

VinaCapital Vietnam Opportunity Fund

LSE: VOF.LN

Frostrow Capital Investment Companies Seminar

MAY 2022



Our mission: To enable our investors to prosper by capitalising on Vietnam's rich opportunities.

\$4.0BN

ASSETS UNDER
MANAGEMENT

19 YEARS

INVESTING
IN VIETNAM

75

INVESTMENT
PROFESSIONALS,
GLOBAL EXPERIENCE

MULTI-ASSET

PUBLIC AND PRIVATE
EQUITY, REAL
ESTATE, VENTURES,
FIXED INCOME

01 | MACROECONOMIC UPDATE

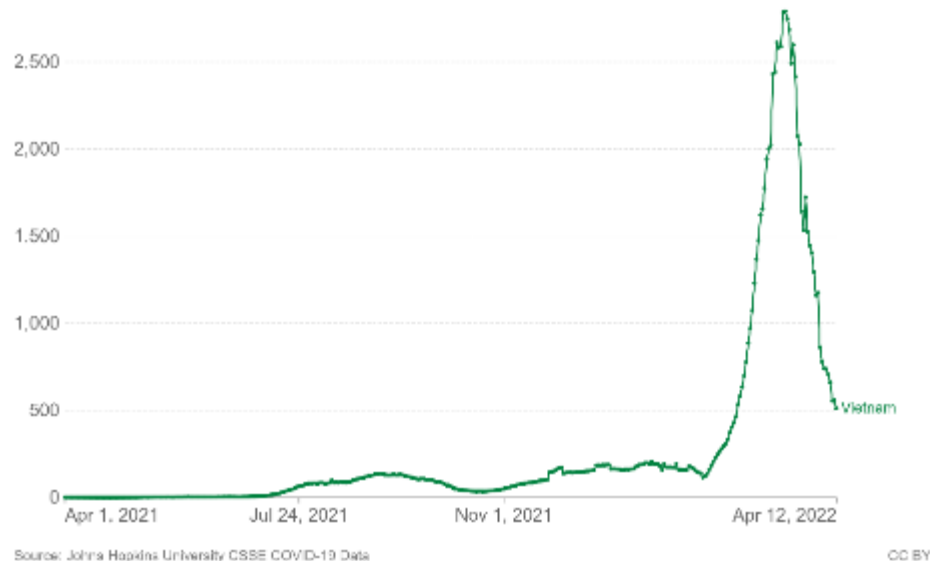


Vietnam is learning to “Live with Covid”

Domestic daily cases spiked in early 2022 but have now retreated significantly (LTM to Apr 2022)

Daily new confirmed COVID-19 cases per million people

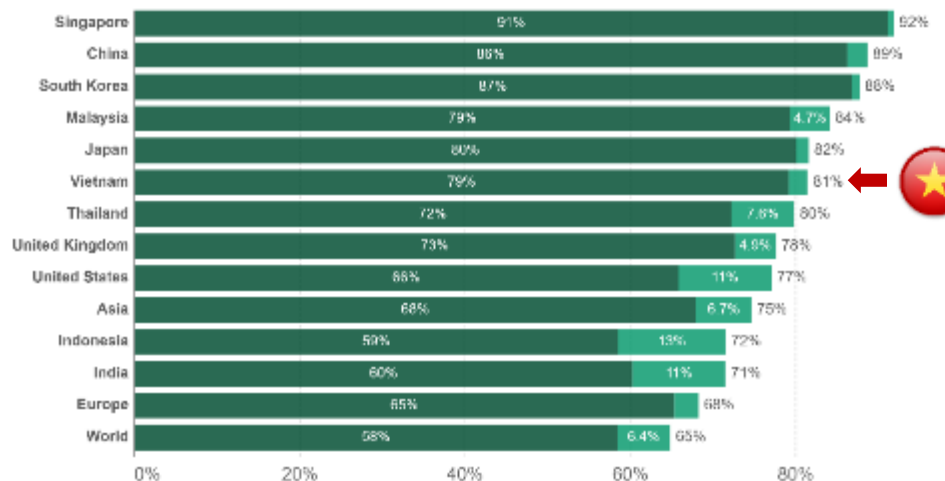
7 day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.



Rapid rate of vaccinations over past 9 months, >80% population fully vaccinated, >95% HCMC and Hanoi

Share of people vaccinated against COVID-19, Apr 12, 2022

■ Share of people with a complete initial protocol ■ Share of people only partly vaccinated



Source: Official data collected by Our World in Data
Note: Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.

Why Vietnam?

A recipe for Vietnam's Emerging Middle Class

#1 FDI

INFLOWS BOOST
LOCAL INCOMES
AND CONSUMER
SPENDING

<40%

URBANIZATION
(VS >60% CHINA)
TREMENDOUS
GROWTH

98 MILLION

POPULATION, YOUNG
FAVOURABLE
DEMOGRAPHICS

>90% ♀

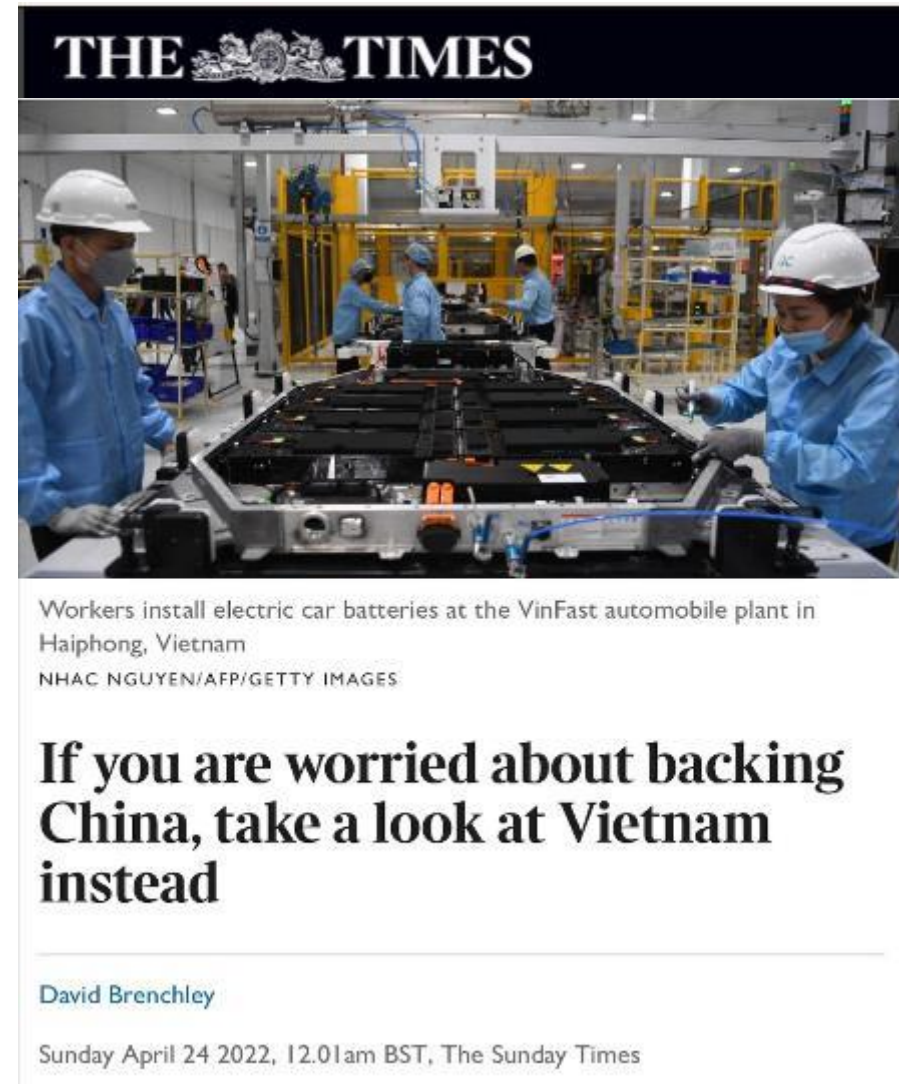
HIGH FEMALE
WORKFORCE
PARTICIPATION

Why Vietnam?

Diversification away from China

Other countries in Asia could take up the slack. Vietnam, for instance, is at a similar stage of its development as **China was 20 years ago**, according to Ben Yearsley from Shore Financial Planning — including having a one-party state.

Priyesh Parmar from the research company Numis said that the Vietnam economy is expected to grow 6.5 per cent in 2022. It continues to benefit from a **young population, emerging middle class and strong foreign investment as companies diversify supply chains away from China.**



<https://www.thetimes.co.uk/article/955dd448-c244-11ec-8e50-d692b1fbef48?shareToken=948f9888298697840a9e4d7b25937d95>

The FDI story is still very strong in 2021



LG Display to Expand Vietnam Production Capacity 25%



“VN Remains an Attractive Destination for Foreign Investors”
(Samsung to Expand Foldable Device Capacity by 50%)

TOSHIBA

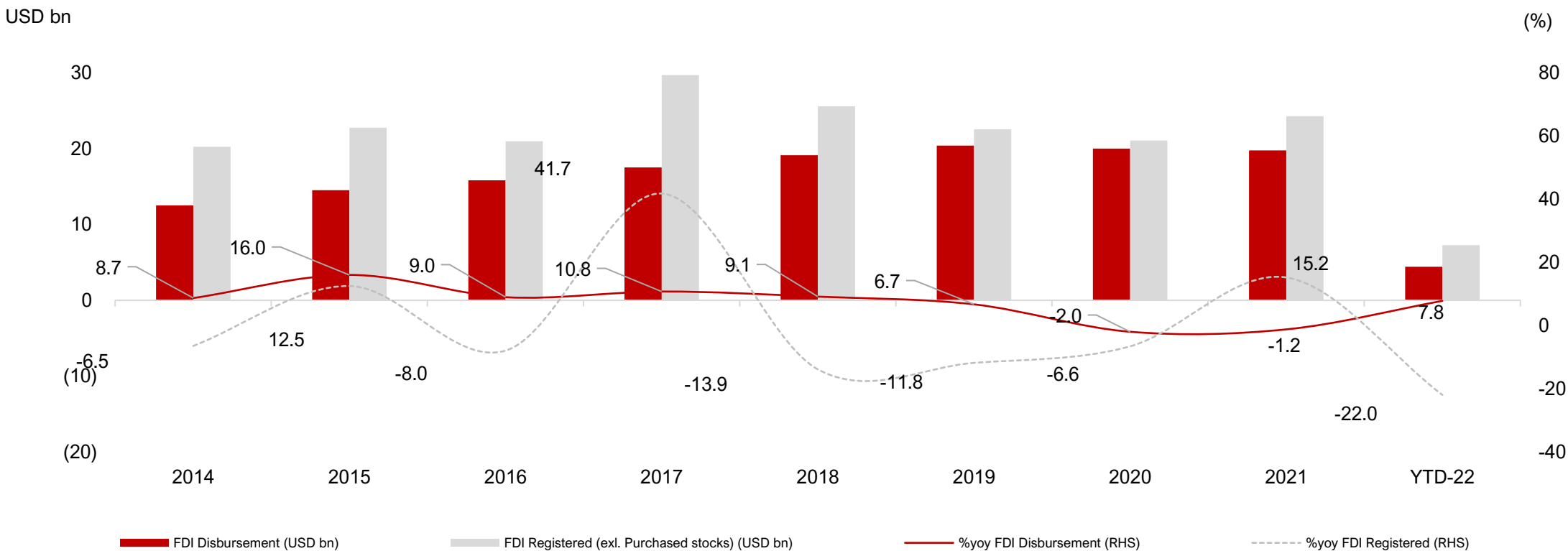
Toshiba to Shift Electronics Production from China, to VN

Deloitte.

