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 VinaCapital Vietnam Opportunity Fund (LSE: VOF)
 

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**Objective** To provide investors with access to investment opportunities in Vietnam focusing on private and public equities and other equity-related opportunities that can generate risk-adjusted returns well above market potential in the medium to longer term.

**Benefits to investors**

1. **Liquidity:** VOF is the most liquid and actively traded Vietnam-focused investment trust and a FTSE 250 public company. Investors can choose to enter/exit at any time on the London Stock Exchange’s main market. Further, the average daily trading volume of VOF provides most investors with ample opportunities to invest/divest within a reasonable timeframe.
2. **Income:** VOF is the only Vietnam focused fund that consistently pays a dividend to shareholders. Additionally, VOF engages in an active share buyback program to manage the discount of the share price to NAV.

**Investment philosophy** We take a **private equity approach and mindset to investing** in Vietnam. Specifically, this means we pursue investments not generally available to the market, which include seeking preferred investment terms, downside protection, due diligence rights and active participation at the board and/or managerial level. We focus primarily on taking significant minority stakes in investee companies and partner with current management to grow the business to the next level.

**Investment process & risk management** VinaCapital’s investment process benefits from being uniquely positioned and having: (1) an experienced international, yet local team; (2) scalable operations; and (3) a leading financial brand.

VinaCapital is able to successfully source and evaluate investments and manage the VOF portfolio through: (1) strong fundamental and quantitative analyses, coupled with non-consensus market assessment and confirmation; (2) our vast network and access to businesses, consultants, and government officials; and (3) trusted management teams that can build and execute sound business plans.

**ESG Review**

We conduct our own ESG review and retain external ESG consultants to do due diligence on private equity opportunities. We often find weaknesses and are excited to pursue opportunities where the Sponsor is motivated to make concrete improvements in accordance with international ESG standards.

We strive to add value in each of our investments, with a focus on human resources and product development, capital structure and corporate governance improvements.

**Sell Discipline**

VOF’s returns are directly affected by its exits; therefore, it is important that we have a clear plan for exiting each of VOF’s investments. These exits are commonly via the sales of shares on the stock exchange or to a strategic acquirer; however, we also seek to have a put option to the Sponsor in case the common path cannot be taken. We usually target a meaningful stake in the company which allows us to exit the investment at a premium, typically to international buyers with access to lower cost of capital.

**Return target** We aim to deliver a minimum return (IRR) of 15% in VND terms for each investment over a 3 to 5-year time horizon. As the macro and micro risks differ for each investment, we adjust the targeted return accordingly, while seeking downside protection. Once the investee company lists on a stock exchange, we will consider its earnings potential in the coming years against earnings of other opportunities and adjust the VOF portfolio accordingly.

**Sector review** We review the macro and micro risks for each sector quarterly against the cumulative earnings (EPS) growth potential over the next 3 years of each company in the sector and adjust VOF's targeted sector exposure accordingly.

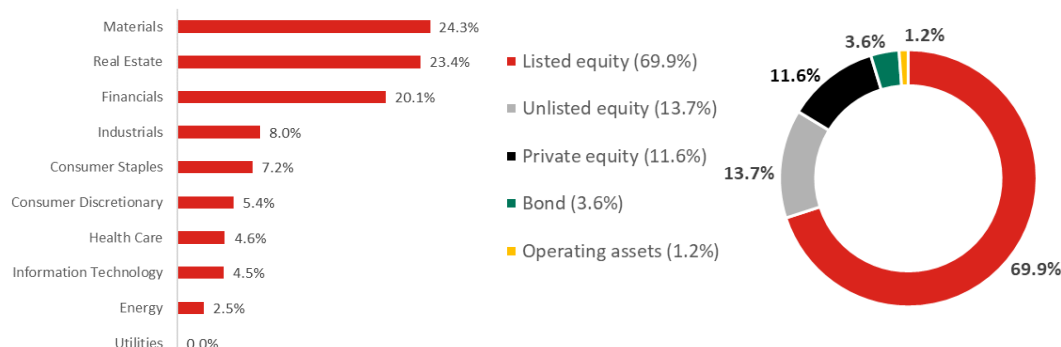
Potential returns typically include: (1) earnings growth; and (2) P/E multiple expansion (or contraction) over time. While P/E multiple expansion is a result of net capital inflows, we typically and conservatively assume no multiple expansion when evaluating sector potential.

We assess various types of risks that may impact our sector view including Currency, Inflation, Political, Interest Rate, Commodity, Counterparty, Regulatory, Corporate Governance, and Volatility Risk.

Performance (as of 31 August 2021)	Period – TR\$* (%)	1 year	2 years	3 years
	<b>VOF NAV</b>	52.1%	64.8%	53.4%
	<b>VOF Public Equities</b>	80.5%	78.3%	60.8%
	<b>VN Index</b>	55.9%	42.4%	44.7%

\* TR\$ is the total return per share in USD terms, on a rolling basis.

**Portfolio by  
Asset Class and  
Sector (as of 31  
August 2021)\***



\*Excluding Cash and Others

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