

# Lumen Vietnam Fund UCITS

Sustainable Value Investing in  
Asia Most Dynamic Market

Hubbis Event

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Dubai, March 15<sup>th</sup> 2023



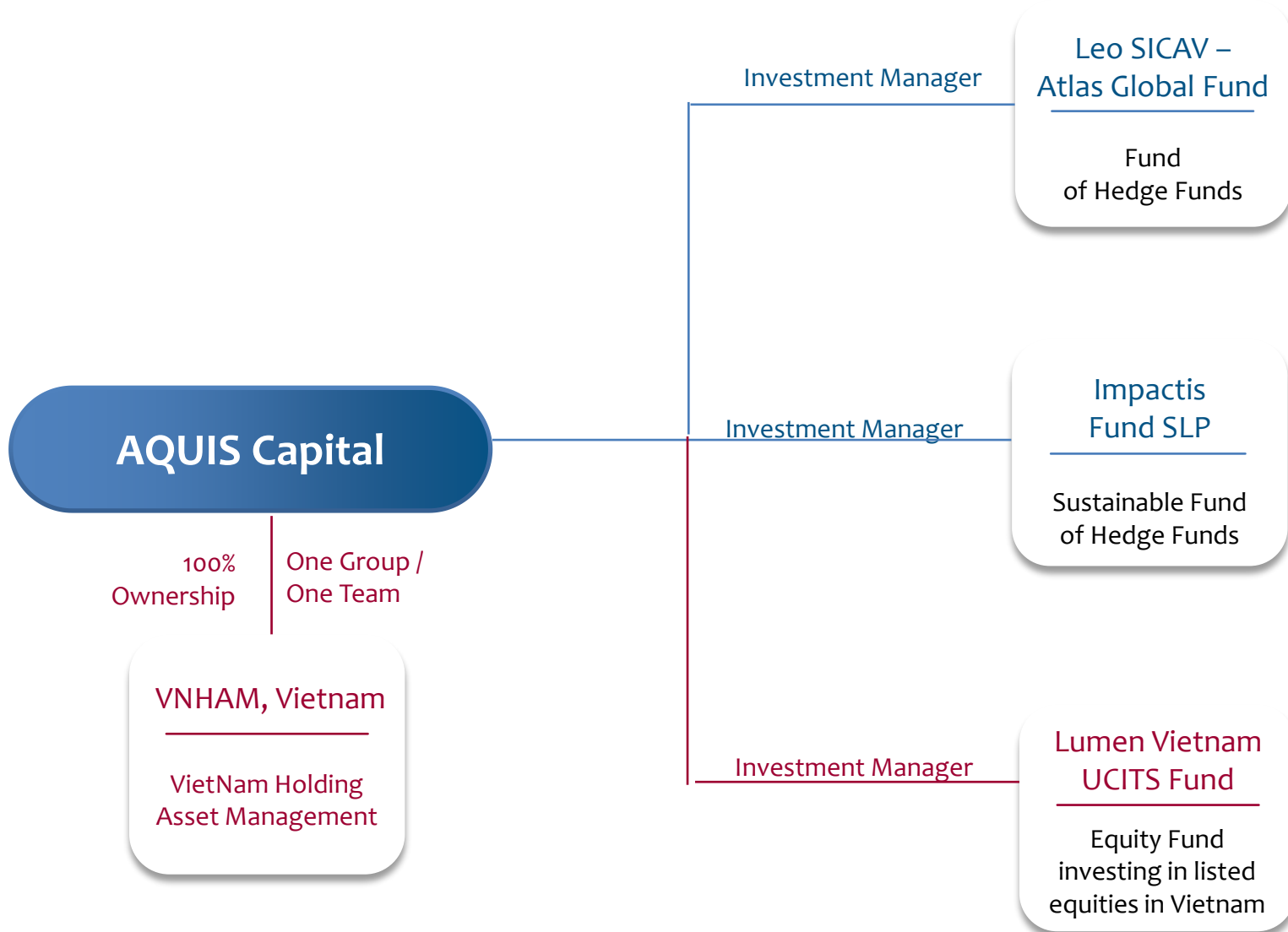
- 1 AQUIS Capital Ltd
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## AQUIS Capital Ltd - Structure

AQUIS Capital	
Headquarter with Subsidiary	Zurich, Switzerland Vietnam Holding Asset Management, Ho Chi Minh City, Vietnam
Number of Employees	20, whereas 8 in Zurich and 12 in Vietnam
Ownership	Management
Strategic Advisor	Hyposwiss Private Bank, Geneva
AuM	330 mio USD
Regulation Body	Swiss FINMA Asset Management for Collective Investment Schemes VSV Member of Swiss Association of Asset Managers
Membership	 
Corporate and Regulatory Auditor	BDO, Zürich

# AQUIS Capital - Group and Funds Overview





## The Country Vietnam

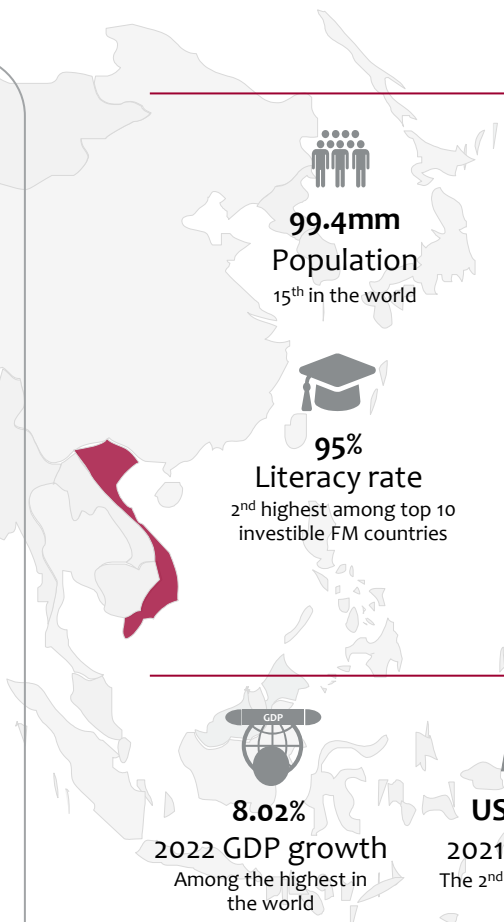
# Vietnam - The Rising Dragon

## Strong fundamentals drive growth and raise productivity

- ✓ Political Stability: Broad support for legitimized one-party system
- ✓ Education: Literacy rate 95%
- ✓ Tech Adoption: 74 internet and 139 mobile users per 100 persons
- ✓ Internet Economy: \$23bn in 2022 with 31% CAGR forecast for 2022 – 2025.
- ✓ Renewable Energy: ~37% hydropower with growing wind & solar capacity

## Key export products

- ✓ Smartphones & Accessories
- ✓ Textiles & Footwear
- ✓ Computers & Electrical Products
- ✓ Machinery & Equipment



