

Vietnam Equity Special Access Fund (VESAF)

30 June 2020

NAV/share: VND10,924.80 (USD0.4710)

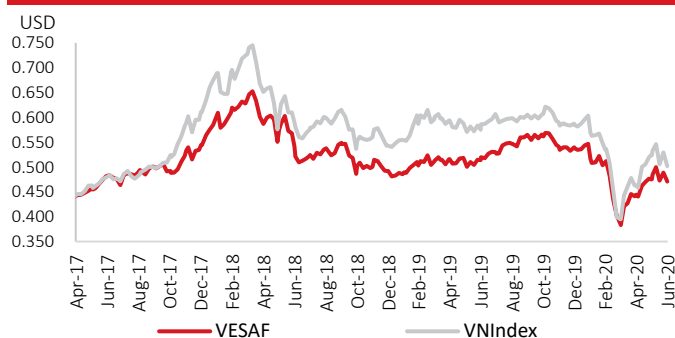
VESAF is a fund that invests in all equity opportunities unencumbered by foreign restriction or size. The strategy of the fund is to take meaningful stakes in companies with a robust franchise that we believe can benefit from the domestic growth of the country.

PERFORMANCE SUMMARY

	Fund	VN Index
Jun 2020	(0.9%)	(4.2%)
Year-to-date	(12.4%)	(14.2%)
Cumulative since inception	7.1%	14.0%

* Performance figures are in USD (net off operating and management fees)

PERFORMANCE CHART



TOP 5 HOLDINGS

TOP 5 HOLDINGS	SECTOR	NAV (%)	PE 2020 (x)	ROE (%)
FPT	Technology	13.3%	8.6	19.4
ACB	Financials	7.2%	6.0	20.4
KDH	Real Estate	5.4%	10.9	13.4
MBB	Financials	5.3%	5.2	17.9
BWE	Utilities	5.3%	6.7	21.3
Total		36.5%		

ALLOCATION

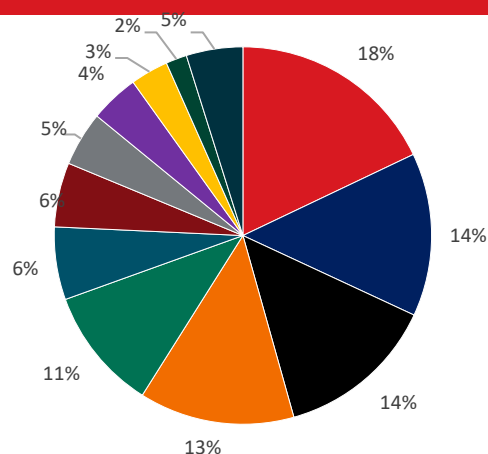
Small- & mid-cap	87%
Stocks traded on UPCoM	3%
Stocks at full Foreign Ownership Limit	56%

- Small- & mid- cap: stocks with market capitalization below US\$2 billion
- UPCoM: Unlisted Public Company Market

FUND INFORMATION

Structure	Open-ended fund
Launch date	25 April 2017
Fund size	VND229bn (USD9.9m)
Domicile	Vietnam
Valuation policy	NAV
NAV frequency	Weekly
Fund Manager	VinaCapital Fund Management JSC
Auditor	PwC (Vietnam) Ltd
Administrator & Custodian bank	Standard Chartered Bank (Vietnam) Ltd
Management fee	1.75%
Subscription/ Redemption frequency	Weekly on every Tuesday (T), requests must be submitted by 10:30am on T-1
Subscription charges	<ul style="list-style-type: none"> - VinaFii: Subscription amount below VND2bn: 2%; Subscription amount of VND2bn or above: 0% - VinaFlex: 0%
Redemption charges	<ul style="list-style-type: none"> - VinaFii: 0% - VinaFlex: below 1 year: 2%; from 1 to 2 years: 1.5%; over 2 years: 0.5%
Currency	VND

SECTORS ALLOCATION



- Banks
- Utilities
- Real estate
- Technology
- Industrials
- Health Care
- Consumer
- Retailing
- Materials
- Insurance
- Brokerage
- Cash

See reverse side for important information

- Classified: Restricted

MANAGER'S COMMENTARY

Vietnam's stock market recovered by 26.8% in Q2, with a strong rebound in April (+17.0%) and May (+13.1%) followed by a modest correction of 4.2% in June. The performance of Vietnam's market was outstanding against the four ASEAN emerging markets, which on average returned 17.3% in Q2. Vietnam's strong results were attributable to massive local flows, as a record number of new accounts were opened since March, while foreign outflows slowed down substantially in the last two months. Foreign investors turned to a net-buy position of USD242 million in Q2 after a massive sell-off of USD462 million in Q1. Supportive monetary and fiscal measures from the Government were the main catalysts driving investor sentiment in Q2.

In June, some profit-taking pressure caused the stock market to retreat, triggered by fears of a second wave of Covid-19 in key countries such as China and the US, although life in Vietnam has largely returned to normal since the end of April. Retail sales rebounded in June with a y-o-y increase of 5.3% after declines in the previous three months. The Purchasing Managers' Index (PMI) quickly rebounded to 51.1 in June compared to the low level of 32.7 in April and 42.7 in May, while the average PMI of ASEAN economies stayed low at 43.7. GDP growth in Q2 and 1H20 was dragged to 0.36% and 1.81% y-o-y by Covid-19, but that was still far better than the majority of the world's economies. At a TTM P/E of 13.6x at the end of June, Vietnam's market was trading at a discount of 21% compared to ASEAN emerging peers, while its earnings prospects are much brighter. Though near-term Covid-19 headwinds remain, we believe Vietnam is now in a strong position to defend against external shocks. The recent interest rate cut on bank deposits for both below and above 6-month terms effective from 1st July will (i) give banks the capacity to further lower lending rates to support impacted businesses and (ii) further attract local flows to the stock market.

The fund's NAV per share declined 0.9% in June but increased 23% in Q2. We have been actively restructuring the portfolio during the market's recovery to increase exposure to companies with resilient balance sheets, strong cashflow, domestic market focuses and positive Q2 earnings prospects. Such positions are expected to perform better in the uncertain global macro outlook, which could hinder the recovery of Vietnam's economy given slower export growth and a sharp fall in foreign tourists. Our portfolio's 2020 earnings growth is expected at +8% compared to the overall Vietnam market's earnings growth estimate of -11%.

Enquiries

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Disclaimer

The current Prospectus, the Fund Charter as well as the semi-annual, annual reports of Vietnam Equity Special Access Fund ("the Fund") are the sole binding basis for the purchase of Fund shares. These documents can be obtained in English and free of charge from the Investment Manager's website (wm.vinacapital.com). This document is prepared by VinaCapital Fund Management Joint Stock Company ("VinaCapital") for the information of shareholders in the Fund and other eligible recipients, on the basis of information obtained from sources VinaCapital considered to be reliable, but VinaCapital does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. The information contained in this document is for background purposes only and is subject to updating, revision and amendment, and no liability whatsoever is accepted by VinaCapital or any other person, in relation thereto. Please refer to the Fund's prospectus for more information on the Fund and its risks. This document is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Past performance is not necessarily guidance to the future. The value of shares in the Fund and the income derived there from may go down as well as up. You are advised to exercise caution in relation to this document. If you are in any doubt about this document or any information contained in this document, you should obtain independent professional advice. The information contained in this document is strictly confidential and is intended only for the use of the individual or entity to which VinaCapital has provided the report. No part of this report may be reproduced or distributed without the prior consent of VinaCapital.