

VIETNAM

Why? Our optimism to invest in Vietnam is built on four key pillars.

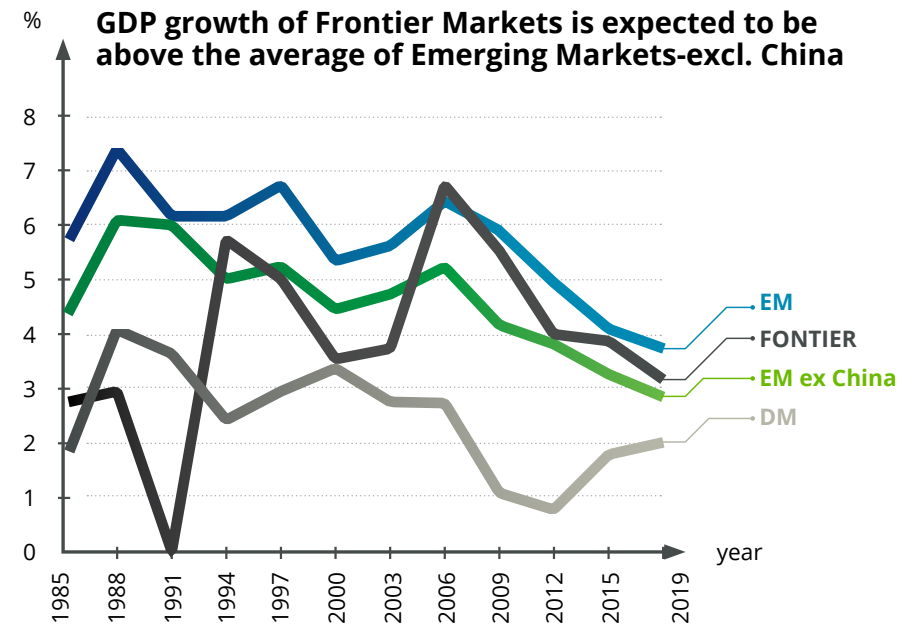


1 | A FRONTIER MARKET STANDOUT

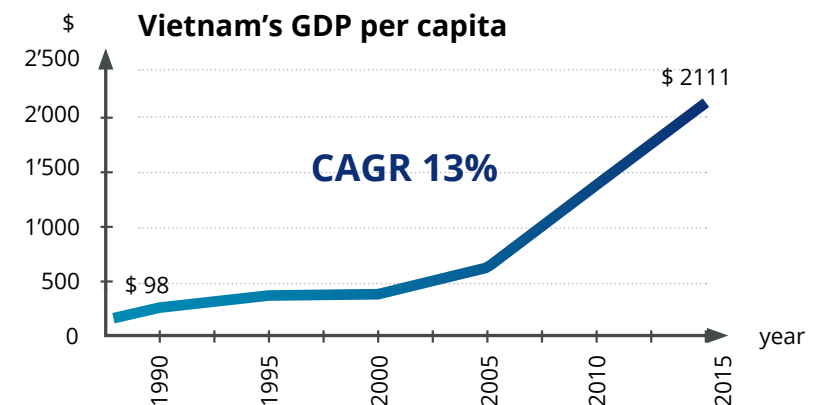
While some of the world's largest emerging economies including China, Russia, or Brazil are faltering, Vietnam's steady economic growth of nearly 7 percent this year will make it one of the fastest-growing markets in the world. Rising domestic demand and booming foreign direct investments are helping the Southeast Asian nation to counter global threats.

30 years ago, in 1986, Vietnam's government, led by the communist party, decided to leave its centrally-planned and closed-to-the-outside-world economy to become a more market-driven economy, namely: to encourage the private sector, to open Vietnam for trade and to welcome foreign investments. After the country's reorientation, which was named as 'Doi Moi', Vietnam has enjoyed exponential growth: GDP per capita went up from merely \$98 in 1990 to \$2,111 in 2015 (CAGR of 13%). GDP growth has been fueled by domestic consumption and trade. Today, Vietnam is a major exporter of soft commodities such as rice, coffee, cashew nuts and rubber, of basic goods such as textile and garments as well as of high-tech products such as mobile phones.

At the current junction, solid foundations (household wealth and good basic infrastructure) are laid out for the future growth drivers: domestic consumption of both goods and services, fuelled by the rapidly rising middle class, and the country's increasing importance as the world's new manufacturing hub.



Source: UBS, World Economic Outlook - IMF, 2016

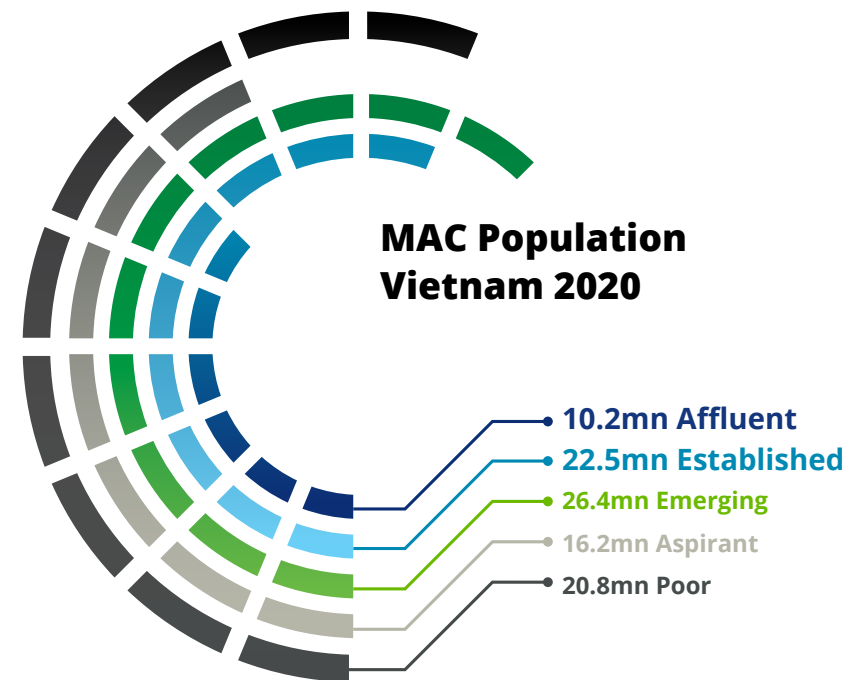
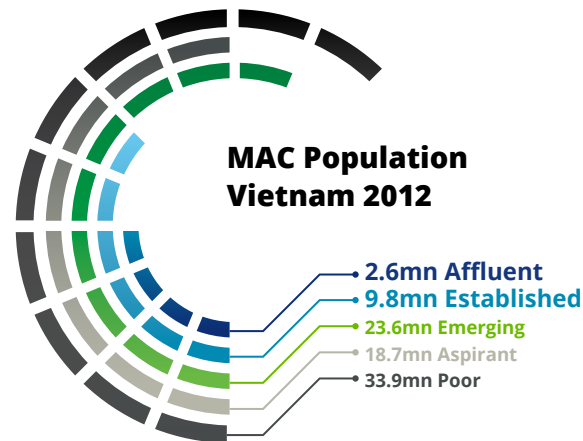


