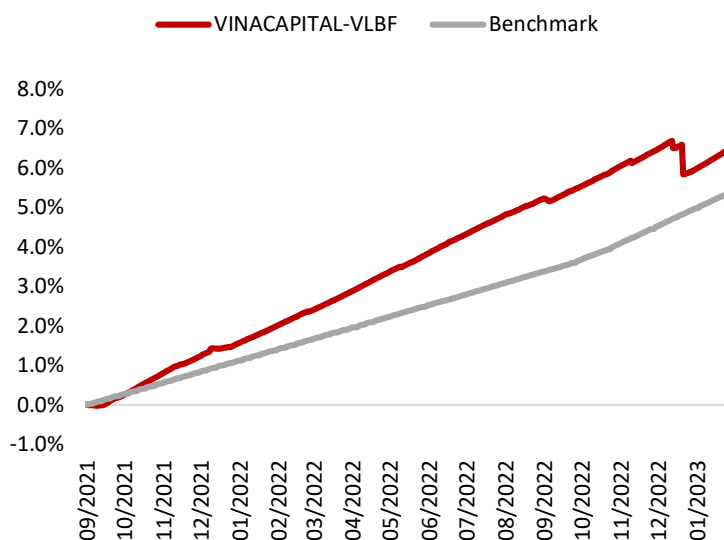


VINACAPITAL-VLBF Investment approach

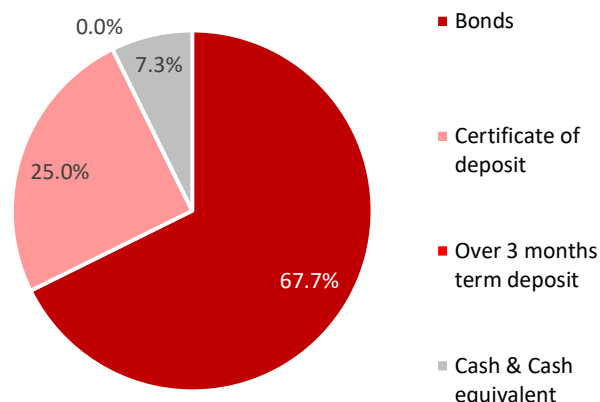
VINACAPITAL-VLBF mainly invests in short-term fixed income securities and money market instruments to generate very stable returns while maintaining daily liquidity.

VINACAPITAL-VLBF is considered a low-risk fund suitable for investors who are looking for a safe, short and medium term investment with a higher return than short-term bank deposit rates. The target return for the fund is 4.5 – 5.0% per annum.

NAV chart since inception



Investment allocation



Fund information

Inception	7/9/2021
Management fee	0.9% per annum
Subscription fee	0.0%
Redemption fee	0.0%
Minimum subscription	0 VND
Custodian and Supervisory Bank	BIDV
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday

Benchmark (BM)

Average 3-month VND denominated deposit rate of VietinBank, Agribank, BIDV, and Vietcombank.

