# EDISON

# VinaCapital Vietnam Opportunity Fund

## Listed equities lead recovery

Investment companies

**VinaCapital Vietnam Opportunity Fund (VOF) is designed to give investors broad exposure to the Vietnamese economy through a diversified multi-asset portfolio. VOF is a large, liquid investment company traded on AIM. The Vietnam Index has been a strong performer this year (total return 22% to 29 September compared with 3% for emerging markets). The VOF listed equity portfolio nearly matched the index to end August, but overall NAV performance has been held back by the property and unlisted exposure. In due course a broadening of recovery should benefit VOF, while positive signs on structural reform of state-owned enterprises point to greater investment opportunities.**

| 12 months ending | Total share price return (%) | Total NAV return (%) | Vietnam VN Index return US$ (%) | Total return MSCI AC Asia ex Japan (%) | Total return MSCI World Index (%) |
|---|---|---|---|---|---|
| 31/08/11 | (5.6) | 0.4 | (9.6) | 9.8 | 15.1 |
| 31/08/12 | 15.9 | 2.1 | (2.1) | (2.7) | 8.8 |
| 31/08/13 | 30.0 | 22.2 | 22.2 | 7.2 | 18.3 |
| 31/08/14 | 24.7 | 20.2 | 39.9 | 21.6 | 21.7 |

Source: Thomson Datastream

## Diversified asset exposure to economic growth

Vietnam's equity market is a frontier market; it is immature, narrower and potentially more volatile compared with more developed South-East Asian economies. To access a broad range of investment opportunities and manage volatility, VOF's portfolio includes listed equities, real estate, OTC traded companies, private equity and debt instruments. The manager selects investments from sectors that are expected to benefit from Vietnam's domestic growth, including consumer goods, financial services, real estate and healthcare.

## Economic outlook: More stable now

Vietnam is a developing economy with obvious potential. It is resource rich, has a favourable demographic profile, and despite strong economic progress, GDP per capita remains around a third of that of Thailand and China. The economy has stabilised, with inflation and interest rates at lower levels, the currency stable, resilient foreign direct investment, and stable or modestly improving growth. The equity market has already responded positively, but from a low base such that valuations do not appear obviously overstretched; VOF's wide asset coverage would enable it to benefit from a broader move in markets, particularly a recovery in real estate.

## Valuation: Discount has narrowed, but further to go

Against a generally strong market performance, VOF's discount to NAV of c 23% remains attractive, although down from c 40% in November 2011 (when the share repurchase programme, aimed at narrowing the discount, commenced). Given a benign market backdrop, share repurchases alongside existing efforts to improve market communication have the potential to narrow the discount significantly.

**1 October 2014**

| | |
|---|---|
| **Price** | **US$2.71** |
| **Market cap** | **US$640m** |
| **Net assets*** | **US$831.8m** |

| | |
|---|---|
| NAV* | US$3.51 |
| Discount to NAV | 22.8% |

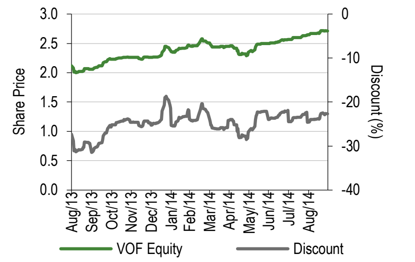
*As at 31 August 2014.

| | |
|---|---|
| Yield | 0.0% |
| Ordinary shares in issue** | 235.8m |

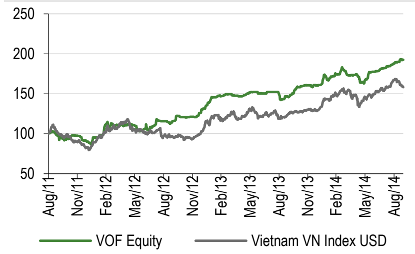
**Excludes 88.1m repurchased shares held in treasury.

| | |
|---|---|
| Code | VOF |
| Primary exchange | AIM |
| AIC sector | Asia Pacific Vietnam |

### Share price/discount performance




### Three-year cumulative perf. graph




| | | |
|---|---|---|
| 52-week high/low | US$2.72 | US$2.06 |
| NAV* high/low | US$3.51 | US$2.98 |

*Excluding income.

