

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). **OCTOBER NEWSLETTER 2023** Data as of Sep 30th, 2023

Macroeconomy commentary:

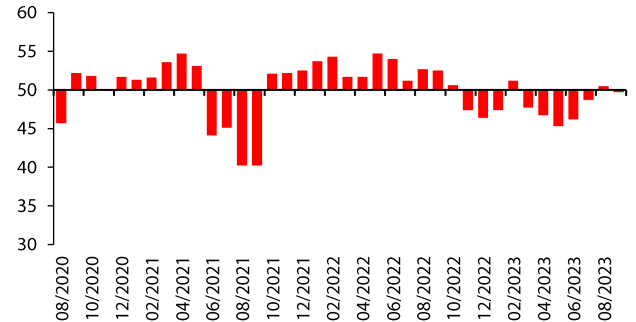
- In September 10-year US bond yields were at 4.67%, the highest level since May 2007. It is important to monitor the US M2 to nominal GDP ratio. Based on the 2Q23 GDP data, this is now 4.4% above the pre-Covid trend, down from a peak of 27% above trend reached in 2Q20. Nonfinancial corporates' net interest payments have declined due to 1) being locked in financing costs and 2) the dramatic increase in returns earned on companies' cash balances thanks to Fed tightening. US nonfinancial corporates' net interest payments as a percentage of profits after tax declined from 19.2% in 1Q22 to 12.3% in 2Q23, the lowest level since 2Q05. In absolute terms, net interest payments by corporates have declined by 31% y/y from an annualized US\$292 billion in 1Q2022 to US\$202 billion in 2Q23, the lowest level since the third quarter of 2006. S&P 500 companies with the most cash are squatting on trillion of dollars and not rushing to give it to the rightful owners: investors. For these reasons, US 10-year yields are expected to stay high for a while. Even though central banks appear to be ending their interest rate hiking cycles with the Bank of England (BOE) and Swiss National Bank surprising last week with pauses instead of hikes, joining a growing list of central banks that have put further increases on hold. Yet, monetary policy tightening continues with quantitative tightening (QT) underway at most major central banks.

- Regarding Vietnam economy, according to GSO estimates, GDP growth in the third quarter reached 5.3% over the same period. The September PMI index decreased to 49.7 points compared to 50.5 points in the previous month. Growth in public investment has been reflected more clearly in economic growth. The gross capital formation growth rate in 9M2023 is 3.3%. In the current context, public sector investment is the main pillar; investment capital in this sector increased by 15.2% in 9M2023, while private and foreign sector investment grew weakly, by 2.2% and 3.8%, respectively. The SBV deals with the trilemma: exchange rate, inflation, and excess liquidity. Brent oil price increased by about 9.7% in September and 27.3% in Q3/2023 due to OPEC+ supply cuts affecting oil prices more strongly than the weak demand outlook due to slower economic growth. Regardless of this price growth, it is possible to control domestic inflation. Regarding domestic inflation developments, the consumer price index increased by 1.1% in September, the highest increase since February 2021. After the Fed meeting in September 2023 stating that interest rates will remain high for longer, combined with the US economic outlook proved to be a push to emerging and developing markets like Vietnam to face two inflation and exchange rate pressures. If inflationary pressure is under control, the pressure of the dong's depreciation is still intense, requiring a more drastic response from the State Bank. Since the Fed meeting, the SBV has net absorbed about VND110.7 trillion in the open market through the issuance of SBV bills. At the same time, interbank interest rates have also increased. As of October 3, the overnight lending interest rate was 0.74%/year, an increase of 0.55 percentage points compared to the end of September. Finally, deposit interest rates hitting rock bottom will stimulate loan demand again in Q42023.

September market recap:

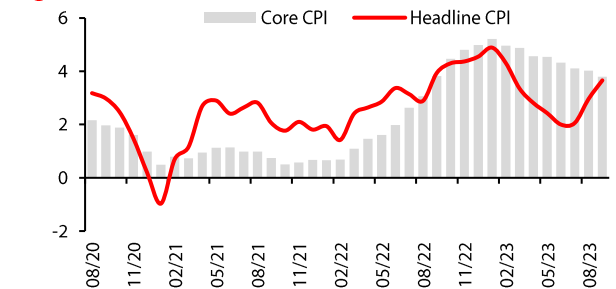
- In September, VN Index witnessed the hardest correction since February with a decline of 5.71% MoM to close at 1,154. Further breakdowns, the VNDMID (-6.37%) got the hardest hit among the sub-indices. While VN SMALL declined -4.75% and VN30 fell -5.53%.
- Foreign investors' net position was -VND 4,446 billion (-USD 181.88 million), which was the largest monthly net selling amount Year-to-Date (YTD) and made their YTD