Source: World Bank

2 | URBAN MIDDLE CLASS

Growing & Awakening

The middle and affluent class (MAC) includes those people whose monthly income is at least VND 4.2 mn (USD 190), a threshold at which consumption is observed to take off. It's estimated that Vietnam's MAC population will increase from 12mn in 2012 to 33mn in 2020 at an annual growth rate of 12.9%, higher than Myanmar (8.4%), Indonesia (8.4%), and Thailand (4.2%).

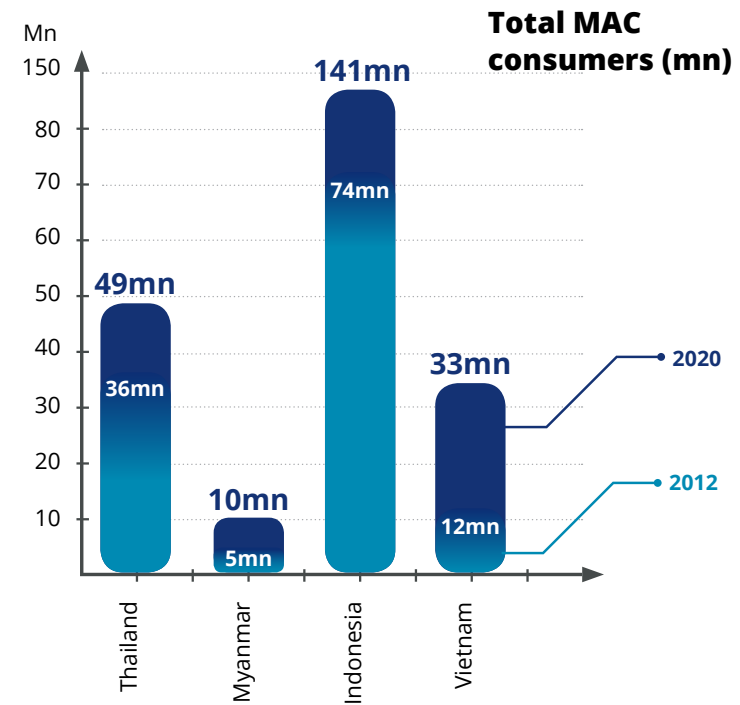
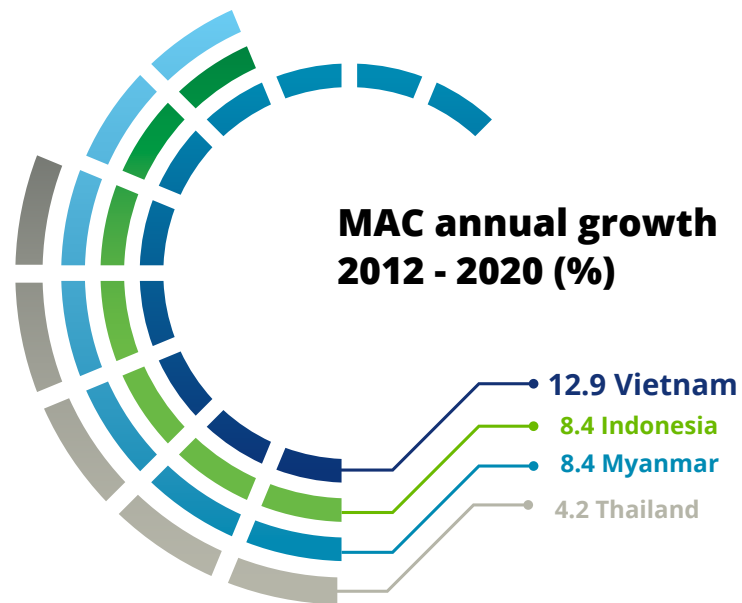


Note: In Vietnam and Myanmar, the MAC population comprises the affluent and established segments. In Indonesia and Thailand, the MAC population also includes the emerging segment; this owing to differences in the point at which consumer spending takes off in these markets. The MAC cutoff is monthly per capita income of \$190 in Vietnam, \$120 in Myanmar, and \$150 in Thailand. For Indonesia, the MAC cutoff, which is expressed in spending rather than income, is \$40 per month.

Source: BCG CCCI models; BCG analysis.

2 | URBAN MIDDLE CLASS

Growing & Awakening



Note: In Vietnam and Myanmar, the MAC population comprises the affluent and established segments. In Indonesia and Thailand, the MAC population also includes the emerging segment; this owing to differences in the point at which consumer spending takes off in these markets. The MAC cutoff is monthly per capita income of \$190 in Vietnam, \$120 in Myanmar, and \$150 in Thailand. For Indonesia, the MAC cutoff, which is expressed in spending rather than income, is \$40 per month.

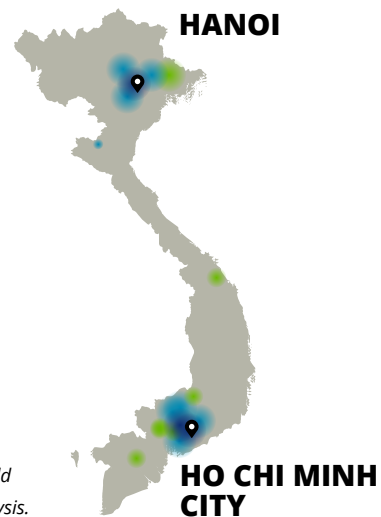
Source: BCG CCCI models; BCG analysis.

