



## FORUM ONE – VCG PARTNERS VIETNAM FUND

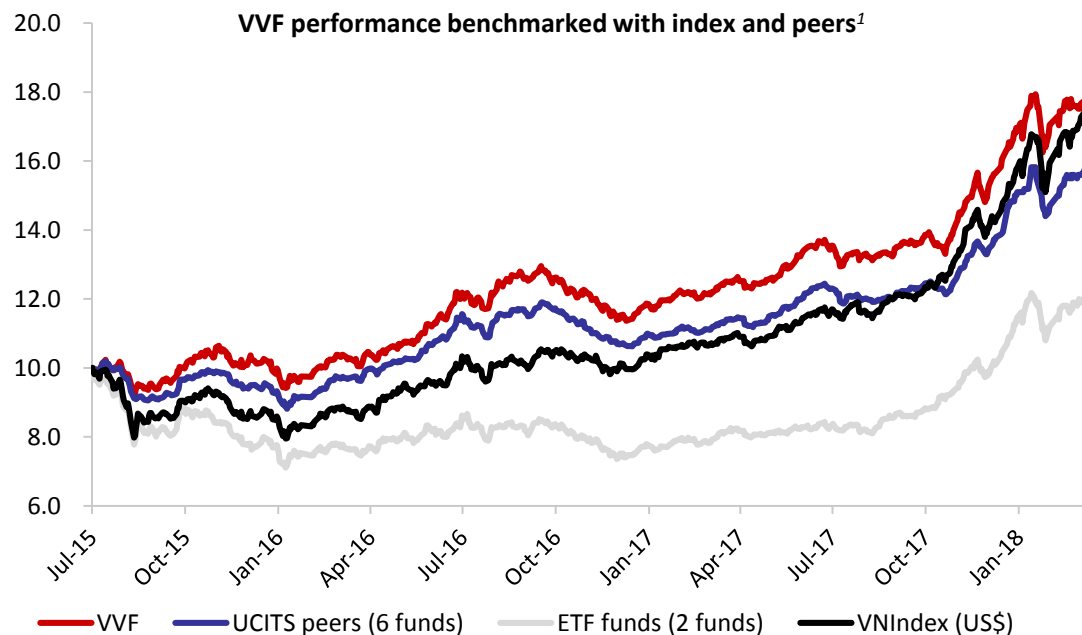
**Thu Nguyen, CFA**  
*Managing Director*

