

A nighttime aerial view of a city, likely Hanoi, Vietnam, with numerous illuminated skyscrapers and buildings. The city lights are reflected in a body of water on the right side of the image. The sky is a deep blue, and the overall scene is vibrant with city lights.

VinaCapital Vietnam Opportunity Fund

LSE: VOF.LN

Frostrow Investment Companies Seminar

May 2023



VinaCapital

Vietnam's Most Diversified Investment Manager

VinaCapital

Our mission: To enable our investors to prosper by capitalising on Vietnam's rich opportunities.

\$3.4 BN
ASSETS UNDER
MANAGEMENT

20 YRS
INVESTING
IN VIETNAM

200+
PROFESSIONALS, GLOBAL
EXPERIENCE
LOCAL EXPERTISE

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

VinaCapital: Partner Of Choice For Global Alternative Investors

Real Estate / Hospitality



WARBURG PINCUS

Energy Infrastructure







Venture Capital



NAVER

Responsible Investing & ESG Integration

Responsible Investing is at the core of what we do

-  Screening and Research
-  Investment Decision
-  Stewardship
-  Exit

Collaborate



We support Climate Change, Environment and Sustainability initiatives



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

The slide features decorative geometric shapes in the top-left and bottom-right corners. The top-left corner consists of a red triangle pointing downwards and a grey triangle pointing upwards, overlapping each other. The bottom-right corner consists of a grey triangle pointing upwards.

Why Vietnam?

Invest in one of the world's most dynamic and potentially most rewarding markets

Vietnam's Growth Drivers – Unchanged by Covid-19



Strong GDP growth with stable macro backdrop

Rising manufacturing hub with strong FDI inflows

Strong exports thanks to several Free Trade Agreements

Government's commitment to infrastructure development

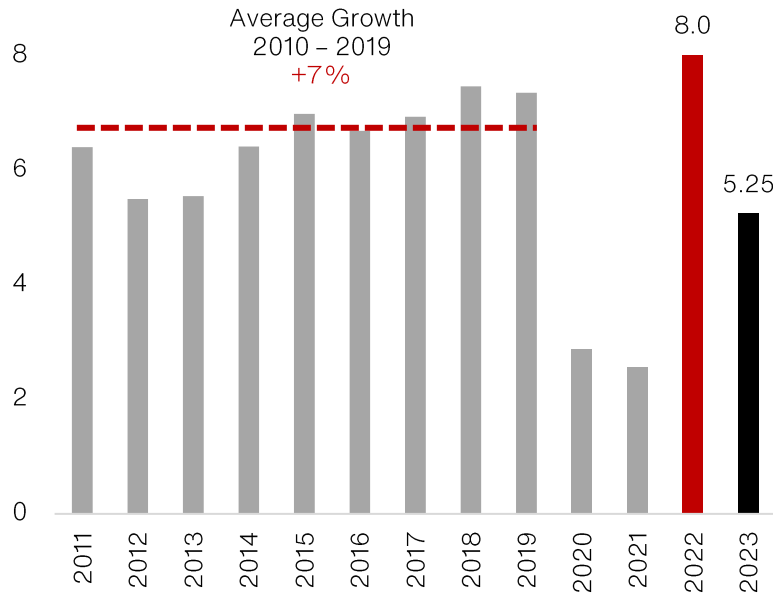
Rapid urbanization and a robust real estate market

Emerging middle class driving domestic consumption

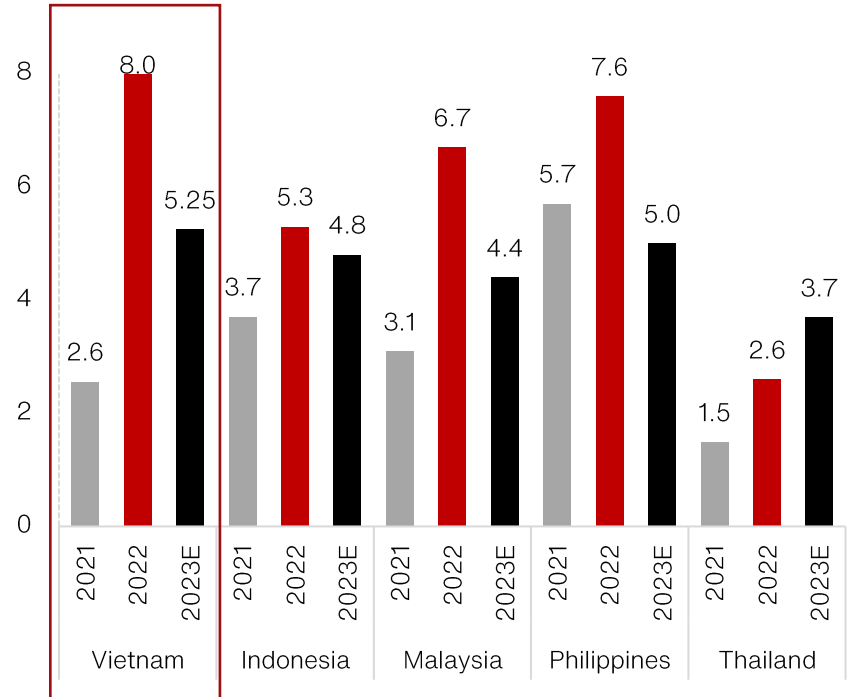
High literacy rate (97%) and high Human Capital Index

One of the World's Fastest Growing Economies

Strong GDP YoY Growth (%)



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



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

Updated 2023 Forecasts: GDP revised to 5.25%

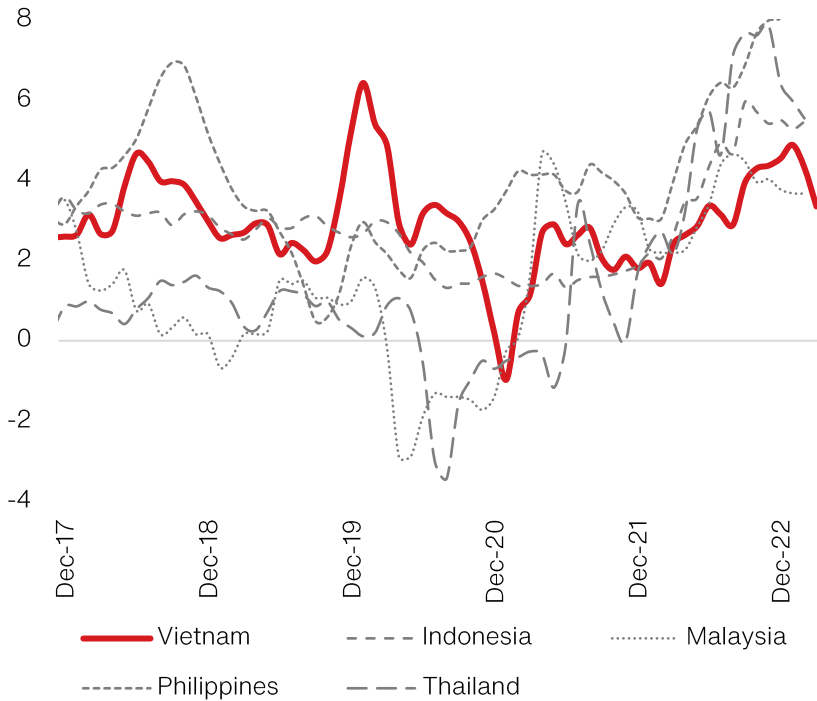
Vietnam's GDP Growth: 8.0% in 2022, 5.25% in 2023F

	2022	1Q23 (yoy)	2023F	Pre-COVID Average*
GDP	+8.0%	+3.3%	+5.25%	+7.0%
Retail Sales	+15.6%	+10.3%	+9.0%	+9.0%
Manufacturing	+8.1%	-0.4%	-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	