Vietnam is the #1 choice for Japanese FDI Investors,
and the #2 choice for Singapore FDI Investors

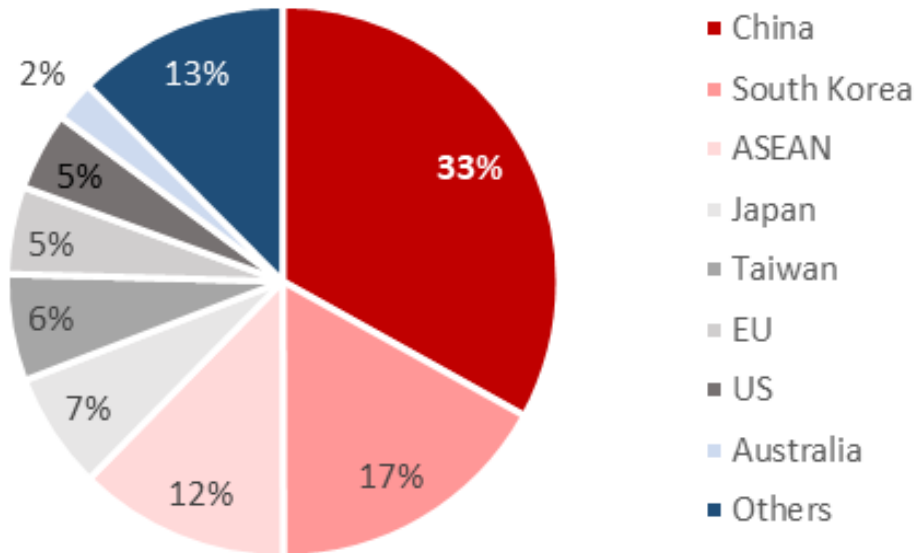
FDI remains positive despite the pandemic

Disbursed FDI Still Positive Despite Negative News

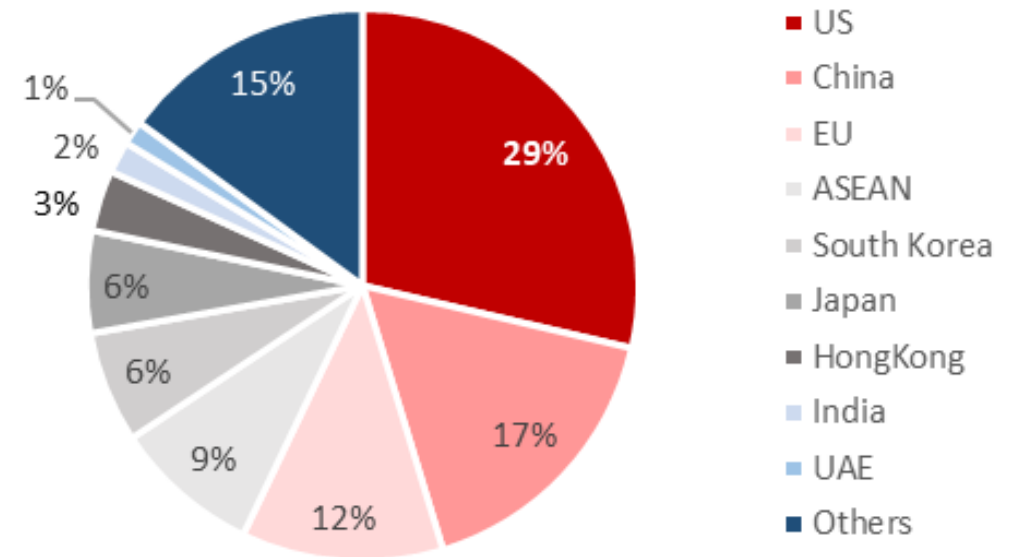


Vietnam is one of the most interconnected countries in global trade with 17 free-trade agreements

