



VinaCapital Vietnam Opportunity Fund

(LSE: VOF.LN)

Emerging And Frontier Markets In The Trump 2.0 Era

18 March 2025

Three Topics Today

1) Understanding the MAGA Agenda

2) Why Trump Won't Target Vietnam

(But Much of EM is Vulnerable)

3) Vietnam Investment Landscape in 2025

Understanding Trump & MAGA

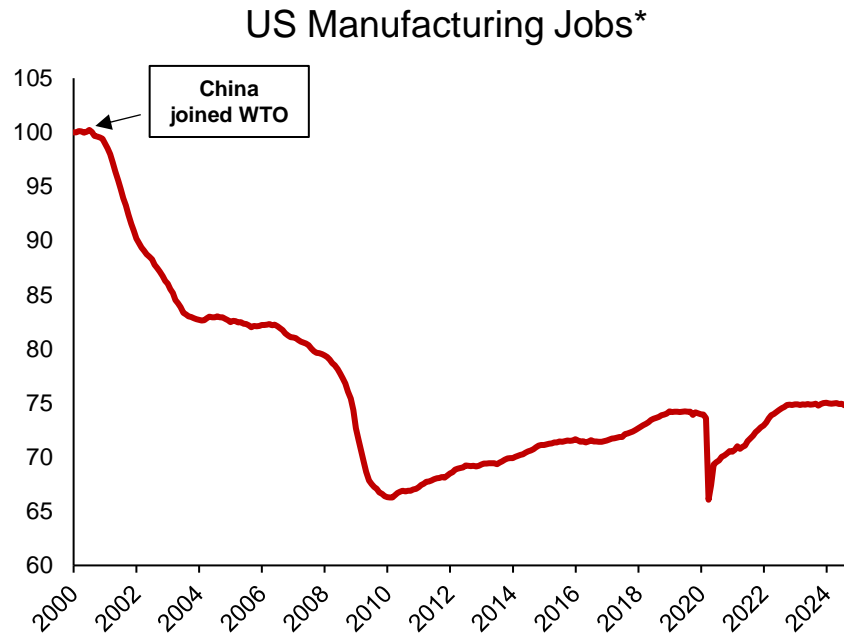
- Trump = P.T. Barnum



- MAGA's Main Concern: De-Industrialization
- The Overvalued USD: Cui Bono ?
- The MAGA Agenda \equiv The “New Washington Consensus”

**Nothing is as Powerful as an
Idea Whose Time Has Come**

De-Industrialization Accelerated, Post China-WTO



* Relative to Year 2000 (Base 100)

Since China Joined the WTO

- ▶ US Mfg Jobs -25%
- ▶ US GDP +193%

The US Dollar “Dutch Disease”



The economic mind of JD Vance

**The Overvalued USD Contributes to the US
“Hollowed Out Industrial Base”**

Introducing “The New Washington Consensus”

The Atlantic

The New Washington Consensus

FOREIGN AFFAIRS

How to Grapple With
“the New Washington Consensus”

**LOWY
INSTITUTE**

**A new
Washington
Consensus?**

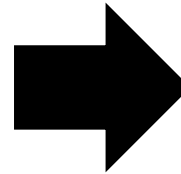
BROOKINGS

**Reactions to National
Security Advisor Jake
Sullivan’s Brookings
speech**

The New Washington Consensus (cont.)

