

VinaCapital Vietnam Opportunity Fund

(LSE: VOF.LN)

Numis Emerging Markets Single-Country Funds Conference

June 2023





3 objectives:

Why Vietnam?

Why Now?

Why VOF?



3 fun facts:

#1: Worlds largest producer of pepper, #2 coffee beans, #3 fish and seafood

#1: Football is the most popular sport, #1 cryptocurrency adoption globally

4 stars: Michelin guide for Vietnam, 70 honorable mentions

3 interesting facts:

<5%: Vietnam is the fastest country in modern history to move out of poverty

65%: of population is under 35 years of age

22 seconds: 97 million population, 1 million births a year, 1.4% urbanization rate

3 important facts:

#1: Fastest growing Asian Economies,
averages 7% past decade

#1: Pew Research most positive view on
capitalism (95% vs 70% for US)

#2: Improvement in World Bank
Governance Effectiveness Ranking

Bain's Five fundamental pillars driving Vietnam's growth

Talent



Large and highly skilled workforce

Infrastructure



Consistent focus on infrastructure development

Governance



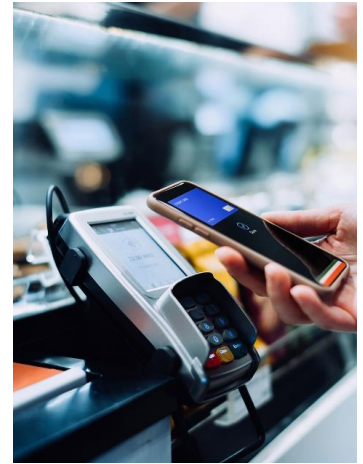
Improving business governance and ease of doing business

Geopolitics / Trade



Export-oriented economy with balanced trade partners

Digital Economy



Digital-savvy nation leap-frogging technology adoption

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Vietnam Macroeconomics

The pursuit of Stability and Growth

Macroeconomic Summary

5%

GDP Growth Revision

11.5%

EPS 2023F Consensus Revision

45.3

PMI May at 20-month lows

2.4%

CPI May y-o-y

GDP¹

Vietnam's GDP grew 3.3% in 1Q23, and for 2Q23 appears weak.

Challenging to achieve GDP growth in excess of 5% for 2023E based on ongoing revisions.

Historical GDP 2022: 8% and Pre-Covid average: 7%.

EPS² and PER

Consensus EPS growth estimates for 2023E stands at 11.5%, down from earlier levels of mid-teens, resulting in a PER of 11.2x.

2024E EPS estimate is currently at 24.9%, with a PER of 9.0x.

VOF portfolio earnings of 16.9% for 2023F and 29.0% 2024F, with PER of 10.5x and 8.8x, respectively.

PMI

Vietnam's manufacturing output fell from growth of 8.9% y-o-y in 5M22 to a 2.5% contraction in 5M23.

Vietnam's Manufacturing PMI fell from the already-low level of 46.7 in April to a 20-month low of 45.3 in May, driven by a faster drop in new orders, output, and employment at factories in Vietnam.

CPI

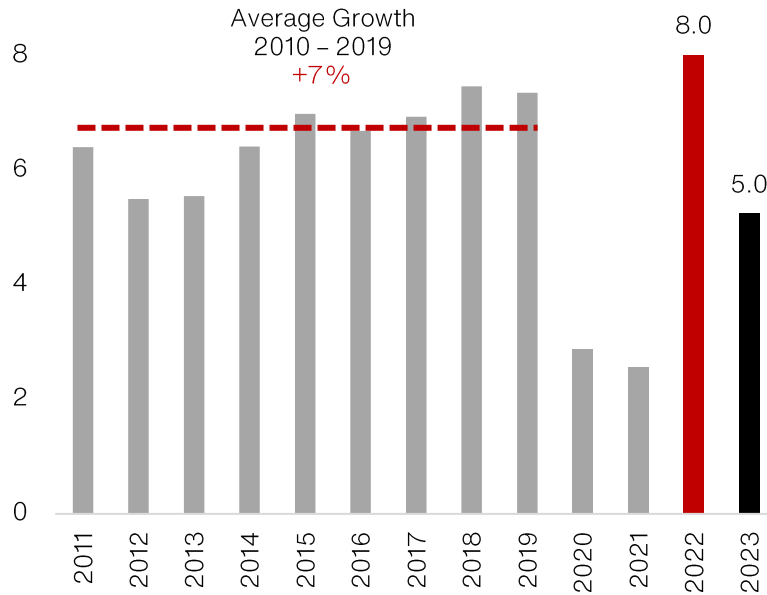
Inflation rate fell from 2.8% y-o-y in April to 2.4% in May, largely driven by a -10% month-on-month drop in Retail Petrol Prices.

The drop in Vietnam's inflation rate (down from a peak of 4.9% earlier this year) was another factor that enabled the country's central bank to cut policy interest rates in May (50bps) and June (50bps).

1. Based on VinaCapital Research team's latest estimates, not yet published publicly.
2. Based on Bloomberg consensus as of 31 May 2023. EPS according to VinaCapital Research team's coverage universe and latest update for 2023E EPS is 6.5%.