Imports by Country 2021



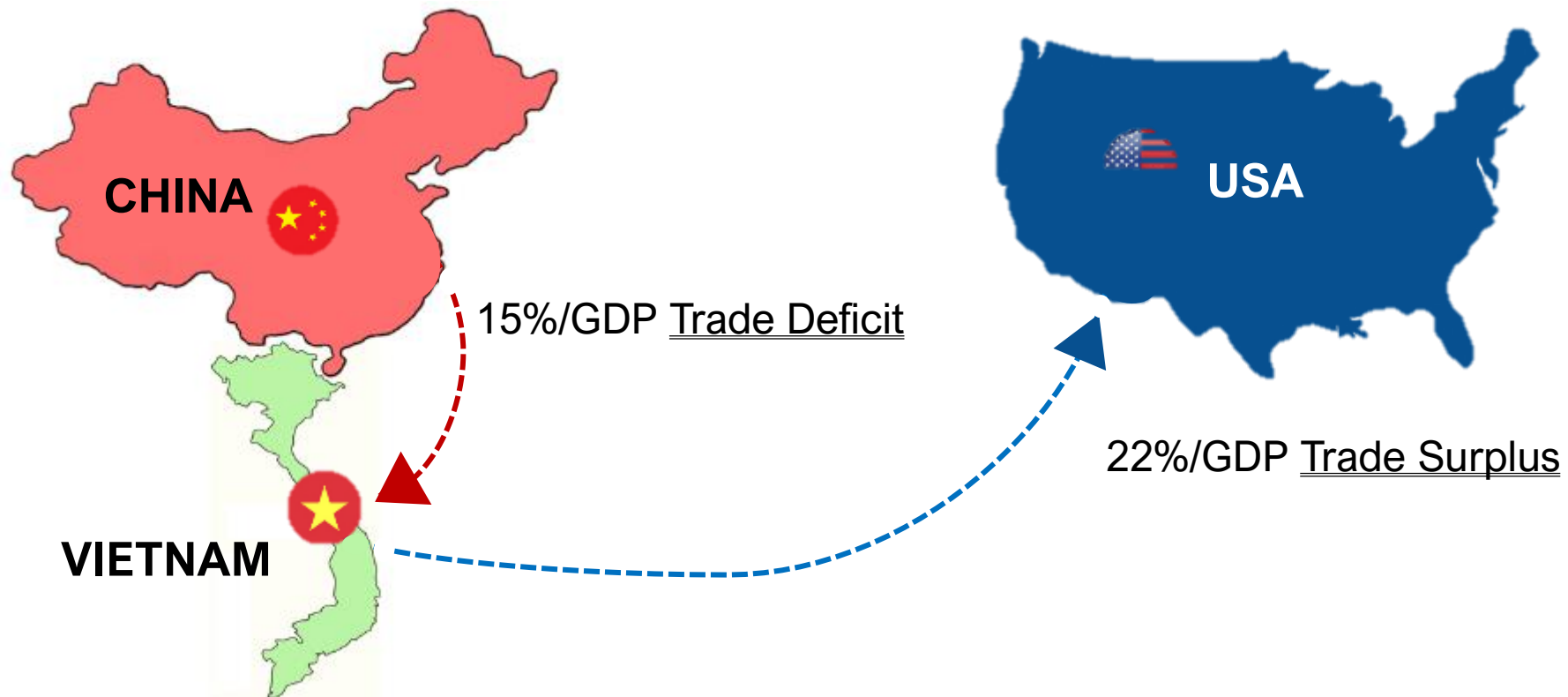
Exports by Country 2021



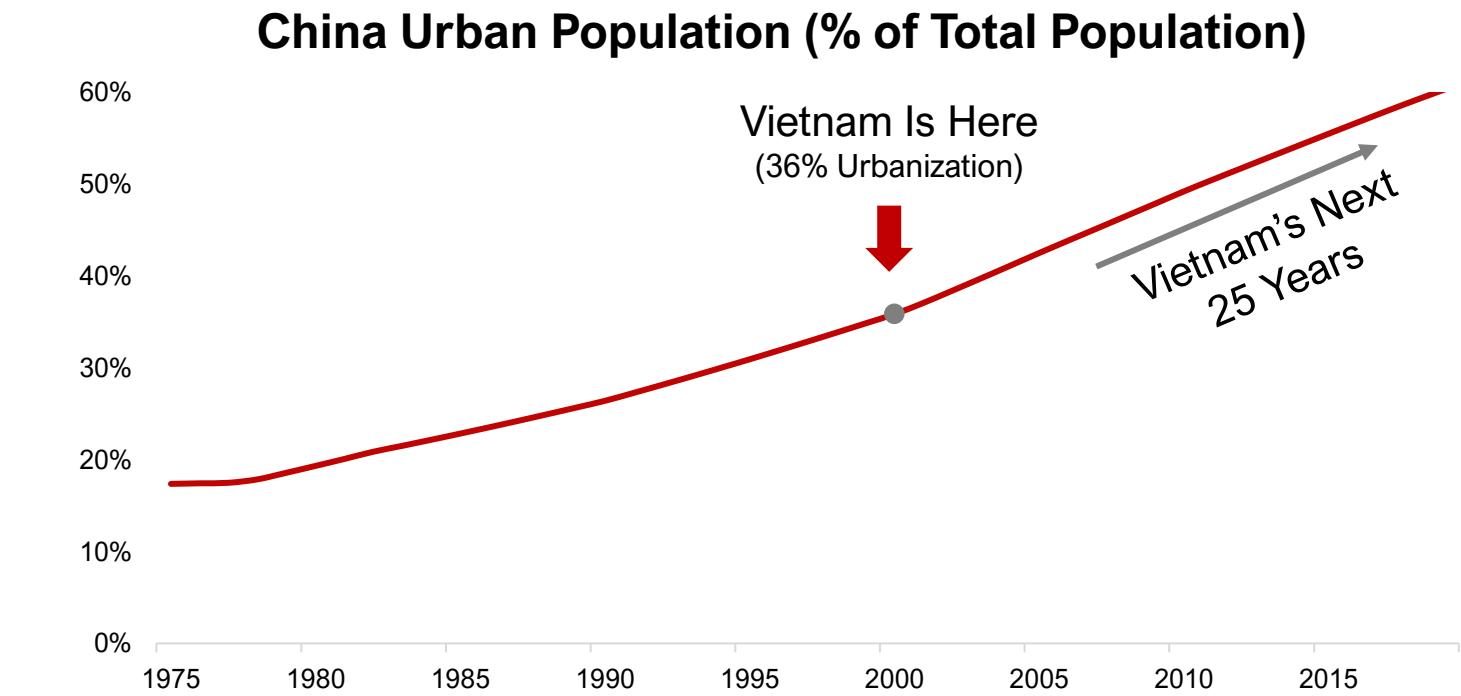
Vietnam's modest exposure to China

Vietnam has Minimal Exposure to China's Domestic Economy

Vietnam Imports from China ➡ Exports to US *



Urbanization: Vietnam is 20 years behind China



	Urbanization Rate Pre-Reforms	# of Years <u>After</u> Reforms to Reach 36% Urbanization (*)
China	20%	30 years
Vietnam	20%	20 years

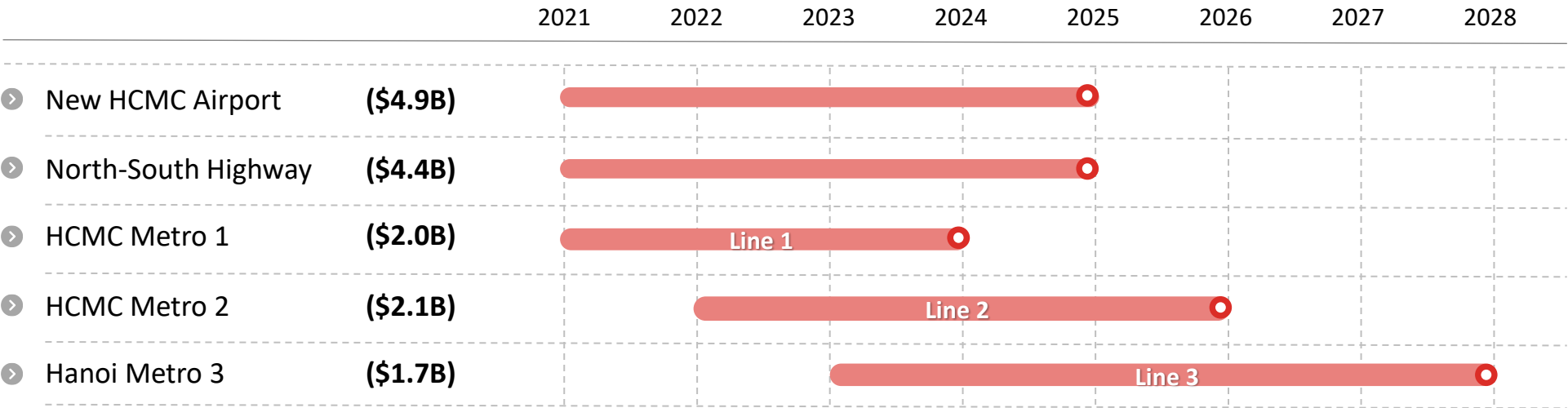
Infrastructure spending set to surge ~40% over next 5 years

Vietnam's New PM Rose to Prominence Developing His Province's Infrastructure

AVIATIONPROS.com

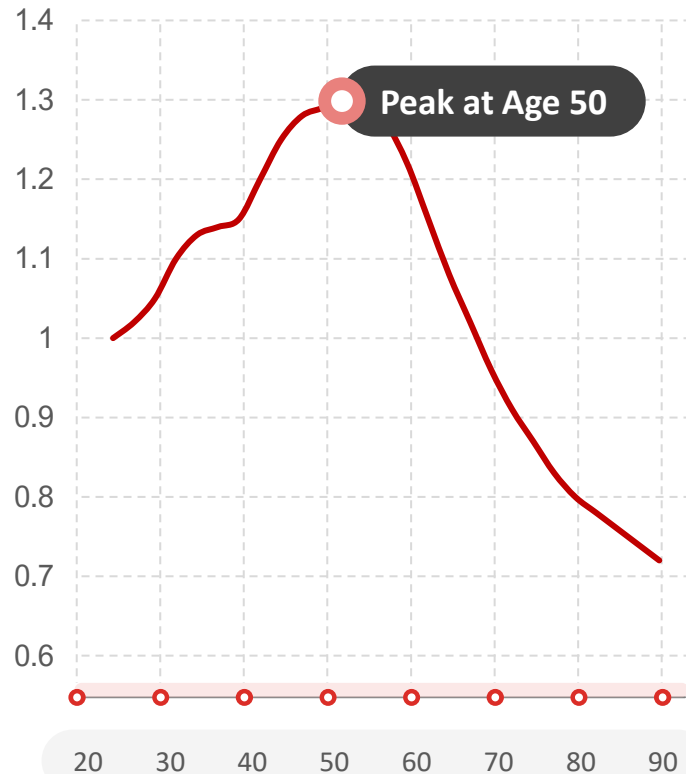
Vietnam Breaks Ground on \$16 Billion International Airport

Major Projects Pipeline



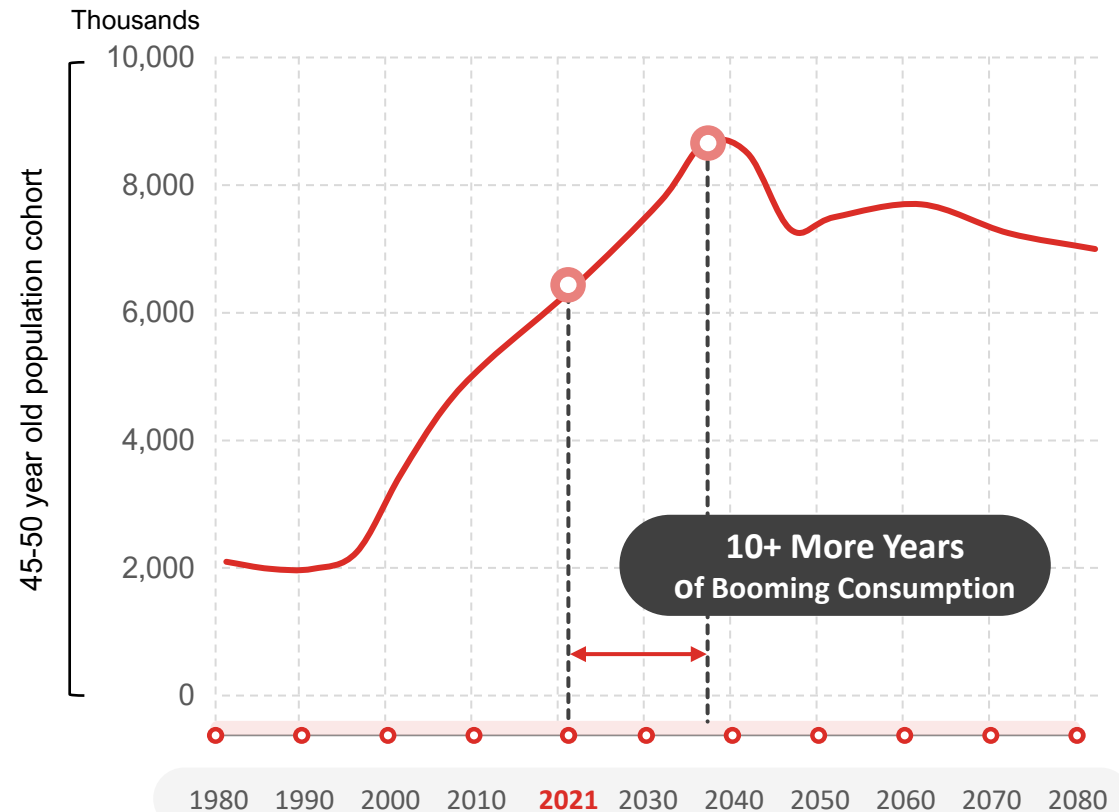
Vietnam's "Demographic Dividend" to continue for 10+ years

