

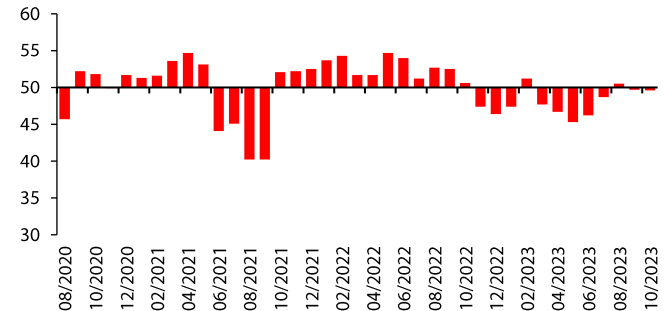
This newsletter is solely for information which is periodically issued by RongViet Securities Corporation for existing and potential investors of funds under management of Eastspring Investments Fund Management Limited Liability Company (EIFMC). **NOVEMBER NEWSLETTER 2023** Data as of Oct 31<sup>st</sup>, 2023

**Macroeconomy commentary:**

• In October, there were rising global risks. Renminbi usage in trade finance has tripled in the last three years and is accelerating. The RMB has now overtaken the Euro in trade settlement and will continue to exceed it into 2024. Meanwhile the 10-year Japan yield is at 0.88%, not so far off the 1% level of 2014 at which repatriation of capital back into Japan becomes a real possibility. The Bank of Japan is still resisting tightening monetary policy, to the benefit of its export-orientated corporates but to the detriment of the purchasing power of its consumers. That Japan's ten-year yields are rising but the Yen has been depreciating against the USD and the Euro since the beginning of the year is probably due to the fact that US 10-year yields have also been rising. Besides, government debt to GDP ratio is still high, slightly down from 133% in 2Q20 to 120% in 2Q23. The issue is that markets are focusing on the rising cost of debt servicing. Hence US annualized net interest payments as a percentage of federal government revenues have risen from 8.3% in April 2022 to 14.8% in September 2023, the highest level since March 1998. In US dollar terms the federal government's net interest payments have almost doubled from US\$345bn in FY20 to a record US\$659bn in FY23 ending in September 2023. It is also worth highlighting that the US government debt to GDP ratio is still way above the pre-Covid level of 107% in 1Q20. The economic horizon is clouded by wars and high interest rates. Asset markets do not seem to price risks sufficiently. To us there is more downside for equities. Crude oil prices have been rising since July as OPEC supply cuts were implemented and got another leg up in October as conflict risks exacerbated. This means that global inflation is unlikely to come down for a few months.

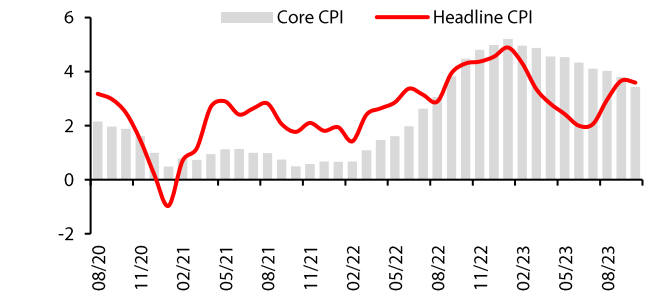
• Vietnam's economy in Oct 2023 moved slowly. The industrial production index only increased by 4.1% YoY, only increased by 5.5% in Oct 2022, significantly lower than the increase of 10.3% in Sep 2022. Similarly, October PMI report showed uncertainty about short-term recovery prospects, with the October PMI index was recorded at 49.6 points, not much changed from 49.7 points in September. In the results of trade activities, growth continues to improve in both export and import directions. According to GSO estimates, exports in October reached \$32.3 billion, up 5.9% YoY and up 5.3% MoM thanks to the continued recovery of electronics exports (+8.3% YoY) while other key export industry groups such as textiles, garments, seafood, and footwear still recorded negative growth. Imports in October were estimated at \$29.3 billion, up 5.2% YoY and 2.9% MoM. Notably, electronics, computers, and component imports increased by 26.4% YoY, signaling a more positive outlook for export growth in the remaining two months of 2023. For retail activities of goods and services, growth momentum decreasing over the months. Specifically, revenue of goods and services in October only increased by 7.0% YoY, lower than the average increase of 7.3% in the third quarter of 2023. Regarding the State Bank's operations in the open market, last October witnessed a period of withdrawing excess liquidity in the banking system with a peak scale of more than VND255 trillion. Cash flow has yet to flow back into the system as the SBV still maintains the balance for SBV bills at VND200 trillion. The positive point is that the SBV-bill interest rate has increased to 1.5%/year, and the overnight lending interest rate in the interbank market has increased to about 1.0%/year in recent trading sessions. However, the challenge of controlling the dong's depreciation still exists when the USD-VND interest rate difference is still relatively high.

