

An aerial photograph of a blue fishing boat on the ocean. A large green fishing net is being pulled in from the right side of the frame, creating a wide, fan-like shape behind the boat. Several people are visible on the deck of the boat, working with the net. The water is a deep blue-green color.

# Lumen Vietnam Fund UCITS

Sustainable Value Investing in  
Asia Most Dynamic Market

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September 2023



**Beautiful Mui Ne Beach, about 220 kilometres from Ho Chi Minh central**

1 AQUIS Capital / VietNam Holding Asset Management

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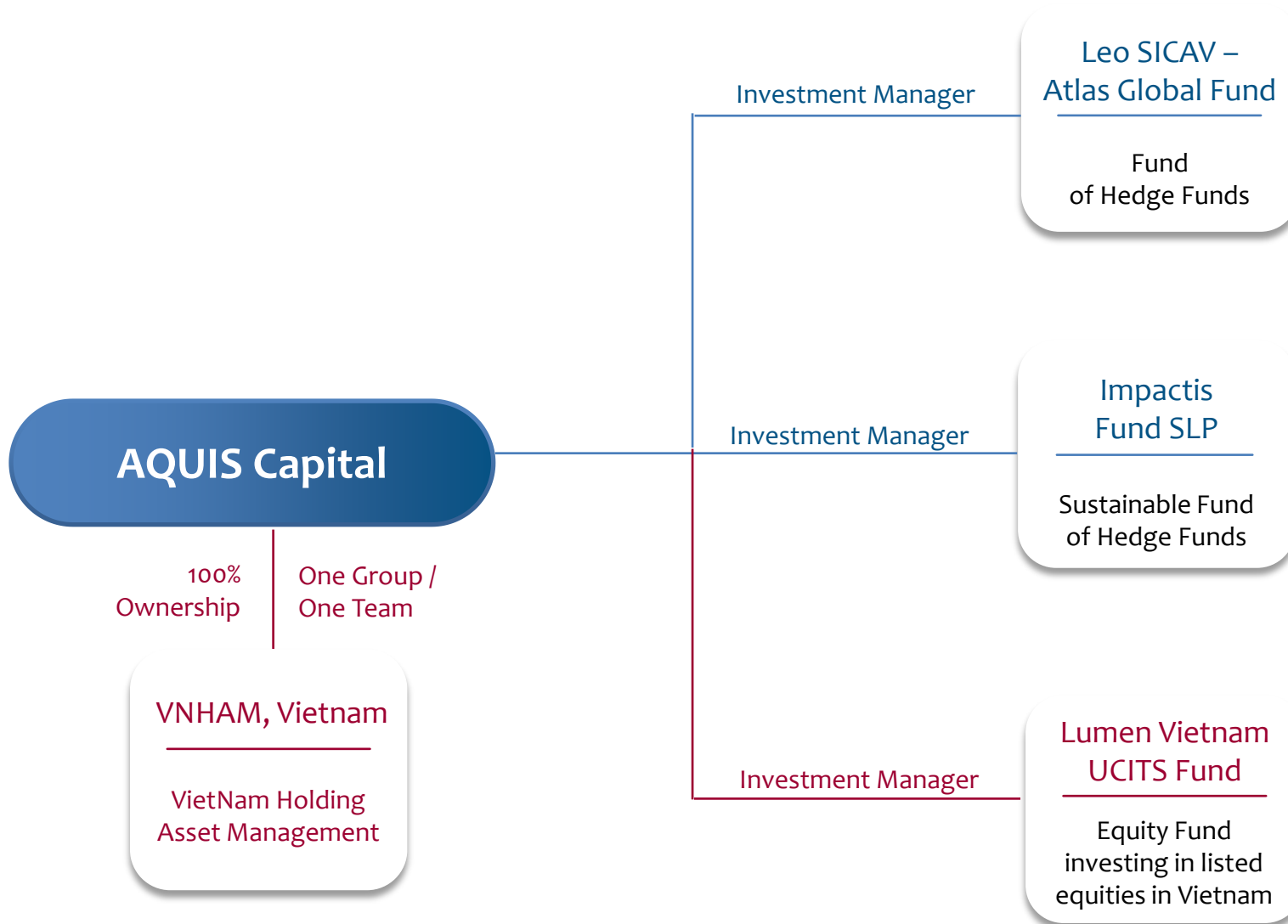


## AQUIS Capital / VietNam Holding Asset Management

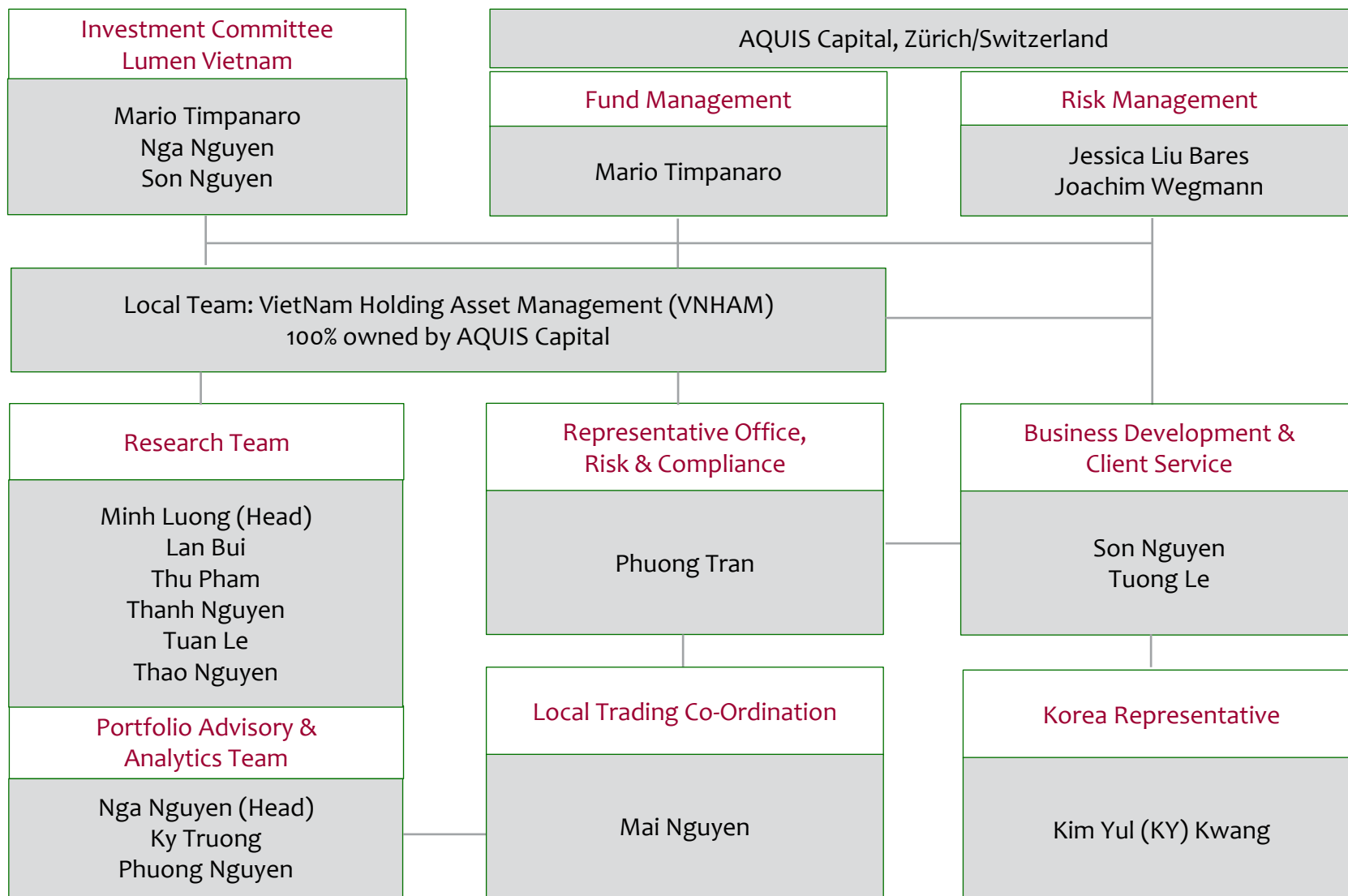
## AQUIS Capital - Specialised and Active Asset Management Boutique

AQUIS Capital	
Headquarter with Subsidiary	Zurich, Switzerland Vietnam Holding Asset Management, Ho Chi Minh City, Vietnam
Number of Employees	21, whereas 9 in Zurich and 12 in Vietnam
Ownership	Management
AuM	USD 400mm
Investor Profile	Institutional Investors, Single & Multi Family Offices, EAM, Banks
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



## Lumen Vietnam - Highly Skilled and Motivated Investment Team



## A Committed Team dedicated for the Lumen Vietnam Fund





2

## The Country Vietnam

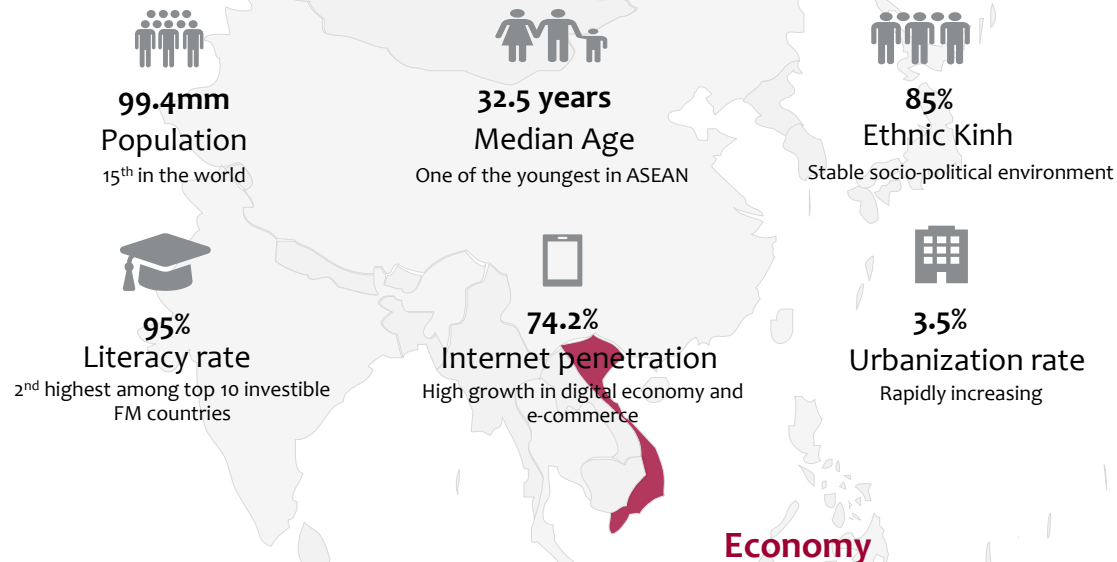




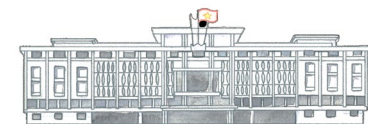
**Ho Chi Minh city, the country's economic growth spearhead, overlooking Saigon river**