## Population

**99.4mm**  
Population  
15<sup>th</sup> in the world

**32.5 years**  
Median Age  
One the youngest in ASEAN

**85%**  
Ethnic Kinh  
Stable socio-political environment

**95%**  
Literacy rate  
2<sup>nd</sup> highest among top 10 investible FM countries

**74.2%**  
Internet penetration  
High growth in digital economy and e-commerce

**3.5%**  
Urbanization rate  
Rapidly increasing

## Economy

**8.02%**  
2022 GDP growth  
Among the highest in the world

**USD19.7bn**  
2021 FDI influx  
The 2<sup>nd</sup> largest share in ASEAN

**\$413.8bn**  
Nominal GDP

**2x GDP**  
Total trade  
Increasingly open economy

**USD4,163**  
2022 GDP per capita  
High and stable growth

**3.2%**  
2022 Inflation  
Stable macroeconomic

**15**  
FTAs concluded  
2 FTAs in negotiations

**3.7m (2330% vs 2021)**  
Tourist Arrivals  
Tourism Sector around 5% of GDP, Re-opening in 2022



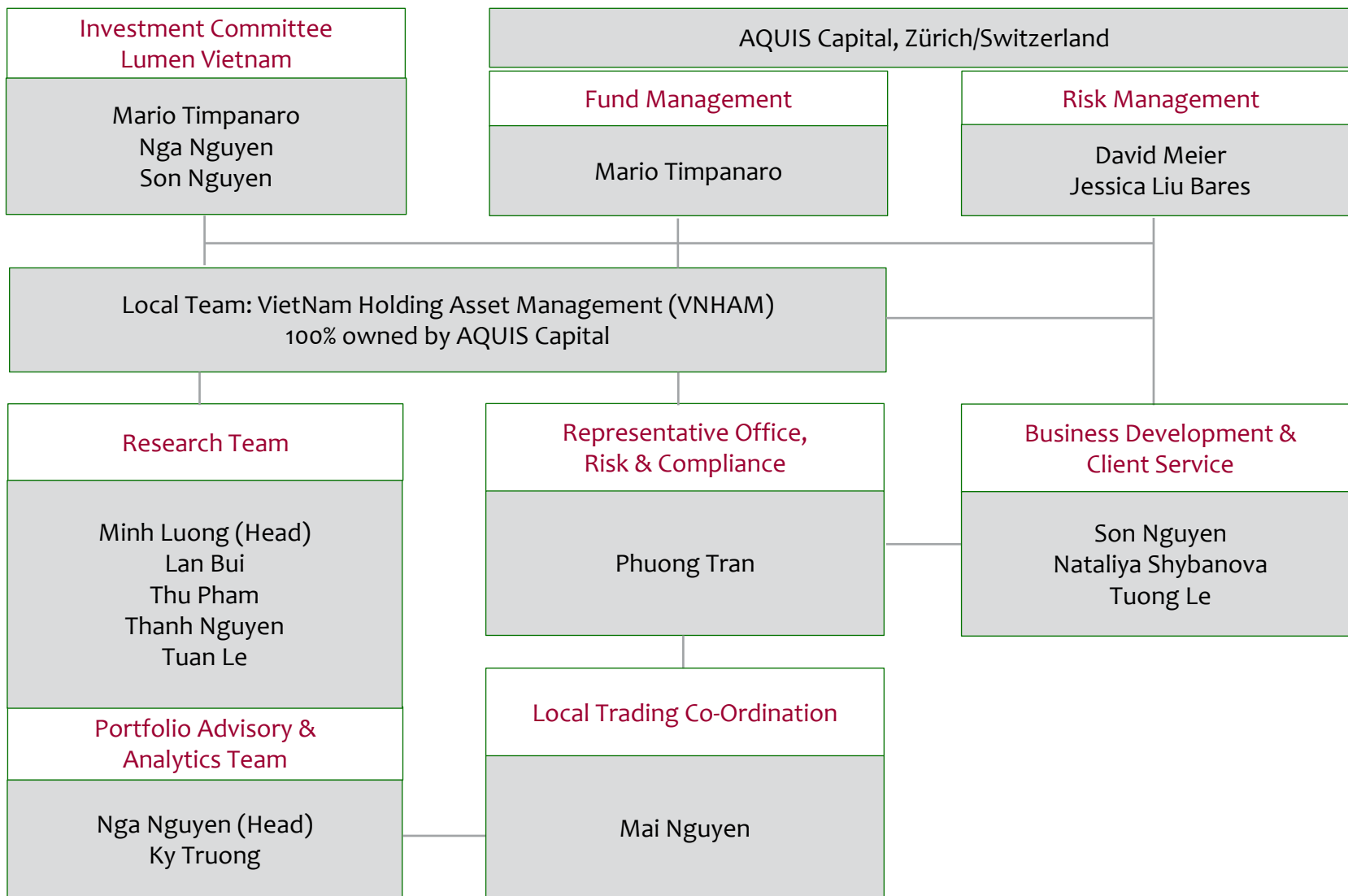






## Lumen Vietnam Fund UCITS and Team

## Organization Chart - Highly Skilled and Motivated Investment Team



## A Committed Team dedicated for the Lumen Vietnam Fund



## Lumen Vietnam Fund – Investor Friendly Key Terms

### Investment Universe

Achieve long-term capital appreciation by investing in listed companies in Vietnam. The investment selection process screens for under-valued companies with high growth potential. The core part of the portfolio consist of small to medium size listed companies with attractive growth drivers and tactical allocation to undervalued large caps.

### Investment Style

Actively managed, long-only with ESG and sustainable factors integration  
Opportunistic and cyclical

### Fund

- Launched on 2<sup>nd</sup>. March 2012, first UCITS Fund worldwide
- Daily liquidity
- AUM of more than USD 240 mio
- Actively managed, Long-only
- ART. 8 SFRD complaint of the EU regulation

### Markets

We invest in

- Improving macroeconomic / demographic trends
- Industries and companies that are overlooked, contrarian and correction potential on valuation of share

### Research

Key Characteristics

- Local research team performing regular company visits
- Long term undervalue entry levels and fair value exit targets
- Deep fundamental research and modeling

## Portfolio Strategy - A Focus on Long-term Themes and Trends for Vietnam

### Key Investment Themes

Theme	Description	Sectors
<b>Industrialization</b>	<ul style="list-style-type: none"> <li>✓ Supply Chain Shift requires improved infrastructure and industries</li> <li>✓ Acceleration in public investment would speed up the industrialization process in Vietnam</li> <li>✓ Winners would be companies with continuous improvements in applying new technology, the ability of input autonomy, and the ability to implement commitments in signed FTAs (including commitments in environmental protection)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Logistics</li> <li>✓ Infrastructure</li> <li>✓ Industrial goods manufacturing</li> </ul>
<b>Consumption</b>	<ul style="list-style-type: none"> <li>✓ Rising middle-class, migration and lower birth rates mean households are smaller and slightly wealthier.</li> <li>✓ Digital and modern trade expansion penetrate provincial towns and rural households. The experience economy is flying.</li> <li>✓ Online shopping will surpass the modern trade share of sales in 2028.</li> <li>✓ Internet economy at US\$21 billion shifts consumer priorities.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Retail</li> <li>✓ FMCG</li> <li>✓ Domestic logistics</li> <li>✓ Services</li> </ul>
<b>Urbanization</b>	<ul style="list-style-type: none"> <li>✓ Urbanization leads to (1) technological and infrastructural advancements, (2) improved transportation and communication, (3) quality educational and medical facilities and (4) improved standards of living</li> <li>✓ Room for areas where the demand is underserved</li> </ul>	<ul style="list-style-type: none"> <li>✓ Real-Estate</li> <li>✓ Clean energy and clean water</li> <li>✓ Banking</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>✓ Banks supporting economic growth</li> <li>✓ Financial inclusion is near-universal and digital payment is high</li> <li>✓ Financial firms are very active in approaching new customers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Banks</li> <li>✓ Insurance</li> </ul>

## Lumen Vietnam Fund - Outstanding long-term performance

Attractive performance over the long term

Historic performance, per calendar year in %, Fund inception 02.03.2012

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2023</b>	11.41	-8.43	3.53										<b>5.62</b>
<b>2022</b>	-0.25	1.70	2.91	-10.00	-4.22	-7.86	2.65	4.92	-14.19	-15.26	5.70	3.38	<b>-29.04</b>
<b>2021</b>	2.82	9.53	0.42	2.03	7.45	6.86	-1.00	4.70	2.26	8.09	-0.54	-0.90	<b>49.61</b>
<b>2020</b>	-5.49	-2.40	-30.54	24.68	10.71	-0.74	-4.50	16.00	5.30	1.65	10.54	9.47	<b>25.95</b>
<b>2019</b>	0.20	3.07	0.73	0.87	-1.74	1.34	2.10	3.11	2.18	-0.86	-4.50	-0.95	<b>5.42</b>
<b>2018</b>	7.64	-0.87	3.32	-7.75	-8.07	-1.04	-1.16	3.45	4.89	-10.16	-2.26	-1.28	<b>-13.99</b>
<b>2017</b>	0.94	0.49	4.17	-0.18	4.48	8.27	-3.69	-2.98	2.25	-1.37	7.62	5.31	<b>27.46</b>
<b>2016</b>	-2.91	4.26	2.98	1.87	1.41	7.89	1.48	4.47	3.46	-4.77	-3.60	-1.03	<b>15.78</b>
<b>2015</b>	-0.53	0.60	-3.39	1.98	-1.23	0.99	4.95	-8.68	1.57	5.52	-0.73	-0.04	<b>0.22</b>
<b>2014</b>	8.50	8.64	0.41	-2.96	-2.51	1.17	4.53	5.91	1.57	0.16	-3.85	-1.56	<b>20.75</b>
<b>2013</b>	7.91	8.27	-4.34	-0.71	4.57	-2.52	0.21	-3.10	4.47	1.27	2.02	1.00	<b>19.74</b>
<b>2012</b>			-1.77	5.87	-4.97	-1.36	-2.22	-5.42	0.79	0.35	-2.19	7.34	<b>-4.26</b>