The Washington Consensus

- ✓ Free Trade
- ✓ Neo-Liberal Economics



The New Washington Consensus

- ✓ Tariffs
- ✓ Re-Shore US Manufacturing Jobs
- ✓ Friendshoring

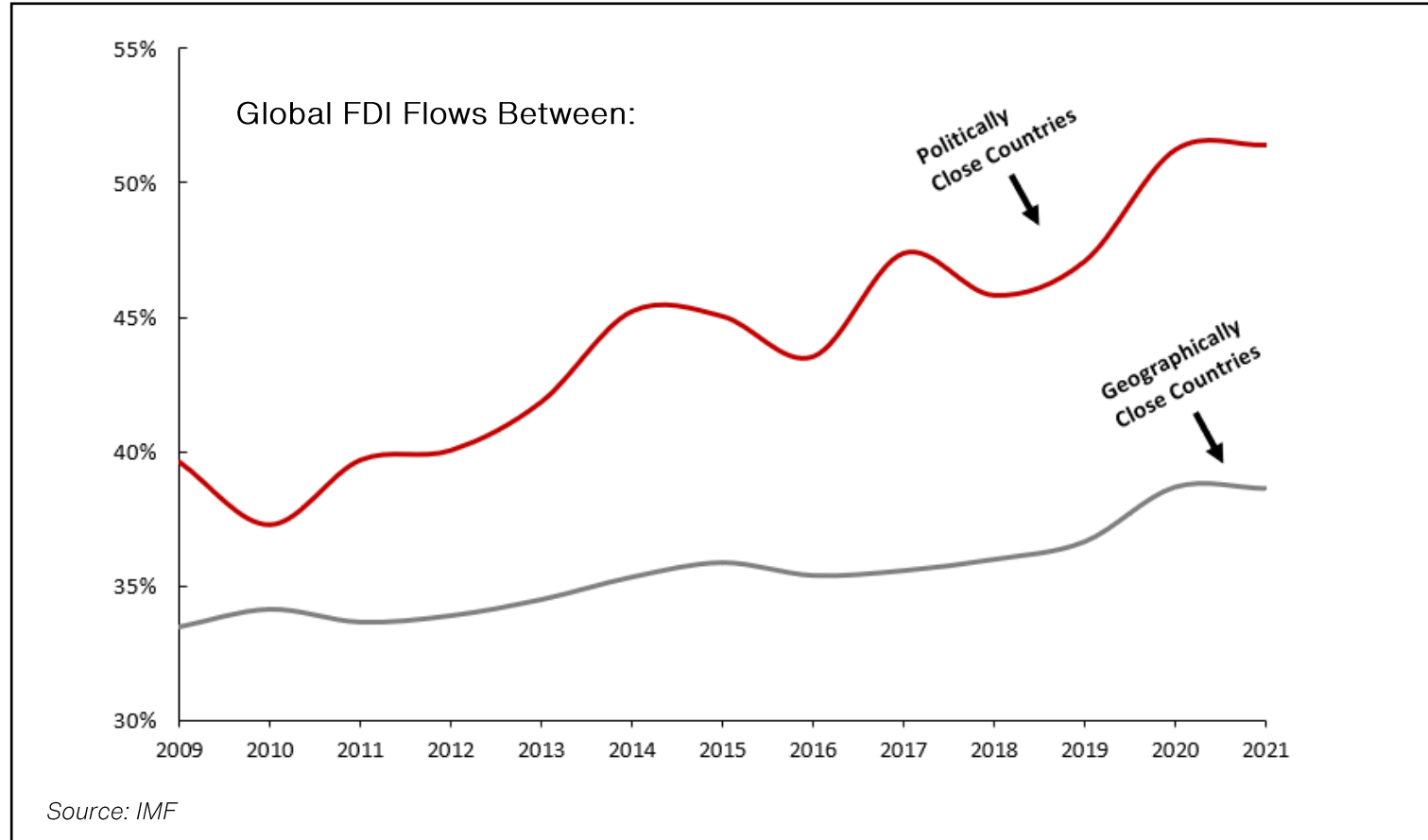
But...Re-Shoring is Not Realistic

- US Factory Wages are ~10x Vietnam's
- Not Enough Skilled US Workers
- Only Very High-End Jobs Will be Re-Shored
- Initial Re-Shoring Results Not Promising

**The
Economist**

**The TSMC is having more luck building
in Japan than in America**

No Re-Shoring, Consequence #1: Friend-Shoring !



No Re-Shoring, Consequence #2



**Meeting in Mar-a-Lago: Is a new
currency deal plausible?**

March 13, 2025

Tariffs Are a Negotiation Tool



- ✓ Prompt a “Plaza Accord 2.0”
- ✓ Protect Some US Industries

Michael Kokalari, CFA
Chief Economist

Our Summary of: “A User’s Guide to Restructuring the Global Trading System”

Donald Trump wants to re-shore manufacturing jobs to the US and has been very vocal about his intention to use tariffs as a way to achieve that objective. Stephen Miran’s “A User’s Guide to Restructuring the Global Trading System” offers a summary of the economic tools available for the Trump administration to “put American industry on fairer ground vis-à-vis the rest of the world,” according to the author.

