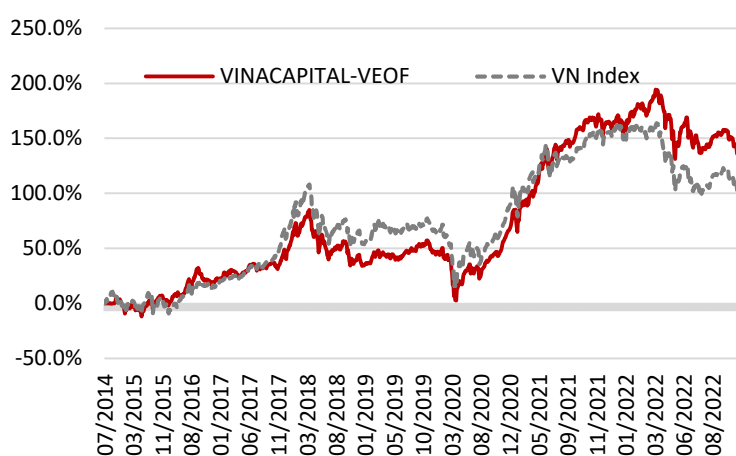


VINACAPITAL-VEOF Investment approach

The fund applies active investment strategy and bottom-up stock selection, concentrates on high-conviction stocks through a deep dive research and analysis.

The fund mainly invests in large and mid-cap stocks which are industry leaders or differentiate in competitive advantages, have growth potential and are being undervalued.

NAV growth since inception



The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance data quoted.

Fund performance

VINACAPITAL-VEOF VN-Index

Total AUM (VND billion)	1,004.0	
NAV/Share (VND)	23,147.8	
Sep 2022 return (%)	(10.1)	(11.6)
YTD 2022 return (%)	(12.9)	(24.4)
3-year annualized return (%)	14.5	4.3
Annualized return since inception (%)	10.7	8.5
Cumulative return since inception (%)	131.5	95.8

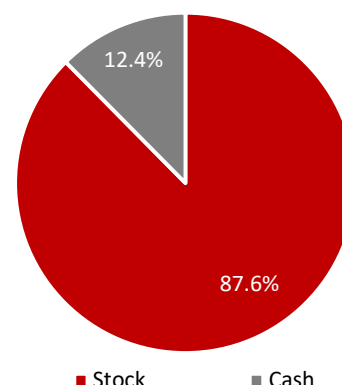
(The NAV is net of management fee and administrative expenses)

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Investment allocation

% Total NAV



Fund information

Inception	1/7/2014
Management fee	1.75% per annum
Subscription fee	0.0%
Redemption fee	2.0% < 12 months
	1.5% >= 12 months
	0.5% >= 24 months
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Viet Nam)
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark	VN-Index

Portfolio statistics

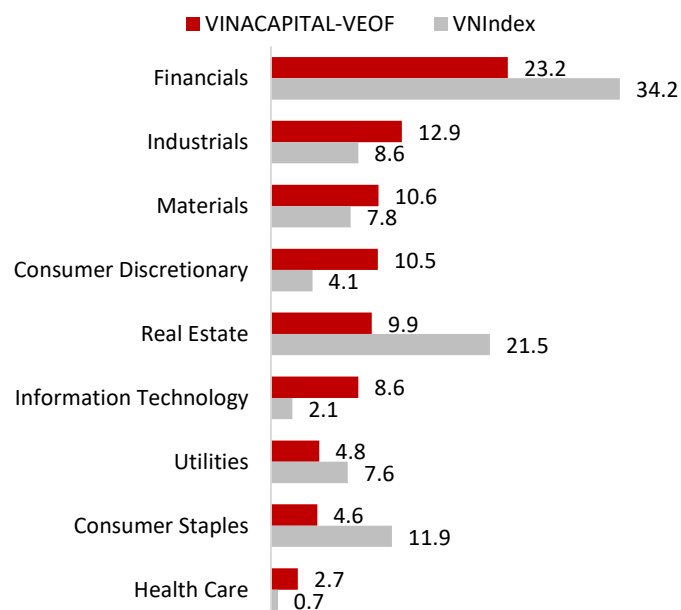
	VINACAPITAL-VEOF	VN-Index
Trailing P/E (x) (*)	11.1	12.2
Trailing P/B (x) (*)	2.6	1.9
Trailing ROE (%) (*)	22.8	15.4
Dividend yield (%) (*)	1.9	1.7
Portfolio turnover (%)	15.0	-
Sharpe ratio	0.3	0.2
No. of stocks	36	401

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	8.6
MWG	Consumer Discretionary	7.1
MBB	Financials	6.4
VCB	Financials	5.7
GAS	Utilities	4.8
VPB	Financials	3.4
VRE	Real Estate	3.3
PNJ	Consumer Discretionary	2.9
GMD	Industrials	2.9
VHC	Consumer Staples	2.9

Comments from fund manager

MARKET COMMENTARY

The VN-Index slumped 11.6% in September due to the Fed's hawkish message and the decision of the State Bank of Vietnam (SBV) to raise interest rates. On a year-to-date (YTD) basis, the VN-Index has declined 24.4%.

