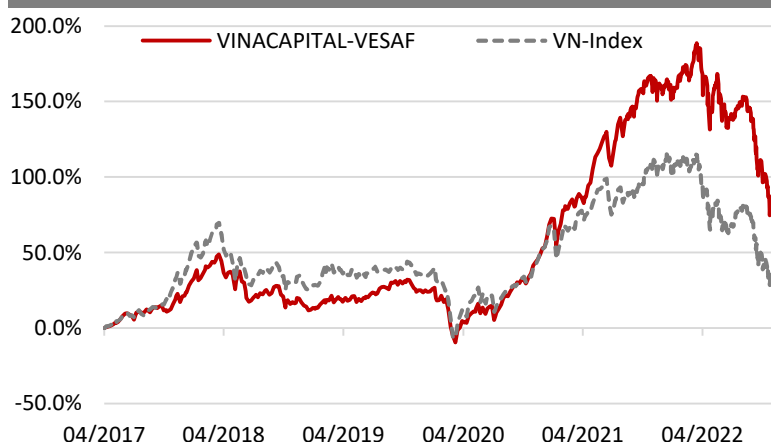


VINACAPITAL-VESAF Investment approach

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)	994.9	
NAV/Share (VND)	19,770.0	
Nov 2022 return (%)	(1.8)	2.0
YTD 2022 return (%)	(24.3)	(30.0)
3-year annualized return (%)	16.4	2.6
Annualized return since inception (%)	12.9	7.2
Cumulative return since inception (%)	97.7	47.8

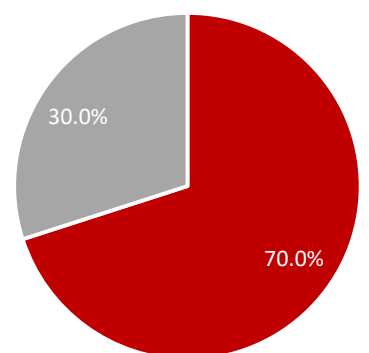
(The NAV is net of management fee and administrative expenses)

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Investment allocation

% Total NAV



■ Stock ■ Cash & cash equivalents

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

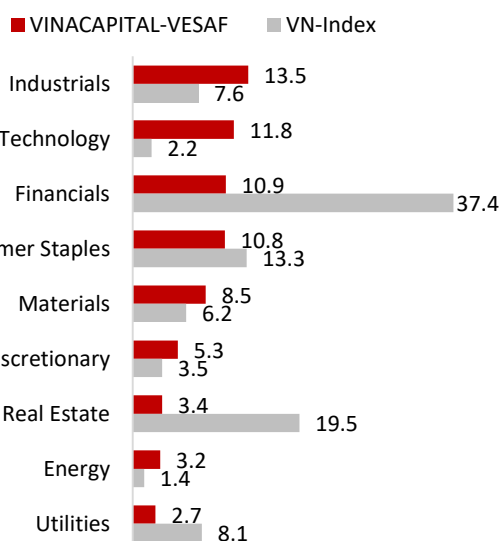
	VINACAPITAL-VESAF	VN-Index
Trailing P/E (x) (*)	9.3	13.0
Trailing P/B (x) (*)	2.0	1.7
Trailing ROE (%) (*)	21.5	15.2
Dividend yield (%) (*)	3.8	1.8
Portfolio turnover 12M (%)	34.5	-
Sharpe ratio	0.4	0.2
No. of stocks	24	402

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	11.8
QNS	Consumer Staples	5.4
MBB	Financials	5.3
MWG	Consumer Discretionary	5.3
DPR	Materials	4.2
SZC	Industrials	3.6
KDH	Real Estate	3.4
ILB	Industrials	2.9
VHC	Consumer Staples	2.7
BWE	Utilities	2.7

Comments from fund manager

MARKET COMMENTARY

After heavy selloffs in the last two months due to interest rate hikes, the Vietnam Dong's depreciation, the arrest of a senior executive of a major real estate developer, and concerns about the corporate bond market, the VN-Index recovered by 2.0% in November thanks to large foreign inflows and better sentiment from local investors.