Which Countries are Safe From Tariffs?

- **Useful to the US:**

 - 1) National Security

 - 2) Help “Wean” US Economy Off China

- **Reliable Raw Materials Suppliers**

- **Friendshoring Countries**

Much of EM Has “Pivoted Away” From US to China

MODERN DIPLOMACY
ALL VIEWS | ALL VOICES

**Why (and How) Indonesia
must Reduce its Economic
Dependence on China**

Trump & Vietnam: From Irrational Pessimism to Reality



THE MEDIA

Trump = Bigger Hit
To Vietnam Than COVID !



THE REALITY

The US Needs Vietnam

The Media

FT FINANCIAL
TIMES

**Why Vietnam risks ending up a big loser
from Donald Trump's tariffs**

THE WALL STREET JOURNAL

**Vietnam Won Big in Donald Trump's First
Trade War. Now, It's a Target.**

NIKKEIAsia

A rough four years await Vietnam

The New York Times

**Trump's Tariffs Helped Northern Vietnam
Boom Like Never Before. What Now?**

The Reality

Product	% Imported to US
Footwear	99%
Bicycles	99%
Consumer Electronics	95%
Garments	95%
Sporting Equipment	90%
Batteries	90%
Kitchen Tableware	90%
Camping Equipment	90%
Small Vehicles	90%
Toys	85%
Stationery	85%

Not Possible to Re-Shore "Made in Vietnam" Products !

Top 3 Reasons Trump Won't Target Vietnam

- 1) It's Against US Economic Interest
- 2) It's Not in US National Security Interest
- 3) It's Against Trump's Family Interest

National Security: Thucydides Trap



South China Morning Post

China's hi-tech progress reshaping global politics as US and allies seek to build 'balancing coalition'

National Security: Chinese Influence in Mexico



How China is setting up shop in Mexico



Solving the China Challenge in Mexico



China's Growing Influence in Latin America



China's Investments in Mexico Amidst U.S.-China Trade Conflicts

All Published Within the Last 6 Months

National Security: “Reverse Opium War”



To tackle China-enabled drug cartels in Mexico, Trump will need military authorization

March 3, 2025

The logo for The Guardian, featuring the text "The Guardian" in white on a dark blue rectangular background.

Three-year report reveals vast scale of money laundering in British Columbia

Trump's Own Personal/Family's Economic Interest

THE | DIPLOMAT

**Will a New Golf Course Near Hanoi
Cement Trump-Vietnam Relations?**

But Wait...There's More !

- 4) VN Proactively Engaging with Trump/US**
- 5) All Americans View VN Favourably (Unlike EU)**
- 6) Tariffs are a Negotiation Strategy**

More Reasons Trump Won't Target Vietnam (cont.)

Bloomberg

Vietnam Vows to Buy More US Aircraft, LNG in New Tariff Era

- Vietnam PM Chinh says country needs to remain close to US
- Its economy faces uncertainties from potential Trump tariffs