# Vietnam - The Rising Dragon

## Demographics

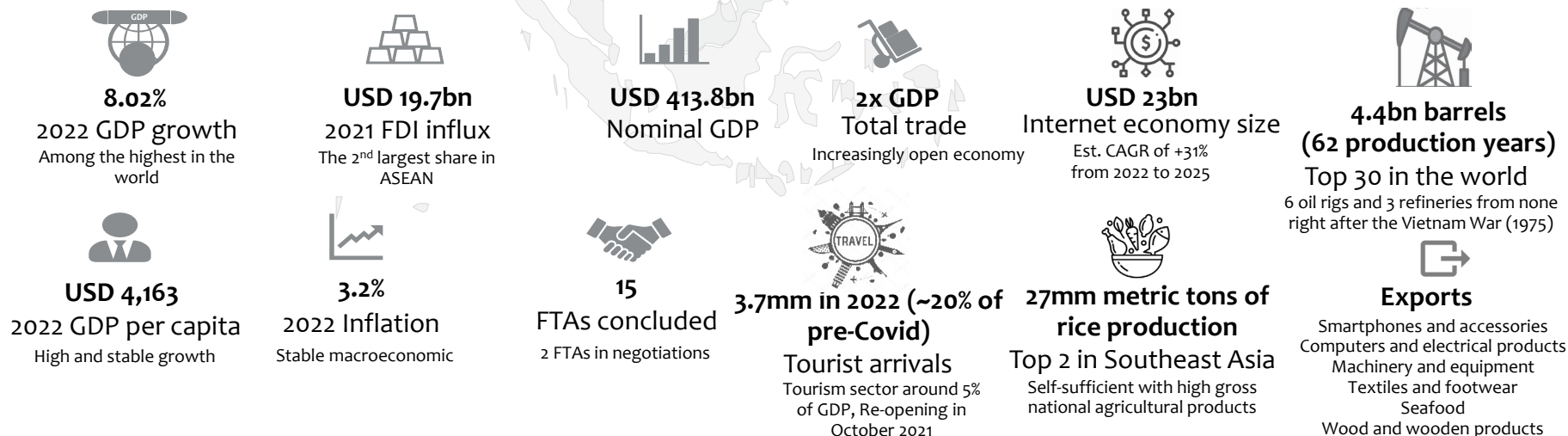


## Politics



**One-party system**  
The Communist Party of Vietnam  
Broad support for legitimized one-party system since the Liberation of Saigon (Ho Chi Minh city now) in April 1975

## Economy









## Lumen Vietnam Fund UCITS

## 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
- EU-SFRD Art. 8 compliant
- AUM of more than USD 350mm

### Markets

We invest in

- Improving macroeconomic / demographic trends
- Industries and companies that are overlooked and undervalued
- Focus on small and midcaps with tactical allocation into large caps

### Research

Key Characteristics

- Local research team with deep fundamental research and modelling
- Long term undervalue entry levels and fair value exit targets
- Active portfolio management & trading combined with technical analysis

## Lumen Vietnam Fund Timing, Timing, Timing

The nature of an Emerging Markets / Frontier Market Opportunity:

Higher return potential with higher risk.

Period	Total Performance
Since inception March 2012 – 31 August 2023	207.76%
April 2020 – 31 August 2023	158.73%
November 2022 - 31 August 2023	35.48%



## Lumen Vietnam Fund - Outstanding long-term performance

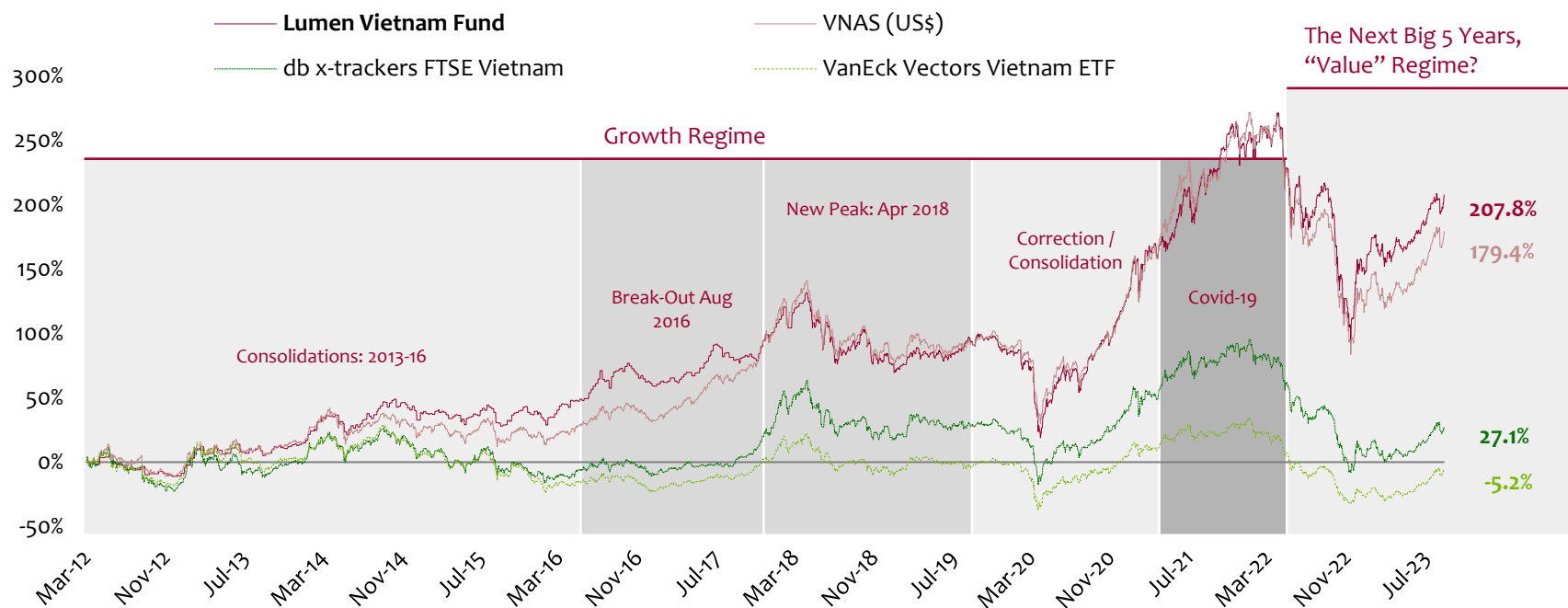
Attractive performance over the long term

Historic performance, per calendar year in %, fund inception on 02 March 2012

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2023</b>	11.41	-8.43	5.66	-0.08	2.34	3.84	7.66	0.60					<b>23.98</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 - The Value Added of Active Investment

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



- 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

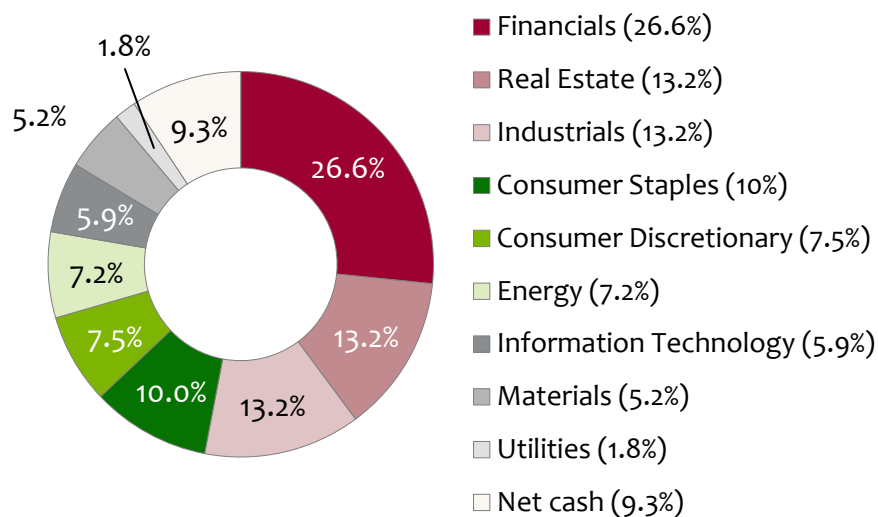
Lumen Vietnam shows low correlation to MSCI Emerging Markets, MSCI World, S&P and EURO STOXX Indices increasing diversification benefits for investors portfolio.