Figure 1: Vietnam PMI



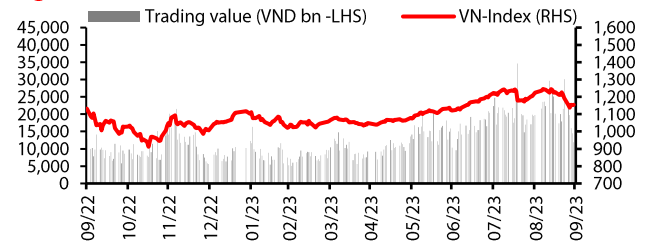
Source: Bloomberg, RongViet Securities

Figure 2: Vietnam CPI



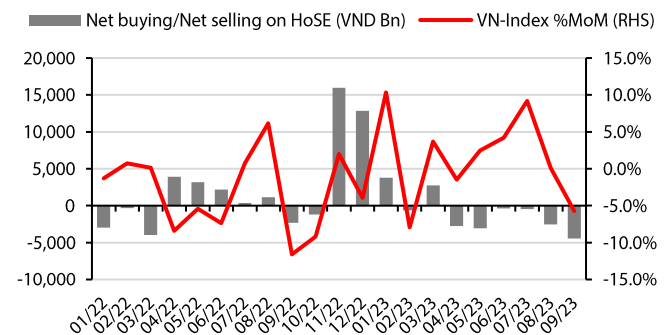
Source: Bloomberg, RongViet Securities

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

net position deepen further to -VND 7,791 billion (-USD 318.86 million). Construction & Material and Health Care were their favored industries. Similarly, local institutional investors net sold aggressively in September with an amount of VND 3,387 billion (USD 138.12 million) marking their Year-to-Date (YTD) net selling position at VND 10,263 billion (USD 419.61 million).

- Among the GICS-based sectors, there are only two sectors that can save the green as the month ended. Energy (5.05%) was the top performer, with PVT (23.4%) and GSP (24.2%) taking the lead within the sector. In contrast, Real Estate (-15.26%) was among the top laggard and was also the major forces to impact on VN Index. In which, triple V from Vingroup family including VIC (-24.6%), VHM (-16.2%), and VRE (-13.86%) contributed the most to the fall of the sector, as well as 1/2 of VN Index correction.

VCB - Pioneering recovery initiatives

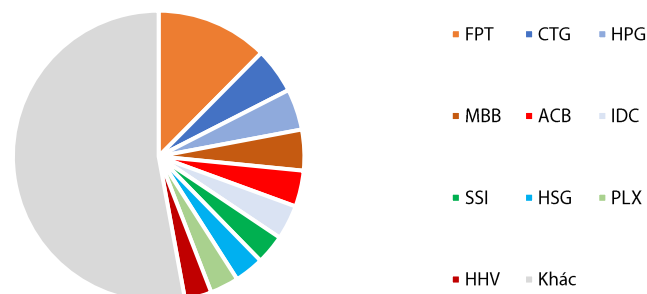
- VCB reported total operating income (TOI) of VND 17.4 trillion (+9.4% YoY) in Q2/23, driven by a growth in net interest income (NII) reaching VND 14 trillion (+9.6% YoY) combined with non-interest income of VND 3.4 trillion (+8.6% YoY). Effective cost control measures led to a decrease in the cost-to-income ratio (TTM) by 100 bps to 30.6%, and a 7.2% YoY reduction in provision expenses, resulting in a maintained PBT at a high level of 9.2 trillion VND (+25% YoY). For the first 6 months of 2023, the total TOI and PBT reached 35.9 trillion VND (+10% YoY) and 20.5 trillion VND (+18% YoY), respectively.
- The cost of funding (annualized) in Q2 increased at a slower rate, rising by 37 bps (compared to a 57 bps increase in Q1) to reach 3.78%. This reflects the continuous increase in deposit interest rates that occurred in the later months of 2022. Meanwhile, the average lending interest rate increased by 13 bps, combined with the bank's optimization of interest-earning assets by allocating a larger share to customer loans, resulting in a 38-bps increase, Net interest margin (NIM) in Q2, edging up by 2 bps compared to Q1 to reach 3.2%.
- With strong asset quality and continuously enhanced LLR, VCB is one of the least vulnerable banks in terms of asset quality. Consequently, the bank's non-performing loan (NPL) ratio has improved slightly by 2 basis points compared to the previous quarter (0.83%), with the ratio of G2 loans remaining stable at 0.69%.