**May 2018**

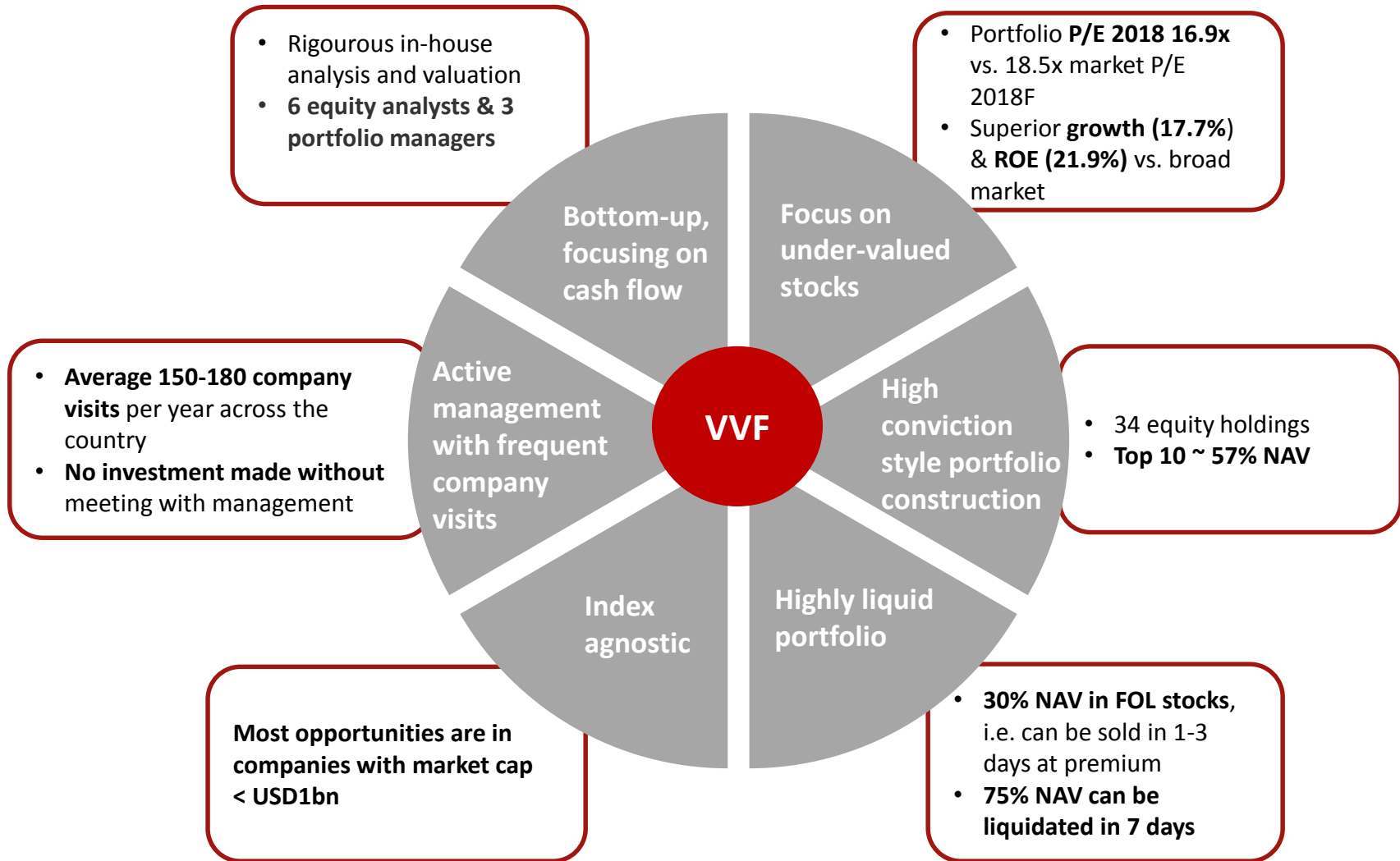
<b>Structure</b>	<ul style="list-style-type: none"> <li>• UCITS compliant open-ended investment fund</li> </ul>
<b>Fund size<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• USD96 million</li> </ul>
<b>Domicile</b>	<ul style="list-style-type: none"> <li>• Luxembourg</li> </ul>
<b>Launched</b>	<ul style="list-style-type: none"> <li>• 14 July 2015</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Vietnam geographical focus; bottom-up, long-term investment approach</li> </ul>
<b>NAV frequency/Subscription/Redemption</b>	<ul style="list-style-type: none"> <li>• Daily</li> </ul>
<b>Management fee</b>	<ul style="list-style-type: none"> <li>• 1.25% - 2.0%</li> </ul>
<b>Performance fee<sup>2</sup></b>	<ul style="list-style-type: none"> <li>• 15.0% over a 5% hurdle rate with high watermark</li> </ul>


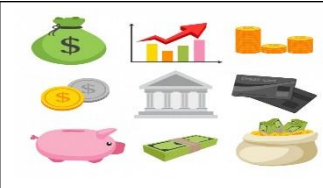



As of the end of March 2018, VVF Class A's NAV per unit increased by **75.4%** since inception, outperforming the benchmark VN Index (in USD terms) by **0.5%**, and peers by **16.9%**

Return	VVF	VNIndex (USD)
YTD 2018	8.9%	18.1%
2017	39.5%	48.4%
Since inception	<b>75.4%</b>	<b>74.9%</b>