### Gearing

| | |
|---|---|
| Gross | 0.0% |
| Net cash (end August) | 2.5% |

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Edison profile page

*VinaCapital Vietnam Opportunity Fund is a research client of Edison Investment Research Limited*

## Exhibit 1: Fund at a glance

**Investment objective and fund background**

VinaCapital Vietnam Opportunity Fund (VOF) is a closed-end fund, launched in September 2003, and traded on the AIM market of the London Stock Exchange. Its investment strategy seeks to enhance net asset value, on a consistent basis, through medium- to long-term investments in a range of assets. The portfolio includes listed and unlisted equities, real estate, private equity and debt instruments, covering a broad range of sectors that are expected to support Vietnam's growing economy. Investment may include Cambodia, Laos and China, with Vietnam accounting for at least 70% of the total.

**Recent developments**

- 26 September 2014: 0.33m Ord shares repurchased, taking the total since November 2011 to 88.8m or 27.4% of shares in issue.
- 19 August 2014: Sale of part of Vinamilk holding, but Vinamilk is still the largest portfolio holding at 10.8% of end July NAV, vs 13.7% end March.
- 10 March 2014: Ms Thuy Bich Dam appointed as an independent non-executive director of the company.

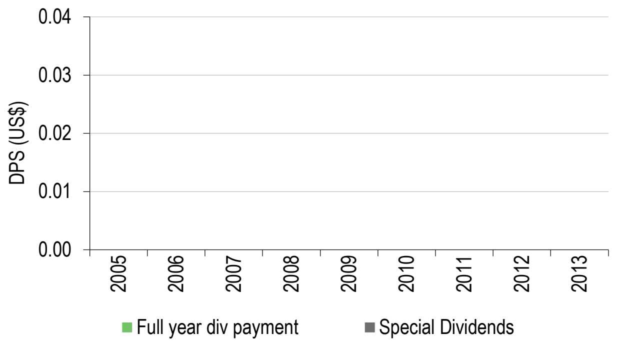
| Forthcoming | | Capital structure | | Fund details | |
|---|---|---|---|---|---|
| AGM | November 2014 | Ongoing charges | 2.12% | Group | VinaCapital |
| Preliminary results | October 2014 | Cash (net cash) | 2.5% | Manager | Andy Ho |
| Year end | 30 June | Annual mgmt fee | 1.5% on net assets | Address | PO Box 309GT, Ugland House, South Church St, George Town, Grand Cayman, Cayman Islands |
| Dividend paid | N/A | Performance fee | 15% of performance above 8% pa | | |
| Launch date | September 2003 | Fund life | Indefinite | | |
| Continuation vote | 2018 EGM and five yearly thereafter | Loan facilities | None | Phone | +848 3821 9930 |
| | | | | Website | www.vinacapital.com |

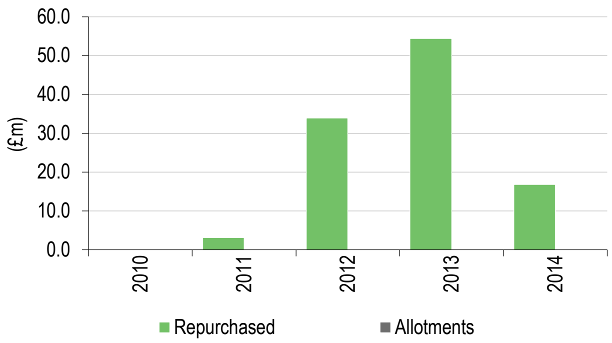
**Dividend policy and history**

There is no current intention to pay a regular dividend.

**Share buyback policy and history**

88.8m shares repurchased since start of buy-back programme in November 2011.




