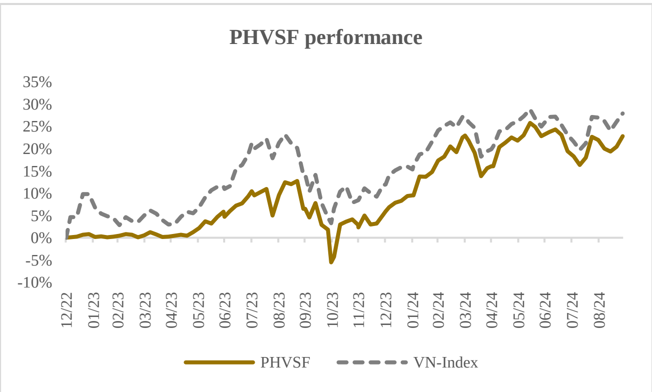
Investment Objectives

The Fund's investment objective is to obtain stable asset appreciation for the Investors in the medium and long term. Most of the Fund's investment will be focused on securities currently and to be listed on the Vietnamese stock market.

Fund Details

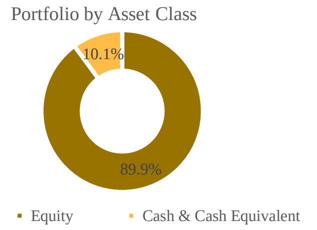
Fund name	**PHU HUNG VIETNAM SELECT INVESTMENT FUND**
Fund code	PHVSF
Type of Fund	Open-ended fund
Fund Management Company	Phu Hung Fund Management JSC.
Fund Managers	Nguyen Hoai Son Ho Thuy Ai
Custodian Bank	Bank for Investment and Development of Vietnam JSC (BIDV)
Transfer Agent	Vietnam Securities Depository
Trading Day (T Day)	Every day, from Monday to Friday (T Day)
Cut-off time	14:30 on T-1 Day (the last working day before the T Day)
Minimum Investment	VND 100,000/ transaction
Subscription fee	0.0%
Redemption Fee	Calculated for each investment, according to FIFO (based on holding period of the fund units) • Less than 182 days: 2% redemption amount • From 182 days to less than 365 days: 1.5% redemption amount • From 365 days to less than 730 days: 0.5% redemption amount • From 730 days or more: 0% Redemption fees apply to both Normal and SIP products
Management fee	1.5% NAV/ year

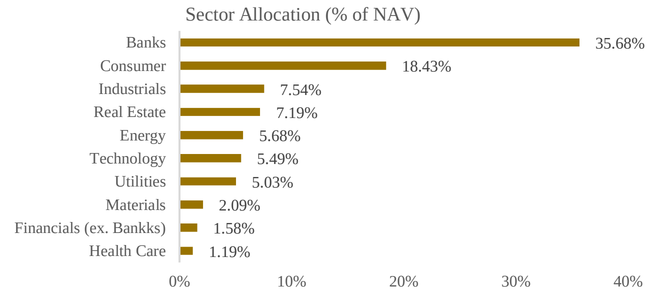
Fund Performance



Trading Day	1M Return	3M Return	6M Return
30/09/2024	0.01%	1.12%	-0.49%

Asset Allocation





Top Holdings

Company	% of NAV
FPT Corp	5.49%
Asia Commercial Bank	4.89%
Military Commercial Bank	4.85%
Bank for Foreign Trade of Vietnam	4.25%
Mobile World Investment	3.93%

Data as of September 30, 2024.

Fund Managers' Commentary

The VN-Index (VNI) recovered after a weak start to the month, gaining 0.3% mom. In the first half of the month, the VNI declined 3.5% before it recovered in the second half of the month (VNI: +3.9%). The decline in the first half was due to selling pressure increasing as the global stock market declined in the first week of September. In addition, Typhoon Yagi brought heavy rain and flooding from September 6th to 14th, placing negative sentiment on the market, especially in the insurance sector. However, several factors that supported the VNI to rebound in the second half include: (1) buying power at low prices returned; (2) US equity markets recovered along with the first Fed rate cut on September 18; (3) positive sentiment from the banks sector as of September 17, 2024, when credit growth reached 7.38% YTD (vs 5.73% in the same period last year); (4) China released a series of stimulus measures; and (5) The Government officially approved the removal of the "prefunding" bottleneck, which is a key criterion for the market upgrade by FTSE. In September, the financial services sector (+3.1%) recorded the strongest gain among all sectors, driven mainly by banks and broker stocks. In contrast, oil & gas (-5.3%) and insurance (-5.0%) were the top lagging sectors.

PHVSF remained flat (+0.01%) in September, underperforming the VN Index by 31 basis points. September's market condition is difficult to a diversified fund such as PHVSF, as the market breadth is narrow. Among the 168 stocks in our investable universe, only around 30% of them outperformed the VN Index in September. The Index is mainly driven by bank and broker stocks. We have always believed that there are investment opportunities in Vietnam beyond just banks, so the fund is not highly overweight banking sector.

We expect that market sentiment in October could be relatively cautious as the VNI nearly reach 1,300 points and investors are waiting for several key pieces of information to be announced including: (1) corporate earnings for Q3 2024; (2) macro indicators in Q3 2024 (announced on October 6th); and (3) the 15th National Assembly starting at the end of October. However, despite the large impact of Typhoon Yagi in September, we expect that macro indicators in Q3 2024 could be positive due to upbeat results in July and August. Additionally, the newest economic stimulus package from China could have a positive impact on Asian stock markets. In the coming quarter, the fund will remain a cautious stance, as there are more uncertainties caused by wars, elections and monetary policies.

