

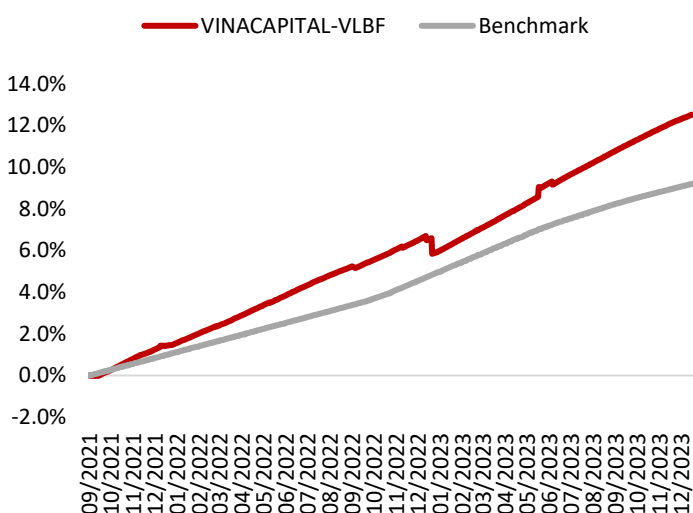
VINACAPITAL-VLBF

Investment approach

VINACAPITAL-VLBF mainly invests in short-term fixed income securities and money market instruments to generate very stable returns while maintaining daily liquidity.

VINACAPITAL-VLBF is considered a low-risk fund suitable for investors who are looking for a safe, short and medium term investment with a higher return than short-term bank deposit rates. The target return for the fund is 4.5 – 5.0% per annum.

NAV chart since inception

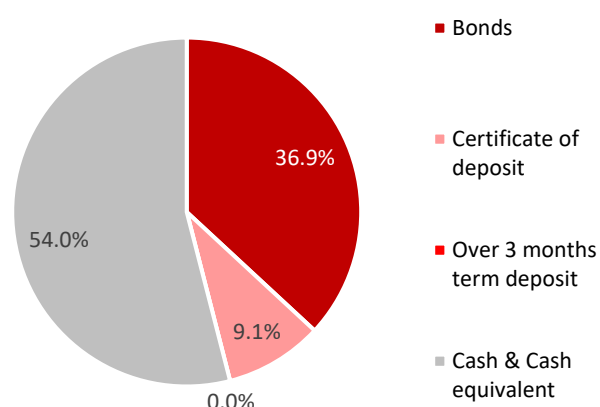


Fund performance

	VINACAPITAL-VLBF	BM
Total AUM (VND billion)	60.4	
NAV/Share	11,260.3	
Dec 2023 return (%)	0.4	0.2
YTD 2023 return (%)	6.3	4.4

(NAV is net of management fee and administrative expenses)

Investment allocation



Fund information

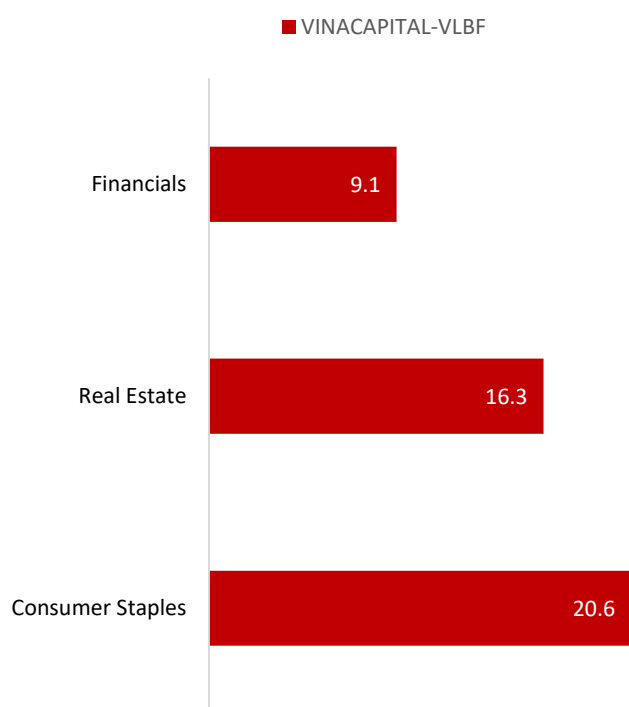
Inception	07/09/2021
Management fee	0.9% per annum
Subscription fee	0.0%
Redemption fee	<=45 days: 0.1%; >45 days: 0%
Minimum subscription	0 VND
PIT	0.10%
Custodian and Supervisory Bank	BIDV
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday

Benchmark (BM) Average 3-month VND denominated deposit rate of VietinBank, Agribank, BIDV, and Vietcombank.

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Sector allocation



Top holdings

Issuer	Name	Allocation (%)	Yield-to-maturity (%)	Duration (years)
BAF	BAF Viet nam Agriculture JSC	17.2	10.4	1.4
TN1	TNS HOLDINGS JSC	12.9	8.1	1.1
FECREDIT	FE CREDIT	9.1	6.8	0.6
VIC	Vingroup JSC	3.4	10.0	0.2
SBT	Thanh Thanh Cong - Bien Hoa JSC	3.4	8.3	0.1

Comments from Fund Manager

Vietnam's economy grew by 6.72% YoY in Q4-2023, resulting in 5.05% GDP growth for full-year 2023, making the recovery story more visible. The manufacturing sector accelerated with 8% growth in Q4 versus 5.6% growth in Q3, with whole-year growth of 3.6%. We believe manufacturing output growth has bottomed out and is likely to recover to 8-9% in 2024, which is still below pre-COVID growth levels due to the weakening US and global economies.

The growth of retail sales, stripping out the impact of inflation, dropped from 15.8% in 2022 to 7.1% in 2023. Domestic consumption was depressed by layoffs in the manufacturing sector and by the country's "frozen" real estate market, although this weakness was largely offset by a surge in foreign tourist arrivals, which reached nearly 70% of pre-COVID levels. We expect domestic consumption growth to recover as the employment picture starts to improve, while lower mortgage interest rates/monthly payments will free up money for homeowners to spend on purchases.

Deposit rates in Vietnam shot up by about 300bps and then fell all the way back to levels below where they had started in mid-2022. We expect interest rates to remain stable at around current levels for the foreseeable future, which would support the economy in a variety of ways. Inflation in December was stable at 3.6% yoy as a 4% rise in fuel prices was partially offset by a 1.4% decrease in retail pork prices.

In the corporate bond market, December's total issuance reached VND 55.8 trillion, significantly higher than the VND 15.4 trillion issued in December last year. There were 75 issuances during the month, of which the banking sector ranked first with an issuance amount of VND 49.3 trillion, accounting for approximately 88.4% of the total. The average coupon rate and tenor in this sector were about 6.3% and 6.4 years, respectively. The real estate sector also showed improvement, with a total issuance value of VND 2.8 trillion, an increase of over 2.9 times YoY. The average maturity of real estate bonds was 4.0 years, and the average interest rate was 11.1%. We note that there were only three real estate issuers: Vinhomes (VND 2 trillion), Sun Group (VND 500 billion), and Trung Minh Company (VND 300 billion).

Important information

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