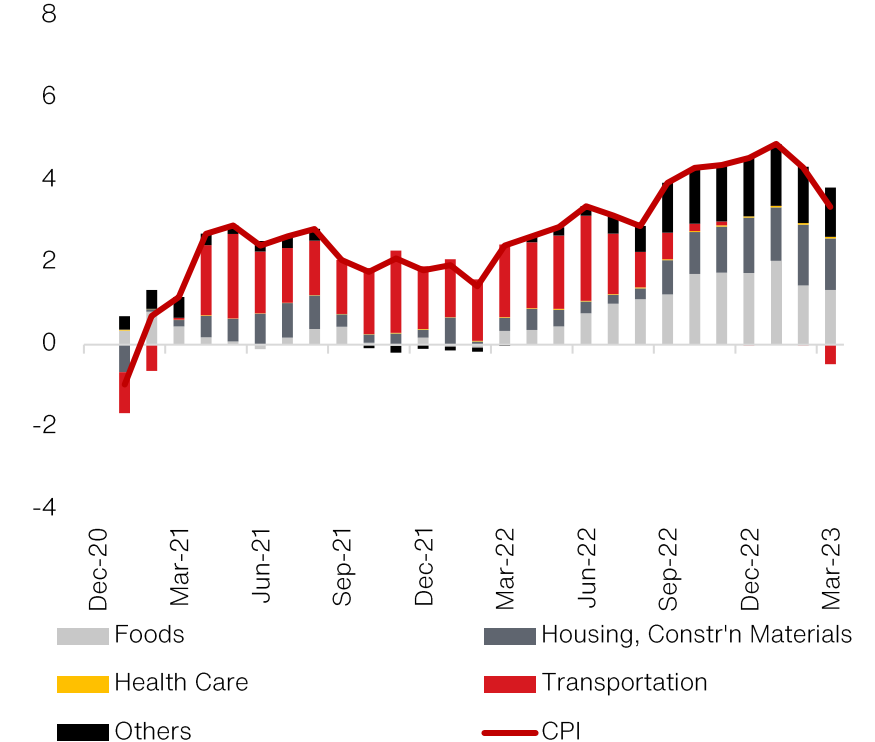
*Average Over 2015 - 2019

Stable Macro Environment Supporting Stable Prices

Manageable Inflation – ASEAN CPI (y-o-y, %)

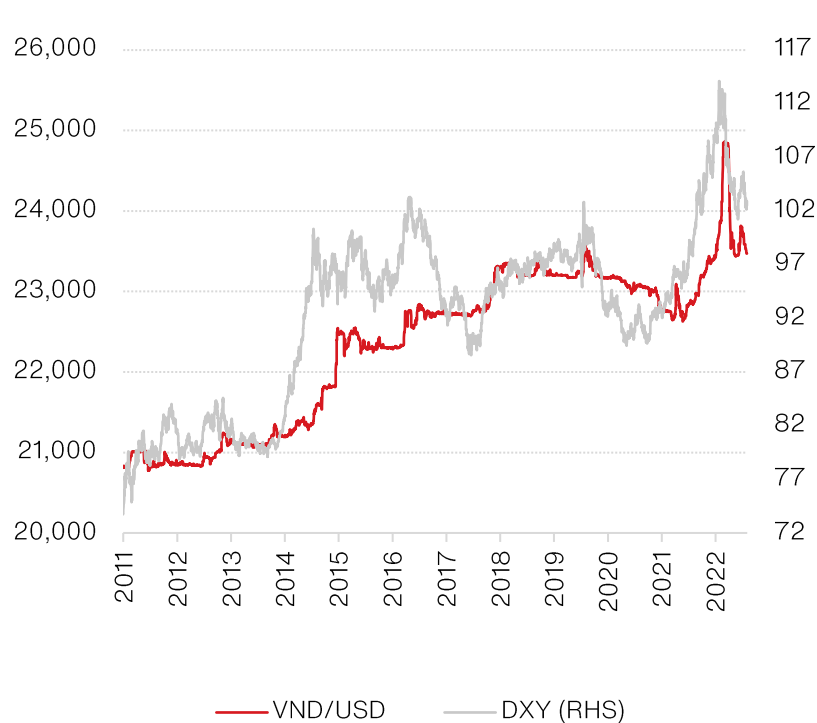


Vietnam Key CPI Categories (m-o-m, %)

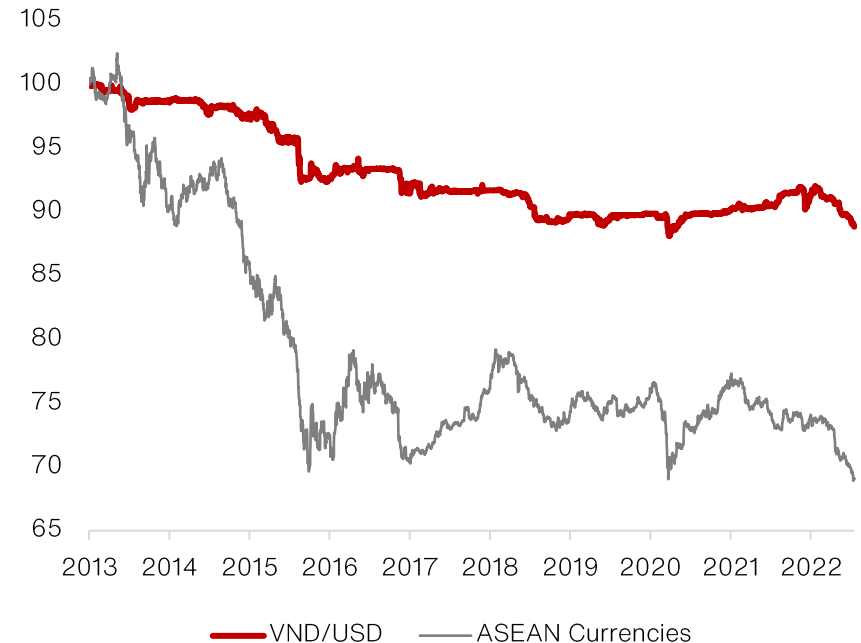


Stable Currency with Potential for Short-term Appreciation

VND Exchange Rate (LHS) vs DXY Index (RHS)

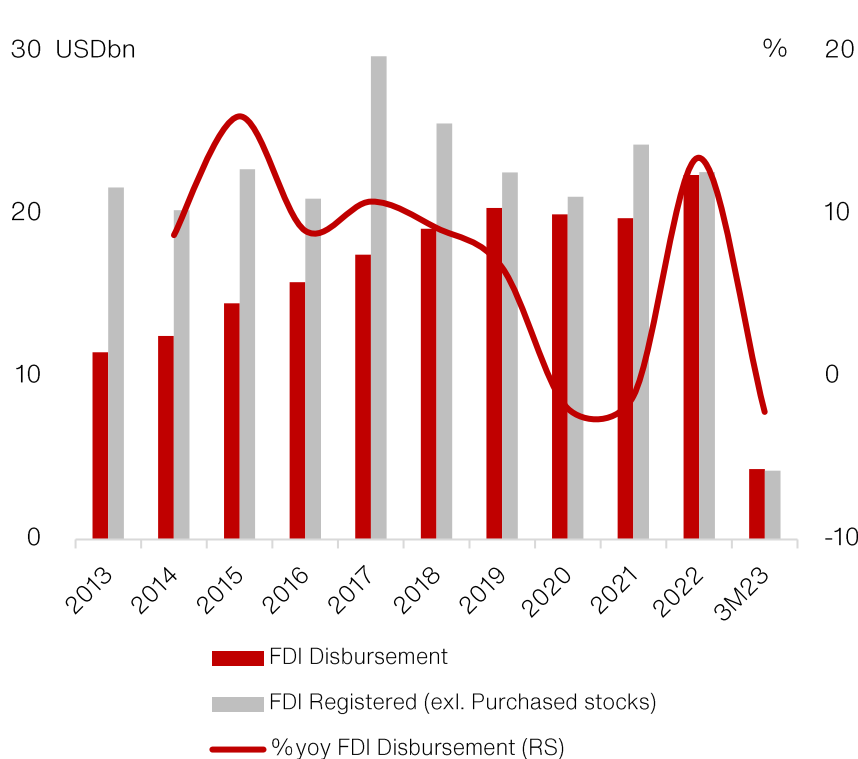


Stable Currency (VND) with Potential Short-term Appreciation

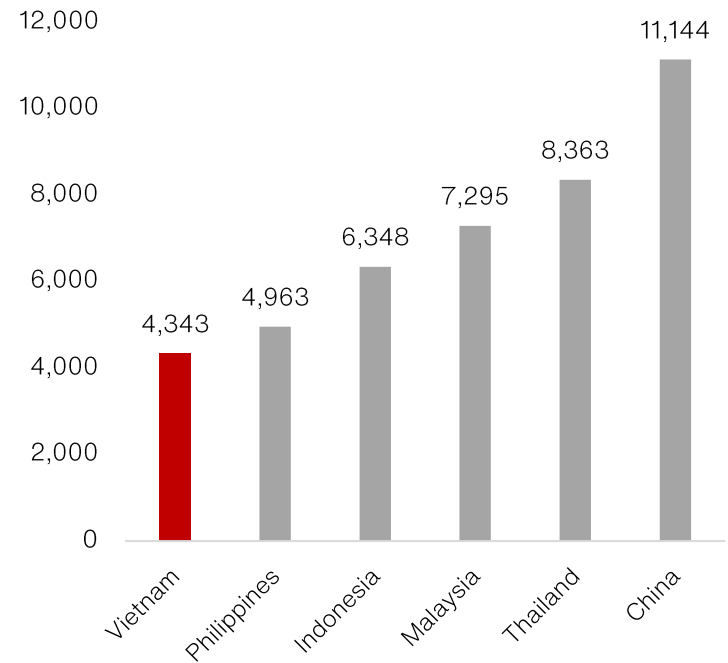


Strong FDI Inflows Attracted to Skilled, Low-cost Labour

Registered & Disbursed FDI by Year (USD bn)



