

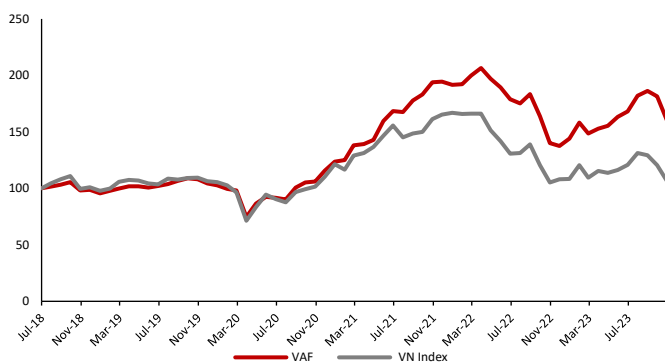
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

## PERFORMANCE SUMMARY

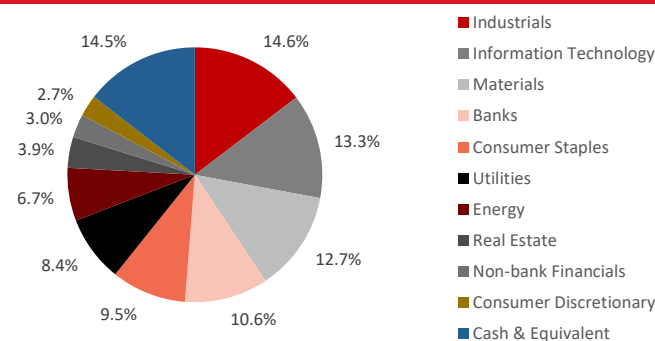
	Fund*	VN-Index
M-O-M October 2023	-11.9%	-11.7%
YTD	11.0%	-1.8%
3-year annualized	14.7%	1.6%
5-year annualized	10.3%	1.3%
Annualized since inception*	9.2%	1.2%
Accumulated since inception*	59.8%	6.4%
Annualized standard deviation	21.7%	24.6%

\* Inception date: 03 July 2018

## PERFORMANCE CHART



## SECTOR ALLOCATION



## TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	PE 2024	ROE 2024
FPT	4,291	Information Technology	13.3%	13.3	21.4%
BWE	342	Utilities	8.4%	9.9	14.4%
MBB	3,630	Banks	6.4%	3.5	21.3%
QNS	638	Consumer Staples	5.0%	7.0	22.4%
FMC	112	Consumer Staples	4.5%	6.7	15.6%
STB	2,072	Banks	4.2%	3.2	24.2%
PVS	642	Energy	3.9%	13.2	8.2%
PTB	143	Materials	3.5%	6.2	16.9%
DPR	104	Materials	3.5%	8.1	10.3%
SZC	156	Industrials	3.4%	15.6	13.2%

Source: Bloomberg, VinaCapital's estimates

## MANAGER'S MONTHLY COMMENTARY

The VN Index saw a broad-based market correction in October, due to global headwinds and the fallout from Vingroup's exchangeable bonds deals. Meanwhile, weak Q3 2023 earnings data also disappointed investors. As a result, the VN Index declined by 11.7% during the month, and the year-to-date (YTD) returns have narrowed to a negative of 1.8% in USD terms. Real estate and banking stocks continued their downtrend from September, declining 14.8% and 6.8% respectively in October.

VAF's NAV declined 11.9% in October but has recorded a YTD return of 11.0% in USD terms. The broad-based market correction created the opportunity to increase position in our existing holdings and well position our portfolio for year ahead, based on the Q3 earnings results and company updates that indicated their positive prospects for earnings recovery. Investors have started to see a strong dispersion in companies' outlooks.

### Weak Q3 earnings led to downward revision in earnings outlook.

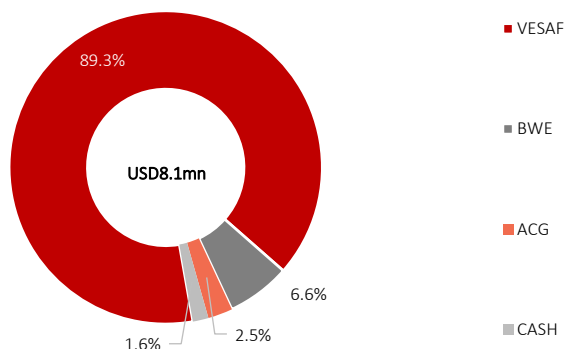
Q3 2023 earnings results were somewhat below market expectations, even though revisions had been underway since the end of the last quarter. Aggregate net profits of listed companies under VinaCapital coverage increased 0.3% YoY in Q3 and declined 7.8% YoY in 9M23. Excluding banks, earnings declined 2.5% YoY in Q3 and 17.0% YoY in 9M23. Among sectors, brokerage companies beat the consensus forecast with higher margin lending and prop-trading profits, thanks to the improved liquidity of both the stock market and the secondary market for corporate bonds. Aggregate sector earnings surged by 2.6x YoY. Technology performed as expected with resilient earnings growth in all periods (+19.6% YoY and +15.2% QoQ in Q3, and +20.3% YoY in 9M23). Other sectors, including materials and energy, posted strong YoY recoveries from a very low base last year as expected. However, utilities (-15.4% YoY in Q3), logistics (-29.4%), and industrial parks (-85.1%) all faced headwinds from the slowdown in manufacturing and trade. Banks delivered earnings lower than expectations (+2.9% YoY in Q3 and +1.3% YoY in 9M23), with low credit growth (+9.2% YTD), a slight contraction in NIMs (-0.5ppt YoY), and rising NPLs (+0.6ppt YoY) in Q3. The consumer sector was the most disappointing, with a YoY aggregate earnings decline of 23.7% and a QoQ decline of 1.5% in Q3, with small top-line recovery as consumption remained weak.

