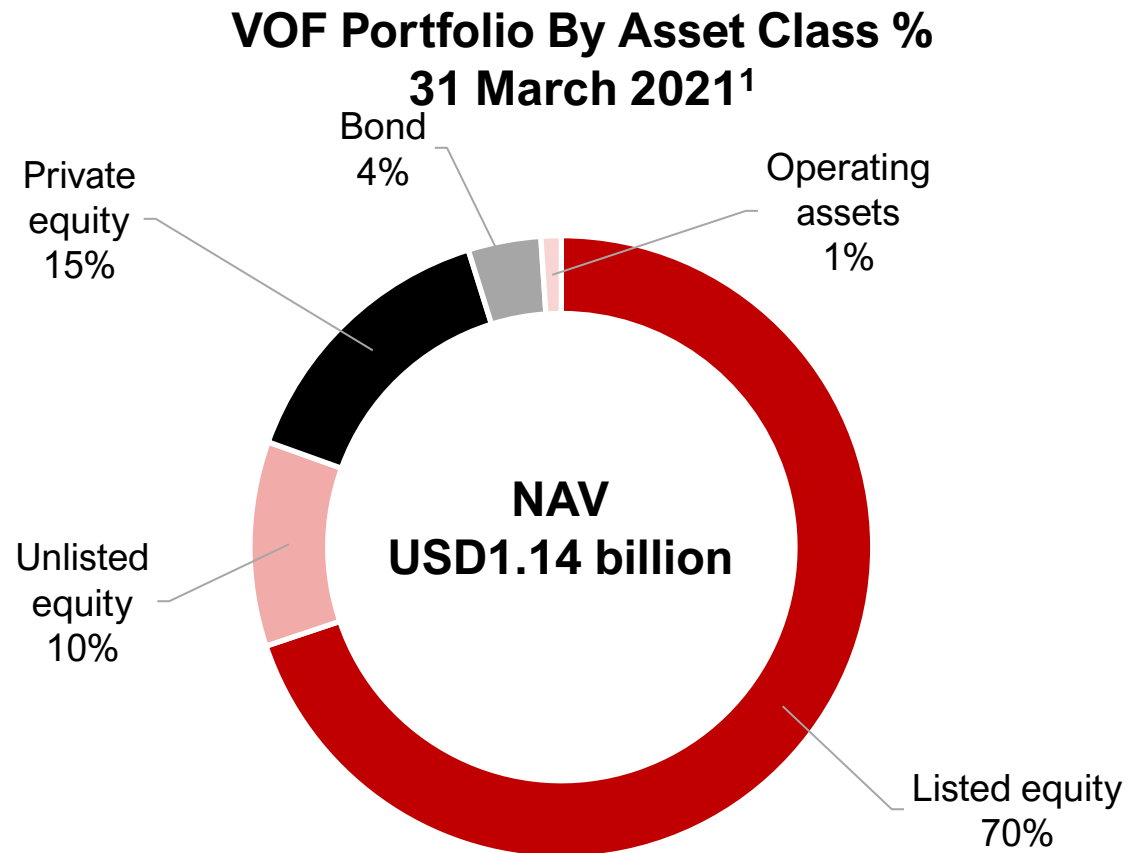


Strong interim performance as of 31 December 2020



1. Total NAV and NAV per share, USD terms
2. Source: Bloomberg. VN Index total returns, NAV per share total return, USD terms.
3. Total amount spent on share buybacks for FY2020, to acquire 8.7 million shares
4. Annual dividend paid 11 US cents (5.5 US cents paid semi-annually). Annual dividend yield represents 2.0% on share price at 31 December 2020. Source: VinaCapital

Public Equities performing well, but we remain focused on Private Equity opportunities