**Top holdings by asset class (30 June 2014)**

| Listed equity (54.1%) | % of NAV | Sector | Description |
|---|---|---|---|
| Vinamilk | 12.1% | Consumer goods | Leading dairy company with dominant market share |
| Hoa Phat Group | 8.2% | Industrials | Major steel manufacturer |
| Eximbank | 4.9% | Financial services | Top 10 Vietnamese commercial bank |
| Kinh Do Corp | 4.6% | Consumer goods | Leading confectionery manufacturer in Vietnam |
| Hau Giang Pharmaceuticals | 3.7% | Pharmaceuticals & healthcare | Largest domestic pharmaceutical producer in Vietnam |

| Over the counter (OTC) (9.3%) | % of NAV | Sector | Description |
|---|---|---|---|
| An Giang Plant Protection | 7.8% | Agriculture | Leading plant protection chemicals firm |
| South Basic Chemical Co. | 0.6% | Industrial | Largest basic chemical producer in Vietnam |
| Cienco 4 | 0.4% | Real estate & construction | One of the leading transport infrastructure contractors |
| Binh Dien Fertilizer | 0.4% | Agriculture | Largest NPK fertiliser producer |

| Real estate & hospitality (23.7%) | % of NAV | Sector | Description |
|---|---|---|---|
| Sofitel Legend Metropole Hotel Hanoi | 8.2% | Hospitality projects | Leading city-centre hotel |
| Century 21 | 2.9% | Real estate projects | HCM residential development |
| Danang Beach Resort | 2.3% | Real estate projects | Resort villa (sales in process) |
| Dai Phuoc Lotus | 1.8% | Real estate projects | Residential townhouse developer (sales in process) |
| Hung Vuong Plaza | 1.5% | Real estate projects | Leading shopping centre in HCM city Chinatown |

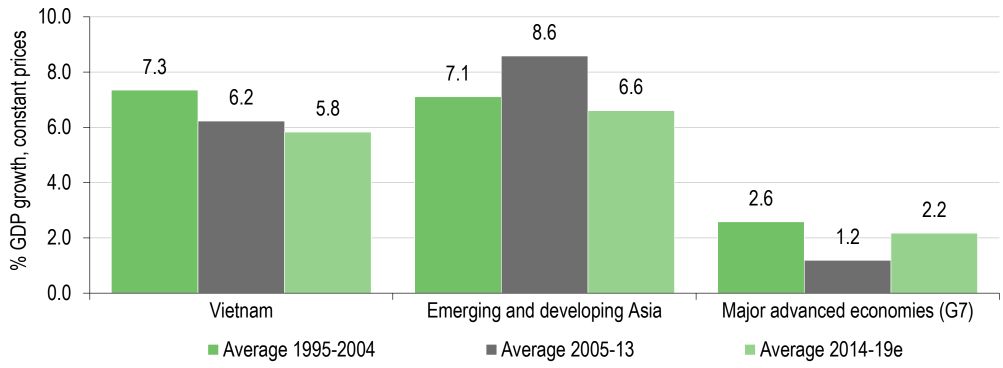
| Private equity (2.6%) | % of NAV | Sector | Description |
|---|---|---|---|
| American Home Vietnam | 1.0% | Industrials | Construction materials firm |
| SSG-Saigon Pearl | 0.6% | Real estate projects | Large Vietnamese property developer |
| Cau Tre Enterprise | 0.6% | Food & beverage | Leading Vietnamese frozen food producer |
| Yen Viet | 0.2% | Food & beverage | Leading producer of birds nest nutritional products |
| Petroland | 0.1% | Real estate & construction | Small real estate company in Hanoi |

Source: VinaCapital, Edison Investment Research

## Macro outlook: Slower growth, greater stability

Vietnam is a developing economy with obvious potential. It is resource rich and has a favourable demographic profile, with a population of c 90 million, 23% of whom are under 14. Growth was strong in the period up to the financial crisis (averaging over 7% pa 2000-14), as the government adapted the principles of the Chinese socialist market economic model to this traditionally agrarian[1] economy, ravaged by decades of civil war. Despite the progress made, GDP per capita remains around a third of that of Thailand and China, and since the global financial crisis Vietnamese economic growth has struggled to fulfil its potential for catch-up. The economy recovered quickly after the credit crunch, boosted by loose fiscal and monetary policy, but inflation rose to a peak of 23% in 2011 and corrective measures caused a subsequent slowdown in GDP growth.

**Exhibit 2: Real GDP growth – Vietnam versus developing Asia and advanced economies**




Source: IMF April 2014 WEO, Edison Investment Research. Note: G7 = Canada, France, Germany, Italy, Japan, the UK and the US. The IMF has subsequently trimmed its 2014 forecast for the US from 2.8% to 2.0%.

