

Performance Summary 31 May 2024

	USD	GBP
NAV per share:	7.58	5.96
Change (month-on-month):	4.6%	2.8%
Total NAV (million):	1,157.8	909.5
Share price:	6.11	4.80
Market cap (million):	933.0	732.9
Premium/(discount):	-19.4%	-19.4%

GBP/USD exchange rate as of 31 May 2024: 1.2730
 GBP/USD exchange rate as of 30 April 2024: 1.2507
 Source: Bloomberg

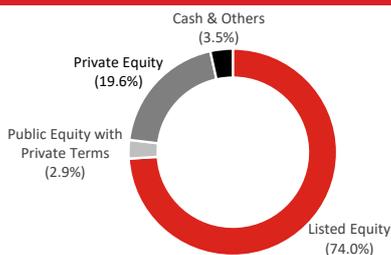
Cumulative Change (% change, USD, total returns)¹

	1M	3M	FYTD	CYTD	1YR	3YR	5YR
NAV per share	4.6	2.1	10.1	8.1	19.1	3.6	65.6
Share price	2.7	6.3	14.7	6.2	15.9	0.9	59.1
VN Index	4.3	-1.9	6.2	7.2	10.4	-9.7	31.4
MSCI Emerging Market	0.6	3.6	8.6	3.5	12.8	-16.7	21.1
MSCI Vietnam	3.6	-4.5	-1.6	0.4	4.0	-36.2	-15.9

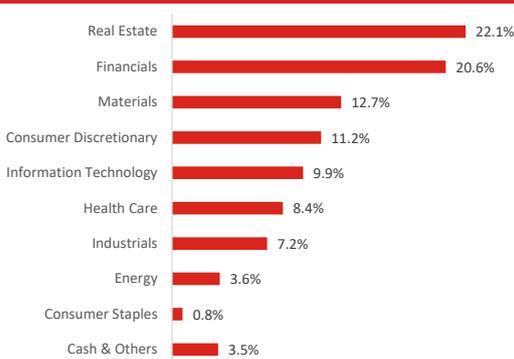
VOF Key Metrics²

	VOF NAV	VN Index
Annualized Total Return (3YR)	10.6	5.6
Annualized Standard Deviation (3YR)	17.9	25.1
Beta	0.65	1.00
Sharpe Ratio	0.46	0.14

Portfolio by Asset Class³



Portfolio Allocation by Sector⁴



Top 10 Listed Equity Holdings

Investee company	% of NAV	Sector
Asia Commercial Bank (ACB)	13.5%	Financials
Khang Dien House (KDH)	10.4%	Real Estate
FPT Corporation (FPT)	9.9%	Information Technology
Hoa Phat Group (HPG)	9.0%	Materials
Airports Corporation of Vietnam (ACV)	6.7%	Industrials
Phu Nhuan Jewelry (PNJ)	3.9%	Consumer Discretionary
Vietnam Prosperity Bank (VPB)	3.9%	Financials
Orient Commercial Bank (OCB)	3.2%	Financials
Vinhomes (VHM)	2.9%	Real Estate
Dat Xanh Services (DXS)	2.8%	Real Estate
Total	66.2%	

1. Inclusive of dividend distributions
 2. Based on monthly total return, USD terms in 3 years; Risk-free rate is the 5-year G-bond yield
 3. Refer to Portfolio by Asset Class reclassification note in the Fund Summary
 4. Based on Global Industry Classification Standards (GICS)

“The real test for visitors (and even long-time residents) is crossing the street... The frenzy of Vietnam’s traffic is a good metaphor for investing in the country. Investors have to be somewhat brave – it is a developing market, after all – and have patience.” – Crossing the Street, Andy Ho (1971 – 2024)

In Memoriam

On 6 June, Andy Ho, Lead Portfolio Manager of the fund since 2007 and Chief Investment Officer of VinaCapital, sadly passed away from a stroke. Andy leaves an incredible legacy in terms of his impact on the business and investment environment within Vietnam, which stretched over 20 years. His wit, wisdom, and wealth of knowledge that he was always eager to generously share with business leaders, entrepreneurs, and aspiring investors will be sorely missed. We pay our deepest condolences and respect to his family and friends. No words will ever be adequate to express what an incredible legacy that he has left with his team and our close VinaCapital family. It is only appropriate that we will continue to move forward, to execute on the strategy and principles of investing that he has left to his long-serving team. We all can still hear the echoes of him barking from the hallways, “focus, and get on with it!”

