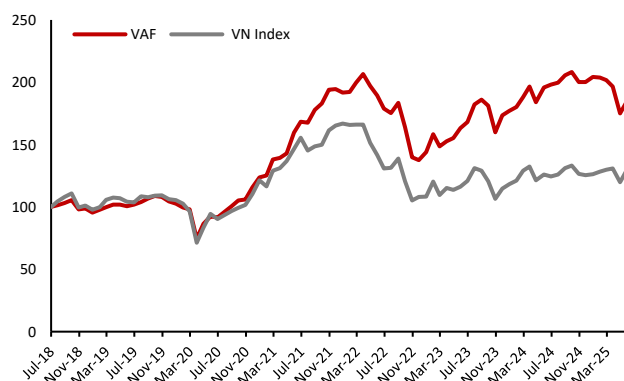
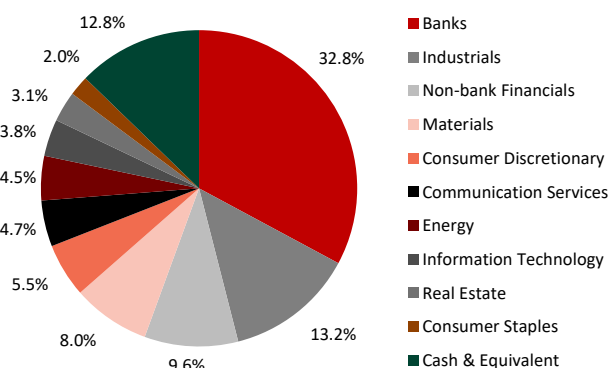


VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

**PERFORMANCE SUMMARY**

	Fund	VN Index
May 2025 (m-o-m)	5.7%	8.6%
YTD	-9.4%	3.0%
3-year annualized	-0.8%	-2.8%
5-year annualized	14.9%	6.6%
Annualized since inception**	9.3%	3.9%
Accumulated since inception**	85.1%	30.2%
Annualized standard deviation	20.4%	22.8%

\*\*Inception date: 03 July 2018

**PERFORMANCE CHART****SECTOR ALLOCATION****TOP HOLDINGS**

Ticker	Market Cap (USDm)	Sector	% of NAV	2025 PE	2025 ROE
MBB	5,710	Banks	14.3%	5.8	19.2%
DGC	1,312	Materials	8.0%	8.9	23.3%
TCB	8,267	Banks	6.3%	8.8	14.7%
BVH	1,443	Non-bank Financials	5.6%	14.4	9.5%
MWG	3,529	Consumer Discretionary	4.0%	16.9	16.8%
FPT	6,632	Information Technology	3.8%	18.3	26.5%
FOX	1,743	Communication Services	3.8%	14.5	25.2%
VCI	993	Non-bank Financials	3.6%	23.4	8.2%
CTG	7,904	Banks	3.5%	6.9	16.8%
PVS	505	Energy	3.2%	6.0	15.6%

Source: Bloomberg, VinaCapital's estimates

**MONTHLY COMMENTARY****MARKET UPDATE**

After the sharp sell-off triggered by the announcement of “reciprocal tariffs” from the U.S. administration in April, the Vietnamese equity market rebounded strongly in May. The VN-Index rose 8.6% month-on-month (MoM), recovering much of the ground lost during the previous month's correction. A key driver of this rally was the Vingroup ecosystem, now comprising four listed entities following the debut of Vinpearl (VPL), which is 85.5% owned by Vingroup and currently has a market capitalization of approximately USD 6 billion. Collectively, the Vingroup-related stocks (VIC, VHM, VRE, VPL) contributed 3.9 percentage points of the 8.6% gain in the index for the month. Their combined weight in the VN-Index rose to 16.0% at end-May 2025, up from 6.9% at the beginning of the year (not adjusted for crossholdings). Year-to-date, these stocks have posted significant returns: VIC +137.7%, VHM +90.0%, VRE +57.0%, and VPL +3.8% since listing.

**FUND UPDATE**

The NAV per unit of VAF increased 5.7% while the VN-Index increased 8.6% in May. The stocks under the Vingroup and the GELEX conglomerates, whose combined weight in the index totals about 18%, which we do not own, remained the primary reason for the fund's relative underperformance against the benchmark during the month.

In May, we initiated a position in a small-cap real estate developer that has been seemingly overlooked by the market over the past year. The stock now trades at a compelling valuation level, supported by a strong balance sheet that provides substantial downside protection.

