

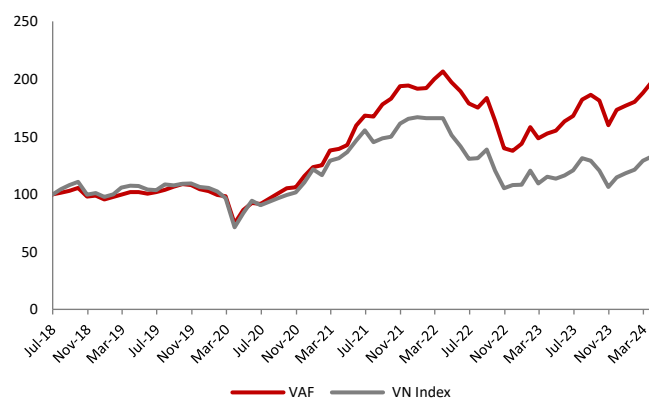
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

PERFORMANCE SUMMARY

As of 28 March 2024	Fund	VN Index
March 2024 (m-o-m)	4.6%	2.4%
YTD	11.1%	11.8%
3-year annualized	12.2%	0.3%
5-year annualized	14.1%	4.3%
Annualized since inception*	12.5%	5.0%
Accumulated since inception*	96.7%	32.4%
Annualized standard deviation	21.2%	24.0%

* Inception date: 03 July 2018

PERFORMANCE CHART



MANAGER'S MONTHLY COMMENTARY

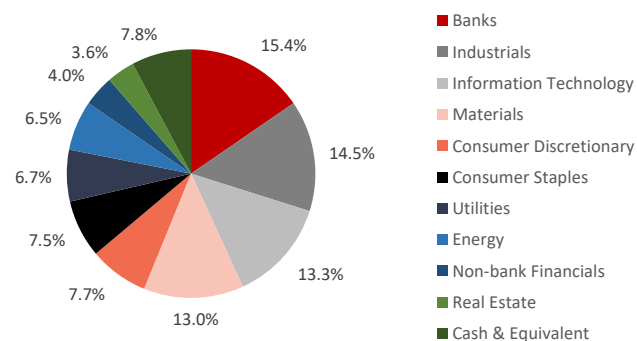
Portfolio highlights

The VN Index continued its upward trend in March, albeit with a slower momentum, recording a 2.4% return from the previous month. In contrast, our fund's performance surged by 4.6%, led by our top holdings, notably FPT Corp (FPT, technology, +6.9%) and MB Bank (MBB, bank, +5.2%), along with significant increases from other major holdings such as Phu Nhuan Jewelry (PNJ, retailer, +10.1%), Phu Tai JSC (PTB, export, +14.4%), Dong Phu Rubber (DPR, materials and industrial land, +22.4%), and PetroVietnam Technical Services (PVS, energy, +6.5%). FPT, MBB, and PNJ have consistently delivered strong business performances and competitive edges against peers. PTB is on a fast track to recovery, with its export of wooden furniture and domestic sales of granite stone for infrastructure projects gaining momentum. DPR and PVS are capitalizing on favourable industry trends, expecting enhanced profitability in the coming periods. We have been actively restructuring some smaller positions while strategically increasing our stake in select companies within the export, brokerage, industrial, and real estate sectors during market turbulence.

Stock market highlights

The VN Index's trading liquidity saw further improvement in March, with capital flows extending beyond the VN30 Index and bolstering the performance of non-bank stocks. The economic recovery is progressing as anticipated, with its impact expected to become more pronounced in the latter half of 2024. This aligns with our projections, which anticipate full-year normalized earnings growth of 15.5% for listed companies and 22.8% for the companies in VAF's portfolio. Vietnam's stock market returned 11.8% in USD terms in 1Q24, one of the highest returns in the region. Foreign net sales of USD467 million in 1Q24 were absorbed by increasing interest from retail investors as market liquidity significantly improved MoM, registering a 36.2% increase over 4Q23.

SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2024 PE	2024 ROE
FPT	5,968	Information Technology	13.3%	18.8	26.3%
MBB	5,417	Banks	10.4%	5.5	20.9%
BWE	350	Utilities	6.7%	12.6	12.7%
STB	2,403	Banks	5.0%	6.1	18.0%
PNJ	1,335	Consumer Discretionary	4.0%	14.4	20.0%
PVS	756	Energy	4.0%	15.9	8.9%
QNS	714	Consumer Staples	3.9%	7.9	23.3%
PTB	178	Materials	3.9%	11.2	13.4%
SZC	319	Industrials	3.8%	25.2	8.5%
MWG	3,014	Consumer Discretionary	3.7%	33.9	8.9%

Source: Bloomberg, VinaCapital's estimates

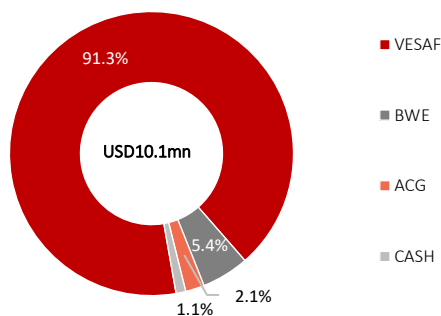
Macro highlights

Macroeconomic indicators for the first quarter have confirmed that the economy has reached a turning point and is now poised for recovery, albeit at a relatively slow and different pace across different sectors. GDP growth for 1Q24 reached a notable five-year high at 5.7% YoY. Trade figures for the first quarter were encouraging, with a 17.0% YoY surge in exports and a 13.9% increase in imports. While a stellar pickup of 30.0% YoY was seen in computers and electronics exports as in 2M24, the recovery of non-electronic exports like fisheries, textiles, and wooden products decelerated to 1.9%, 7.9%, and 18.9% YoY respectively (2M24: 22.3%, 15.0% and 43.8%). This trend aligns with insights from listed companies within these industries, which have seen weak pricing power against subdued global demand although they expect a more significant recovery in the second half of the year. Meanwhile, industrial production and retail sales also saw modest growth, with the manufacturing index up by 5.9% YoY in the first quarter, and real retail sales increasing by 5.1% YoY.

Interest and exchange rate dynamics

The foreign exchange rate was the major focus in the latter half of the month as the Vietnam Dong depreciated by 2.2% in the official exchange rate and 2.6% in the black market during the first quarter. This trend intensified as both rates depreciated nearly 3.0% as April approached. The primary drivers of this depreciation were twofold: a substantial disparity between global and domestic gold bar prices, and a persistent negative differential between USD and VND interbank rates, exacerbated by the Fed's slower-than-expected rate cuts.

Specifically, domestic gold bar prices soared to 32% above global levels, peaking in February and significantly expanding from the 23% average gap observed in 2023. This spike in domestic gold prices spurred increased demand for US Dollars. Concurrently, the interest rate differential between the US Dollar and Vietnam Dong remained elevated at 3.5-4.5% throughout March, placing additional downward pressure on the Vietnam Dong.

PORTFOLIO ALLOCATION


Small- & mid-cap	64.9%
Stocks traded on UPCoM	7.9%
Stocks at full Foreign Ownership Limit	35.6%

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

In response to this currency volatility, the State Bank of Vietnam (SBV) took decisive action by issuing 28-day Treasury bills to absorb liquidity of USD 6.7 billion and elevating the VND overnight interbank rate to 4.9%, a notable rise from the 1.5% rate at the start of March. Although the SBV's intervention has led to a slight uptick in deposit rates across various banks, the overall impact is expected to be moderate, considering the subdued credit demand, which saw an increase of just 0.9% YTD in 1Q24, and the Government's continued emphasis on supportive policies for economic expansion.

Furthermore, the Government has been actively considering amendments to the existing gold trading regulations to address the challenges arising from the monopoly over the production of gold bars and the import of raw gold for bar production. The Government also planned to resume the auction of gold bars held in reserve to increase supply. While no definitive measures have been implemented at the time of this writing, we believe the ultimate impact of these interventions would be to narrow the gap in gold prices and mitigate its influence on the exchange rate in the coming months.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD10.1mn
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

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