	LVF	VNAS	MSCI EM	MSCI FM	MSCI World	S&P	EURO STOXX	SHCOMP	SENSEX	KOSPI	HSI
LVF		0.93	0.35	0.55	0.31	0.28	0.28	0.26	0.27	0.30	0.31
VNAS	0.93		0.34	0.56	0.32	0.28	0.27	0.24	0.22	0.30	0.30
MSCI EM	0.35	0.34		0.53	0.73	0.64	0.70	0.51	0.68	0.84	0.86
MSCI FM	0.55	0.56	0.53		0.53	0.47	0.54	0.28	0.39	0.45	0.41
MSCI World	0.31	0.32	0.73	0.53		0.97	0.86	0.31	0.59	0.71	0.54
S&P	0.28	0.28	0.64	0.47	0.97		0.74	0.27	0.53	0.63	0.45
EURO STOXX	0.28	0.28	0.70	0.54	0.86	0.74		0.29	0.58	0.67	0.54
SHCOMP	0.26	0.24	0.51	0.28	0.31	0.27	0.29		0.23	0.37	0.59
SENSEX	0.27	0.22	0.68	0.39	0.59	0.53	0.58	0.23		0.57	0.50
KOSPI	0.30	0.30	0.84	0.45	0.71	0.63	0.67	0.37	0.57		0.66
HSI	0.31	0.30	0.86	0.41	0.54	0.45	0.54	0.59	0.50	0.66	

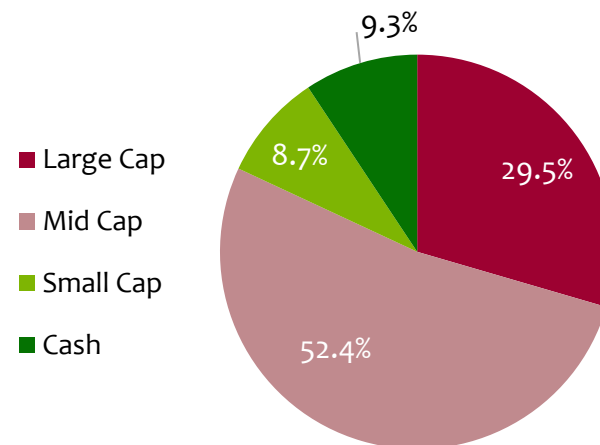
## Lumen Vietnam - Portfolio Positioning

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

### Portfolio Sector Allocation



### Strategic Allocation into Small/Mid-Caps\*

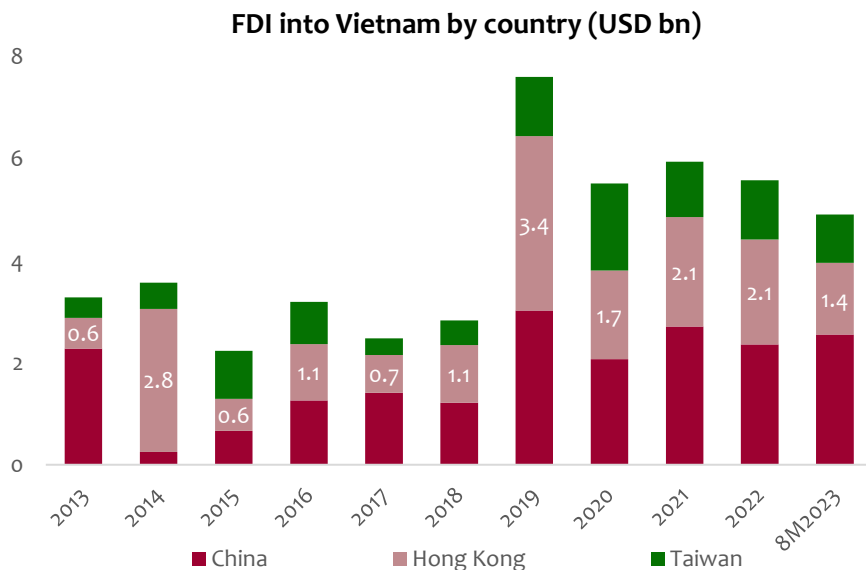


- Strategic and core allocations in Small and Midcap stocks
- Active sector rotation and rebalancing depending on market cycles and valuations
- Tactical and opportunistic allocations to large caps at reasonable valuations
- Focus on outstanding business performance with strong leadership position, to be projected over 2-3 years

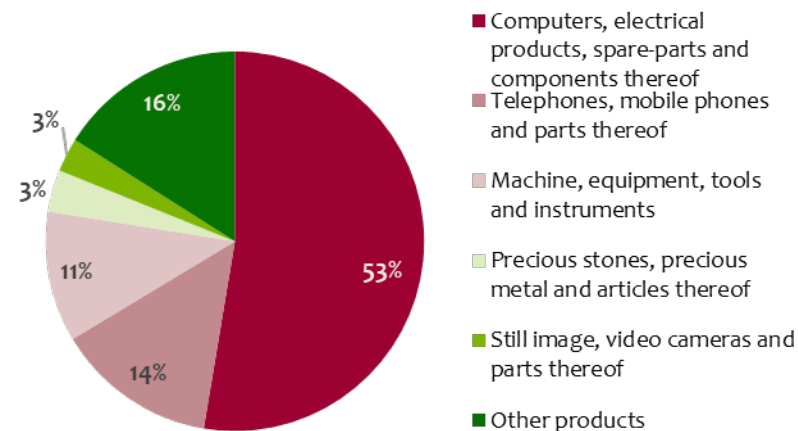


## Country Macro and *Why Vietnam?*

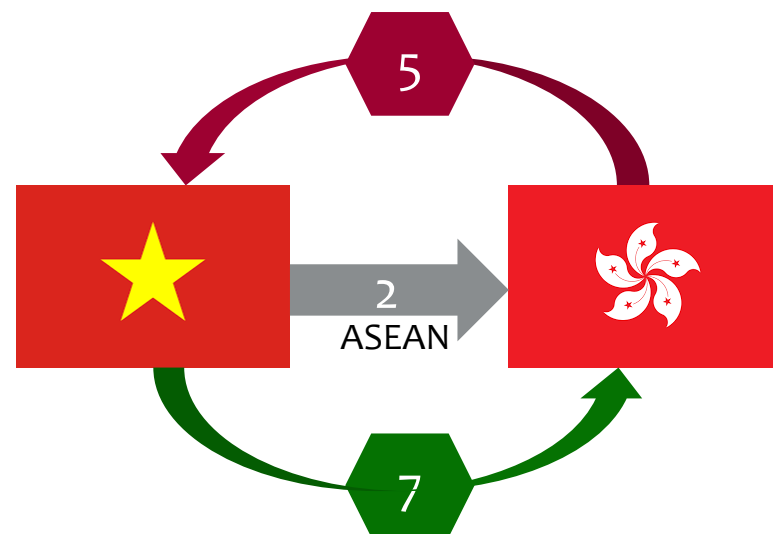
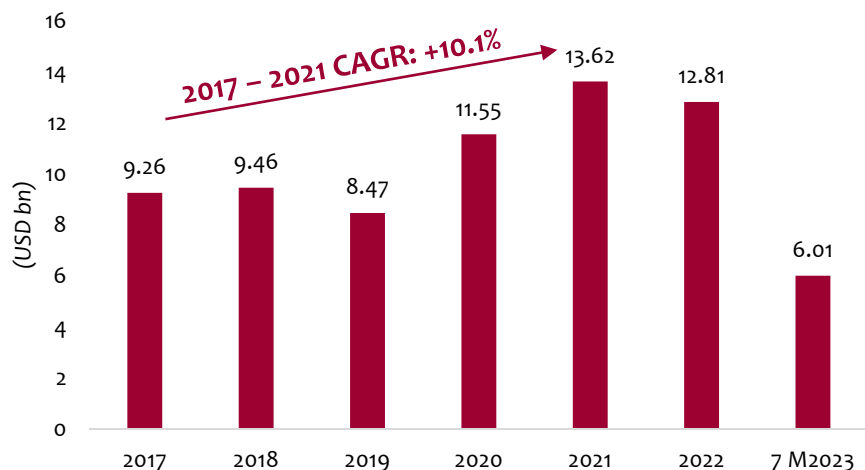
## Hong Kong – Vietnam: Important partners