**Figure 1: Vietnam PMI**



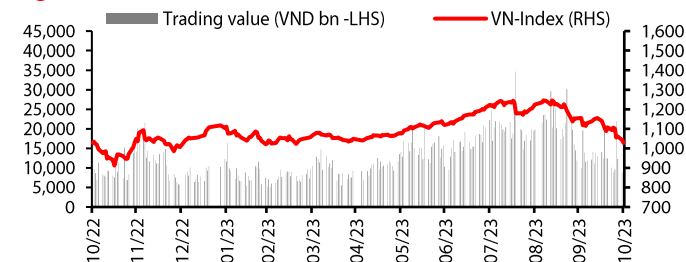
Source: Bloomberg, RongViet Securities

**Figure 2: Vietnam CPI**



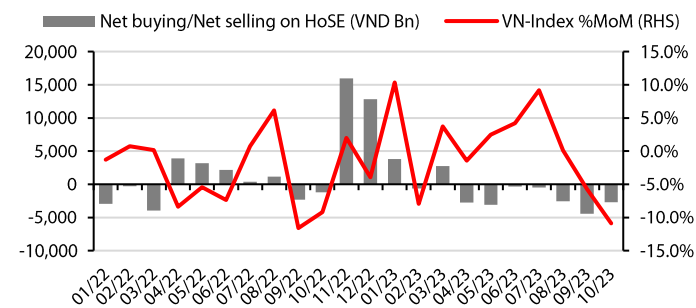
Source: Bloomberg, RongViet Securities

**Figure 3: VN-Index's chart**



Source: Bloomberg, RongViet Securities

**Figure 4: Net buying/selling on HOSE via matching-order transaction versus VN-Index MoM**



Source: Fiinpro, RongViet Securities

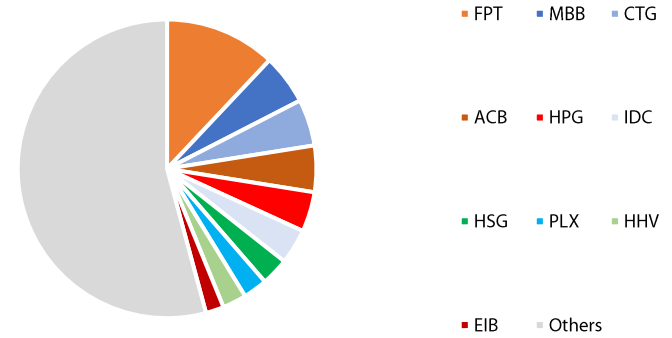
**October market recap:**

- In October, VN Index witnessed the hardest correction YTD with a decline of 10.9% MoM to close at 1,028, wiping down almost gain since the market started rallying in March. Further breakdowns, the VNDSMALL (-13.62%) got the hardest hit among the sub-indices. While VN30 declined -10.9% and VNMID fell 12.15%.
- Foreign investors marked the seventh straight month net withdrawal with an amount of VND 2,724 billion (USD 111.27 million) and made their YTD net position deepen further to - VND 10,515 billion (-USD 428.57 million). Chemicals and Real Estate were their favored industries.
- Local institutional investors reversed the course to net buy a modest amount of VND 260 billion (USD 10.61 million) in October, marking their Year-to-Date (YTD) net selling position down to VND 10,003 billion (USD 408.69 million).
- Among the GICS-based sectors, all sectors dive into red. Only three sectors including Healthcare (-2.23%), Financials (-8.54%), Utilities (-9.9%) were less affected than VN Index (-10.9%). Consumer Discretionary (-20.2%) were the top hit. In which, MWG (-28.3%) and PNJ (-7,6%) were the top draggers.