2 | URBAN MIDDLE CLASS

MAC consumers in Vietnam are spreading out

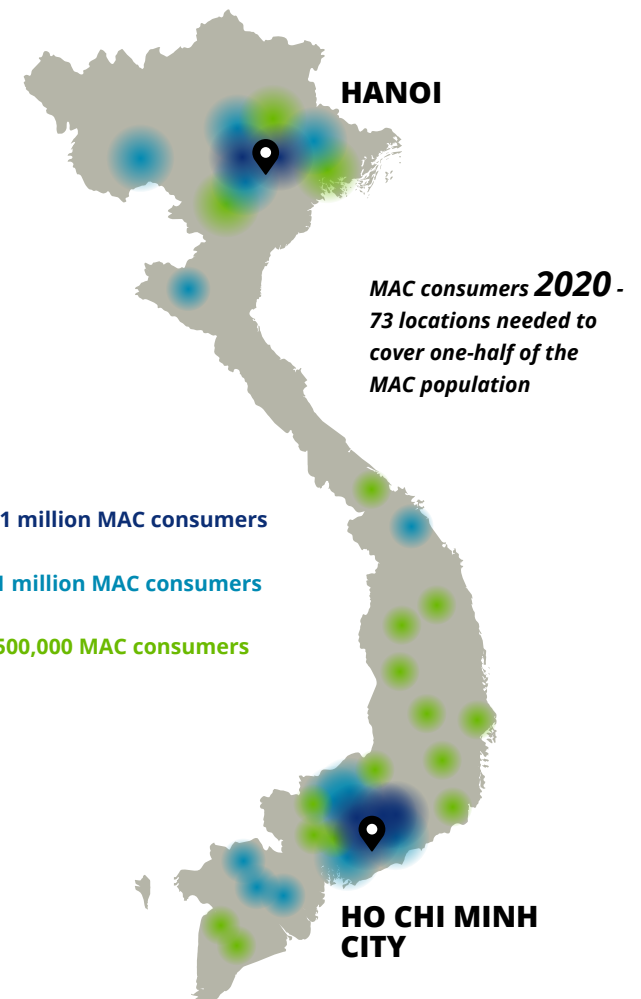
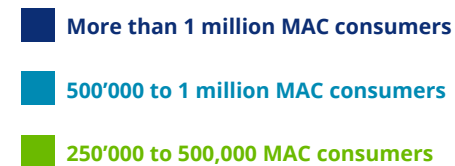
In addition to growing in size, the MAC population will also spread out to other provinces and cities besides the ones surrounding the current hubs (Ho Chi Minh City and Ha Noi). Vietnam's rural population (currently 68%) is getting wealthier and more connected to new consumption trends, thanks to cheap internet coverage and increasing mobility.

MAC consumers 2012 -
39 locations needed to cover one-half of the MAC population



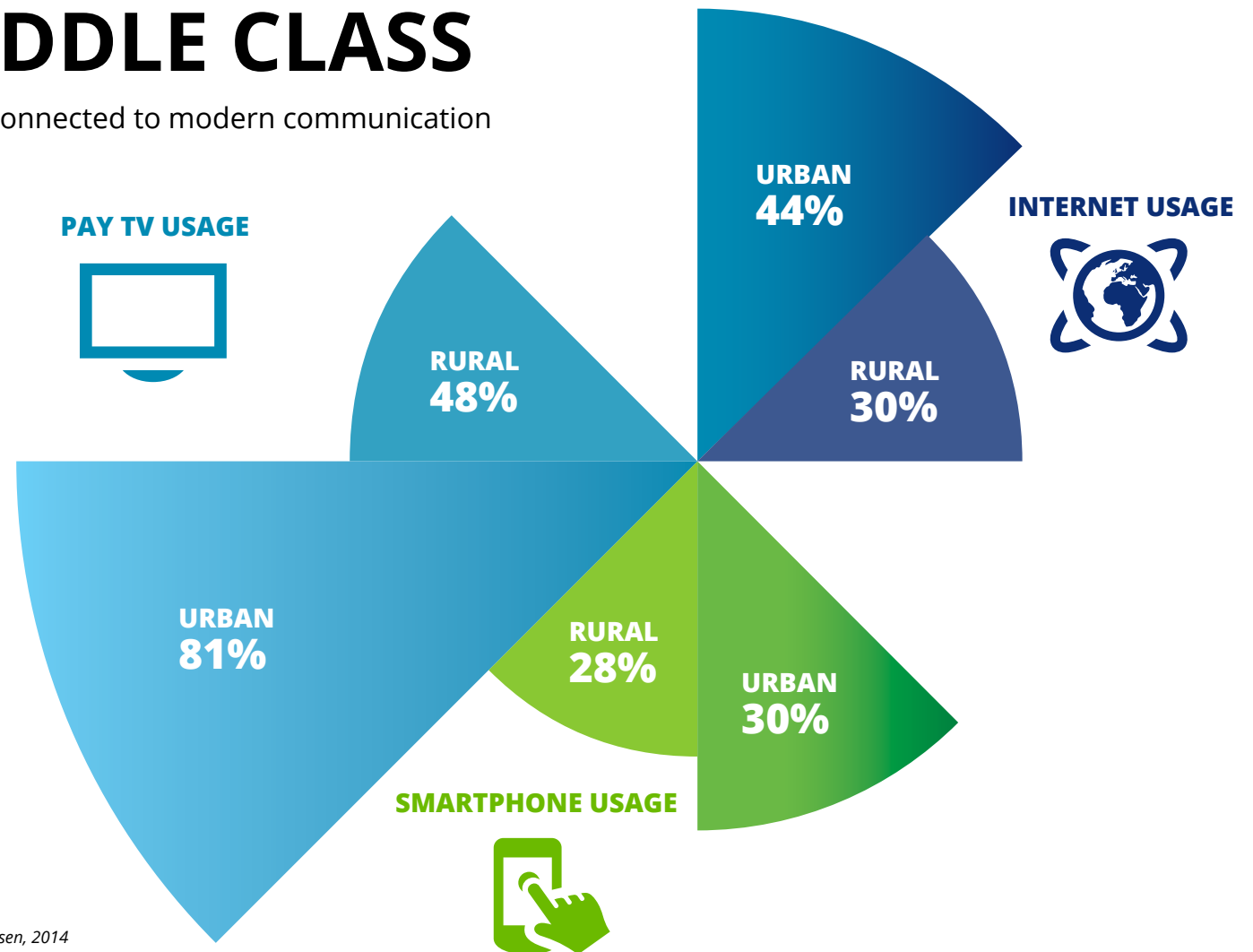
Note: Location classification includes districts, district-level towns, provincial cities, and quarters.

Source: BCG Population and Household Expenditure Database 2012; BCG analysis. BCG CCCI models; BCG analysis.