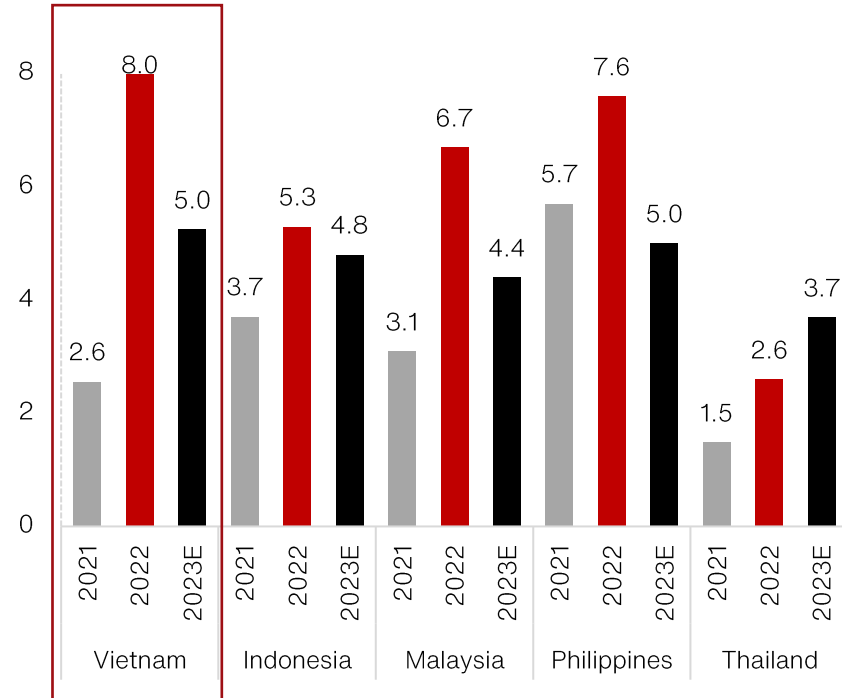
One of the World's Fastest Growing Economies

Strong GDP YoY Growth (%)



Sources: General Statistics Office, Bloomberg, VinaCapital research & analysis

Vietnam vs. Regional Peers – Real GDP YoY Growth (%)



Updated 2023 Forecasts: GDP revised down to 5%

Vietnam's GDP Growth: 8.0% in 2022, 5.0% in 2023F

	2022	5M23 (yoy)	2023F	Pre-COVID Average*
GDP	+8.0%	+3.3% ¹	+5.0%	+7.0%
Retail Sales	+15.6%	+8.3%	+9.0%	+9.0%
Manufacturing	+8.1%	-2.5%	-2.0%	+12.0%
Infrastructure Spending	4%/GDP	4%/GDP	5%/GDP	3%/GDP
Tourist Arrivals	~20%/Pre-COVID	~60%/Pre-COVID	60%/Pre-COVID	

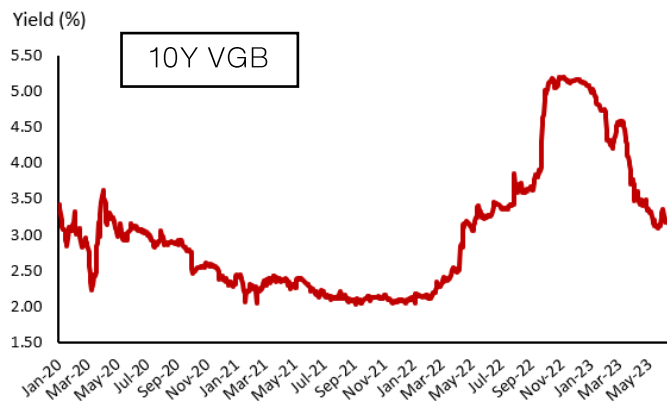
*Average Over 2015 - 2019

1. Vietnam's GDP Growth in 1Q23.

Vietnam's Central Bank Cut Policy Interest Rates in 2023

Bond Yields Plunged...

But 1Y Bank Deposit Rates only Fell 100bp YTD to ~7%



Bank	By Mid June 23	ΔYTD(bp)
MSB	7.0%	-160
OCB	7.6%	-130
ABB	7.6%	-130
VIB	7.3%	-130
BVB	7.6%	-120
MBB	7.0%	-100
ACB	6.6%	-80
VCB	6.8%	-60
BID	6.8%	-60
EIB	7.1%	-30
Industry Average		circa ~100bp

- Vietnam Cut Policy Interest Rates by -150bp, to 4.5%
- Policy Rate Cut Enabled by:
 - VN Dong Appreciation, over 1% YTD
 - Modest CPI Inflation (~3-4% yoy)

How to Boost Growth in 2023

- 1 Bank Deposit Rates ↓ circa -200bp
 - Would Help Revive the Real Estate Market
- 2 Infrastructure Spending / Fiscal Stimulus
 - Up Circa 40% YoY in 5M23
 - Vietnam has Ample Fiscal Capacity to Boost Spending
 - Over \$30b of Unspent Funds for Infrastructure Development
 - Government Debt-to-GDP Ratio ~40% vs. ~60% for Regional Peers
- 3 The Government is Relaxing Restrictions on Corporate Bond Issuance
 - Faster Real Estate Approvals Could be Next...