Succession

As mentioned in the [RNS](#) released to the market on Thursday, 6 June, a well-conceived succession plan was activated by VinaCapital. Brook Taylor, VinaCapital’s CEO of Asset Management, has stepped in as the interim lead for the fund. Two long-serving deputies of the fund, Khanh Vu and Dieu Phuong Nguyen, continue their roles as co-lead managers of the fund, positions that they have been performing for the past six years under Andy’s leadership. Don Lam, VinaCapital’s CEO and Founding Partner who co-launched the fund more than 20 years ago, has also stepped in to support the team during this period. Brook has been intimately involved with VOF over the past 17 years, participating in all Executive Investment Committee meetings alongside Don, attending all VOF Board meetings, as well as providing supervision and advice as the head of the firm’s Risk Management Committee. We are confident that the deep bench of leadership and experience that Andy nurtured within the VOF team over the years is capable of continuing to execute on the fund’s strategy, processes, investments, and portfolio management, and we will update the market over the coming months on this progress.

Domestic investors continue to dominate market volume and trading

The Vietnam Index staged a moderate recovery in May after April’s losses, with the benchmark up 4.3% month-on-month in total returns terms (\$TR). Year-to-date to the end of May, the index is up 7.2% (\$TR), outperforming both the MSCI Frontier (6.1% YTD) and MSCI Vietnam (0.4% YTD) indices. While the market traded in a narrow range for most of May, by the close of the month and into June, we saw the market eager to break through and remain above the 1,300-point level, which it has attempted to do several times in recent years.

Domestic retail investors dominated market liquidity in May, making up over 83% of trading and supporting small and mid-cap stocks, which gained 9.8% and 8.7% (\$TR) respectively, outperforming the broader market. Average daily trading value (ADTV) for the month remained at near all-time highs, at USD 985 million, 33% higher than at the end of 2023.

With the market dominated by domestic retail investors, positive sentiment is expected to boost trading volumes and support overall market performance. Meanwhile, foreign investors’ net sales hit a record high, rising from USD212 million in April to USD747 million in May, possibly driven by concerns over the domestic currency devaluation, as well as the liquidation of iShare Frontier and Select EM ETF.

Vietnam’s earnings growth and valuations remain attractive

Nevertheless, Vietnam’s stock market remains attractively valued for investors confident in its long-term growth potential. Current market valuations are appealing, with the forward P/E ratio of 11.5x for 2024, which is about 20% lower than regional peers and one-standard deviation below the market’s historical average. Based on our in-house Research team’s analysis, the market’s earnings growth for 2024 and 2025 is expected to rebound from an earnings contraction in 2023 to 15-20% average growth annually for the next two years. Given the market’s attractive valuation and strong earnings growth outlook, it is trading at a PEG (price/earnings-to-growth) ratio of less than 1x, which indicates the market’s attractive value.

Measures taken to cool domestic gold prices and gold buying should help stabilise the currency

Recently, Vietnam’s local investors have eagerly joined the global bull market for gold, causing the price premium on Vietnam’s wholly state-owned Saigon Jewelry Company (SJC) gold bars to widen to over 20%. This increase prompted informal gold imports, which may have drained USD from the country as smuggling activities require US Dollars and would have exacerbated the local currency’s devaluation to 4-5% year-to-date. To stabilize the gold market and reduce the price premium, the State Bank of Vietnam (SBV) intervened in early June with several solutions, including selling gold bars through the four state-owned banks and SJC to increase gold inventory in the domestic market. Consequently, Vietnam’s gold price premium has dropped from 20% to 7% in recent weeks. Keeping the premium below 10% is expected to reduce USD demand for gold imports and alleviate pressure on the VN Dong.

