

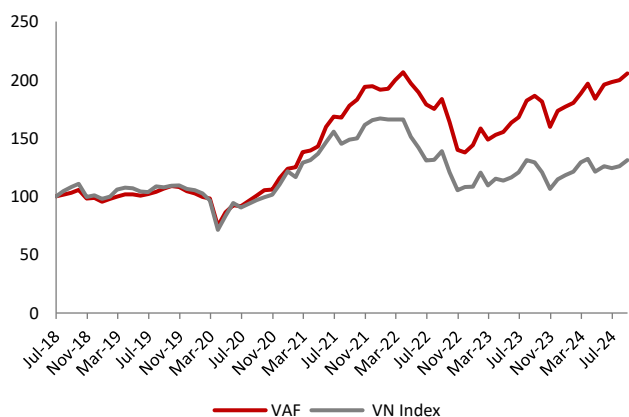
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

PERFORMANCE SUMMARY

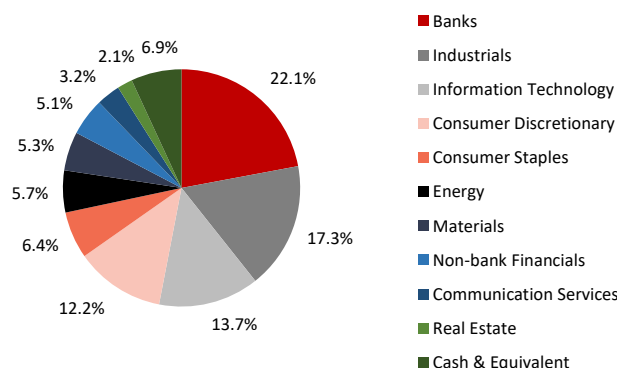
	Fund	VN Index
August 2024 (m-o-m)	2.9%	4.1%
YTD	16.1%	10.9%
3-year annualized	4.9%	-4.1%
5-year annualized	14.0%	4.0%
Annualized since inception*	12.4%	4.5%
Accumulated since inception*	105.5%	31.2%
Annualized standard deviation	20.8%	23.5%

* Inception date: 03 July 2018

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2024 PE	2024 ROE
FPT	7,914	Information Technology	13.7%	25.1	25.0%
MBB	5,301	Banks	9.3%	5.7	20.5%
MWG	4,102	Consumer Discretionary	5.0%	22.4	15.8%
GMD	1,005	Industrials	4.9%	20.2	13.3%
ACB	4,453	Banks	4.3%	6.2	21.3%
PTB	176	Consumer Discretionary	3.7%	12.1	12.5%
PNJ	1,375	Consumer Discretionary	3.4%	15.9	19.4%
PVS	784	Energy	3.4%	17.6	8.1%
FMC	127	Consumer Staples	3.3%	9.4	12.8%
DPR	147	Materials	3.3%	15.8	9.2%

Source: Bloomberg, VinaCapital's estimates

MONTHLY COMMENTARY

The stock market fared well in August, with the VN-Index rising by 4.1% MoM. The month began on a cautious note, influenced by negative sentiment from international markets. However, as the month progressed, the VN-Index showed resilience and rebounded strongly. This recovery was largely driven by a global market rally, where major indices like the S&P 500 and Nasdaq posted significant gains, boosting investor confidence in Vietnam.

Another key factor contributing to the market's positive performance was anticipation of the market upgrade by FTSE. Investors were optimistic about the removal of the "prefunding" bottleneck, which is a crucial criterion for an upgrade. Additionally, the VND appreciated by 1.6% against the USD, further enhancing market sentiment. This currency appreciation made Vietnamese assets more attractive to foreign investors, adding to the market's upward momentum.

Real estate stocks also played a significant role in the market's rise. The sector surged by 6.9% following the implementation of new laws, including the Land Law 2024, Housing Law 2023, and Real Estate Business Law 2023, all of which came into effect on 01 August 2024. These legislative changes are seen as positive steps towards improving the regulatory environment and encouraging investment in the sector.

Trading activity was subdued across the three stock exchanges during the month. The average daily trading value (ADTV) fell to USD 742mn, marking a 2.8% decrease compared to the previous month and a 31.0% decline from the same period last year.

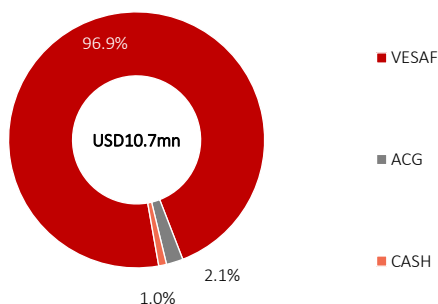
In August, foreign investors continued their net selling across three exchanges for the seventh consecutive month, offloading USD 152mn. Year-to-date (YTD), net sales by foreign entities reached USD 2.6bn, a significant increase from the USD 122mn net outflow recorded during the same period last year.