## Lumen Vietnam Fund Timing, Timing, Timing

The nature of an Emerging Markets / Frontier Market Opportunity:

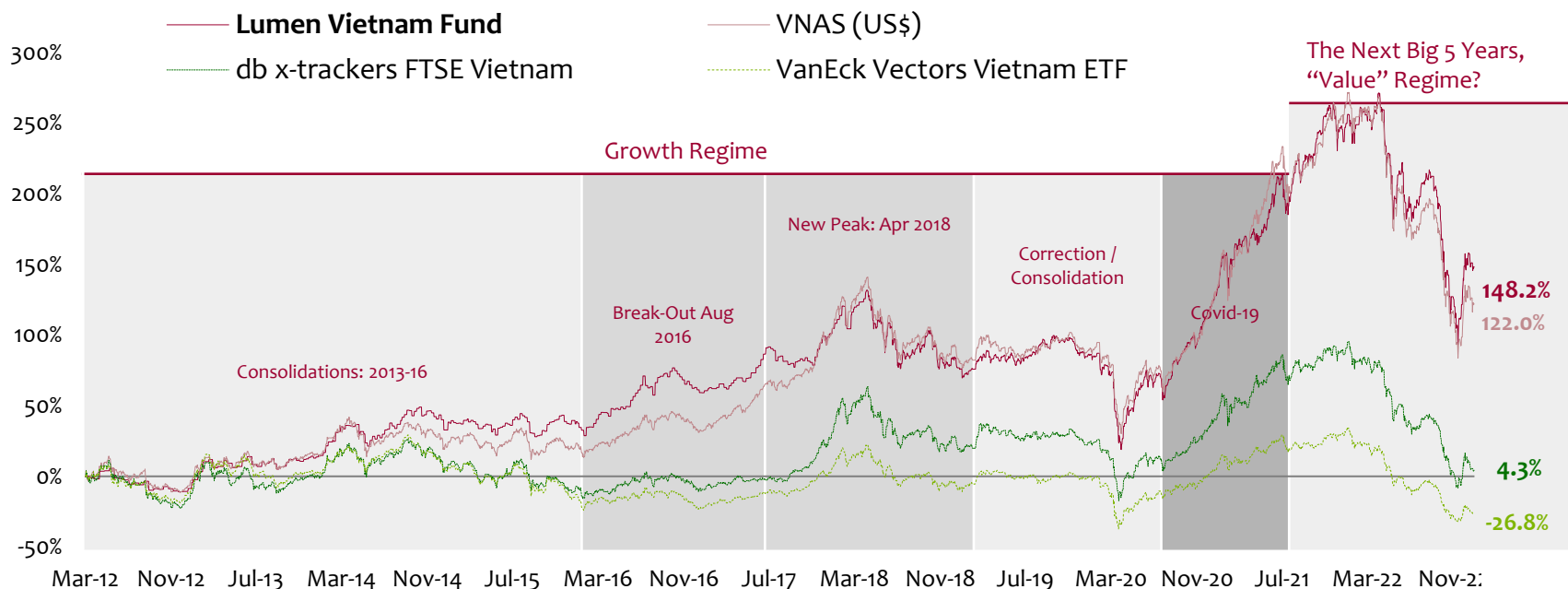
Higher return potential with higher risk.

<b>Period</b>	<b>Total Performance</b>
<b>Since inception March 2012 – March 2023</b>	<b>158.20%</b>
<b>April 2020 – March 2023</b>	<b>117.10%</b>
<b>November 2022 - March 2023</b>	<b>13.66%</b>



## Lumen Vietnam Fund - The Value Added of Active Investment

Lumen Vietnam Fund performance since inception vs. Vietnam All Share TR Index & ETFs



Source: Bloomberg, as of December 31, 2022

- Vietnamese Market ready for “Next 5 Big Years” as actual market and political environment presents as “Goldilocks” moment
- Lumen Vietnam is a “Sustainable Value” investment with “high growth potential” proposal
- On a long-term basis Lumen Vietnam has consistently outperformed investable ETF by a wide margin
- The longest track record among the UCITS funds
- Best performing UCITS fund in the last 3 years

## Lumen Vietnam Fund: Diversification Benefits

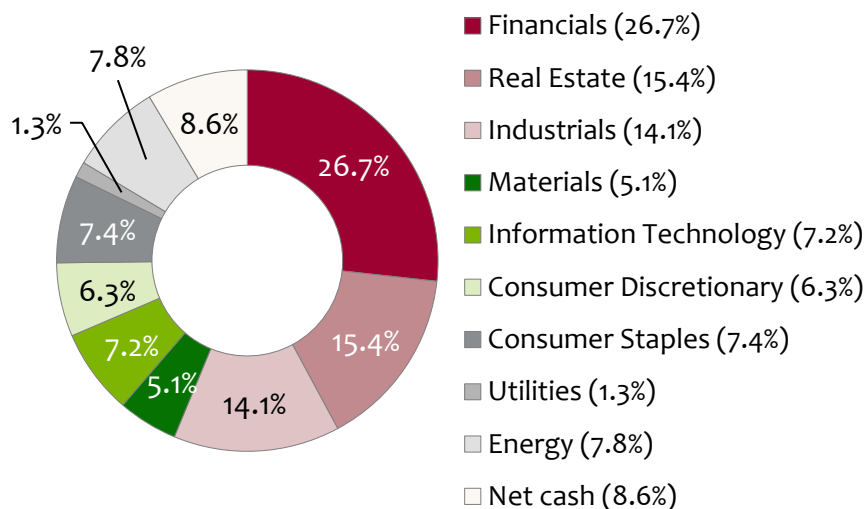
Lumen Vietnam shows low correlation to MSCI Emerging Markets, MSCI World, S&P and EURO STOXX Indices increasing diversification benefits for investors portfolio.

	LVF	VNAS	MSCI EM	MSCI FM	MSCI World	S&P	EURO STOXX	SHCOMP	SENSEX
LVF		0.92	0.35	0.55	0.32	0.29	0.28	0.26	0.27
VNAS	0.92		0.34	0.56	0.33	0.29	0.28	0.24	0.22
MSCI EM	0.35	0.34		0.53	0.73	0.64	0.70	0.50	0.69
MSCI FM	0.55	0.56	0.53		0.53	0.47	0.54	0.28	0.39
MSCI World	0.32	0.33	0.73	0.53		0.97	0.86	0.30	0.59
S&P	0.29	0.29	0.64	0.47	0.97		0.75	0.27	0.53
EURO STOXX	0.28	0.28	0.70	0.54	0.86	0.75		0.29	0.59
SHCOMP	0.26	0.24	0.50	0.28	0.30	0.27	0.29		0.23
SENSEX	0.27	0.22	0.69	0.39	0.59	0.53	0.59	0.23	

