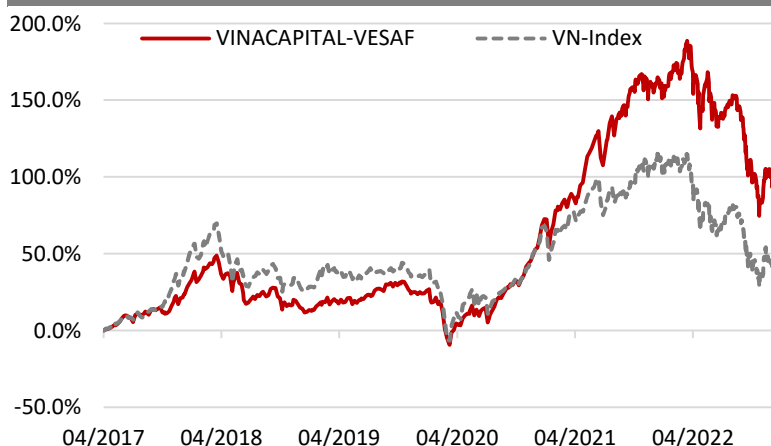


VINACAPITAL-VESAF

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) | 993.9 | |
| NAV/Share (VND) | 19,742.7 | |
| Dec 2022 return (%) | (0.1) | (3.9) |
| YTD 2022 return (%) | (24.4) | (32.8) |
| 3-year annualized return (%) | 16.6 | 1.6 |
| Annualized return since inception (%) | 12.7 | 6.4 |
| Cumulative return since inception (%) | 97.4 | 42.0 |

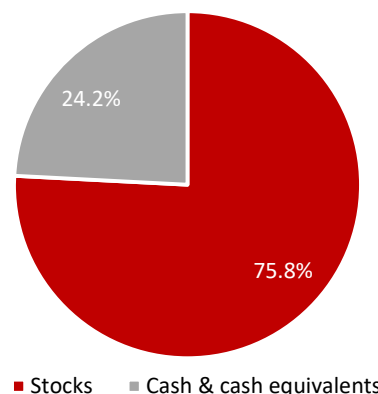
(The NAV is net of management fee and administrative expenses)

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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

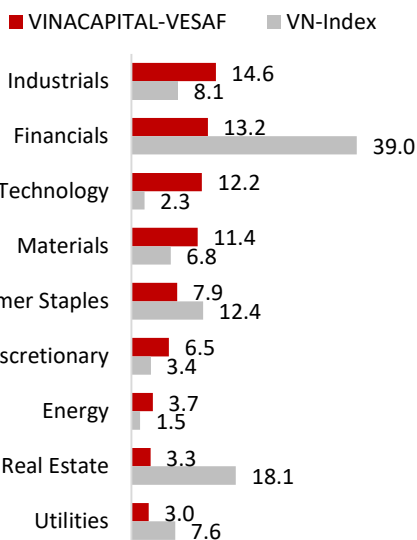
| | VINACAPITAL-VESAF | VN-Index |
|----------------------------|-------------------|----------|
| Trailing P/E (x) (*) | 8.7 | 12.4 |
| Trailing P/B (x) (*) | 2.0 | 1.6 |
| Trailing ROE (%) (*) | 21.6 | 15.2 |
| Dividend yield (%) (*) | 3.8 | 2.0 |
| Portfolio turnover 12M (%) | 37.7 | - |
| Sharpe ratio | 0.4 | 0.1 |
| No. of stocks | 24 | 403 |

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

| Stock | Sector | % NAV |
|-------|------------------------|-------|
| FPT | Information Technology | 12.2 |
| MWG | Consumer Discretionary | 6.5 |
| MBB | Financials | 6.4 |
| QNS | Consumer Staples | 5.1 |
| DPR | Materials | 4.5 |
| STB | Financials | 3.7 |
| SZC | Industrials | 3.4 |
| KDH | Real Estate | 3.3 |
| PVS | Energy | 3.0 |
| BWE | Utilities | 3.0 |

Comments from fund manager

MARKET COMMENTARY

The VN-Index made a swift recovery from the 26-month low of 911.9 in mid-November to 1,093.7 on 5 December, but corrected to close the month at 1,007.1, a 3.9% MoM decline. Vietnam’s stock market slumped 32.8% in 2022, the sharpest annual decline since the Global Financial Crisis in 2008 (-66%).

Despite the month’s decline, overall market sentiment has improved significantly. Liquidity in the banking system has improved as the interbank rates dropped from 5-6% in October to 3-4% at the end of December. In December 2022, the Vietnam Bank Association, at the direction of the State Bank of Vietnam, reached an agreement with banks to cap the maximum deposit rate at 9.5% in an effort to terminate the race in rising deposit rates, which reached 11-12% at some banks. Pressure on the foreign exchange market eased as the Vietnam Dong appreciated by over 4% against the US Dollar in December, reducing the 2022 depreciation to 3.4%.

Compared with last month, stock market liquidity improved as the daily average trading value reached VND16.3 trillion on the combined three bourses, a 25% MoM increase. Foreign investors continued to be net buyers of VND13.4 trillion in December, bringing foreign purchase for 2022 to VND30.7 trillion. Most of the buying occurred in November and December when the stock market’s valuation was at a multi-year low.

Vietnam’s GDP growth reached a 10-year high of 8.0% in 2022. Nevertheless, weaker figures were seen in the fourth quarter and December. Fourth quarter GDP growth reached just 5.9% YoY, with the manufacturing sector slowing to 3.0% YoY. Both exports and imports declined 14.0% and 8.1% YoY in December on account of weaker demand. The Purchasing Managers’ Index (PMI) dropped further 46.4 in December from 47.4 in November, signalling a deteriorating outlook for the sector.

Economic growth may be sluggish for the next 1-2 quarters and whether a global recession occurs remains a big question, but we see several factors that are positive for the stock market, as we mentioned in our report last month. Global inflation has cooled down, which should prompt the Fed to be less hawkish. Interest rate hikes and the Vietnamese Dong’s depreciation may no longer be major risks for the stock market in 2023. The boost in public investment and the effects of China’s reopening will positively contribute to GDP growth. The stock market’s valuation remains at a multi-year low (2023F P/E of approximately 10x), which offers an attractive entry point for investors.

UPDATES ON VINACAPITAL-VESAF

The fund strongly outperformed the broader market in December. While the stock market continued to see turbulence, small and mid-cap stocks no longer faced cross-margin call pressure as seen in the last two months and started to show dispersion in performances throughout the recovery pathway. The fund’s holdings that will benefit from the expected acceleration of infrastructure spending (PLC +18.0% and DHA +19.8%), have attractive asset value (PC1 +9.2%), and operational resiliency (BWE +15.4%) all outperformed during the month. We expect the same trend in the coming month. We have been gradually increasing equity exposure, seeing low downside risk from the current valuation level, which already largely priced in macro risks and the slowdown in corporate earnings growth. At the same time, the initial supportive policies from the Government started to release some stress on the financial sector.

However, the market’s recovery will likely be bumpy as we expect volatility due to an uncertainty in China’s reopening pathway, high interest rates in the US and other countries, as well as potential risks from real estate bonds that are due to mature in 2023. Therefore, the fund’s stock selection in 2023 will not be based simply on growth prospects, but also asset valuation, and an assessment of companies’ leverage, earnings certainty and resiliency that will both help them shine during economic slowdowns and grow when the economy recovers.

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% | -0.1% | -24.4% |

Important information

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