VinaCapital Vietnam Access Fund Limited (VAF)

29 April 2025

NAV/share: USD175.152

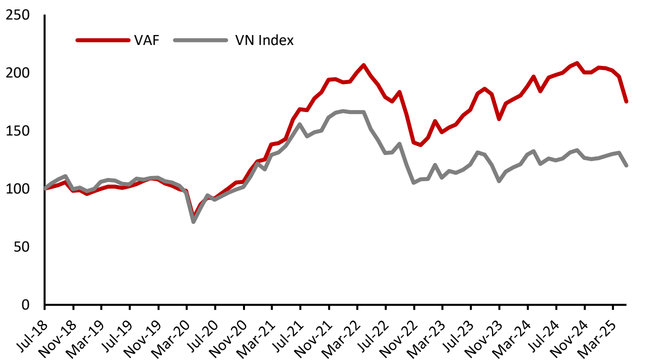
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

PERFORMANCE SUMMARY

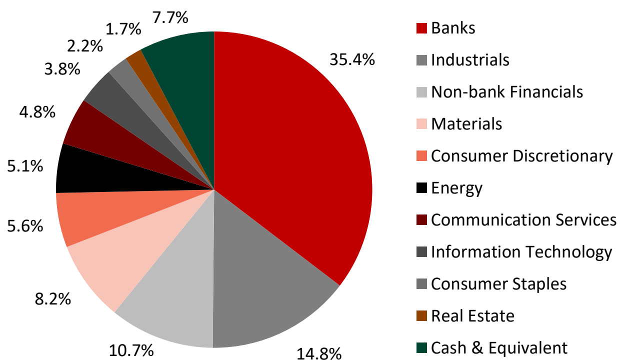
	Fund	VN Index
April 2025 (m-o-m)	-10.9%	-8.4%
YTD	-14.3%	-5.1%
3-year annualized	-3.9%	-7.4%
5-year annualized	15.2%	7.5%
Annualized since inception**	8.6%	2.7%
Accumulated since inception**	75.2%	19.9%
Annualized standard deviation	20.5%	22.7%

**Due to public holiday in Singapore on 31 March 2025, April m-o-m performance is compared to 28 March 2025*
***Inception date: 03 July 2018*

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2025 PE	2025 ROE
MBB	5,529	Banks	14.4%	5.6	19.2%
DGC	1,330	Materials	8.2%	9.1	23.3%
TCB	7,148	Banks	7.1%	7.6	14.7%
BVH	1,312	Non-bank Financials	6.0%	13.1	9.5%
VCI	1,022	Non-bank Financials	4.4%	24.0	8.2%
MWG	3,459	Consumer Discretionary	4.2%	16.5	16.8%
FOX	1,703	Communication Services	3.9%	14.2	25.2%
FPT	6,191	Information Technology	3.8%	17.1	26.5%
CTG	7,685	Banks	3.6%	6.7	16.8%
PVS	471	Energy	3.2%	5.6	15.6%

Source: Bloomberg, VinaCapital's estimates

MONTHLY COMMENTARY

MARKET UPDATE

Trump's reciprocal tariff caused a trade crisis, not a financial one, at least not immediately. This trade situation is a global issue, subject to negotiation, concessions and ultimately an agreement, involving over 100 parties and tens of thousands of items to be negotiated between the US and various countries. However, the nature and magnitude of tariffs applied to countries around the world caused global markets to react like in a financial crisis. Stocks in Vietnam market dropped to the floor, regardless of companies' business results or market positioning, or even whether companies are affected by the tariff or not. From April 2nd to April 9th, the Vietnam Equity market fell by 18% in USD terms, reaching a trough on 9th April, with stocks of nearly all companies trading at their limits down for consecutive days, reflecting the investors' fears. We saw this phenomenon before, most recently when Covid first struck in Vietnam in February 2020, causing the stock market to plunge 33% before recovering some weeks later.

Will the market reverse course this time, as it did during the Covid period? By the latter half of April 2025, the market had quickly appreciated by 12% from its April 9th trough, ending the month down 8.4% MoM. There are some similarities between this trade crisis and Covid crisis, including trade friction, fragmented global markets, delays in fixed asset disbursement, and the government's willingness to intervene. Despite these qualitative factors, we have not tried to predict the tariff level of Vietnam's exports to the US, but rather focused on the strength of the balance sheets of the listed companies and the competitiveness and flexibility of their business models, which will provide some level of protection to their growth strategies in the long-term. Trade negotiations, which are beyond companies' control, are unpredictable and could take some time, requiring companies to be agile, supported by the strong foundations of their balance sheets, to overcome this level of uncertainty.

FUND UPDATE

The NAV per unit of VAF declined 10.9% in April, underperforming the VN-Index by 2.5%. This underperformance can be almost entirely attributed to the strong performance of Vingroup and its listed subsidiaries, which we do not hold. While the heightened volatility of the market has negatively impacted the fund's short-term performance, we note that it also presents us with rare opportunities to invest in companies with high returns on capital and high growth at attractive prices.

We significantly added to our existing position Duc Giang Chemicals (DGC) during April. This mid-cap stock faced panic selling during the month as investors derisked from export names, with 68% of DGC's 2024 revenue coming from export markets. What the market missed was the nature of DGC's export business, particularly how little DGC exports to the US. We also think the market overlooked its balance sheet strength and ability to expand its business domestically.

Our analysis shows that the company's net cash position, which is not tied to its daily working capital needs and can be deployed flexibly, currently accounts for about one-third of its market capitalization. At the peak of the panic selling pressure, this level of free cash – a defensive type of asset with the potential to be deployed at high returns on capital – accounted for nearly 40% of its market capitalization. We are confident DGC will gradually deploy this free cash with high returns on capital, given its solid track record and the potential for chemicals to provide higher value-added products to Vietnam's domestic manufacturing sector (from its current low base compared with other countries such as China, India and Indonesia, based on World Bank data).