<sup>1</sup> As of 29 March 2018

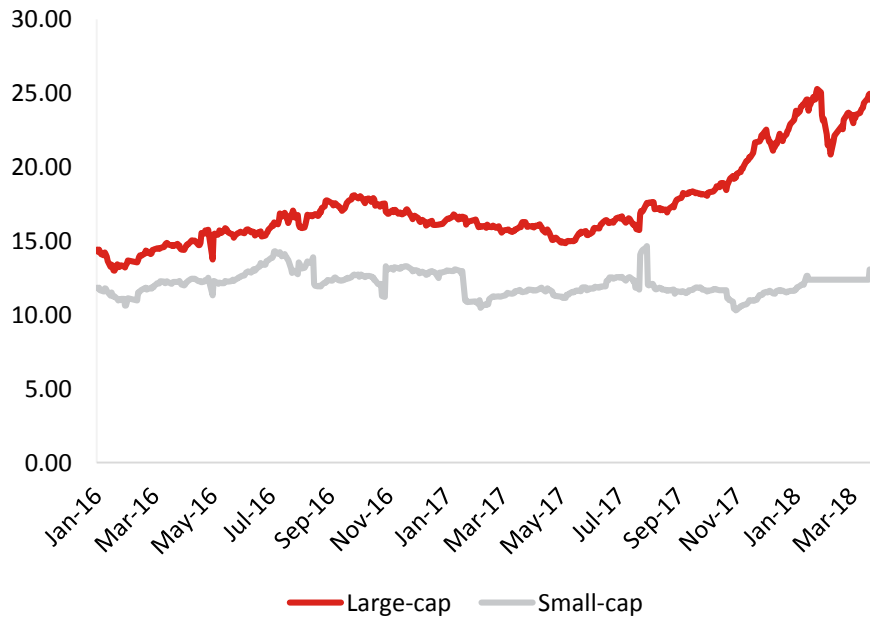


	 <b>CONSUMERS &amp; RETAILING</b>	 <b>FINANCIALS</b>	 <b>CONSTRUCTION &amp; MATERIALS</b>	 <b>INFRASTRUCTURE &amp; UTILITIES</b>	 <b>TRANSPORTATION</b>
<b>Portfolio holdings</b>	<ul style="list-style-type: none"> <li>• 6 holdings</li> <li>• 22.8% NAV</li> </ul>	<ul style="list-style-type: none"> <li>• 6 holdings</li> <li>• 14.4% NAV</li> </ul>	<ul style="list-style-type: none"> <li>• 4 holdings</li> <li>• 13.6% NAV</li> </ul>	<ul style="list-style-type: none"> <li>• 6 holdings</li> <li>• 12.0% NAV</li> </ul>	<ul style="list-style-type: none"> <li>• 3 holdings</li> <li>• 9.8% NAV</li> </ul>
<b>Catalysts</b>	<ul style="list-style-type: none"> <li>• Positive demographics: <b>dependency ratio 44%, consumption rate 65% of income</b></li> <li>• Expanding middle class &amp; rising disposable income</li> <li>• Under-penetrated modern retailing, <b>just 20%</b></li> <li>• Retail growth: Expected <b>CAGR of 15-17%</b> in 2017-2020</li> </ul>	<ul style="list-style-type: none"> <li>• Huge potential from currently under-penetrated retail banking (<b>household debt/GDP at 20%</b>)</li> <li>• Lower credit cost on a better asset quality cycle: bad debt resolved and improved recovery rate</li> </ul>	<ul style="list-style-type: none"> <li>• Key growth driver of the economy (<b>10% growth in 2015-2017</b>)</li> <li>• Urbanisation &amp; huge pent-up housing demand</li> <li>• Increasing infrastructure need</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerated urbanisation (<b>currently at 34.7% of population</b>)</li> <li>• Under-developed infrastructure</li> <li>• In need of private investment</li> </ul>	<ul style="list-style-type: none"> <li>• Huge demand for air travel and tourism (<b>domestic passengers tripled in 5 years from 2012-2017, under-penetrated air travel</b>)</li> <li>• Increasing international passengers (<b>29% growth rate in 2017</b>)</li> <li>• Potential travel hub in Southeast Asia</li> </ul>