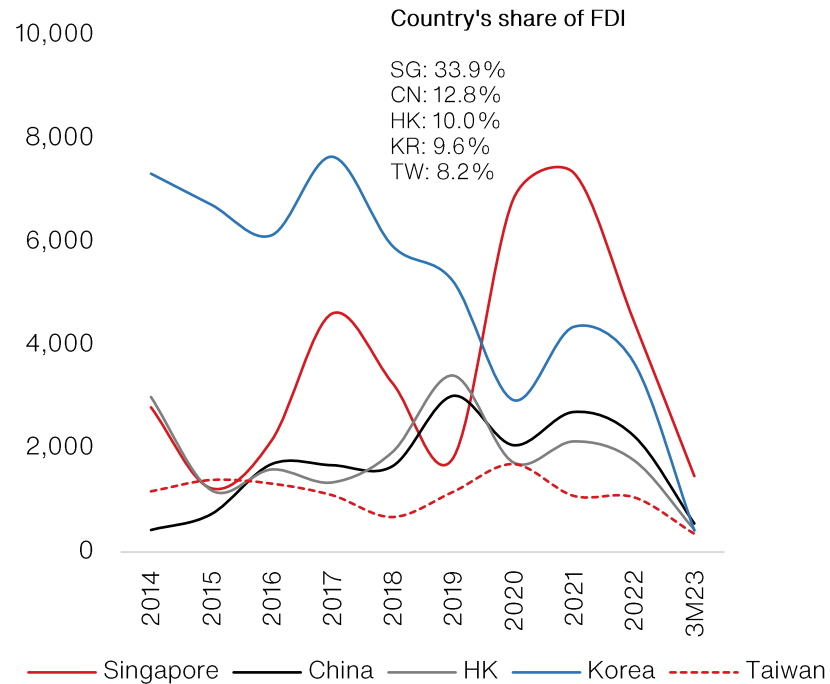
Annual Salary of Manufacturing Workers in 2021 (USD)



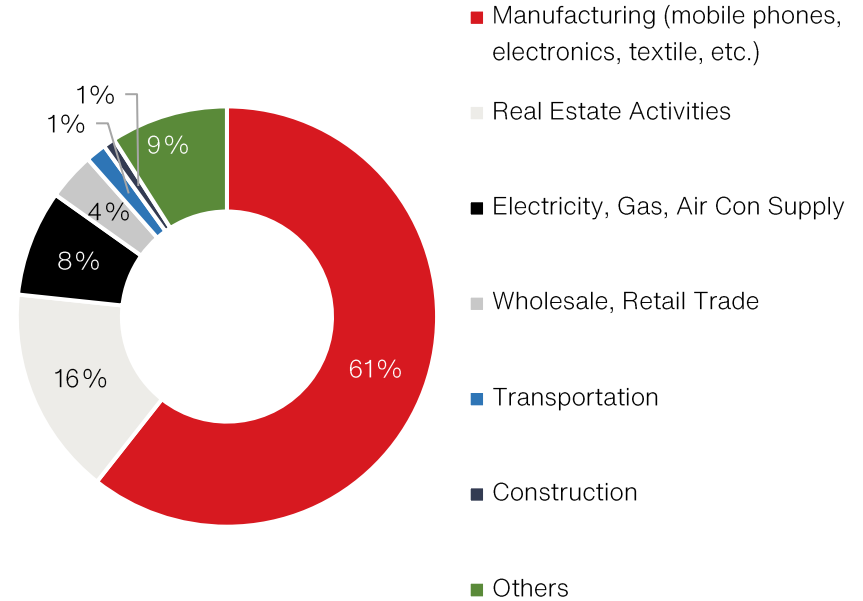
Sources: MPI, General Statistics Office, JETRO, VinaCapital research & analysis

Rising Manufacturing Hub with Strong FDI Inflows

Vietnam's Top FDI Countries (USD bn)



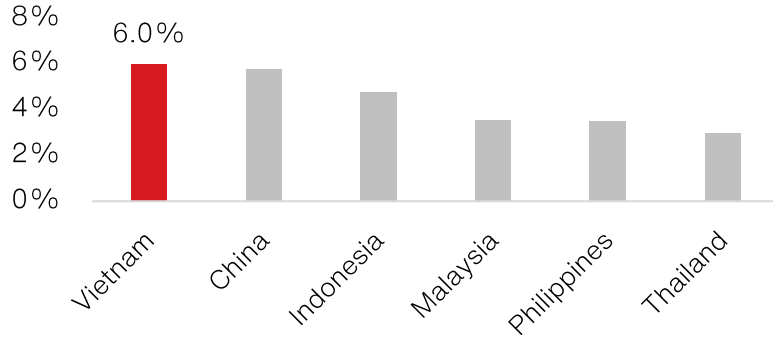
Registered FDI Breakdown in 2022



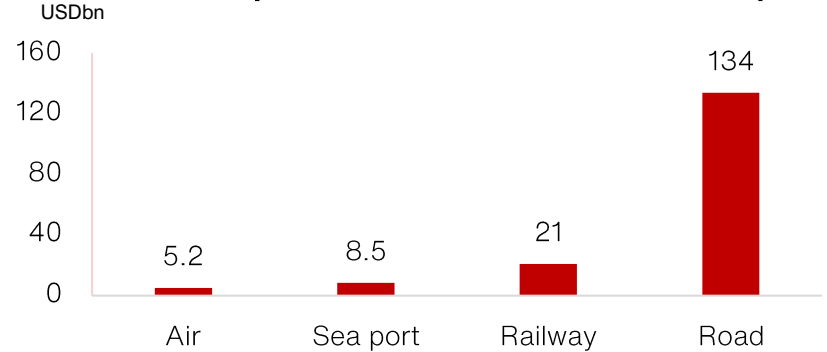
Sources: MPI, General Statistics Office, JETRO, VinaCapital research & analysis

Government's Commitment to Infrastructure Development

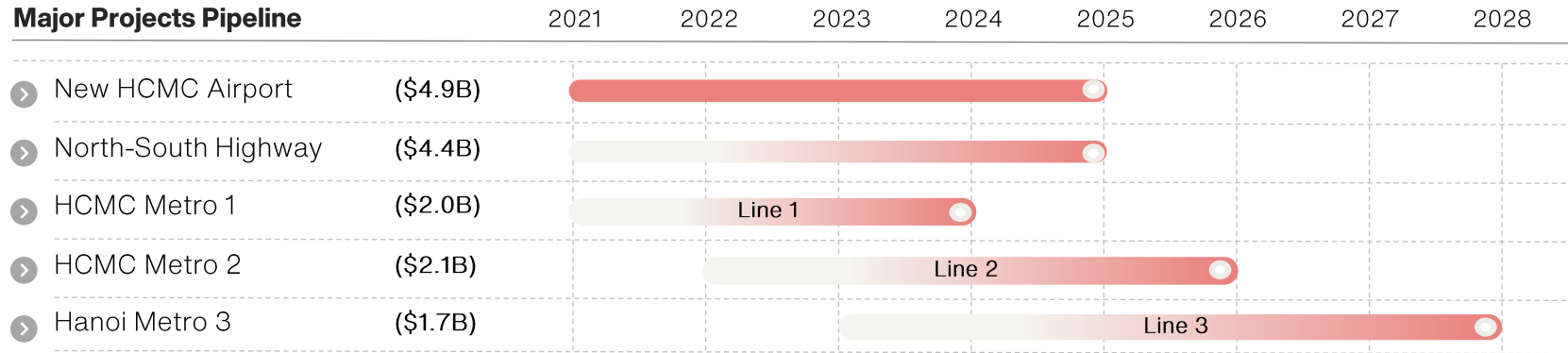
Infrastructure Investment Estimate in 2021 (% of GDP)



Vietnam's Transport Infrastructure Investment Needs (2016-2040F)



