✓ VinaCapital

VinaCapital Vietnam Opportunity Fund (VOF)



Khanh Vu Portfolio Manager

VOF is a London listed FTSE250 investment fund, established in 2003, with the flexibility to invest in the best opportunities available in Vietnam, using the principles of private equity to generate superior risk-adjusted returns. The Fund focuses on sectors benefitting from Vietnam's rapidly growing domestic economy. LinkedIn Page

Performance Summary				
	USD	GBP		
NAV per share:	7.65	6.11		
Total NAV (mn):	1,097.1	876.3		
Share price:	5.86	4.68		
Market cap (mn):	840.1	671.1		
Premium/(discount)	-23 4%	-23 4%		

GBP/USD exchange rate as of 31 December 2024: 1.2519 GBP/USD exchange rate as of 30 November 2024: 1.2724 Source: Bloomberg

Cumulative Change (%, USD Total Return) ¹						
	1M	3M	FYTD	1YR	3YR	5YR
NAV per share	2.0	-3.5	4.0	10.2	-4.7	67.9
VOF share price	5.5	-6.3	-5.3	3.1	-9.5	49.2
VN Index	0.9	-4.8	2.7	8.8	-20.3	30.1
MSCI EM	-0.1	-7.9	0.3	8.0	-4.6	10.7
MSCI Vietnam	-0.7	-8.0	-3.3	-6.0	-44.1	-19.8

1. Inclusive of dividend distributions

Key Metrics ²		
	VOF NAV	VN Index
Annualized Total Return (%)	10.9	5.4
Annualized Standard Deviation (%)	18.1	25.2
Beta	0.67	1.00
Sharpe ratio	0.48	0.13
Price to Earnings Ratio 25F	11.1	10.3
Earnings per Share Growth 25F (%)	19.8%	13.5%

2. Based on monthly total return, USD terms in 5 years; Risk-free rate is the average 5-year G-bond yield

Portfolio Allocation by Sector³



3. Based on Global Industry Classification Standards (GICS)

Portfolio by asset class



Listed Equity (81.1%)

Private Equity (18.3%)Cash & Others (0.6%)

VOF NAV Performance



Monthly Report - December 2024

"With a good perspective on history, we can have a better understanding of the past and present, and thus a clear vision of the future." – Carlos Slim Helú, Mexican billionaire investor.

In December, VOF's NAV and share price increased 2.0% and 5.5%, respectively, while for the full calendar year, the NAV and share price increased 10.2% and 3.1%, respectively, in USD total return terms. Over a five-year basis, the NAV has delivered a cumulative return of 68% to investors. Equally important, we have seen the discount narrow from 26% in November to 23% by the end of December as the share price performance improved. During the calendar year, the fund spent approximately USD 76 million to run the share buyback programme, versus to USD 29 million spent in 2023.

Vietnam's economy in 2024 performed well, driven by strong exports which exceeded USD 405 billion, growing 14% year-over-year, and from tourism, which surged 40% versus 2023 to 17.6 million foreign arrivals. In 2025, we expect domestic factors to take center-stage, with increased domestic spending, infrastructure investments, and a rebounding real estate sector. VOF's sector allocation (discussed below) aligns with this outlook

Stock Market and Outlook for 2025

Whilst the VN-Index is not a benchmark for the fund, it serves as a useful comparison. In December, the index declined 0.9%, to close out the year at 1,267 points. Despite this, the index gained 8.8% gain in 2024 (USD total return), and over a five-year basis, has gained 30%.

Market valuations remain attractive, trading at 10.3x forward P/E, or one standard deviation below its 10-year average. This, combined with a projected 13-15% earnings growth for listed companies in 2025, is expected to drive renewed interest in the stock market.

In 2024, the local stock market was impacted by concerns over currency devaluation, and a general risk-off sentiment towards emerging markets, resulting in over USD 3.6 billion in net foreign outflows. However, in December, the rate of foreign outflows reduced to USD 110 million versus almost USD 470 million net outflows in November. We anticipate that net inflows from foreign investors will return to Vietnam's stock market as the timing to emerging market ascension becomes clearer in 2025 – 2026.