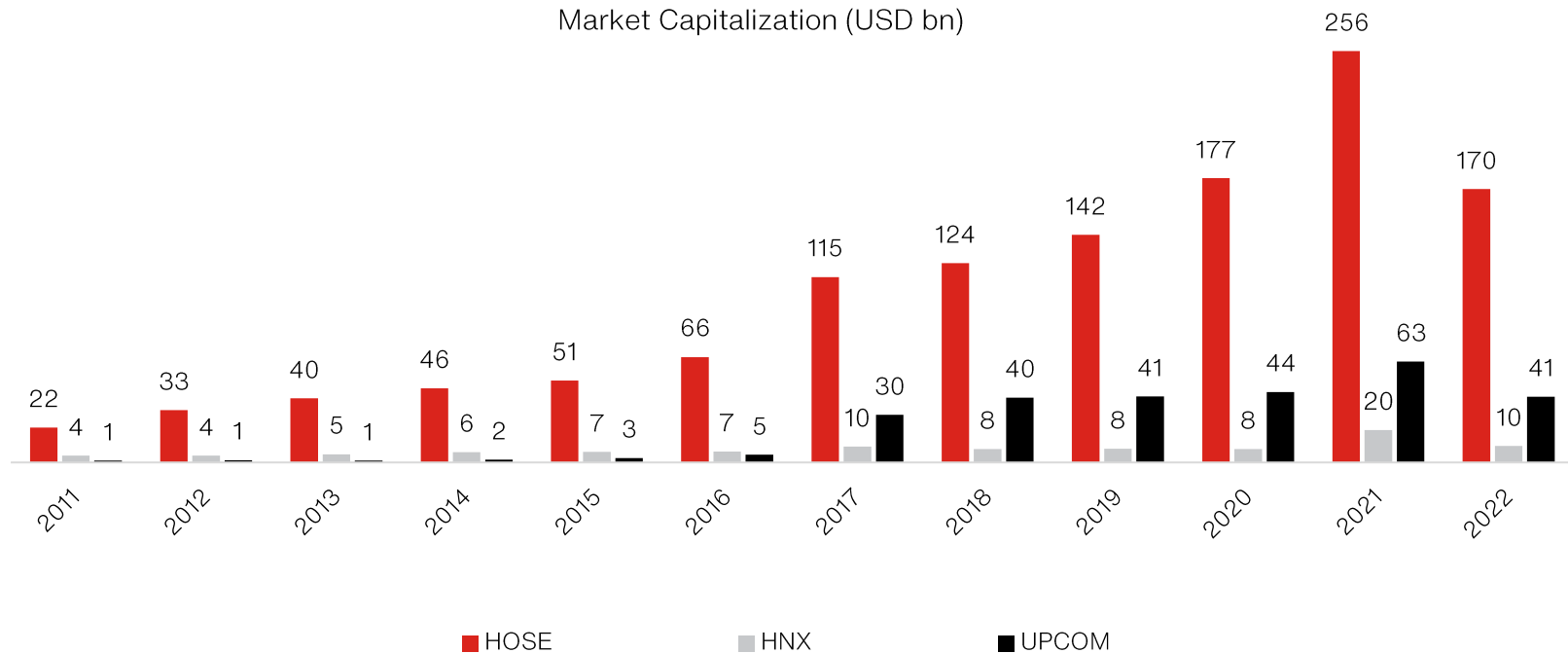
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Vietnam Stock Market