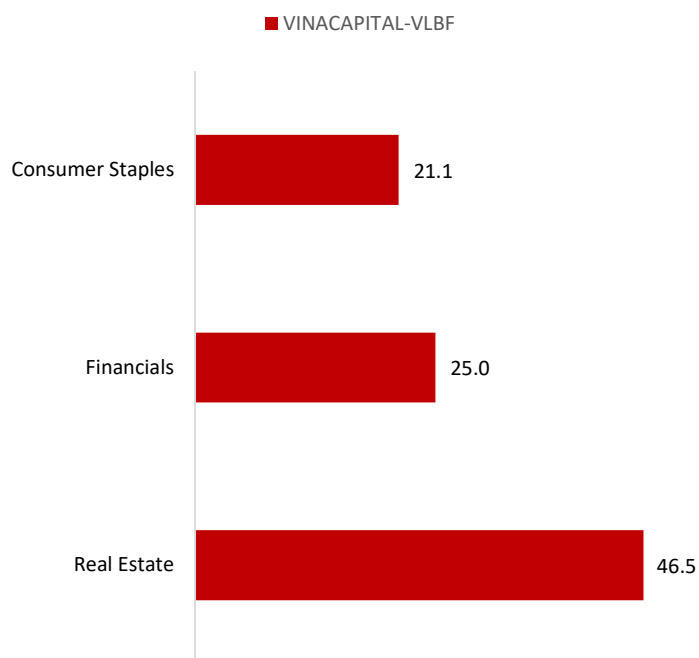
Fund performance

	VINACAPITAL-VLBF	BM
Total AUM (VND billion)	59.0	
NAV/Share	10,644.8	
Jan 2023 return (%)	0.5	0.5
YTD 2023 return (%)	0.5	0.5

(NAV is net of management fee and administrative expenses)

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Sector allocation



Top holdings

Issuer	Allocation (%)	Yield-to-maturity (%)	Duration (years)
KBC	21.3	9.4	0.4
BAF	17.8	10.4	2.1
TIN	16.2	6.6	0.3
TN1	13.3	5.6	1.9
FE CREDIT	8.8	7.1	1.3

Comments from Fund Manager

Macro-economic data for January show that Vietnam’s economy is still seeing pressures from the slowdown in the world economy. However, note that the Tet holidays occurred in January this year versus in February last year, which will distort the statistics discussed below. Consequently, we will need to wait until the Government releases 2M23 statistics to get the full picture of Vietnam's economic performance in early-2023. With January's data, we see the world's the demand for “Made in Vietnam” products from the US and Europe declined, leading to a 8% YoY decline in the Industrial Production Index (IIP) in January 2023. Vietnam’s Purchasing Managers' Index (PMI) was recorded at 47.4 in January, up from 46.4 in December but still indicating a deterioration in manufacturing activities. Overall operating conditions remained weak for the third consecutive month, but on a positive note, new export orders rose for the first time in three months.

Also encouraging is the rebound of foreign tourism. The number of foreign tourists visiting Vietnam reached nearly 60% of pre-COVID levels in January (i.e., January 2023 versus January 2019), and up 23% MoM. This helped drive a 15.8% yoy increase in real retail sales (i.e., excluding the impact of inflation). Nevertheless, inflation ticked up 0.5% MoM and 4.9% YoY in January 2023, driven by a 1% month-on-month increase in food prices in the lead up to the Tet New Year holiday. At present, CPI is temporarily above the average target of 4.5% set by the Government for full-year 2023.

Despite Tet holidays, bank liquidity was quite stable with the overnight interest rate fluctuated around 4.75%-6.50% and ended the month at 6.30%. To support liquidity during Tet holidays, SBV actively bought in USD2.8 billion, increasing its foreign exchange reserves, and also net injected VND121.9 trillion via OMO.

Deposit interest rates, therefore, also cooled down and especially after an agreement between the SBV and commercial banks on the deposit rate cap of 9.5% in December 2022. Therefore, deposit interest rates eased in most terms. Some banks reduced as much as 0.5-1% for 6-month and 12-month tenors, mainly in the private banks.

Meanwhile, capital raising activities via corporate bonds continued to be muted, partly due to the long Tet holidays in the month. In particular, there were only 4 domestic bond issuance with a total value of VND490 billion, down 98.6% YoY. In which, there are 3 public issuances with a total value of VND380 billion by BIDV bank and 1 private bond issuance with the value of VND110 billion by Phan Vu Investment JSC in construction sector. Hence, the banking and construction sectors accounted for 77.5% and 22.5% of the total issuance value, respectively.

Regarding the market outlook for 2023, Decree 65/2022/ND-CP (issued in the third quarter of 2022) is expected to be revised soon in the first half of 2023 would support the market. But it will take some time to regain the confidence of retail investors in corporate bonds, especially private placement ones. Issuers that are qualified to issue public bonds would likely to choose public bond option over the private placement one. Therefore, we expect 2023 would be less stressful than the last months of 2022, the market would improve gradually with the rise of public bond issuance. Thereby market transparency and liquidity are improved, support the medium and long-term development of the market.

Important information

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