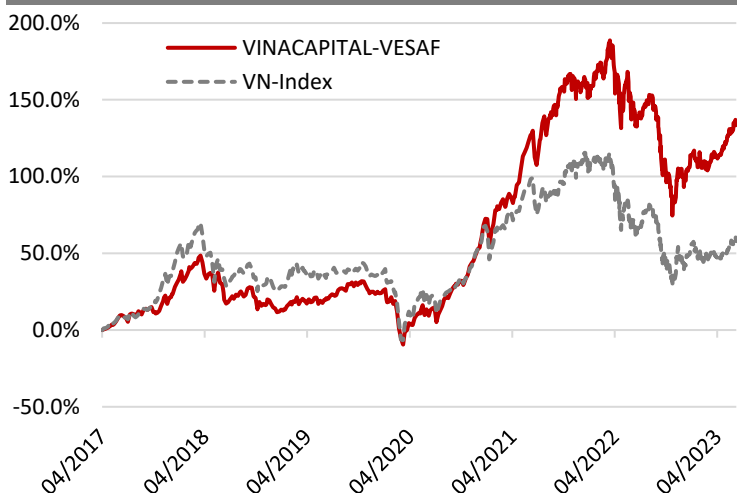


VINACAPITAL-VESAF

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)	1,186.0	
NAV/Share (VND)	23,377.7	
Jun 2023 return (%)	3.5	4.2
YTD 2023 return (%)	18.4	11.2
3-year annualized return (%)	28.9	10.7
Annualized return since inception (%)	14.7	7.7
Cumulative return since inception (%)	133.8	57.9

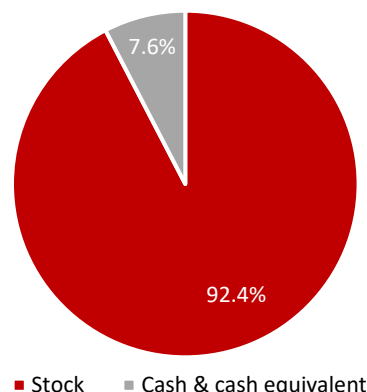
(The NAV is net of management fee and administrative expenses)

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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
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

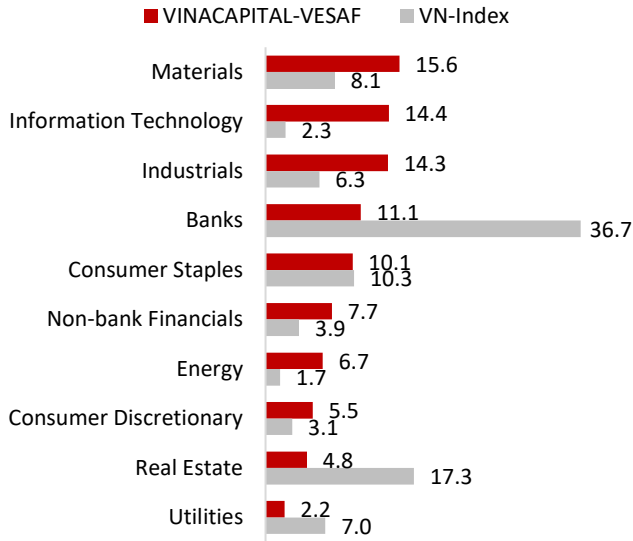
	VINACAPITAL-VESAF	VN-Index
Trailing P/E (x) (*)	12.0	15.3
Trailing P/B (x) (*)	2.1	1.7
Trailing ROE (%) (*)	16.5	12.8
Dividend yield (%) (*)	2.9	1.9
Portfolio turnover 12M (%)	41.2	-
Sharpe ratio	0.5	0.2
No. of stocks	25	398

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	14.4
QNS	Consumer Staples	6.6
MBB	Banks	5.6
STB	Banks	5.5
MWG	Consumer Discretionary	5.5
PVS	Energy	4.6
DPR	Materials	4.1
VCI	Non-bank Financials	3.9
SZC	Industrials	3.9
PLC	Materials	3.7

Comments from fund manager

MARKET UPDATES

The VN-Index continued to advance in June 2023, increasing 4.2% and closing at 1120.2. On a year-to-date (YTD) basis, the VN-Index has risen 11.2%. After a significant decline in 2022 due to several negative events, Vietnam's stock market has rebounded to rank among the strongest performers once again in Asia in 1H23, behind only Japan and Taiwan.

