



Thien Viet Growth Fund 2 – TVGF2

Thien Viet Asset Management JSC

October 2017

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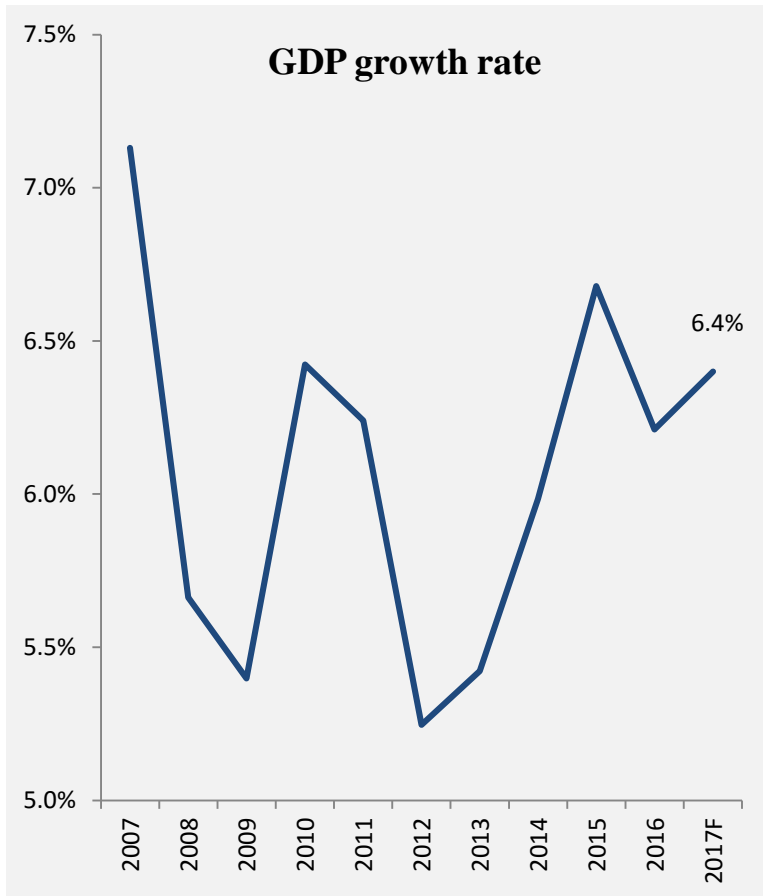
IV. Thien Viet Growth Fund 2 (TVGF2)

I. Investment Opportunities in Vietnam

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 - Removal of Foreign- Ownership- Limit (FOL)
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- 4. Attractive P/E and P/B valuation ratios in comparison with regional countries**

I.1. Bright Outlook for Vietnam Economy

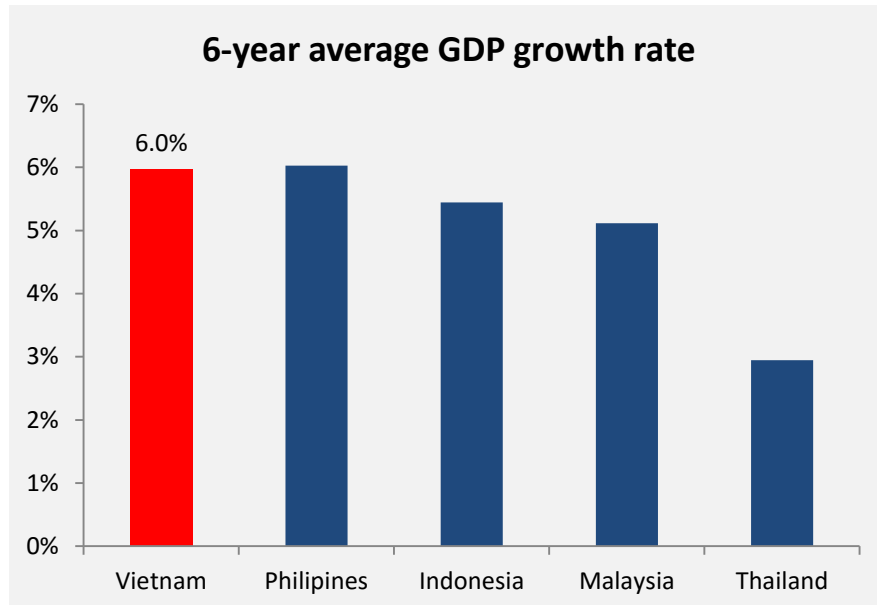
High GDP growth rate



Source:GSO

- From 2012 to 2015, Vietnam's GDP maintained high growth rates in comparison with regional nations and was on an upward trend. Vietnamese government has aimed to promote robust economic growth by maintaining low interest rates and high credit growth to support domestic production, attracting FDI flow, and strengthening export activities.
- In 2016, GDP growth slowed to 6.2% mainly due to sharp drop in crude oil prices and unfavorable weather. Yet, macro stability has been maintained with low inflation and stable exchange rate.
- Vietnam's economy in 2017 is expected to grow better, reaching 6.4% thanks to growth-oriented policies such as increasing crude oil production, coke export, public investment, providing favorable VND100,000bln credit package for agricultural sector, increasing credit growth cap over 18%, and loosening monetary policy with rate cut by 25bps.
- **Vietnam's GDP will be one of the fastest -growing economies in the world, far exceeding the expected global GDP growth of 3.5% and the Asian region of 5.7 %.**

Vietnam's GDP growth is among the highest



Source: Bloomberg, GSO

- **Vietnam's average GDP growth rate during 2011-2016 was among the top in Southeast Asia.**
- In the context of bearish oil market and uncertain international financial markets, Vietnam has overcome all worries and maintained high growth rates. The industry & construction sector continued to bloom and registered FDI hit a new record of USD24.4bn in 2016.
- A string of bilateral and multilateral Free Trade Agreements will help Vietnam to become one of the most attractive manufacturing centers in the region.