2 | URBAN MIDDLE CLASS

Vietnam's consumers are increasingly connected to modern communication



Source: Nielsen, 2014

3 | INCREASING GLOBAL RELEVANCE

Accelerating FDI & Trade Flows

Vietnam is committed to the long-term objective of global economic integration through participation in many international organizations and trade agreements.

- Vietnam holds political and economic memberships in 64 international organizations, including the WTO (joined in January 2007).
- Vietnam has signed and implemented bilateral trade agreements with many countries including the U.S., Japan, ASEAN-Australia-New Zealand, China, India, and, the latest deal, with Korea (effective from Dec 2015).
- Upcoming implementation of the Eurasia Economic Union (EAEU, signed in May 2015, effective from Oct 2016).
- Potentially the EU-Vietnam FTA (3-year negotiations concluded in Dec 2015, waiting for members' ratification, potentially implemented from 2018) and Trans-Pacific Partnership (6-year negotiations finalized in February 2016, waiting for members' ratification, potentially implemented from 2018).

Member of



EAEU - VN FTA, effective from Oct 2016



Bilateral Agreements



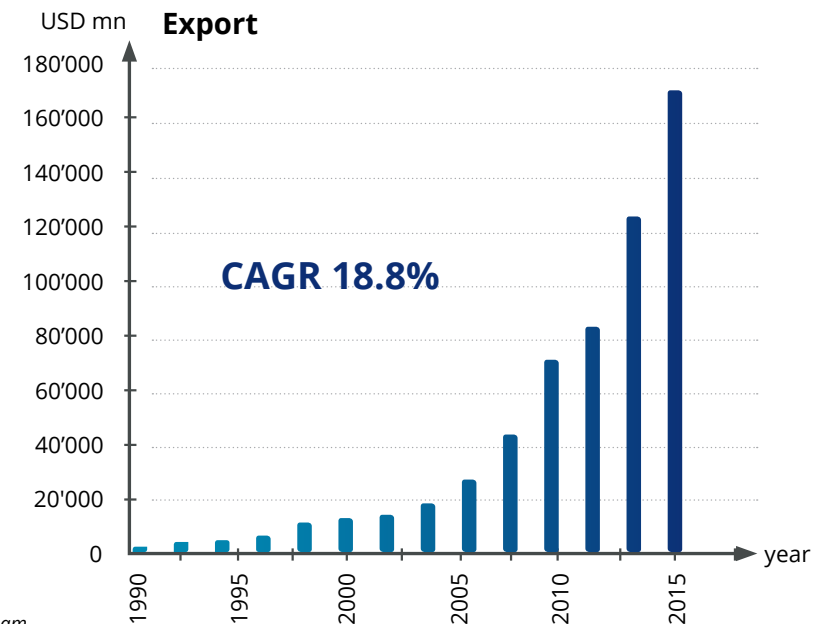
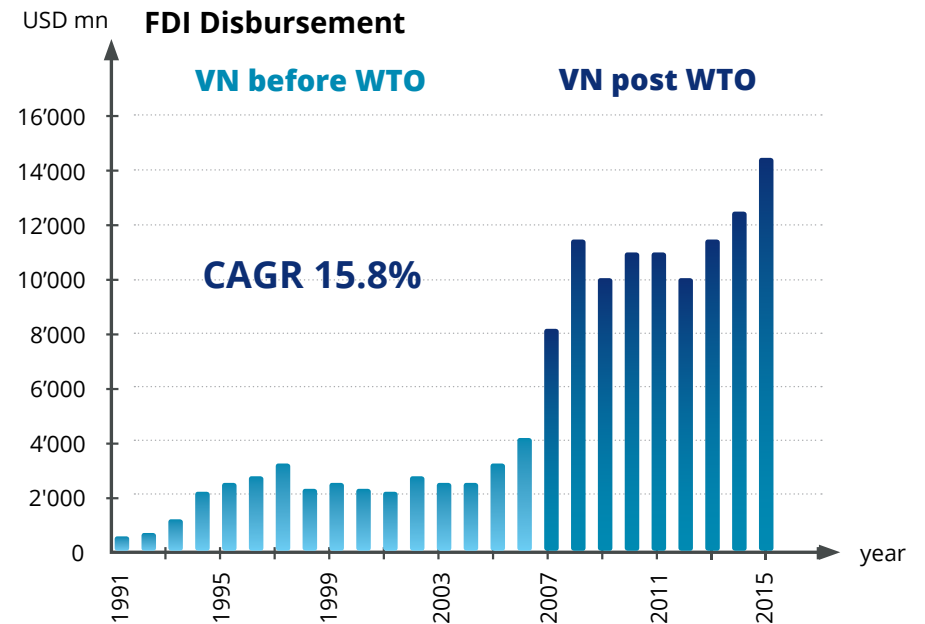
Awaiting ratification for TPP and EU-VN FTA



3 | INCREASING GLOBAL RELEVANCE

Accelerating FDI & Trade Flows

Openness to the global economy is paying off. Vietnam is lucky to be sitting on China's doorstep as companies hunt for low-cost alternatives. Other countries in South-East Asia, equally well positioned than Vietnam, have done less. Vietnam dramatically simplified its trade rules in the 1990s. Two-way trade value now accounts for roughly 150% of GDP.