More recently inflation has moderated, with average consumer price inflation of 4.7% in the first eight months of 2014, strong export growth (+14% in the same period) and a modest pick-up in GDP growth in Q214 (+5.25%). Current year forecasts for GDP growth generally fall in a range between 5.4% and 5.8% (World Bank and government respectively). As Exhibit 2 demonstrates, while IMF estimates for Vietnam's average economic growth in 2014-19 are somewhat lower than for the emerging and developing Asia region as a whole, they are substantially ahead of expected growth in advanced economies.

Prospective economic growth will be contingent on external factors, but also, importantly, on the degree of success in resolving bad debts in the banking sector and implementing structural reforms more generally. While there is some way to go, the government has been taking steps on these issues. Weak banks have been merged, the limit on strategic foreign investment in domestic financial institutions raised, and non-performing loans have been partially addressed through the creation of a state-owned asset management company (the VAMC) to acquire these loans from the banks. So far the VAMC has purchased bad debts of c VND59trn compared with a target of VND70-100trn, but there are still doubts surrounding the assessment of bad debts and the ability of the VAMC to resolve them through management or disposal. Plans for the SOEs revolve around the greater transparency and accountability of transforming them into joint stock companies. Resolution 15 passed in March this year included an ambitious plan for equitising (or privatising) over 400 of the remaining 1,200 or so SOEs in 2014-15, but even partial delivery would be likely to have a positive long-term impact by reducing the inefficiencies that tend to characterise these organisations.

[1] Agriculture accounts for 18% of Vietnamese GDP, in line with India, but still significantly higher than China at 10%, for example.

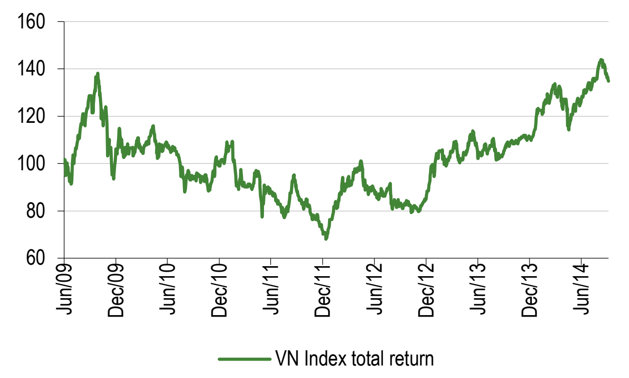
In May the movement of a Chinese oil rig near to the disputed Paracel Islands prompted a sharp increase in tensions with China and localised riots. The territorial dispute underlying the incident remains unresolved and could flare up again, potentially affecting economic growth forecasts, but as things stand the governments have agreed to negotiate and fears of a military conflict appear to have dissipated.

## Listed Vietnamese equities buoyant

Frontier markets, including Vietnam, have generally performed better than emerging markets over the year to date, with the VN Index outperforming the MSCI Emerging Markets Index by 18% to 29 September. The tensions with China over the South China Sea had a sharp but short-lived impact on the market (see Exhibit 3) and the Vietnamese equity market seems to have responded well to signs of economic stabilisation, falling interest rates and inflation. Interestingly, foreign investors appeared to take advantage of the correction in the market, increasing net buying of Vietnamese equities between April and June. The last two months have seen a move to modest net selling but for the year to date and over the last four years foreigners have been net buyers. Asian markets have generally moved lower over the last few weeks on concerns over China's growth and protests in Hong Kong.

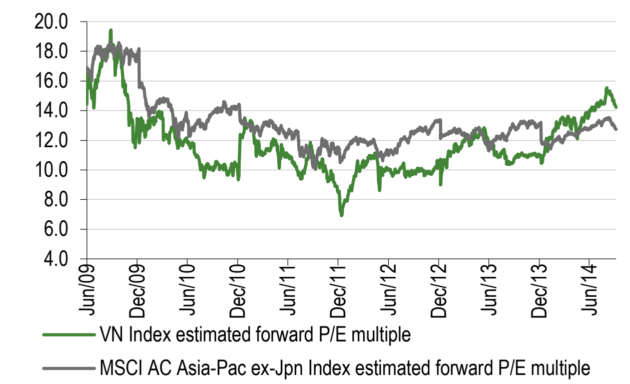
Reflecting the strength in the VN Index, the market valuation, as measured by the forward P/E, has expanded to14.2x and is now significantly above its five-year average of 11.8x and also ahead of the P/Es for emerging markets and MSCI Asia ex-Japan indices of 11.7x and 12.7x respectively. However, with the VNI P/E still well short of its five-year high of 19.4x, the valuation has yet to move into clearly overstretched territory.

