

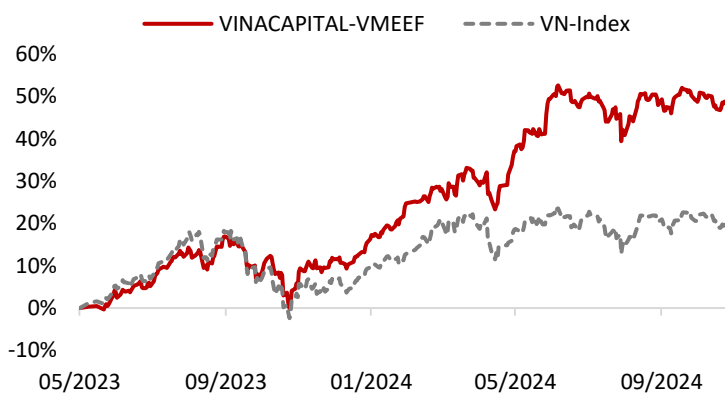
VINACAPITAL-VMEEF Investment approach

The fund's strategy is to construct a portfolio of companies that benefits from Vietnam's long-term economic growth drivers, to be accumulated at reasonable prices.

Because Vietnam's long-term economic growth goes hand in hand with its modernization, the fund prioritizes investments in companies that directly provide products and services to the modern living and working needs of customers.

These companies include, but are not limited to, banks with modern mobile banking products, retailers/distributors of modern household appliances and electronics, urban real estate developers serving the middle/upper class, businesses supporting the e-commerce industry, software solution providers, and companies applying technology to improve production processes.

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-VMEEF	VN-Index
Total AUM (VND billion)	1,295.4	
NAV/Share (VND)	14,873.0	
Oct 2024 return (%)	(1.5)	(1.8)
YTD 2024 return (%)	31.4	11.9
3-year annualized return (% p.a.)	-	-
5-year annualized return (% p.a.)	-	-
Annualized return since inception (% p.a.)	30.7	13.1
Cumulative return since inception (%)	48.8	20.0

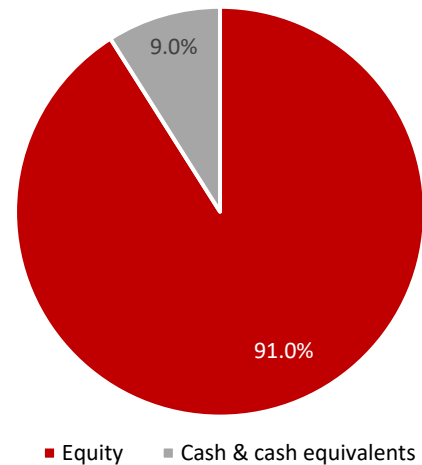
(The NAV is net of management fee and administrative expenses)

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Investment allocation

% Total NAV



Fund information

Inception	04 May 2023
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. (Viet Nam)
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark	VN-Index

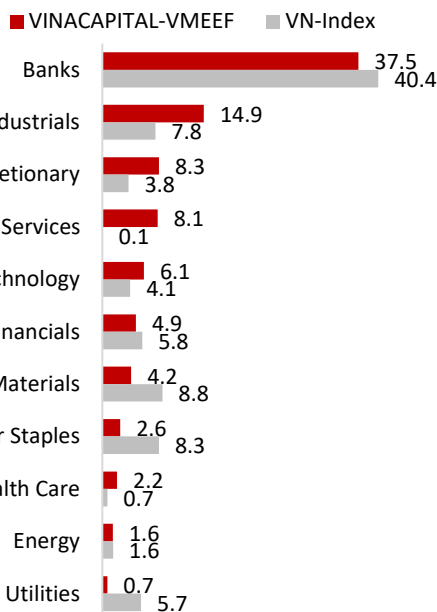
Portfolio statistics

	VINACAPITAL-VMEEF	VN-Index
2024 P/E (x)	11.5	12.7
2024 P/B (x)	2.0	1.8
2024 ROE (%)	17.1	14.4
Dividend yield (%)	2.6	3.0
Portfolio turnover (%)	35.6	-
Sharpe ratio	1.5	0.6
No. of equities	24	411