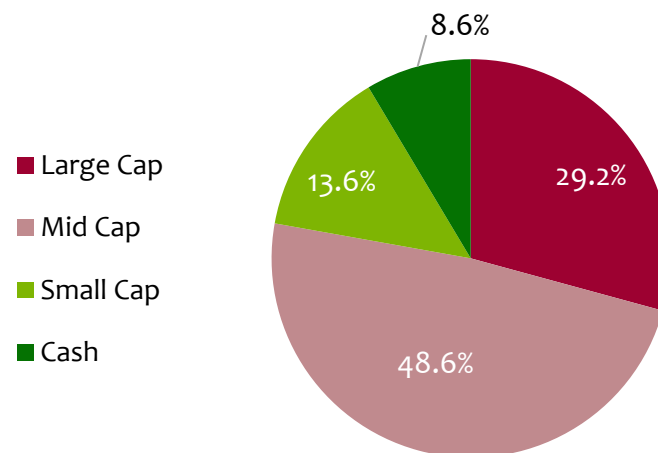
## Lumen Vietnam - Portfolio Positioning

Lumen Vietnam Fund portfolio construction based on healthy company fundamentals and strong earnings outlook

### Portfolio Sector Allocation



### Strategic Allocation into Small/Mid-Caps<sup>1</sup>

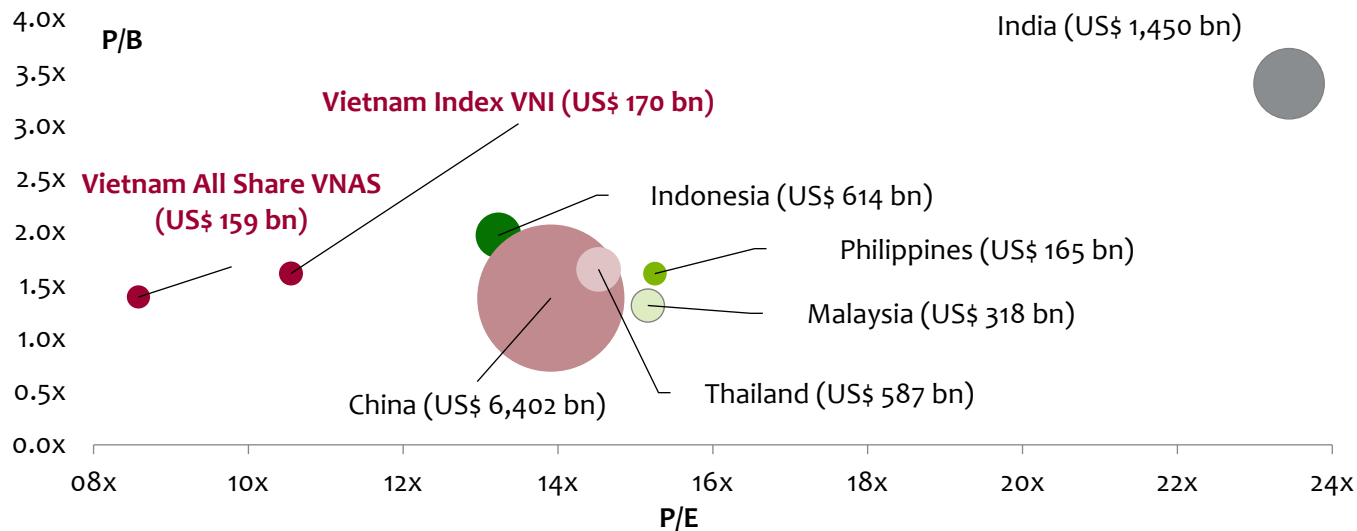


Sources: Bloomberg, VNHAM 1) Large: >\$ 2.8bn, Mid: \$ 250mn-2.8bn, Small: <\$ 250mn, as of December 31, 2022

- ❑ Strategic and Core Allocation in Small and Midcap stocks
- ❑ Active Sector Rotation and Rebalancing depending on market cycle and valuations
- ❑ Tactical and opportunistic allocation to large caps at reasonable valuations
- ❑ Focus on outstanding business performance with strong leadership position projected over 2-3 years

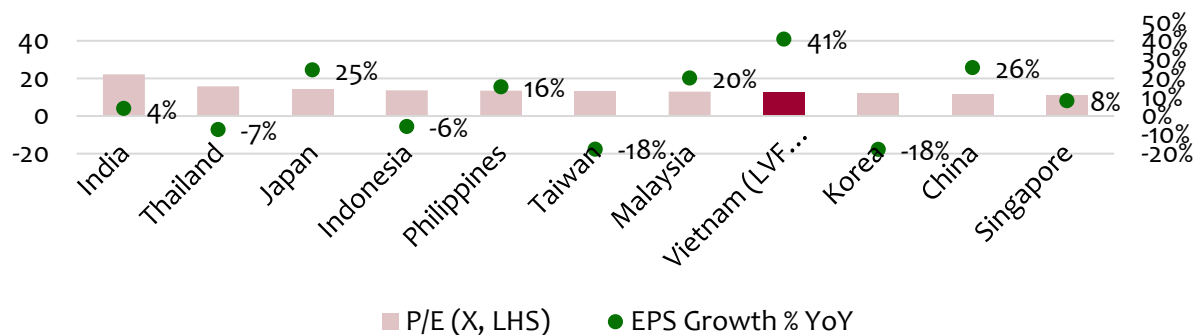
# Vietnamese Equity Market with Attractive Valuation

On an earnings per share basis Vietnam's equity markets trade at a discount to ASEAN peers



Reasonable valuation and high EPS growth to offer good upside

2023 Forward P/E and EPS Growth





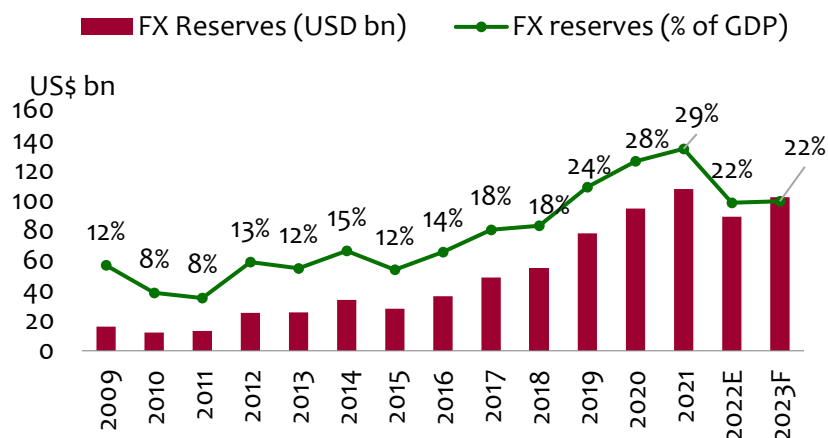
## The Macro Picture and why Vietnam ?