Vietnam’s deft “bamboo diplomacy” continues to benefit economic growth

Vietnam’s economic growth outlook remains unchanged. The IMF expects Vietnam’s GDP growth to return to approximately 6.0% for the year to reach USD470 billion, which will see the country maintain its position as the fifth-largest economy in Southeast Asia and implying a rapidly rising level of GDP per capita for its 100 million population. Overall, the macroeconomic performance year-to-date and the outlook for the remainder of the year appear robust as we discuss in greater detail in the macroeconomic commentary below.

The US remains Vietnam’s largest trading partner (circa 28% of Vietnam’s exports) and is currently reviewing a reclassification to “market economy” status. This follows closely on the heels of the upgrade of diplomatic ties to a comprehensive strategic partnership last September. If granted, Vietnam could see reduced anti-dumping duties on US exports and enhanced attractiveness for US investments, boosting exports and benefiting the entire economy.

VOF portfolio continues to perform well

VOF’s NAV increased by 4.6% month-over-month (\$TR), and the share price increased by 2.7% over the same period (\$TR), driven by gains in Industrials (7.2% NAV), Materials (12.7% NAV), and Information Technology (9.9% NAV). On a financial year-to-date basis, over the eleven months, VOF’s NAV has increased 10.1%, outperforming the VN Index’s 6.2% increase (\$TR) over the same period, and led by gains in Information Technology (9.9% NAV), Industrials (7.2% NAV), and Financials (20.6% NAV).

Portfolio company highlights:

- FPT Corporation (HOSE: FPT, 9.9% NAV, +56% YTD) reported strong first four-month results in 2024, with revenue and net profit up by 29% and 20% y-o-y, driven by a 29% increase in global IT services sales. For FY2024, FPT is targeting revenues to increase by 18% y-o-y (to USD2.5 billion) and a profit before tax increase of 18% y-o-y (to USD435 million), driven by continued strong growth in software outsourcing of 40% y-o-y across global markets. We remain confident in FPT’s growth trajectory, supported by its expanding global IT presence and strategic focus on markets including Japan, the US, Asia Pacific, and Europe, where increasing demand for IT services continues to be robust. FPT trades on a one-year forward P/E ratio of 22.5x, which is at a typical valuation range versus regional peers.
- Airports Corporation of Vietnam (UPCoM: ACV, 6.7% NAV, +57% YTD) reported strong results for the first quarter of 2024, with revenue and net profit up by 19% y-o-y. ACV has benefited from the recovery of international passenger traffic to Vietnam, now exceeding pre-COVID levels, particularly with Chinese tourist arrivals which surpassed 80%

of pre-COVID levels in May. Long-term growth prospects are driven by the continued growth of foreign tourism, increasing domestic travel, and ACV's near-monopoly position in managing 21 out of 22 airports nationwide. Our research team forecast ACV's full-year 2024 NPATMI will grow by 57% y-o-y and an average of 21% annually from 2024 to 2026. Additionally, work is progressing rapidly at Long Thanh International Airport, which is set to open by the end of 2026 and will significantly expand the capacity of air travel to the Ho Chi Minh City metropolitan area.

- Phu Nhuan Jewelry (HOSE: PNJ, 3.9% NAV, +13% YTD) reported that revenues for the first four months of 2024 increased 33% y-o-y (to USD648 million), driven by retail sales and an 80% y-o-y surge in gold bar sales. Management have provided guidance that FY2024 revenues will increase 15% y-o-y (to USD1.5 billion), and NPAT will increase 6% y-o-y (to USD85 million). Note that the sale of gold bars is typically a lower margin business segment for PNJ compared to the sale of jewelry; given the surge in gold bar sales in recent months, the company's overall gross margins slightly declined to 17%, representing a 2.1% decline y-o-y.