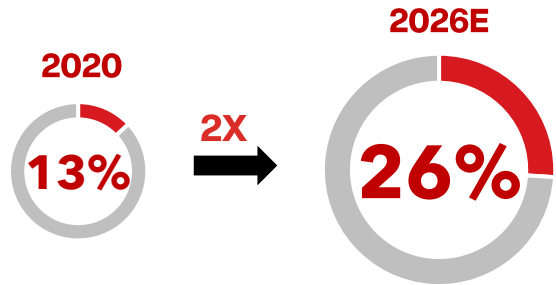
Major Projects Pipeline



Sources: GiHub, The World Bank, MPI, General Statistics Office

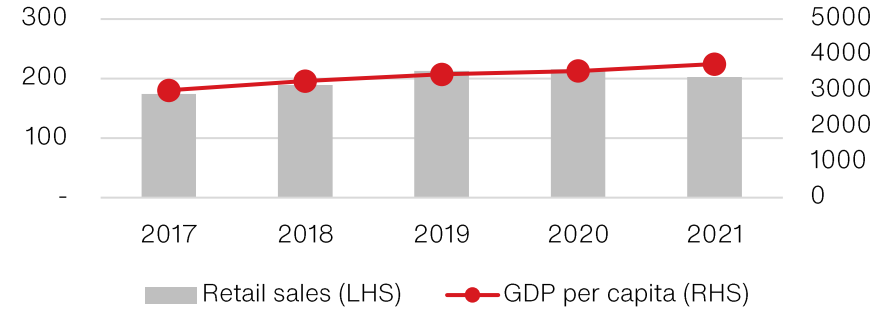
Emerging Middle Class Fueling Domestic Consumption

Share of Middle Class* Population to Double by 2026



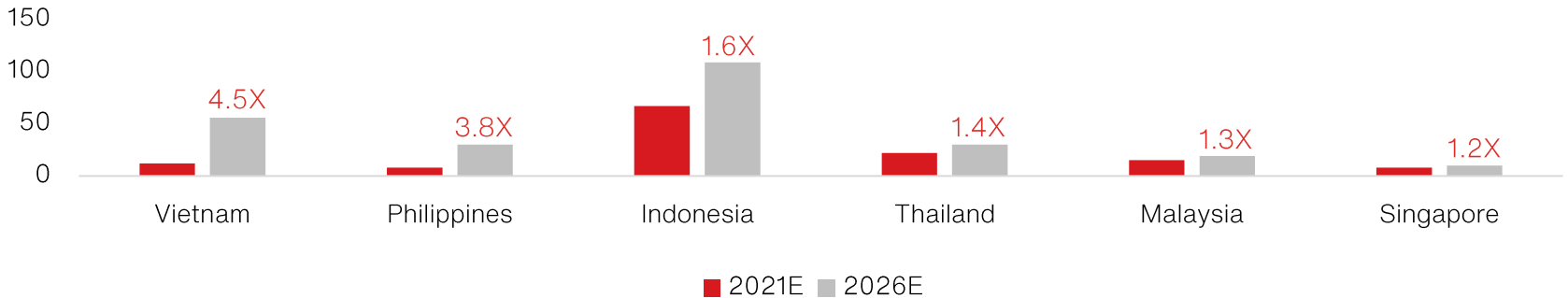
Increasing Wealth Is Driving Consumption

Retail sales (USD billion) & GDP per capita (USD)



Highest Expected Growth in Ecommerce Sales Compared to Peers

Online retail Gross merchandise value (USD bn)



(*) Middle class is defined by the World Bank as having a daily per capita consumption of at least 2011 PPP \$15.

Sources: The World Bank, Bain & Company, Bloomberg, CEIC, Viet Capital

However, There are Risks to Growth

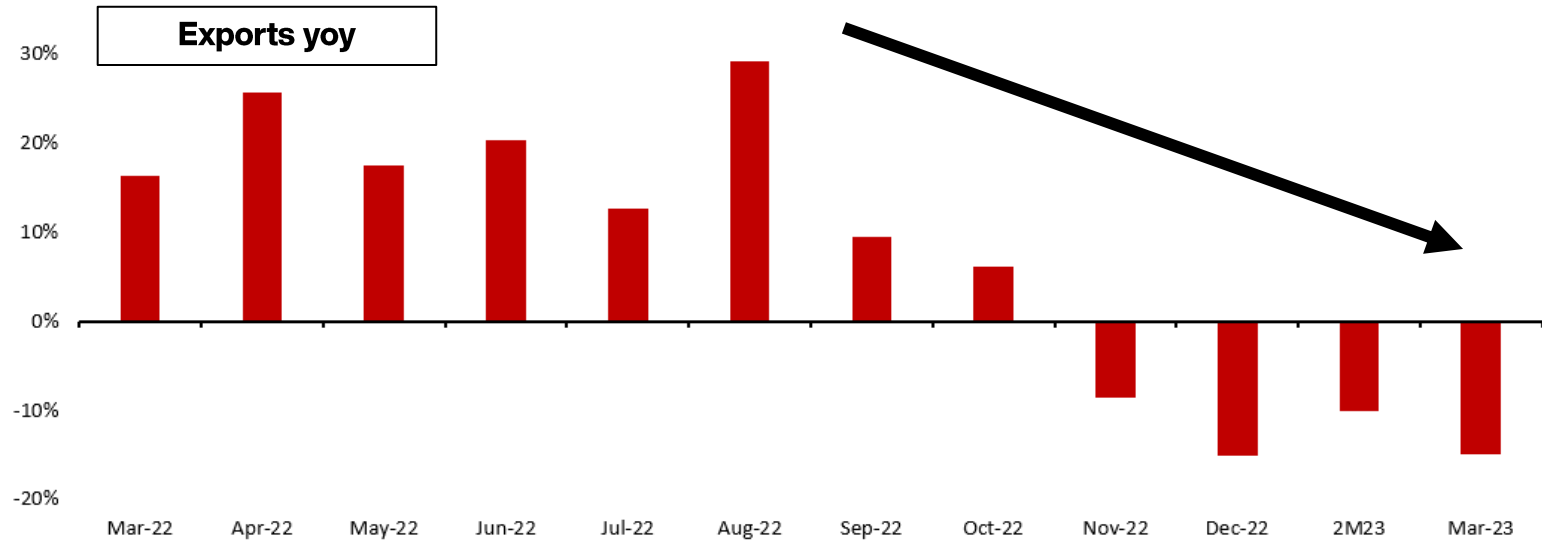
- Vietnam's GDP Grew Only 3.3% in 1Q23
- Strengths:
 - Foreign Tourism Rebound
 - Resilient Domestic Spending
- Weaknesses:
 - Declining Demand for "Made in Vietnam" Products
 - Frozen Real Estate Market

How Will The Government Address Slow Growth?

- Looser Monetary Policy
- Infrastructure Spending
- Policy Reforms



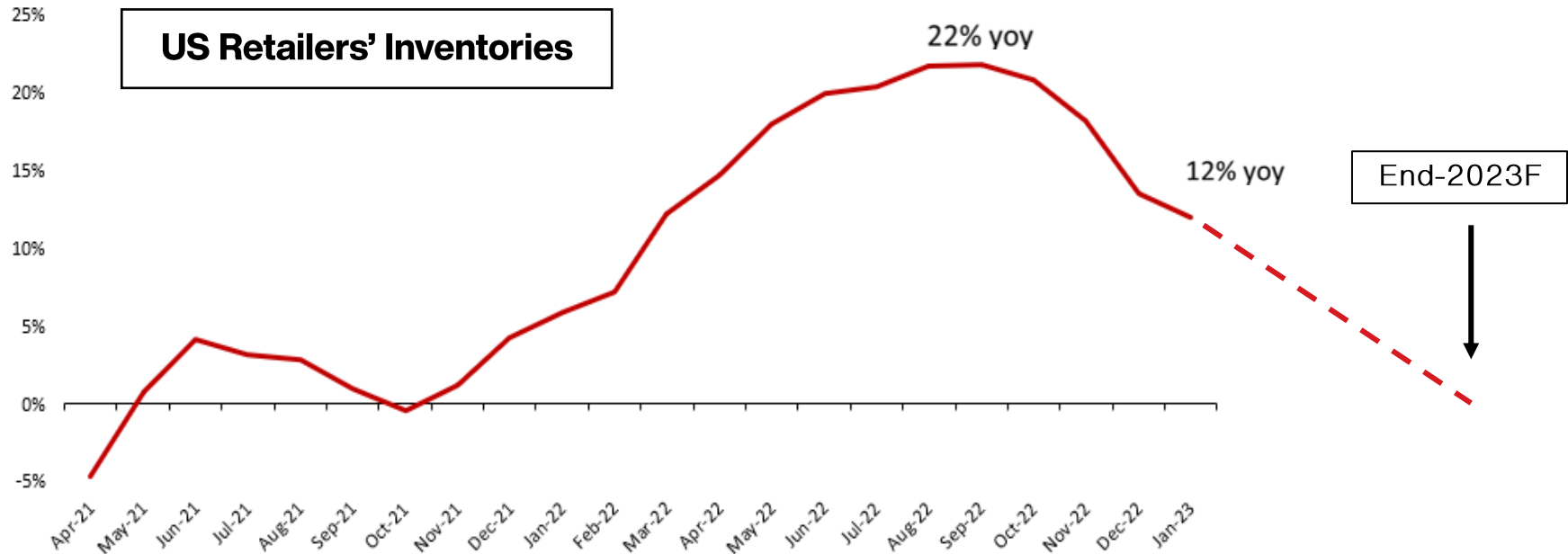
Declining Demand for “Made in Vietnam” Products