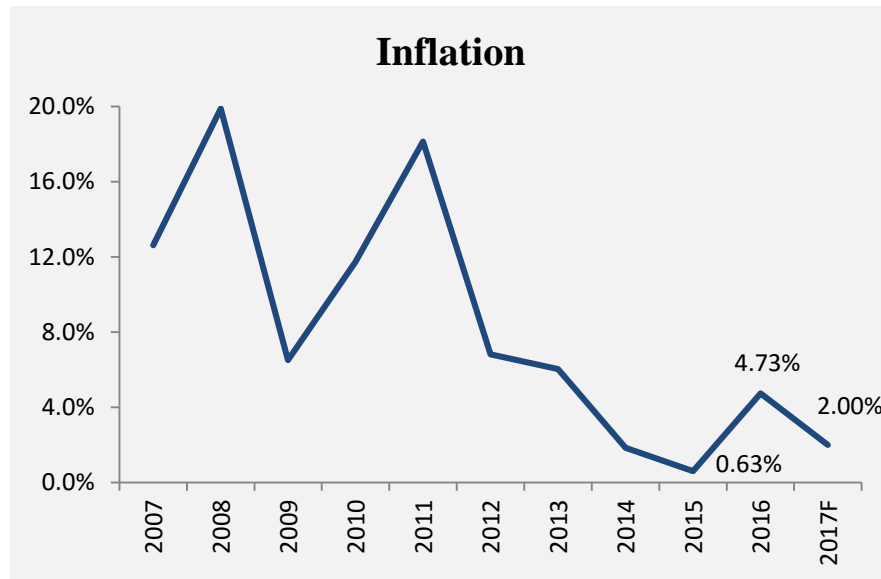
Export - Key driver for GDP growth



Source : GSO, Customs Department

- **Vietnam maintained a high compound annual growth rate of 17% during 2007-2016.**
- 2010 - 2015: Export values increased by 2.2 times due to new free trade agreements in line with WTO commitments and global integration.
- In 2016, export turnover reached USD176bn (+8.3% yoy). Mobile phones & components grew to USD34.5bn (+14.4%yoy), offsetting a sharp drop in crude oil export.
- In 2017, export is expected to reach USD188bn (+7%yoy), partly contributed by new FTAs between Vietnam and Korea (VKFTA), Vietnam-Eurasia Economic Union FTA, and EU-Vietnam FTA.

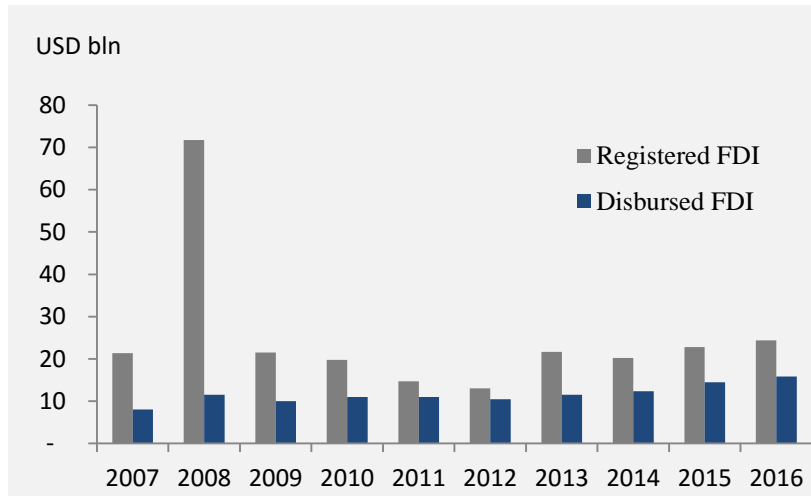
Controlled Inflation



Source: GSO

- Vietnam's economy faced big challenges in 2008 and 2011 with high inflation (more than 20% and 19% respectively) which were results of unrestrained credit growth and economic stimulate packages to fight global financial crisis.
- Along with bearish commodity markets, Vietnam's right policies have produced **impressive results in 2015 and 2016 CPI which were 0.63% (a 15- year low) and 4.7% respectively.**
- Annual average Inflation is expected to be 2% in 2017, stabilizing the macro economy and supporting economic growth.

FDI is booming

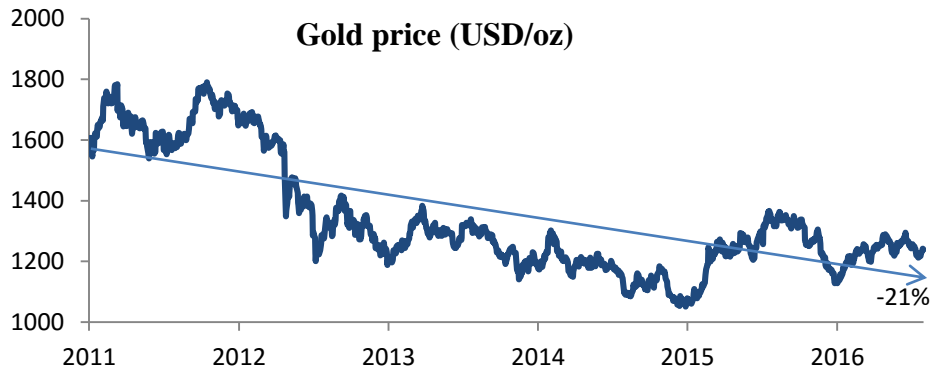


- **FDI disbursement achieved CAGR of 11% in 2012-2016 and hit a new record of USD15.8bn in 2016.**
- New registered capital from new projects, supplementary capital and capital contribution & share purchase in Vietnam also increased 7.1% yoy to reach VND 24.37bn in 2016. Processing and manufacturing attracted USD 9.8bn, accounting for 65% of the new registered capital.
- Capital inflows from leading corporations such as Samsung and LG will help Vietnam become one of the biggest world's manufacturing centers.