**Top traded products by value between Hong Kong and Vietnam in 7M2023 (USD bn)**

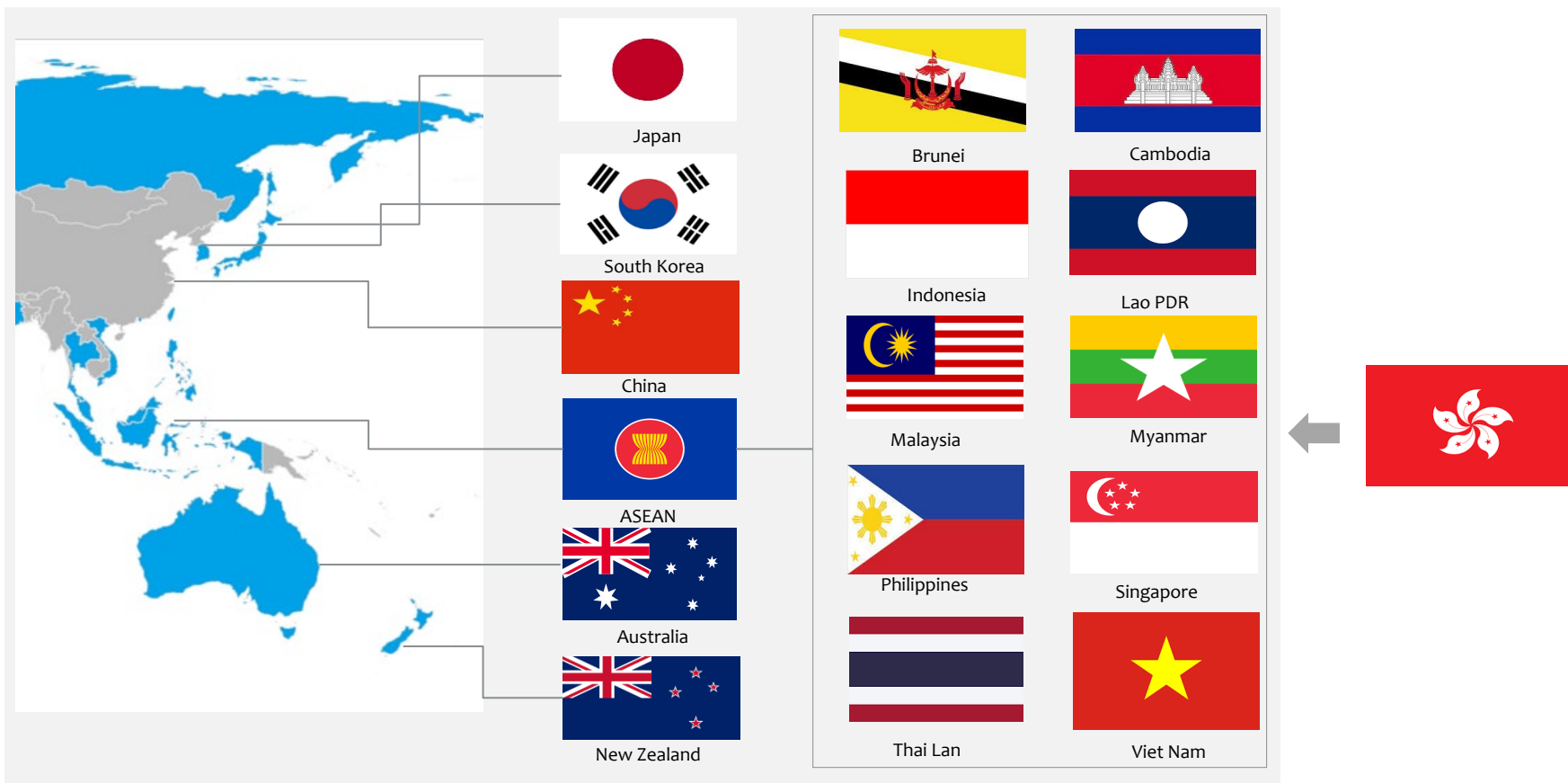


**Total trade turnover between Hong Kong and Vietnam**



## Regional Comprehensive Economic Partnership - RCEP

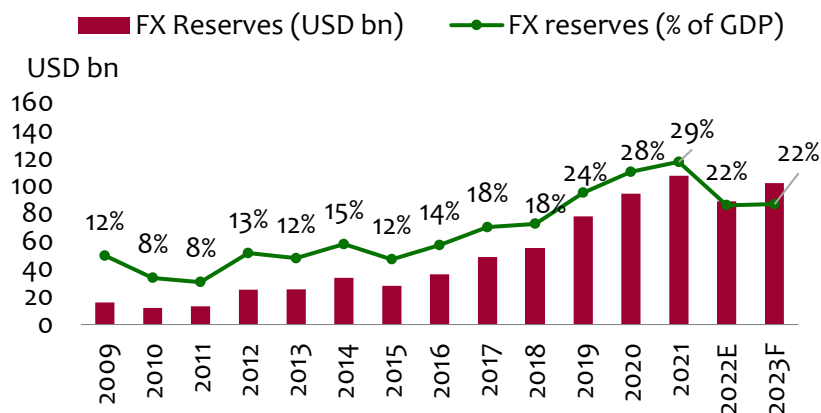
In 2022, the Regional Comprehensive Economic Partnership (RCEP) has a market of 2.2bn consumers, about 30% of the world population, and a GDP of nearly USD 27tn, also accounting for 30% of the global GDP.



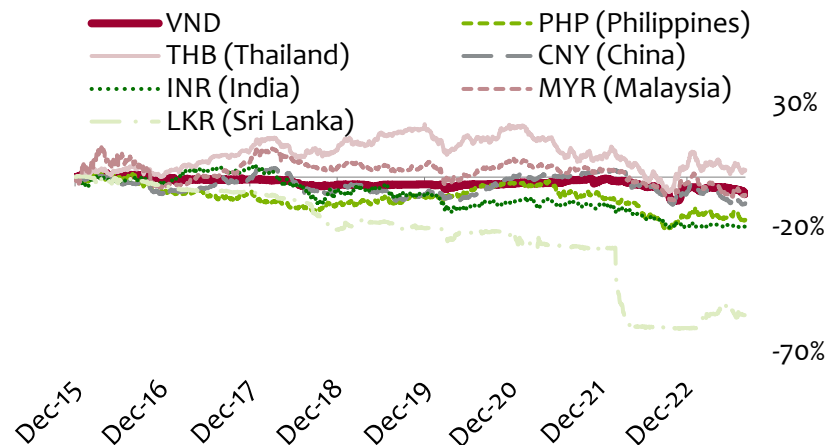
Vietnam is a RCEP member, and Hong Kong has applied for accession into RCEP since early 2022. Such membership would help to further facilitate more trades between Hong Kong and RCEP countries. In 2022, Hong Kong's trade value with all 15 RCEP members was around USD 860bn, dominating over 70% of the country's total trade amount.

# Vietnam Macro - High Foreign Reserve and Stable Vietnam Dong (VND)

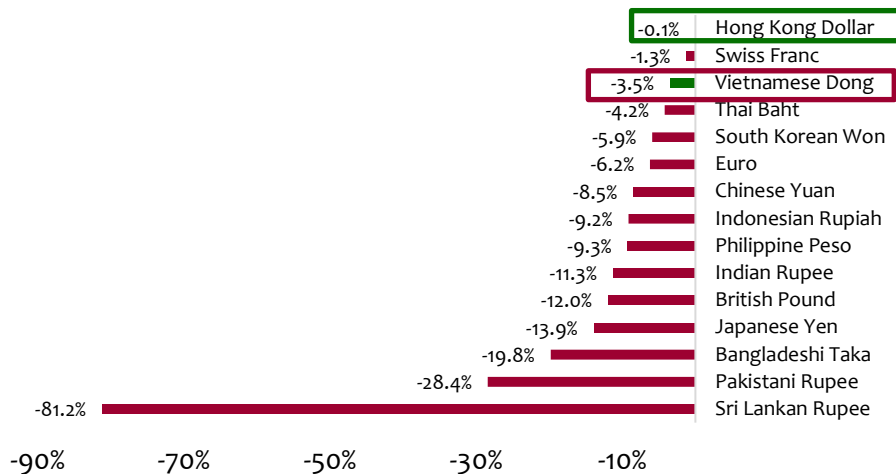
## FX reserves at adequate level



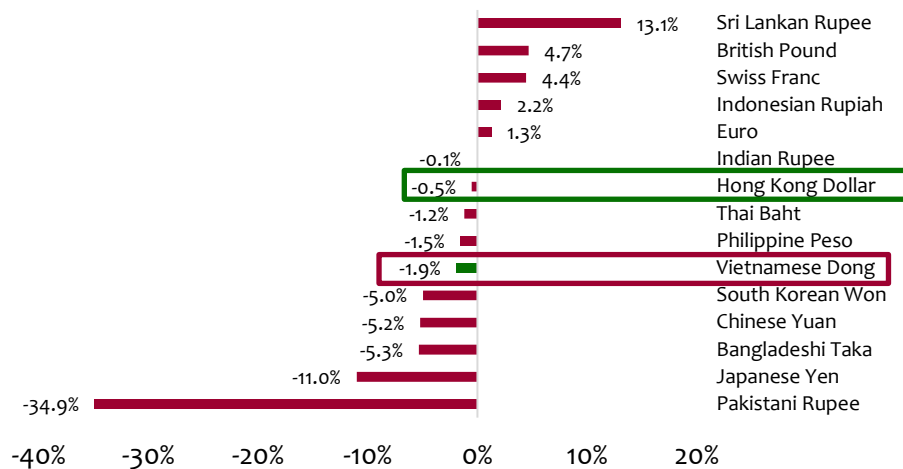
## VND remains stable vs. USD compared to other EM