The stock market tumbled during the first two weeks of November, triggered by margin calls of several stocks which were pledged for loans to key shareholders. After hitting a 26-month low of 911.9 on 15 Nov at a 2022F P/E of only 8.8x, the VN-Index rebounded sharply to close the month at 1,048.4 (15% increase from the bottom).

Foreign investors were among those who bottom-fished in November, when the stock market's valuation was at a multi-year low, being net-buyers of VND16.9 trillion on the combined three bourses, focusing mainly on the large-cap, blue-chip stocks. We saw market sentiment improving towards the end of month, with daily trading value on the combined three bourses approaching VND20 trillion at times, compared with the average daily trade value of only VND13 trillion in both October and the full month of November.

November macro data signalled a weaker economic growth ahead. While retail sales remained strong, advancing 17.5% YoY in November (and bringing the 11M22 growth to 16.9% in real terms), the index of industrial production weakened to 5.3% YoY, reducing 11M22 growth to 8.6% YoY. November exports and imports also declined 8.4% and 7.3% YoY, respectively. The Purchasing Managers' Index dropped to 47.4 in November, below the 50-level for the first time since September 2021, when the whole country applied social-distancing regulations to control COVID-19. The deterioration of the PMI was prompted by the decline in new orders, output, and employment, while business confidence also fell. Finally, inflation continued to tick up, with November CPI increasing 0.4% MoM and 4.4% YoY, driven by petroleum prices and accommodation rents.

The current stock market outlook is rather mixed as economic growth is slowing down and domestic risks (e.g., the corporate bond market and financial conditions of certain real estate companies) may not be resolved in the near term. Nevertheless, we see several factors are becoming more positive for the stock market. Global inflation is forecasted to have peaked as commodity prices have cooled down and supply chain disruption is no longer a threat. The latest message from the US Fed Chair at the end of November was less hawkish, indicating that smaller interest rate hikes could start in December. In Vietnam, following the weakening US Dollar Index (DXY), the VND appreciated against the USD by over 3% in the last few weeks, reducing the YTD depreciation of the VND to approximately 5%. We reiterate our view that the Vietnamese stocks are trading at a bargain, with the VN Index's 2022F P/E of 10.8x, which is nearly two standard deviations below the 5-year mean and a 25% discount from the average of ASEAN stock markets.

UPDATE ON VINACAPITAL-VESAF

Although the VN-Index gained 2.0% in November, most of that was contributed by the price appreciation of large-cap stocks seeing strong foreign purchases. Small and mid-cap stocks still faced significant selling pressure during the first half of the month before bouncing back in the second half of the month, as shown in the decline of VN70 and VN50 Indexes by 4.1% and 4.3% over the last month.

VINACAPITAL-VESAF declined 1.8% during November, due to the volatility of the small and mid-caps on account of the cross-margin call activities. These holdings, however, saw significant price recovery as margin pressure eased, and their valuation outlook became very attractive for the next year. We have gradually increased our exposure to holdings that have a P/B valuation of below 1.0x as we believe share prices largely reflect macro and business risks. For the next year, we see opportunities in companies that will benefit from accelerating infrastructure disbursement (PLC, DHA); companies that target niche market segments with differentiated strategies and can stay strong despite the difficulties in exports (FMC, ILB); and companies with large landbanks or assets that are ready to realize profits (SZC, DPR, PC1). At the same time, we continued to sell companies with lacklustre business outlooks.

At the end of November, the fund maintained a cash level of 30%, although we have been reducing cash recently. While the growth outlook will partially be impacted by both global and domestic factors, the risks are significantly lower after the recent large price correction, and more importantly, as we see improvement in macro conditions and supportive policies.

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%	-1.8%		-24.3%

Important information

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