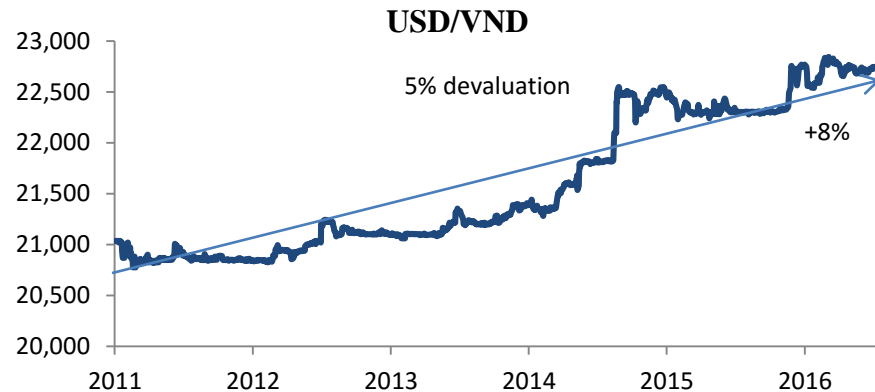
Source: GSO

I.2. Less Appealing Alternative Investments

Gold price has been in a downtrend since 2011

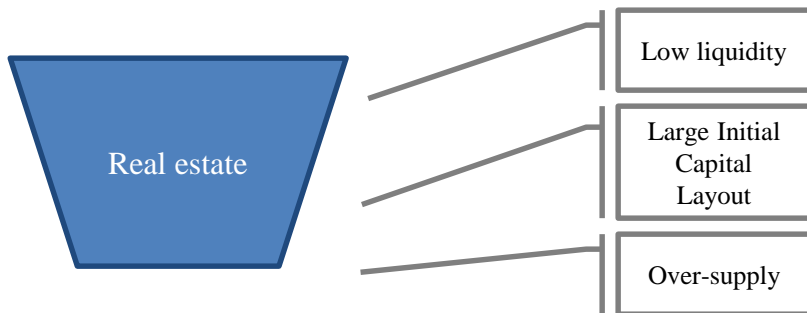


USD/VND is stable and USD deposit rate is 0%

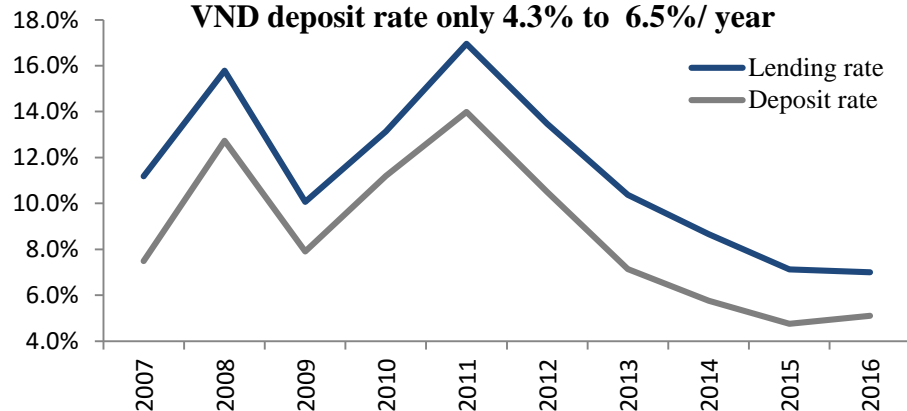


TVGF achieved an impressive growth rate of 43.4% in 9M2017

Real estate requires initial large capital layout, and becoming oversupply

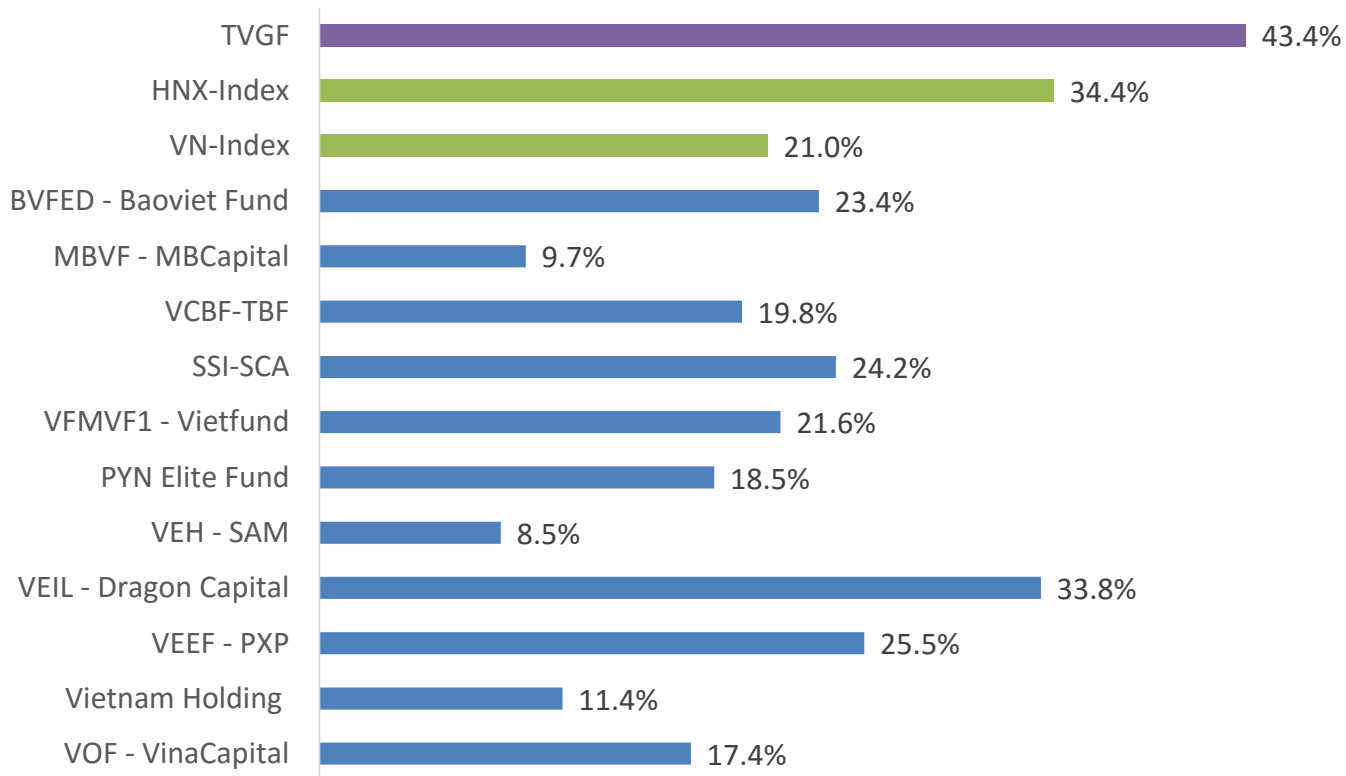


VND deposit rate only 4.3% to 6.5%/ year



I.2. Less Appealing Alternative Investments

TVGF vs other funds 9M2017 Return



Source: Funds' Reports

I.3. Supportive factors for stock market

- **Remove foreign ownership limit**

Currently, foreign ownership limit (FOL) at most of Vietnamese listed companies (except banks and securities companies) is at 49%. In the near future, Vietnam will lift restrictions