

Performance summary VNI

NAV per share (USD):	0.000
Change (Month-on-Month)	-99.6%
Total NAV (USD 'm):	0.05
Share price (USD):	0.040
Market cap (USD 'm):	14.1
Premium/(discount)	NM

Cumulative Changes (As At 31 Aug 2017)

	Year-to-Date	Since Inception (27 Jul 2015)
NAV per share*	-10.4%	-17.9%
Share price	-78.8%	-83.2%

*Distribution adjusted

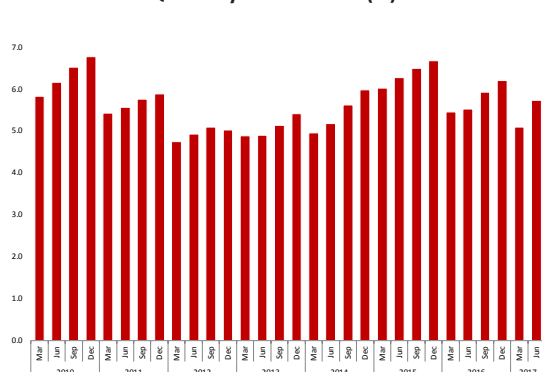
Annual performance history (% change)

	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 indicators

	2016	Aug-17	2017 YTD	YTD Y-O-Y
GDP growth ¹	6.2%			
Inflation (%)	0.5%			3.4%
FDI commitments	24.4	1.4	23.4	45.1%
FDI disbursements (USDbn)	15.8	1.3	10.3	5.1%
Imports (USDbn)	174.1	17.8	135.6	22.3%
Exports (USDbn)	176.6	18.2	133.5	17.9%
Trade surplus/(deficit) (USDbn)	2.5	0.4	(2.1)	
Exchange rate (USD/VND) ²	22,720	22,695	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 (%)

Manager's comment

As at 31 August 2017, VNI's NAV closed at USD0.05m or USD0.0002 per share* representing a 99.6% decrease compared to last month due to the reserved liability for the upcoming distribution on 2 October 2017, which was announced on 25 August 2017. Meanwhile, VNI's share price increased to USD0.04 compared to last month.

* 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.

Macroeconomic Commentary

The State Bank of Vietnam's July decision to cut policy interest rates by 25 basis points (bps) now seems prescient in light of a loosening monetary bias among central banks in Asia. In August, Indonesia cut policy rates by 25 bps, while the People's Bank of China eased up on its crackdown on China's shadow banking system, and the USD/PHP exchange rate was allowed to fall to a 10-year low (a de facto loosening of monetary policy).

Looser monetary policy has not, however, lifted Vietnam's GDP growth rate towards the government's 6.7% goal for 2017, prompting the country's prime minister to repeatedly call for an increase in the credit growth target from 18% to 21-22%, and prompting other government officials to opine that an additional rate cuts of 50 bps would ensure Vietnam achieves its 2017 growth goals.

During the first eight months of 2017 (8M17), credit growth accelerated to 10.1% YTD (compared to from 9% YTD in 8M16), but the factors that have propelled (and constrained) growth this year persisted in August. Vietnam's GDP growth is currently being driven by consumption and manufacturing, but a 10% year-on-year (yoy) plunge in oil & gas production is weighing on growth. Real retail sales (a close proxy to consumption growth) accelerated from 8.5% in 8M16 to 8.9% in 8M17, buoyed by a 30% yoy increase in tourist arrivals and by a five-year high in consumer confidence in August (Vietnam has the fifth-highest consumer confidence score in the world, according to market researcher Nielsen).

The only caveat to this benign picture was a 0.9% month-on-month (mom) surge in consumer prices in August, owing to a confluence of rising prices for petrol, food, and health services, the latter following administrative price hikes. The August CPI spike pushed Vietnam's consumer prices up 3.4% yoy, but we continue to expect 3-4% inflation this year given the favorable anticipated base effects in 4Q17. That said, the local bond market has taken note of the August blip in inflation, so five-year Vietnam Government Bond (VGB) yields have backed up by about 30 bps since the 4.5% low set in mid-July following the rate cut; in August, every VGB auction failed, a signal that interest rates in Vietnam are now at an equilibrium.

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
Robert Binyon	Non-executive Director	Brook Taylor	Chief Operating Officer
Paul Garnett	Non-executive Director	Tony Hsun	Managing Director, Infrastructure
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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