November 27, 2024

Bloomberg

Vietnam Sends Trade Minister to US To Navigate Tariff Risk

March 5, 2025

The New York Times

Indifference or Hostility? Trump's View of European Allies Raises Alarm

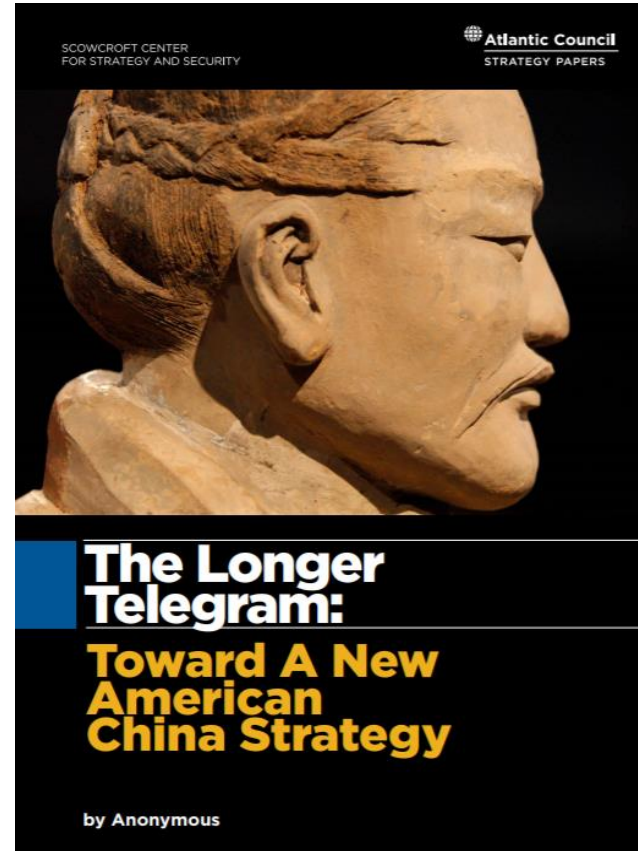
February 27, 2025

BUSINESS INSIDER

The Art of the Tariff: Trump's latest threat is right out of his negotiating playbook

Important ! Watch: Think Tanks / Universities / Markets

**Reminder
January 2021**



Harvard University: Minimal China Exports to US, Via VN

Working Paper 24-072

Exports in Disguise?: Trade Rerouting during the US-China Trade War

Ebehi Iyoha
Edmund Malesky
Jaya Wen
Sung-Ju Wu
Bo Feng



Harvard
Business
School

7.2 Firm-Level Rerouting

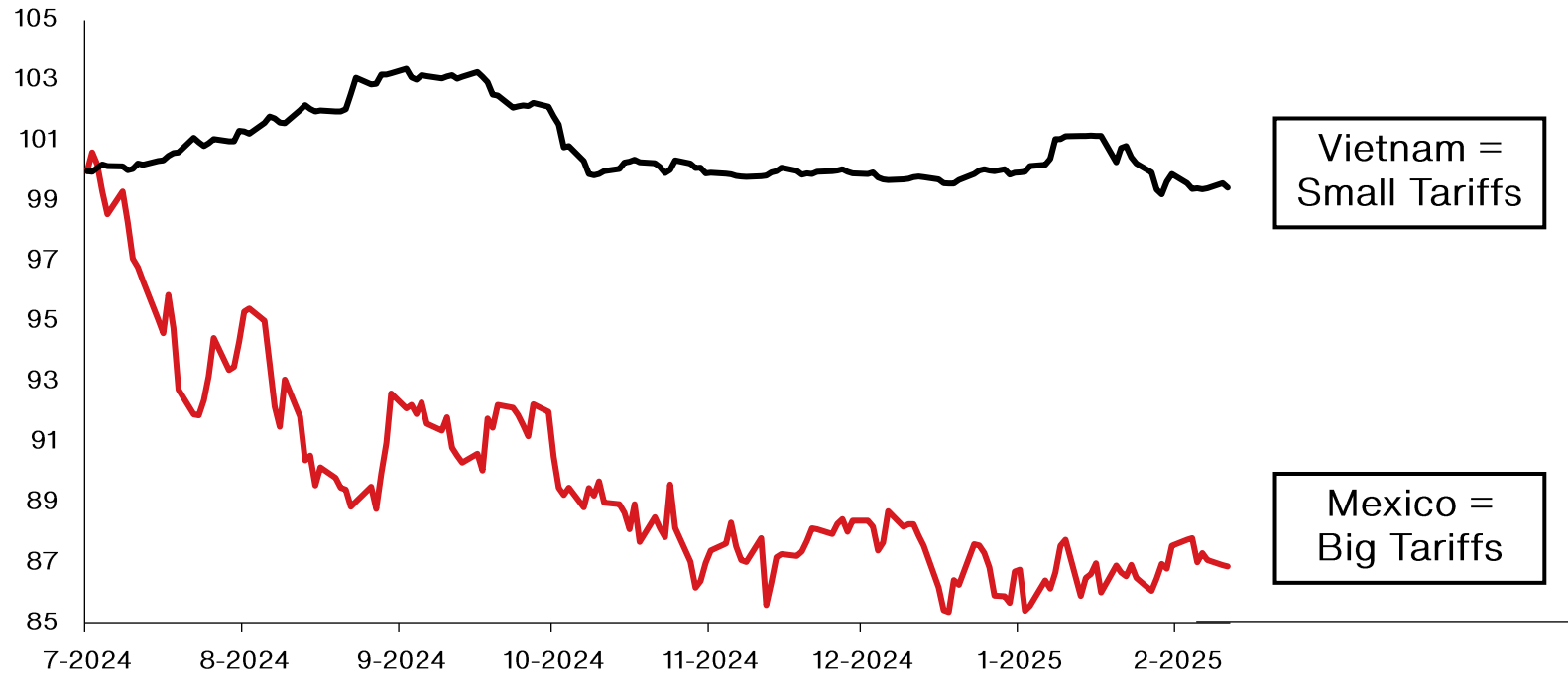
Next, we present the response of firm-level rerouting to the trade war tariffs. Figure 10 displays estimates of β_j from Equation 3.¹¹ We find a strong and sustained increase in product-level rerouting starting four quarters after a tariff announcement, suggesting that firms take some time to set up rerouting behavior. The peak of the response, which is almost twice as large as the initial increase, takes place 13-15 months after implementation, suggesting that rerouting is persistent. We also note a potential pre-trend in the months before the announcement. Later, we perform robustness checks to ensure that the pre-period trends do not drive the main results.

