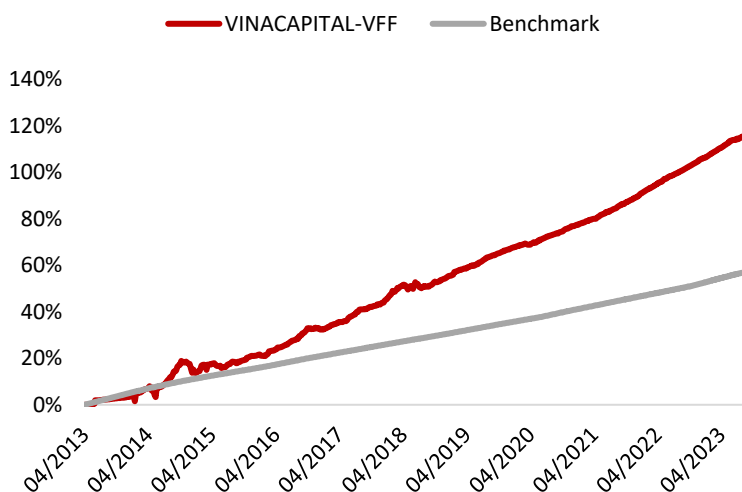


**VINACAPITAL-VFF** Investment approach

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.

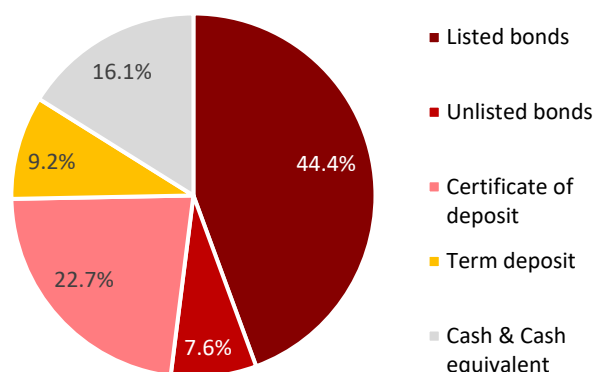
**Fund performance**

	VINACAPITAL-VFF	BM
Total AUM (VND billion)	552.8	
NAV/Share	21,548.8	
Jul 2023 return (%)	0.5	0.5
YTD 2023 return (%)	4.4	4.1
3-year annualized return (%)	7.6	5.7
Annualized return since inception (%)	7.7	4.4
Cumulative return since inception (%)	115.5	56.8

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**Investment Allocation**

**% Total NAV**



**Fund information**

<b>Inception</b>	01/04/2013
<b>Management fee</b>	0.95% per annum
<b>Subscription fee</b>	0.0%
<b>Redemption fee</b>	2.0% < 12 months 0.5% >= 12 months 0.0% >= 24 months
<b>PIT</b>	0.1%
<b>Custodian and Supervisory Bank</b>	Standard Chartered Bank Ltd. (Vietnam)
<b>Auditor</b>	PwC Vietnam
<b>Trading frequency</b>	Twice a week, every Tuesday & Thursday
<b>Benchmark (BM)</b>	Average 12-month VND denominated deposit rate by four SOCBs, namely VietinBank, Agribank, BIDV, and Vietcombank.

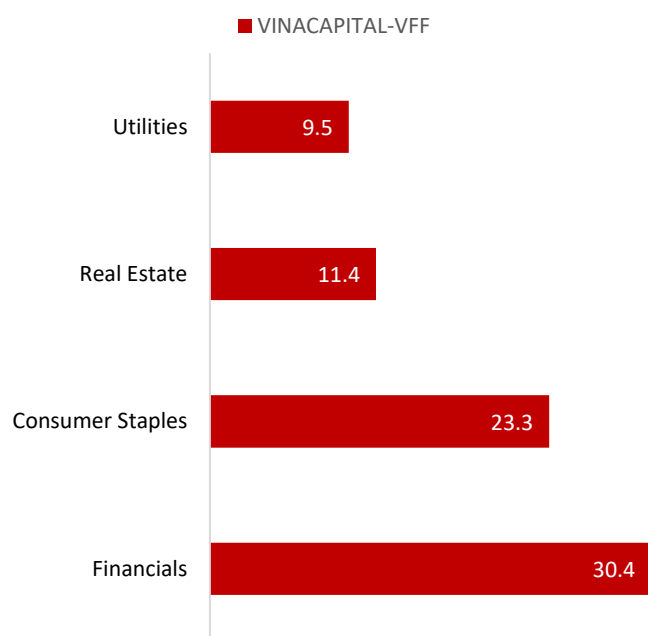
(SOCBs: State-owned Commercial Banks)