4 | MARKET LIBERALIZATION

Market liberalization is laying the ground for a solid investment landscape

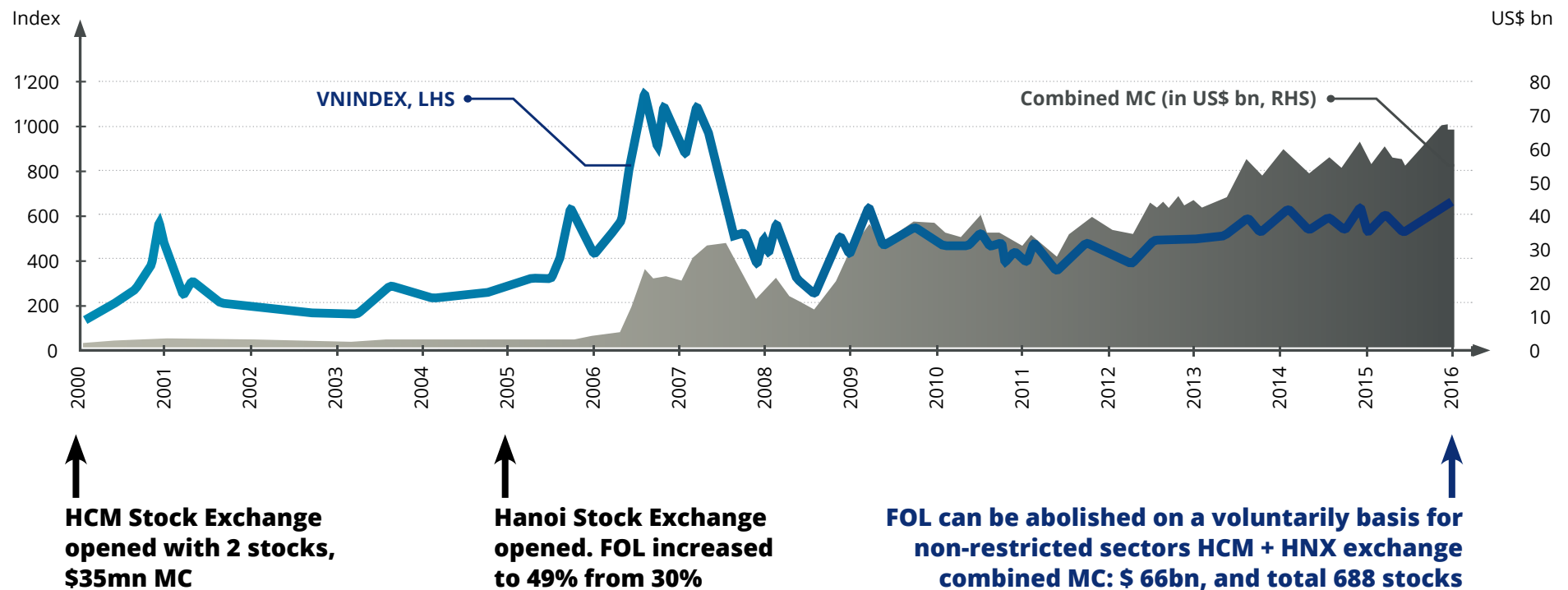
Three decades after the “Doi Moi”, which started to recognize private entrepreneurship and international trade in the economy, Vietnam has continued its reform efforts. Besides trade liberalization, which we discussed above, market liberalization follows and includes:



- Open capital markets and gradually remove or ease obstacles to trading. A notable example is the lifting of the foreign ownership limit (FOL). The FOL is now being removed on a case by case basis by General Shareholders' decisions if the operating sectors are not on the restricted list. One of the latest FOL abortion case is Vinamilk JSC, the country's largest dairy producer and the largest stock by market capitalization.
- More sectors are being removed from the restricted list and many imported tariffs are being gradually removed according to the WTO roadmap, creating a fairer competitive business environment.
- Privatization of state-owned-enterprises (SOEs) continues. Recent cases include Vietnam Airlines, Vietnam Textile, Vissan.
- Foreign ownership of property (apartments) was legalized in 2015.

4 | MARKET LIBERALIZATION

Market liberalization is laying the ground for a solid investment landscape



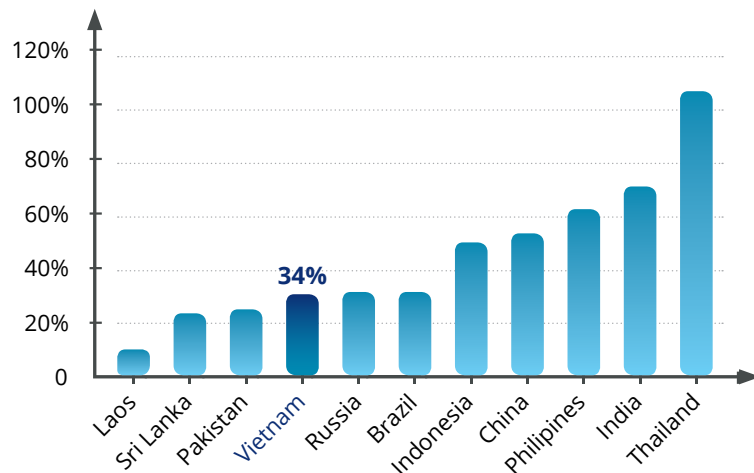
Source: Bloomberg, TIM

4 | MARKET LIBERALIZATION

Market liberalization is laying the ground for a solid investment landscape

Thanks to these rigid liberalization steps, an equity market has developed over the last 16 years since its opening in Jul 2000. But its market cap as a percentage of GDP remains at a low level of 34%. At this stage, Vietnam offers a good diversifier in an international portfolio, thanks to its low correlation to the world's major markets.

Market Cap as % of GDP, Asian Frontier vs. BRIC's



Source: World Bank, Bloomberg, 18/8/2013 - 18/8/2016

Correlation amongst equity markets

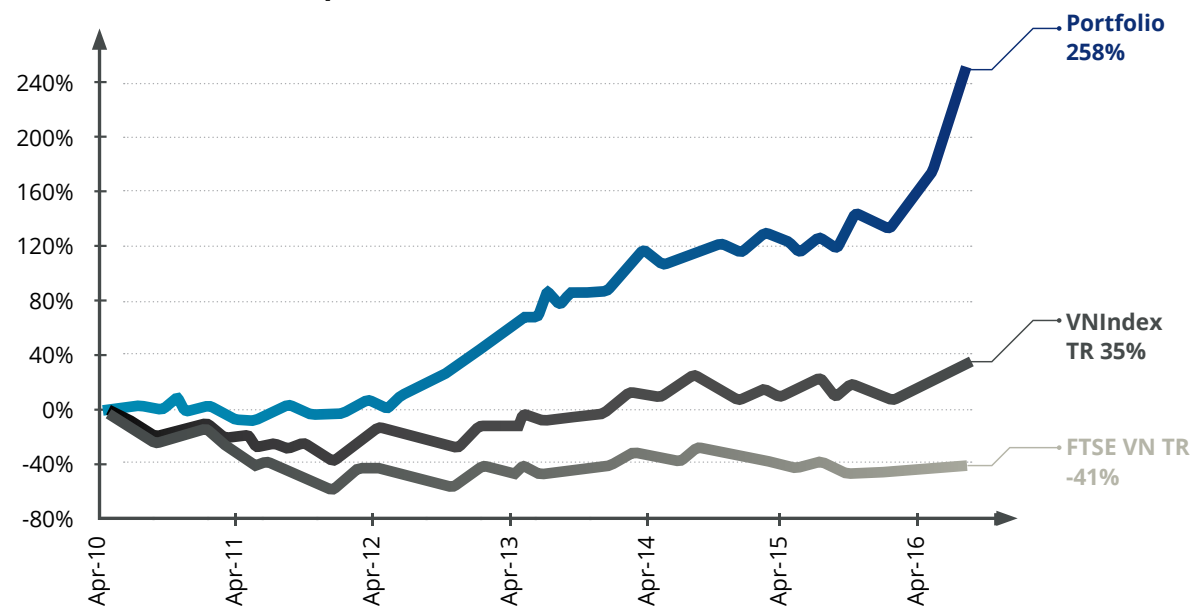
Index	1	2	3	4	5	6	7	8	9	10
VNINDEX Index(1)	1									
S&P 500 (2)	0.715	1								
Nikkei 225 (3)	0.279	0.721	1							
Euro Stoxx 50 (4)	0.178	0.525	0.764	1						
MSCI BRIC ETF (5)	(0.151)	(0.152)	(0.123)	0.369	1					
MSCI Frontier Market (6)	0.027	(0.166)	(0.342)	0.185	0.879	1				
Philippines SE PSEi Index (7)	0.628	0.873	0.613	0.508	0.006	(0.024)	1			
Jakarta Composite Index (8)	0.510	0.647	0.267	0.435	0.336	0.418	0.781	1		
Stock Exchange of Thai's Index (9)	0.3.85	0.466	0.199	0.387	0.588	0.597	0.669	0.812	1	
FTSE Bursa Malaysia KLCI Index (10)	(0.183)	(0.305)	(0.387)	0.189	0.834	0.886	(0.210)	0.301	0.381	1