**Exhibit 3: VN Index performance since June 2009**




Source: Bloomberg, Edison Investment Research

**Exhibit 4: VN Index and benchmark P/E multiples**




Source: Bloomberg, Edison Investment Research

Following five years of decline, a number of observers are becoming more optimistic that the property market is at or near to reaching a trough. In addition to economic and monetary developments, this optimism is supported by the government initiatives aimed at supporting the banking and real estate market, adding weight to the prospect of a better balance between end user demand and supply, and an improvement in investment demand.

In addition to efforts to strengthen the banking sector, the government has announced that it will legislate to allow foreign ownership of property, a law change that is due to be approved by the National Assembly this year.

Probably the main domestic risk to the financial and property markets remains the weakness of the banking system and its ability to provide credit, while, externally, the risks include the potential for a renewed worsening of relations with China and, globally, a significant slackening in the recovery of advanced economies or disappointing growth in China.

## Fund profile: Diversified Vietnamese exposure

VOF was launched in 2003, making it one of the earliest specialist Vietnam funds; it is also one of the largest, with a net asset value of US$832m as at 31 August 2014. Andy Ho, managing director of VOF, joined VinaCapital in 2007 from Prudential Vietnam. VOF provides broad exposure to the Vietnamese economy and growth, across a range of asset classes. This diversification and investment flexibility is designed to contribute towards the investment objective of enhancing net asset value on a consistent basis over time, although consistent growth has so far proved elusive given the impact of the global financial crisis and the subsequent recovery. While the investment remit allows investment in neighbouring countries, the underlying exposure is substantially all to Vietnam. At 31 August 2014, 54.9% of the portfolio (by NAV) was invested in listed equities (including 3.1% listed outside Vietnam, and 7.9% in listed real estate companies), 21.9% in directly held real estate (including 7.8% in the hospitality sector and 14.1% in real estate projects), 8.9% in OTC stocks and 2.7% in private equity. The balance is held in cash, bonds and other investments. Given the spread of investments there is no perfect benchmark, although we show the VN Index, which covers stocks listed on the Ho Chi Minh exchange, as a comparison. VOF is invested in stakes in two other VinaCapital-managed investment companies, VinaLand and Vietnam Infrastructure (rebating the management fees on these investments). These holdings account for c 3% of the portfolio. They were acquired at average discounts of c 44% and 43% respectively and now trade at discounts of 39% and 31%. A number of the direct real estate projects are co-investments alongside VinaLand.

## The manager's view: Opportunity set broadening

The manager acknowledges that Vietnamese GDP growth is relatively subdued currently and that bad debts are tending to restrict credit growth and hence consumer spending. Against this, FDI disbursement has remained positive and prospective government infrastructure spending should be a positive factor for the economy. Government efforts to address the overhang of bad debts in the banking sector have received mixed reviews but the manager is encouraged by some evidence of self-help among banks including more aggressive provisioning and internal reforms involving improved credit controls and governance. Turning to the outlook for the equity market, the manager points to encouraging support from overseas buyers when the market fell as a result of tensions with China and sees valuations as reasonable in view of Vietnam's medium- and long-term growth potential and in a regional context.

Despite the anticipated future realisation of real estate co-investments with VinaLand, the manager believes that the real estate sector is relatively attractive and at or near a turning point, following five years of weakness. This optimism is supported by tentative signs of a bottoming out/improvement in the level of transactions. It seems likely that the mix of real estate investment will shift away from direct investment towards more listed company investment, with the overall weighting remaining largely unchanged. This reflects the limited opportunities that exist to invest directly in good-quality completed property, and VOF's own lack of desire or capacity to manage development projects. In addition to the real estate investments, the portfolio includes an 8.0% weighting to hospitality, essentially the Sofitel Legend Metropole Hotel in Hanoi. Over time we would see the hotel as available for sale but only at an appropriately attractive price given the significance of the investment. In July this year VOF received net proceeds $5.7m from the sale of its stake in the Movenpick Hanoi hotel, which was in line with its end June net asset value.

