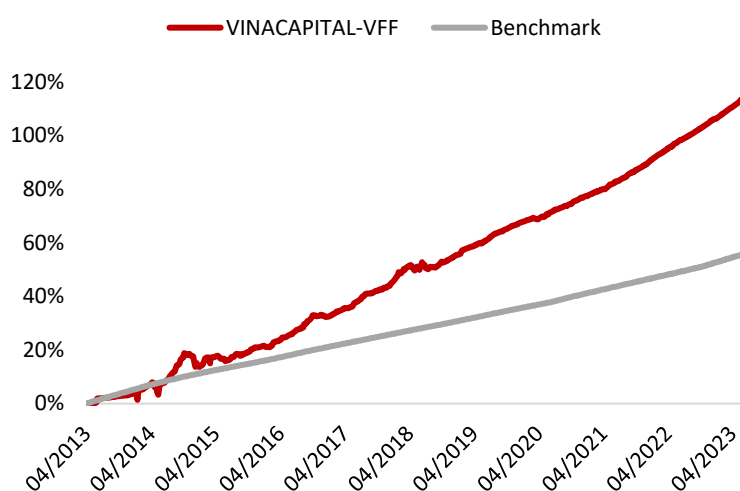


VINACAPITAL-VFF Investment approach

Deliver attractive and stable returns from capital appreciation, coupon payments, and yield enhancement instruments.

Invest at least 80% of the fund’s total net assets into government bonds, government-guaranteed bonds, municipal bonds, and corporate bonds issued by highly creditworthy institutions, and short-term bank deposits.

NAV Growth since inception



The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance data quoted.

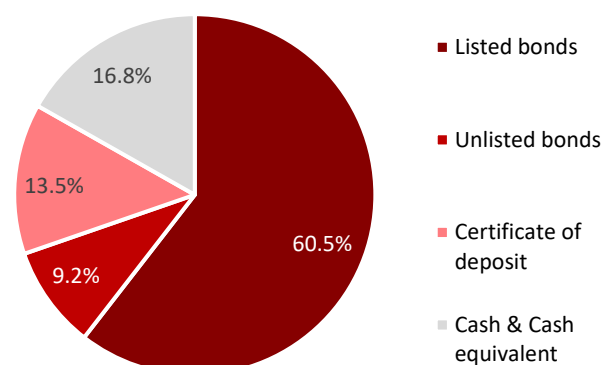
Fund performance

	VINACAPITAL-VFF	BM
Total AUM (VND billion)	658.4	
NAV/Share	21,387.3	
May 2023 return (%)	0.8	0.6
YTD 2023 return (%)	3.6	3.0
3-year annualized return (%)	7.7	5.7
Annualized return since inception (%)	7.8	4.5
Cumulative return since inception (%)	113.9	55.7

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Investment Allocation

% Total NAV



Fund information

Inception	1/4/2013
Management fee	0.95% per annum
Subscription fee	0.0%
Redemption fee	2.0% < 12 months 0.5% >= 12 months 0.0% >= 24 months
Personal income tax	0.1%
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Twice a week, every Tuesday & Thursday
Benchmark (BM)	Average 12-month VND denominated deposit rate by four SOCBs, namely VietinBank, Agribank, BIDV, and Vietcombank.

(SOCBs: State-owned Commercial Banks)

Portfolio statistics

Duration (years)	1.0
Yield-To-Maturity (%)	6.2

Sector allocation

Comments from Fund Manager

Vietnam's manufacturing activity continued to slow in May, driven by a continued drop in demand for "Made in Vietnam" products by consumers in the US, although there were signs that output at factories producing high-tech products started to stabilise. In particular, manufacturing output fell from growth of 8.9% yoy in 5M22 to a 2.5% contraction in 5M23. Meanwhile, the country's Manufacturing PMI fell from the already-low level of 46.7 in April to a 20-month low of 45.3 in May, driven by a faster drop in new orders, output, and employment at factories in Vietnam.