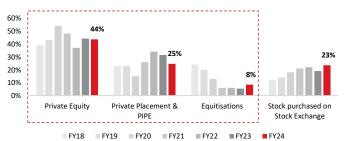
Retail, Real Estate, and Financials to lead the recovery in 2025

Consumer sentiment continues to improve, and we expect a full recovery to 8-9% retail sales growth next year, which will benefit the consumer sector. The real estate sector is showing signs of recovery in 2025, evidenced by strong demand for mid-tier dwellings and improving prices (USD 1,500-2,000/m²). Banks with exposure to the consumer and real estate sectors are set to benefit from this recovery, as discussed in our recently published banking sector report.

VOF's Core Sector and Portfolio Holdings

Our portfolio core allocation remains in Real Estate (20.8%), Financials (20.4%), Consumer Discretionary (12.9%), and Information Technology (12.6%). The top 10 holdings account for 73.6% of NAV, while the total portfolio consists of twenty-three companies, seven of which are privately held (18.3% of NAV).

NAV by Entry Method





VinaCapital Vietnam Opportunity Fund (VOF)

Top 10 Holdings 1-Month 12-Month No. Company Sector Market Cap (USD bn) % NAV Share price change Share price change **ACB Financials** 4.6 13.8% 2.4% 28.5% FPT Information Technology 8.9 12.6% 6.4% 85.0% 8.9% 3 KDH Real Estate 1.4 11.7% 26.5% ACV Industrials 10.9 7.4% 0.2% 90.8% 5 **HPG** Materials 6.8 7.2% -0.4% 4.9% Tam Tri Hospital 6 Healthcare Private Equity 4.5% **Privately Equity Privately Equity** 7 PNI Consumer Discretionary 1.3 4.3% 5.4% 16.2% VPR **Financials** 3.5% 0.3% 5.3% 9 IN Holdings Consumer Discretionary Private Equity 3.5% **Privately Equity Privately Equity** 10 Thu Cuc Hospital Healthcare **Private Equity** 3.4% **Privately Equity** Privately Equity

About Top 10 Holdings

Total

1. Asia Commercial Bank (HOSE: ACB)

Leading bank in Vietnam, focused on affluent retail and SME banking; first invested in 2020.

2. FPT Corporation (HOSE: FPT)

Vietnam's premier technology company focused on software outsourcing and broadband services; first invested in 2017.

3. Khang Dien House (HOSE: KDH)

Leading developer of landed properties in Ho Chi Minh City; first invested in 2008 before it was listed.

4. Airports Corporation of Vietnam (UPCoM: ACV)

Vietnam's largest airport operator with 22 airports nationwide; first invested in 2015.

5. Hoa Phat Group (HOSE: HPG)

Vietnam's largest steel producer; first invested in 2007 before it was listed.

6. Tam Tri Hospital Group (Private Equity)

One of the largest private healthcare service companies in Vietnam; first invested in 2018.

7. Phu Nhuan Jewelry (HOSE: PNJ)

Vietnam's leading jewelry company; first invested in 2007 before it was listed.

8. Vietnam Prosperity Bank (HOSE: VPB)

Leading bank for retail customers, providing banking, lending, brokerage, insurance services; first invested in 2020.

9. IN Holdings (Private Equity)

The largest premium segment conference and hospitality venue operator in Vietnam; first invested in 2020.

10. Thu Cuc Hospital (Private Equity)

Leading private hospital in Hanoi, specializing in outpatient and corporate medical services; first invested in 2020.

Macroeconomic Indicators

	2023	Dec-24	2024
GDP growth (%)	5.1	7.6 ¹	7.1
Inflation (%) ²	3.3	2.9	3.6
FDI commitments ³ (USD bn)	28.1	6.4	33.7
FDI disbursements (USD bn)	23.2	3.7	25.4
Imports (USD bn)	326.4	35.0	380.8
Exports (USD bn)	354.7	35.5	405.5
Trade surplus/(deficit) (USD bn)	28.3	0.5	24.8
Exchange rate (USD/VND) ⁴	24,265	25,485	25,485

Selected Portfolio Updates

71.9%

FPT Corporation (FPT) shares increased 6.4% (m-o-m) and 85.0% (y-o-y) and was the largest contributor to VOF's performance in 2024. FPT is the dominant player in Vietnam's IT space, and is expected to deliver strong earnings growth in 2025, driven by a significant expansion in its software outsourcing business. With a strong position in global IT spending and its strategic partnership with NVIDIA, FPT is well-placed to capitalise on the growth of AI.

