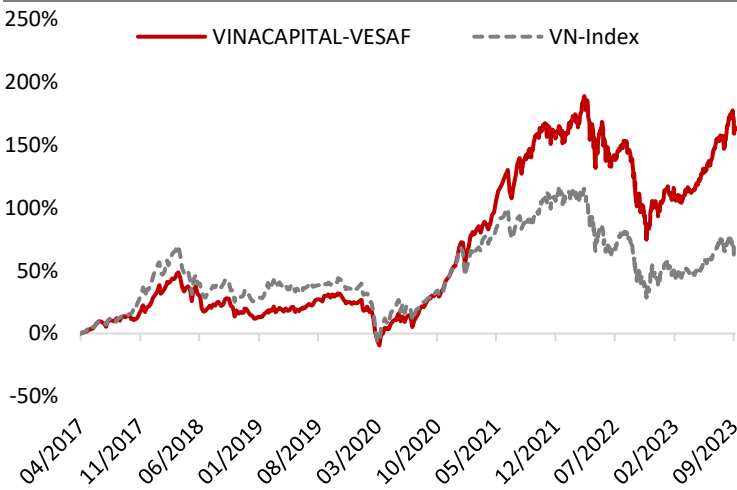


VINACAPITAL-VESAF Investment approach

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)	1,435.9	
NAV/Share (VND)	26,212.2	
Sep 2023 return (%)	(1.2)	(5.7)
YTD 2023 return (%)	32.8	14.6
3-year annualized return (%)	27.0	8.4
Annualized return since inception (%)	16.1	7.9
Cumulative return since inception (%)	162.1	62.7

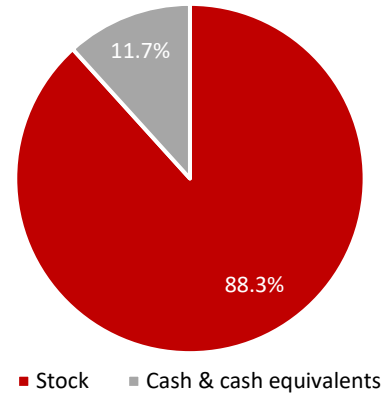
(The NAV is net of management fee and administrative expenses)

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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
PIT	0.1%
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, From Monday to Friday
Benchmark	VN-Index

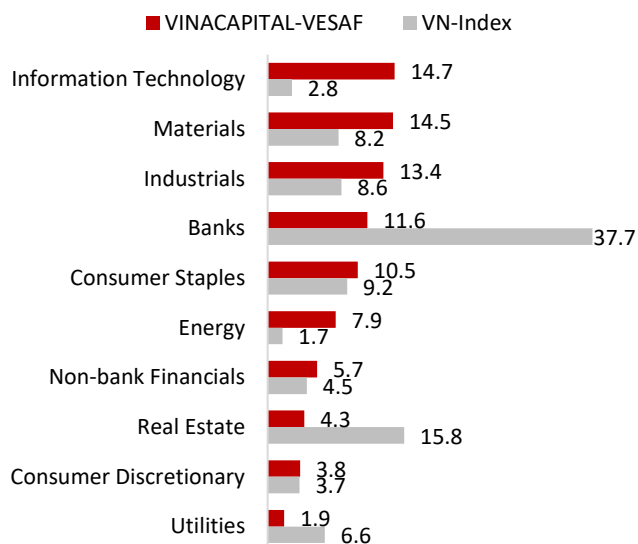
Portfolio statistics

	VINACAPITAL-VESAF	VN-Index
2023 P/E (x)	10.3	11.5
2023 P/B (x)	2.0	1.6
2023 ROE (%)	15.6	14.1
Dividend yield (%)	3.1	2.8
Portfolio turnover 12M (%)	39.9	-
Sharpe ratio	0.6	0.2
No. of stocks	26	418

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	14.7
MBB	Banks	6.9
QNS	Consumer Staples	5.6
FMC	Consumer Staples	4.9
STB	Banks	4.7
PVS	Energy	4.5
PTB	Materials	3.9
SZC	Industrials	3.8
MWG	Consumer Discretionary	3.8
DPR	Materials	3.7

Comments from fund manager

MARKET UPDATES

The VN-Index dropped 5.7% in September as market sentiment faded after the initial excitement over US president Biden's visit at the beginning of the month. Retail investors aggressively ramped up their selling activities in the last 10 days of September, causing margin calls on several stocks. On a year-to-date (YTD) basis, the VN-Index has advanced by 14.6%.