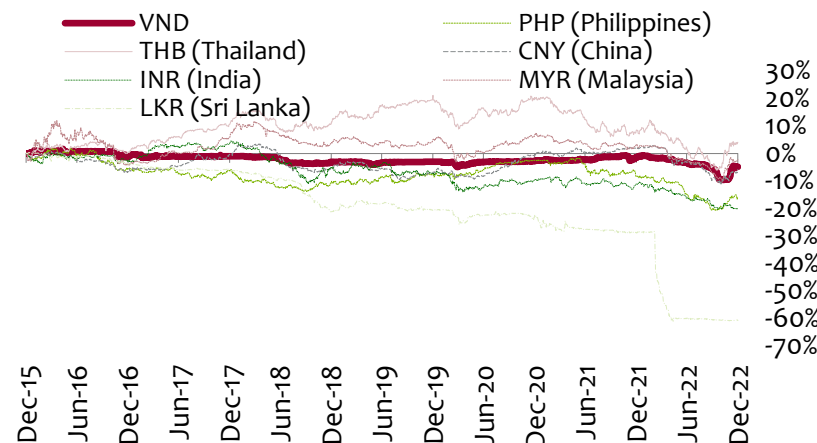


# Vietnam Macro - High Foreign Reserve and Relative Stable VND vs. USD

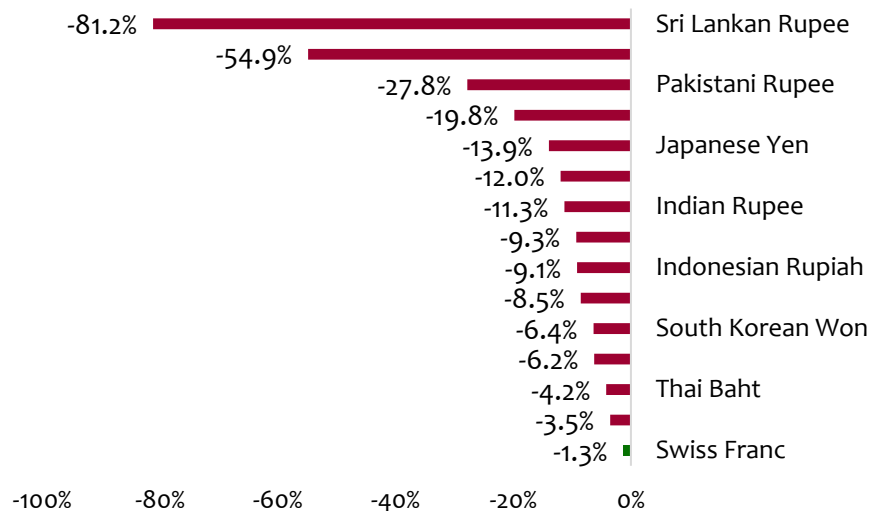
FX reserves at adequate level



VND remains stable vs. USD compared to other EM



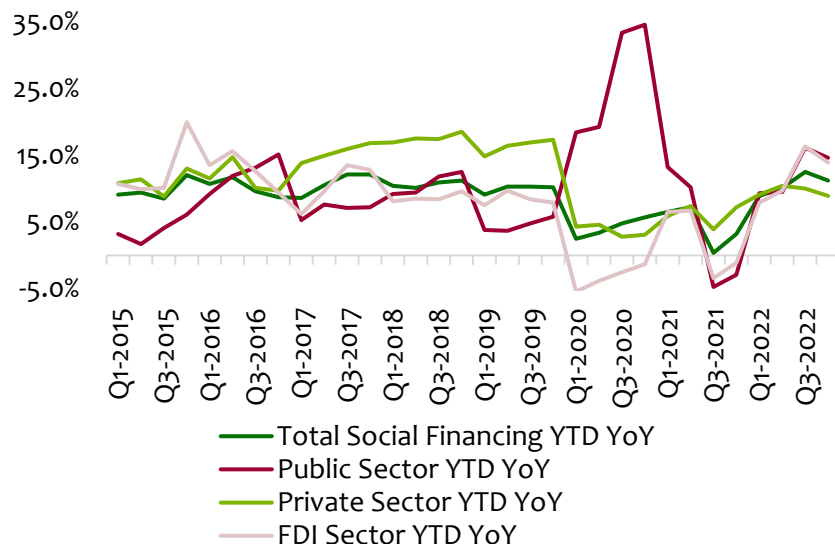
USD vs. the World: Impressive FX Movements in 2022



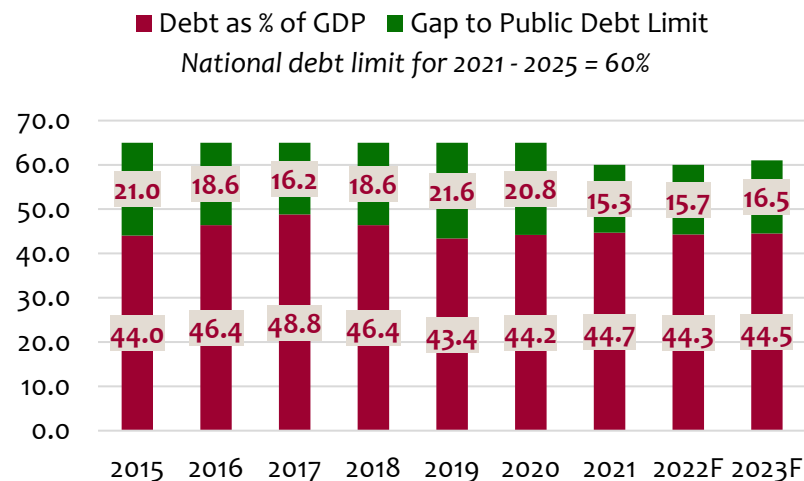


# Low Government Indebtedness Provides Room for Big Government Stimulus

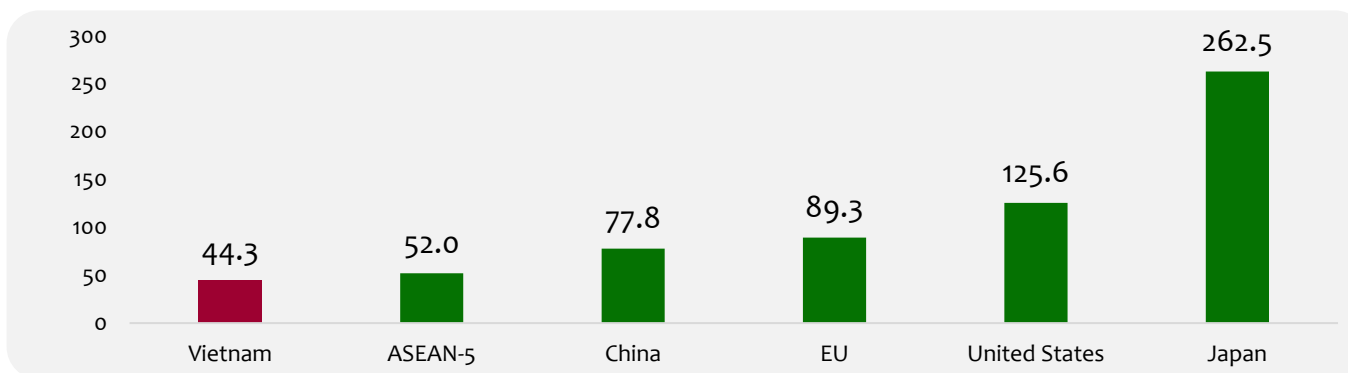
### Accelerated public investment



### Plenty of room for public spending



### Government gross debt to GDP (%) (2022E) <sup>1</sup>



Sources: General Statistics Office (GSO), HSC, IMF World Economic Outlook and VNHAM, as of September 30, 2022; (1) For Vietnam, the figure is public debt to GDP, compiled by HSC. The rest is general government gross debt to GDP, compiled by IMF

## Lumen Vietnam - Opportunity Drivers for 2023 and Beyond

### **Opportunity Driver 1: Attractive Valuations relative its Asian-Peers**

The country offers reasonable stock market valuations when comparing to those of other Asian countries and worldwide.

### **Opportunity Driver 2: Macro Growth, China PlusOne and Government Stimulus**

Vietnam continues to deliver impressive economy growth in Asia. Its currency has been much more stable than others amidst global turbulences driven by high inflation and US interest hikes. Decent foreign USD reserves has been a great help in keeping its exchange rate in check.

**China PlusOne Strategy:** Vietnam is the largest beneficiary of trade and supply shift. Over the last 15 years, Vietnam has grown from the lowest position to become the second largest exporter within ASEAN. This is supported by friendly government policies toward FDI's, young labor force, competitive, cost and proximity to China.

**Vietnam launched a 4% GDP stimulus package in 2022-2023.** This stimulus may add further 1% GDP growth p.a. This in time as other ASEAN countries are reducing their economic stimulus.

### **Opportunity Driver 3: Emerging Markets Status Upgrade**











The country's upgrade to Emerging Market status is expected in 2024. Reclassification may trigger a market rally driven by increased foreign fund flow. In case of a MSCI upgrade, it is estimated that Vietnam should have a weight of 4% to 6% in the MSCI Asia Index, and a six-month leading time is often expected.