Searching Confidence and Liquidity

Fast Growing Financial Market, With Attractive Valuation

Market Size Has Grown 10x over 10 Years

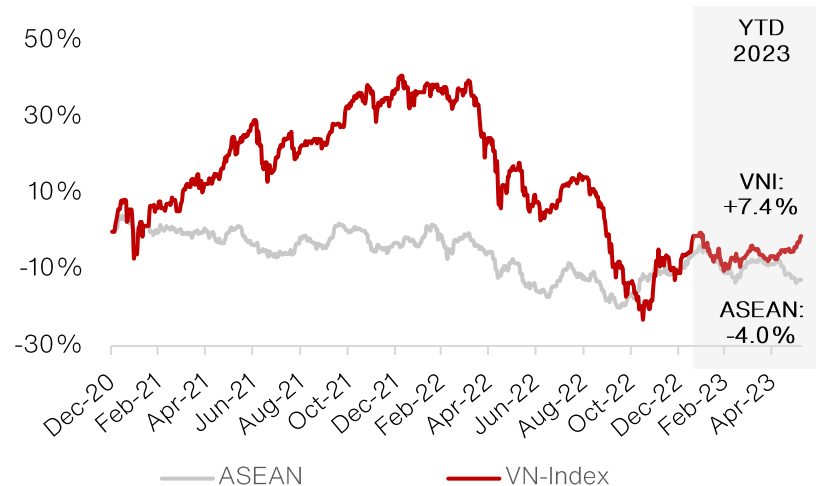


Sources: Bloomberg, SSC, VinaCapital research & analysis

Market Performance

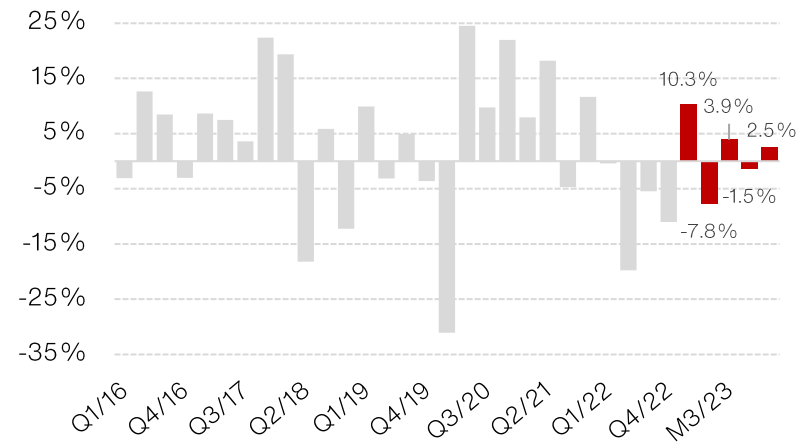
VNI was the best performing market in Southeast Asia with a 5M23 rise of 6.8% in VND (7.4% in USD).

VNI & ASEAN Index Performance (USD term)



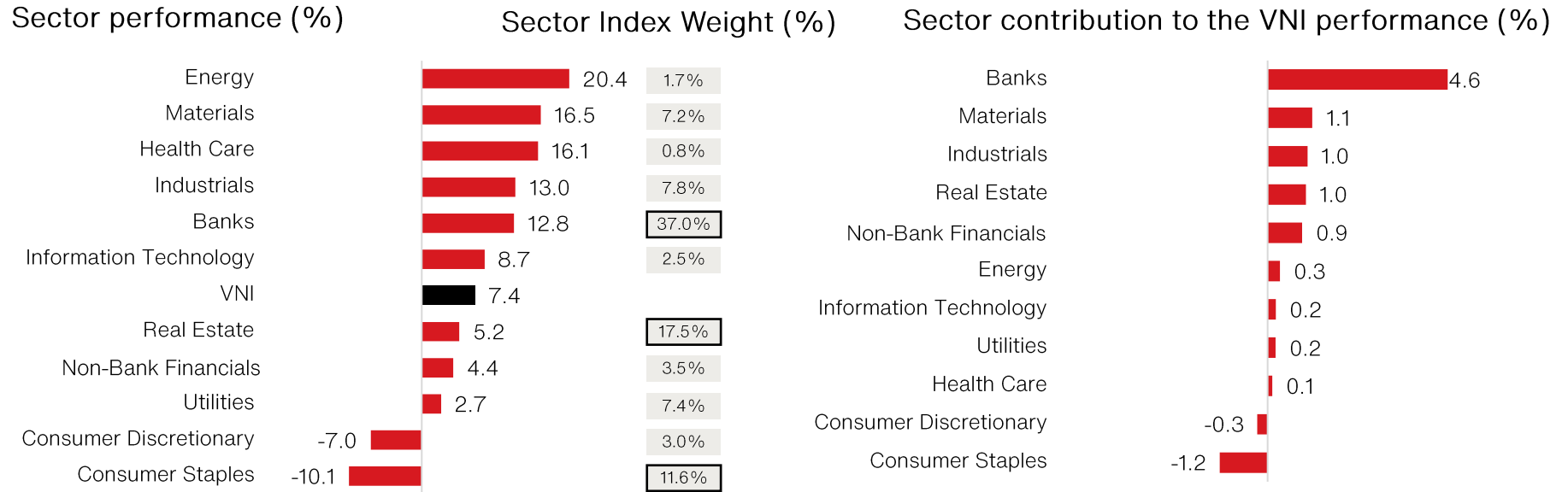
Source: Bloomberg

VNI – Quarterly (& monthly YTD23) performance (local term)



Source: Bloomberg

Sector Performance up to 31 May 2023 – Banks remain largest contributor to market performance; Energy and Materials deliver strong returns



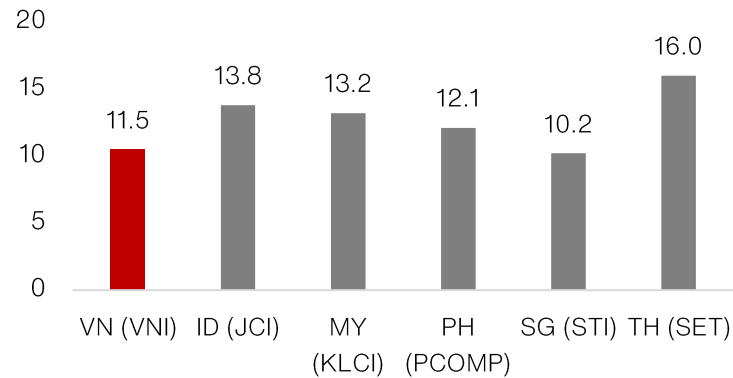
Source: Bloomberg

Source: Bloomberg

- Energy, Materials, Health Care, and Industrials were the sector leaders, while Consumers (both Discretionary & Staples) lagged.
- Factoring in the sector weights against its performance, the main push to the index was Banks.