Consumption by Age*

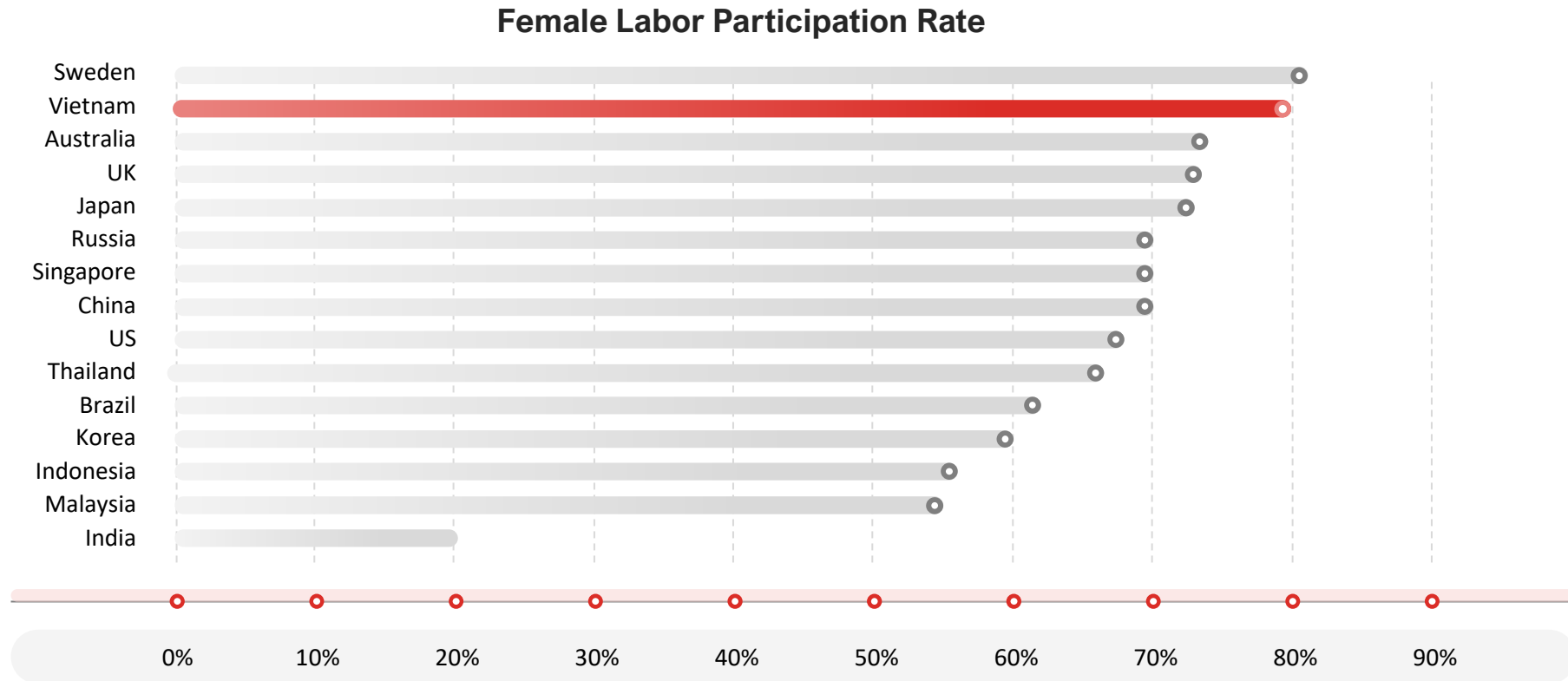


* This curve is consistent across countries

Vietnam Population, Age 45-50



Female Labor Participation: Vietnam Leads Asia & EM

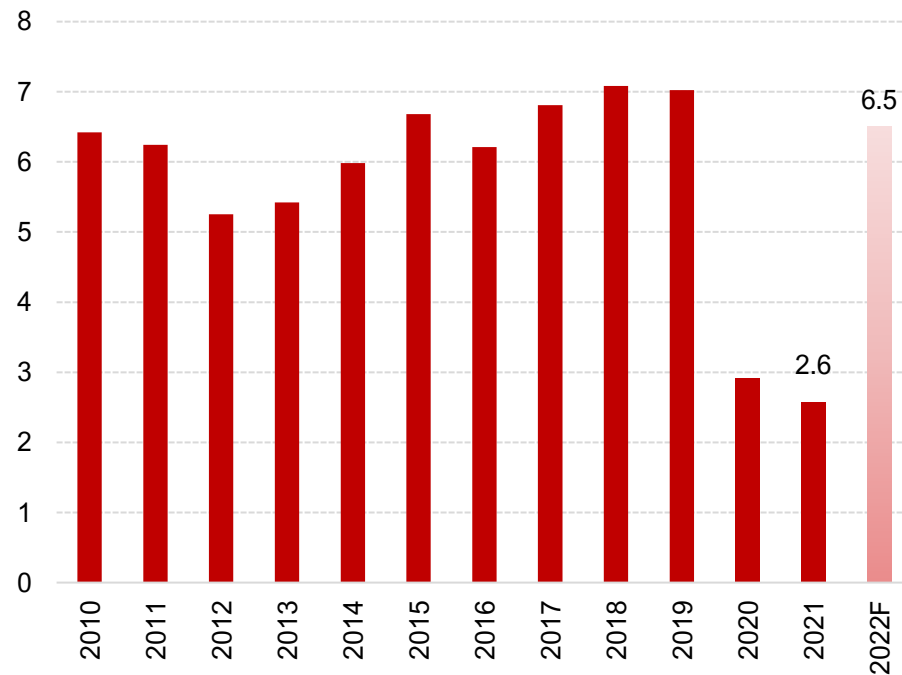


Many of Vietnam's Leading Companies are Run by Women

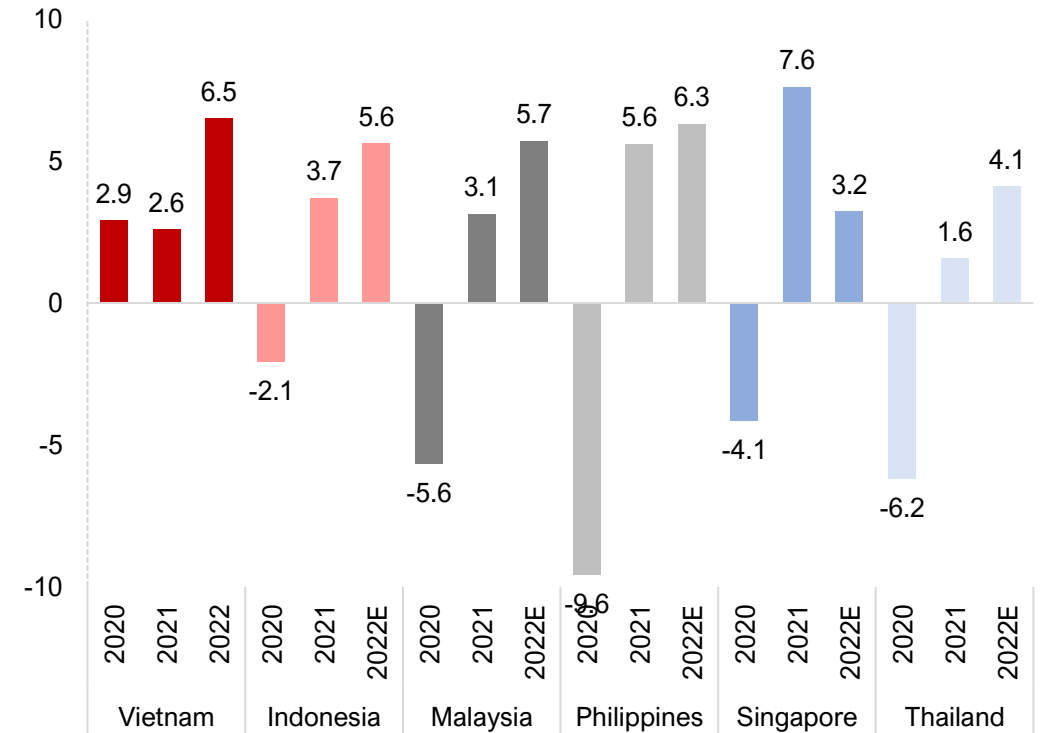
Top Management Positions Held By Women: 28% in Vietnam vs ~19% Worldwide

6.5% GDP growth forecasted for 2022

Vietnam – Annual GDP YoY Growth (%)



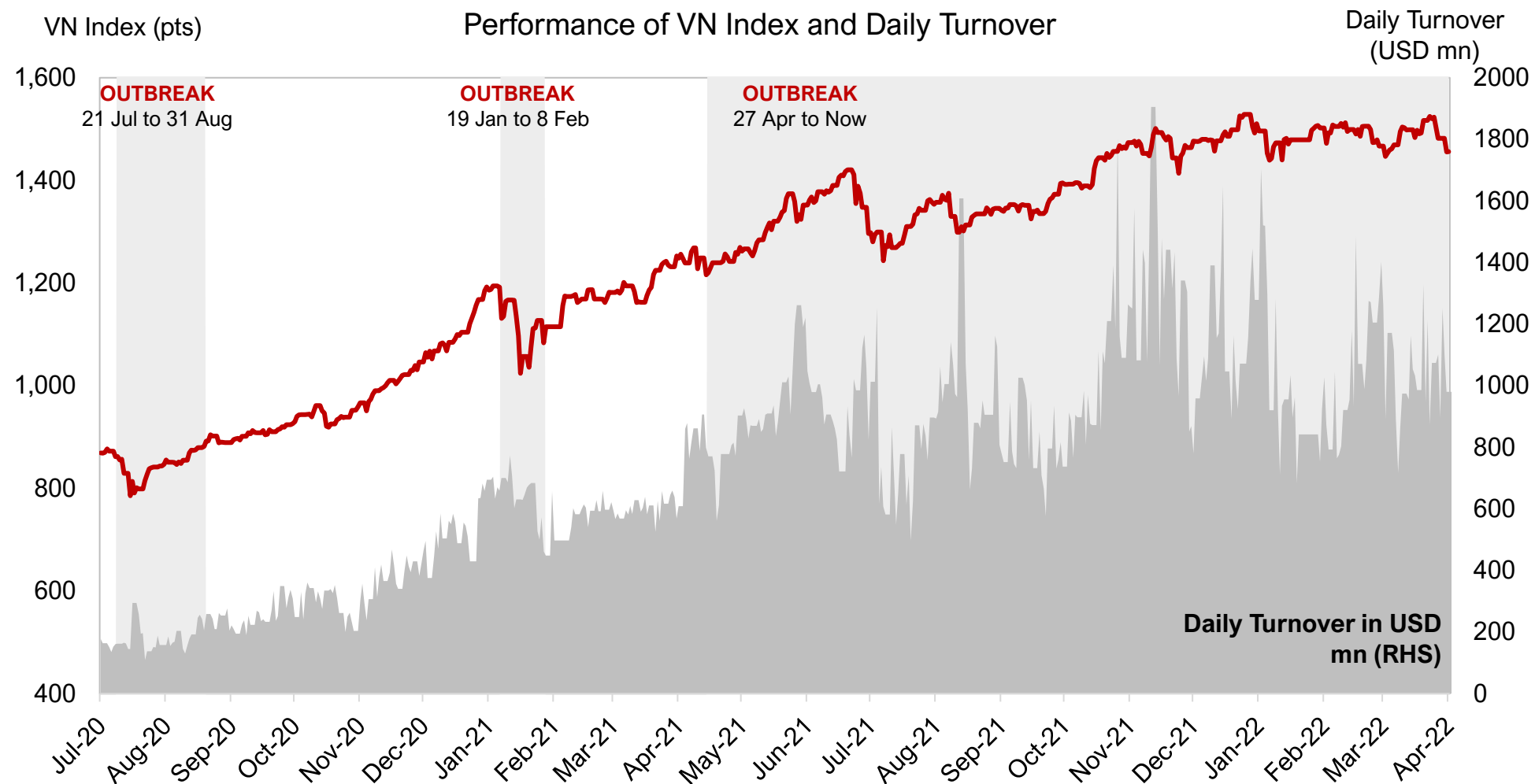
ASEAN – Real GDP YoY Growth (%)



