

**Performance summary**
**VNI**

NAV per share (USD):	0.037
Change (Month-on-Month)	-0.5%
Total NAV (USD 'm):	13.0
Share price (USD):	0.021
Market cap (USD 'm):	7.4
Premium/(discount)	-42.6%

**Cumulative Changes (As At 31 March 2017)**

	Year-to-Date	Since Inception (27 Jul 2015)
NAV per share*	-7.9%	-15.7%
Share price	-88.8%	-91.1%

\*Distribution adjusted

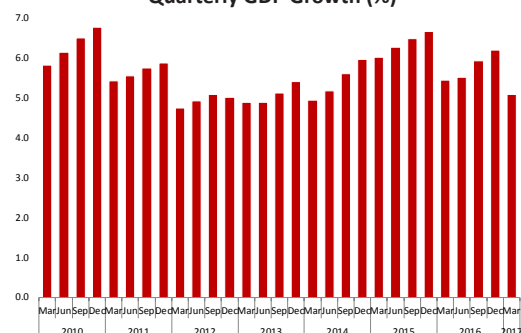
**Annual performance history (% change)**

	Pre-Split Historical Performance			
	CY Jun	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 indicators**

	2016	Mar-17	2017 YTD	YTD Y-Q-Y
GDP growth <sup>1</sup>	6.2%	5.1%		
Inflation (%)	0.5%	0.2%		4.7%
FDI commitments (USDbn)	24.4	4.3	7.7	77.6%
FDI disbursements (USDbn)	15.8	2.1	3.6	3.4%
Imports (USDbn)	174.1	18.4	46.6	24.9%
Exports (USDbn)	176.6	17.3	44.6	15.1%
Trade surplus/ (deficit) (USDbn)	2.5	(1.1)	(1.9)	
Exchange rate (USD/VND) <sup>2</sup>	22,720	22,720	0.0%	

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

**Quarterly GDP Growth (%)**

**Manager's comment**

As at 31 March 2017, VNI's net asset value (NAV) closed at USD13.0m or USD0.037 per share, down 0.5% compared to the previous month. VNI's share price decreased to USD0.021 compared to last month. As a result, the Fund's share price to NAV discount widened to 42.6%.

**Top Holdings**

Investee	% of NAV	Book value (USD'000)	Sector	Description
VinaDas <sup>1</sup>	77.9%	10,142	Telecommunications	Development, installation, ownership, operation and leasing of IBS infrastructure and other assets

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

**Macroeconomic update**

The Vietnam's GDP grew by 5.1% in the first quarter of 2017, a modest deceleration from the economy's 5.5% growth rate in the first quarter of last year. The slowdown was due to a 14% yoy decrease in oil production volume, to a reported 38% decline in Samsung's Vietnam-based production (as the company retooled its production line for the launch of the new S8 model), and a slowdown in domestic consumption. While the slight decline in Vietnam's Q1 GDP growth rate may appear to be cause for concern, we expect the economy to resume its higher growth trajectory in Q2 given positive manufacturing, trade, and foreign investment leading indicators.

**Manufacturing:** The Nikkei Purchasing Manager's Index (PMI) for Vietnam reached 54.6 in March, which was a 22-month high, and up from 54.2 in February. The "forward looking" components of the PMI, such as employment and new orders were particularly encouraging.

**Trade:** Vietnam reported an estimated trade deficit of USD1.9 billion in Q1, with imports growing 22% yoy, outpacing a 13% yoy increase in exports. However, import growth was driven by a 28% yoy increase in machinery and equipment imports, which is another positive leading indicator that firms are gearing up for increased manufacturing production and output later in the year.

**Foreign Investment:** The registration of new foreign direct investment (FDI) surged 77.6% yoy in Q1 to USD7.7 billion, while the disbursement of actual FDI was flat. The surge in new FDI registration is yet another leading indicator that augers well for future manufacturing and construction activity in Vietnam, while the benign performance of the country's FDI inflows, which is a lagging indicator, shows that investors remain confident about Vietnam's prospects and about the country's viability as a manufacturing center, despite some well publicized concerns about possible impediments to global free trade going forward.

**Domestic consumption:** Domestic consumption growth in real terms slowed from 7.5% in Q12016 to 6.2% in Q12017. However, the country's consumption in the first quarter of the year is typically impacted by a variety of seasonal effects including the Tet New Year holiday, the impacts of which are difficult to disentangle. For that reason we will continue to monitor domestic consumption trends in Q2 to determine if the slowdown in domestic consumption is a substantive issue or a transitory, seasonal phenomenon.

**Inflation:** The Consumer Price Index increased 5% year-over-year, as of the end of Q1. Core inflation came in a 1.7% yoy, indicating that the steep increase in oil prices over the last year contributed significantly to inflation, government administered price hikes also made a major contribution to the country's inflation rate; medical fees rose 7.5% mom in March, so medical costs rose 36% yoy as of the end of Q1.

**Vietnam Dong:** The Vietnamese dong (VND) remained stable despite the Fed rate hike, and despite the uptick in inflation over the last two quarters. Interbank rates reached 22,720 VND/USD in March.

<b>Board of Directors</b>	VinaCapital Investment Management Ltd		
VNL's Board of Directors is composed entirely of independent non-executive directors.			
<b>Member</b>	<b>Role</b>	<b>Member</b>	<b>Role</b>
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		
<b>Fund background</b>			
<b>ISIN (Private Equity Shares)</b>	KYG936121022		
<b>Bloomberg (Private Equity Shares)</b>	VNI LN		
<b>Reuters (Private Equity Shares)</b>	VNI.L		
<b>Fund summary</b>			
<b>Fund launch</b>	5-Jul-07		
<b>Term of fund</b>	Ten years and then subject to shareholder vote for continuation		
<b>Fund domicile</b>	Cayman Islands		
<b>Legal form</b>	Closed end mutual fund		
<b>Investment manager</b>	VinaCapital Investment Management Ltd		
<b>Structure</b>	Private Equity Share class, trading on the AIM market of the London Stock Exchange plc.		
<b>Auditor</b>	PricewaterhouseCoopers (Cayman)		
<b>Nominated adviser</b>	Grant Thornton UK LLP		
<b>Custodian and Administrator</b>	Standard Chartered Bank (Singapore)		
<b>Brokers</b>	Numis Securities (Bloomberg: NUMI)		
<b>Lawyers</b>	Gowling WLG (UK), Maples and Calder (Cayman Islands)		
<b>Base and incentive fee</b>	<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><a href="#">19 June 2015 EGM Circular</a></p>		
<b>Investment objective</b>	<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><a href="#">19 June 2015 EGM Circular</a></p>		



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