

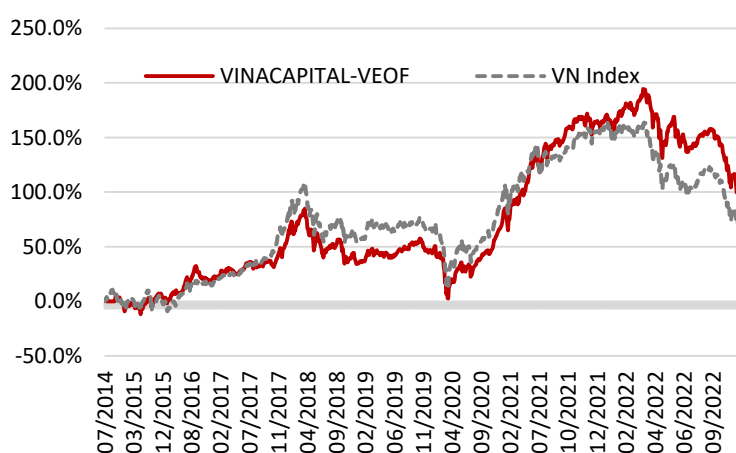
VINACAPITAL-VEOF

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)	879.2	
NAV/Share (VND)	20,790.9	
Oct 2022 return (%)	(10.2)	(9.2)
YTD 2022 return (%)	(21.7)	(31.4)
3-year annualized return (%)	10.6	1.0
Annualized return since inception (%)	9.2	7.1
Cumulative return since inception (%)	107.9	77.8

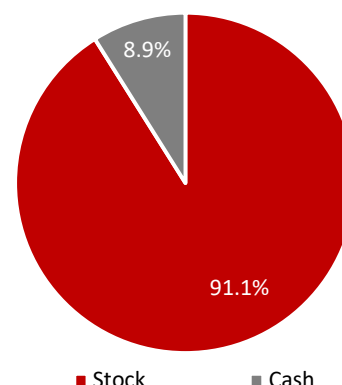
(The NAV is net of management fee and administrative expenses)

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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

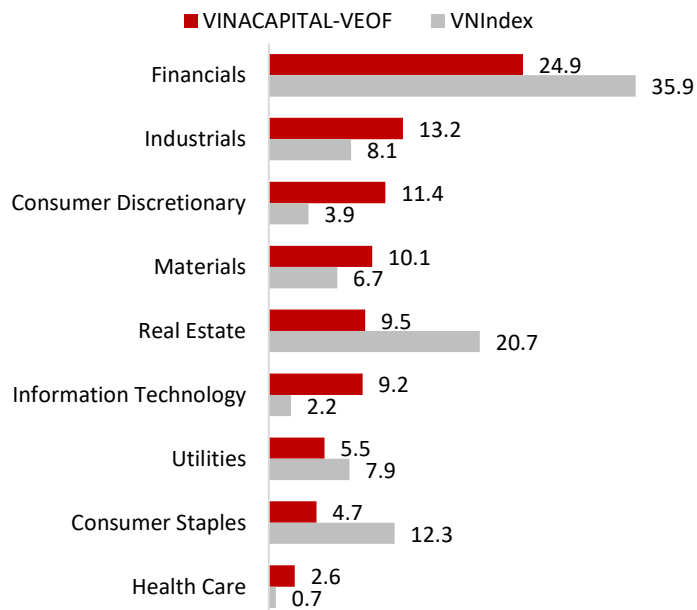
	VINACAPITAL-VEOF	VN-Index
Trailing P/E (x) (*)	9.3	10.7
Trailing P/B (x) (*)	2.3	1.7
Trailing ROE (%) (*)	23.6	15.4
Dividend yield (%) (*)	2.6	1.8
Portfolio turnover (%)	13.9	-
Sharpe ratio	0.3	0.1
No. of stocks	33	402

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	9.2
MWG	Consumer Discretionary	7.1
VCB	Financials	6.8
MBB	Financials	6.5
GAS	Utilities	5.5
PNJ	Consumer Discretionary	3.9
VRE	Real Estate	3.7
VPB	Financials	3.5
CTG	Financials	3.1
GMD	Industrials	2.9

Comments from fund manager

MARKET COMMENTARY

The VN-Index continued its slump in October, declining 9.2%. Investors were preoccupied with negative news and events, which included an interest rate hike, the depreciation of the Vietnam Dong (VND), and the arrest of the chairperson of Van Thinh Phat Group, one of the largest real estate developers in Vietnam. On a year-to-date (YTD) basis, the VN-Index has declined 31.4%.