We estimate the average post-treatment coefficient using Equation 4 and report the results in Column (2) of Appendix Table A2. The coefficient of interest is 0.018 with $p < 0.01$. Again, we evaluate this coefficient given the average tariff increase on Chinese exports, 12.48, and find that firm-level rerouting increased by $0.018 \times 12.48 = 0.22$ percentage points. This treatment effect represents a 15.7% increase in firm-level rerouting since 2018.

Overall, these results support several conclusions. First, the trade war tariffs did increase rerouting through Vietnam. Second, the rerouting response was persistent for four years after tariff implementation. Third, the response depends strongly on the aggregation at which rerouting is defined, and finer measures yield smaller tariff responses.

Less Than 2% VN Exports to US are Chinese Re-Exports

FX Rates Predict Small Tariffs on VN



Value of VND & MXN Since July 14th 2024

Impact from 10% Tariffs on Vietnam*

- **Direct Hit to VN Dong: ~6 % Depreciation**

(Based on NBER Research)

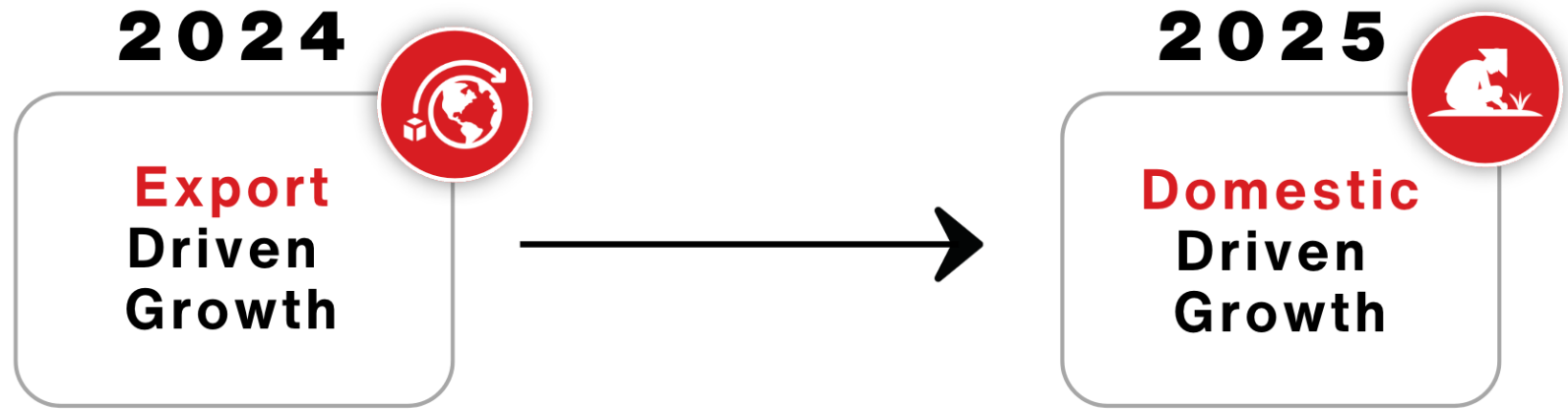
- **Direct Hit to VN GDP Growth, Estimates:**