We forecast market earnings to post strong growth of 36.7% YoY in Q4 2023 from last year's low base, which should result in full year 2023 growth of 1.8%. For 2024, a recovery of 19.1% is expected, with the strongest growth recorded in the brokerage, materials, and consumer sectors.

### VAF's top holdings proved to be much more resilient.

The earnings of VAF's portfolio companies increased 3.2% YoY in Q3 and 1.5% YoY in 9M23 on a portfolio weighted basis, greater than that of the broader market. Strong earnings came from top holdings, including FPT Corp (FPT, +19.6% YoY in 3Q and +20.3% YoY in 9M), MB Bank (MBB, +18.3% and 11.7%), Quang Ngai Sugar (QNS, +60.0% and +79.0%) and Sacombank (STB, +34.9% and +66.0%). Another top holding, Sao Ta Foods (FMC), reported earnings growth of 6.1% YoY in Q3 and a decline of 16.4% YoY in 9M23, although it had an outstanding business performance compared with its peers in the fishery export sector, where average earnings declined approx. 90% YoY in both periods. For whole year 2023, we expect the portfolio to deliver aggregate earnings growth of 21.3% YoY compared with the broader market's growth of just 1.8%.

## PORTFOLIO ALLOCATION



Small- & mid-cap	65.8%
Stocks traded on UPCoM	6.8%
Stocks at full Foreign Ownership Limit	25.7%

• Small- & mid- cap: stocks with market capitalization below USD3 billion

• UPCoM: Unlisted Public Company Market

## MANAGER'S MONTHLY COMMENTARY (cont.)

As we look forward to 2024, the current portfolio is forecasted to have revised earnings growth of 31.1% YoY, with the highest growth coming from retailers, banks, companies benefiting from the recovery of exports and accelerated infrastructure spending, and technology. Those sectors will continue to be our major focus for the year ahead.

### Attractive valuations, but stock selections needed for strong performance.

October's correction lowered the broader market's PER valuation to 10.9x for 2023F and 8.7x for 2024F, about 1.2 standard deviations below the 10-year mean, and a 27% discount to ASEAN's valuation in 2024F. Excluding banks, the market's valuation is forecasted at 14.3x for 2023F and 11.2x for 2024F, which are attractive compared to the 5-year average PER of 17.7x. However, as we expect the dispersion in companies' prospects for earnings recovery, we maintain our investment strategy focused on companies with resilient earnings or strong near-term recoveries.

## VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD8.1mn
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

## CONTACT DETAILS

VinaCapital  
 17<sup>th</sup> Floor, SunWah Tower  
 115 Nguyen Hue Street  
 District 1, Ho Chi Minh City, Vietnam  
 office: +84 (0) 28 3821 9930  
 email: [ir@vinacapital.com](mailto:ir@vinacapital.com)  
[www.vinacapital.com](http://www.vinacapital.com)

### Disclaimer

The current Confidential Placement Memorandum as well as the annual reports of VinaCapital Vietnam Access Fund Limited ("the Fund") are the sole binding basis for the purchase of Fund shares. This document is prepared by VinaCapital Investment Management Ltd. ("VinaCapital") for the information of shareholders in the Fund and other eligible recipients, on the basis of information obtained from sources VinaCapital considered to be reliable, but VinaCapital does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. The information contained in this document is for background purposes only and is subject to updating, revision and amendment, and no liability whatsoever is accepted by VinaCapital or any other person, in relation thereto. Please refer to the Fund's Confidential Placement Memorandum for more information on the Fund and its risks. This document is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Past performance is not necessarily guidance to the future. The value of shares in the Fund and the income derived therefrom may go down as well as up. You are advised to exercise caution in relation to this document. If you are in any doubt about this document or any information contained in this document, you should obtain independent professional advice. The information contained in this document is strictly confidential and is intended only for the use of the individual or entity to which VinaCapital has provided the report. No part of this report may be reproduced or distributed without the prior consent of VinaCapital.