

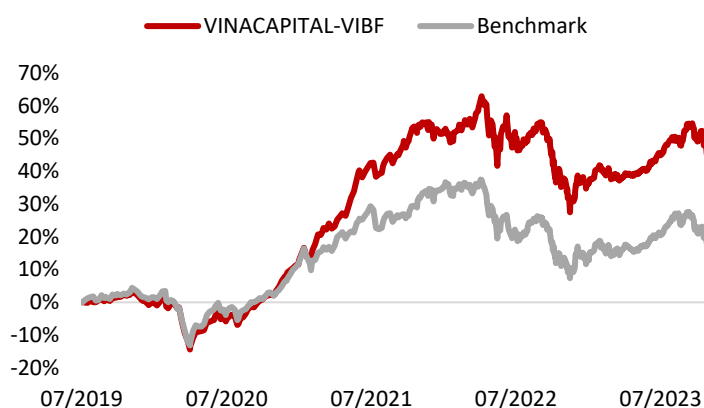
VINACAPITAL-VIBF Investment approach

The Fund has a goal of providing investors with exposure to potential equity appreciation while also investing in fixed income to reduce overall portfolio volatility. The Fund has a standard allocation of 50%/50%.

The Fund focuses on investing into companies with strong fundamentals, large market shares, good corporate governance, healthy financial status and reasonable valuations compared to their potential upside.

The Fund will also take positions in bills, bonds, certificate of deposits, and other fixed-income products issued by creditworthy companies with sustainable profitability and high capital adequacy.

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.

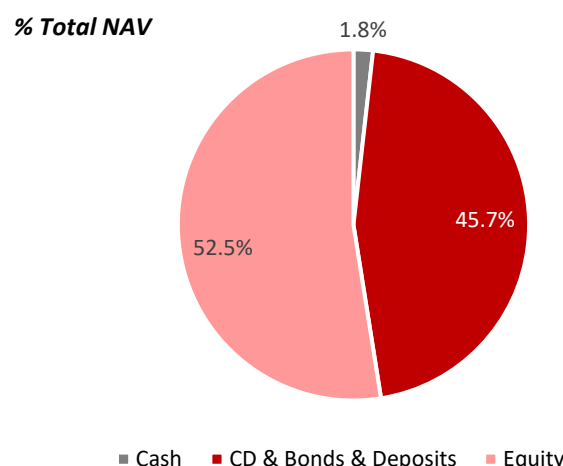
Fund performance

	VINACAPITAL-VIBF	BM
Total AUM (VND billion)	403.3	
NAV/Share	14,290.2	
Oct 2023 return (%)	(5.3)	(5.2)
YTD 2023 return (%)	4.9	3.8
3-year annualized return (%)	11.7	4.6
Annualized return since inception (%)	8.6	3.6
Cumulative return since inception (%)	42.9	16.6

(The NAV is net of management fee and administrative expenses)

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Investment allocation



Fund information

Inception	02/07/2019
Management fee	1.75% per annum
Subscription fee	0.0%
Redemption fee	2.0% < 12 months 1.5% >= 12 months 0.5% >= 24 months
PIT	0.1%
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark (BM)	Average of VN-Index and 12-month VND denominated deposit rate by Vietcombank.

Equity portfolio statistics

	VINACAPITAL-VIBF	BM
2023 P/E (x)	8.7	10.6
2023 P/B (x)	1.8	1.5
2023 ROE (%)	17.4	13.9
Dividend yield (%)	3.0	3.3
No. of stocks	22	416

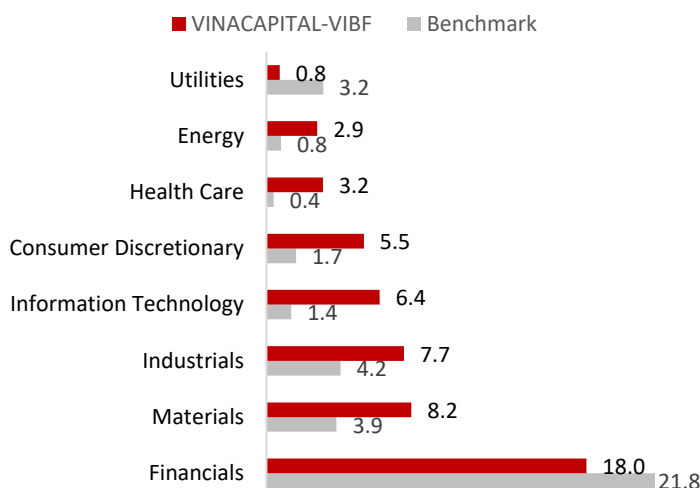
Fixed-income portfolio statistics

Macaulay Duration (years)	0.7
Yield-To-Maturity (%)	8.1

Source: Bloomberg, VinaCapital's forecast

Equity sector allocation

% Total NAV



Top holdings

	Ticker	Sector	Weighted (%)
Equity	FPT	Information Technology	6.4
	MBB	Financials	5.9
	VCB	Financials	4.2
	ACB	Financials	3.6
	PNJ	Consumer Discretionary	3.1
Bond	KDHH2225001	Real Estate	8.9
	TN1122016	Real Estate	6.1
	BAF122029	Consumer Staples	5.1

Comments from fund manager

BOND MARKET UPDATE

In the corporate bond market, the total issuance amount reached VND 27.9 trillion, significantly higher compared to only VND 535 billion in October last year. There were 26 issuances, mainly from the banking and real estate sectors. The banking sector dominated the market with over 60% share of the total issuance value, amounting to VND 17.1 trillion. The average maturity and interest rate of these bonds were 4.2 years and 6.6%, respectively. The real estate sector also improved well, with a total issuance value of VND 8.1 trillion. The average maturity of real estate bonds was 3.4 years, and the average interest rate was at 11.3%. We also note that there were only three real estate issuers: Vinhomes (VND 5 trillion), Saigon Capital (VND 1 trillion), and Thien An Investment (over VND 2 trillion).