## Lumen Vietnam - China Uncertainty: Time for South-East Asia: From BRICS to VIPS



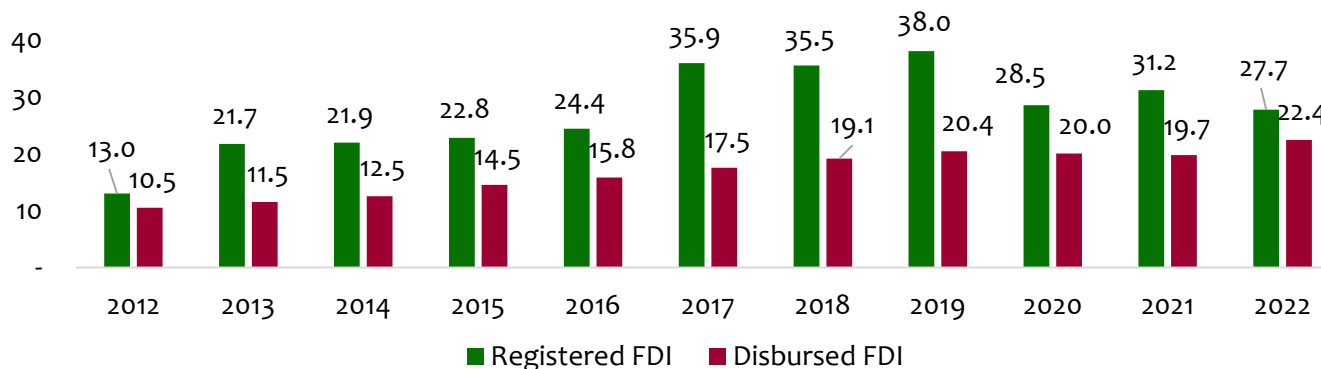
## Vietnam Macro - Supply Chain Re-Location to Vietnam

Foreign Direct Investment – a destination of choice for overseas manufacturers

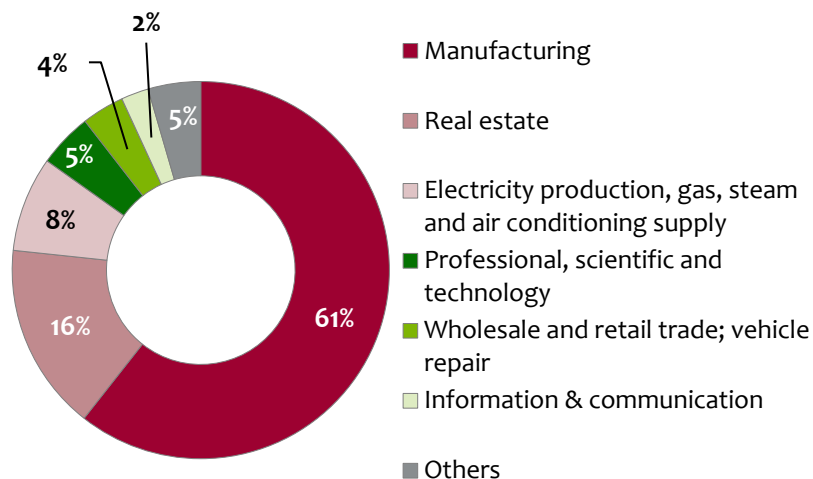
	<p>Started producing Pixel 4a with its partners in northern Vietnam</p>		<p>An Apple assembly partner with a US\$1.0bn investment</p>
	<p>A US\$274mn investment from an Apple assembly partner from Taiwan</p>		<p>A key AirPods assembler with a US\$260mn investment</p>
	<p>Move from Thailand to Vietnam for larger and more efficient plant</p>		<p>Moved a part of its production of notebook PCs from China to Vietnam</p>
	<p>Plan a 600ha industrial park in Bac Giang, pending for government's approval</p>		<p>US\$410m additional capital for expansion</p>
	<p>A US\$1 bn investment into the first carbon neutral run factory</p>		<p>Made in Vietnam by DBG Technology, an USD 80mn factory in the northern province of Thai Nguyen</p>

## Macro - Resilient and Diversified FDI Partners

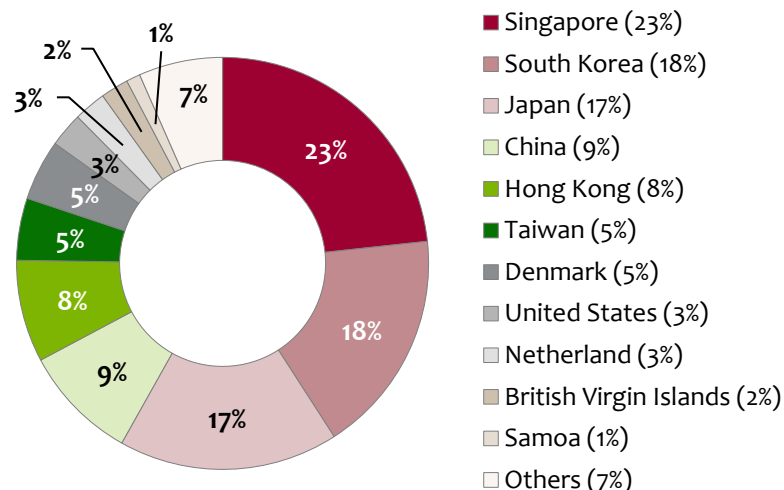
### Registered and Disbursed FDI (USD bn)