Divestment and investment activities:

- By the end of May, we successfully completed the full divestment of Kido Group (HOSE: KDC), which was initially entered through a privately negotiated investment in a public company. KDC has been a long-standing investment partner of the fund over the past 20 years, and the team has profitably worked alongside the sponsor/founder and his team through several investment opportunities. With the proceeds, the team are actively seeking new investment opportunities in the consumer staples sector and look forward to updating the market in the coming months on the progress of our investment activities.

Ongoing meetings with investors in the UK and US

In late June and mid-July, the Investment Manager will meet with investors in the UK and the US. Should investors wish to schedule a meeting, please feel free to reach out to our [distribution team](#).

As a reminder, please email us to indicate your interest in attending the VinaCapital Annual Investor Conference 2024, which will be held in-person in Ho Chi Minh City from Monday, 7 October through Wednesday, 9 October 2024. Details and the agenda will be shared by our Business Development team over the coming weeks, and we welcome you to Vietnam during this period.

As some of you may be aware, Andy Ho's book, "Crossing the Street: How to Make a Success of Investing in Vietnam" was initially published in 2021 and can be found [here](#). The book recounts some of Andy's adventures in investing in Vietnam and, importantly, shares many of the lessons he learned. Andy's proceeds from the sale of this book are donated to the [VinaCapital Foundation](#), which since 2006 has provided health and education solutions for vulnerable Vietnamese women and children through a variety of programs to those who are disadvantaged and underserved in Vietnam.

Macroeconomic Commentary

Vietnam's export growth has significantly outpaced the growth of the country's manufacturing output throughout 2024, prompting us to note that factories will need to accelerate production to keep up with the growing demand for "Made in Vietnam" products. This observation is fundamental to our forecast that Vietnam's GDP growth will accelerate from 5.1% in 2023 to 6-6.5% in 2024.

Manufacturing output growth accelerated from 6.3% y-o-y in 4M24 to 7.3% in 5M24 (versus -2.5% in 5M23), but even with that acceleration, Vietnam's manufacturing output growth continued to lag far behind the 15% export growth (to USD156.8b) in 5M24. Consequently, inventories of finished products in Vietnam's factories continued to drop in May and FDI companies are ramping up purchases of production inputs to scale up production according to Vietnam's latest manufacturing PMI survey.

Most production inputs are imported, so Vietnam's import growth surged from 9% y-o-y in March to 19% y-o-y in April and 30% in May, shrinking the country's trade balance from a USD2.8b surplus in March to a USD1.1b surplus in April before turning to a USD1b trade deficit in May. In 5M24, imports grew 18% y-o-y (to USD148.8b) versus the 15% export growth mentioned above. According to the General Statistics Office, Vietnam's trade surplus shrank from USD10.2b in 5M23 to USD8b in 5M24.

May's trade deficit was the first in two years. That deficit, coupled with profit repatriation by FDI companies, helps explain why the USD-VND exchange rate depreciated 0.5% in May (and 4.9% YTD). That depreciation occurred despite the fact that the US Dollar/DXY Index fell 1.5% last month and the State Bank of Vietnam sold USD3.5b of its FX reserves to the country's commercial banks in May (and USD3.9b YTD) to defend the value of the VN Dong.

All of that said, we would like to reiterate that Vietnam's export recovery is driving the country's overall economic recovery this year. New export orders continued to grow in May, accelerating from April. Nevertheless, the manufacturing PMI was unchanged at 50.3 in May due to certain technical factors (the employment sub-index of the manufacturing PMI plunged during the month because factories could not hire and retain enough workers).

The ongoing export recovery has helped drive up the share prices of leading logistics companies and industrial park developers by about 50% y-o-y, which we discussed in this [report](#). Logistics company share prices soared along with cargo volumes; air cargo volumes were up about 40% y-o-y in Q1, driven by computer and electronics exports. Industrial park company share prices surged along with newly approved FDI investments, which were up more than 50% y-o-y in 5M24; disbursed FDI inflows grew by 8% y-o-y to USD8.3b in 5M24.