Value On Offer

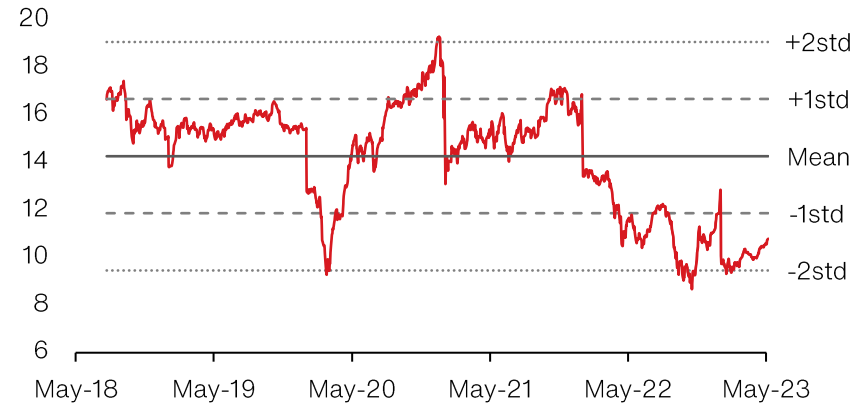
ASEAN Stock Markets: FY23E PE (x)



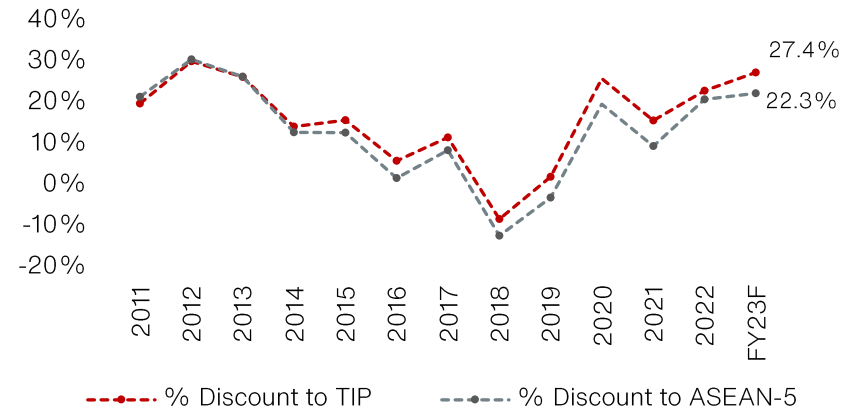
Source: Bloomberg

- VNI remains attractively valued relative to its historical average and to regional peers.

VNI Valuation Band: Forward PE (x)

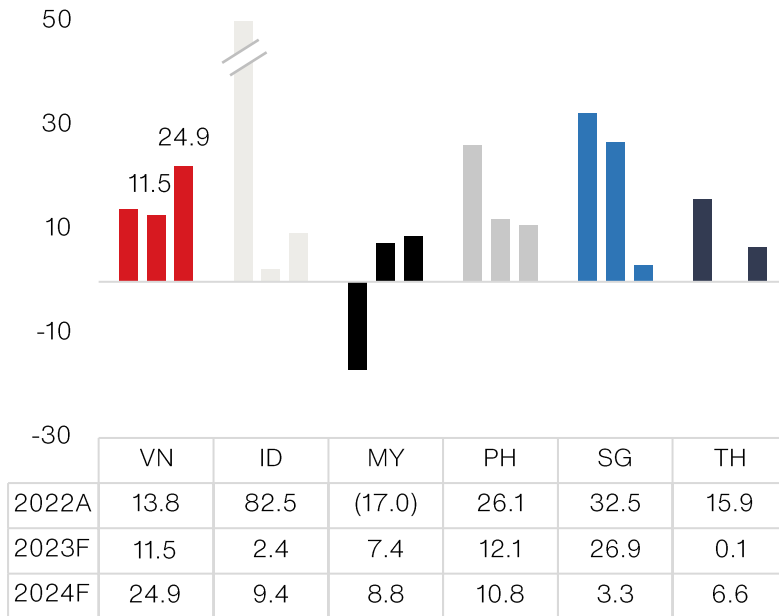


VN's PE discount to ASEAN



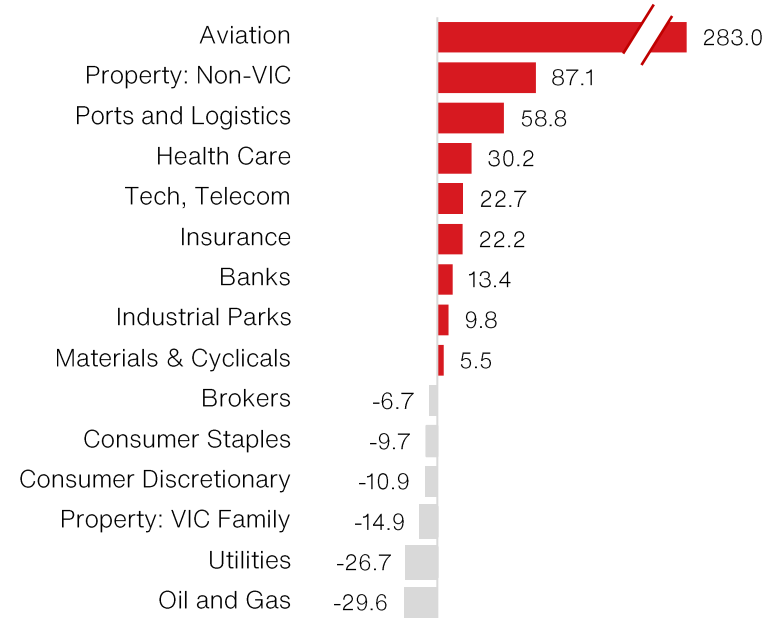
Growth On Offer... but Potential Downside Risk