on foreign ownership at many industries to attract more foreign investment and strongly support the sustainable development of the stock market.

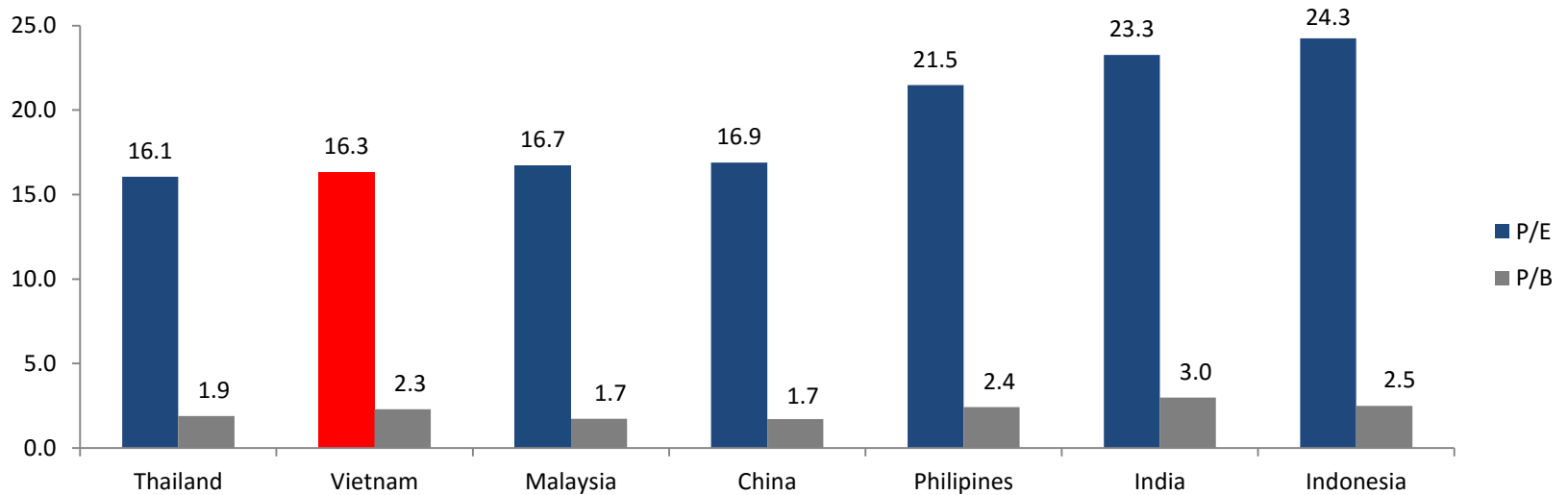
- **Free trade agreements**

With bilateral and multi-lateral free trade agreements in place, Vietnam's integration with global economies has been accelerated. These FTAs are expected to boost Vietnam's export growth and GDP, due to tax exemptions and removal of trade barriers.

- **Foreign Indirect Investment expected to surge**

Foreign investment is booming ahead of prospects of MSCI Emerging Market re-classification, removal of FOL and IPO for State-Owned -Enterprises. In the first half of 2017, the net purchase value of foreign investors reached VND 9,200 billion- a new high since 2008, and total securities value held by foreign investors has increased over 15% ytd.