Airports Corporation of Vietnam (ACV) shares increased 0.2% (m-o-m) and 90.8% (y-o-y), was the second-largest contributor to VOF's performance in 2024. ACV's net profit is projected to grow by 17% in 2025, driven by a 16% increase in international passenger numbers and a 10% rise in domestic passenger traffic. Construction continues in Long Thanh International Airport and Tan Son Nhat's T3 and will support ACV's growth.

Asia Commercial Bank (ACB) shares increased 2.4% (m-o-m) and 28.5% (y-o-y), ranking among the top three contributors to the fund's performance. Despite intense competition, the bank showcased positive results, achieving annual credit growth of 18.4%, surpassing the system-wide average of 15.1%, while maintaining strong asset quality.

Khang Dien House (KDH) shares increased 8.9% (m-o-m) and 26.5% (y-o-y) and was the fourth largest contributor to VOF's performance in 2024. The anticipated recovery in Vietnam's real estate sector is expected to create significant opportunities for KDH given its strong track-record.

VOF Webinar on 21 January 2025

Register for the VOF webinar on 21 January where Michael Kokalari, Alex Hambly and Khanh Vu will discuss the outlook for 2025. A recording will be available on the News and Insights section of the VinaCapital website.

Chief Economist's Insights – Looking Ahead at 2025



Michael Kokalari, CFA Chief Economist

The strong US economy supported Vietnam's GDP growth in 2024, but domestic factors will drive the economy in 2025 because Vietnam's economic prosperity is closely linked to the US and export growth to the US is set to slow next year. Vietnam's Government is planning policy measures that should mitigate the impact of that slowdown, but strong measures will be needed to achieve the Government's 2025 GDP growth targets.

Access to the full report <u>here</u>

Board of Directors		VinaCapital Investment Management Ltd	
VOF's Board of Directors is	composed entirely of independent non-executive directors.		
Member	Role	Member	Role
Huw Evans	Non-executive Chairman	Don Lam	Group CEO
Julian Healy	Non-executive Director	Brook Taylor	Group COO & Interim VOF Lead (Appointed 06 June 2024)
Kathryn Matthews	Non-executive Director	Alex Hambly	Group CIO (Appointed 01 August 2024)
Peter Hames	Non-executive Director	Khanh Vu	Portfolio Manager (VOF)
Hai Trinh	Non-executive Director	Dieu Phuong Nguyen	Deputy Managing Director (VOF)
Charlotta Ginman	Non-executive Director (Appointed January 2025)		
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 2028)	
Fund domicile		Guernsey	
Legal form		Exempted company limited by shares	
Investment manager		VinaCapital Investment Management Ltd, with sub-delegation to VinaCapital Fund Management JSC, an entity regulated by the State Securities Commission of Vietnam	
Structure		Single class of ordinary shares trading on the Main Market of the London Stock Exchange plc	
Auditor		Ernst & Young	
Custodian		Standard Chartered Bank Vietnam	
Secretary and Administrate	or	Aztec Financial Services (Guernsey) L	imited
Registrar and Transfer Age	ncy	Computershare Investor Services	
Joint Corporate Brokers		Deutsche Numis, Barclays Bank PLC	
Management and incentive fee		A tiered management fee structure effective as of July 1, 2023, with the following annual rates applied to net assets: 1.30% of net assets, levied on the first USD 1,000 million of net assets 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 10% of any increase in NAV above an 10% 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 an incentive fee paid to buy VOF shares via open market purchases, subject to a minimum holding period of 5 years	
		Medium to long-term returns through investments either 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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