ASEAN – Earnings Growth



Source: Bloomberg

Sector – FY23E Net profit growth (%)



Source: VinaCapital Research

- Net profit growth for Vietnam has remained steady and resilient over various years.
- Sectors posting the strongest growth in 2023 are coming off a low 2022 base.

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VinaCapital Vietnam Opportunity Fund (VOF)

FTSE250 Investment Company with 20 years' experience in Private Equity opportunities

VOF invests growth equity in
privately negotiated opportunities
across listed and private equity.

We are long-term, active investors
who take significant minority
stakes in leading companies in
Vietnam.

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

\$1.1BN

ASSETS UNDER
MANAGEMENT

200+

INVESTMENTS SINCE
INCEPTION 2003

20% IRR

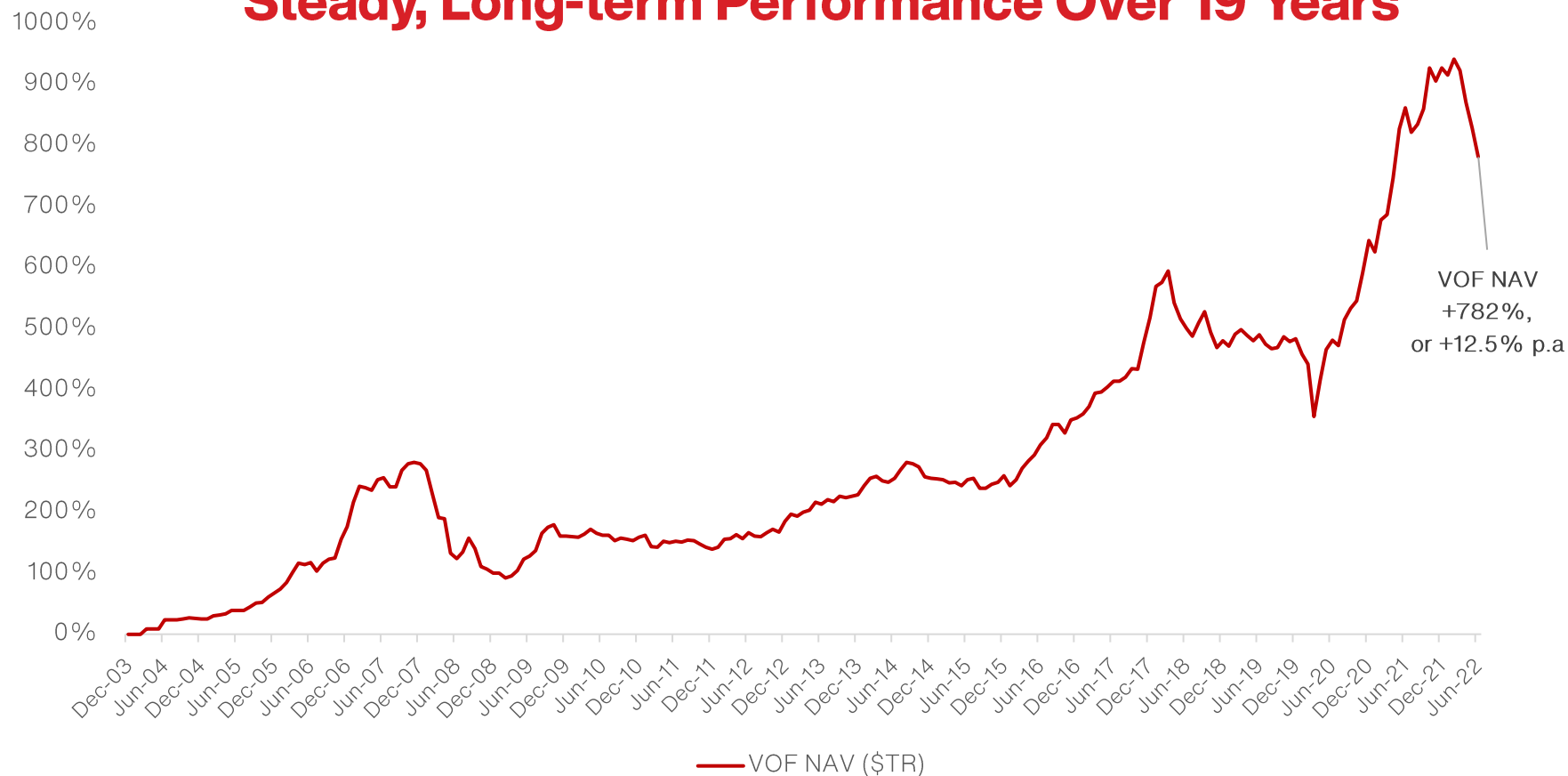
PE INVESTMENTS
OVER 20 YRS

FOCUS

PRIVATE AND
PUBLIC EQUITY,
PRIVATE CREDIT



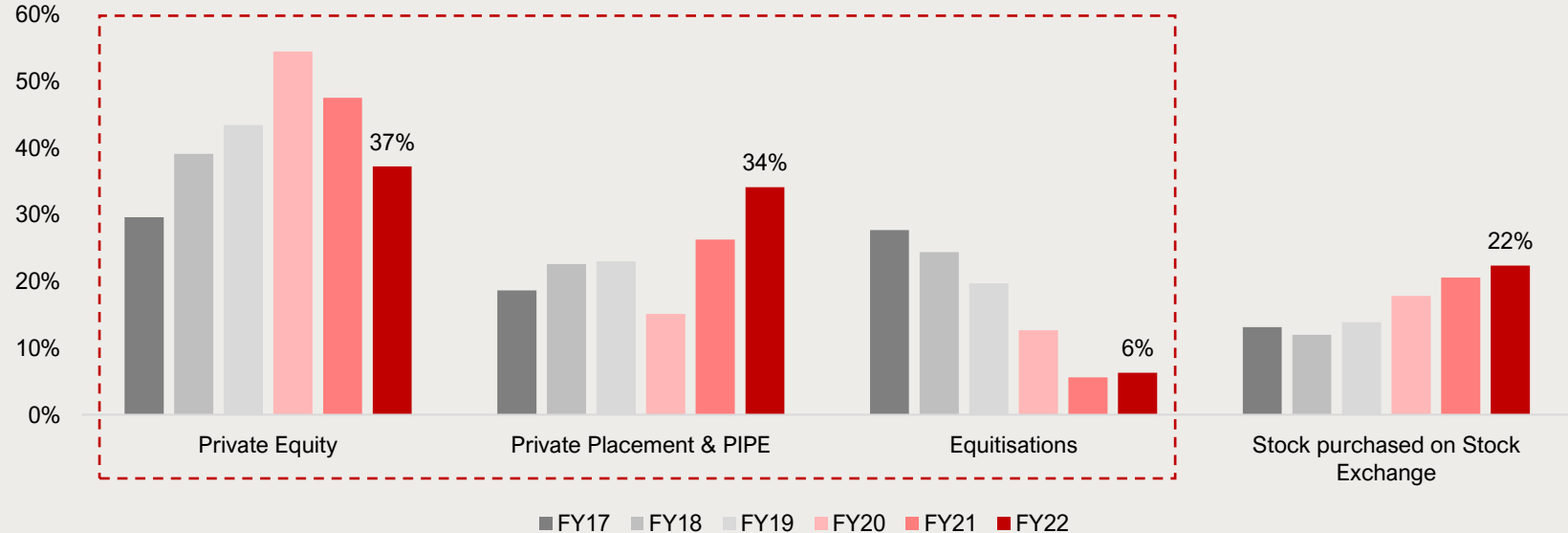
Steady, Long-term Performance Over 19 Years



Source: Bloomberg, VinaCapital. Annualized returns up to 30 June 2022. USD terms.

We focus on Privately Negotiated investments

% NAV* by Entry Method



80%

NAV by Entry Method via PE

PIPEs

Transactions increasingly important

<15%

Historical portfolio turnover

IRR 20%

Historical IRR of PE investments

VOF Quickbase Deal Pipeline Dashboard as at 30 June 2022.

As at June 2022, almost 80% of the portfolio by entry method is made up of private equity, equitizations, private placements and pre-IPO investments. The historical 6-year average is 81%.

* Excludes cash and others.