(to be cont. in next column)

Comments from fund manager

STOCK MARKET UPDATE

Following a 5.7% decline in September 2023, the VN Index slumped further by 10.9% in October. The year-to-date (YTD) growth of the VN Index has narrowed to only 2.1%.

There was almost no positive news for the stock market in October. The Q3 business results of many listed companies were lower than expected. Exchange rate risk remained a concern when the 10-year yield on US government bonds surpassed 5% at some point in October, the highest level since 2007. Global stock markets also performed poorly, with the S&P 500 Index declining 2.2% in October after dropping 4.9% in September. In Vietnam, trading activities were quite gloomy, with the average daily trading value on the combined three bourses reaching only VND16.9 trillion, down 37% MoM and a five-month low.

During a period lacking positive information, on 26 October, a large volume of VHM shares were sold at the floor price during the ATO trading session, casting a shadow across the market. As a result, the VN Index subsided by 4.2% in just one day. Although it was later understood that the selling activity of VHM was conducted by the investors of the exchangeable bonds issued by Vingroup (which simultaneously purchased the exchangeable bonds and sold the VHM shares to enhance the expected return), market sentiment has not improved much since then.

As of 6 November, 1,570 listed companies (accounting for over 98% of the market capitalization on the combined three bourses) had announced their Q3 business results, with Q3 and 9M2023 aggregate net profit of those companies down 6.5% YoY and 13.5% YoY, respectively. The sectors that delivered disappointing results in Q3 included: (1) Utilities, impacted by a sharp increase in financial expenses, recorded a profit slump of 47% YoY; (2) Consumer Discretionary saw Q3 net profit decline by 45% YoY as profit margins of mobile phone and consumer electronics retailers were compressed by a price war amid weak consumption demand; (3) Real Estate recorded a 41% YoY decline in Q3 profit due the stagnation of the property market. The Financials sector saw Q3 net profit increase by 4% YoY, mainly contributed by the brokerage companies, while banks recorded a decline of 1.6% YoY in Q3 net profit.

FUND COMMENTARY AND INVESTMENT OUTLOOK

VINACAPITAL-VIBF's NAV per share declined by 5.3% in October, in line with the benchmark. On a YTD basis, the fund has gained 4.9% versus a 3.8% increase for the benchmark. Several of the fund's top holdings outperformed the benchmark during the month, including ILB (-1.1%), ACB (-2%), and DBD (+5.4%), while the top underperformers were MWG (-28.3%), TCB (-17.7%), and DHC (-16.0%).

As the Q3 earnings season wrapped up, our portfolio achieved a remarkable Q3 earnings growth of 24%, beating the broader market, which experienced a 6.5% YoY drop in earnings. Specifically, FPT reported Q3 earnings growth of 20%, driven by increases in their DX and education segments. FPT was very active in M&A and is quickly moving up the value chain with the announcement of its acquisition of Cardinal Peak, a 20-year-old product engineering services company in the US. The banks, such as VCB, MBB, and STB, reported strong Q3 net profit growth of 20%, 18% and 35%, respectively, supported by either higher net interest income or lower provision expenses. HPG showed improvements QoQ and YoY to reach a net profit of VND 2 trillion thanks to the recovery of gross margin and lower FX losses. In contrast, some companies disappointed the consensus, such as MWG, which reported a Q3 net profit of only VND 39 billion versus VND 906 billion in Q3/2022 due to prolonged competition in the ICT segment, while its grocery segment has yet turned to a profit.

The stock market's sharp decline in October brought the VN Index's 2023F P/E to only 10.6x, about 1.2 standard deviations below the 10-year mean. Exchange rate risk has somewhat subsided as the 10-year US government bond yield has dropped from a peak of over 5% to roughly 4.6% after the Fed's meeting in late October, prompting the USD/VND exchange rate to fall from 23,600 in October to just over 23,300 VND/USD in early November. We also expect the economy and the business results of listed companies to gradually recover from Q4/2023, which will be positive factors for the stock market in the months ahead.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-0.4%	8.3%	1.5%	3.3%	9.9%	1.9%	-0.7%	2.0%	2.9%	3.9%	-0.2%	-1.0%	35.2%
2022	-0.1%	1.9%	3.1%	-2.8%	-1.6%	-1.7%	-0.8%	3.9%	-5.9%	-5.5%	-1.5%	0.5%	-10.5%
2023	4.0%	-2.8%	0.6%	0.5%	1.0%	2.9%	3.8%	1.3%	-1.0%	-5.3%			4.9%

Important information

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