- 1.2 % pts	StanChart	(ICIO/TiVA Approach)	} Assumes Trade Diversion !
- 1.0 % pts	Goldman's	(BPM6 Approach)	
- 0.6 % pts	VinaCapital	(BLS Elasticity Approach)	

*** The Trump Administration's "Reciprocal Tariff"**

Approach implies ~5–6% Tariffs

Vietnam's Economy in 2025



More Investment Opportunities

Vietnam's Exports & Manufacturing: 2020 – 2025 (recap)

The Bullwhip Effect



Vietnam's Exports to the US

2020	+26%	COVID / Stay at Home Goods
2021	+25%	COVID / Stay at Home Goods
2022	+14%	Retailers Over-Ordered...So Deliveries Kept Coming
2023	-11%	Retailers' Inventories Surged +20% in 2022
2024	+23%	Destocking Finished & Laptop Upgrades
2025F	+7%	We Expect Normalized Export Growth

Domestic Growth in 2025 – Offset to Slower Export Grw

Real Estate



Architects Overwhelmed with Work

Consumers



Confidence Picking Up, From:
50% in Jan-24, to 70% in Dec-24

Infrastructure



Government Targets +38%
Spending, to 7%/GDP in 2025

Government



Very Ambitious Targets for
GDP & Structural Reforms

Anecdotal Evidence is Everywhere !

Our Forecasts for 2025

	2023	2024	2025F
Reported GDP	5.1%	7.1%	7.1%
Real Retail Sales	7.1%	5.9%	8.0%
Manufacturing	3.6%	9.8%	7.0%
Construction	7.1%	7.9%	15.0%
Exports	-4.6%	14.0%	9.0%

VinaCapital Vietnam Opportunity Fund

£847M

ASSETS UNDER
MANAGEMENT

+12.4%

5YR ANNUALIZED
NAV RETURN

+87.1%

5YR CUMULATIVE
SHARE PRICE RETURN

-26.2%

DISCOUNT TO NAV
28 FEB 2025

**Flexible to invest in the best opportunities
available across public and private markets,
using the principles of private equity**