**Portfolio statistics**

Duration (years)	0.91
Yield-To-Maturity (%)	9.28

# VinaCapital Enhanced Fixed Income Fund (VINACAPITAL-VFF)

## Sector allocation



## Comments from Fund Manager

July's economic data leads us to believe that the worst of the current economic downturn has now probably passed. First, Vietnam's exports appear to have bottomed out, falling by 10% yoy in 7M23. Imports fell further, by 17%, resulting in a record-high trade surplus of USD16.5b or ~6%/GDP in 7M23. Imports have been dropping at a faster pace than exports all year because FDI companies are running down their inventories of materials instead of ordering new inputs to manufacture products because of weak order books. But the decline in imports has now bottomed out on a sequential, month-on-month basis, which probably signals a rebound in exports later this year.

This is also reflected in manufacturing outputs, with the industrial production index (IIP) contracting by only 0.7% year-on-year in 7M23, a slight improvement compared with a contraction of 1.2% recorded in 6M23. Moreover, the S&P Global manufacturing purchasing managers' index (PMI) bounced from 46.2 in June to a five-month high of 48.9 in July, driven by an improvement in new export orders - which is another reason we believe that exports are poised for a rebound.

Next, a rebound in foreign tourist arrivals, which have reached nearly 70% of pre-COVID levels in 7M23, helped real retail sales (excluding inflation) increase by 9.6% yoy in 7M23 versus only 8.4% yoy growth in 6M23. That said, local household consumption is seen to be somewhat depressed due to concerns about Vietnam's "frozen" real estate market as well as some other issues, such as the recent layoffs announced by some FDI factories.

Meanwhile, the Government continues to implement several small policy measures to boost growth. These include ramping up infrastructure spending, with disbursements increasing 43% yoy in 7M23. Additionally, the State Bank of Vietnam's interest rate cuts prompted local commercial banks to lower their deposit and lending rates. The deposit rate for 6-month and 12-month terms dropped up to 60 basis points month-on-month at the end of July, for a year-to-date total decline of up to 300 basis points.

The corporate bond market saw a slight increase in issuances, with a total value of VND25.9 trillion, up 5.6% yoy. The banking sector dominated the market with 53.9% of the issuances, followed by the real estate sector with 21.0%. Bond yields for the banking sector varied from 7.0% to 9.4%, with maturities ranging from 3 to 15 years. In the real estate sector, Capitaland Tower Ltd., a real estate company, issued VND5 trillion worth of convertible bonds at a low yield of 1%, while other developers in the same sector issued VND425 billion worth of bonds at high yields above 12%. There were also six public offerings of bonds totaling VND4.5 trillion, from Nui Phao (VND2.2 trillion), CTG (VND2 trillion), and BAF (VND300 billion).

## Top holdings

Securities	Allocation (%)	Effective Yield (%)	Duration (years)
MML	18.5	11.1	2.4
GEG	9.5	15.1	1.1
LPB	7.6	8.6	0.4
KDH	6.7	12.0	1.7
TN1	3.9	9.4	1.4

## 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%	0.3%	0.5%						4.4%

### Important information

The information contained herein has been prepared by VinaCapital Fund Management Joint Stock Company (the "Company") and is subject to updating, completion, revision, further verification and amendment without notice.

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