Market sentiment was weak, with average daily trading value on the combined three bourses dropping to VND13 trillion in October, a 17% MoM decline and the lowest level since December 2020. Foreign investors continued to be net sellers of VND1.3 trillion during the month.

On 25 October, the State Bank of Vietnam made a second interest rate hike (the first was just one month prior), raising the re-financing rate to 6.0% from 5.0%, the re-discount rate to 4.5% from 3.5%, and the cap for 1-month to below 6-month deposit interest rate to 6.0% from 5.0%. At present, several banks are offering deposit rates of over 9% for 12-month terms, a YTD increase of roughly 300 bps.

A stronger USD and the Fed's tightening policy have placed significant pressure on the VND, which depreciated 4.1% against the USD in October alone and 8.8% in 10M22. This generated additional negative sentiment in the market.

Earlier in the month, the chairperson of Van Thinh Phat Group was arrested for alleged fraud related to the issuance and trading of bonds. That event triggered some panic selling on the stock market because Van Thinh Phat Group is among the largest real estate developers in Vietnam and is believed to be closely related to Saigon Joint Stock Commercial Bank (SCB), the fifth-largest bank in the country in terms of deposit amount. The Van Thinh Phat event raised further concerns about the corporate bond market, as the amount of such bonds due to mature in 2023 is huge, at over VND300 trillion; the real estate sector accounts for approximately 45%. Rising interest rates has made issuing new bonds or rolling over debt more difficult, and the real estate market is currently stagnant.

The 3Q22 business results of listed companies painted a mixed picture. The aggregate net profit of listed companies on HOSE and HNX advanced by 15.9% YoY in 3Q22 and 16.3% YoY in 9M22. Nevertheless, the QoQ figure posted a decline of 5.8%. Excluding the financial sector, the profit of which grew by 40.5% YoY in 3Q22 and 30.8% YoY in 9M22, the net profit of the non-financial sectors would decline 3.2% YoY in 3Q22 and increase by just 4.0% YoY in 9M22.

FUND COMMENTARY AND INVESTMENT OUTLOOK

VINACAPITAL-VEOF NAV per share declined 10.2% in October. On a YTD basis, the fund has declined by 21.7%, while the VN-Index has plunged 31.4%.

Most companies in the fund's top ten holdings delivered encouraging 3Q22 business results. FPT, the fund's largest holding, posted 3Q22 and 9M22 net profit of VND1,454 billion and VND3,943 billion, growth of 29% and 30% YoY, respectively.

The banks in the portfolio also posted robust growth. The 9M22 net profit of VCB and MBB reached VND20.0 trillion and VND14.0 trillion, 29% and 53% YoY growth, respectively. The two banks also maintained QoQ profit growth in 3Q22, but their business results may face more challenges in the coming quarters due to funding cost increases and issues related to the corporate bond market.

GAS announced 3Q22 net profit that was higher than their preliminary estimate, reaching VND3.0 trillion (+25% YoY), resulting in 9M22 net profit reaching VND11.5 trillion, or a 72% YoY increase.

Retailers continued their strong recovery from last year's pandemic. PNJ posted a net profit of VND252 billion in 3Q22, compared to a loss of VND160 billion in 3Q21. The company's 9M22 net profit grew 133% YoY (to VND1,340 billion), 66% higher than 9M19, before the COVID-19 occurred. VRE's business results beat expectation as they recovered to pre-pandemic level. VRE's 9M22 net profit reached VND1,944 billion (+63% YoY), nearly equal to the net profit recorded in 9M19.

The Van Thinh Phat situation has worsened market sentiment, which had already been affected by the tightening monetary policies across the world's major economies and in Vietnam. At the end of October, the VN Index traded at a 2022F P/E of only 9.9x, which is 2 standard deviations below the 10-year mean and a 32% discount from the average of ASEAN stock markets. Such a valuation offers a rare bargain for long-term investors, as long as they are not overly nervous and have enough confidence in the stock market's ability to overcome current challenges in the long term.

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%	-10.2%			-21.7%

Important information

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