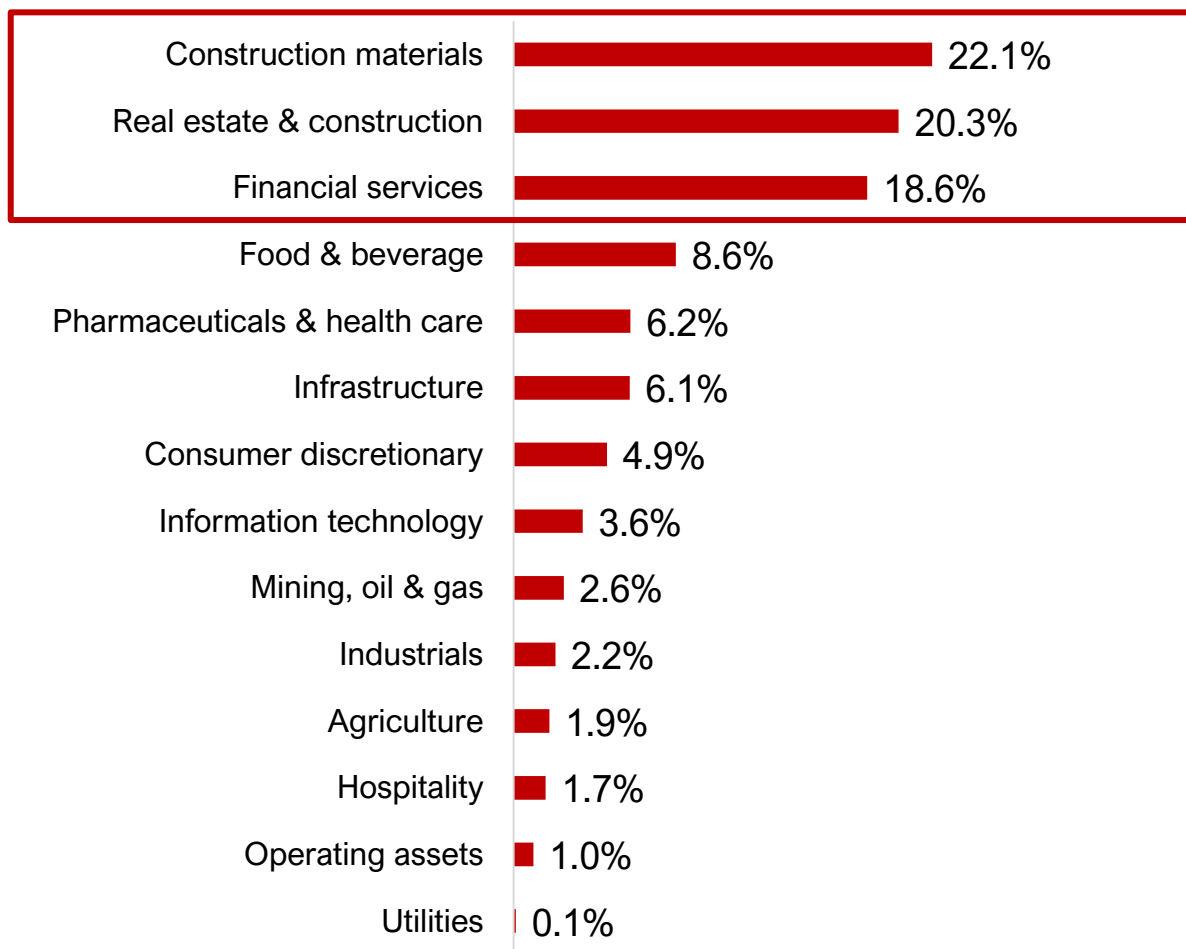
31 March 2021

Total Return²	1Q21	FYTD
NAV per share	5.9%	35.4%
Share price	0.6%	43.4%

Valuation	VOF³	VN Index
PE 2021F	10.8x	15.3x
EPS growth 2020A	21%	0%
EPS growth 2021E	36%	24%

1. VOF portfolio by asset class as at 31 March 2021, excluding Cash & Others.
2. Total return, USD terms.
3. VOF public equities portfolio, as at 2 April 2021. FY2021 EPS growth estimate for VOF portfolio and VN Index (Source: Bloomberg).
Classified: Public

Materials, Real Estate and Financials dominate portfolio sectors



#	Top 10 Holdings	Asset class	Sector	Amount (US\$'000)	% NAV
1	Hoa Phat Group (HPG)	Listed	Construction materials	214,827	18.9%
2	Khang Dien House (KDH)	Listed	Real estate & construction	100,889	8.9%
3	Airports Corp. Vietnam (ACV)	Unlisted	Infrastructure	70,235	6.2%
4	Asia Commercial Bank (ACB)	Listed	Financial services	64,235	5.7%
5	Phu Nhuan Jewelry (PNJ)	Listed	Consumer discretionary	55,795	4.9%
6	Vinhomes (VHM)	Listed	Real estate & construction	55,459	4.9%
7	Eximbank (EIB)	Listed	Financial services	53,299	4.7%
8	Orient Commercial Bank (OCB)	Listed	Financial services	51,782	4.6%
9	Quang Ngai Sugar (QNS)	Unlisted	Food & beverage	43,322	3.8%
10	FPT Corporation (FPT)	Listed	Information technology	41,801	3.7%
				751,644	66.2

Summary of significant transactions (8 months to 28 Feb 2021)

Up to 28 Feb 2021	Divested USDm	Invested USDm
Public equities	89.0	66.6
Private equity	80.4	95.6
Total	169.3	162.2

Private Equity and Public Equity investments during FY2021

Private Equity Investments
Total USD95.6m

Thu Cuc International General Hospital USD26.2m



Structured notes / convertible bonds:
Project Norfolk (Real Estate) USD43.4m
Project Kuala Lumpur (Consumer) USD15.0m

Public Equity Investments
Total USD66.6m

Financial Sector:



Real Estate Sector:



Pipeline: Private equity opportunities

Asset classes



Structured Investments

Minimum IRR, protections
Why? Clear exits



Private Equity

Aggressively pursue
Uncertain performance



Public Equity

Sufficient capacity
Meaningful stakes



Equitisations

Few interesting opportunities

Sectors



Real Estate

Financials / Banks



Healthcare

Materials

Information Technology and Education



Energy

Consumer Staples

Consumer Discretionary

VOF's Private Equity approach to investing



Risks, opportunities and resiliency

Exogenous Risks:

- COVID-related issues (global 2nd wave; virus mutation; vaccine rollout)
- Geopolitical tensions

Endogenous Risks:

- Access to vaccines, new COVID outbreaks
- Rising inflation, cost of doing business
- Logistic and friction costs

Opportunities:

- Investing into future leaders
- Access to a deep pipeline of deals
- Strong domestic economy and consumer

Resiliency:

- Local economy and businesses
- Quality of VOF's portfolio
- Earnings forecast higher than market

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