02 | MARKET UPDATE



VN Index +36% (VND terms) in 2021, 1Q22 -0.4%

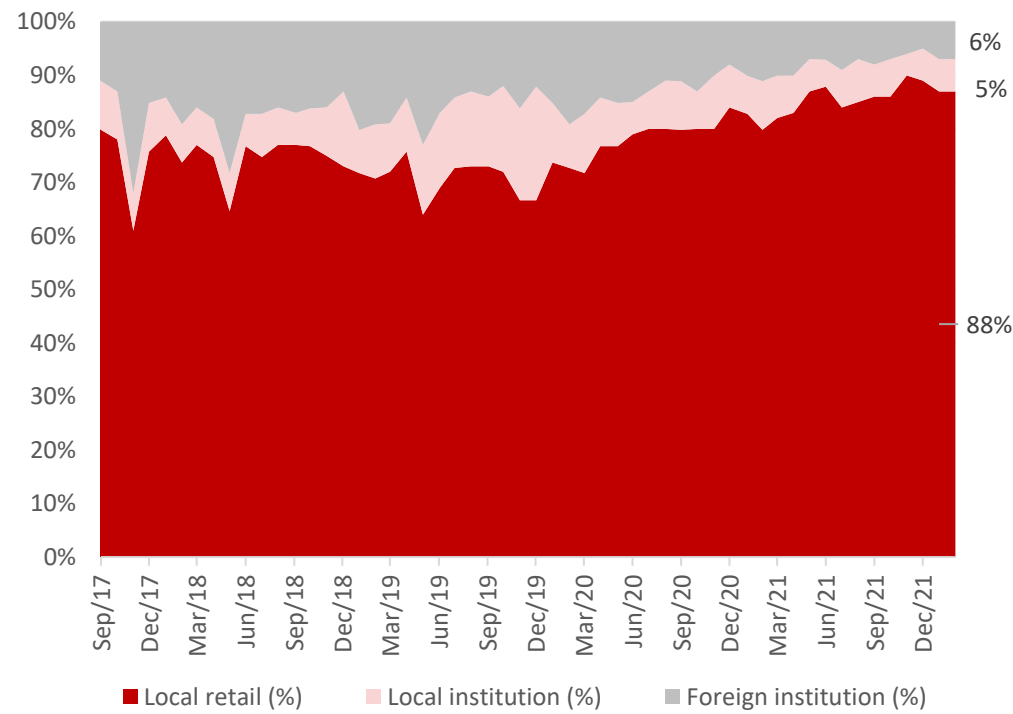


Source: Bloomberg, VinaCapital Research as of 31 March 2022. CY2021 VN Index +36% in VND simple terms, or +39% in USD total return (\$TR) terms. CY2022 YTD up to 31 March VN Index -0.4% in VND simple terms, or -0.3% in USD total return terms.

Classified: Public

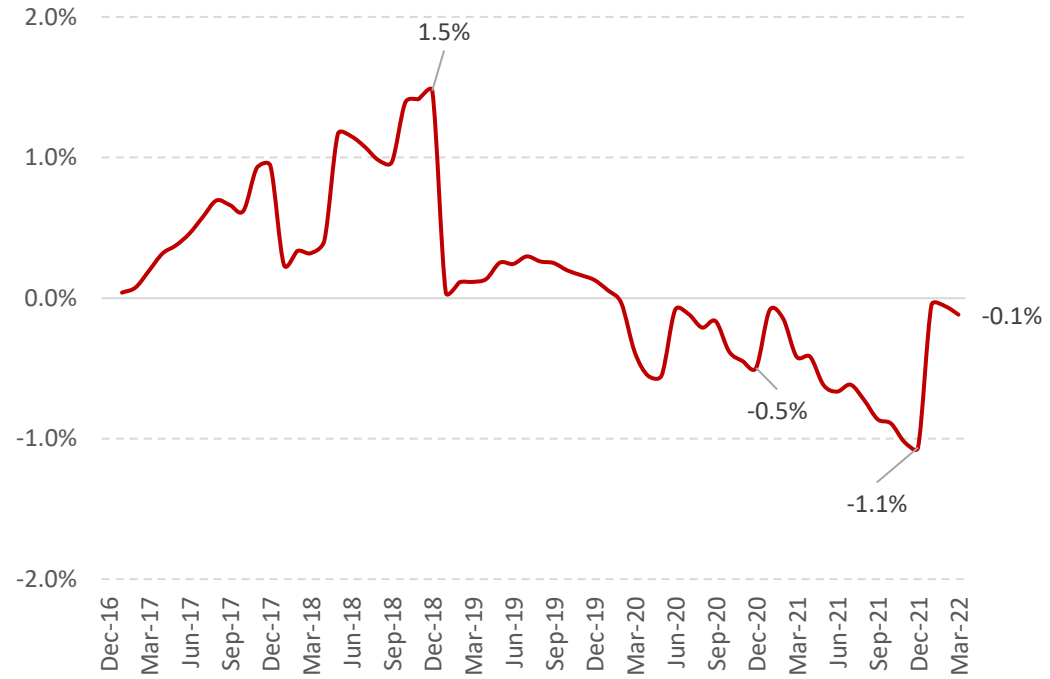
Domestic investors remain the dominant force

Local Retail Investors
continue to dwarf all other



Domestic investors account for 93% of turnover (Local Retail 88% and Local Institutions 5%), while Foreign Institutions account for just 6%.

VN Index Foreign Capital flows as a
Percentage of Market Cap

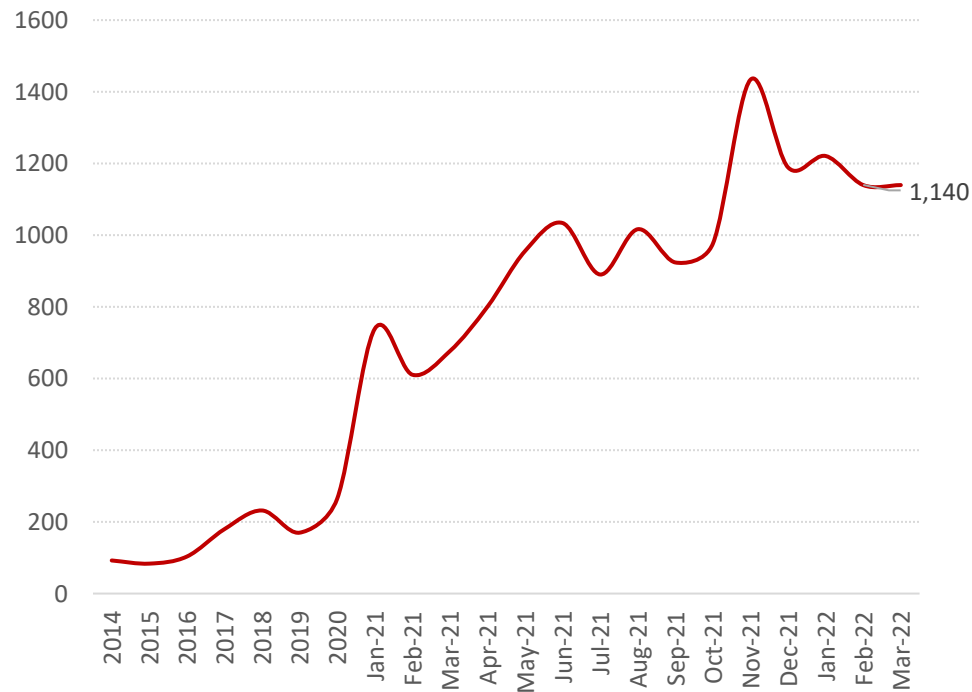


YTD Foreign Capital Flows are at -0.1% (or \$260m) of Market Cap (to Mar 2022) and a strong rebound from last year's net outflow of -1.1% (\$2.8bn).

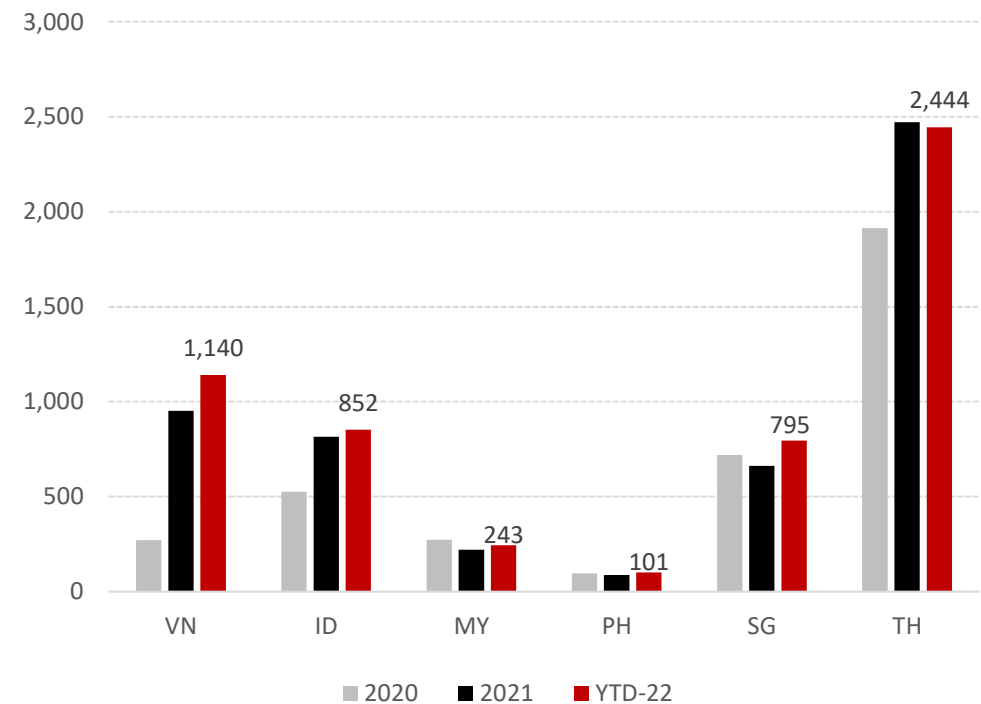
Nevertheless, emerging markets (including Vietnam) have been less attractive to foreign investors during the period of the pandemic, but as we move to the endemic phase, this trend may reverse.