Source: VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Equity	Sector	% NAV
ACB	Banks	9.4
VCB	Banks	8.7
FOX	Communication Services	8.1
FPT	Information Technology	6.1
VIB	Banks	4.7
CTG	Banks	4.6
MWG	Consumer Discretionary	4.6
BVH	Non-bank Financials	4.3
GMD	Industrials	4.3
MBB	Banks	4.1

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	-	-	-	-	0.4%	4.3%	8.5%	0.8%	-4.1%	-9.0%	9.5%	3.5%	13.2%
2024	5.7%	7.1%	3.7%	-2.9%	9.4%	4.5%	0.0%	2.0%	0.4%	-1.5%			31.4%

Comments from fund manager

MARKET UPDATE

In October 2024, the VN-Index decreased by 1.8% to 1,264.5 points, reducing the year-to-date (YTD) growth of the Vietnamese stock market to 11.9%.

During the month, the stock market was affected by exchange rate fluctuations and uncertainties related to the U.S. presidential election. After weakening in September due to the U.S. Federal Reserve (FED) cutting rates by 50 basis points, the DXY strengthened during October on the back of positive U.S. economic data and expectations for faster/bigger rate cuts from the European Central Bank (ECB). In Vietnam, the VND depreciated by about 3% in October against the USD.

Liquidity in the stock market has remained low for several months. The average daily trading value reached VND 17.8 trillion in October across the combined three exchanges, almost unchanged from the previous month. Foreign investors were net-sellers of VND 11 trillion in October, including a major transaction where a large foreign shareholder of VIB sold an approximately 10% stake, equivalent to VND 5.4 trillion.

Listed companies have announced their Q3 2024 business results. The aggregate Q3 net profit of companies across the combined three exchanges grew 20% YoY, generally meeting market expectations, except for underperformance from a few banks and some companies in the export and energy sectors. The banking sector's net profit advanced by 18% YoY but decreased by 8% QoQ, mainly due to reduced net interest margins (NIM) from customer support policies and competition among banks. The non-banking sector achieved profit growth of 22% YoY and 10% QoQ, a relatively encouraging result.

FUND UPDATE AND INVESTMENT OUTLOOK

The NAV per unit of VINACAPITAL-VMEEF declined by 1.5% in October compared to the 1.8% decline by the VN-Index. While the banking sector underperformed during October on the back of macro challenges, the other main pillar in the portfolio (information and communications technology, or ICT) proved more resilient.

In our review of the Q3 earnings results of the companies in our portfolio, we found that companies providing the essential infrastructure to support Vietnam's economic growth (e.g., seaports, air cargo terminals, industrial parks, telecommunications and utilities) delivered broadly solid earnings results, while companies in other sectors saw short-term challenges to their operating expenses, which hit bottom-line profits more than expected. For companies mainly serving the domestic economy such as financials and consumer companies, operating cost pressures came from competition amidst soft consumer confidence (exacerbated by the Yagi Typhoon in early September) and, in some cases, supply-side bottlenecks. For companies mainly serving export markets, operating cost pressures came from elevated shipping costs (exacerbated by geopolitical tensions).

While we view the above cost pressures as short-term challenges that do not affect the long-term prospects of our portfolio (which has an aggregate ROE profile of 17-18%), we would like to highlight Bao Viet Holdings (BVH), currently a top 10 holding, as a notable exception to the above-mentioned themes. Despite facing a soft domestic economy and rising claims from the Yagi Typhoon in 3Q24, BVH reported 3Q24/9M24 earnings growth of 24%/14% y/y, surpassing market expectations. Beyond the near-term earnings results, we reiterate our view that BVH is significantly undervalued with potential near-term re-rating catalysts and very compelling long-term structural growth prospects. Investors may revisit our June report for a more detailed view on the stock.

Important information

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