**HSG – Tough times have passed**

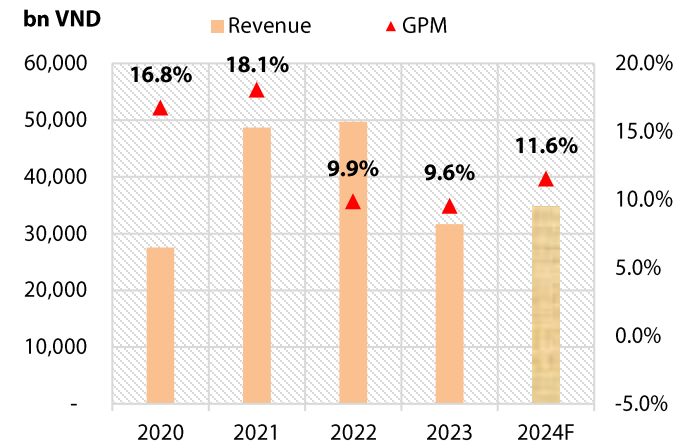
- In 4Q of fiscal year (FY) 2023, HSG recorded revenue of VND 8,235bn (USD 336mn, -28%YoY, -7%QoQ), with sales volume of 390 thousand tons (+25%YoY, +4%QoQ), owing to the volume in foreign markets (North America, EU, Asia). The 4Q gross profit margin (GPM) recovered to 13.2%, while SG&A costs decreased to VND 627bn. HSG recorded a 4Q NPAT-MI of VND 438bn (improved significantly compared to 3Q).
- For FY024, the company thinks that: 1/ the steel market has passed the most difficult period; 2/ 2024 output can reach 1.56 million tons (+11.4%YoY, contributed by domestic and foreign markets); 3/ focusing on perfecting the Hoasen Home system.