Consistently Returning Capital to Investors Since 2011

£64M

SHARE BUYBACK
LAST 12 MONTHS

9% NAV

SHARE BUYBACK
LAST 12 MONTHS

£17M

DIVIDENDS PAID
CY2024

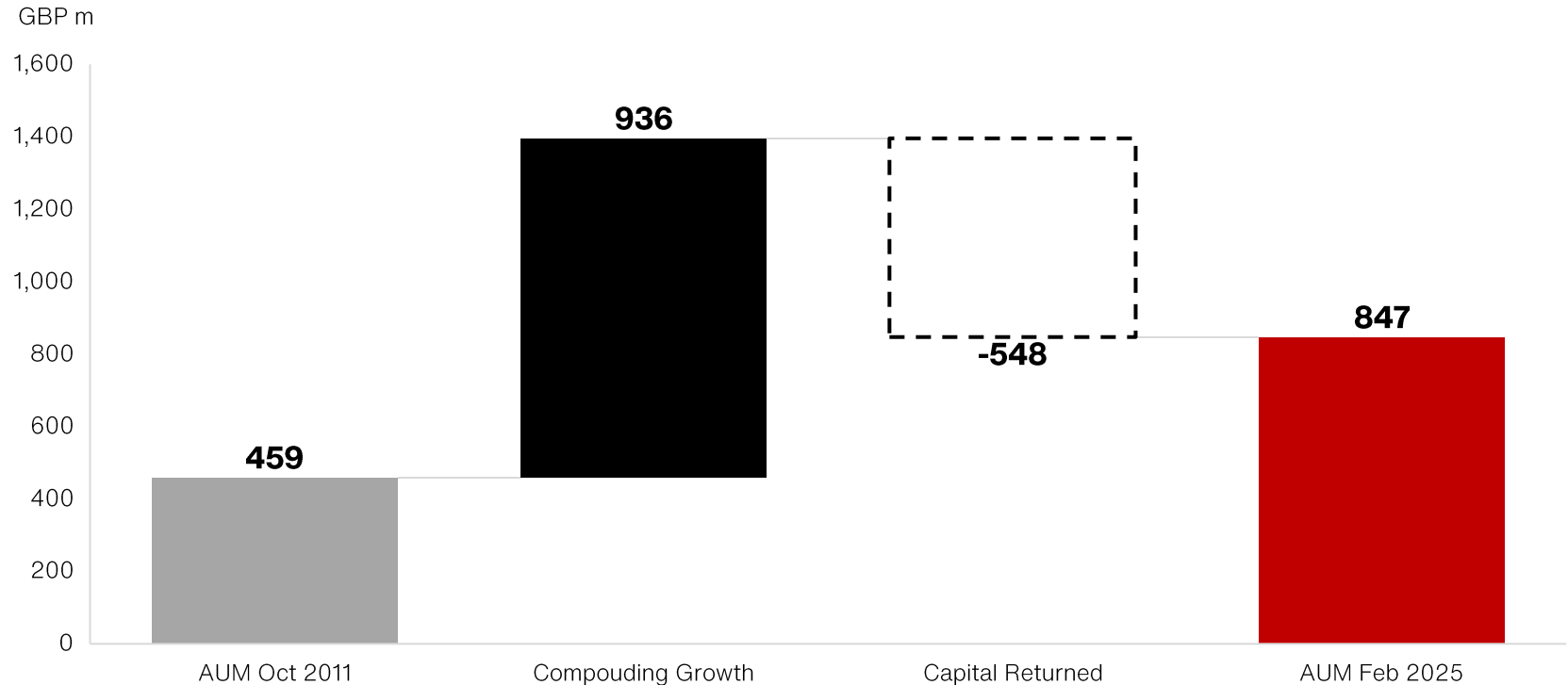
£548M

TOTAL CAPITAL
RETURNED SINCE
INCEPTION

**A commitment to return capital
through share buybacks and dividends
to narrow the discount as a priority**



Long-term Focus Investing in Leading Companies across Public and Private Markets to Deliver Growth



Focus on Sectors Benefiting Vietnam's Growing Economy



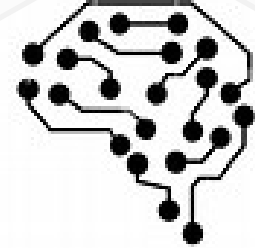
Financials



Real Estate



Consumer



**Industrials and
Technology**

**Identifying the leaders or potential
leaders of the future by being long-term,
active investors**

VOF Top 10 Investment Holdings as of 31 Dec 2024

No.	Company	Sector	Market Cap (USD bn)	% NAV	12M Stock price change	Direct Tariff Impact
1	Asia Commercial Bank	Financials	4.6	13.8%	28.5%	No
2	FPT Corporation	IT	8.9	12.6%	85.0%	No
3	Khang Dien Homes	Real Estate	1.4	11.7%	26.5%	No
4	Airports Corp. Vietnam	Industrials	10.9	7.4%	90.8%	No
5	Hoa Phat Group	Materials	6.8	7.2%	4.9%	Immaterial
6	Tam Tri Medical	Healthcare	Private Equity	4.5%	Private Equity	No
7	Phu Nhuan Jewelry	Consumer	1.3	4.3%	16.2%	No
8	VP Bank	Financials	6.4	3.5%	5.3%	No
9	IN Holdings	Consumer	Private Equity	3.5%	Private Equity	No
10	Thu Cuc International Hosp.	Healthcare	Private Equity	3.4%	Private Equity	No
Total				71.9%		
15	An Cuong Woodworking	Materials	0.3	2.8%	-8.6%	Immaterial

Revenue Mix Exposed To Potential US Tariffs

Hoa Phat | HOSE: HPG, Mkt Cap: \$7.1bn, NAV: 7.9%



An Cuong | HOSE: ACG, Mkt Cap: \$230mn, NAV: 2.6%



90% of Portfolio Unaffected by Potential Impact of US Tariffs

Limited Impact

No Impact



>5% NAV

<5% NAV



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Ho Chi Minh City | Hanoi | Singapore

17th Floor, Sun Wah Tower
115 Nguyen Hue, District 1, HCMC,
Vietnam

Email: ir@vinacapital.com

www.vinacapital.com