- Vietnam Exports to The US:
 - 1Q 2022 +13%
 - 1Q 2023 -22%

- Slowing Exports in Asia:
 - Exports in Taiwan/Korea circa -20%
 - Japan Export Grw ~2-Year Low

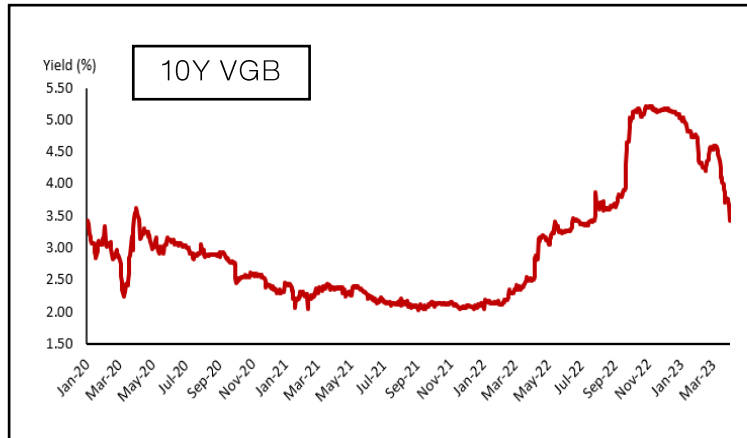
Excess Inventories in the US = Falling VN Exports / Mfg.



Source: US Census Bureau

Vietnam's Central Bank Cut Policy Interest Rates in March 2023

- Vietnam Cut Policy Interest Rates by -50bp, to 5.5%
- Policy Rate Cut Enabled by:
 - VN Dong Appreciation, over 1% YTD
 - Modest CPI Inflation (~3-4% yoy)
- Bond Yields Plunged...But 1Y Bank Deposit Rates only Fell 50bp YTD to ~8%



Bank	End of Mar 23	ΔYTD (bp)
MBB	7.4%	-60
OCB	8.4%	-50
ABB	8.4%	-50
BVB	8.3%	-50
MSB	8.1%	-50
VIB	8.2%	-40
EIB	7.1%	-30
ACB	7.1%	-30
VCB	7.2%	-20
BID	7.2%	-20
Industry Average		circa -50bp

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 20% YoY in Q1
 - 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...



VinaCapital Vietnam Opportunity Fund (VOF)

FTSE250 Investment Company with 20 years experience in Private Equity opportunities

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

\$1.0BN

ASSETS UNDER
MANAGEMENT

200+

INVESTMENTS SINCE
INCEPTION 2003

20% IRR

PE INVESTMENTS
OVER 20 YRS

FOCUS

PRIVATE AND
PUBLIC EQUITY,
PRIVATE CREDIT



VOF's Investment Strategy

What we do?

VOF invests **growth equity in privately negotiated opportunities** across listed, private equity and SOE assets.

We look for **value** and **invest on fundamentals**.

We do not take small positions or invest with a short-term view.

We are an **active investor** and engage with companies to enhance growth and add shareholder value.

How we do this?

Vietnam is still a frontier market with low liquidity and weak governance.

VOF makes **concentrated, high-conviction investments** supported by **due diligence rights, performance commitments and minority protections**, wherever possible.

VOF applies private-equity terms on investments, in order to **seek market premiums on exit**, and **ensuring liquidity** by negotiating **various exit options** such as a commitment to IPO, drag and tag along rights, and put-call options with the seller/sponsor.

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

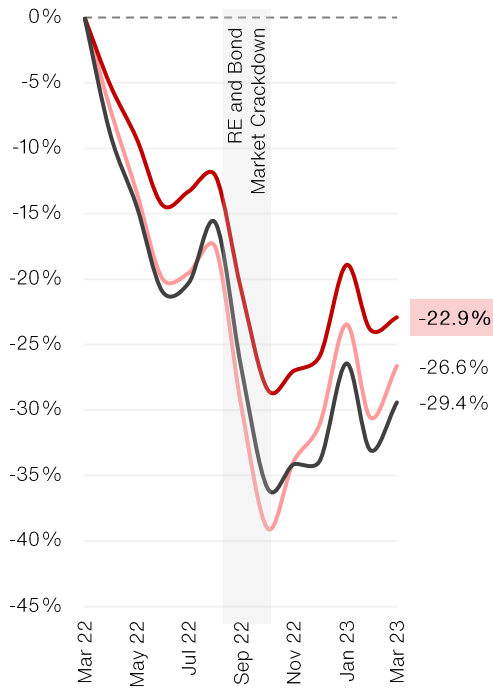
FROM NDA TO CLOSING

Our rigorous and exhaustive due diligence leveraging internal and external expertise requires this much to close an investment.

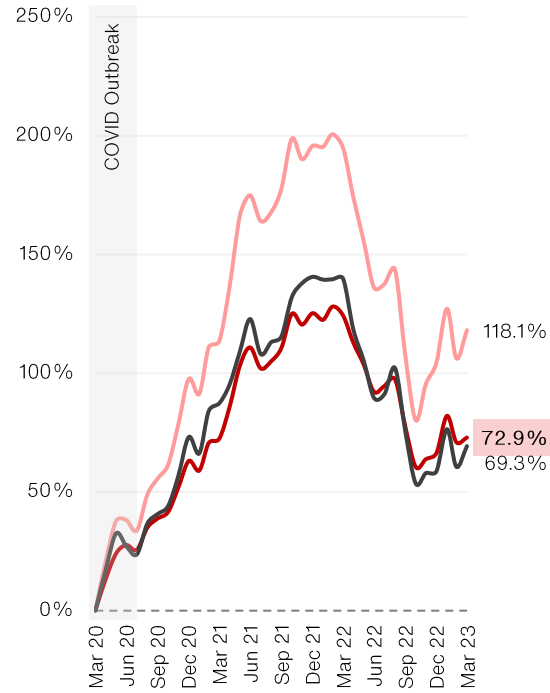
Performance and Market Update

VOF seeks to deliver long-term performance, particularly during periods of volatility, through our strategy and portfolio holdings

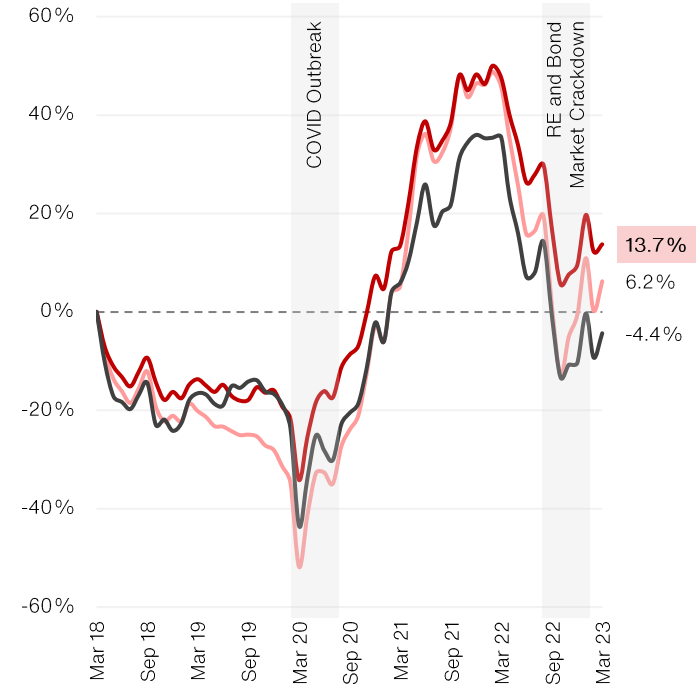
1-year performance



3-year performance



5-year performance



— VOF Public Equity*

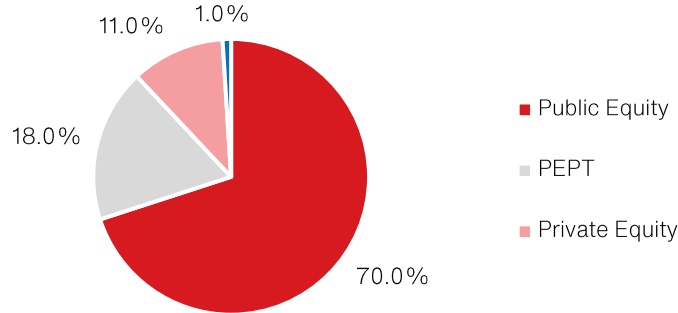
— VOF NAV (\$TR)

— VN Inded (\$TR)