## USD vs. the World: Impressive FX Movements in 2022



## USD vs. the World: Impressive FX Movements in YTD 2023

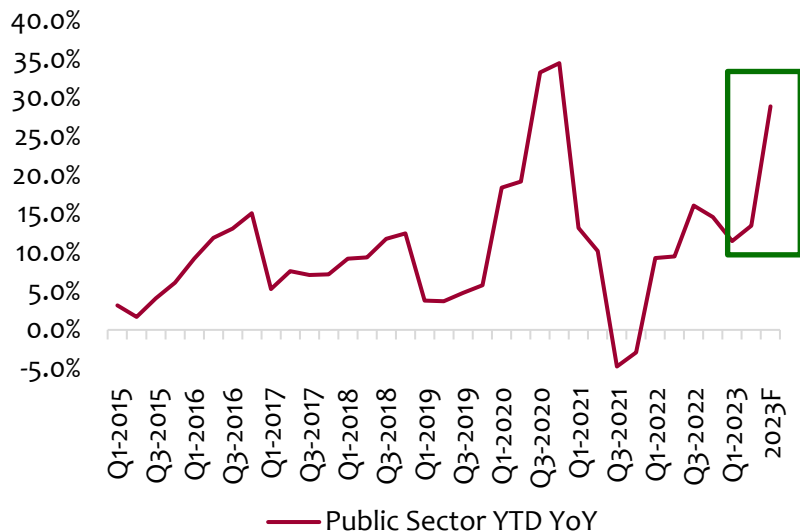


Sources: State Bank of Vietnam (SBV), Bloomberg, and VNHAM, as of 31 August 2023

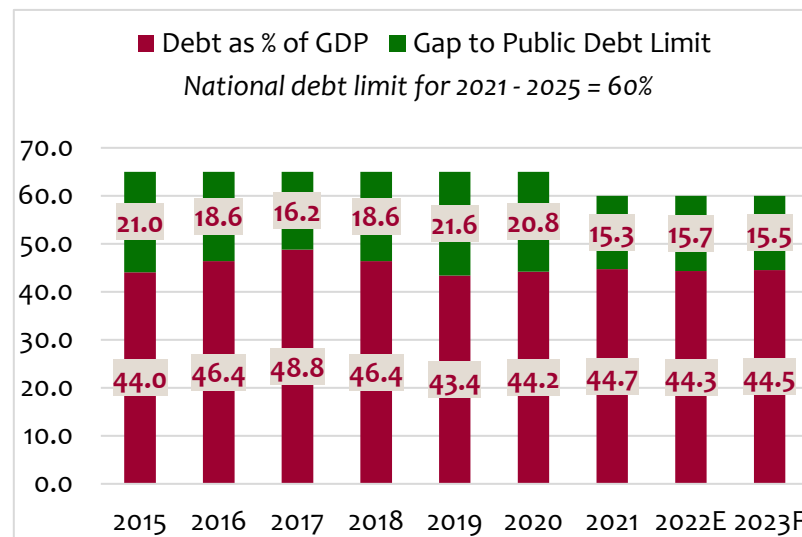


# Low Government Indebtedness Provides Room for Big Government Stimulus

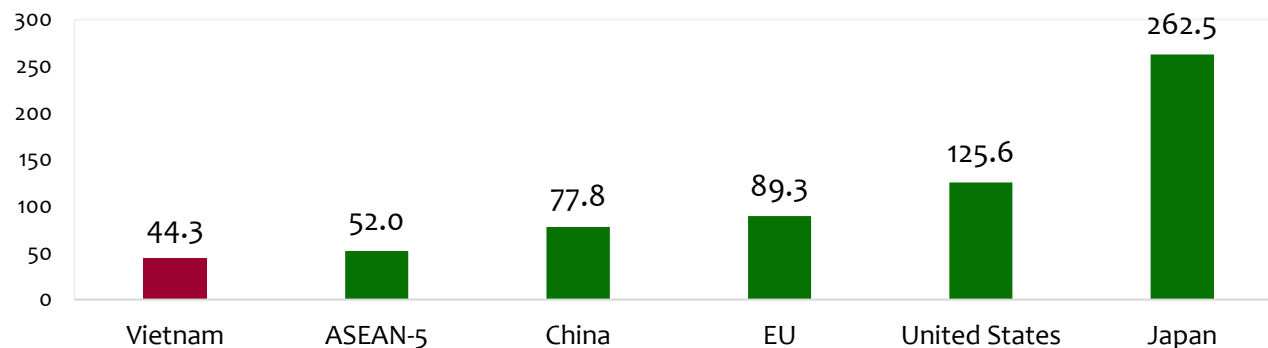
### Accelerated public investment



### Plenty of room for public spending



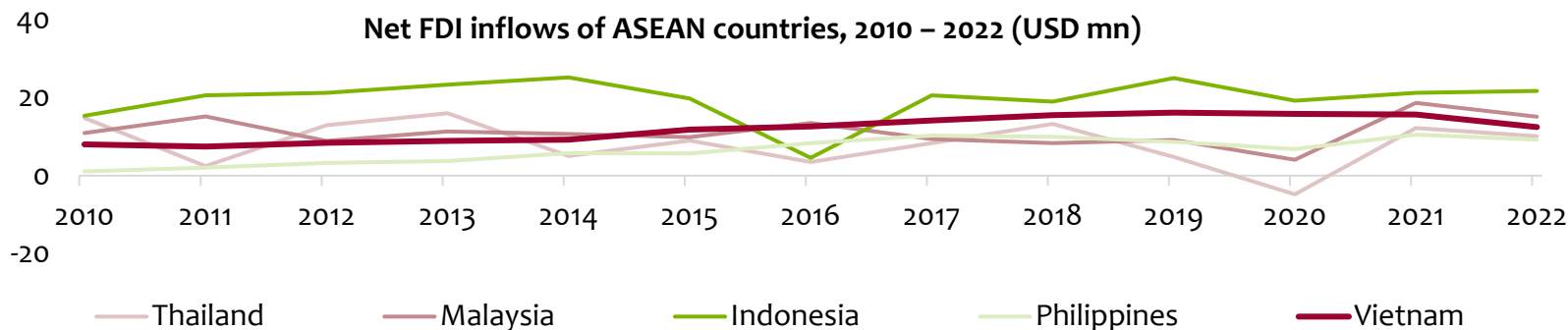
### Government gross debt to GDP (%) (2022E)\*



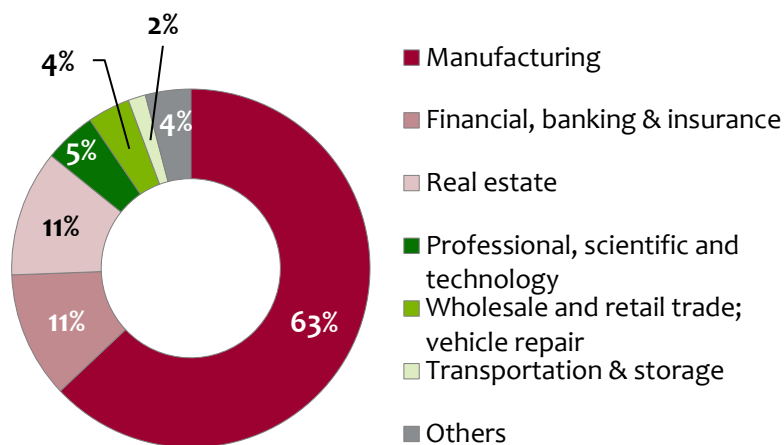
\*: For Vietnam, the figure is public debt to GDP. The rest is general government gross debt to GDP.

## Vietnam Macro - Resilient and Diversified FDI Partners

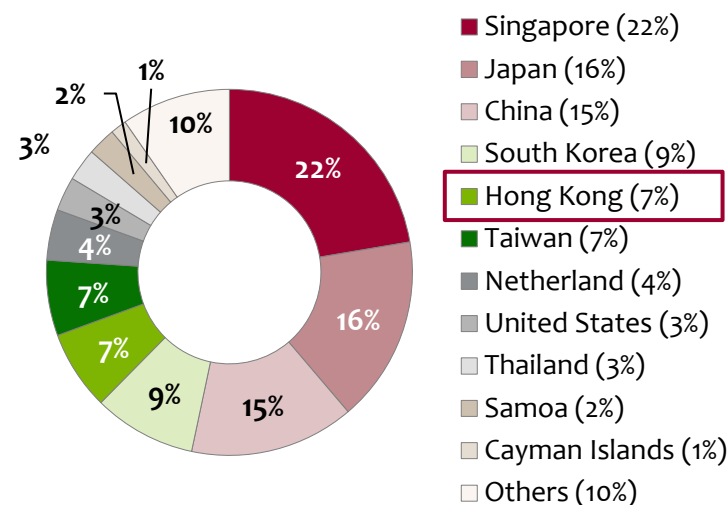
Vietnam's net FDI inflows was solid with a 10Y CAGR of 7.0%, outperforming the avg. growth in ASEAN countries, c. 1.5% CAGR



**FDI by Industries, 6M2023**



**FDI by Investing countries, 6M2023**



## Stable Growth in an Uncertain World

GDP % change	2020	2021	2022	2023F	2024F
<b>WORLD</b>	<b>(3.0)</b>	<b>6.2</b>	<b>3.4</b>	<b>2.7</b>	<b>2.7</b>
US	(2.8)	5.9	2.1	1.3	0.5
Eurozone	(6.1)	5.3	3.5	0.5	1.0
Japan	(4.3)	2.4	1.1	1.4	1.0
UK	(9.3)	8.5	4.3	0.4	1.0
China	2.2	8.4	3.0	5.0	5.2
<b>ASEAN-6</b>	<b>(3.7)</b>	<b>4.1</b>	<b>5.7</b>	<b>4.3</b>	<b>4.7</b>
Singapore	(3.9)	8.9	3.6	0.8	2.2
Indonesia	(2.1)	3.7	5.3	5.0	5.2
Thailand	(6.2)	1.6	2.6	4.0	3.6
Malaysia	(5.5)	3.1	8.7	4.5	4.3
Philippines	(9.5)	5.7	7.6	5.5	6.2
<b>Vietnam</b>	<b>2.9</b>	<b>2.6</b>	<b>8.0</b>	<b>6.0</b>	<b>6.5</b>

### Vietnam credit rating by S&P, Moody's, and Fitch

Date	S&P	Moody's	Fitch
6 Sep 2022		Ba2	
27 May 2022	BB+		
24 May 2021	BB ●		
1 Apr 2021			BB ●
19 Mar 2021		Ba3 ●	
8 Apr 2020			BB
18 Dec 2019		Ba3 ●	
9 May 2019			BB ●
5 Apr 2019	BB		
10 Aug 2018		Ba3	
15 May 2018			BB
18 May 2017			BB- ●
28 Apr 2017		B1 ●	
3 Nov 2014			BB-
29 Jul 2014		B1	
23 Jan 2014			B+ ●
28 Sep 2012		B2	

● : a positive outlook | ● : a negative outlook

- Ⓜ Potential US and EURO-Zone recession and global slowdown.
- Ⓜ ASEAN countries emerge as a bustling growth engine - likely growing faster than China (+4%) for a second consecutive year.
- Ⓜ GDP growth of Vietnam is expected to be at 6%, the highest among ASEAN countries.
- Ⓜ Vietnam's economy is expected to move to the 19th position in the rankings of the World Economic League Table in 2035, according to the Centre for Economics and Business Research.

## 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 10% GDP stimulus package in the next five years.** 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.

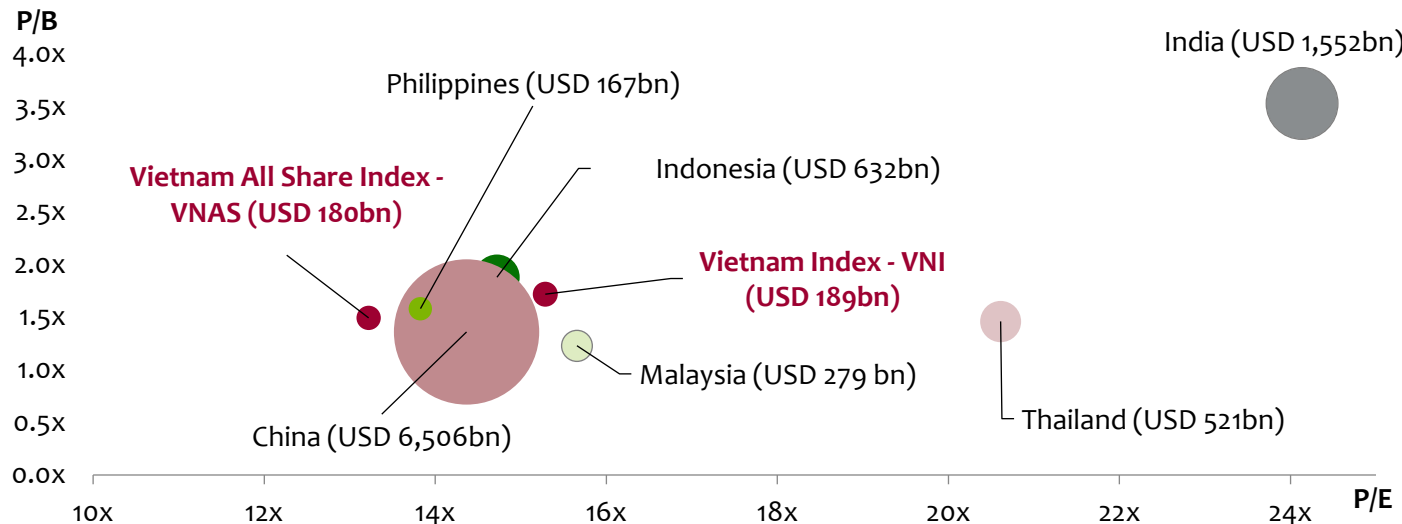
## Opportunity Driver 1 - Unreasonable Discount to Other Asian Peers (1/2)