In August VOF announced that it had sold 3.6m shares in Vinamilk at a 9.7% premium to the market price. The thinking here was not that confidence in the prospects for Vinamilk had weakened but that there was an opportunity to sell a meaningful block to a strategic investor for a premium thereby trimming the portfolio exposure to its largest holding. Following the transaction the exposure is c 11% and the manager expects that the proceeds will be allocated in due course to fresh investments in the private equity area.

The scale of the private equity exposure is relatively low currently (c 2.7%), reduced by a number of successful exits in 2013. The manager is keen to redeploy assets into new private equity opportunities, aiming to increase portfolio exposure to 5-10% over the next two years. The manager is concentrating on sectors that should benefit over the long term from increasing urban wealth and domestic consumption; these include education, financial services, food and beverages, healthcare and media. While there are opportunities in the market, competition for these assets means that it is important to maintain pricing discipline.

About 8.9% of the portfolio is invested in OTC stocks that, while quoted and available to trade, are very illiquid and share a number of characteristics with the private equity investments. New OTC opportunities are also being actively sought. The privatisation of SOEs is the main source of new OTC investment opportunities.

The manager now has a more positive view on the potential for the government's privatisation (or equitisation) programme for SOEs. Perhaps tempting fate, he comments that "this time it feels different", citing the combination of measures to deal with NPLs, government investment in infrastructure and clear signs from the government that SOE privatisation will be a major objective.

## Asset allocation

### Investment process: Bottom-up stock selection

VOF invests on a medium-term view (three to five years) across a range of industry sectors and asset types (listed and unlisted equities, property and debt). Investment selection is based on the manager's assessment of the best risk-adjusted rate of return. New investments are focused on those sectors the manager believes will support Vietnam's growing economy, such as financial services, real estate, consumer goods for domestic consumption and healthcare. Although the market is currently subdued, the longer-term prospects for real estate in a faster-growing economy like Vietnam should be positive, with growth and increasing openness to foreign investment demanding a broad range of quality property, developed to international standards.

For listed equity investments, stock selection within sectors is on a bottom-up basis. VinaCapital is a growth investor and seeks to identify businesses that are or can be dominant in their industry and can generate attractive levels of earnings growth.

For private equity investments, the manager looks for strong and motivated incumbent management teams rather than investing with a view to change management (indeed, Vietnamese corporate governance rules do not really make this possible). Significant stakes, or even majority stakes, may be taken, but the manager prefers to have some visibility over a potential exit route before investing; large stakes can sometimes make this easier, facilitating trade sales such as the disposal of Prime Group in December 2013. VOF owned a stake in Prime (held through the SPV company Keating Capital), a leading Vietnamese construction materials manufacturer and the transaction, following a three-year holding period, delivered an IRR of 33% for VOF. Where there is no overall control, it may be possible to take a seat on the board, improving the opportunities to exert influence. Typically, the manager seeks to invest in unlisted stocks at a discount to the valuation of an equivalent listed company with a target IRR of 20%. However, strong competition for investments is making it difficult to complete deals on these terms currently. The timing of exits is generally driven by the stage of development the investee company has reached; for an investment in a typical family company this may include the strengthening of financial controls (and maybe a change of auditor), and enhancement to governance and supervisory structures, both of which may support access to capital and an optimisation of the capital structure.

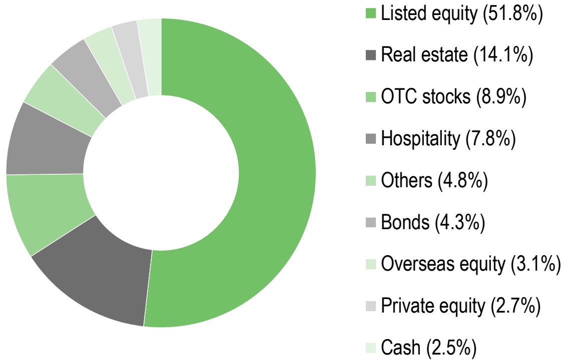
The board has imposed a maximum limit of 20% of net asset value on any one investment/project at the time of purchase, but in practice investments have been below this level; the single largest investment, Vinamilk, accounts for c 10% of portfolio NAV.