In contrast to all of the positive points above, consumption growth slowed slightly in May. The growth of real retail sales (i.e., excluding the impact of inflation) dipped from 5.3% y-o-y in 4M24 to 5.2% in 5M24 despite the ongoing recovery of Chinese tourist arrivals to over 80% of pre-COVID levels in May. Note that overall tourist arrivals surpassed pre-COVID levels in 5M24.

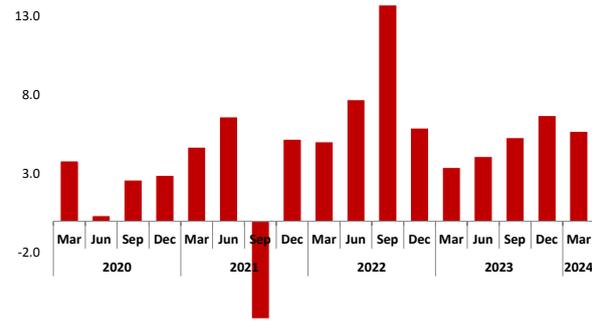
Finally, CPI inflation remained at 4.4% y-o-y in May despite a circa 5% month-on-month drop in retail petrol prices; this was partly because of the "low base effect" stemming from the fact that inflation in Vietnam bottomed out at just 2% y-o-y in mid-2023.

Macroeconomic Indicators

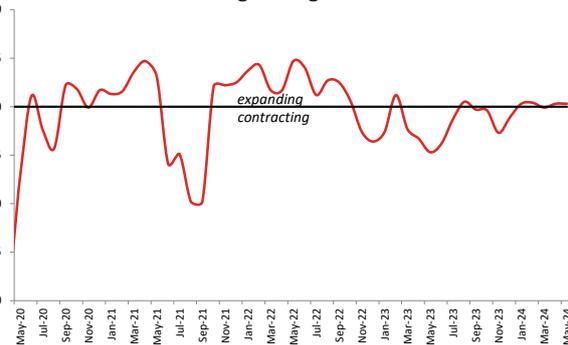
	2023	May-24	YTD	YOY ¹
GDP growth (%)	5.1			
Inflation ² (%)	3.3	4.4	4.0	
FDI commitments (USDbn)	28.1	1.7	10.0	32.9%
FDI disbursements (USDbn)	23.2	2.0	8.3	7.8%
Imports (USDbn)	326.4	33.8	148.8	18.2%
Exports (USDbn)	354.7	32.8	156.8	15.2%
Trade surplus/(deficit) (USDbn)	28.3	(1.0)	8.0	
Exchange rate (USD/VND) ³	24,265	25,450		

Sources: GSO, Vietnam Customs, MPI, Bloomberg | 1. FDI and trade data is YTD y-o-y; GDP growth data is latest quarter y-o-y | 2. Monthly y-o-y change; year-to-date is monthly average change in CPI per GSO | 3. BBG-USD/VND Spot Exchange rate

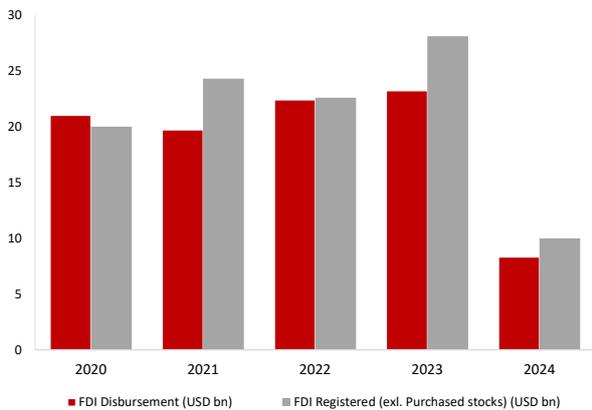
Quarterly GDP growth (%)