Vietnam's stock market remains attractive relative to its Asian-peers region

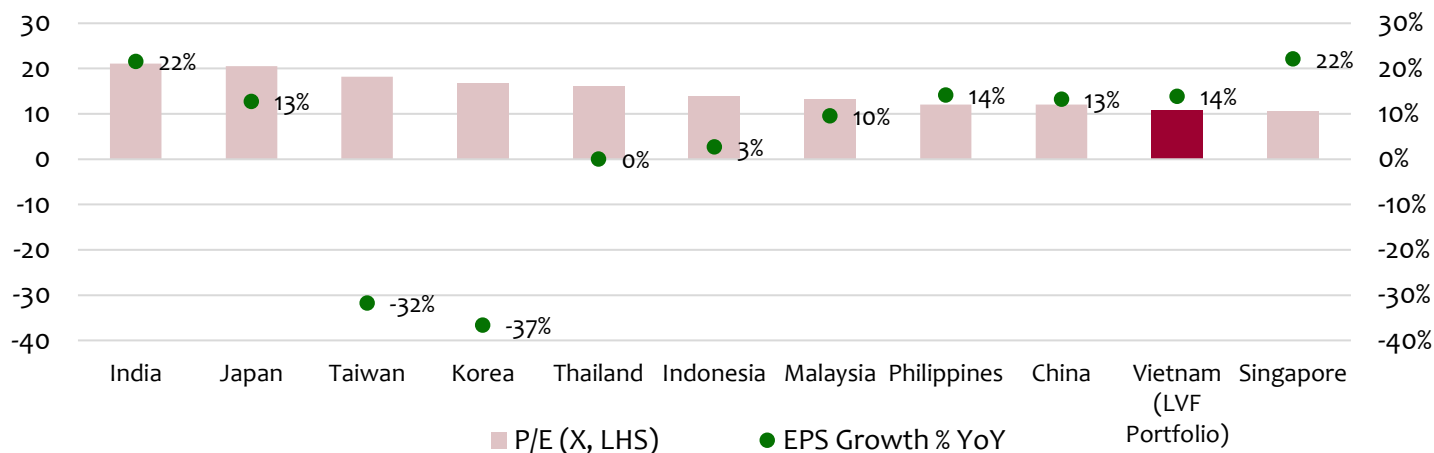
	Indonesia	Malaysia	Philippines	Thailand	Vietnam
Stock market 1H2023	0.9%	-11.5%	-0.8%	-11.6%	13.1%
Local currency against USD 1H2023	3.3%	-6.0%	1.0%	-1.9%	0.2%
Forward P/E 2023	13.8	13.2	12.1	16.0	11.7
Earnings growth forecast 2023	2.7%	9.6%	14.6%	0.0%	5.8%
Listed companies Net debt/Equity 2022	15.6%	34.5%	52.5%	86.0%	19.4%
Bank sector earnings growth (2016-2021 CAGR)	9.9%	4.5%	9.2%	-1.2%	30.1%
M-cap of all listed companies (Billion USD)	629	341	232	520	245
No. of listed companies	880	1,003	285	892	1,611
GDP growth forecast for 2023	5.0%	4.0%	5.5%	3.2%	6.0%
Jun 2023 inflation (YoY)	3.5%	2.8%	5.4%	0.2%	2.0%
Government gross debt on GDP (2022E)	40.9%	69.6%	59.3%	61.5%	44.3%
Foreign direct investment on GDP (5Y average)	1.9%	2.4%	2.7%	1.4%	4.8%
Export annual growth (2011-2021 CAGR)	1.3%	2.7%	4.4%	2.0%	13.3%
GDP 2022, nominal (Billion USD)	1,319	406	404	495	408
GDP 2022 per Capita, nominal (USD)	4,788	11,972	3,499	6,909	4,164

## Opportunity Driver 1 - Vietnamese Equity Market with Attractive Valuation (2/2)

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



Reasonable valuation (2023F P/E) and 2023F EPS growth to offer good upside



## Opportunity Driver 2 - Highest Economic Growth in Asia and China PlusOne (1/2)

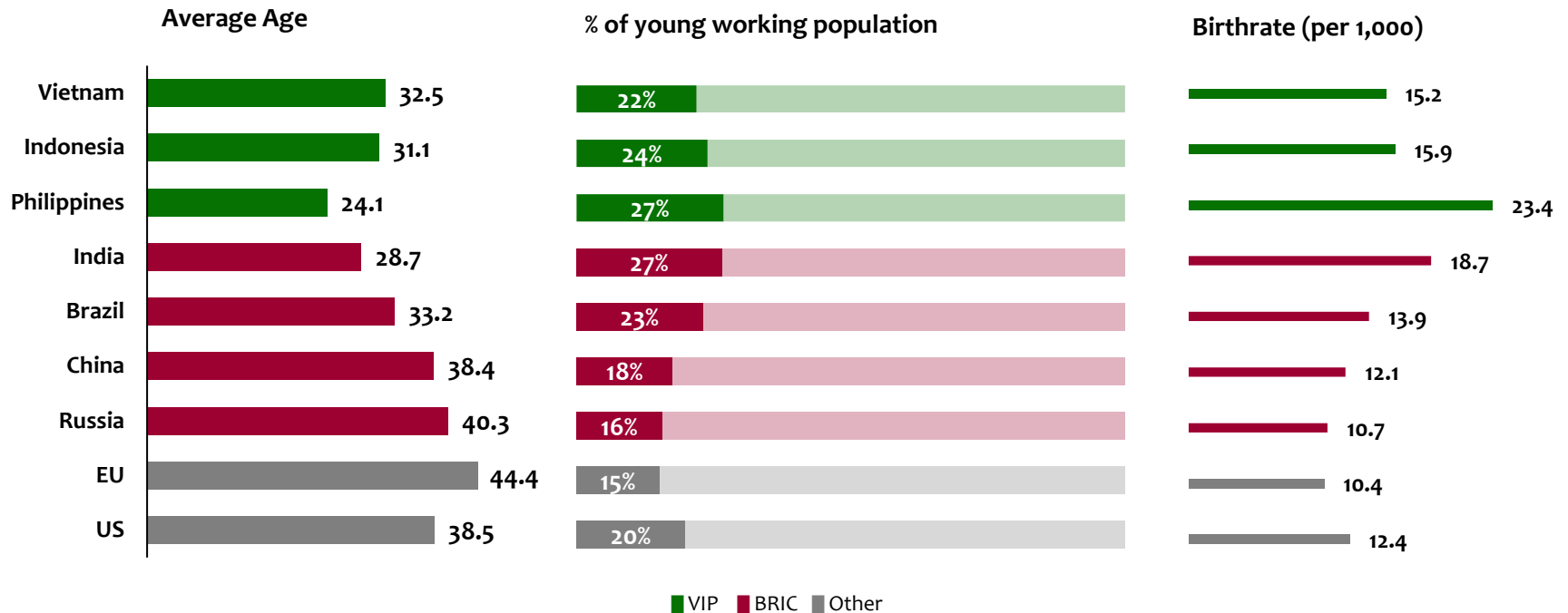
- **China PlusOne Strategy:** Vietnam is largest beneficiary of trade and supply shift. Over the last 15 years, Vietnam has grown from the lowest position to become the 2nd. Largest exporter within ASEAN. This is supported by friendly government policies toward FDI's, young labor force, competitive cost and proximity to China
- Resumption of strong domestic consumption since full re-opening in May 2022
- China re-opening in 2023 will further boost consumption, international travel and tourism sector in 2023
- Vietnam is planning for an estimated 10% GDP stimulus package over the next 5 years. This stimulus may add further 1% GDP growth p.a. This in time as other ASEAN countries are reducing their economic stimulus.
- High foreign USD reserves and stable exchange rate
- Revitalizing of supply chain, Vietnam is a strongly profiting from a normalization of the supply chain

## Lumen Vietnam: China Uncertainty: Time for South-East Asia: From BRIC to VIP





## Lumen Vietnam: China Uncertainty: Time for South-East Asia: From BRIC to VIP













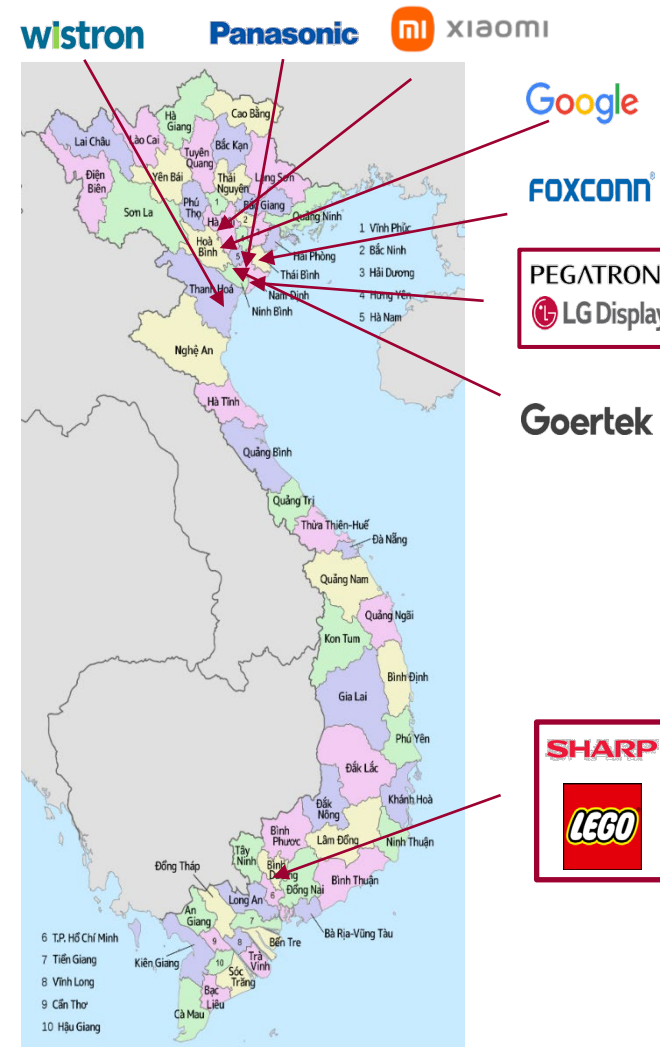
**Demographic:** VIP have young and growing populations, which have been turned into business opportunities of large consumer markets. In contrast, BRIC are starting to experience aging populations, which could negatively affect their economic growth and consumption patterns.