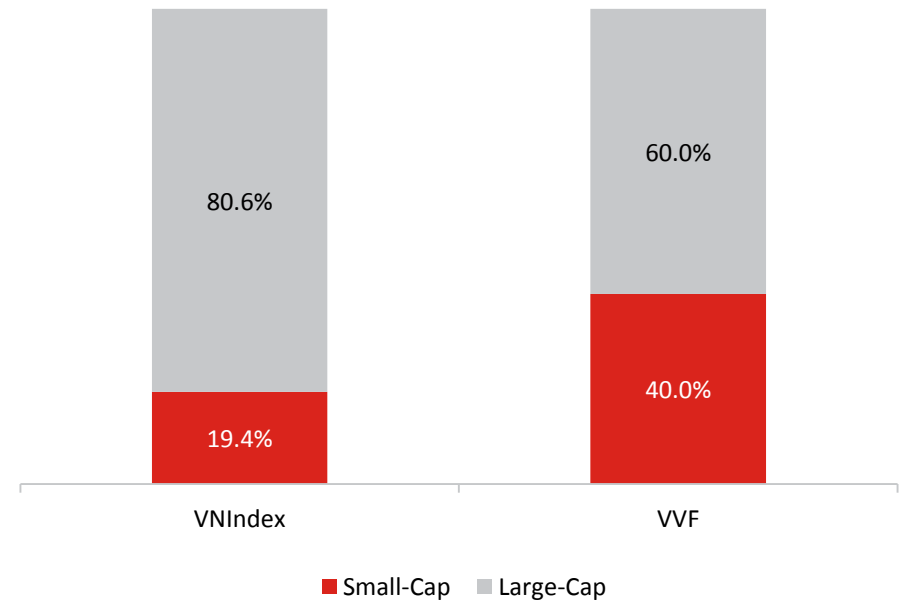
<b>% of NAV invested in Equities</b>	93.6%
<b>Positions</b>	34
<b>Portfolio Beta</b>	0.8
<b>Median Market Cap</b>	USD1,493m

<b>Trailing P/E</b>	19.0x
<b>Forward P/E</b>	16.9x
<b>Forward PEG</b>	1.07x
<b>Dividend Yield</b>	2.3%