DGC's core operation – manufacturing phosphorus-based products – is a cash-generative business. Yellow phosphorus (P4) and downstream phosphate-based products have a tightly controlled global market, with limited input materials and a wide range of output applications, for both industrial and agricultural usage. Many of these applications are non-cyclical in nature. We estimate that even with the recently proposed increase in export taxes (from 5% to 15%), the net present value attributable to DGC's free cash flow from its phosphorus-based production could conservatively be worth more than two-thirds of the company's market capitalization.

This means the market is giving away DGC's real estate side business, its non-phosphorus businesses (such as ethanol), and its potential to invest in other long-term chemical manufacturing projects for free. We note that while the real estate side business is a one-off opportunity for the company to convert its old factory into an apartment building, its value could be significant. We also note that its current expansion project, Nghi Son Complex, specializing in caustic soda (NaOH), has secured much of its output from domestic clients, and is poised to deliver returns on capital far exceeding the company's cost of capital. DGC's current trailing return on invested capital (ROIC) exceeds 20%.

We believe the market will continue to be volatile over the balance of the year, as trade negotiations and their ramifications may not be straightforward. But any volatility may present further opportunities such as the one described above. We remain committed to our investment strategy and are confident we will be able to construct a portfolio of high-return companies purchased at attractive prices during this year.

MACRO UPDATE

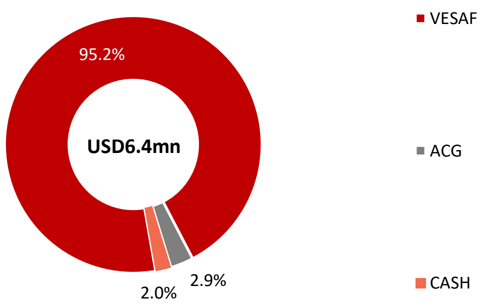
President Donald Trump's April 2nd announcement of unexpectedly severe 46% "reciprocal tariffs" on Vietnamese exports to the US, followed by a 90-day "pause" initiated a week later, triggered a significant surge in exports from Vietnam. This export rush, which we anticipated in our recent webinar, markedly influenced Vietnam's economy during April.

VinaCapital Vietnam Access Fund Limited (VAF)

29 April 2025

NAV/share: USD175.152

PORTFOLIO ALLOCATION



Small- & mid-cap	53.7%
Stocks traded on UPCoM	6.5%
Stocks at full Foreign Ownership Limit	17.0%

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

MONTHLY COMMENTARY

Prior to these announcements, the consensus expectation of approximately 10% tariffs on Vietnamese goods meant there was no significant pre-emptive rush to import "Made in Vietnam" products into the US. This contrasted with other Asian economies, where US customers front-loaded purchases to avoid tariffs, causing export surges. Vietnam's export growth to the US remained steady, ranging between 15-20% year-on-year (YoY) for six months, before accelerating to 32% YoY in March as news of the impending tariffs began to circulate.

This export momentum continued into April, with a 33% YoY increase, as US firms expedited purchases ahead of the 90-day pause expiry. Consequently, factory production accelerated from 9.5% YoY in the first three months of 2025 (3M25) to 10.1% YoY for the year-to-April (4M25). New export orders plunged, however, reflecting tariff uncertainty. The new export sub-index of Vietnam's Purchasing Manager's Index (PMI), which began its decline in mid-2024—a trend we have previously noted as initially driven by US retailers' inventory cycles—continued its downward trajectory.

The sustained fall in the new export orders sub-index (from 45.9 in March to 44.4 in April), alongside the persistently low "backlog of work" sub-index (43.5 in April), act as strong negative leading indicators for manufacturing performance later this year. These trends are now beginning to impact factory employment, which a lagging indicator, because companies typically delay workforce reductions for as long as possible.

The PMI's employment sub-index fell sharply from 48.4 in March to 44.3 in April, falling to a level essentially unseen post-COVID recovery. Cumulatively, these factors led to a plunge in the headline PMI from 50.5 in March to 45.6 in April. The anticipated slowdown in manufacturing later in 2025, combined with the indirect effects of weaker consumption due to a softening labor market outlook, underpins our forecast: we expect these tariff impacts to reduce Vietnam's GDP growth by approximately one percentage point this year, resulting in estimated GDP growth of 6-6.5% Despite these headwinds, several mitigating factors are at play. Negotiations between Vietnamese and US trade officials are underway as of the publication of this report, positioning Vietnam among the first countries to engage in such discussions with the US. Furthermore, the Vietnamese Government is taking increasingly decisive steps to bolster the economy, including structural reforms and the recently announced "Resolution 68" measures regarding the private sector.

Importantly, the tariff-related uncertainties have not yet derailed the ongoing improvement in consumer sentiment and consumption that began in mid-2024. Real retail sales growth edged up from 7.5% YoY in 3M25 to 7.7% YoY in 4M25. Finally, concerns over a potential US/global economic slowdown, largely driven by trade uncertainty, have contributed to a 20% decline in global oil prices since mid-January. This, in turn, has helped contain inflationary pressures in Vietnam. CPI inflation was well managed at 3.1% YoY in April, with domestic retail petrol prices down over 20% YoY.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD 6.4mn
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

CONTACT DETAILS

VinaCapital
17th Floor, SunWah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City, Vietnam
office: +84 (0) 28 3821 9930
fax: +84 (0) 28 3821 9931
www.vinacapital.com