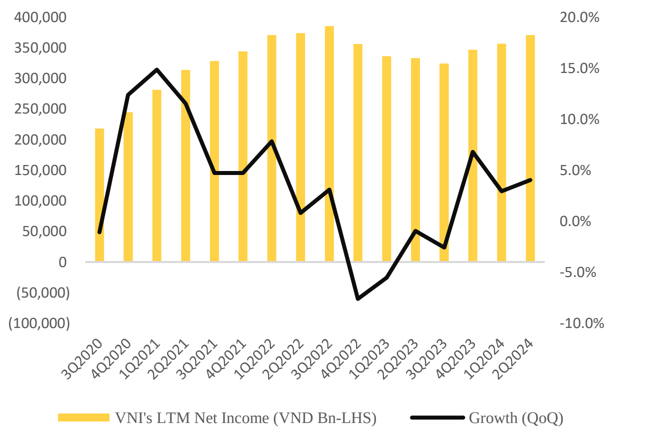
Table 1: Consensus earnings forecasts

	2023 EPS GR (%)	2024 EPS GR (%)	2025 EPS GR (
Banks	14.72	21.77	20.7
Basic Resources	480.49	89.07	23.4
Chemicals	(30.52)	50.83	25.2
Automobiles & Parts	(59.23)	62.45	49.6
Food & Beverage	95.78	347.79	25.2
Personal & Household Goods	(36.37)	29.70	98.6
Retail	(52.24)	782.40	84.4
Travel & Leisure	119.85	310.47	6.8
Financial Services	58.54	53.89	12.9
Insurance	33.94	(2.58)	17.0
Real Estate	19.97	20.41	38.2
Health Care	96.57	8.77	19.3
Construction & Materials	47.03	104.17	52.0
Industrial Goods & Services	0.43	32.15	10.9
Oil & Gas	(92.18)	66.13	209.7
Technology	294.73	28.08	23.3
Utilities	(20.74)	4.41	26.9

Source: FinPro, Bloomberg.

Table 1 is the consensus earnings forecast for our investment universe. Personal goods, insurance, real estate, healthcare, oil & gas and utilities is expected to accelerate. On the other hand, the growth of industrials and travel & leisure is expected to slow down. We will closely monitor 3Q24 earnings result and make necessary adjustments based on earnings momentum and revisions.

Trailing 12-month Net Income of listed companies on HSX have recovered to a level in 4Q2022



Source: Bloomberg, PHFM compilation

Economic Overview

Highlights of September economic figures:

- GDP growth of 7.4% yoy in 3Q24, bringing 9M24 growth to 6.8% yoy (vs 9M23 +4.4% yoy) .
- Index of Industrial Production (IIP) in 3Q24 +10.8% yoy (9M24: +8.6% yoy vs 9M23: +0.3% yoy), manufacturing IIP: +13.1% yoy (9M24: +9.9% yoy vs 9M23: +0.2% yoy).
- Export and import grew +15.4% and 17.3%, respectively (September +10.7% and +11.1%), resulting in a trade surplus of USD20.8bn.
- FDI registration +11.6% yoy to USD24.9bn and FDI disbursement +8.9% yoy to USD17.3bn. New registration led by Singapore (29.7%) following China (13%), South Korea (11.7%) and Hong Kong (10.4%).
- September's CPI +0.28% mom and +2.63% yoy; average CPI in 9M24: +3.88% yoy.
- Total retail sales of goods & services +8.8% yoy in 9M24 (September +7.6% yoy) with retail sales of goods +7.9% yoy, accommodation & catering services +13.6% yoy and tourism +16.7% yoy.
- State spending for investment & development: -11.8% yoy (completing 47.3% of the annual plan).
- Typhoon Yagi hit 25 northern provinces and Thanh Hoa, which account for over 40% of VN's GDP. The agriculture sector only grew 2.58% y/y in 3Q24, a decrease of 1.06 percentage points from 2Q24. The storm also caused Vietnam's PMI to drop below 50, ending five consecutive months of growth in the manufacturing sector.

We expect that the storm's impact to be confined to 2024 and will not affect GDP growth in 2025. Vietnam's 3Q24 GDP growth continues to surprise compared to the market's overall forecasts. We believe that manufacturing and trade activities will continue to experience stable growth in 4Q24, particularly during the last two months of the year, to meet the demand of the holiday season. Additionally, we expect the services sector to continue to thrive, driven by strong tourism growth in 4Q24.

Top Contributor and Dragger of The Month

Top Contributor: Vietnam Prosperity Bank (VPB)

VPB contributed 23 basis points of return to PHVSF in September. The bank primarily operates in the areas of capital mobilization and credit lending. We expect that business results of VPB to improve thanks to the recovery of domestic retail and consumption activities with expected credit growth in 2024 and 2025 of 20.2% and 24%, respectively. We also believe that FE Credit could be profitable in 2025F when the debt repayment capacity of the population improves as a result of better economic conditions.

Top Dragger: IDICO (IDC)

IDC contributed 15 basis points of loss in September. The company is a leading industrial park (IP) developer in Vietnam with a current total site area of 3,268 ha in key southern and northern industrial provinces. IDC also invests in hydropower plants, electricity trading, construction, toll roads, and real estate projects. IDC had weaker performance mainly due to the 2024 lower expected IP land sales. We anticipate a stronger stock performance in 2025F driven by expected rebound in IP land sales, supported by recent and upcoming land acquisitions.

For further information:

Address: Unit 4, 21st Floor, Phu My Hung Tower, No.8 Hoang Van Thai Street, Quarter 1, Tan Phu Ward, District 7, Ho Chi Minh City

Funds Hotline: (+84 28) 5413 7991

Email: cskh@phfm.vn

Website: www.phfm.vn

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