Proposed new investments must be signed off by a four-member internal investment committee, and must first be reviewed by a risk committee. Direct property investments have historically been made alongside another VinaCapital fund, VinaLand, and managed by the three-person team that runs that fund. However, VinaLand's strategy of realising assets in order to return capital to investors is likely to trigger VOF to sell jointly held assets and increase its indirect real estate exposure through listed companies.

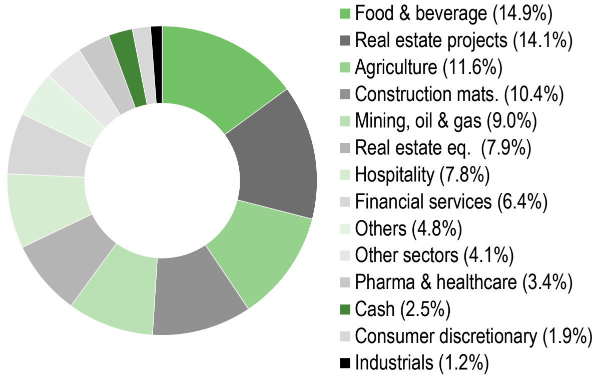
## Overview: Broad asset exposure but listed equity bias

**Exhibit 5: Asset allocation (% of NAV)**

**Portfolio by asset class (as at 31 August 2014)**




**Portfolio by sector (as at 31 August 2014)**




Source: VinaCapital, Edison Investment Research

As at 31 August 2014, VOF had a net asset value of US$831.8m or US$3.51 per share. The portfolio comprises three main segments, listed equity, real estate and private equity/OTC, which together account for 81% of the portfolio, with 6.8% in cash and bonds and available for new investment or to fund repurchases.

There are c 60 holdings in the portfolio overall. The single largest holding is the listed Vinamilk at about 10% of total NAV or 19% of all listed equities.

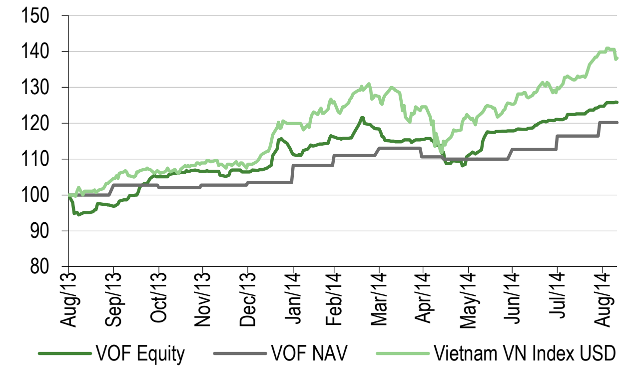
Apart from real estate, the largest industrial exposures within the portfolio are food and beverage (14.9%) including Vinamilk, agriculture (11.6%), construction materials (10.4%) and mining, oil & gas (9.0%).

The overall real estate exposure of the portfolio is 29.8% including direct real estate investments (14.1%), hospitality (hotel) (7.8%) and listed real estate companies (7.9%). The direct investments include 12% in co-investments with VinaLand; these are mainly residential development projects that have taken longer than expected to realise given the slowdown the market has experienced.

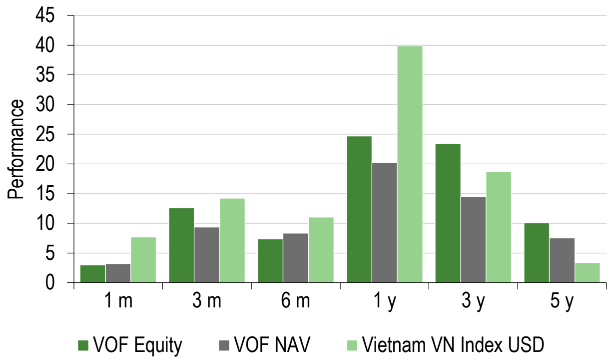
## Recent performance: Listed equities driving NAV gains

