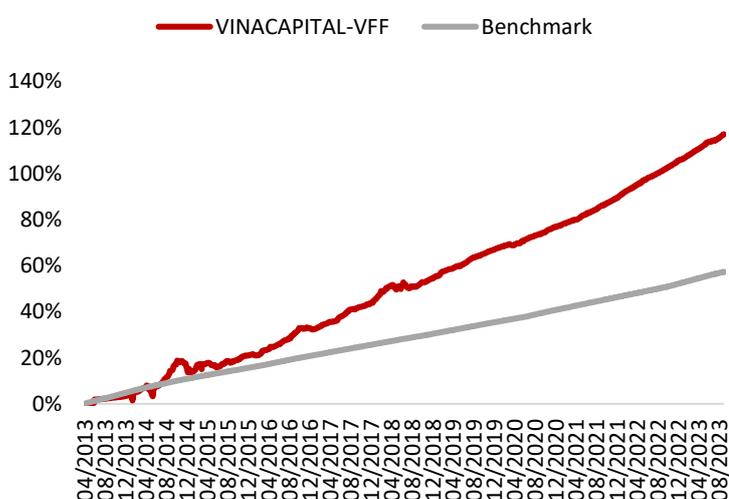


VINACAPITAL-VFF Investment approach

Our investment objective is to optimize risk-adjusted returns for investors by investing in high-quality assets that are backed by sustainable cash flows. We place a strong emphasis on downside protection and make sure that credit risk, interest rate risk, inflation risk, and liquidity risk are properly analyzed and managed.

We target a well-diversified, duration-neutral, high-conviction portfolio and seek to add value through yield curve positioning, sector allocation, security selection, and competitive trade execution. Our focus is on corporate bonds, government bonds, and valuable papers.

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

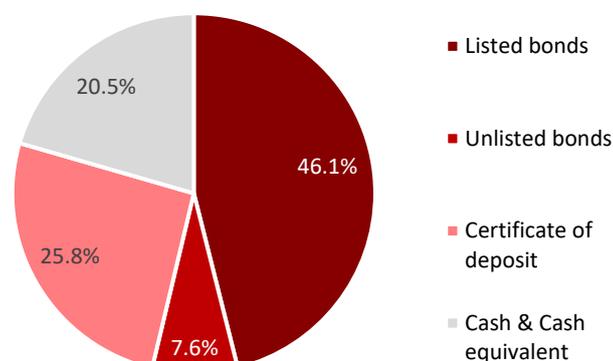
	VINACAPITAL-VFF	BM
Total AUM (VND billion)	530.6	
NAV/Share	21,714.7	
Aug 2023 return (%)	0.8	0.5
YTD 2023 return (%)	5.2	4.6
3-year annualized return (%)	7.7	5.7
Annualized return since inception (%)	7.7	4.4
Cumulative return since inception (%)	117.1	57.3

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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
PIT	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)	0.9
Yield-To-Maturity (%)	9.5

Sector allocation

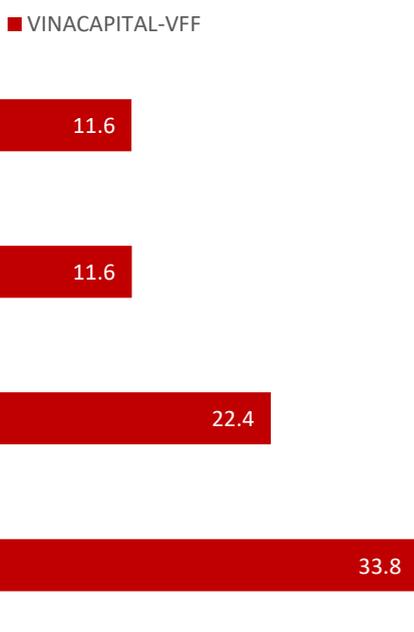
Comments from Fund Manager

The nascent recovery in Vietnam’s manufacturing output and exports gathered momentum in August, with factory orders expanding for the first time in six months. Increasing factory orders also drove the biggest increase in purchases of production inputs in almost a year, helping lift Vietnam’s PMI from 48.7 in July to 50.5 in August – the first time it has been above the ‘50’ expansion-contraction threshold in six months. As discussed previously, we estimate that inventories of “Made in Vietnam” products in the US are now roughly flat year-on-year. In other words, the inventory destocking processes of some major US retailers such as Walmart and Target are now coming to an end according to a wide range of recent data; this helps explain the above-mentioned expansion in factory orders in August as well as a circa 8% month-on-month increase in Vietnam’s exports for the month.

Those purchases also explain why imports expanded by nearly 6% month-on-month in August – most imports are of production materials used by FDI companies. Furthermore, imports grew on a month-on-month basis for the fourth month in-a-row, which is a strong leading indicator of a likely, continued pick-up in manufacturing activity. That said, Vietnam’s imports had been falling at a much faster pace than exports for most of the year. Specifically, imports fell 16% yoy in 8M23 (to USD207.5 billion), versus the above-mentioned 10% yoy drop in exports, which explains why Vietnam’s trade surplus surged from 2% of GDP in 8M22 to a whopping 7% of GDP in 8M23. Vietnam’s trade surplus reached a record high of USD20 billion in 8M23. Together with a 1% yoy increase in FDI disbursements to USD13 billion in 8M23, these factors helped mitigate significant depreciation pressures on the VN Dong owing to a modest up-tick in the value of the US Dollar.

CPI inflation popped from 2% yoy in July to 3% yoy in August and appears to be headed to 4-5% by end-2023. The inflation in the month was driven by a 9% month-on-month hike in retail petrol prices, which more-or-less track global prices. However, even with that large increase, the price of petrol at the pump is still essentially flat year-on-year. Given recent developments such as the OPEC+ oil production cuts, we expect retail petrol prices to be up by about 10% yoy by end-2023, which would add another ~1%pts to the country’s headline CPI inflation rate.

The corporate bond market showed strong improvement in August, with a 31.2% year-over-year growth in issuance value to VND29.9 trillion. There were 27 issuances during the month, with the banking and real estate sectors continuing to be the main drivers of growth. The banking sector accounted for 58.2% of the total issuance value, with VND17.4 trillion in bonds issued. The average term and interest rate for these bonds were 4.2 years and 7%, respectively. The real estate sector also saw a strong recovery, with total issuance value reaching VND10.8 trillion, more than twice the level of the same period last year (VND3.2 trillion). The average term of real estate bonds was 2.1 years, and the average interest rate was relatively high at 12%.



Top holdings

Securities	Name	Allocation (%)	Effective Yield (%)	Duration (years)
MML	Masan MEATLife JSC	17.5	10.0	2.5
GEG	Gia Lai Electricity JSC	11.6	14.6	1.0
LPB	Lien Viet Post JSC Bank	8.0	8.5	0.3
KDH	Khang Dien House Trading & Investment JSC	6.6	12.0	1.7
TN1	TNS Holdings Trading Service JSC	4.1	9.3	1.3

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%	5.7%
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%	7.7%
2023	0.7%	0.6%	0.7%	0.7%	0.8%	0.3%	0.5%	0.8%					8.0%

Important information
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