Sector's valuation (at 9/30/2023)

	%1M	%3M	%YTD	Basic P/E	P/B	ROE	ROA	Dividend yield (%)	PBT growth (YoY, %)	EPS growth (YoY, %)
Oil & Gas	-3.70%	24.91%	48.14%	17.28	1.39	8.68%	4.49%	4.76%	40.53%	121.55%
Basic Materials	-1.60%	23.99%	36.20%	54.24	1.40	5.59%	4.54%	6.58%	-13.41%	20.79%
Industrials	-1.83%	11.27%	10.83%	17.00	1.74	13.84%	8.88%	4.40%	-102.62%	65.28%
Consumer Goods	-8.44%	6.72%	0.80%	20.35	2.36	15.96%	9.99%	3.02%	126.27%	20.52%
Health Care	10.72%	10.66%	16.20%	12.76	1.63	19.10%	13.52%	3.47%	-551.14%	33.84%
Consumer Services	-15.32%	14.68%	14.40%	0.00	3.72	2.85%	0.85%	8.46%	-1129.27%	112.36%
Telecommunications	-3.07%	12.14%	21.40%	124.37	2.51	1.91%	-0.42%	8.76%	10.49%	-1.97%
Utilities	2.81%	14.12%	13.10%	13.30	1.88	17.55%	11.74%	5.76%	-262.17%	25.84%
Financials	-20.43%	6.50%	10.11%	14.89	1.52	10.89%	4.33%	4.31%	14.21%	37.84%
Banks	16.92%	10.51%	21.44%	9.23	1.56	18.64%	1.67%	0.00%	-8.42%	-12.30%
Technology	22.04%	37.06%	37.65%	21.42	3.57	24.05%	9.65%	1.08%	24.51%	-18.05%