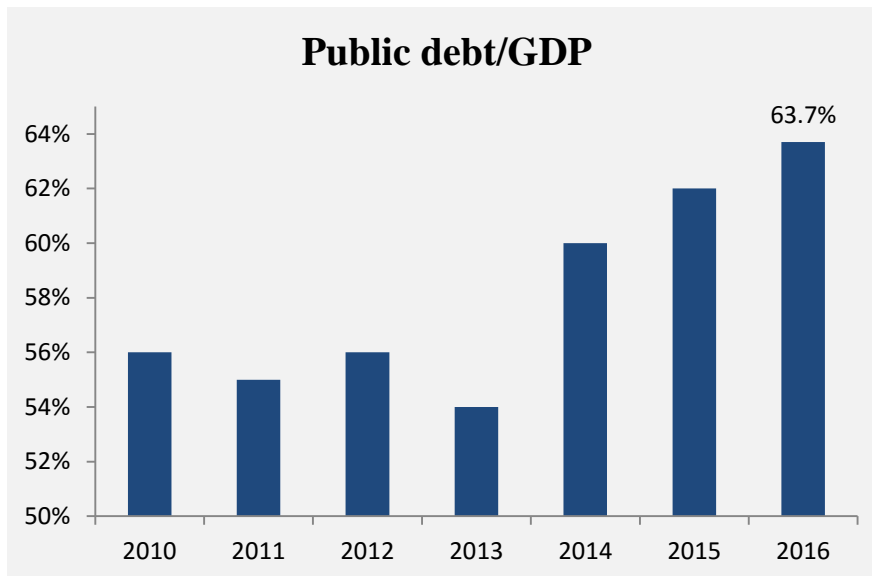
I.4. Attractive Valuation



Source: Bloomberg as of Jun 23rd 2017

Vietnam's Price-to-earnings (PE) valuation is currently 16.3x- lower than most of neighboring countries- while GDP growth rate is among the highest.

High public debt



- According to the Ministry of Finance, as of the end of 2016, public debt reached 63.7% of GDP which was close to debt ceiling of 65% set by the National Assembly. If not controlled tightly, high public debt would lead to a reduction of public investment, negatively affecting economic growth and stock market.
- The government targets to keep public debt below 65% of GDP and will gradually decrease to 60% by 2030.

Devaluation

- Vietnam Dong devaluation is still one of the main concerns due to Fed interest rate. Without strict control, depreciation of the Dong will adversely affect macro stability, increase credit risk to Government, increase cost of imported materials, and reduce foreign capital inflows.
- However, from 2016, the State Bank of Vietnam (SBV) has adopted a new daily rate fixing mechanism based on a trade-weighted basket which helps to discourage owning USD, to stabilize currency market and reduce Dong devaluation pressure. As a result, VND was slightly devalued 1.2% in 2016 and continued to remain stable in the first half of 2017.

Thien Viet Asset Management (TVAM) was a newly formed fund management company, a 99% subsidiary of Thien Viet Securities (TVS) that offers managing and consulting financial services, managing accounts and funds. The Company intends to provide an opportunity for long-term investors to participate and benefit from the growth of Vietnamese economy by making investment in Vietnam Stock market.

Investment Directors



Mr Tran Vinh Quang

He has worked for TVS since 2011 and is in charge of all listed investments for TVS. Before joining TVS, he had 6 years experience as portfolio manager at Viet Capital Asset Management, monitoring two funds specializing in listed stocks with total AUM of US\$70 million. Prior to that, he worked as assistant manager in Finance department of Unilever Vietnam. He earned a BA degree with distinction from the UNSW, Australia in 2005 under a full scholarship program sponsored by the Australian government. Mr. Quang has passed all exams of ACCA (the Association of Chartered Certified Accountants - UK) and CFA (Chartered Financial Analyst) and is currently a CFA Charterholder.



Mr Nguyen Duy Quang

Mr Quang is currently Portfolio Manager of Thien Viet Asset Management with over 14 years of experience in finance and investment sectors. Mr Quang used to work for some multinational corporations such as PricewaterhouseCoopers, Unilever, BP Exploration Operating, Procter & Gamble at positions of Financial Consultant, Deputy Manager of Management Accounting in many years and managed a foreign Fund – Vietnam Equity Holding with total asset value of over USD100 million for approx 4 years at the position of Senior Investment Manager.

III.1. Experienced Investment Committee



Mr Nguyen Trung Ha

Mr. Ha is acknowledged as a prominent strategic thinker with extensive angel investment experience in Vietnam with a portfolio of more than 30 local companies. He was a founder of FPT in 1988, where he was Chief Strategist for many years. Mr. Ha was also a founder of Asia Commercial Bank (ACB), currently the biggest private commercial bank in Vietnam.



Ms Dinh Thi Hoa

She is the Founder and Chairwoman of the Galaxy Group, one of the most successful and largest media and entertainment groups in Vietnam. Ms. Hoa is the first Vietnamese who had Harvard MBA graduate in post-war period Vietnam. She was instrumental in helping to set up a US\$100mn Proctor & Gamble operation in Vietnam before founding the Galaxy group in 1994. She is also a founder of the Hanoi School of Business and headed its Marketing department for several years. She currently serves on the board of ABCS and REE.



Ms Bui Thi Kim Oanh

Ms Oanh has had over 18 years' experience in the fund management area. She worked as an investment manager for several funds such as Vietnam Equity Fund, Finansa Vietnam Fund, New S Finansa Vietnam Balanced Fund. Ms Oanh used to work for Bao Viet Insurance Corporation for 8 years. Ms Oanh has an Economics degree from Humboldt University in Germany and a Master degree from Asian Institute of Technology in Thailand.



Ms Nguyen Thanh Thao

She has been the CEO of TVS since 03/2013 as well as Managing Director, Head of TVS based in Ho Chi Minh City since Sep 2008. Prior to joining TVS in 2007 as Head of Research, she was a Senior Financial Analyst at Ameriquest Capital Holdings, one of the largest mortgage lenders and some other financial institutions in the US. Prior to this, Thao was a Legal Office Manager for a law firm based in California, USA. She holds a Bachelor degree in Economics from the Moscow State University of Foreign Affairs (MGIMO) in Russia in 1997 an MBA from the USA in 2005.

TVS's Background (The Parent company of TVAM)

Established in 2007, TVS is a fully licensed independent Investment Banking institution in Vietnam, complying with international standard and dedicating to satisfying clients' demand. Financial services include Investment Banking, Institutional Clients, Brokerage, Proprietary Trading and Research.

