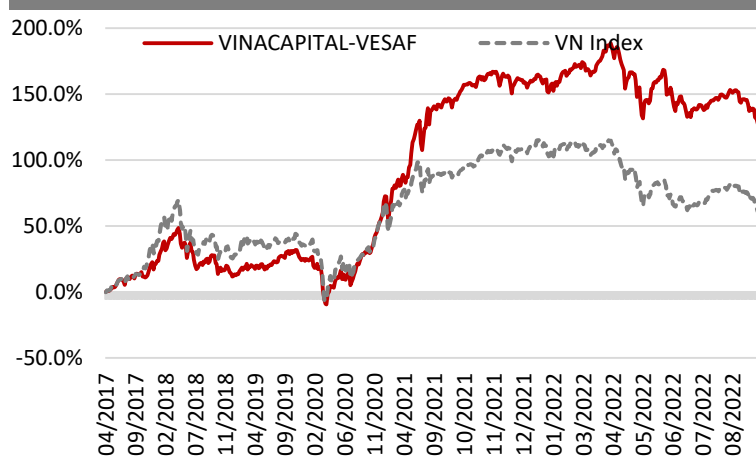


VINACAPITAL-VESAF

Investment approach

Invest in all equity opportunities unencumbered by foreign restriction or size. The strategy of the fund is to take meaningful stakes in companies with a robust franchise that we believe can benefit from the domestic growth of the country.

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-VESAF	VN-Index
Total AUM (VND billion)	1,158.9	
NAV/Share (VND)	22,705.4	
Sep 2022 return (%)	(10.2)	(11.6)
YTD 2022 return (%)	(13.1)	(24.4)
3-year annualized return (%)	20.1	4.3
Annualized return since inception (%)	16.3	9.0
Cumulative return since inception (%)	127.1	59.6

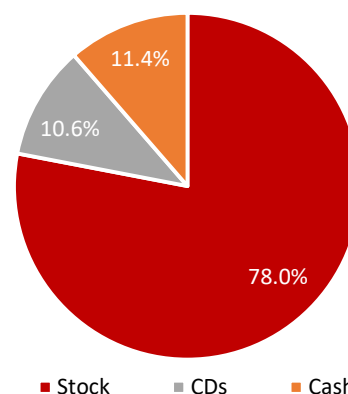
(The NAV is net of management fee and administrative expenses)

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Investment allocation

% Total NAV



Fund information

Inception	18/04/2017
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. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, From Monday to Friday
Benchmark	VN-Index

Portfolio statistics

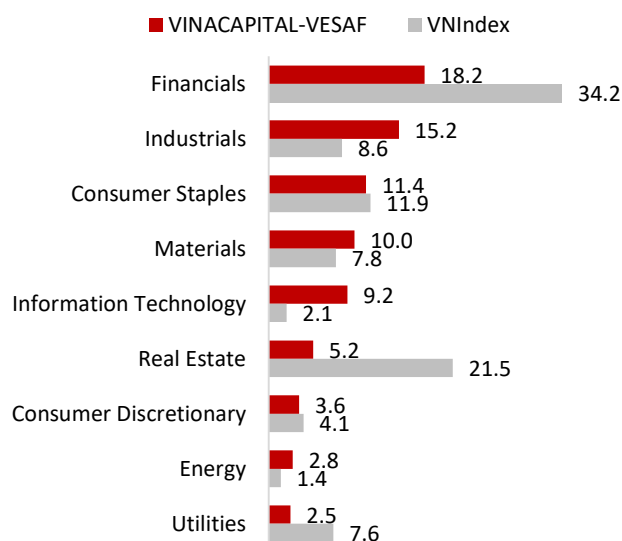
	VINACAPITAL-VESAF	VN-Index
Trailing P/E (x) (*)	10.9	12.2
Trailing P/B (x) (*)	2.3	1.9
Trailing ROE (%) (*)	21.1	15.4
Dividend yield (%) (*)	2.6	1.7
Portfolio turnover 12M (%)	18.4	-
Sharpe ratio	0.6	0.2
No. of stocks	27	401

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
MBB	Financials	10.0
FPT	Information Technology	9.2
QNS	Consumer Staples	5.6
DPR	Materials	4.3
SZC	Industrials	3.7
MWG	Consumer Discretionary	3.6
ILB	Industrials	3.2
VPB	Financials	3.1
VHC	Consumer Staples	3.0
KDH	Real Estate	3.0

Comments from fund manager

MARKET COMMENTARY

The VN-Index slumped 11.6% in September due to the US 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 VND 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 net-sell value reaching USD147.2 million, reducing the YTD net-purchase value to just 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.

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.

UPDATE ON VINACAPITAL-VESAF

The fund had a challenging month as the broader market tumbled. While investors reduced their exposure to equities amid the rising interest rate environment, certain sectors with a more defensive posture, including technology, utilities and consumer staples, performed better than the rest. In VINACAPITAL-VESAF's portfolio, FPT, BWE, QNS, and VEA maintained their resiliency in an uncertain time. The fund continued to be heavily underweighted in two risky sectors - real estate and banks - given their uncertain outlooks.

Although we maintain a cautious outlook, expecting further volatility caused by both external and internal factors, we believe staying invested in companies that have sound fundamentals, low leverage, and strong cashflow is the best way to take advantage of the next rally. While the valuation of the broader market and many of the stocks on our watchlist return to attractive territory after the large correction, the choice of investments for the next year will not be solely based on valuation levels, but also on the assessment of how their earnings outlooks may be negatively impacted by surging interest rates, FX risk, and slowing global demand. It is expected that there will be "flight-to-quality" that creates valuation gaps among companies in the next year, and therefore, stock selection is critical. We favour companies in the consumer and consumer-related sectors, as well as companies with high earnings visibility that enable them to weather near-term headwinds.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-3.8%	-1.3%	-23.5%	15.0%	6.3%	-1.3%	-1.4%	12.8%	5.2%	1.2%	11.0%	9.0%	25.6%
2021	1.2%	12.5%	1.4%	3.4%	14.1%	6.3%	-1.2%	6.2%	3.7%	6.7%	0.0%	-0.7%	67.0%
2022	-0.8%	4.9%	3.9%	-5.6%	-2.9%	-5.8%	-1.6%	5.5%	-10.2%				-13.1%

Important information

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