OUR TRACK RECORD

Turicum Investment Management AG

We have been serving our clients since 2010 and have achieved sizable outperformance with a lower volatility. Our approach has consistently been bottom up stock picking with a focus on identified long-term growth trends.

Performance master portfolio, in US\$ terms



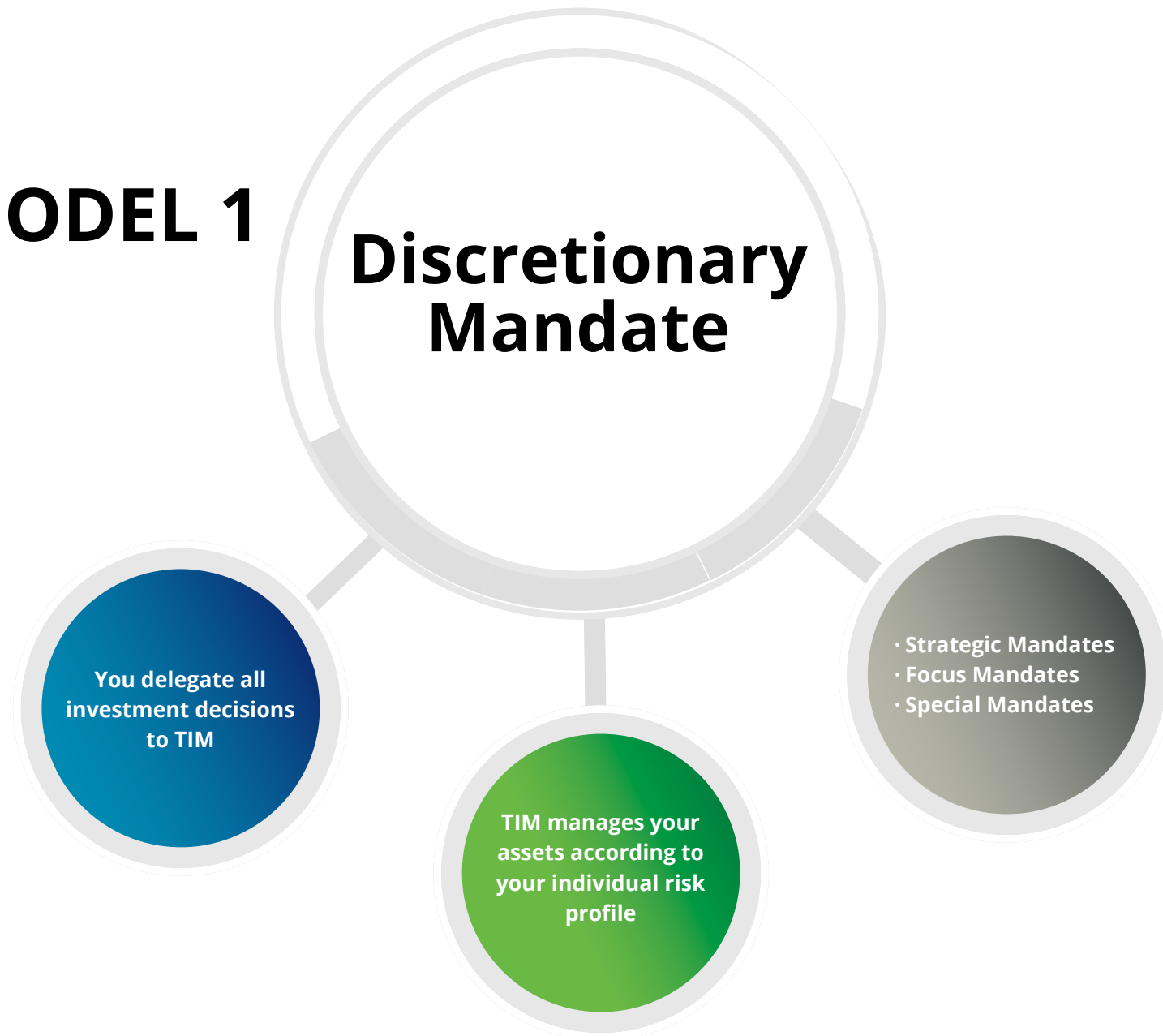
Source: TIM, as of 31 Aug 2016

Portfolio statistics

Annualised volatility in %	1 year	3 years	5 years
- Portfolio	20.08	15.58	16.14
- FTSE	19.23	17.64	24.74
- VNI-TR (USD)	19.29	16.59	19.90
Sharpe ratio	1.92	1.25	1.61
Risk free rate	0.58%	0.75%	1.15%

SERVICE MODEL 1

Tailored to your needs



SERVICE MODEL 2

Tailored to your needs



WE IDENTIFY AND INVEST IN LONG-TERM GROWTH TRENDS

Sample sectors and positions where we have invested for our clients

Consumer Staples – Increasing consumption of nutritious, convenient food and drinks