**Figure 5: ENF equity portfolio at the end of 10/2023**



Source: ENF, RongViet Securities

**Figure 6: HSG's revenue for the period 2020-2024**



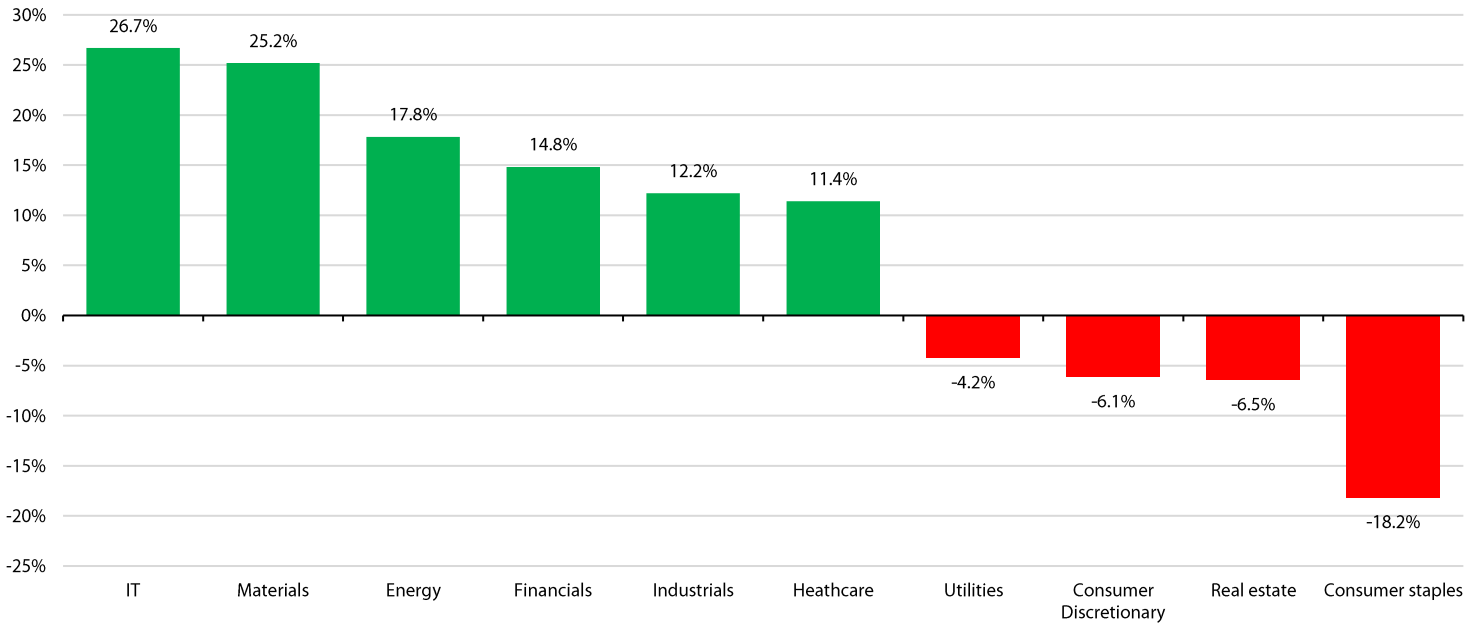
Source: VCB, RongViet Securities

**Sector's valuation (at 10/31/2023)**

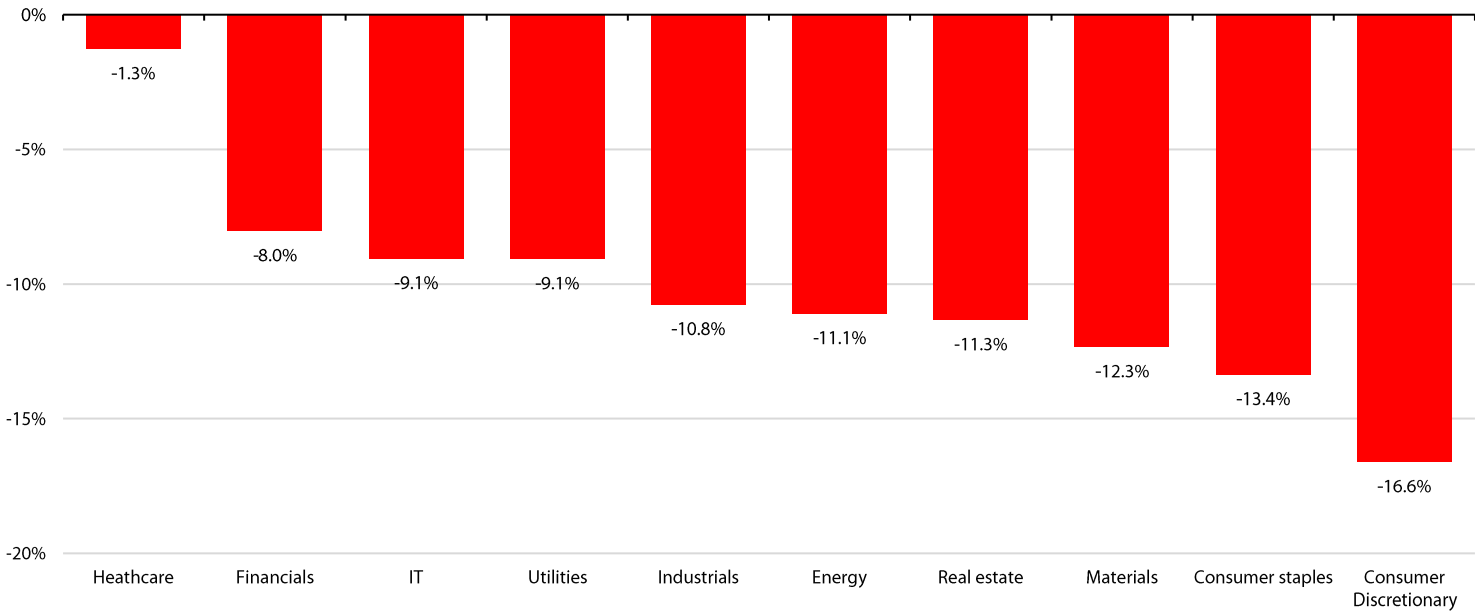
	%1M	%3M	%YTD	Basic P/E	P/B	ROE	ROA	Dividend yield (%)	PBT growth (YoY, %)	EPS growth (YoY, %)
Oil & Gas	-14.81%	-10.26%	27.13%	10.17	1.14	10.50%	5.43%	0.00%	-23.89%	598.62%
Basic Materials	-12.76%	-13.67%	29.21%	32.72	1.22	3.45%	1.77%	0.00%	-76.78%	36.01%
Industrials	-8.91%	-9.58%	10.96%	15.31	1.57	9.31%	4.05%	0.00%	-24.91%	-4.22%
Consumer Goods	-11.18%	-12.25%	-3.60%	19.21	2.12	10.50%	5.10%	0.00%	-42.49%	-13.53%
Health Care	-4.43%	-7.03%	23.55%	12.56	1.58	12.26%	7.30%	0.00%	11.95%	-9.84%
Consumer Services	-11.78%	-11.51%	15.49%	-48.94	3.12	-5.38%	-1.39%	0.00%	0.00%	-240.52%
Telecommunications	7.22%	-1.28%	30.13%	282.61	2.56	2.01%	1.08%	0.00%	-92.55%	-7.46%
Utilities	-9.65%	-5.92%	10.00%	13.22	1.75	13.37%	7.36%	0.00%	-18.90%	-38.33%
Financials	-12.90%	-20.75%	2.36%	13.91	1.24	8.84%	2.95%	0.00%	-14.01%	-19.24%
Banks	-5.79%	-8.41%	17.76%	8.57	1.43	16.99%	1.48%	0.00%	-7.15%	-1.60%
Technology	-10.27%	-2.97%	25.40%	18.26	3.26	15.68%	7.56%	0.00%	-6.97%	17.58%