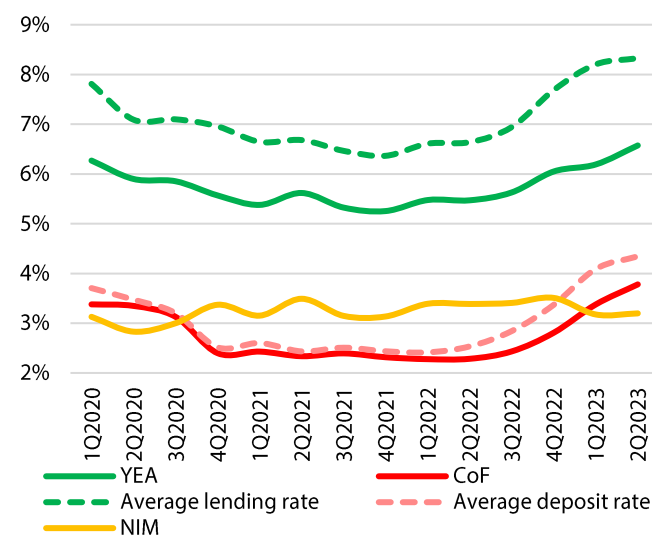
Source: Fiinpro, RongViet Securitie

Figure 5: ENF equity portfolio at the end of 09/2023



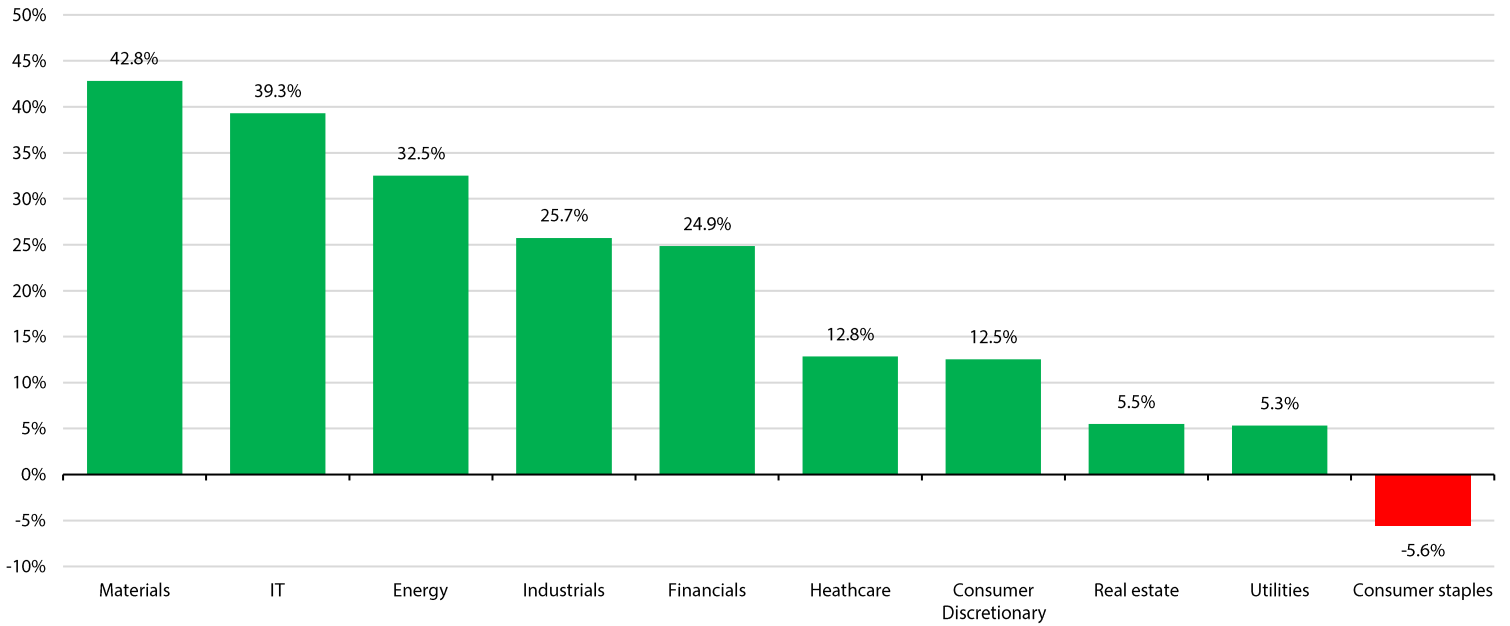
Source: ENF, RongViet Securities

Figure 6: Asset yield, cost of fund, NIM (annualized, %)