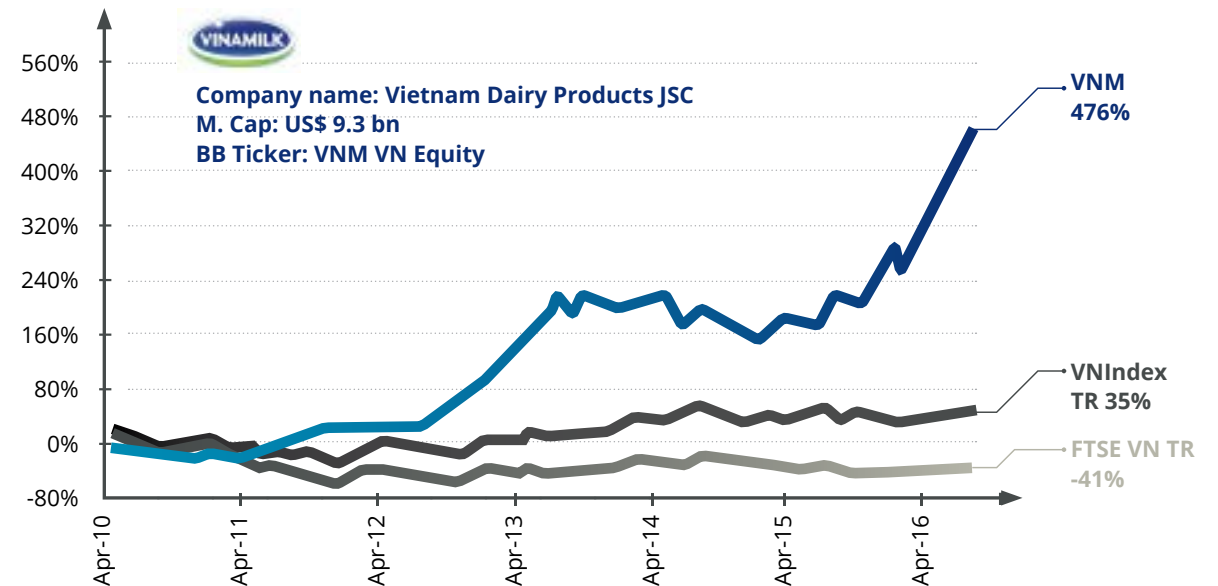
Sector Highlights

- Per capita dairy consumption from 0.5kg p.a. in 1990 to 18kg in 2013 (17% p.a. in 23 years)
- Vietnam's per capita dairy consumption is still in the low group (<30kg p.a., according to a classification by FAO).
- China's is 30kg p.a. while the average of developed countries' is 248kg

Company Highlights:

- VNM is the 41-year-old and largest domestic dairy producer with a market share of about 35%
- Its distribution network includes 200,000 points of sales, reaching far the rural areas
- 2010-2015 net revenue and net profit CAGR of 21% and 16% respectively
- In July 2016, VNM officially abolished its Foreign Ownership Limit

VNM's performance since inception of sample portfolio, in US\$ terms



Source: Bloomberg, TIM, as of 31 Aug 2016

WE IDENTIFY AND INVEST IN LONG-TERM GROWTH TRENDS

Sample sectors and positions where we have invested for our clients

Basic Materials – Urbanization & Industrialization

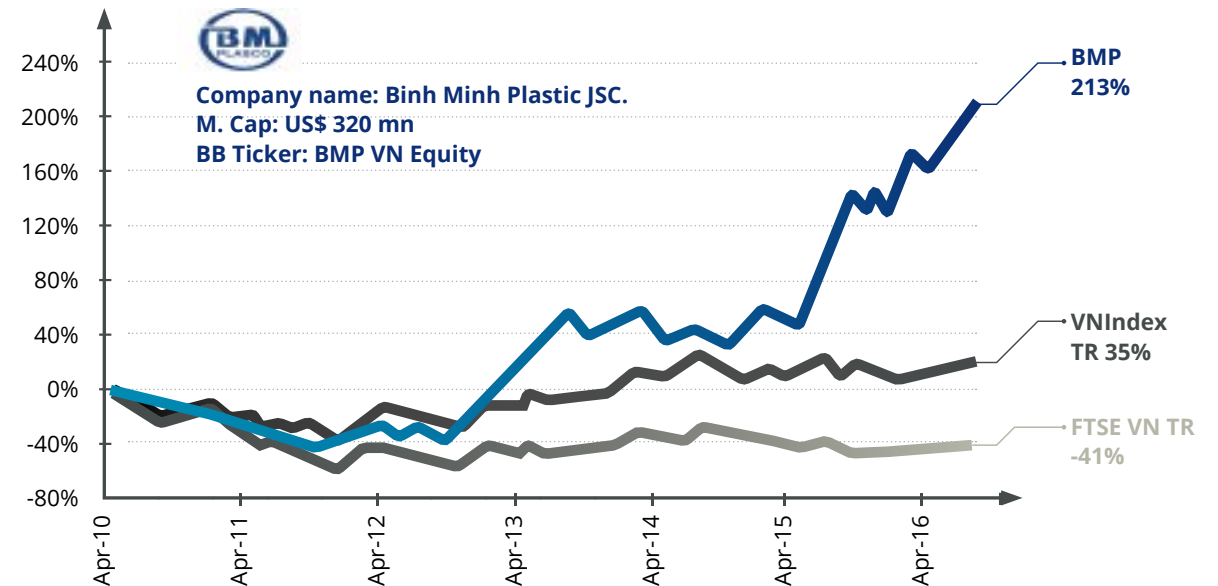
Sector Highlights

- Total plastic volume CAGR of 14% in 2000-2012, and expected also 14% CAGR till 2020
- In 2010, Vietnam's plastic consumption was 40kg per capita, near the world's average (42kg), but still significantly lower than the developed market's average (120kg)
- Plastic pipe accounts for 25% of total plastic consumption
- Growth is supported by private/ government/ foreign-direct-investment into residential/ commercial/ industrial/ infrastructure construction

Company Highlights:

- BMP claims 25% market share nationwide and dominates the Southern Vietnam market with 50% share
- 2010-2015 net revenue and net profit CAGR of 15% and 14% respectively