### FDI by Industries, 2022

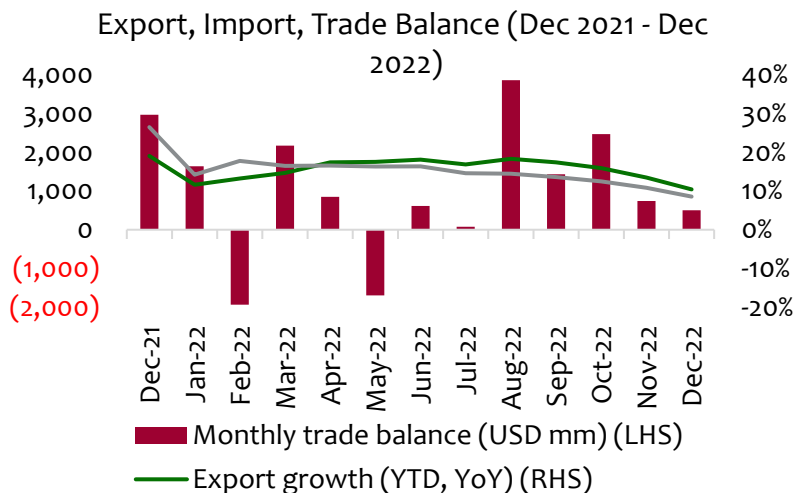


### FDI by Investing countries, 2022

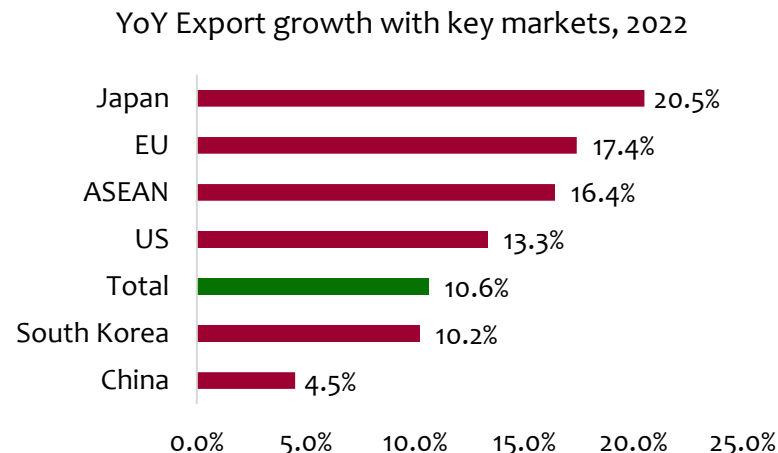


## Macro - Increase Exports to USA, EU and other ASEAN Countries

### Encouraging trade balance amid pandemic

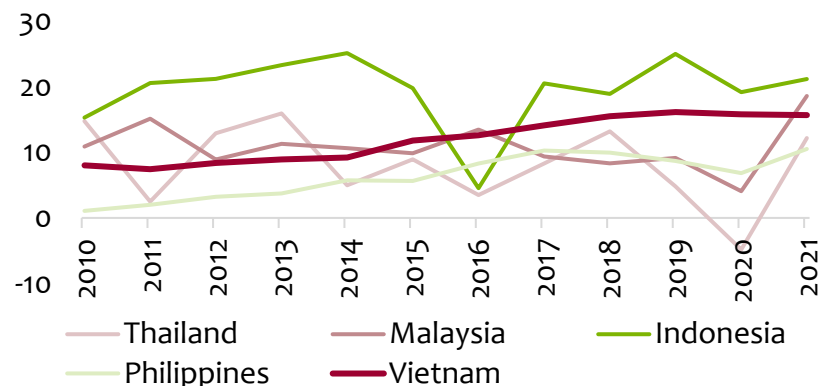


### Strong export growth to U.S and EU



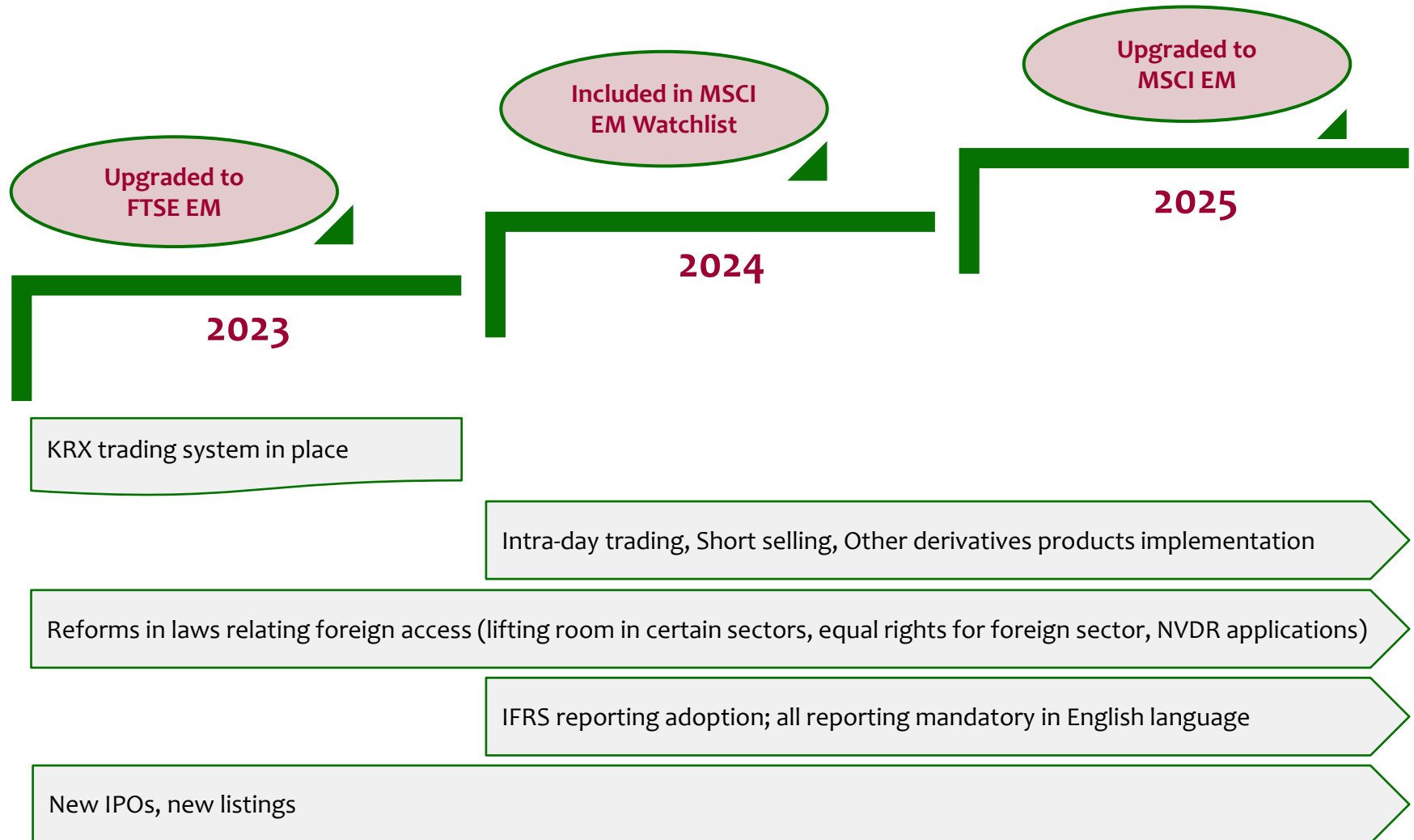
The reconfiguration of manufacturing supply chains away from China has increased FDI significantly. Vietnam's net FDI inflows was solid with a 10Y CAGR of 7.0%, outperforming the average growth in ASEAN countries, 1.5% CAGR.

### Net FDI inflows of ASEAN countries, 2010 – 2021 (USD bn)



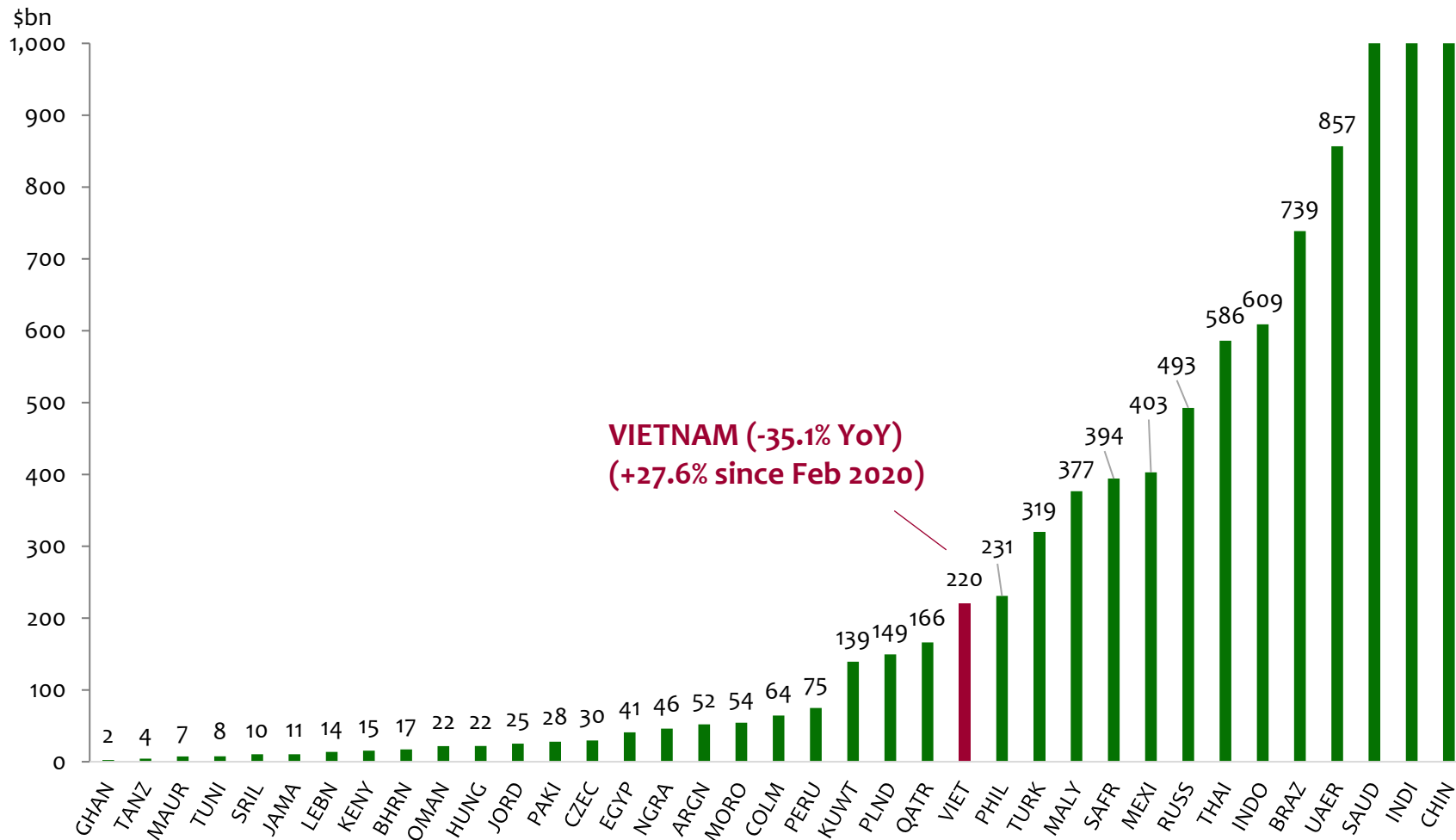
# Equity Market - Market upgrade into FTSE EM and MSCI EM in a timeline of 2-3 years