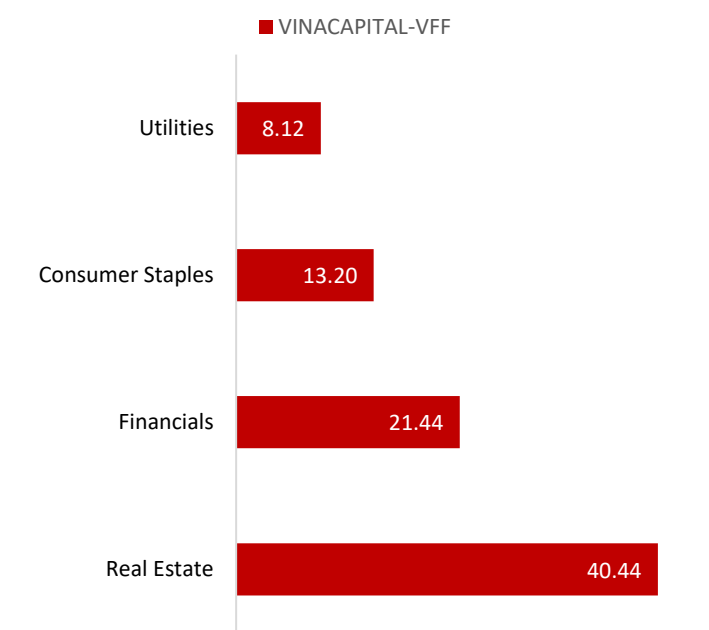
Exports of garments and footwear account for nearly one-quarter of Vietnam's total exports to the US, so the collapse in orders from US retailers of such products helps explain why Vietnam's exports to the US, which is its largest export market (at over one-quarter of total exports) fell 20% yoy in 5M23 versus 25% growth in 5M22. While we do not expect orders for factories producing garments and footwear to recover until next year, there are some signs that inventories of consumer electronics products have now bottomed out, so we continue to expect orders for factories in Vietnam that produce high-tech products to recover in 2H23.

On the other hand, the ongoing rebound in foreign tourist arrivals continued to support consumption in Vietnam in May. We estimate that foreign tourists previously accounted for nearly 10% of Vietnam's retail sales, pre-COVID. The number of tourist arrivals was slightly above 60% of pre-COVID levels in 5M23 (unchanged from 4M23), and real retail sales (i.e., stripping out the impact of inflation) grew 8.3% yoy in 5M23 (also unchanged from 4M23).

Meanwhile, Vietnam's CPI inflation rate fell from 2.8% yoy in April to 2.4% in May, partly because the price of pork and other food staples continued to fall on a month-on-month basis. Note also that this drop in Vietnam's inflation rate (down from a peak of 4.9% earlier this year) was a factor that enabled the country's central bank to cut policy interest rates in May; coupled with the resilience in the USD-VND exchange rate which was unchanged during the month at a 23,500.

The State Bank of Vietnam (SBV) cut Vietnam's policy interest rates by an additional 50 bps in May, following a 50 bp cut in April, after having hiked rates in late-2022 to support the exchange rate. The ceiling for under-6-month deposit rate was down from 5.5% to 5%, which is a clear message to commercial banks to reduce interest rates to support the economy. As a result, the deposit rate for 6M and 12M dropped by 30-70 bps MoM at the end of May, for a YTD total decline of 150-250 bps, but still higher than May 2022 by 150-200 bps.

Similar to the previous month, the corporate bond market remained muted in May, with a total issuance value of only VND2,915 billion, a significant drop of 93% YoY. There were six domestic issuances, all of which were by private placement. Four issuances were from Nui Phao Mining in the basic resources sector, with a total amount of VND2,600 billion. There was also VND300 billion issuance from VietJet Air. As a result, the basic resources and travel sectors accounted for 89.2% and 10.3% of total issuance in the month, respectively.



Top holdings

Securities	Allocation (%)	Effective Yield (%)	Duration (years)
KBC	21.9	10.8	0.1
TN1	13.5	11.1	1.6
MML	9.0	10.9	2.6
GEG	8.1	15.2	1.2
CTG	7.9	8.3	4.7

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.6%	0.5%	0.4%	0.6%	0.6%	0.6%	0.6%	0.9%	0.5%	0.6%	0.7%	0.9%	7.7%
2022	0.8%	0.6%	0.7%	0.7%	0.8%	0.5%	0.6%	0.6%	0.7%	0.6%	0.8%	0.4%	8.0%
2023	0.7%	0.6%	0.7%	0.7%	0.8%								3.6%

Important information
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