BMP's performance since inception of sample portfolio, in US\$ terms



Source: Bloomberg, TIM, as of 31 Aug 2016

WE IDENTIFY AND INVEST IN LONG-TERM GROWTH TRENDS

Sample sectors and positions where we have invested for our clients

Healthcare – Increasing Health Awareness

Sector Highlights

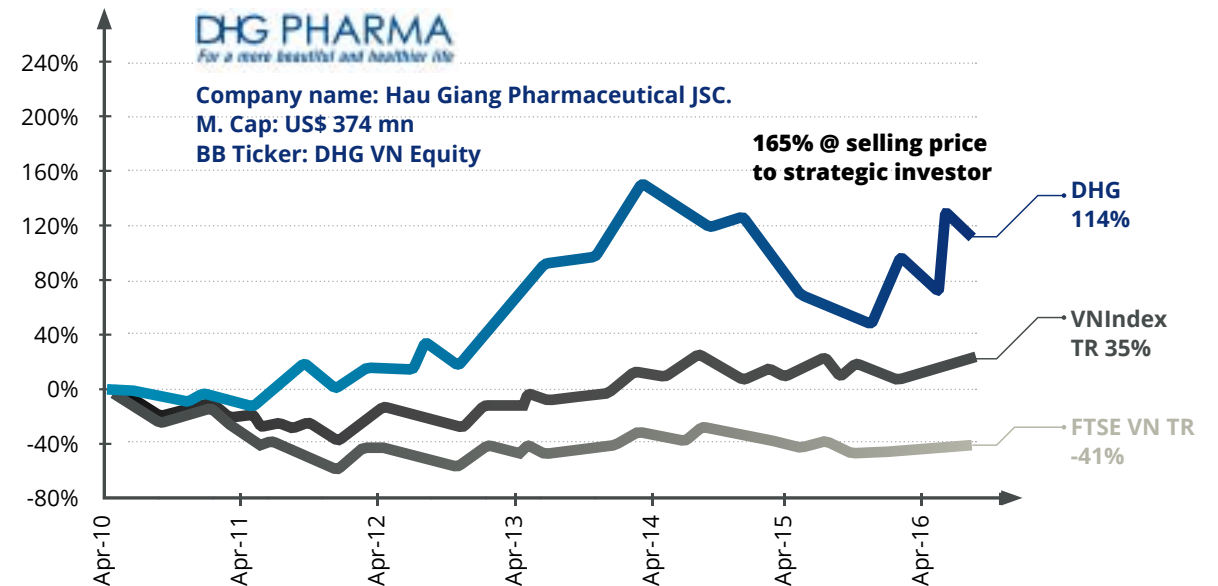
Increasing healthcare spending with growing health awareness and income

- Healthcare spending per capita: Vietnam \$111 (of which, pharmaceutical spending: \$36), Thailand \$264, Malaysia \$423, and China \$367
- Vietnam's pharmaceutical industry is dominated by generic products
- Quality is increasingly getting higher priority: new regulation giving priority to higher-production technology and standards

Company Highlights:

- DHG is the largest domestic pharmaceutical company by revenue. It produces generic drugs and has a market share of roughly 5%
- 2010-2015 net revenue and net profit CAGR of 15% and 9% respectively
- In July 2016, a strategic investor, Japan's Taisho Pharmaceutical Co. Ltd., completed the acquisition of a 24.5% stake in DHG in an off-exchange transaction with other foreign shareholders at a significant premium

DHG's performance since inception of sample portfolio



Source: Bloomberg, TIM, as of 31 Aug 2016

OUR TEAM

We have a dedicated team on the ground



Marco Martinelli, CIWM

Marco graduated from the HSW Hochschule fuer Wirtschaft Luzern in 2002 and holds a B.A. in Mathematics and Statistics. He worked for several years with Credit Suisse and Banque General du Luxembourg, first in the Trading Department and later moved into portfolio management before joining Turicum Investment Management AG. Marco managed from 2007 -2013 a Vietnam-dedicated open-end Mutual Fund and a number of segregated equity portfolios for institutional clients out of Ho Chi Minh City, where he since resides. Marco is a Certified International Wealth Manager by EF-FAS (European Federation of Financial Analyst Societies) and holds the Swiss Federal Diploma as an expert in finance and investments.



Giang Nguyen, CFA

Giang graduated in Computer Science from the National University of Singapore in 2005. After that she worked as an Information Technology consultant at National Computer System (NCS) Ltd, Singapore for 3 years. She then earned her Master of Science degree in applied finance from the Singapore Management University in 2008 and started her career in investments. Her 8 years of experience in the investment field include internships with Julius Baer Bank and Credit Suisse Bank in Singapore, employment with TIM Investment and Management Consulting JSC in Vietnam, and Dragon Capital Group. She earned her CFA charter in 2013.



Duy Nguyen, CFA

Duy graduated in finance from the University of Economics Ho Chi Minh City in 2009. He worked as a credit analyst for Indovinabank and Shinhan Bank Vietnam in Vietnam for five years. In 2014 he then moved to VPBank Securities Company where he worked as a financial analyst, covering the natural rubber, the tire and fertilizer and the logistics sectors. Before joining TIM in 2016 he had 7 year of experience in financial markets. He is a CFA charter holder since 2016.

CONTACT

Turicum Investment Management AG



🏠 Blegistrasse 5
CH-6340 Baar
Switzerland

☎ +41 41 449 61 61
📠 +41 41 449 61 69

✉ marco.martinelli@timvest.ch
🌐 www.timvest.ch



🏠 1701 Kumho Asiana Plaza
39 Le Duan St.
District 1, Ho Chi Minh City
Vietnam

☎ + 84 8 3822 5238
📠 + 84 8 3825 8162

Disclaimer: This presentation is issued by Turicum Investment Management AG ("TIM"). This presentation is a review of the investment case for Vietnam and is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. This presentation is not for use by any persons other than such professional or wholesale investors (as that term is defined and varied in each relevant jurisdiction). The information contained in this presentation is for background purposes only and is subject to updating, revision and amendment, and no representation or warranty, express or implied, is made, and no liability whatsoever is accepted by TIM or any other person, in relation thereto. Past performance is not necessarily a guide to the future. You are advised to exercise caution in relation to this presentation. If you are in any doubt about this presentation or any information contained in this presentation, you should obtain independent professional advice.

© Turicum Investment Management AG. All rights reserved. The information contained in this presentation is strictly confidential and is intended only for the use of the individual or entity to whom TIM have provided the report. No part of this report may be divulged to any other person, distributed, resold and/or reproduced without the prior written permission of TIM.