**Valuations:** VIP valuations are generally lower than BRIC ones. Therefore, VIP have remained attractive entrances for foreign investors.

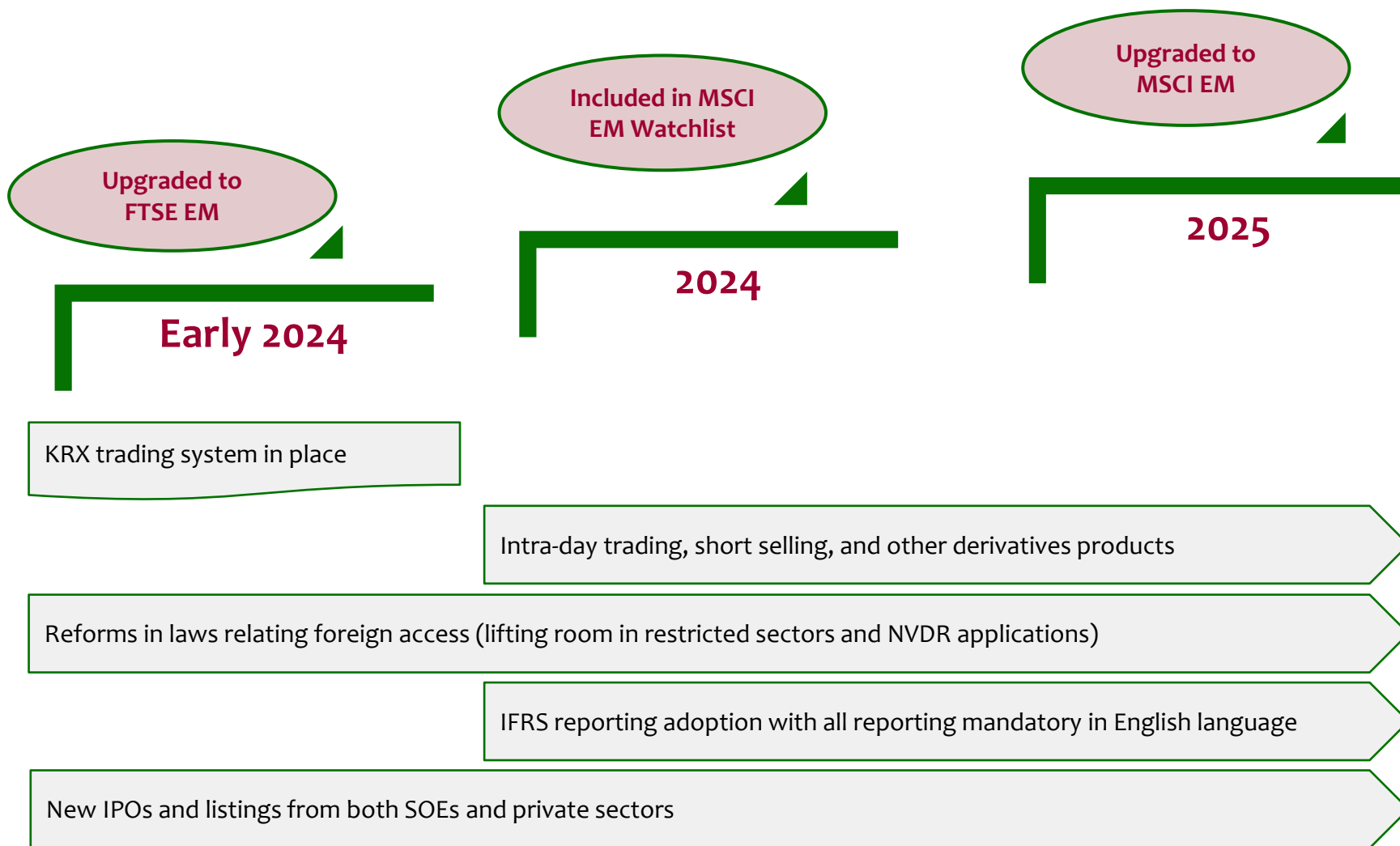
## Opportunity Driver 2 - Supply Chain Re-Locations to Vietnam (2/2)

Foreign direct investments – 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 USD 1.0bn investment</p>
	<p>A USD 274mm investment from an Apple assembly partner from Taiwan</p>		<p>A key AirPods assembler with a USD 260mm 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>USD 410mm additional capital for expansion</p>
	<p>A USD 1.3bn investment into the first carbon neutral run factory</p>		<p>Made in Vietnam by DBG Technology, an USD 80mm factory in the northern province of Thai Nguyen</p>