Source: Fiiipro, RongViet Securitie

**Bloomberg's sector performance - 2023**



**Bloomberg's sector performance – October 2023**



Source: Bloomberg, RongViet Securities

Performance of funds under current management of Eastspring Investments Fund Management Limited Liability Company

**\*Mutual fund (Eastspring Investments Vietnam Navigator Fund ("ENF"))**

**Investment objective**

The objective of the Navigator Fund is to deliver capital appreciation through exposure to multiple asset classes, including equity, bond, and bank deposit.

Actively navigate the market through dynamic asset allocation to provide participation in equity upside when stock markets are performing well, while having a softening effect when stock markets are not performing well.

**Fund details**

<b>Inception date</b>	25 March 2014	<b>Trading confirmation</b>	Weekly Monday & Thursday (T+1)
<b>Total NAV</b>	VND 192.5 bn	<b>Payment to investors</b>	T+3
<b>Trading frequency</b>	Weekly Wednesday & Friday (T Day)	<b>Min. Investment</b>	VND 1,000,000
<b>Cut off time</b>	Before 10.30AM on Tuesday & Thursday	<b>Supervisory Bank</b>	HSBC (Vietnam) Ltd

Source: EIFMC

**Commentary**

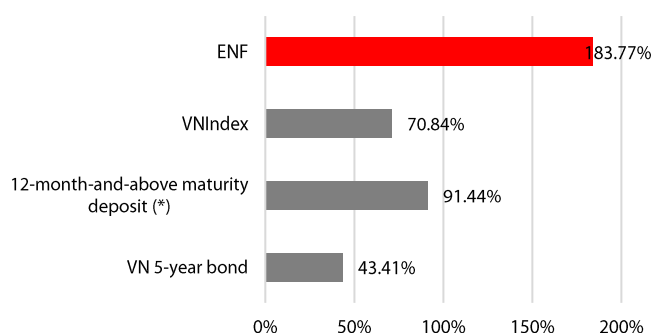
Since inception until October 31<sup>st</sup>, 2023, the ENF Fund has performed better than some other investment channels such as savings deposit with 12-months-and-above maturity, five-year Vietnam Government bond, and stocks (VN-Index excluding dividends). The Fund also has lower maximum drawdown (-23.2%) and average drawdown (-8.7%) than the VN-Index (-45.3% and -13.9% respectively). In 2022, the ENF Fund decreased by 14.69%, significantly lower than stock market (32.8%). After 10M2023, the ENF fund increased by 4.56%, while VN-Index only increased 2.1%. We expect the Fund's selective and diversified stock portfolio, including the top enterprises of technology, retail, industrial, and consumer sectors, to help the Fund continue to grow stably.

**Cumulative return of ENF and other assets (%) (\*\*)**

Since ENF inception	ENF	VN-Index	VN 5-year bond	12-month-and-above maturity deposit (*)
<b>Cumulative return</b>	183.77%	70.84%	43.41%	91.44%
<b>Annual return</b>	11.47%	5.73%	3.82%	6.99%

Source: EIFMC, RongViet Securities

**Cumulative performance of ENF vs other assets (\*\*)**



Source: EIFMC, RongViet Securities

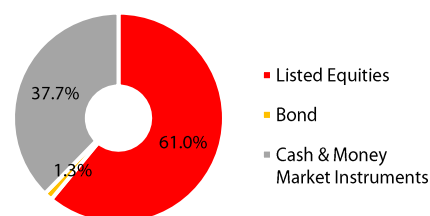


**Fund fees & charges**

<b>Subscription fee</b>	Up to 3% (determined by the distributors)
<b>Annual management fee</b>	1.5% per annum of total NAV
<b>Custodian, Supervisory, Transfer Agent &amp; other fees</b>	Up to 0.25% per annum of total NAV

Source: EIFMC

**Asset Allocation**



Source: EIFMC

(\*) Calculating data before March 2021 uses an average 12-month-and-above maturity deposit rate from weekly SBV announcement. From March 2021, data is calculated by averaging 12-month, 18-month, 24-month and 36-month maturity deposit rates quoted by 10 largest banks in terms of deposit market share in 2020, namely BIDV, Agribank, Vietinbank, Vietcombank, SCB, MB Bank, Sacombank, ACB, Techcombank and SHB.