**Small-cap's prospective multiples are cheaper now than in 2016**



**Allocation by market cap**

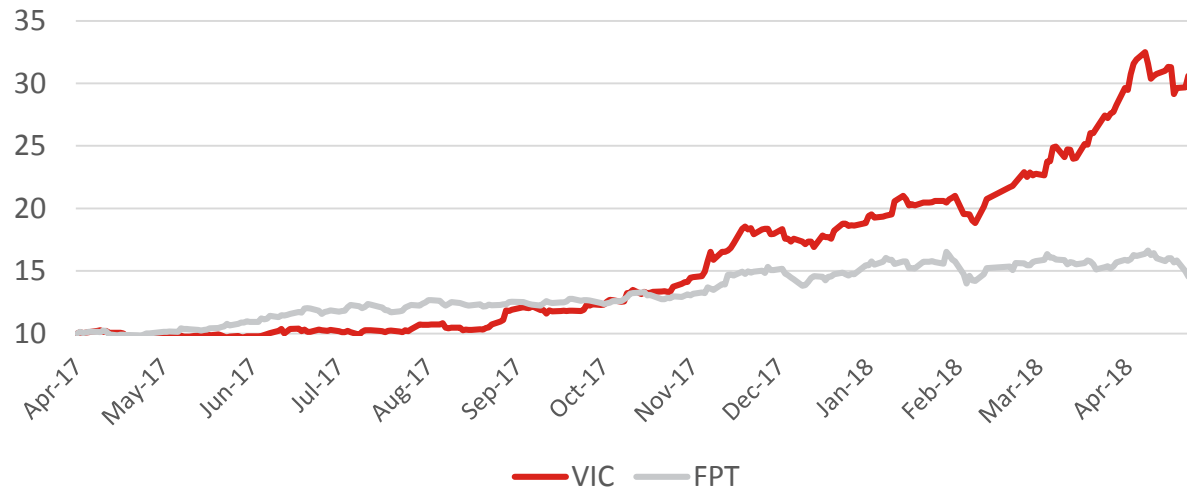


- Small-cap: under USD1bn
- Large-cap: above USD1bn

### Largest holding in the open-ended fund vs market

	FPT	VIC
Forward PE 2018	12.2x	50.8x
Earnings CAGR (2014 – 2017)	21.5%	12.2%
Dividend yield	3.4%	N/A
Foreign ownership restriction	Yes	No
Nature of business	Non-cyclical	Cyclical

### Share price performance (normalized)



**Why? Foreigners need for liquidity**



Since added to fund to 29 Mar 2018: **+92%**

- Second largest mobile phone retailer and leading Apple / IT retailer in Vietnam

Market cap (USD mn)	257
2017 revenue (USD mn)	573
2017 profit (USD mn)	12.8
ROE (%)	32.3
P/E	15.6
EPS growth 2017 (%)	40.0
Forecast EPS growth 2018 (%)	29.3



Since added to fund to 29 Mar 2018: **+157%**

- The largest jewelry retailer in Vietnam with 250 stores nation-wide and targeting 300 stores by mid-2018

Market cap (USD mn)	938
2017 revenue (USD mn)	483
2017 profit (USD mn)	32
ROE (%)	25.7
P/E	23.6
EPS growth 2017 (%)	37.7
Forecast EPS growth 2018 (%)	25.0



Since added to fund to 29 Mar 2018: **+134%**

- One of the largest private banks in Vietnam with a focus on retail lending
- Unique deposit base and dynamics operations

Market cap (USD mn)	2,802
2017 revenue (USD mn)	494
2017 profit (USD mn)	154
ROE (%)	14.9
P/E	12.8
EPS growth 2017 (%)	20.0
Forecast EPS growth 2018 (%)	43.2



Since added to fund to 29 Mar 2018: **+217%**

- Largest steel manufacturer in Vietnam with market share of 25% nationwide;
- Strong production capacity, and a nation-wide distribution network

Market cap (USD mn)	4,043
2017 revenue (USD mn)	2,033
2017 profit (USD mn)	353
ROE (%)	21.9
P/E	10.2
EPS growth 2017 (%)	13.6
Forecast EPS growth 2018 (%)	12.4





**Thu Nguyen, CFA**

**Lead Portfolio Manager**

- 15 years of investment and fund management experience in Asia, previously with DBS Bank, DBS Asset Management (Singapore) and BankInvest Group (Denmark)
- Former CEO and CIO at Vietnam Asset Management Ltd. (VAM), with a successful 8-year track record managing open-ended Vietnam equity funds including a UCITS fund
- 3 years with VinaCapital



**Thao Ong, CFA**

**Co-Portfolio Manager**

- 11 years of investment and fund management experience in Vietnam
- Previously served as Investment Director of Vietnam Infrastructure Limited (VNI), and Research Manager at VietCapital Securities
- 7 years with VinaCapital

**VVF's management team is supported by a highly-qualified in-house research team, with a focus on generating investment ideas that directly benefit VinaCapital's fund performance**



**Minh Trinh, CFA, M.Fin**  
**Director**  
Head of Research



**Michael Kokalari, CFA**  
**Chief Economist**  
Macroeconomics



**Khanh Le**  
Pharma, Healthcare &  
Materials



**Nam Nguyen, CFA**  
Oil & Gas, Logistics &  
Utilities



**Tai Nguyen, CFA**  
Real Estate  
Construction



**Le Nguyen, MSc.**  
Consumer



**Anh Dau, M.Fin**  
Banking



# New Fund Launch

Free to invest  
without Foreign  
Ownership  
restrictions

Small-cap focused  
where foreigners  
are not investing

Invest in the  
Vietnamese  
inaccessible  
Pre-IPO market

**Cayman Fund. Launching in June 2018**

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