As mentioned in our previous reports, the State Bank of Vietnam reduced policy interest rates four times in the first half of 2023. As a result, deposit interest rates are now approximately 1.5% lower than at the beginning of the year. This has prompted cash inflows into other investment channels such as the stock market, which remains undervalued.

Market sentiment was rather positive in June. The average daily trading value on the combined three bourses rose to a 14-month high, reaching USD843 million per day. Foreign investors have been net-sellers for 3 months in a row, with the net-selling value in June and 2Q23 at USD17 million and USD214 million, respectively. However, the selling activities of foreign investors did not significantly impact the market thanks to the active participation from domestic retail investors. In June 2023, domestic retail investors accounted for 85% of the total transaction value on HOSE, the highest level since September 2022.

Vietnam's GDP grew by 4.1% in 2Q23, bringing the 1H23 growth to 3.7%, amongst the lowest during the past 13 years. Economic data showed slight improvement in June compared to May. The industrial production index rose 2.8% YoY, helping to bring down the decline in 1H23 to 1.2%. Exports and imports, though still down 11.4% and 16.9% YoY in June, increased by 4.5% and 2.6% MoM, respectively. Nevertheless, the Purchasing Managers' Index (PMI) in June only reached 46.2, indicating that the recovery in production and import/export expected in the coming months is not likely to happen quickly. Total retail sales increased by 6.5% YoY in June and 10.9% YoY in 1H23 (8.4% in real terms). Inflation remained well controlled with the June consumer price index (CPI) rising 2.0% YoY.

Although Vietnam's economy has not yet overcome a period of difficulties and slow growth, expectations for a recovery have emerged. The Government has continuously emphasized the implementation of measures to support businesses, requesting banks to reduce lending interest rates. According to data from Bloomberg, 2024 profit growth of listed companies is forecasted to reach over 20% on average. In terms of valuation, the VN-Index is trading at a 2023F P/E of 11.5x, still in a low valuation zone over the past 10 years (about 1.5x standard deviation below the 10-year mean). This valuation remains attractive for long-term investment. However, we will be cautious should market sentiment become overheated, and we maintain our investment discipline, choosing stocks that possess earnings growth drivers with a long-term investment vision.

UPDATES ON VINACAPITAL-VESAF

VINACAPITAL-VESAF returned 3.5% in June, thanks to resilient performances from its top holdings, including QNS (+11.1%), MWG (+10.5%), and MBB (+11.4%). While QNS's share price maintained strong momentum on a positive earnings outlook for 1H23 (6M23 earnings growth was estimated at 80% Y-o-Y), the share prices of MWG and MBB improved on the expectation of an economic recovery given the aggressive fiscal and monetary support from the Government.

The portfolio's other smaller holdings also outperformed on the back of exciting stories. SSI (brokerage, +15.8%) has been one of the best proxies for the positive stock market, which has been fueled by an improvement in trading liquidity and margin lending activities. Together with VCI (+5.8%), SSI was our pick in the brokerage sector, which is benefitting from declining interest rates. The brokerage firm stands out for its strong capital base, a long-term reputation in retail brokerage services, and a low-risk corporate bond portfolio. DHA (construction stone, +17.1%) saw positive sentiment from the accelerated progress of infrastructure projects in the southern and Mekong Delta regions in recent months. HAH (ports and shipping, +10.5%) also saw recovery tailwinds as charter rates have improved by 15%-20% from their trough and the P/B valuation was undemanding at 0.8x at the time of our purchase.

VINACAPITAL-VESAF's portfolio returned 18.4% in the first half of the year, attributable to our stock selection in businesses with more tailwinds despite challenging macro conditions. Our cash balance was reduced to 7.6% (from 24.4% at the end of 2022). For the second half of the year, our portfolio is positioned to benefit from a gradual recovery in exports and domestic consumption, using rigid stock selection criteria since we expect a dispersion in corporate earnings as the economy recovers.

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%							18.4%

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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