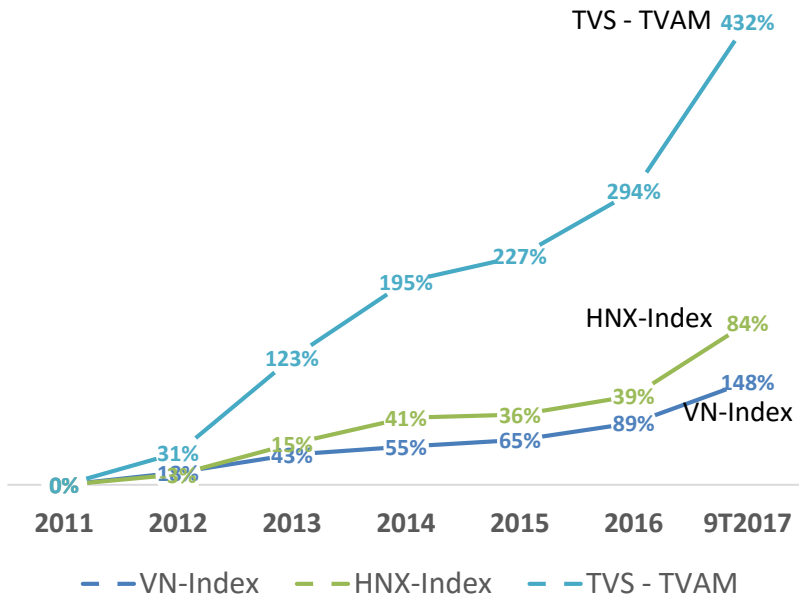
During 2011 – 2016, TVS was always in top 5 of over 80 securities companies in Vietnam with highest Return on Equity (ROE). TVS always focuses on two key business segments – Investment Banking and Proprietary Trading during hard periods of financial market.

In Proprietary Trading, TVS has always tried to outperform the market by balancing risks and rewards in line with value investment strategy instead of speculation. For the past 6 years, TVS's portfolio has achieved a CAGR of 21% annually, compared to the 5% CAGR of VNIndex and 12% CAGR of other investment funds in the market.

In Investment Banking, TVS is one of the leading consultants in Vietnam with over 24 successful deals valued at USD700 million. The deal Diana – Unicharm, with TVS as an exclusive financial consultant of Diana's shareholders, was awarded the prize of "The best deal of the year" by The Asset Magazine in 2011.

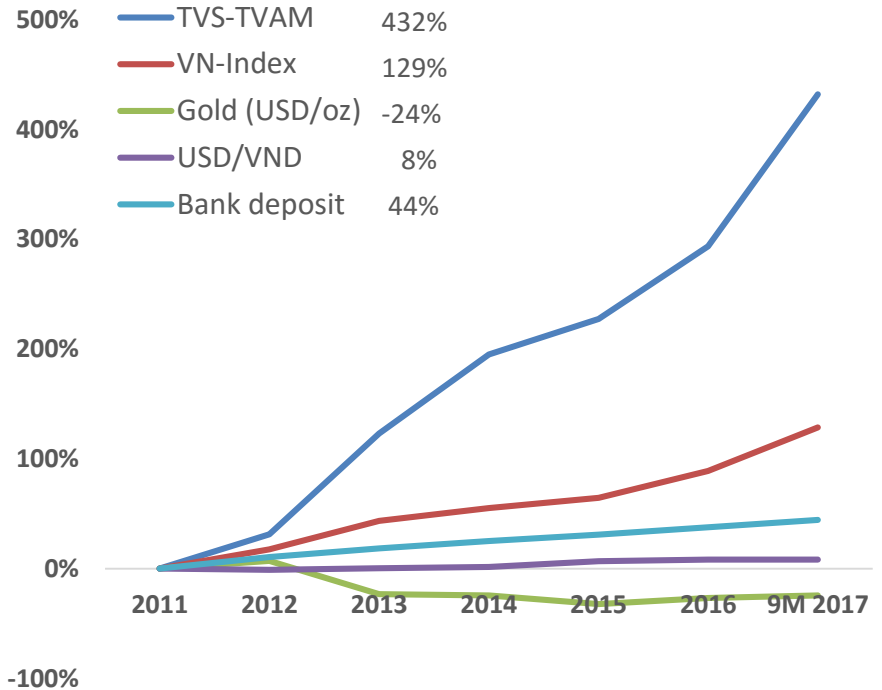
III.3. Performance in the past 6 years

TVS vs VNIndex & HNXIndex



Source: GSO, Bloomberg

TVS-TVAM vs other investment vehicles



From 2011 to 2016, investment portfolios of TVS continuously outperformed market overall in 6 years with CAGR over 20% vs VNIndex's CAGR of 5% in the same period.

Structure

- TVGF2 is a closed-end listed fund, to be listed and traded on Ho Chi Minh Stock Exchange, with a well-diversified portfolio investing in listed and prelisted securities.
- The Fund has a 3 years lifespan. During its operating period, TVGF certificates can be traded on HOSE like other listed equities.

Investment Objectives & Strategies

The Fund's investment objectives are to seek for long-term growth of capital, maximize investors' profit and outperform all Vietnam indexes. In pursuing these objectives, the Fund will focus on investing in listed and prelisted securities of Vietnamese companies that offer superior opportunities for growth. The Fund seeks to invest in companies with strong characteristics including an experienced and proven management team that supports corporate governance and financial transparency, a high-growth business model, differentiated products or services, superior competitive advantages, a significant market share, and a clear exit strategy for investors.

Fees:

- Management fee: 1.0% p.a, paid monthly based on beginning NAV of each month.
- Performance fee: 20% p.a. over 8% hurdle rate with high water mark.

Sector focus: All industries

Investment Restrictions: No more than 20% of the NAV may be invested in a single company, no more than 30% of the total NAV may be invested in a single sector, no more than 15% of total NAV may be invested in unlisted companies. The Fund will not invest in more than 15% stake of any company. No gearing will be allowed.

Portfolio: The Fund will generally hold between 15 - 25 securities.