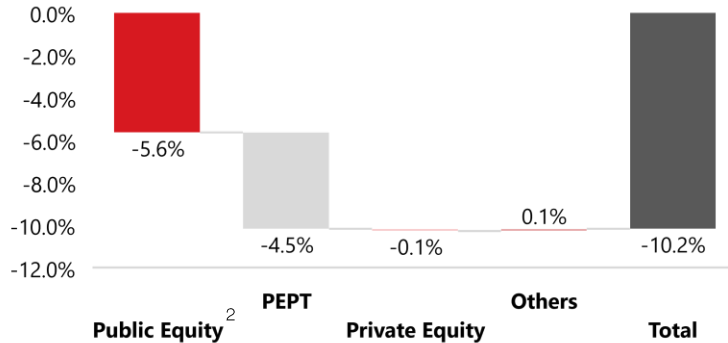
Source: VinaCapital, Bloomberg
 * Assuming the TER of approximately 1.3% per annum

Performance Contribution FYTD 2023: Asset Class and Sector

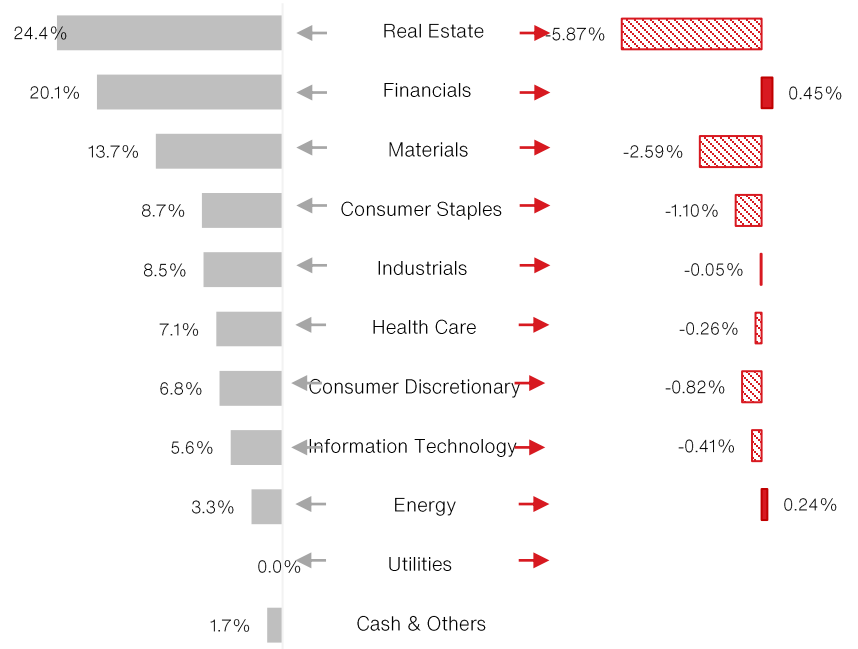
Portfolio Average Weight by Asset Class (%)



Weighted Contribution to Performance by Asset Class¹ (%)



VOF NAV by Sector (%)



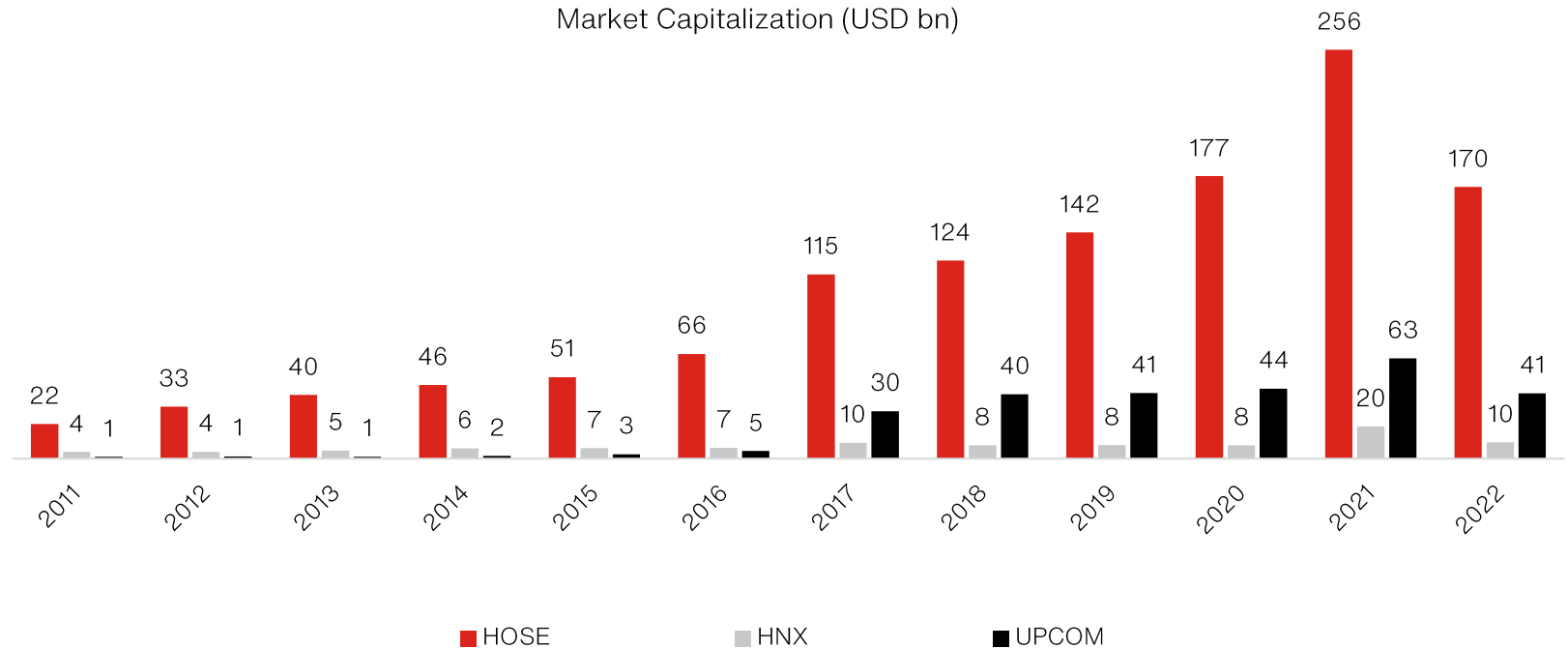
Source: VinaCapital, Bloomberg, up to 31 Mar 2023.

1. The average weight over the FYTD of the portfolio asset class is used rather than the weight as of 31 Mar 2023.

2. VN Index performance over same period, -10.7% FYTD2023 (9 months) (\$TR).

Fast Growing Financial Market, With Attractive Valuation

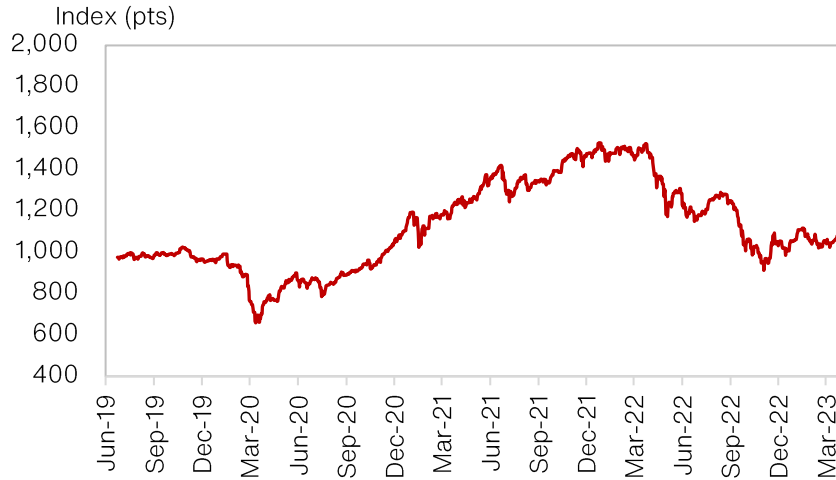
Market Size Has Grown 10x over 10 Years



Sources: Bloomberg, SSC, VinaCapital research & analysis

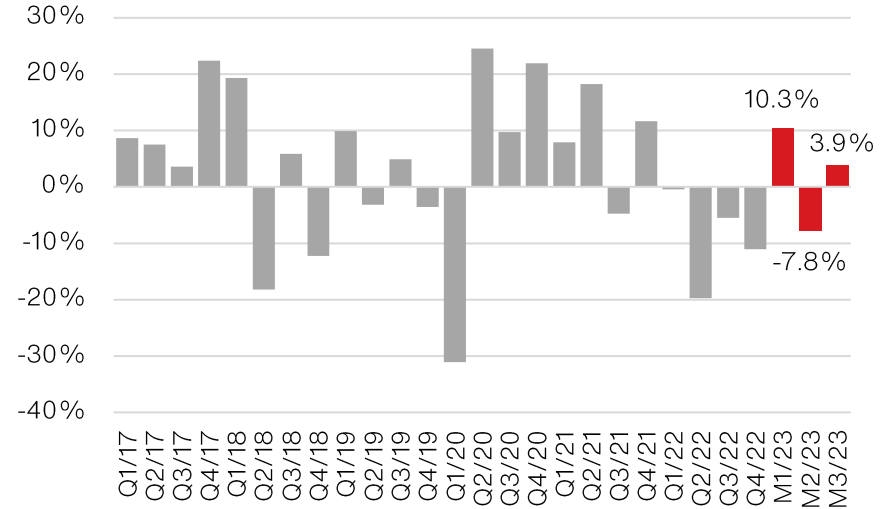
Vietnam Stock Market Performance

VN Index Performance



Source: Bloomberg

VN Index – Quarterly (& monthly YTD23) performance (%)