Investment Criteria. What we look for in businesses

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 - \$75 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 with downside protections.

4 – 7 years

INVESTMENT HORIZON

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

12% - 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.

Investment holdings update

VOF: 200+ Investments



Portfolio: Top Public Equity and Private Equity holdings

31 May 2023

Top 10 Public Equity Investments ¹		NAV USDm	%NAV
1	Asia Commercial Bank (ACB)	143.2	13.8%
2	Khang Dien House (KDH)	105.5	10.1%
3	Hoa Phat Group (HPG)	103.1	9.9%
4	Airports Corporation of Vietnam (ACV)	64.6	6.2%
5	FPT Corporation (FPT)	61.5	5.9%
6	Vinhomes (VHM)	50.4	4.8%
7	Orient Commercial Bank (OCB)	44.8	4.3%
8	Quang Ngai Sugar (QNS)	38.1	3.7%
9	Phu Nhuan Jewelry (PNJ)	37.0	3.6%
10	PetroVietnam Technical Services (PVS)	24.7	2.4%
Total		672.9	64.7%

Top 10 Private Equity including Public Equity with Private Terms ²		NAV USDm	%NAV
1	Tam Tri Medical JSC	37.9	3.6%
2	Norfolk II & III (NVL)	36.6	3.5%
3	Thu Cuc Medical	35.9	3.4%
4	Kuala Lumpur II (KDC)	33.4	3.2%
5	Chicilon	31.0	3.0%
6	An Cuong Wood Working (ACG)	27.1	2.6%
7	Dat Xanh Services (DXS)	26.9	2.6%
8	Hung Thinh Land	25.3	2.4%
9	IN Holdings (Twins)	20.7	2.0%
10	Nova Consumer	17.7	1.7%
Total		292.5	28.1%

Initially invested pre-IPO,
with Private Equity terms

Privately Negotiated
Purchase

Privatisation

Public Equity with Private
Terms (incl. pre-IPO and
debt-like structures)

Private Equity

¹ Public Equities holdings include Listed Equities (59.7% of total NAV) and Unlisted Equities (10.5%).