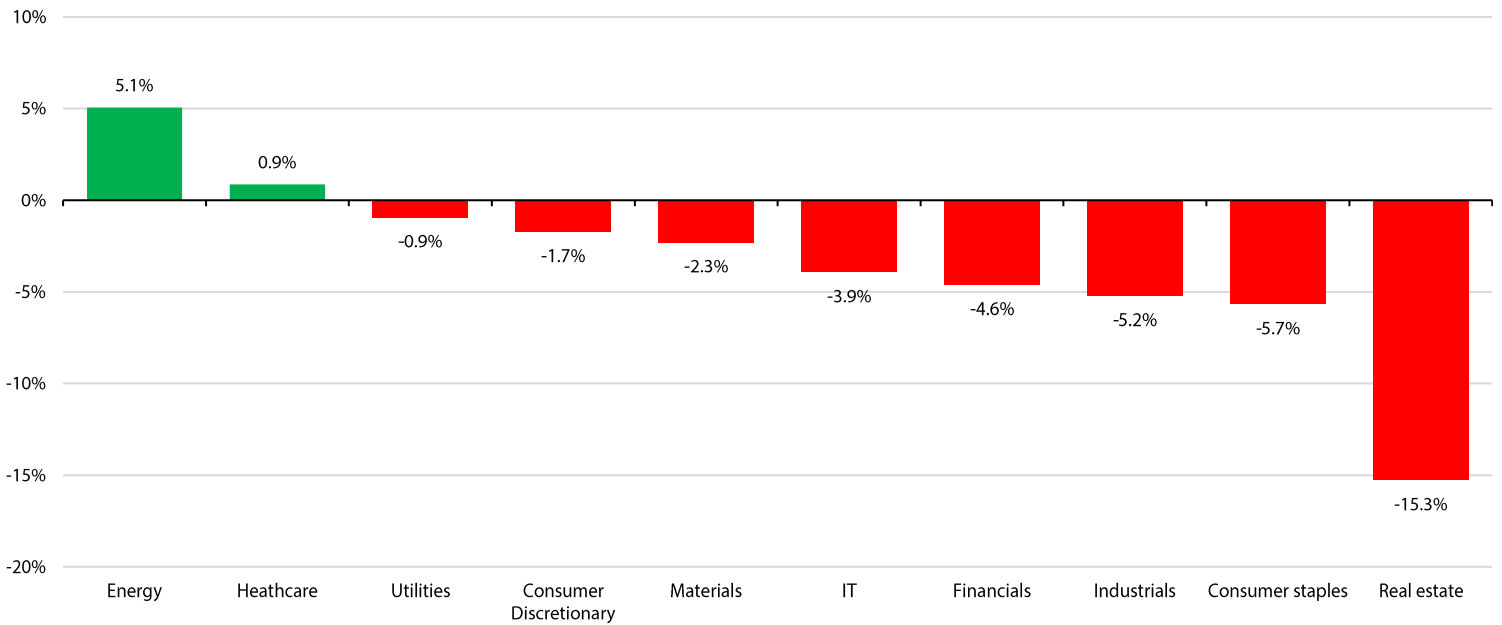


Source: VCB, RongViet Securities

Bloomberg's sector performance - 2023



Bloomberg's sector performance - September 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.

Commentary

Since inception until September 30th, 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 -13.7% respectively). In 2022, the ENF Fund decreased by 14.69%, significantly lower than stock market (32.8%). After 9M2023, the ENF fund increased by 13.3%. 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.

Fund details

Inception date	25 March 2014	Trading confirmation	Weekly Monday & Thursday (T+1)
Total NAV	VND 208.3 bn	Payment to investors	T+3
Trading frequency	Weekly Wednesday & Friday (T Day)	Min. Investment	VND 1,000,000
Cut off time	Before 10.30AM on Tuesday & Thursday	Supervisory Bank	HSBC (Vietnam) Ltd

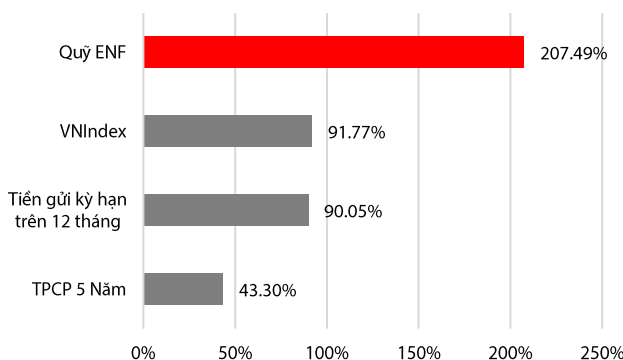
Source: EIFMC

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

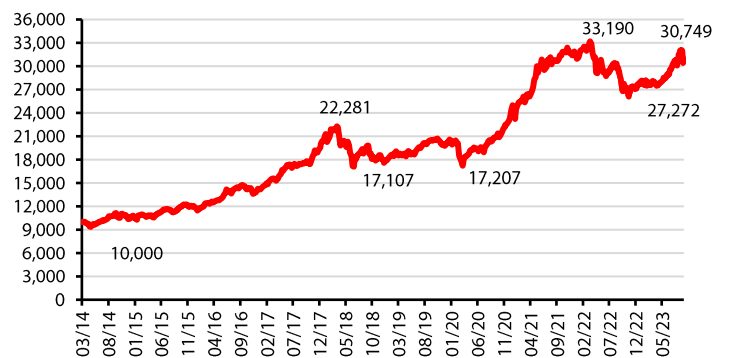
Since ENF inception	ENF	VN-Index	VN 5-year bond	12-month-and-above maturity deposit (*)
Cumulative return	207.49%	91.77%	43.30%	90.05%
Annual return	12.52%	7.08%	3.85%	6.98%

Source: EIFMC, RongViet Securities

Cumulative performance of ENF vs other assets ()**



Source: EIFMC, RongViet Securities

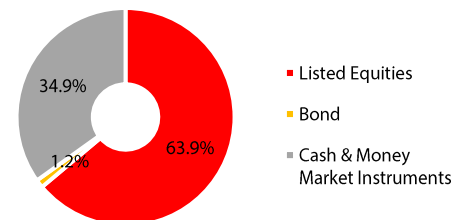


Fund fees & charges

Subscription fee	Up to 3% (determined by the distributors)
Annual management fee	1.5% per annum of total NAV
Custodian, Supervisory, Transfer Agent & other fees	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%
9M2023	11.66%	13.42%	14.58%	15.76%	17.62%	5.21%	3.77%	6.87%	3.51%	14.18%

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 9M2023 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 9M2023 with 17.62%, followed by the PRUlink Stable Fund (15.76%) and PRUlink Balance Fund (14.58%). The PRUlink Vietnam Equity Fund (11.66%), PRUlink Growth Fund (13.42%) has a lower performance than Vietnamese stock market's performance (VN-Index, 14.18%) in the same period.

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