At entry, the company held net cash equivalent to nearly 70% of its market capitalization, even after accounting for the full construction cost of its upcoming project—an initiative expected to deliver an NPV exceeding 60% of its current market cap. The company maintains a stable dividend policy (current yield above 6%) and has demonstrated exceptional capital discipline, as reflected in its 10-year average ROE of 28%, while its stock has delivered a 10-year annualized total return of over 20%. Importantly, this has been achieved without equity dilution or the presence of minority interests. Its upcoming project and ability to opportunistically bid for new projects further enhance the long-term upside.

We also expect the mid-end residential segment to gradually recover, supported by more affordable interest rates and an improvement in end-user purchasing power.

As noted in last month's commentary, we continue to be able to find good companies with high returns on capital at attractive valuations and remain confident in our ability to construct a portfolio of such opportunities throughout the year.

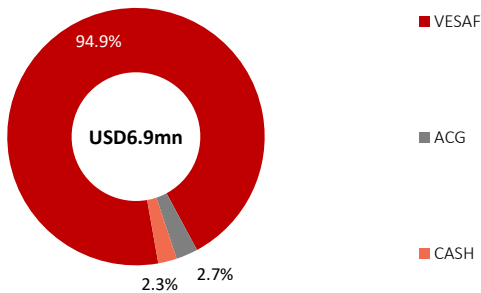
**MACRO UPDATE**

The three outstanding features of Vietnam's economy in May (and 5M25) are: 1) a dramatic acceleration / surge in infrastructure spending as the year has progressed; 2) a surge in exports to the US during Trump's 90-day “pause” period on reciprocal tariffs; and 3) a near 50% year-on-year (YoY) surge in Chinese tourist arrivals in 5M25.

Regarding #1 above, Vietnam's Government guided earlier for a 40% increase in infrastructure spending this year, but the actual disbursements got off to a very slow start, with roughly flat growth YoY in Q1 and below 20% YoY growth in 4M25. However, infrastructure spending rocketed to 39% YoY in 5M25, according to the Ministry of Finance.

Further to #2 above, the growth of Vietnam's exports to the US was stable at around 15% YoY for months leading up to March, unlike in much of Asia where exports to the US surged in expectation of stiff tariffs by Trump. Most companies and most economists/analysts (including us) did not expect Trump to impose significant tariffs on Vietnam. As news of the impending imposition of tariffs on Vietnam leaked out, exports to the US surged 32% YoY in March. Exports to the US then surged 34% YoY in April and 37% in the month of May.

PORTFOLIO ALLOCATION



Small- & mid-cap	50.9%
Stocks traded on UPCoM	5.0%
Stocks at full Foreign Ownership Limit	33.7%

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

MONTHLY COMMENTARY

Obviously, this temporary phenomenon will reverse once the 90-day pause period ends in July and Trump’s reciprocal tariffs take effect. While negotiations between the Vietnamese and US trade officials continue, we still expect circa 20% tariffs on Vietnam’s exports to the US after the pause expires.

Next, the near 50% YoY surge in Chinese tourist arrivals in 5M25 was driven in part by issues discussed in this [article](#). We estimate that foreign tourists account for about 10% of Vietnam’s total retail sales, and real retail sales (i.e., excluding inflation) grew by over 7.4% YoY in 5M25, meaning it is likely that the surge in tourism contributed around 2%pts to that growth. Consequently, it is likely that real retail sales, excluding the boost from tourist arrivals, are growing at around a 5% pace.

That figure is a good proxy for how fast spending by domestic Vietnamese consumers is growing, which in-turn is consistent with the aggregate revenue growth of consumer staples companies in Vietnam.

The net result of all of the above is that we expect Vietnam’s GDP growth to accelerate from 6.9% YoY in Q1 to about 7.5% in Q2, driven by the acceleration in exports to the US and infrastructure spending (tourist arrival growth was already very high in Q1). We then expect that GDP growth will dip back down to circa 7% in H2 after the temporary surge in exports to the US passes.

We have previously noted for a few consecutive months that Vietnam’s new export orders started contracting in late 2024; they continued to contract for the seventh month in-a-row in May. Export orders started contracting well in advance of concerns about Trump’s tariffs, owing to the inventory restocking destocking cycle of US retail companies, but concerns about Trump’s tariffs exacerbated this issue.

Finally, Vietnam’s macro economy remained stable in May, with both CPI inflation and the value of the USD-VND exchange rate essentially unchanged during the month. CPI inflation ticked up from 3.1% YoY in April to 3.2% in May while the depreciation of the VN Dong versus the USD ticked up from 1.9% YTD at end-April to 2.1% at end-May.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD 6.9mn
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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