VAF ended August up 2.9% compared with 4.1% of the VN-Index. The rally of the real estate sector, which our portfolio is underweight, mainly contributed to the fund's underperformance during the month. We view this short-term rally as sentiment-driven, which coincided with implementation of the three above-mentioned laws. We further believe real estate developers face margin compression risks from higher land costs, selling costs and financing costs, which are not well priced in.

Phu Tai JSC (PTB), a diversified exporter and a top 10 holding in the portfolio, faced profit-taking pressure (-3.0%) during the month after having performed well this year (+15.8% YTD in total return until end-July). This is despite the encouraging business performance as PTB's management navigated headwinds across multiple business segments. In 1H24, PTB's wooden furniture exports grew 22% YoY, in line with the industry. Regarding granite/marble products, management tactically shifted to targeting infrastructure projects to offset real estate sector headwinds, winning contracts to supply the Long Thanh and Noi Bai International Airports. The strong quartz export business also helped offset headwinds in granite/marble products, contributing approximately 30% of PTB's profit growth in 1H24. It is expected to expand PTB's footprint in the US furniture market.

We also increased our position in Gemadept (GMD), a leading seaport operator, during the month, making it one of the fund's top five holdings. This coincided with GMD's opening of the Ha Nam Canal, making it the only river port in the Haiphong area capable of receiving up to 48,000 DWT feeder vessels and gaining a competitive edge over others (who can only handle vessels up to 42,000 DWT). Following the opening, GMD successfully attracted two new clients, SITC and Cosco, from competitors. By Q3 2024, GMD is set to dominate both the Haiphong port zone (in the north) and Cai Mep - Thi Vai port zone (in the south), two key areas for seaports accounting for 45% of Vietnam's total container throughput volume. By 2026 and 2027, the company plans to double the container handling capacity of the southern port and nearly triple the capacity of the northern port, further strengthening its leading position in Vietnam's seaport industry.

On a YTD basis, VAF returned 16.1% compared with 10.9% of the VN-Index. We are confident the portfolio will continue to perform well against the benchmark over the remainder of the year. Despite concerns over a possible US recession in 2025, export-oriented companies in our portfolio, such as PTB and GMD, should continue to gain market share and deliver strong earnings growth. Such growth should also be complemented by the recovery of domestic consumption, which we believe will benefit many of our top 10 holdings such as Mobile World (MWG), Asia Commercial Bank (ACB), and Phu Nhuan Jewelry (PNJ).

PORTFOLIO ALLOCATION


Small- & mid-cap	57.5%
Stocks traded on UPCoM	10.6%
Stocks at full Foreign Ownership Limit	37.6%

- *Small- & mid- cap: stocks with market capitalization below USD 3 billion*
- *UPCoM: Unlisted Public Company Market*

MACRO COMMENTARY

Vietnam's manufacturing output growth accelerated throughout 2024, with clear signs that the sector will continue to drive the country's GDP growth into early 2025. Manufacturing output growth was consistent at about 6% YoY earlier this year, then accelerated linearly, reaching nearly 10% YoY growth in 8M24.

The recovery of the manufacturing sector has been driven by a 26% YoY surge in exports to the US (versus a 19% drop in 8M23), which in turn drove a 16% increase in the country's total exports in 8M24. Vietnam's 16% export growth far outpaced the country's 10% factory output growth in 8M24, which means production will need to pick up in the months ahead to keep up with the demand for "Made in Vietnam" products.

Inventories of finished products fell every month in 2024 at a near-record pace in July & August, according to the S&P Global PMI survey, while the growth of new orders remained at near-record highs in recent months. However, Vietnam's PMI dropped from a near six-year high of 54.7 in July to 52.4 in August due to a contraction in employment. This decline occurred after several months of expansion, partly because factories had difficulties hiring enough workers.

The USD-VND exchange rate appreciated 1.5% MoM in August, driven by a 2.2% drop in the value of the USD/DXY Index last month, and supported by Vietnam's stunning USD 4.1bn trade surplus in August and USD 18.6bn surplus in 8M24. As of the end of August, the VND had depreciated by 2.5% YTD, after having depreciated by as much as 5% YTD earlier in the year.

FDI inflows grew 8% YoY to USD 14bn (or 5% of GDP), which also helped support the VND. A few months ago, there was speculation that the State Bank of Vietnam (SBV) would need to hike interest rates by 50 bps (to 5%) to help support the Dong. However, the near 3% appreciation in the USD-VND exchange rate since late June (until the end of August), coupled with falling inflation has completely negated that possibility in our view.

CPI inflation in Vietnam fell from 4.4% YoY in July to 3.5% YoY in August, driven in part by a nearly 6% drop in retail petrol prices last month. Global oil prices fell by more than 10% in July, which was reflected in lower retail petrol prices in Vietnam in August. Prices continued to drop in August-September despite falling global oil inventories on the back of a weakening global growth outlook.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD 10.7mn
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	USD 100,000

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