Market liquidity remains high driven by domestic investors

Liquidity has stabilized after a period of significant increase in Average Daily Turnover Value (ADTV) (USDm)

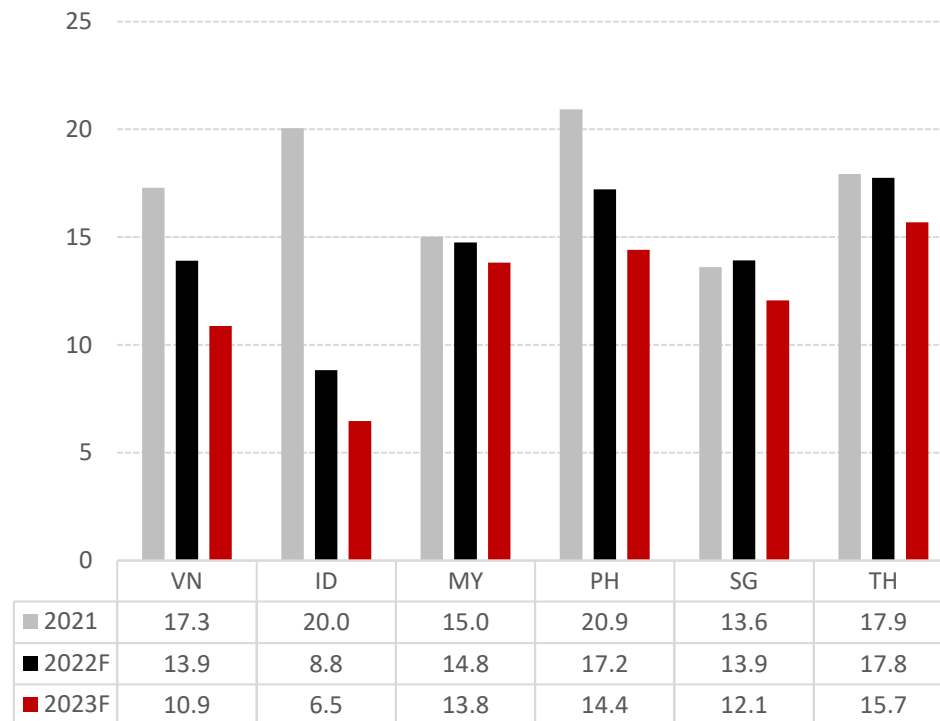


ADTV still leads all regional peers excl. Thailand (USDm)

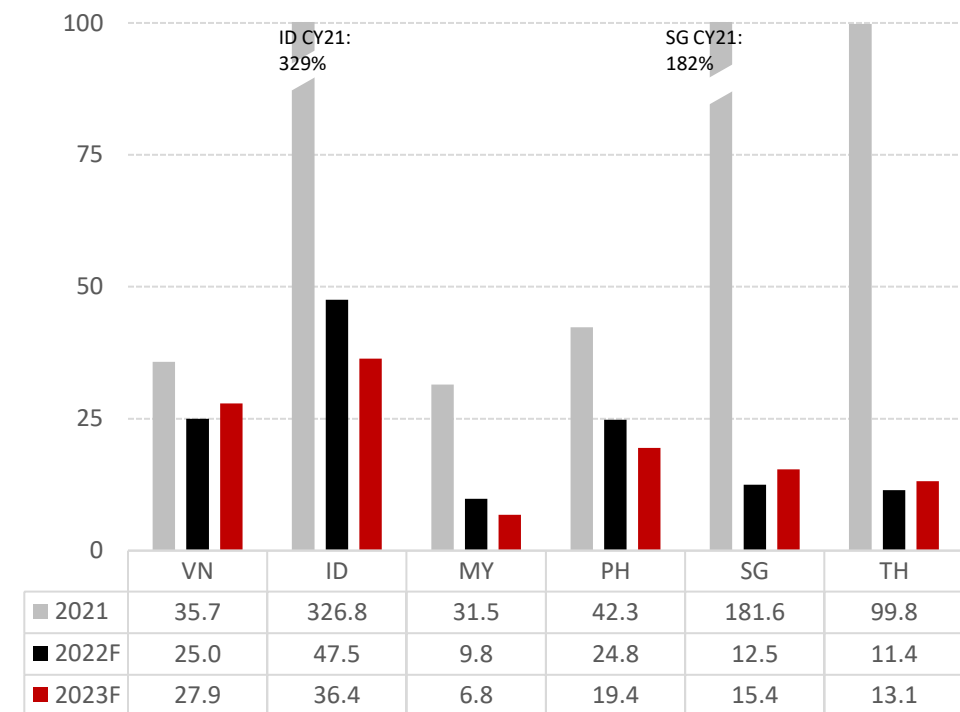


Vietnam's stock market remains attractively valued with earnings forecast to continue to expand in 2022

ASEAN PER (x)
ASEAN 2022F Avg 12.8x



Consensus Net Profit Growth (%)



Why Vietnam?

A faster growth story with plenty of runway

- Stable political environment
- Advantageous environment for FDI
- Sustainable economic growth
- Stronger earnings growth prospects
- Attractive valuations
- Solid domestic investor base
- **Recovery phase continues in Vietnam.**
Cyclicals and value should do well. Sectors that fit this bill are **financials, real estate, and consumer discretionary**

What are the Risks?

Two broad risk buckets

- Geopolitical tensions
- Tighter policy, monetary and fiscal

Other walls of worry

- The strength of domestic consumption
- Supply chain issues
- The outlook on the VND
- Weaker FDI
- Greater trading volatility

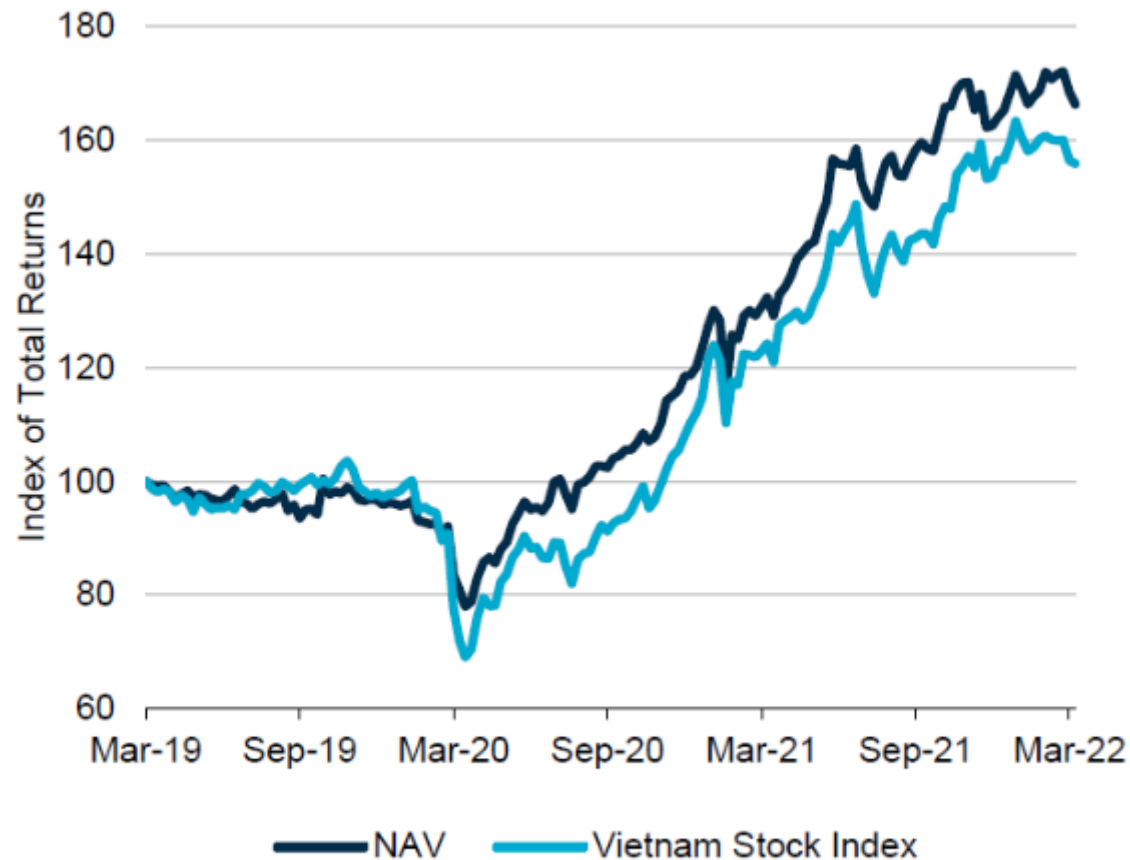
03 | VOF STRATEGY AND PORTFOLIO



Why VOF?

We deliver long-term performance

Vietnam Opportunity - 3 Year Performance History (US\$)



Source: Datastream, Morningstar & Numis Securities Research

VOF's differentiated investment approach focuses on private investments and privately negotiated deals in quoted businesses

\$1.4BN

ASSETS UNDER
MANAGEMENT

200+

INVESTMENTS SINCE
INCEPTION

79%

RETURN OVER PAST
5 YEARS

FOCUS

PRIVATE AND PUBLIC
EQUITY, PRIVATE
CREDIT



VOF's Investment Strategy

What we do?

VOF invests **growth equity in privately negotiated opportunities** across listed, private equity and SOE assets.

We look for **value** and **invest on fundamentals**.

We do not take small positions or invest with a short-term view.