(\*\*) Past performance is not necessarily a guide to the future or likely performance of any particular fund, nor EIFMC. An investment in securities investment funds is subject to investment risks, including the possible loss of the principal amount invested. Potential investors may wish to seek advice from a financial adviser before purchasing any fund unit.

## Performance of funds under current management of Eastspring Investments Fund Management Limited Liability Company

### 6 PRUlink Funds

6 PRUlink Funds are established from premium of unit-linked product policies provided by Prudential Vietnam, with an aim to maximize total income in the medium-to-long term for policyholders who are signed policies with Prudential Vietnam and does not apply to other individuals. These funds are designed for customers with low to high risk tolerance levels corresponding to investment strategy into assets with stable income (such as deposits ...) to high capital growth (such as stocks...).

#### Net return of PRUlink Funds (%)

Year/ Assets	PRUlink Vietnam Equity Fund	PRUlink Growth Fund	PRUlink Balance Fund	PRUlink Stable Fund	PRUlink Bond Fund	PRUlink Preserver Fund	3-month maturity deposit interest	12-month-and- above maturity deposit interest	Five-year Vietnam government bond return	VN-Index
2018	-9.22%	-4.52%	-1.51%	1.39%	5.63%	4.74%	4.41%	6.90%	4.31%	-9.32%
2019	9.75%	10.56%	10.98%	11.41%	12.19%	5.50%	5.30%	6.93%	4.46%	7.67%
2020	16.38%	16.02%	14.69%	12.48%	9.01%	5.55%	4.48%	7.09%	1.92%	14.87%
2021	39.96%	28.54%	20.81%	13.34%	2.98%	4.19%	3.39%	6.20%	1.17%	35.73%
2022	-23.77%	-17.58%	-13.29%	-8.93%	-1.99%	4.82%	3.73%	5.74%	0.86%	-32.78%
10M2023	4.74%	8.47%	11.02%	13.60%	17.60%	5.78%	4.07%	7.68%	3.92%	3.28%

Source: EIFMC, RongViet Securities

Note:

- Return of our funds is calculated based on the date of reported NAV. There could be difference between this return and return calculated at the end of the month. The PRUlink Funds' net return 10M2023 has not been audited and provided by EIFMC and RongViet Securities and may be adjusted at the end of the financial year. Past performance is not necessarily a guide to the future. Customers are entitled to investment results and bear corresponding risks and should refer the terms and conditions of the insurance products for further information.
- 3-month maturity deposit interest is average of monthly quoted interest rates from three listed State-owned banks at the time of roll over (not including Vietcombank during 2015 – 2017 due to lack of data), 12-month-and-above maturity deposit interest before March 2021 is average rate from weekly SBV announcement, 12-month-and-above maturity deposit interest after March 2021 is calculated by averaging 12-month, 18-month, 24-month and 36-month maturity deposit rates quoted by 10 largest banks in terms of deposit market share in 2020, namely BIDV, Agribank, Vietinbank, Vietcombank, SCB, MB Bank, Sacombank, ACB, Techcombank and SHB, and five-year Vietnam government bond return has been calculated by RongViet Securities after it randomly selects a Vietnam government bond with duration of (or closest to) 5 years.

### Commentary

- Regarding the investment trust from Prudential, for the past 5-year period from 2018 to 2022, cumulative net returns of all funds have increased sharply, in a range of 23.71% and 31.3%. Of which PRUlink Balance Fund had the highest growth with accumulated net return of 31.3%, followed by the PRUlink Stable Fund with cumulative net return of 31.16%.
- The PRUlink Vietnam Bond Fund recorded the best results after 10M2023 with 17.6%, followed by the PRUlink Stable Fund (13.6%), PRUlink Balance Fund (11.02%), PRUlink Growth Fund (8.47%) and The PRUlink Vietnam Equity Fund (4.74%). All of them have a higher performance than Vietnamese stock market's performance (VN-Index, 3.28%) in the same period.

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