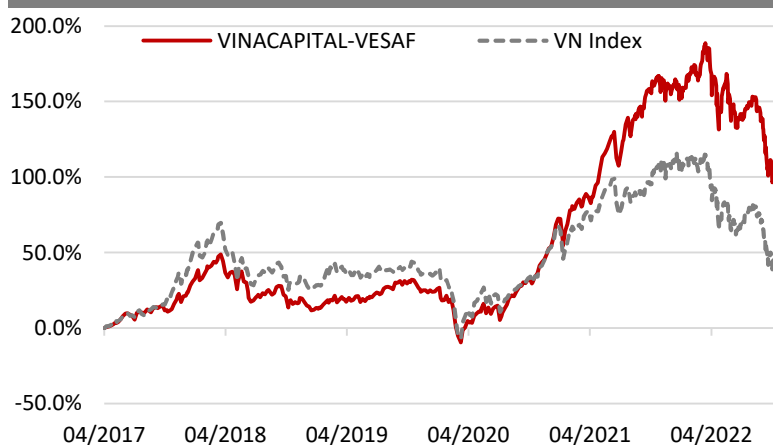


VINACAPITAL-VESAF Investment approach

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)	1,004.3	
NAV/Share (VND)	20,141.6	
Oct 2022 return (%)	(11.3)	(9.2)
YTD 2022 return (%)	(22.9)	(31.4)
3-year annualized return (%)	15.6	1.0
Annualized return since inception (%)	13.5	6.9
Cumulative return since inception (%)	101.4	44.9

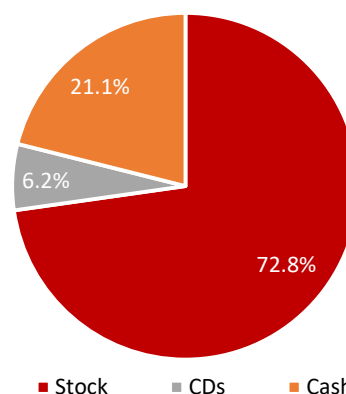
(The NAV is net of management fee and administrative expenses)

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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

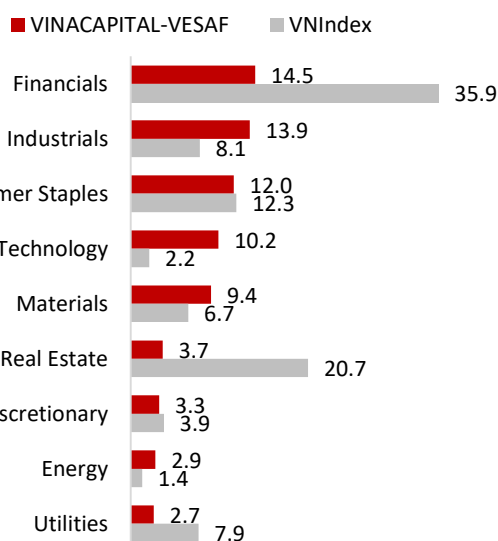
	VINACAPITAL-VESAF	VN-Index
Trailing P/E (x) (*)	9.0	10.7
Trailing P/B (x) (*)	2.0	1.7
Trailing ROE (%) (*)	22.0	15.4
Dividend yield (%) (*)	3.5	1.8
Portfolio turnover 12M (%)	28.5	-
Sharpe ratio	0.5	0.2
No. of stocks	27	402

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	10.2
MBB	Financials	6.5
QNS	Consumer Staples	6.3
DPR	Materials	4.2
MWG	Consumer Discretionary	3.3
VPB	Financials	3.2
ILB	Industrials	3.0
VHC	Consumer Staples	3.0
SZC	Industrials	2.9
KDH	Real Estate	2.8

Comments from fund manager

MARKET COMMENTARY

The VN-Index continued its slump in October, falling 9.2%. Investors were preoccupied with a range of negative news and events, including interest rate hikes, Vietnam Dong (VND) depreciation, 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.

In late October, the State Bank of Vietnam announced its second interest rate hike (the first hike was made the previous month), 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%. Several banks are currently offering deposit rates of over 9% for a 12-month term, 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 more negative sentiment on the market.

In early October, the chairperson of Van Thinh Phat Group was arrested for alleged fraud related to the issuance and trading bonds, triggering some panic selling on the stock market. 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), which is the fifth largest bank in Vietnam in terms of deposits. The Van Thinh Phat event raised further concern about the corporate bond market, as the amount of corporate bonds set to mature in 2023 is huge, at over VND300 trillion. The real estate sector accounts for approximately 45% of those outstanding bonds, and with interest rates rising, issuing new bonds or rolling over debt have become more difficult, especially with the stagnant real estate market.

Listed companies’ 3Q22 business results 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, QoQ results declined 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 declined 3.2% YoY in 3Q22 and increased just 4.0% YoY in 9M22.

By the end of October, the VN-Index traded at a 2022F P/E of only 9.9x, which is two standard deviations below the 10-year mean and a 32% discount from the average of ASEAN stock markets. This 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 long-term prospects to overcome current challenges.

COMMENTS ON VINACAPITAL-VESAF

Broad-based selling pressure continued to impact the share prices of most of the fund’s holdings irrespective of their strong fundamentals. Apart from negative investor sentiment, margin calls on real estate stocks and related sectors contributed to the stock market’s sharp decline. We believe the recent market overreaction has created a good opportunity to accumulate companies that have sound fundamentals and where intrinsic valuations are well above their current market price level even after the interest rate, currency, and other business risks are considered. The forward P/E valuation of consumer stocks is approaching the undemanding level of below 10.0x, and the sector has stronger balance sheets and higher earnings visibility than others. Quality small and mid-cap stocks are trading at much more attractive valuations after the market selloff, including various holdings in VINACAPITAL-VESAF’s portfolio that are trading at a P/B of below 1.0x, suggesting that ongoing risks have largely been priced in. We plan to start accumulating those quality names after a thorough assessment of potential risks. Companies in VINACAPITAL-VESAF’s portfolio are forecasted to deliver an aggregate earnings growth that is much higher than the broad market for 2023.

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%	-11.3%			-22.9%

Important information

The information contained herein has been prepared by VinaCapital Fund Management Joint Stock Company (the “Company”) and is subject to updating, completion, revision, further verification and amendment without notice.

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