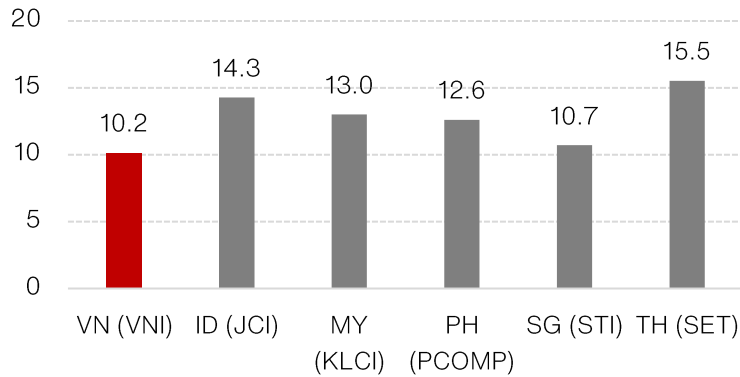


Source: Bloomberg

VNI was the best performing market in Southeast Asia with a 1Q23 rise of 5.7% in VND (6.4% in USD).

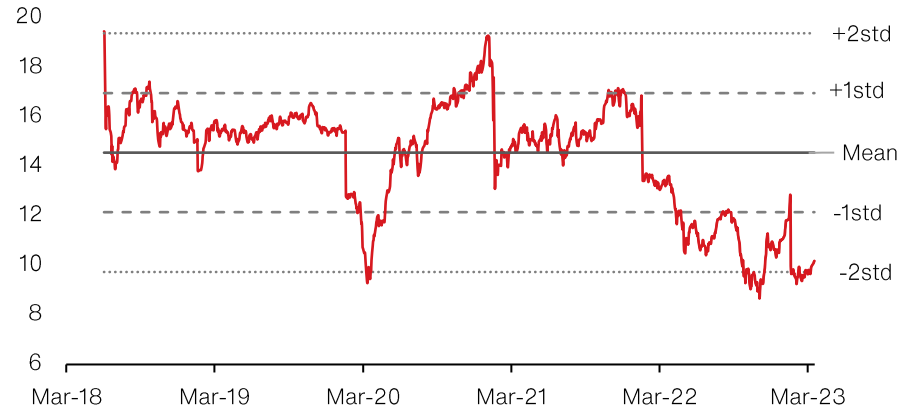
Vietnam Stock Market: Value On Offer

ASEAN Stock Markets: FY23E PE (x)



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

VNI Valuation Band: Forward PE (x)

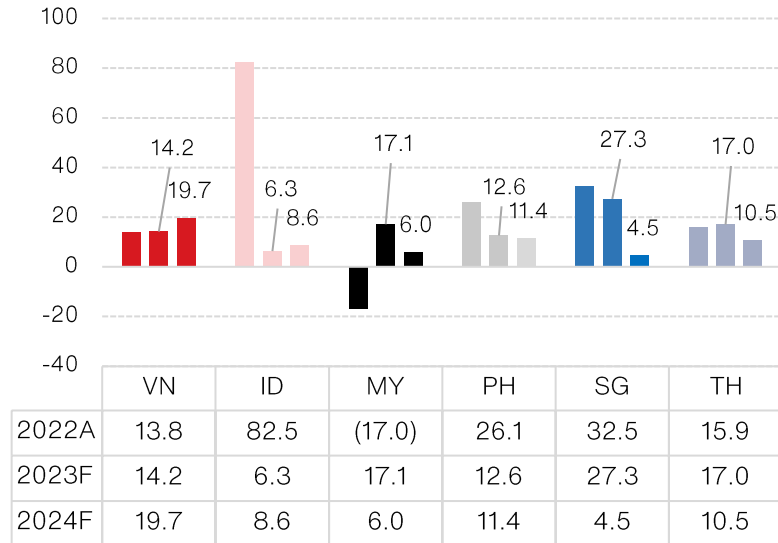


VN's PE discount to ASEAN



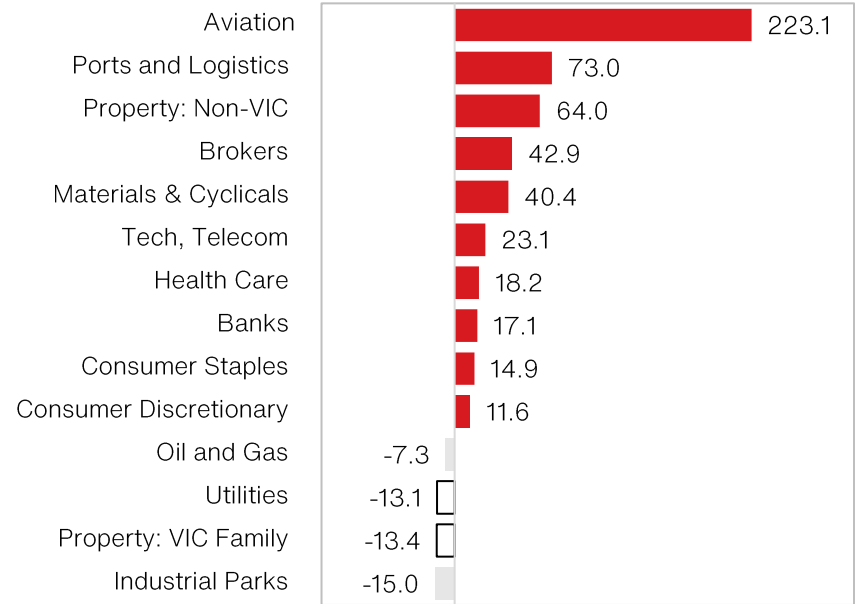
Strong Earnings Growth Outlook

ASEAN – Net profit growth



Source: Bloomberg

Sector – FY23E Net profit growth (%)



Source: Bloomberg

- 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.

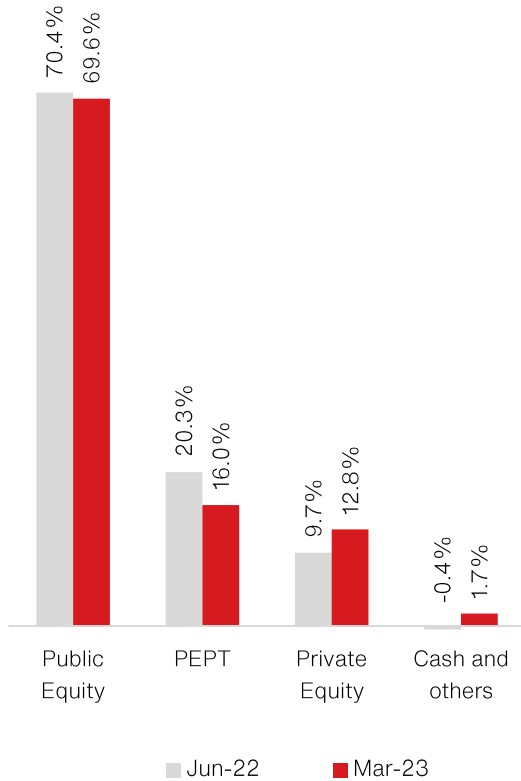
2023 Stock Market Outlook

- VNI will finish higher than 2022's 1,007 level. We think the **bear market in Vietnam will end in 2023**, notwithstanding slower global economic and domestic growth
- Instilling confidence back into the stock market is a process that requires:
 - **Globally:** Moderating inflation, the Fed (& global central banks) taking a less aggressive stance, and avoiding a (deep) recession – factors facilitating a risk-on mode that would benefit Vietnam
 - **Domestically:** A sense of calm settling in as the real estate sector improves, aided by a decline in interest rates, approvals of development projects, and infrastructure spending
- Positive foreign investor inflow coupled with improvement in domestic liquidity
- ADTV to remain healthy, albeit lower than peak levels

