

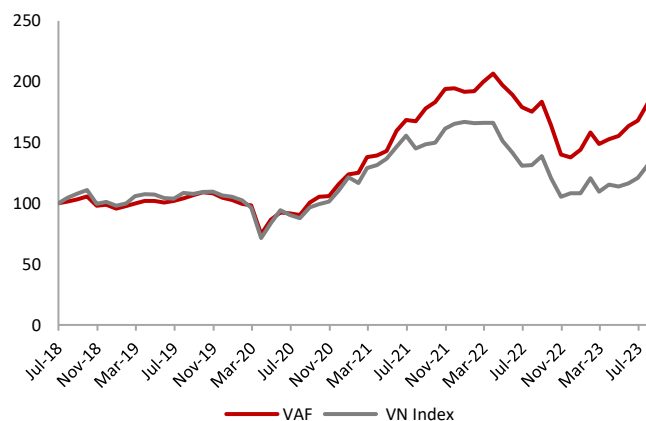
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

PERFORMANCE SUMMARY

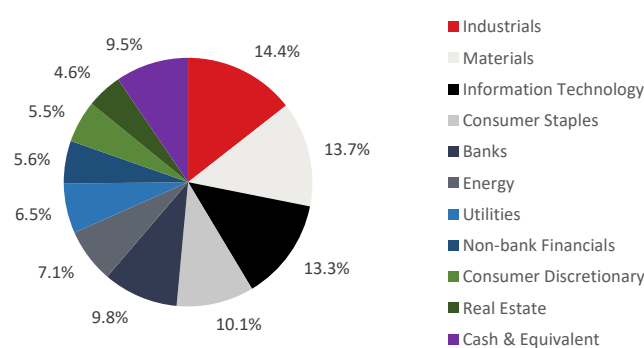
	Fund	VN Index
July 2023 (m-o-m)	8.4%	8.7%
YTD	26.5%	21.1%
3-year annualized	26.4%	14.4%
5-year annualized	12.4%	4.7%
Annualized since inception*	12.5%	5.5%
Accumulated since inception*	82.1%	31.3%
Annualized standard deviation	21.4%	24.3%

* Inception date: 03 July 2018

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2023 PE	2023 ROE
FPT	4,589	Information Technology	13.3%	16.7	23.7%
BWE	373	Utilities	6.5%	11.6	15.8%
QNS	767	Consumer Staples	5.6%	9.1	25.0%
MWG	3,315	Consumer Discretionary	5.5%	78.5	4.2%
MBB	4,149	Banks	5.5%	4.7	23.1%
FMC	133	Consumer Staples	4.4%	8.9	15.9%
STB	2,304	Banks	4.3%	6.4	19.9%
PVS	694	Energy	4.0%	15.6	8.0%
SZC	184	Industrials	3.8%	20.3	13.7%
DPR	113	Materials	3.5%	10.5	8.4%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

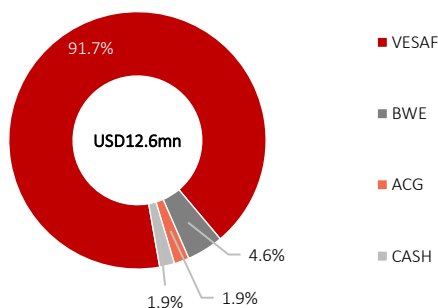
Vietnam's stock market soared for the third month in a row, posting an impressive return of 8.7% in July, and a remarkable year-to-date (YTD) return of 21.1%, eclipsing other regional markets. In contrast, Thailand plunged by 5.3%, Indonesia inched up by 4.0%, and Philippines rose by a small margin of 2.1%, all in USD terms. Trading liquidity of the VN-Index has improved nicely, with July's ADTV rising by 10% MoM compared to an increase of 9% MoM in May and 42% MoM in June. The sentiment and confidence of local investors were significantly enhanced, buoyed by the lower interest rate environment in the domestic market and fiscal stimulus measures by the Government.