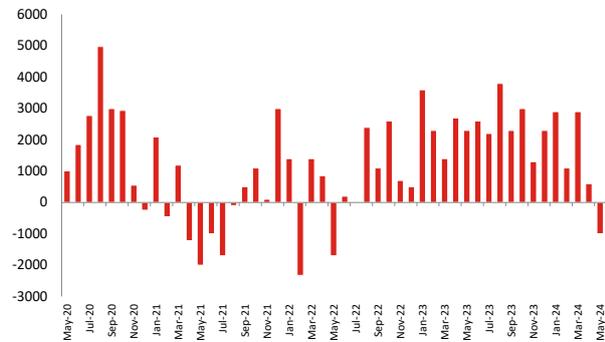
Purchasing Managers' Index



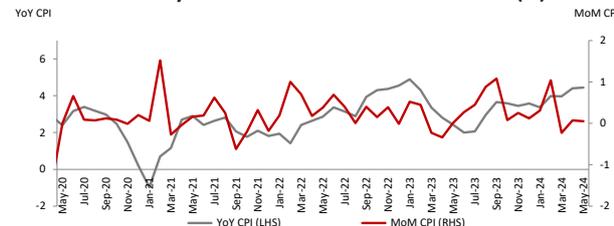
Registered & disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDmn)



Year-on-year and month-on-month inflation (%)



Source: GSO, Vietnam Customs, Bloomberg

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 Lead (from 06 June 2024)
Kathryn Matthews	Non-executive Director	Andy Ho	Group CIO & Managing Director (until 06 June 2024)
Peter Harnes	Non-executive Director	Khanh Vu	Deputy Managing Director
Hai Trinh	Non-executive Director	Dieu Phuong Nguyen	Deputy Managing Director
Fund information			
LEI	2138007UD8FBBVAX9469		
ISIN	GG00BYXVT888		
Bloomberg	VOF LN		
Reuters	VOFL		
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	PricewaterhouseCoopers (Guernsey)		
Custodian	Standard Chartered Bank Vietnam		
Secretary and Administrator	Aztec Financial Services (Guernsey) Limited		
Registrar and Transfer Agency	Computershare Investor Services		
Joint Corporate Brokers	Deutsche Numis, Barclays Bank PLC		
Management and incentive fee (effective from 01 July 2023)	<p>A tiered management fee structure has been introduced, with the following annual rates applied to net assets:</p> <ul style="list-style-type: none"> - 1.30% of net assets, levied on the first USD1,000 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 <p>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 any incentive fee paid to buy VOF shares via open market purchases, subject to a minimum holding period of 5 years.</p>		
Investment objective	Medium to long-term returns through investments either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam		
Investment objective by geography	Investments will be 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		
Reclassification of Portfolio by Asset Class	<p>To better reflect VOF's investment strategy and highlight the negotiated terms of investments for several of our investments in the portfolio, we have reclassified the portfolio by asset class into the following buckets to help investors better understand the nature of our investments and terms:</p> <ol style="list-style-type: none"> Listed Equities: Investments in Companies listed on the Ho Chi Minh City Stock Exchange (HOSE), Hanoi Stock Exchange (HNX), the Unlisted Public Company Markets (UPCoM), or trade Over-The-Counter (OTC), where there is tradability, liquidity and a marked-to-market price available. Some of these holdings will have downside protections, for example a Put Option and/or minority protections such as a Drag Along right. For the most part however, investments in Listed Equities no longer have privately negotiated terms, or that these privately negotiated terms of investment have expired, aside from what is permitted under the relevant Securities Law. Public Equity with Private Terms: Investments in publicly listed companies that await the redemption of proceeds as the Manager has exercised their downside protections such as Put Options. These investments have unique terms of investment, such as downside protections and profit commitments, that are not readily available to general market participants. Private Equity: Illiquid investments in private companies with terms of investments including downside protections and profit commitments, as well as Operating Assets that generate an ongoing yield. 		

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