We are an **active investor** and engage with companies to enhance growth and add shareholder value.

How we do this?

Vietnam is still a frontier market with low liquidity and weak governance. VOF makes **concentrated, high-conviction investments** supported by **due diligence rights, performance commitments and minority protections**, wherever possible.

VOF applies private-equity terms on investments, in order to **seek market premiums on exit**, and **ensuring liquidity** by negotiating **various exit options** such as a commitment to IPO, drag and tag along rights, and put-call options with the seller/sponsor.

Investment Criteria. What we look for in our investee companies

Scale



Focusing on sectors and industries that present **considerable headroom for growth**, be it in manufacturing scale or market share growth.

Brand



Focus on domestic consumption-related businesses that have **brands that consumers recognize**. Branded market leaders have the best chance for exit to an offshore strategic investor in future.

Distribution



In the **fragmented and disorganized Vietnam market**, a distribution network and customer reach is what separates the winners from the losers.

Management Alignment



Capability and integrity of sponsors, and alignment of interest are key. Trusted management is one that can set a reasonable business plan and deliver against that plan and be trusted to not impair the assets of the business.

Competitive Advantage



The moat. Seek businesses that have sustainable competitive advantages that can **preserve value over our investment horizon**:

- (i) High barriers to entry;
- (ii) Lower cost structures;
- (iii) Exclusivity with suppliers/vendors.

Sustainability



As a responsible investor, we invest in businesses that are **safe for the environment** and **supportive of their people and local communities**.

ESG is built into our investment process.



What do our typical investments look like?

\$25 - \$50 million

TICKET SIZE

Fewer investments, larger in ticket size, accretive to NAV.

5% – 40%

EQUITY STAKE

Minority stake significant enough to exert influence and board representation.

4 – 7 years

INVESTMENT HORIZON

Long enough to grow and impact change, catalyst events include IPO or strategic sale.

15% - 25%

EXPECTED (MODEL) IRR

Individual investments are priced to yield at least this much. However, the portfolio as a whole, is expected to yield over 12% IRR.

< 15%

OF FUND NAV

Exposure limit to any one company. Furthermore, the exposure limit to any one sector is 25% of NAV.

3 – 6 months

FROM NDA TO CLOSING

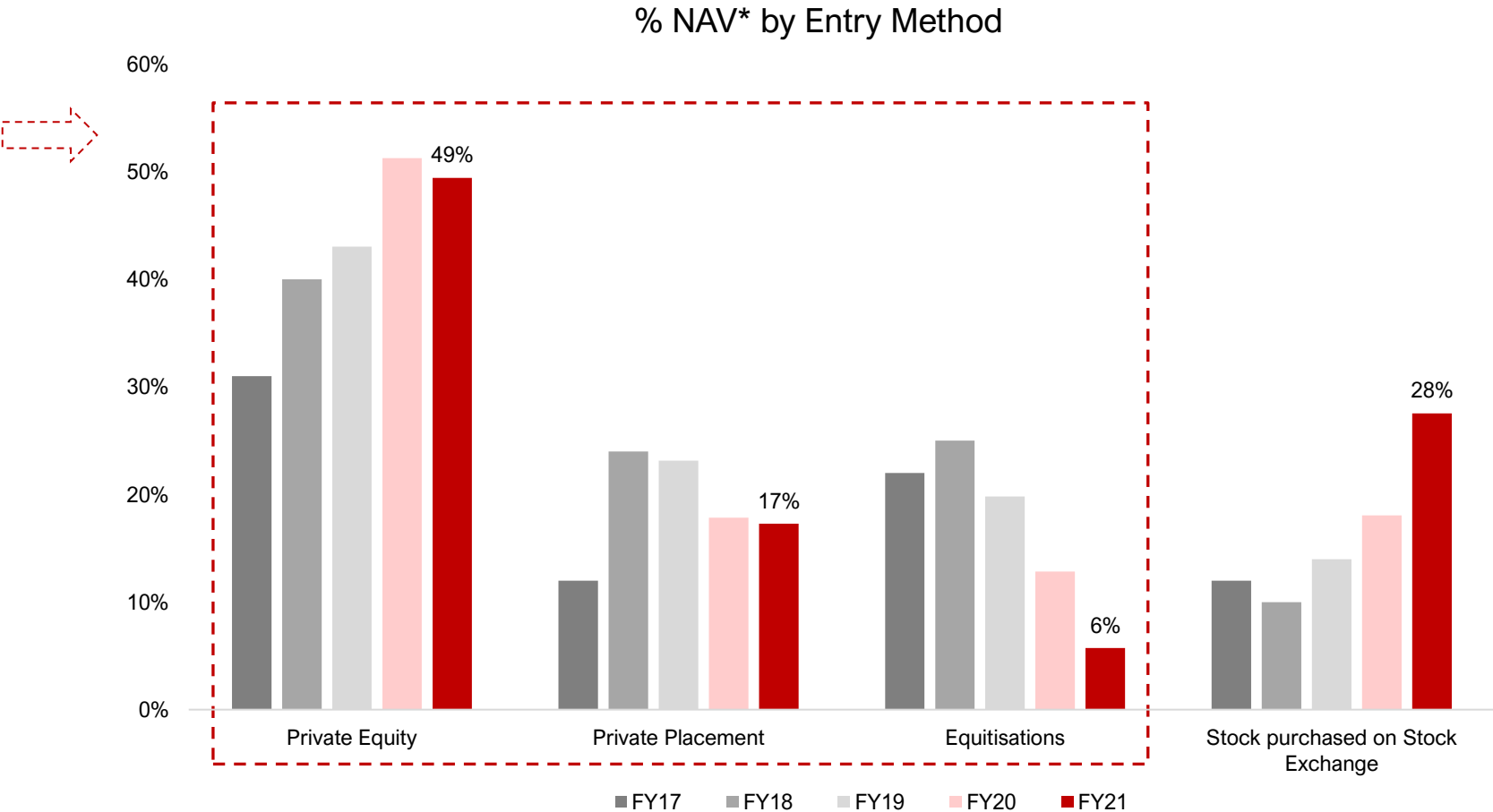
Our rigorous and exhaustive due diligence leveraging internal and external expertise requires this much to close an investment.

Privately negotiated opportunities are where we focus our efforts

80%

ON AVERAGE OF NAV COMES FROM PRIVATE EQUITY INVESTMENTS

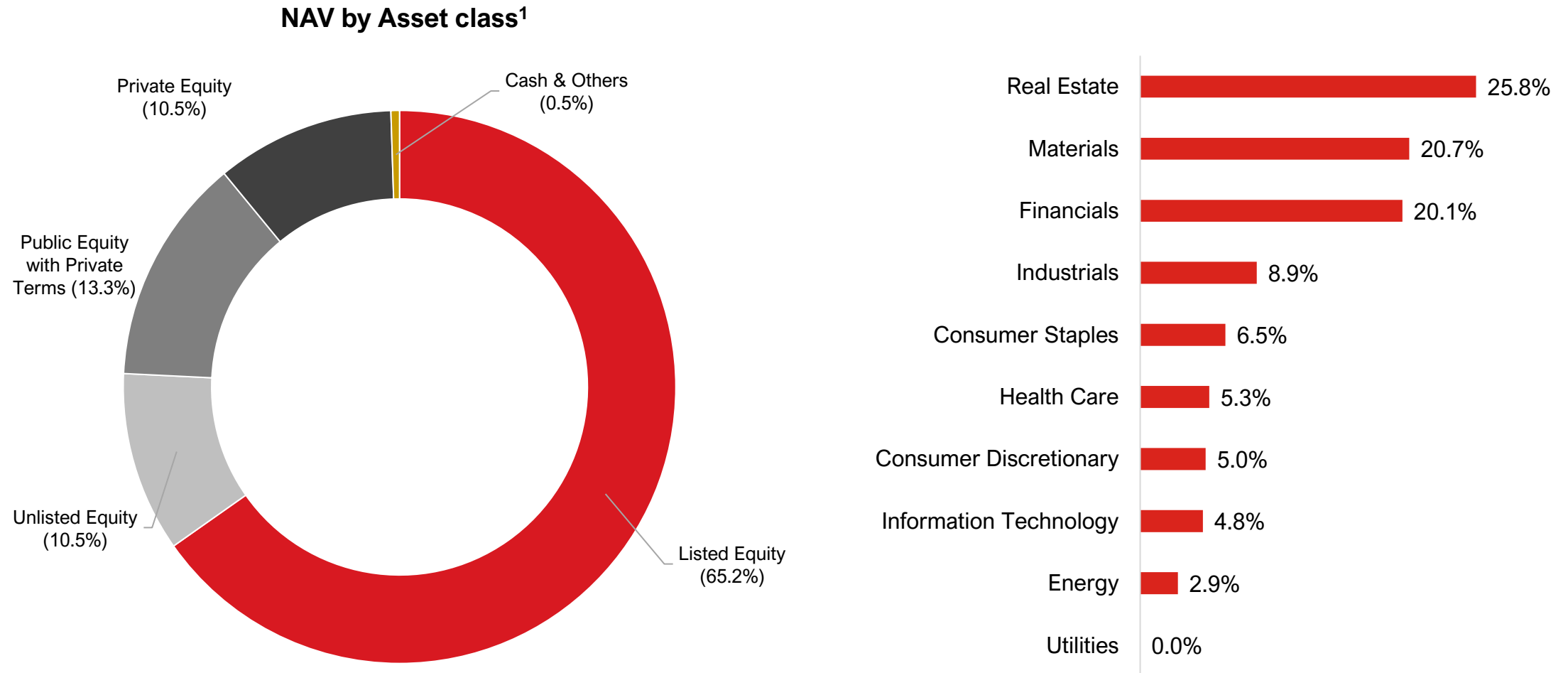
Private equity investments play a significant and increasingly important part of the portfolio, although the flexibility of the investment assessment allows us to invest 10% to 15% directly into listed companies.



*Excluding Cash & Others

VinaCapital Quickbase Deal Pipeline Dashboard as at 31 December 2021.
As at FY2021, almost 80% of the portfolio by entry method is made up of private equity, equitizations, private placements and pre-IPO investments. The historical 5-year average is 83%.
* Excludes cash and others.