## Expected timeline



## Market Capitalisation - Not «Frontier»

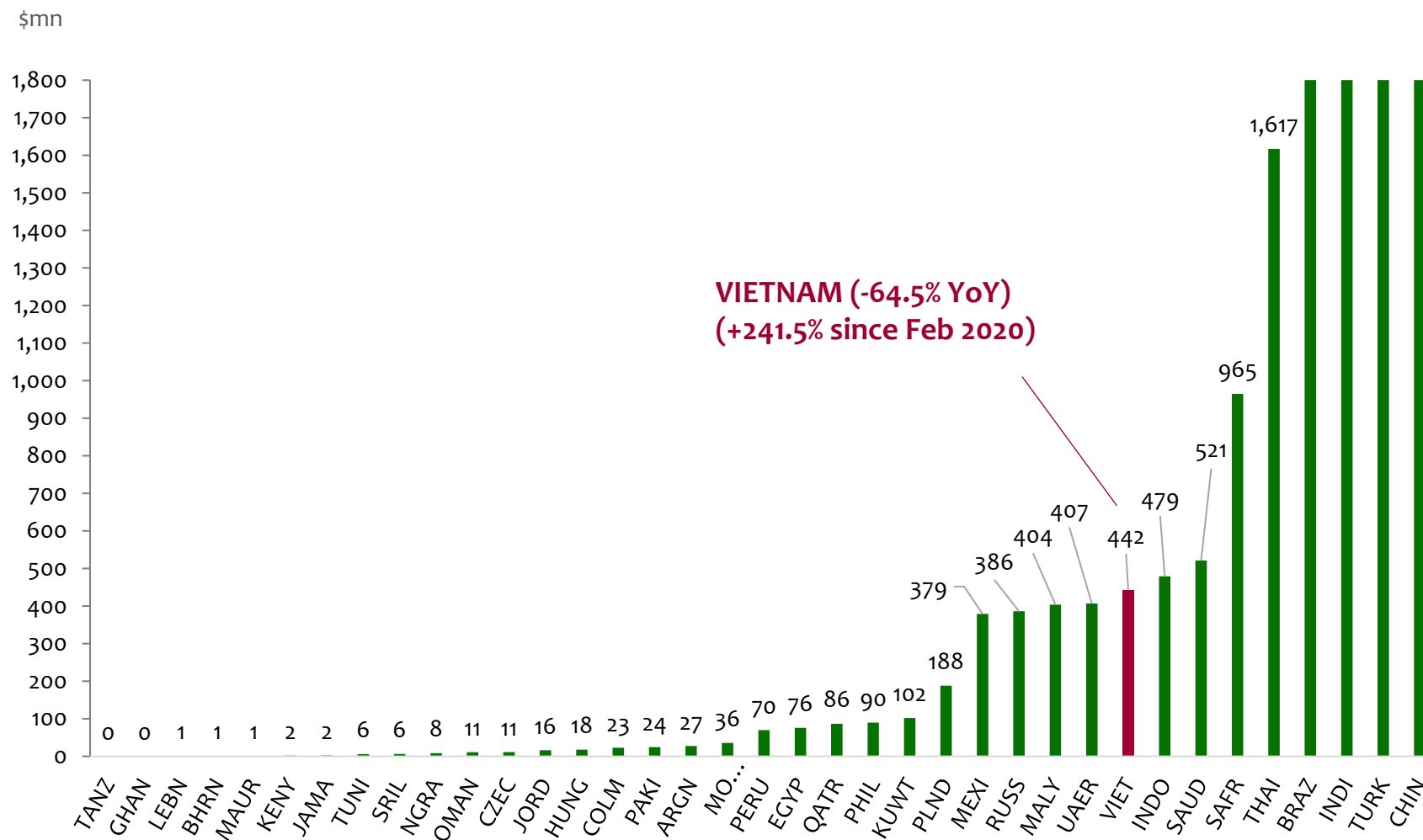
Vietnam's Market Capitalisation is higher than some Emerging Markets/Emerging European countries such as Poland, Kuwait, Pakistan etc.





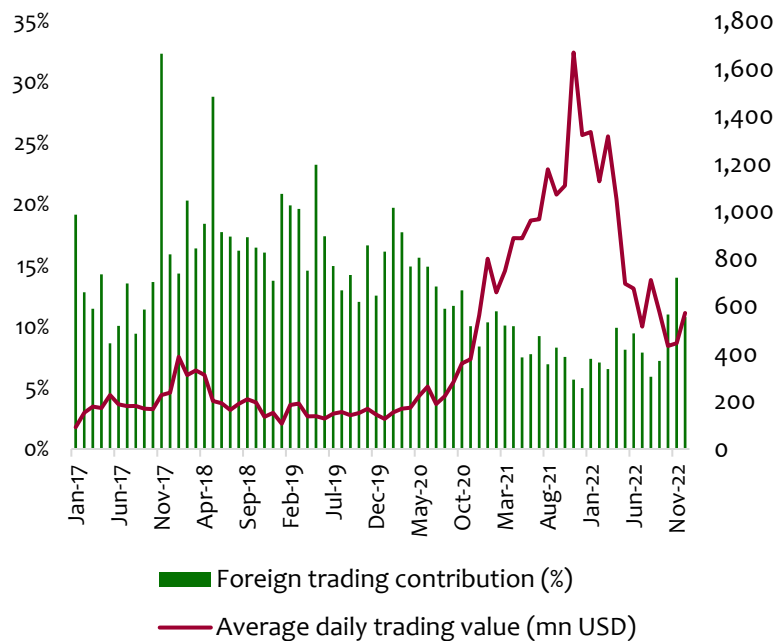
## Market Liquidity - Not «Frontier», either

Vietnam's Market Liquidity is higher than some Emerging Markets/Emerging European countries such as Poland, Philippines, UAE, Kuwait, etc.

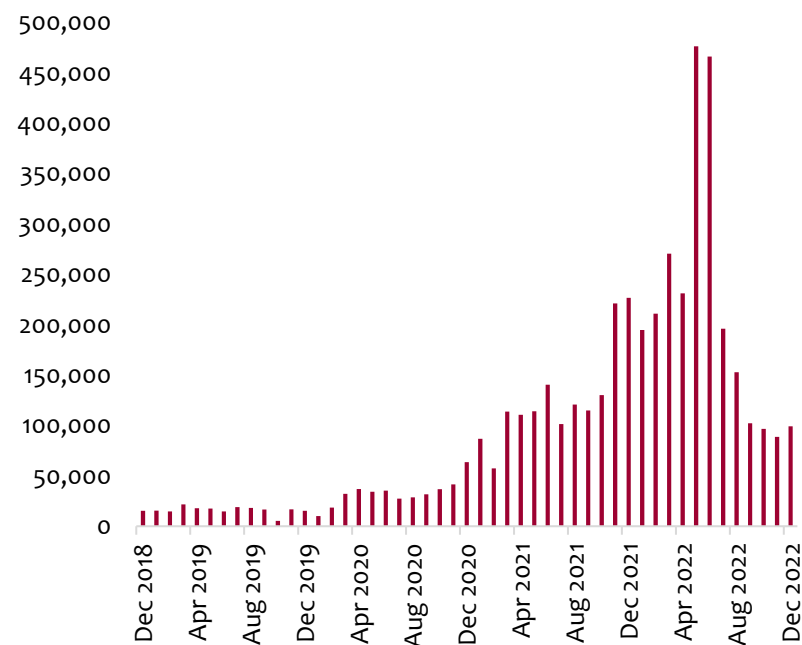


# Dramatic Increase of Market Liquidity - Foreigners back

## Foreign investors vs. domestic investors



## Monthly new securities trading account





**Cảm ơn mọi người rất nhiều**

**Thank you very much for your attention**



## Contact

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