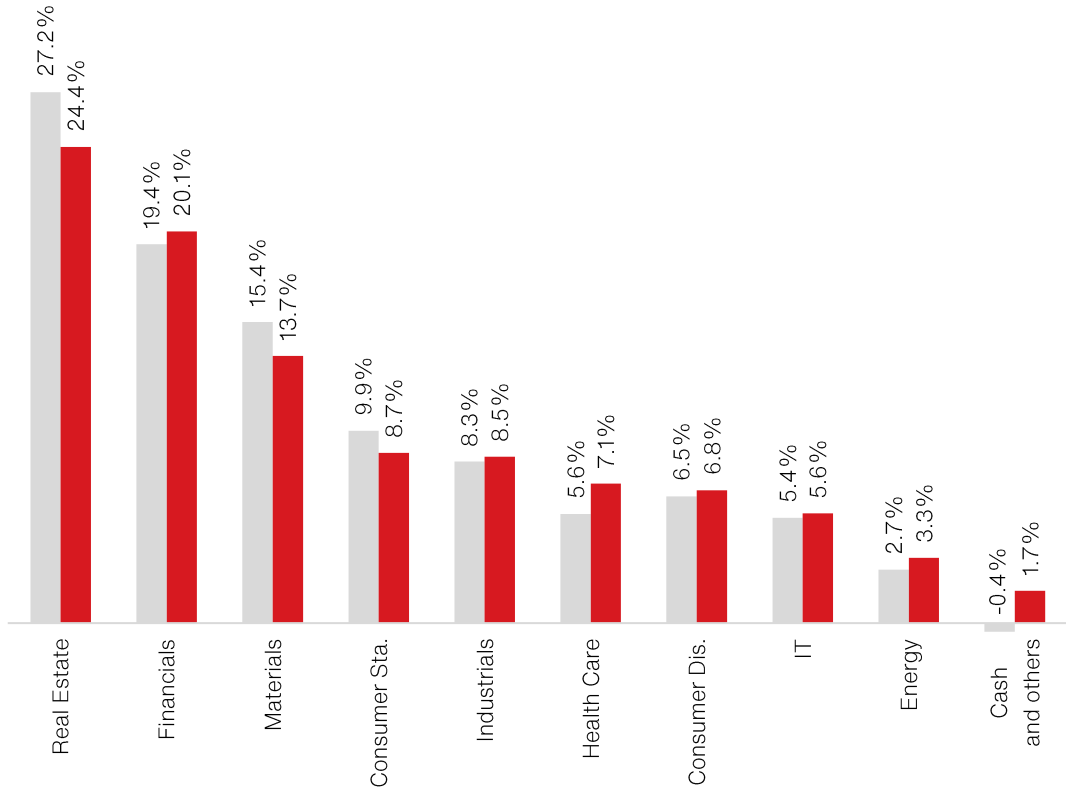
Investment holdings update

Asset Class and Sector changes FYTD2023

VOF NAV by Asset Class



VOF NAV by Sector



Portfolio: Top Public Equity and Private Equity holdings 31 Mar 2023 (includes valuation adjustments)

Top 10 Public Equity Investments ¹			Top 10 Private Equity including Public Equity with Private Terms ²				
		NAV USDm	%NAV		NAV USDm	%NAV	
1	Asia Commercial Bank (ACB)	141.2	13.7%	1	Tam Tri Medical JSC	37.9	3.7%
2	Khang Dien House (KDH)	103.3	10.0%	2	Norfolk II & III (NVL)	36.7	3.6%
3	Hoa Phat Group (HPG)	101.3	9.8%	3	Thu Cuc Medical	35.8	3.5%
4	Airports Corporation of Vietnam (ACV)	68.1	6.6%	4	Kuala Lumpur II (KDC)	31.9	3.1%
5	FPT Corporation (FPT)	58.0	5.6%	5	An Cuong Wood Working (ACG)	27.7	2.7%
6	Vinhomes (VHM)	48.6	4.7%	6	Dat Xanh Services (DXS)	25.7	2.5%
7	Orient Commercial Bank (OCB)	43.9	4.3%	7	Hung Thinh Land (HTL)	25.2	2.4%
8	Phu Nhuan Jewelry (PNJ)	40.6	3.9%	8	IN Holdings (Twins)	20.7	2.0%
9	Quang Ngai Sugar (QNS)	40.2	3.9%	9	Nova Consumer Group (NCG)	17.8	1.7%
10	Vietnam Prosperity Bank (VPB)	22.0	2.1%	10	Petrolimex Aviation (PAV)	14.2	1.4%
Total		667.2	64.7%	Total		273.5	26.5%



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 (58.5% of total NAV) and Unlisted Equities (11.1%).

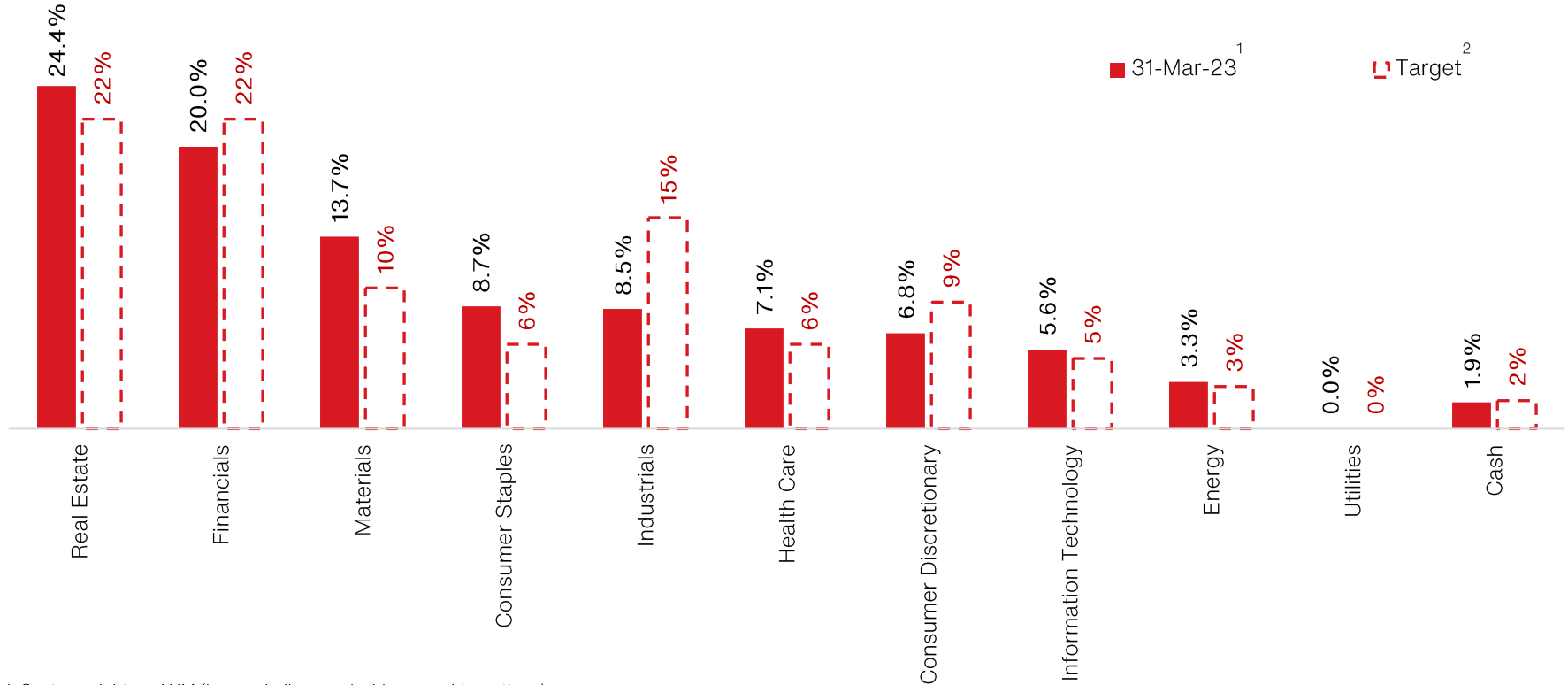
² Private Equities (12.8%) and Public Equities with Private terms, including Pre-IPO Investments (16.0%)

Indicative Private Equity Investment Pipeline

Projects	Sector	Implied Equity Value (post-money)	Deal Size	Stake	Instrument/ Classification	Current Status
1 Houston	Financials	\$2.1b	\$50m	2.3%	Equity / Privately negotiated	Preliminary deal terms
2 Toronto	Industrials	TBC	TBC	TBC	Pre-IPO	Preliminary discussions
3 Calgary	Consumer Discretionary	\$100m+	\$35m+	35%+	Private Equity / Mgmt Buyout	Preliminary discussions
4 Beta	Healthcare	\$150m	\$30m	20%	Private Equity	Received IM and meeting with Beta's Founders and management team
TOTAL			\$115m+			

Sector Allocation based on Risk-Adjusted Returns

Medium-to-long term view on target sector weight



1. Sector weight on AUM (i.e., excluding receivables, payables, others)

2. Long-term target weight based on Sector Allocation model.

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.



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Ho Chi Minh City

Hanoi

Singapore

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