Global stock markets tumbled following the more hawkish-than-expected speech of US Fed Chair Jerome Powell at the Jackson Hole Economic Policy Symposium. The S&P 500 and STOXX Europe 600 retreated by 9.3% and 9.0%, respectively, in September after the Fed decided to raise the benchmark interest rate by 75 bps to a range of 3.0 – 3.25%. Meanwhile in Vietnam, the SBV announced that it would increase rates at almost the same time with the Fed. The SBV raised the re-financing rate to 5.0% from 4.0%, the re-discount rate to 3.5% from 2.5%, and the cap for 1-month to below 6-month deposit interest rate from 4.0% and 5.0%. After the SBV's decision to increase interest rates, many banks lifted the below 6-month deposit interest rate to the upper limit of 5.0%. The deposit rates for 6-month terms and above also moved up by approximately 50 bps in September and 100-150 bps YTD, varying by banks and terms.

With pressure from the stronger USD, the Vietnam Dong depreciated against the USD by 1.7% in September and 4.5% YTD. In September, the SBV increased the USD spot selling price twice from VND23,400 to VND23,700, then to VND23,925.

Market sentiment was weak, with average daily trading value declining by 16% MoM to USD660 million in September on the combined three bourses. Foreign investors turned to net-sellers during the month with the net-sell value reaching USD147.2 million, reducing the YTD net-purchase value to only USD9.2 million.

Contrary to the bearish movement of the stock market, Vietnam's economic growth was better than expected, with GDP advancing by 13.7% in 3Q22, lifting 9M22 GDP growth to 8.8%.

The industrial production index and retail sales maintained their trend of growing month-over-month, increasing by 1.8% and 1.0% MoM in September, respectively, while for the 9M22 period, industrial production rose 9.6% while real retail sales increased 16.9%. FDI disbursement hit a five-year high of USD15.4 billion in 9M22. Nevertheless, weaker growth was seen in exports and imports, which declined 14.3% and 7.3% MoM in September, indicating that the sluggish global economy is affecting Vietnam. Inflation ticked up, with CPI rising 0.4% MoM in September and 3.9% YoY, driven mainly by school fees and residential rents.

FUND COMMENTARY AND INVESTMENT OUTLOOK

VINACAPITAL-VEOF's NAV per share declined 10.1% in September, outperforming the VN-Index by 1.5%. On a YTD basis, the fund has declined by 12.9% while the VN-Index has plunged 24.4%.

Among the fund's top-ten holdings, six stocks outperformed the market in September. The stocks that underperformed are mainly banks, as current market sentiment for the sector is not positive due to concerns that rising deposit rates may reduce banks' net interest margins. In addition, recent violations of regulations relating to the corporate bond market may impact certain banks. Nevertheless, the top banks in VINACAPITAL-VEOF's portfolio (MBB, VCB and VPB) are expected to attain higher growth than the sector's average as they have just been granted higher credit growth quotas for their support of distressed credit institutions. The 8M22 business results of MBB were also positive, with pre-tax profit of the bank's parent reaching approximately VND14.5 trillion, or 45% YoY growth.

VINACAPITAL-VEOF's top holding, FPT, reported encouraging business results in 8M22. The company reported 8M22 net profit of VND3.41 trillion, a 30% YoY growth.

PNJ has beaten market expectations on earnings since the beginning of the year. It recorded 8M22 net profit of VND1.25 trillion, or 99% YoY growth.

GAS estimated that its 9M22 pre-tax profit might grow 62% YoY, reaching VND14 trillion, and full-year pre-tax profit might reach VND16 trillion, a 43% YoY increase. Actual numbers may be even higher as the company has always been conservative in providing projections.

At the beginning of October, liquidity in the banking system remains tight as interbank rates hover around 5% and at times, has surged to over 8%. In 9M22, the 10-year government bond yield climbed by 266 bps to reach 4.76%. We maintain our view that at the current valuation (2022F P/E of 10.8x on 2022F and 2023F EPS growth of 15% and 19%, according to Bloomberg), Vietnam's stock market is attractive for long-term investment, however there are uncertainties from both global and domestic factors, so short-term volatility should still be expected.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-2.8%	-2.3%	-26.2%	15.1%	10.3%	-2.4%	-2.1%	10.9%	3.2%	0.4%	10.1%	7.7%	16.1%
2021	-0.1%	11.8%	0.5%	5.6%	11.6%	5.1%	-1.8%	3.0%	3.2%	8.3%	-0.1%	-0.3%	56.5%
2022	0.0%	5.1%	3.3%	-6.0%	-4.1%	-4.7%	-1.3%	5.2%	-10.1%				-12.9%

Important information

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