

Performance summary
VNI

NAV per share (USD):	0.036
Change (Month-on-Month)	-1.4%
Total NAV (USD 'm):	12.6
Share price (USD):	0.023
Market cap (USD 'm):	8.1
Premium/(discount)	-36.2%

Manager's comment

As at 30 June 2017, VNI's NAV closed at USD12.6m or USD0.036 per share*, down 1.4% compared to last month. VNI's share price reduced to USD0.023 compared to last month. As a result, the Fund's share price to NAV discount widened to 36.2%.

* The NAV has been calculated using the net realisable value approach, which the Manager believes provides the best estimate of the amount of cash that will be returned to shareholders prior to the liquidation of the Company. This approach takes into account the Company's current cash holding, expected future receipts from divestments, and expected future payments for costs incurred up to and including the Company's liquidation. The actual amount of cash returned to shareholders will inevitably differ from this estimate, however the Manager does not expect any material variation from this estimate unless there is a delay in the liquidation of the Company or unforeseen liquidation costs and/or liabilities arise on warranties and indemnities given in relation to investments sold over the last 12 months.

Cumulative Changes (As At 30 June 2017)

	Year-to-Date	Since Inception (27 Jul 2015)
NAV per share*	-10.4%	-17.9%
Share price	-87.9%	-90.4%

*Distribution adjusted

Top Holdings

Investee	% of NAV	Book value (USD'000)	Sector	Description
VinaDas ¹	78.5%	9,900	Telecommunications	Development, installation, ownership, operation and leasing of IBS infrastructure and other assets

¹Holding company which owns and operates the IBS assets that were carved out of SEATH as a result of the BTS sale

Annual performance history (% change)

	Pre-Split Historical Performance			
	CY June 2015	2014	2013	2012
NAV per share	-3.3	7.3	12.0	10.8
VN Index	6.7	6.6	20.4	18.9

Macroeconomic Update

Vietnam's GDP growth rate accelerated from 5.2% yoy in 1Q17 to 6.2% in 2Q16, leading to a GDP growth of 5.7% yoy for 1H17. The acceleration in GDP growth was driven by improvements in both manufacturing and consumption growth. In Q1, manufacturing growth was impeded by a reported 38% fall in Samsung's production due to issues with the company's Galaxy S7 phone, but the launch of the Samsung's new S8 smartphone helped lift Vietnam's manufacturing activity from 8.3% year-on-year (yoy) rate of growth in Q1 to an estimated 12% yoy pace in Q2 (manufacturing activity grew 10.5% yoy in 1H17).

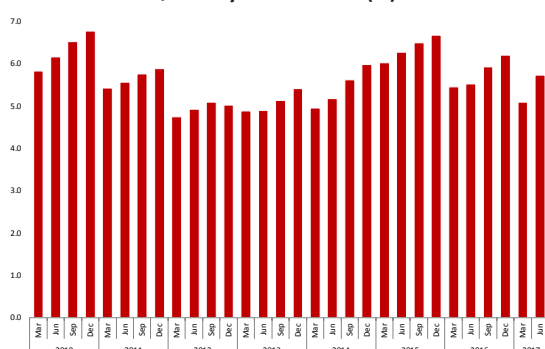
Export growth accelerated from a 5.9% pace in 1H16 to 18.9% yoy growth in 1H17, which was Vietnam's fastest H1 export growth in the last five years, but imports rose 24.1% yoy, degrading Vietnam's trade balance from a circa 1.7%/GDP surplus in 1H16 to a 2.7%/GDP deficit in 1H17. However, the country's import growth was driven by a 37.8% increase in purchases of tools and machinery in the first half of the year – signaling that Vietnam's manufacturing production is likely to continue expanding in 2H17 and 2018.

The other notable improvement from the beginning of the year was an increase in Vietnam's reported real retail sales growth. Vietnam's General Statistics Office (GSO) reported a 6.2% yoy increase in real retail sales in 1Q17, and a 8.4% yoy increase in 1H17, implying an acceleration in real consumption growth in Q2 (the GSO does not report quarterly retail sales growth figures). However, the improvement in the reported real retail sales growth was partly attributable to a drop in the Consumer Price Index (CPI) inflation from 4.7% yoy at the end of 1Q17 to 2.5% at the end of 1H17.

Macroeconomic indicators

	2016	Feb-17	2017 YTD	Year-on-year
GDP growth ¹	6.2%	5.7%		
Inflation (%)	0.5%			2.5%
FDI commitments (USDbn)	24.4	7.1	19.2	54.8%
FDI disbursements (USDbn)	15.8	1.6	7.7	6.5%
Imports (USDbn)	174.1	18.0	100.5	24.1%
Exports (USDbn)	176.6	17.8	97.8	18.9%
Trade surplus/(deficit) (USDbn)	2.5	(0.2)	(2.7)	
Exchange rate (USD/VND) ²	22,720	22,740	0.1%	

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualised rate, updated quarterly | 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Quarterly GDP Growth (%)


Finally, despite the acceleration in Vietnam's growth from earlier this year, the government's GDP growth target of 6.7% for 2017 now seems challenging. Oil production fell by about 13% in H1, without which Vietnam's GDP would have grown at about a 7% pace in H1, but we do not expect this situation to improve in the second half of the year, so we expect GDP to grow by 6.3-6.5% this year. Achieving our forecast would necessitate an increase in Vietnam's GDP growth from 6.7% in 2H16 to above 7% in 2H17, but with the Vietnam's Purchasing Managers' Index (PMI) rebounding from a 14-month low of 51.6 in May to 52.5 in June, we are optimistic that our forecast can be reached.

Board of Directors		VinaCapital Investment Management Ltd	
VNL's Board of Directors is composed entirely of independent non-executive directors.			
Member	Role	Member	Role
Rupert Carington	Non-executive Chairman	Don Lam	Chief Executive Officer
Luong Van Ly	Non-executive Director	Brook Taylor	Chief Operating Officer
Robert Binyon	Non-executive Director	Tony Hsun	Managing Director, Infrastructure
Paul Garnett	Non-executive Director		
Fund background			
ISIN (Private Equity Shares)	KYG936121022		
Bloomberg (Private Equity Shares)	VNI LN		
Reuters (Private Equity Shares)	VNI.L		
Fund summary			
Fund launch	5-Jul-07		
Term of fund	Ten years and then subject to shareholder vote for continuation		
Fund domicile	Cayman Islands		
Legal form	Closed end mutual fund		
Investment manager	VinaCapital Investment Management Ltd		
Structure	Private Equity Share class, trading on the AIM market of the London Stock Exchange plc.		
Auditor	PricewaterhouseCoopers (Cayman)		
Nominated adviser	Grant Thornton UK LLP		
Custodian and Administrator	Standard Chartered Bank (Singapore)		
Brokers	Numis Securities (Bloomberg: NUMI)		
Lawyers	Gowling WLG (UK), Maples and Calder (Cayman Islands)		
Base and incentive fee	<p>The base and incentive fee has been revised as a result of the extraordinary general meeting held on 15 December 2014. For a full description of the new fees that have been adopted as a result of the restructuring of the Company, please refer to the latest Circular which can be downloaded here:</p> <p>19 June 2015 EGM Circular</p>		
Investment objective	<p>The investment objectives for the Company have been revised as a result of the extraordinary general meeting held on 15 December 2014. For a full description of the new investment objectives that have been adopted as a result of the restructuring of the Company, please refer to the latest Circular which can be downloaded here:</p> <p>19 June 2015 EGM Circular</p>		



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