Key Terms

Estimated Fund size	VND200 billion	Custodian Bank	BIDV
Listing exchange	Ho Chi Minh City Stock Exchange	Functional Currency	VND
Estimated issued shares	20 million shares	Auditor	Ernst & Young
Issued price	VND10,100	Last day of submission	Oct 20 th 2017 to Dec 20 th 2017
Par value	VND10,000	Investment Director	Nguyen Duy Quang
Minimum buying shares	10,000 shares	Fund Manager	Thien Viet Asset Management
Fund life	3 years	Investment Committee	Nguyen Trung Ha, Dinh Thi Hoa, Bui Thi Kim Oanh, Nguyen Thanh Thao
Dividend policy	TBD by shareholders at the Annual General Meeting (AGM)	Reports	Quarterly official NAVs & annual audited NAVs.

Why investor should invest in equity fund?

Content	Investment fund
Time schedule	Researching and selecting stock in full-time.
Information access	Contacting frequently and directly with business leader, financial analysts of leading securities firms and fund managements.
Expertise	Experience, in-depth training , with access to advanced valuation models such as Bloomberg, and Reuters.
Investment discipline	Allocating assets according practical financial indicators and having investment discipline.

In developed markets like US, Germany, Hong Kong, retail investors only participate directly about 30% of total market value while they participate majority of 70% total market value in Vietnam.

From 2006 to 2015, USD retail investors were net purchasers of USD366bln annually each year worth of fund certificate while being net sellers of USD274bln annually of shares and bonds.

Why investors should participate in TVGF

1. Free access to “full foreign ownership limit” stocks for investors

We are local fund and can offer free access to “full foreign room” stocks for both foreign and domestic investors . This is our exceptional advantage over foreign funds that have limited access to “full foreign room” stocks

2. Experienced Investment Committee and Investment Team

3. Effective investment strategies, proven with consistent outstanding results for the last 6 years

4. Competitive service fees

IV.1. Competitive Service Fee Structure

TVAM's Service Fees

Accounting period End of the year (December 31st)

Hurdle rate 8%

Management Fee 1% x Net Asset Value (NAV)

Performance Fee Performance fee is calculated at year end after fund's management fee

- X: percentage of profit (after management fee)
- $X \leq 8\%$: $p = 0\%$
- $X > 8\%$: $p = 20\% \times (X - 8\%) \times \text{NAV}$ at the beginning of Accounting Period

Fee comparison with peer funds

	Fund	Hurdle rate	Management fee	Performance fee
1	DC VEIL	N/A	2%	0%
2	VinaCapital VOF	8% fixed	1.5%	15%
3	PXP VEEF	8% fixed	1.5%	15%
4	Vietnam Equity Holding	8% fixed	2%	20%
5	Vietnam Holding	5% fixed	2%	15%
6	Indochina	8% fixed	2%	20%
7	TVGF2	8% fixed	1%	20%

IV.2. Fund comparisons

There are two main types of investment funds: Open-end fund and closed-end fund. The open-end fund is required to buy back shares from investors upon request while the closed-end fund is not.

Criteria	Closed-end fund	Open-end fund	ETF
Liquidity	Stable capital helps the Fund to be flexible with its liquidity need and can invest in long-term assets	The Fund always reserves cash to repurchase Shares and manages liquidity cautiously	The Fund always reserves cash to repurchase Shares and manages liquidity cautiously
Investment Strategy and Performance	Value investing philosophy with active strategy. Proactive with due diligence and research on companies Target to achieve higher than market's return	Value investing strategy but somewhat passive. Always focus on the liquidity of shares in order to meet investors' redemption request	There are no needs to do due diligence or research on companies. Mainly focus to replicate the index by investing in stocks that match the Fund's capitalization and liquidity criteria Target to achieve market's return
Timeframe	Short, medium and long term investment to maximize returns	Short and medium term investment as needed to meet redemption request	Short and medium term investment as needed to meet redemption request
Buy and Sell shares	Shares is traded on the stock exchange with commission fee	Direction from the fund with trading fee	Direction from the fund with trading fee

1. Origination and Deal Flow Sourcing

We apply both Top-down and Bottom-up approaches for deal sourcing

- **Top down** approach starts by identifying the attractive sectors, followed by the attractive companies operating within those sectors. The top-down approach attempts to understand the sector structure and overall business performance as well as possible impacts from macro economy changes that could significantly affect the sector's development.
- **Bottom-up** approach starts by identifying the attractive companies via a screening exercise of database of companies based on some key financial performance indicators such as earnings growth, profitability ratios, valuation multiples and financial health. We use Bloomberg and Reuter terminals to implement the screening exercise.

2. Due Diligence and Investment Proposal

We typically analyze the following factors to identify a target investment

- An analysis of macro economy that may impact earnings and profitability of the company;
- A thorough assessment of the company's focused market;
- An analysis of the company's historical performance and business plans, including an assessment of products, differentiations, competitors, and operations;
- Comparison with other domestic and foreign peers in term of P/E, P/B and DCF valuation;
- SWOT analysis;
- The identification of particular risk factors and means of overcoming or mitigating such risks;
- An investigation of the background of the management team;
- The formulation of an exit strategy and timetable for achieving liquidity.

3. Investment Approval

The Investment Committee will meet periodically to approve new investment proposals and advise proper investment strategies, percentage of allocation between cash & stocks for Portfolio Manager in order to maximize profit and minimize the risks related to macro economic and political issues. The Portfolio Manager will be responsible for all aspects of the implementation and execution of investment decisions.

4. Investment Monitoring

The Portfolio Manager will monitor the progress and performance of each portfolio company through periodic meetings with its management, site visits, quarterly, and when available, monthly reviews of financial data and management reports. The Portfolio Manager will regularly consider and report to the Investment Committee on the plan to exit current investments and make new investments.