**Exhibit 6: Performance to 31 August 2014**

**Price, NAV and benchmark total return performance, one year**




**Price, NAV and benchmark total return performance (%)**




Source: Thomson Datastream, Edison Investment Research

**Exhibit 7: Share price and NAV relative total return performance (geometric calculation), to 31 August 2014**

| | One month | Three months | Six months | One year | Three years | Five years |
|---|---|---|---|---|---|---|
| Price versus VN Index (US$) | (4.3) | (1.4) | (3.3) | (10.9) | 12.3 | 36.7 |
| NAV versus VN Index (US$) | (4.1) | (4.3) | (2.4) | (14.1) | (10.3) | 21.9 |
| Price rel. MSCI AC Asia Ex Japan | 2.3 | 5.2 | (5.3) | 2.6 | 48.2 | (1.1) |
| NAV rel. MSCI AC Asia Ex Japan | 2.5 | 2.1 | (4.4) | (1.1) | 18.3 | (11.8) |
| Price versus MSCI World Index | 0.8 | 9.9 | 1.3 | 2.4 | 19.9 | (12.3) |
| NAV versus MSCI World Index | 1.0 | 6.7 | 2.3 | (1.3) | (4.3) | (21.8) |

Source: VinaCapital Vietnam Opportunity Fund, Thomson Datastream, Edison Investment Research

Over one and three years, VOF NAV total return has lagged the VN Index (see Exhibit 7), but in absolute terms (+20% and +50% respectively) the performance was strong and was also 18% ahead of the MSCI Asia ex-Japan Index over three years. The direct real estate portfolio has continued to have a negative impact on NAV performance, while listed equities have outpaced the VN Index over the last three financial years to end June. Over five and 10 years, VOF's NAV total return was ahead of the VN Index (+22% and 38% relative), with the positive performance from listed equity and private equity realised gains sufficient to offset the real estate drag.

## Discount: Narrowed but still attractive

**Exhibit 8: Discount to NAV over three years (%)**


Source: Bloomberg, Thomson Datastream, Edison Investment Research

The discount to NAV has narrowed substantially over the past two years, although there has been no clear trend over the past year. The board has expressed its disappointment that the discount remains wide (c 24%) and has not fallen further given the scale of the ongoing share repurchase programme. Since obtaining shareholder approval for repurchases in October 2011, VOF had (to 26 September this year) repurchased 88.8m shares or 27.35% of the shares outstanding at the start of the period. In addition to buy-backs, the board responded to consultations with shareholders ahead of the July 2013 continuation vote, and introduced a new, improved corporate governance structure, and plans to improve shareholder communication.

## Capital structure and fees

There are 235.8m ordinary shares in issue and 88.8m ordinary shares that have been repurchased and are held in treasury. A commitment has been made not to reissue treasury shares at a discount to NAV.

Although gearing is permitted, it is not employed at the fund level, but a number of the underlying investments do use leverage. VOF has an unlimited life but there is a five-yearly discontinuation vote that requires two-thirds of investors to vote in favour of discontinuation for it to pass. The last vote took place at an EGM in 2013 and the next is scheduled for an EGM in 2018.

Following the 2013 EGM, the investment management agreement was amended, with the annual management fee reduced from 2% pa of NAV to 1.5%. The performance fee rate was also reduced, from 20% to 15%, but remains subject to an 8% hurdle rate with full catch up. It is now based on two separate pools of investments, direct real estate and all of the other forms of investment. The performance fee calculation applies independently to each portfolio, with the result that fees may be earned in relation to one, both or neither portfolio. The ongoing charge last year was 2.1%.

## The board

The board consists of six members; five are independent of the fund manager plus Don Lam, who is CEO and co-founder of VinaCapital Group, who has been a board member since launch. The independent directors are Steven Bates (who joined the board and replaced William Vanderfelt as chairman on 1 May 2013), Martin Adams (who joined the board in 2013), Martin Glynn (a board member since 2008), Michael Gray (a board member since 2009) and Thuy Bich Dam who was appointed on 10 March 2014. Ms Dam has previously held senior roles at ANZ in Vietnam and Vietnam International Bank and is currently head of group development, Southeast Asia for National Australia Bank.

The board has committed to a number of measures to adapt corporate governance practices to current best international standards. A policy of director rotation has been adopted, whereby each director, including Mr Lam, will offer themselves for re-election each year. VOF held its first ever AGM in November 2013, and the percentage of shares required to call an EGM has also been reduced from 25% to 10%.

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