VOF's portfolio by asset class and sector 31 March 2022



Top Public Equities and Private Equity holdings 31 March 2022

	Top 10 Public Equity Investment ¹	NAV USDm	% NAV
1	Hoa Phat Group (HPG)	180.4	12.9%
2	Khang Dien House (KDH)	175.2	12.5%
3	Asian Commercial Bank (ACB)	153.2	11.0%
4	Airports Corporation of Vietnam (ACV)	89.3	6.4%
5	Vinhomes (VHM)	73.4	5.2%
6	Orient Commercial Bank (OCB)	68.9	4.9%
7	FPT Corporation (FPT)	67.0	4.8%
8	Quang Ngai Sugar (QNS)	51.9	3.7%
9	Phu Nhuan Jewelry (PNJ)	49.6	3.5%
10	Phuoc Hoa Rubber (PHR)	30.3	2.2%
	Total	939.2	67.2%

¹ Public Equities holdings include Listed Equities (65.2% of total NAV) and Unlisted Equities (10.5%).

Private equity cross-over to public equity
 Privately negotiated purchase

	Public Equity with Private terms ²	NAV USDm	% NAV
1	An Cuong Wood Working (ACG)	49.1	3.5%
2	Norfolk II & III (NVL)	57.1	4.1%
3	Dat Xanh Services (DXS)	40.3	2.9%
4	Kuala Lumpur II (KDC)	39.1	2.8%
	Total	185.6	13.3%

	Private Equity Investment ²	Unaudited NAV USDm	% NAV
1	Thu Cuc Medical	34.1	2.4%
2	Ngoc Nghia Industry Service Trading	27.6	2.0%
3	Tam Tri Medical JSC	22.0	1.6%
4	IN Holdings (Twins)	20.2	1.4%
5	Thai Hoa International Hospital	17.6	1.3%
6	Hung Vuong Plaza	12.7	0.9%
7	Petrolimex Aviation (PAV)	12.0	0.9%
	Total	146.2	10.5%

² Refer to Appendix 1: Reclassification of VOF portfolio by Asset Class for explanation of how investments have been reclassified to better reflect the nature and holding period of these investments.

Recent Investment and Divestment Highlights



Private Equity investment: Ngoc Nghia Industries (NNG)

Invested:	USD17m
Divested:	USD27m (through VN's first public-tender offer with foreign investor)
IRR / MOIC:	21% / 1.6x
Activities:	<ul style="list-style-type: none">Strengthened corporate governance, restructured capital structure, and enhanced process of capital expenditure and working capital management.
About NNG:	<ul style="list-style-type: none">Ngoc Nghia is a pioneer and leading manufacturer of PET packaging, providing one- stop shop packaging solution to satisfy different customer needs. In Vietnam.The company dominates with 30% market share. Key customers include the leading players in consumer goods sectors namely Unilever , Pepsi, Coca, and Vinamilk.NNG has 3 modern operating production sites, the largest production capacity in Vietnam, producing over 6 billion products / year.



Pipeline Overview - \$200m+ potential investments

	Project Name	Sector	Implied Equity Value (post-money) (US\$m)	Deal Size (US\$m)	Stake (%)	Instrument/ Classification	Current Status
1	Hong Kong	Real Estate	\$2.1b	\$25m	1.2%	Equity / Pre-IPO	10% deposit made
2	Shanghai	Real Estate	\$173m	\$40m	30%	Equity /Pre- IPO	Due diligence
3	Tokyo	Health Care	\$125m	\$25m	20%	Equity/ Privately negotiated purchase	Term sheet negotiation
4	Venice	Transportation	\$3.3b	\$50m	1.5%	Equity / PIPE	Term sheet negotiation
5	Orient	Consumer Discretionary	\$150m	\$33m	15-20%	Equity / PIPC	Preliminary deal terms
6	Geneva	Transportation	\$800m-900m	\$40m	5%	Equity/Pre-IPO	Preliminary analysis
7	Belgium	Logistics	\$481m	\$30m	6.2%	Equity / PIPE	Preliminary analysis
TOTAL				\$200m+			

Governance and Dividends:
VOF is the only Vietnam fund that pays a regular dividend and has a fully independent, diverse Board



Huw Evans
Chairman



Thuy Dam



Julian Healy
Audit Chair



Kathryn Matthews



Peter Hames



VOF: Our focus is Vietnam...

Some countries have been able to leverage trade relationships well with both China and the US. “[Vietnam is the poster child for that](#),” Aaron Balsam, senior analyst at William Blair, said. MSCI, the index provider, classifies Vietnam as a “frontier market”, but speculation has mounted that it will be elevated to emerging market status.

Investment trusts including VinaCapital Vietnam Opportunity and Vietnam Enterprise Investments, which invest in companies located in the country or that make the bulk of their earnings in the market, have benefited from heightened nerves towards China. Those trusts have delivered NAV returns of 31 per cent and 29 per cent, respectively, over the past year — not only outstripping the negative average return of global emerging market trusts, according to the Association of Investment companies, but also growth-orientated, UK smaller company funds. Yet like emerging market peers, both trusts trade at double-digit discounts to NAV.

<https://www.thetimes.co.uk/article/63391752-c3d9-11ec-96a8-ce9dac41fe90?shareToken=5147be8b104d7f14e4edbf6980903321>



Vietnam is seen by some analysts as an alternative emerging markets option for investors

GETTY IMAGES

TEMPUS SPECIAL

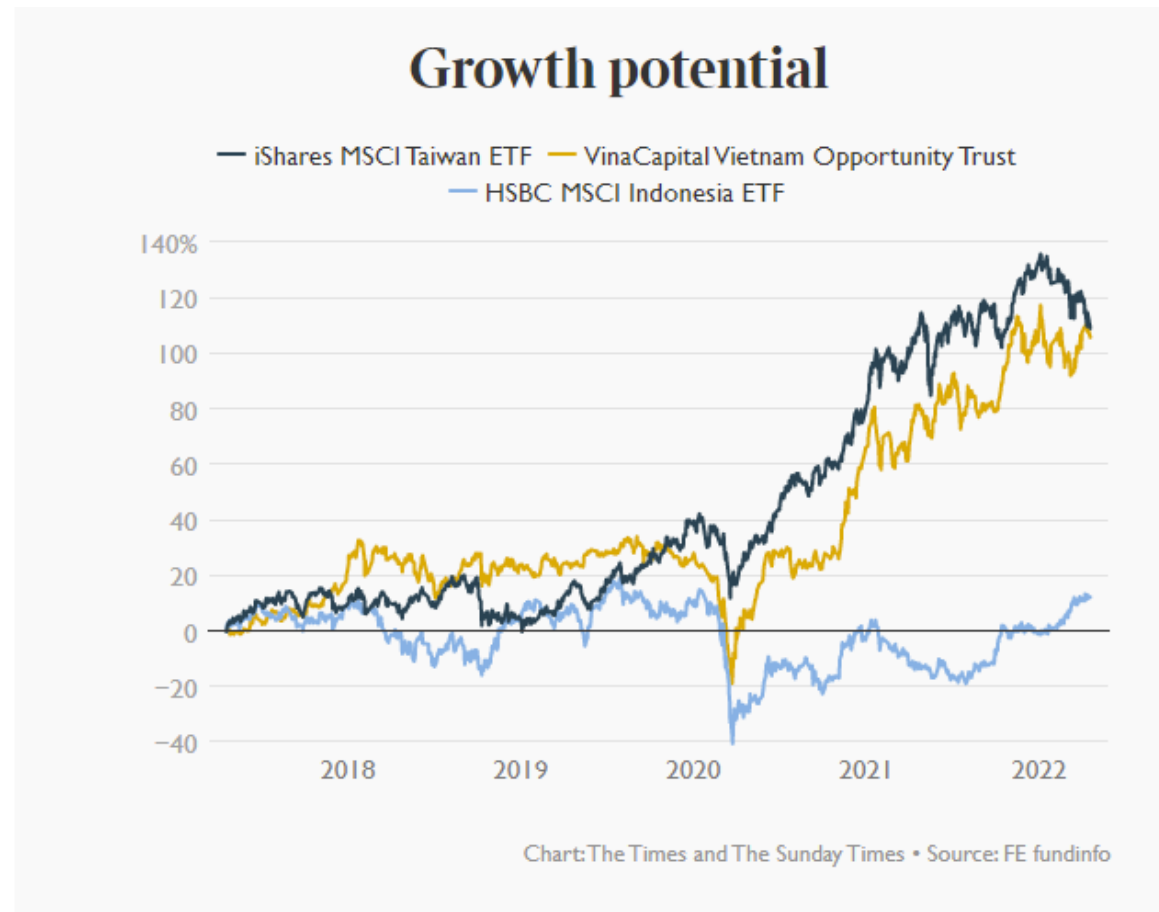
Emerging markets in the spotlight as Russia and China pose new questions

The prospect of making big returns must be weighed against the growing threat of risks

Emma Powell, Tempus Editor

Monday April 25 2022, 12.01am BST, The Times

... to deliver long-term performance



Yearsley likes the **VinaCapital Vietnam Opportunity Trust**, which is **up 79 per cent in five years.**

DISCLAIMER

The information contained herein has been prepared by VinaCapital (the “Company”) and is subject to updating, completion, revision, further verification and amendment without notice.

The information contained herein has not been approved by any listing authority or any investment regulator. The information does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever.

No undertaking, representation, warranty or other assurance, expressed or implied, is made or given by or on behalf of the Company or any of its directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained herein 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 for any other communication written or otherwise.

The information herein may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. By accepting receipt of this document, you agree to be bound by the limitations and restrictions set out above.

Neither these pages nor any copy of them may be taken or transmitted into or distributed in any jurisdiction where the distribution of such material would be prohibited under the jurisdiction’s applicable securities laws. Any failure to comply with this restriction may constitute a violation of national securities laws.

Past performance is not a guarantee of future returns.



ANDY HO
Managing Director and
Chief Investment Officer

andy.ho@vinacapital.com



KHANH VU
Deputy Managing Director
Investments

khanh.vu@vinacapital.com

VinaCapital
17th Floor, Sun Wah Tower
115 Nguyen Hue, District 1, Ho
Chi Minh City, Vietnam
Tel: +84 28 3821 9930
Fax: +84 28 3821 9931
Email: ir@vinacapital.com
Website: www.vinacapital.com