5. Investment Realization

The Portfolio Manager will aim to realize individual investments if the realization would be in the best interest of the Fund, ideally within one to three years time frame when exit targets are reached. The exit targets will be defined by a combination of multiple valuation methods including P/E, P/B and DCF valuation.

6. Risk Control

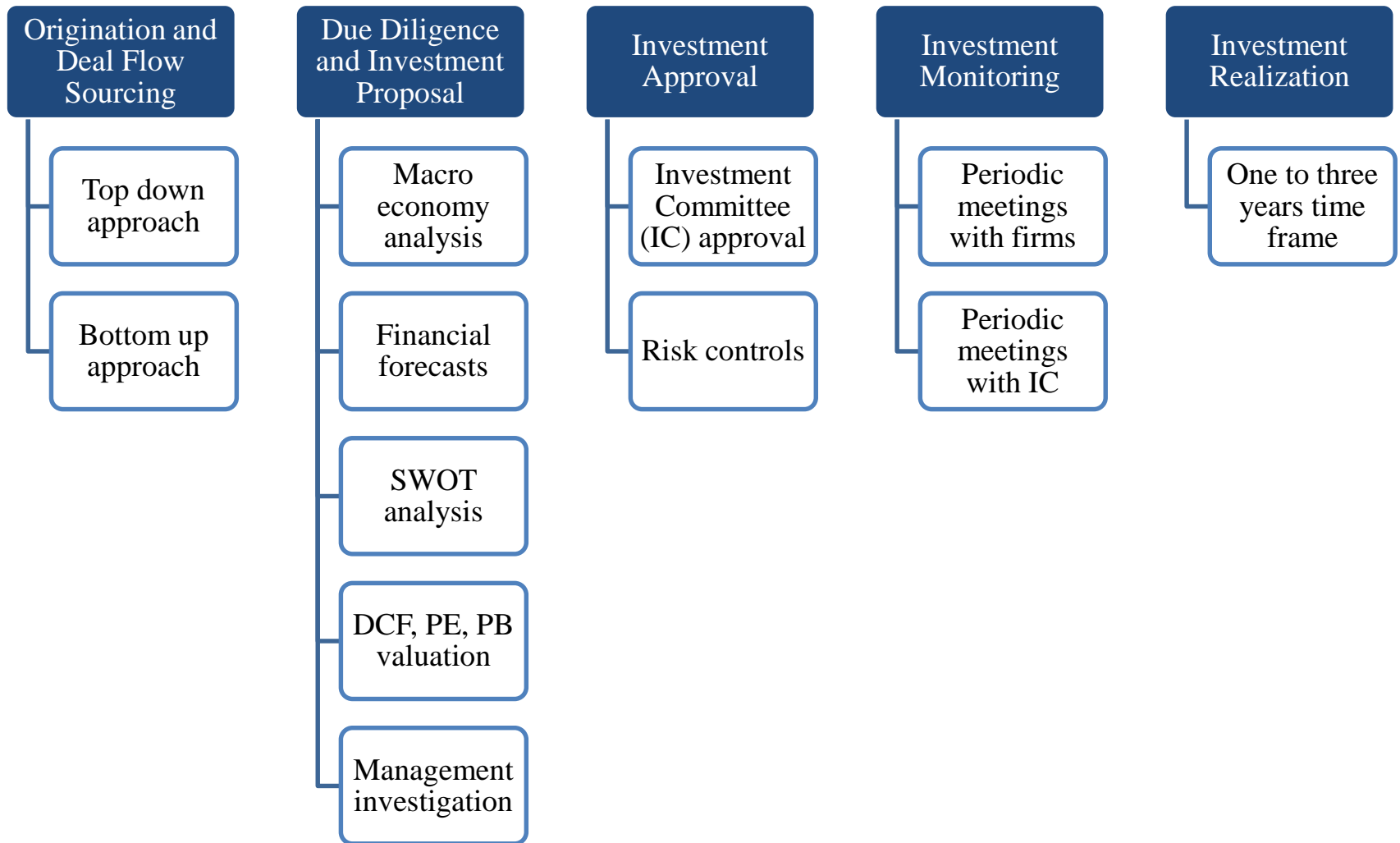
There are no limits on the sectors in which the Company can invest. However, the Company will endeavor to adhere to the general principle of sector diversification in respect of its assets. For risk control and portfolio diversification, the Company will apply some below restrictions on investment:

- Will not invest more than 20% of total NAV in the shares of a single company.
- Will not invest more than 30% of total NAV in the shares of a single sector.
- Will not invest more than 15% of total NAV in unlisted companies.
- Will not invest more than 15% stake of any company.

When the NAV of portfolio decreases by more than 15%, Portfolio Manager has to report and explain to Investment Committee the reason and propose proper action - Hold or Cut Loss. The Investment Committee will make final decision.

When stock price decreases by more than 20%, Portfolio Manager has to report and explain to Investment Committee the reason and propose proper action - Hold or Cut Loss. The Investment Committee will make final decision.

IV.3. Investment Approach & Risk Control Process



Privacy and Confidentiality

The company and the Board of Directors will keep confidential information received from shareholders and will not disclose in accordance with the terms and conditions of this Agreement; except if the disclosure is required by law or court order or is requested (with or without legal effect) by any Central banks, Government regulations and tax authorities. By subscribing for the Fund's certificate, the shareholder is deemed to be in full agreement with this provision.

Contact

NGUYEN DUY QUANG (Mr.)

Investment Director

Phone: +8428 6299 2090 – Ext: 2300

Email: quangnd@tvam.vn

PHAM UYEN VY (Ms.)

Investor Relations

Phone: +8428 6299 2090 - Ext: 2301

Email: vynu@tvam.vn

Thien Viet Asset Management JSC

Floor 9, Bitexco Nam Long Building, 63A Vo Van Tan street, District 3, Ho Chi Minh City, Vietnam.