In response to slow economic growth, the State Bank of Vietnam has cut policy interest rates four times this year by 150bps while at the same time, it decided to raise the system-wide credit growth quota for 2023 from 11.0% (set in March) to 14.0%. The ultimate objective is to reduce lending rates further to stimulate credit demand in the coming months, given that total credit growth only reached 4.7% YTD in 6M23 and slowed down to 4.3% YTD in 7M23. In 1H23, credit growth was led by lending to real estate developers (mainly for refinancing purposes, +14.5% YTD), SMEs (+7.5%) and construction for infrastructure projects (+6.5% YTD), while mortgages declined slightly by 1.5% YTD. Lending rates for new loans declined by about 200bps YTD by the end of June, repricing to 9%-10% p.a. for non-mortgage loans, and from 14-15% to around 12% p.a. for mortgage loans. The Government continues to request commercial banks to cut lending rates specifically for SMEs and fishery exporters, as these businesses have headwinds related to new orders and access to credit. Besides the dovish monetary policy, the Government also introduced fiscal stimulus measures, such as cutting Vietnam's VAT rate from 10% to 8% and delaying the income tax and VAT payments for enterprises. Infrastructure investment remains one of the key drivers for the economy this year, which was elevated in July and grew 43% YoY in 7M23 to over USD11 billion.

Positive investor sentiment that anticipated a recovery in the economy as well as the expected corporate earnings in the months ahead supported stock prices in July, despite the disappointing earnings results announced by most listed companies during the month. The aggregate net profit of listed companies (across all three exchanges) declined 11.9% YoY in 2Q23, in which profits slumped the most in Consumer Discretionary (-79% YoY), Materials (-69.0% YoY) and Consumer Staples (-18.1% YoY). Businesses in the Consumer space were impacted by weak demand, coupled with a high base in earnings last year boosted by the post-Covid recovery. In the Materials sector, the earnings of steel, chemical and fertilizer companies all fell due to the decline in selling prices amid weak global markets and the slower-than-anticipated recovery of China. In contrast, the Energy and Brokerage sectors recorded strong 2Q23 profit growth of 443% YoY and 427% YoY respectively, reflecting recovery from a low base last year. Banks reported 2Q23 profit growth of only 1.4% YoY, facing headwinds from lower net interest margins, slower credit growth, and upward pressure on provisioning. The Real Estate sector surprised the market with total profit surging by 62.7% YoY in 2Q23, although most of that growth came from the largest developer Vinhomes, while other real estate companies posted earnings declines of 42% YoY on the lack of deliveries.

The fund achieved a 8.4% return in July. The fund's top holdings, which included Mobile World (MWG, +25.2%), Khang Dien House (KDH, +21.8%), Sonadezi Chau Duc (SZC, +20.8%), FPT Corp (FPT, +15.8%), and VietCapital Securities (VCI, +18.9%), were the main contributors to the fund's performance. As expected, FPT and SZC reported robust growth in 2Q23 earnings, rising 20.7% YoY and 56.9% YoY respectively, while KDH and MWG's earnings showed business challenges due to weak market demand. Investors expect better earnings in 4Q23 from MWG as ICT consumption gradually recovers and its grocery business improves after

PORTFOLIO ALLOCATION



Small- & mid-cap	66.3%
Stocks traded on UPCoM	7.2%
Stocks at full Foreign Ownership Limit	26.0%

- *Small- & mid- cap: stocks with market capitalization below USD3 billion*
- *UPCoM: Unlisted Public Company Market*

the store restructuring process, while for KDH, mortgage rates should drop significantly and lead to a rebound for the real estate sector. For VCI, its earnings increased 60% compared to those recorded in 1Q23, indicating further improvement as margin lending activities and market liquidity improved quickly.

The earnings of companies in VAF's portfolio grew by 24.6% YoY in 1H23, outperforming the broader market's earnings, which fell by 15.8% (across all three exchanges). We believe that the earnings recovery and valuations will vary widely among different businesses in the coming months, so choosing the right stocks is crucial to achieving strong performance.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD12.6mn
Domicile	Cayman Islands
Fund manager	VinaCapital Investment Management Ltd.
Auditor	Grant Thornton Cayman Islands
Administrator	Vistra Alternative Investments (Singapore) Pte. Ltd.
Management fee	None
Performance fee	15% over 8% hurdle rate, with high watermark
Subscription frequency	Monthly, the Subscription Day is the first business day of each calendar month
Redemption frequency	Monthly, the Redemption Day is the first business day of each calendar month
Minimum subscription amount	USD100,000

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