² Private Equities (14.7%) and Public Equities with Private terms, including Pre-IPO Investments (16.1%)

Highlights of Investment and Divestment Activities

Chicilon Media



USD38m Private Equity investment



Tam Tri Medical + Thai Hoa Hospital



Roll up strategy and expansion



IN Holdings + IN Dining

Support F&B portfolio growth



DYNASTY HOUSE





How do we invest in a
challenging world

Downside Protections



- Negotiated terms of investment include profit commitments, put-call options, collateral coverage.
- Board seats and governance.

Due Diligence Rights



- Financial, legal, operational, ESG, and management due diligence rights.
- Rigorous investment review and risk management process.

Risk-Adjusted Returns



- Sector analysis: 9 risk metrics including volatility.
- Portfolio allocation and rebalancing based on 3yr EPS growth and sector outlook.

Governance and Fee Reduction

Governance, Buybacks and Dividends

VOF is the only Vietnam fund that pays a regular dividend



Huw Evans
Chairman



Julian Healy
Audit Chair



Kathryn Matthews



Peter Hames



Hai Trinh

Reduction in Overall Fees effective 1 July 2023 – Highlights

Fee Item	Previous	Effective 1 July 2023
Management Fee	Tiered, 1.5% for first USD500m (Effectively 1.37% for first USD1bn)	Tiered, 1.3% for first USD1bn
Incentive Fee	12.5%	10.0%
Annual Hurdle Rate	8.0%	10.0%
Minimum holding period for new shares purchased ¹	1 year	5 years

1. Minimum period for shares held by the Investment Manager as part of the fee arrangement in which 25% of any incentive fee paid to the Investment Manager is used to buy VOF shares via open market purchases.

Other key features remains, such as: (i) an annual cap of 1.5% on incentive fees paid; (ii) a claw-back mechanism on incentive fees carried forward; and (iii) 25% of any incentive fee paid must be used to buy shares in the fund to ensure management alignment.



VinaCapital

Vietnam's Most Diversified Investment Manager

Vietnam's Only Multi-disciplinary Investment Manager

\$3.9 BN

ASSETS UNDER
MANAGEMENT

20 YEARS

INVESTING
IN VIETNAM

200+

PROFESSIONALS, GLOBAL
EXPERIENCE
LOCAL EXPERTISE

MULTI-ASSET

EQUITY, FIXED INCOME,
PRIVATE EQUITY, VENTURE
CAPITAL,
REAL ESTATE, AND
CLEAN ENERGY &
INFRASTRUCTURE

As Vietnam's only multi-disciplinary investment manager, we are uniquely positioned to create value and share the opportunities and benefits of the country's growth across every asset class.

Awards and Performance Rankings



Best Fund House – Vietnam

in 2018, 2019, 2020, 2023



Best Equity Manager – Vietnam

in 2023



Pacific Basin
Economic Council



Most Responsible Investor

ESG Annual Awards 2022-23

For return in the period **2020 - 2022**



VESAF - Top **1** Equity Fund in Vietnam



VEOF - Top **2** Equity Fund in Vietnam



VFF - Top **1** Fixed Income Fund in Vietnam



VIBF - Top **1** Balanced Fund in Vietnam

Diverse Investment Products

VinaCapital is the most diversified asset manager in Vietnam with strong expertise in multiple asset classes. Our diversified platform provides us with an unparalleled business network to aid our clients and investee companies.

VVF (UCITS fund)
VAF (Cayman fund)
VOF (LSE listed close-ended fund)

Local mutual funds
(equity, fixed income, balanced)
ETF

Bespoke Mandates
(Segregated Accounts or
Sub-Advised Funds)

**Investment Linked
Insurance Products**
(ILPs)

Private Equity
(Co-Investment)

Venture Capital

Real Estate

Hospitality

Energy & Infrastructure







WARBURG PINCUS



Responsible Investing & ESG Integration

Responsible Investing is at the core of what we do

-  Screening and Research
-  Investment Decision
-  Stewardship
-  Exit

We support Climate Change, Environment and Sustainability initiatives



Collaborate



Corporate Social Responsibility



Since 2006, Empowering Our Community Through the VinaCapital Foundation

Find out more at: <https://vinacapitalfoundation.org>



OUR ACHIEVEMENTS

We touch the lives of thousands of Vietnamese every year.

Since 2006, VinaCapital Foundation has proudly transformed people's lives:



9,601

children receive free heart surgeries



296,959

children receive free health examination



412

pieces of emergency and neonatal care equipment donated



6,315,445

beneficiaries from healthcare capacity building



1,382

ethnic minority students receive scholarships



91

clean water systems installed



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Singapore

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