The correction in September was on the back of: (1) a 2.5% increase in the DXY Index and a subsequent 0.9% depreciation of the VND against the USD during the month, and YTD the VND has depreciated 2.9%; (2) liquidity withdrawals from the State Bank of Vietnam (SBV) via T-bill issuances in order to control the exchange rate, which caused some investors to misunderstand that the SBV might pivot its monetary policy; (3) negative movements of global stock markets; (4) a lack of supporting news before the Q3 earnings season.

Foreign investors continued to be net-sellers for six months in a row, with a net outflow of VND4.0 trillion across the combined three bourses in September, higher than in July and August. Amidst the volatility, the average daily trading value on the combined three bourses rose to VND26.9 trillion, up 3.4% MoM and 68.3% YoY. In September, large-cap stocks were the main attraction for retail investors, while small-cap stocks saw strong outflows.

Vietnam's 3Q2023 GDP grew by 5.3% YoY, bringing the 9M2023 growth to 4.2%. After economic data showed a gradual recovery in July and August, that appeared to slow down in September. The index of industrial production increased only 0.1% MoM in September 2023 (but up 5.1% YoY), and the Purchasing Managers' Index (PMI) decreased from 50.5 in August to 49.7 in September due to reduced output and labour. Nevertheless, it is positive that the number of new orders has increased for two consecutive months. In September, retail sales advanced 2.4% MoM (thanks to the long holidays and back-to-school season) and 7.5% YoY, bringing 9M23 growth to 7.3% in real terms. However, inflation was somewhat higher than expected, with September CPI rising 1.1% MoM and 3.7% YoY.

In 4Q2023, we expect more positive data on both economic growth and the business results of listed companies. YoY growth will be more visible from a low comparative base in 4Q2022. Meanwhile, a survey from S&P Global indicates that business confidence has improved for the fourth consecutive month and reached its highest level since February 2023. Companies expect the number of new orders to continue rising and are increasing output. Risks from the exchange rate and interest rate should not be too concerning as the SBV has mechanisms to stabilize the exchange rate and still maintain its low interest rate policy to support the economy.

UPDATES ON VINACAPITAL-VESAF

VINACAPITAL-VESAF's NAV per share declined 1.2% in September, a significant outperformance against the VN-Index. Despite market challenges resulting from volatile FX movements, most of our holdings managed to outperform the broader market. Several small-cap holdings even posted positive returns, driven by the expectation of positive 3Q earnings results or strong business outlooks, reiterating our view that return dispersion among stocks will be more visible during market volatility.

During September, PVS (energy, +8.7%), HAH (logistics, +11.8%), PVT (oil tanker, +23.4%), DHC (paper, 10.7%) and PC1 (utilities, +14.2%) were the major contributors to the portfolio. The underweight in real estate stocks also helped overall performance.

PVS benefited from the higher oil price outlook that underpinned the domestic exploration and production recovery in upcoming cycles, during which many new oil and gas projects are planned. With a proven track record in construction, infrastructure and facilities, the company has demonstrated a smooth transition into the renewable energy business, where it partnered with Orsted - the largest energy company in Denmark - to win construction contracts for wind farms in Taiwan and Europe. With a potential large backlog of oil and gas projects estimated at USD4.8 billion in 2024-28, we expect PVS to improve its profitability and efficiency and possibly enjoy a valuation re-rating in the coming years. PVS' share price has risen 80.4% YTD.

PC1 was also one of the key long-term beneficiaries from the recently approved Power Development Plan 8, given its track record in power construction and the investment in renewable energy projects. The most recent positive impact is the EPC contract for the 500kV transmission line in northern Vietnam and the 119kV line to Con Dao, with an estimated backlog of VND10 trillion, which will contribute significantly to earnings growth in 2024 and 2025. PC1's share price has increased 52.9% YTD.

At the end of September, the VN-Index was trading at a 2023F P/E of 11.5x, about 1 standard deviation below the 10-year mean, which is an attractive valuation for long-term investment. VINACAPITAL-VESAF's portfolio was trading at a 2023 P/E of 10.3x and a 2024 P/E of 8.2x, at a forecasted 2024 EPS growth of 39.5%.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%
2023	9.9%	-5.2%	2.1%	1.8%	5.7%	3.5%	9.4%	3.8%	-1.2%				32.8%

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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