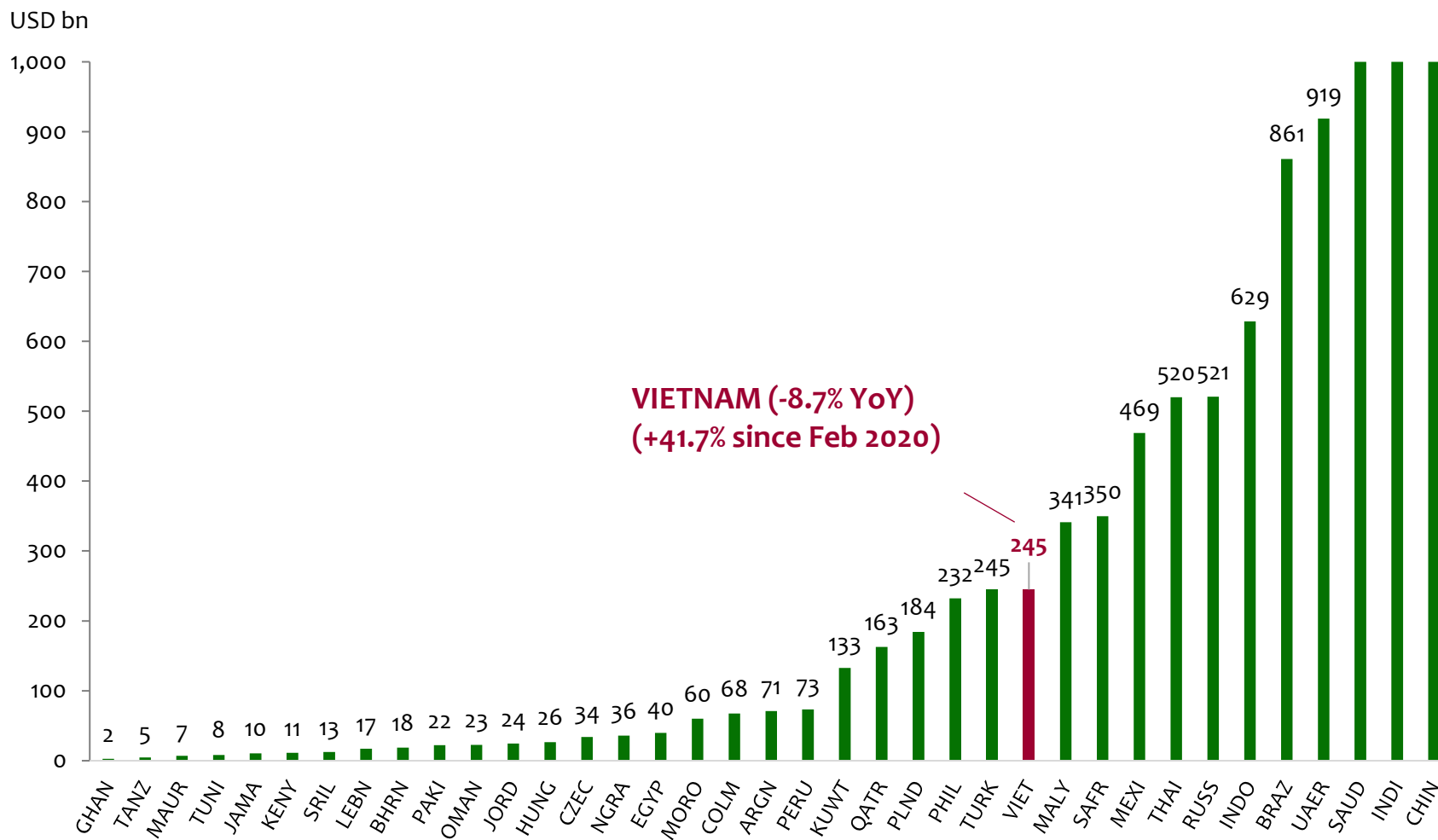


## Opportunity Driver 3 - Equity Market Upgrade to FTSE EM and MSCI EM timeline



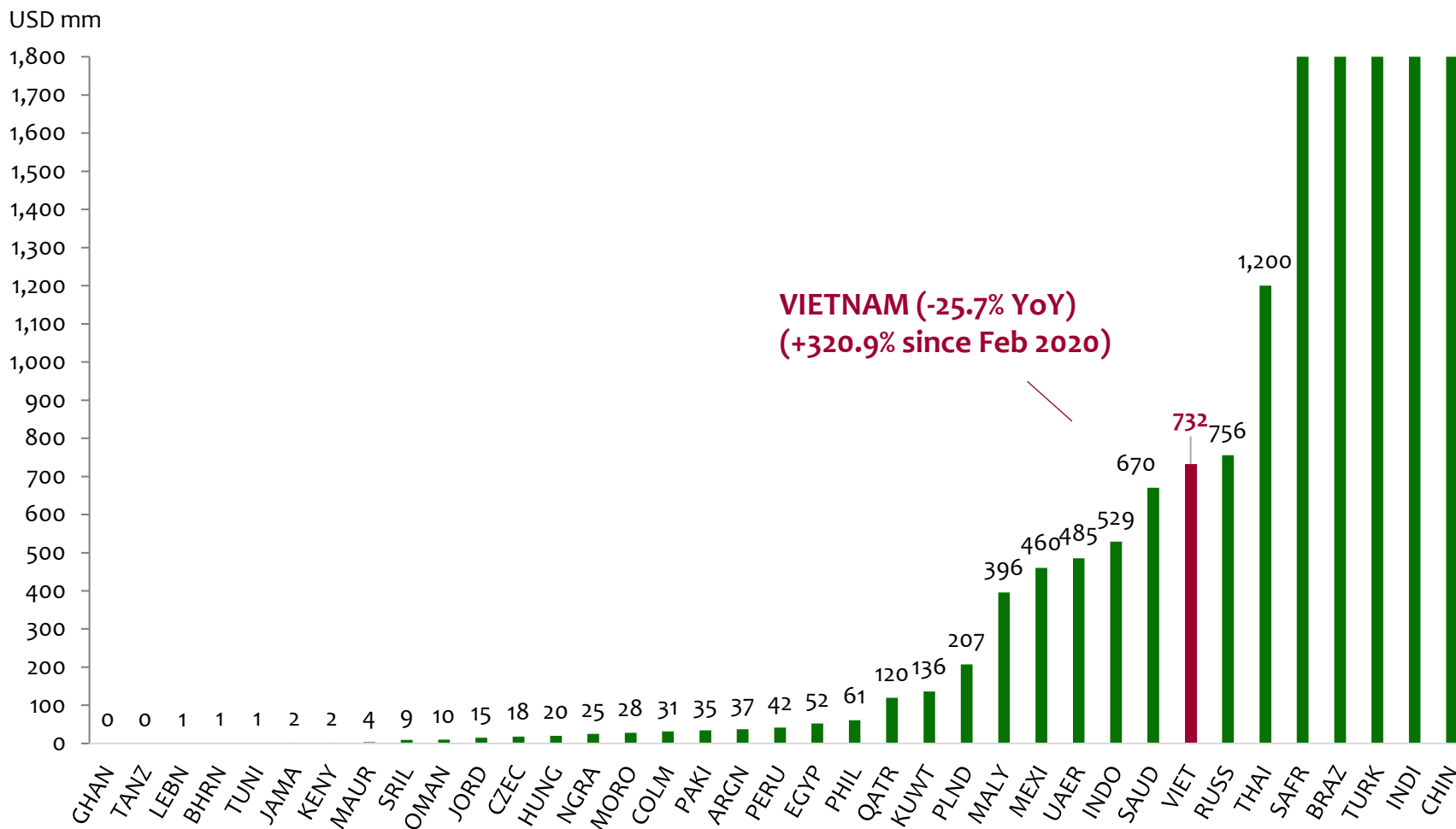
## Market Capitalization- Not «Frontier»

Vietnam's Market Capitalization is higher than those of Emerging Markets/Emerging European countries such as Poland, Kuwait, and Pakistan.



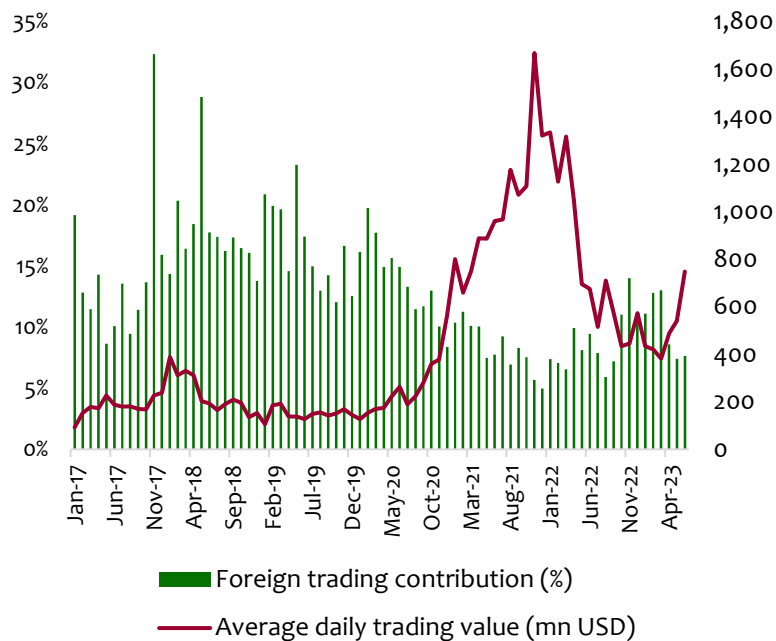
## Market Liquidity - Not «Frontier», either

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

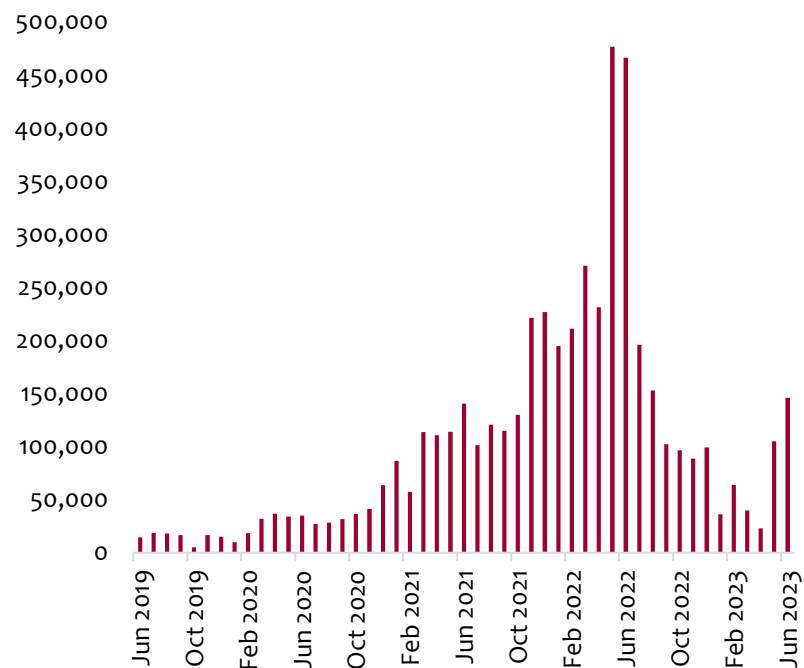


# Increasing Market Liquidity - Domestic and Foreigners Back

## Foreign investors vs. domestic investors



## Monthly new securities trading account





## Contact

**AQUIS Capital Ltd.**

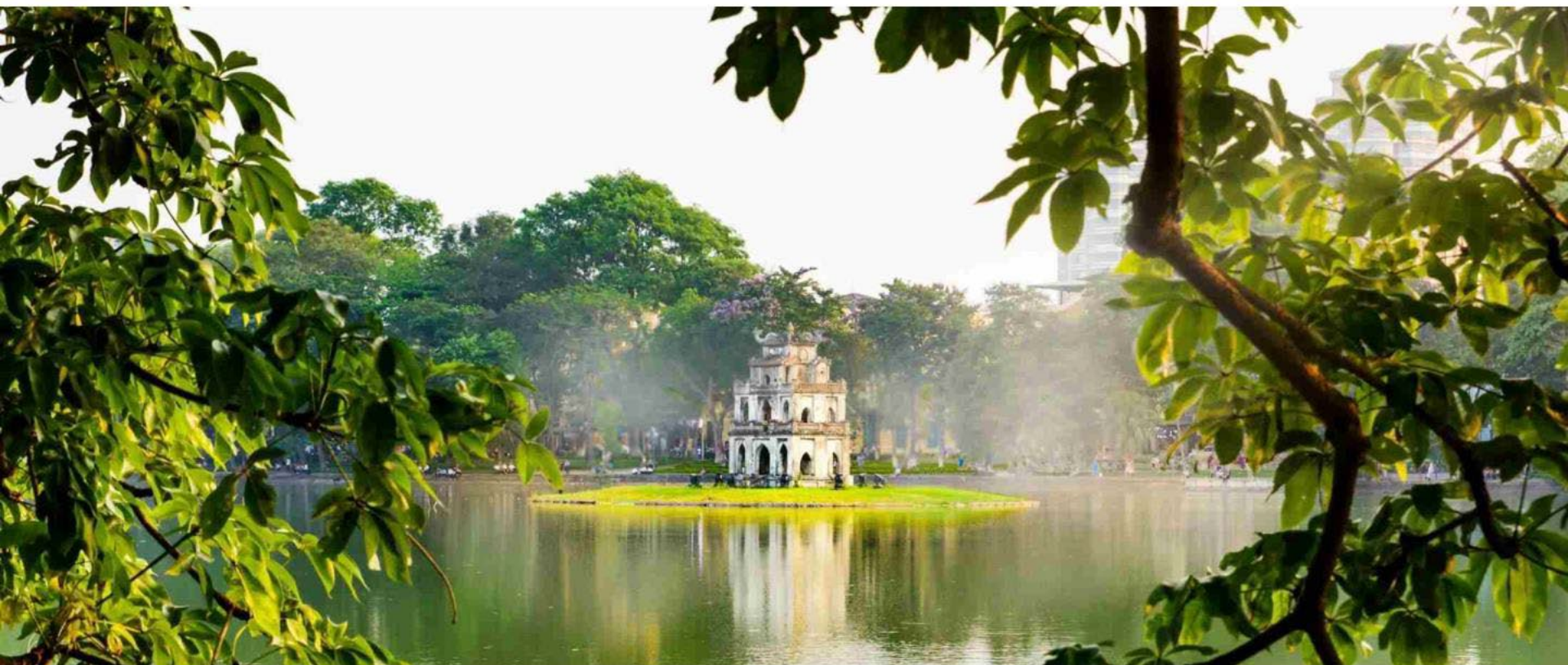
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