

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
Sept 2020	5.1%	2.6%
Year-to-date	2.6%	(5.8%)
Cumulative since inception	25.4%	25.1%

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

## PERFORMANCE CHART



## MANAGER'S COMMENTARY

The VN Index extended its gains recorded in the second quarter, climbing 9.8% in the third quarter. The Index successfully remained above the psychological resistance level of 900 during the second half of September on positive news of the economic recovery, after the government's timely and forceful measures helped the nation effectively contain the further spread of Covid-19 in the second wave at the end of July. While Vietnam has gradually increased its share of global trade through an impressive export growth of 18% y-o-y in September and 4.2% y-o-y in 9M20, a strong rebound in retail sales growth that reached 4.9% y-o-y in September also signaled an improvement in domestic consumption after the second wave of Covid-19. As a result, 3Q20 GDP was announced at 2.6%, a positive surprise compared to consensus view of 1.7% and a strong recovery from the low of 0.36% in quarter 2. The September PMI bounced back to expansion territory at 52.2, the highest level in the last fourteen months, translating into stronger production in coming months.

Vietnam's stock market was mostly supported by strong local flows since April, and the daily trading value in Ho Chi Minh stock exchange surged in September by 21% and 28% compared to the level in July and August. This is largely the result of the third consecutive interest rate cut year-to-date by the State Bank of Vietnam (SBV), which lowered the refinancing, re-discount, and OMO rates by 50bps and short-term deposit rates by 25bps, with the aim of supporting the domestic economy. Foreign flows also contributed to the uptrend as investors returned to a net-purchase of USD76.4 million in September after two consecutive months of net selling totaling at USD171 million. Banks, consumers, properties and materials were among the biggest contributors to the Index's return in the third quarter. The banking sector led the market rally on the story of stock dividend payments and positive preliminary Q3 earnings (CTG +23.3%, MBB +19.1%), while the materials sector has largely benefited from the accelerated government spending on infrastructure (HPG +20.5%) and the consumers sector enjoyed strong sentiment on the domestic consumption recovery (VNM +17.8%, MWG +29.2%).

VESAF returned 5.1% in September and 17.1% in the third quarter, both returns in USD terms. Besides the strong performance of full-FOL stocks which accounted for 61% of total equity holdings (ACB +28.3%, MWG +29.2%, REE +31.2%, GMD +36.1%) as at the end of September, our exposure in the selective small and mid-cap stocks with positive earnings growth in 2020 or early recovery in 2021 also contributed to the overall performance. Such notable names include DPM (fertilizer, +33.8%), PC1 (utilities, +26.9%), VHC (fishery, +24.8%) and IDC (industrial park, +32.8%).

We expect the on-going positive momentum will be maintained by the positive Q3 corporate earnings of banks, materials and consumers sectors, as well as the gradual recovery in earnings of logistics and export-related businesses. On another bright note, the significant increase of Vietnam's weight in the MSCI Frontier Market Index to 23%-25% (from the current 17%) following the upgrade of Kuwait to the Emerging Markets Index in November will likely attract strong foreign flows. Any turbulence caused by the upcoming US election and/or global stock markets' volatility will provide an opportunity for buying into Vietnamese stocks at attractive valuations.

## TOP 5 HOLDINGS

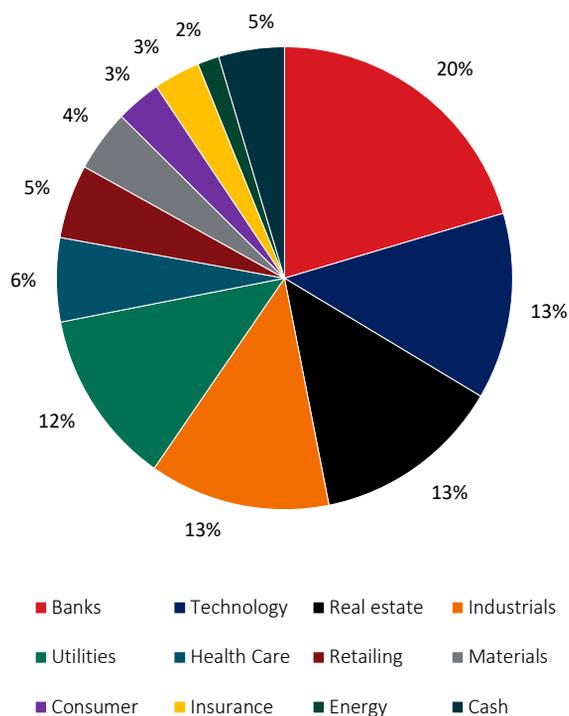
TOP 5 HOLDINGS	SECTOR	NAV (%)	PE 2020 (x)	ROE (%)
FPT	Technology	13.0%	11.4	22.0
ACB	Financials	6.4%	7.6	20.6
REE	Utilities	5.3%	8.0	13.9
MWG	Retailing	5.2%	11.9	28.1
KDH	Real Estate	5.1%	11.6	14.2
<b>Total</b>		<b>35.0%</b>		

## ALLOCATION

Small- & mid-cap	74%
Stocks traded on UPCoM	3%
Stocks at full Foreign Ownership Limit	58%

- Small- & mid-cap: stocks with market capitalization below USD2 billion
- UPCoM: Unlisted Public Company Market

## SECTORS ALLOCATION



## FUND INFORMATION

Structure	Open-ended fund
Launch date	25 April 2017
Fund size	VND266.8bn (USD11.51m)
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"> <li>- VinaFii: Subscription amount below VND2bn: 2%; Subscription amount of VND2bn or above: 0%</li> <li>- VinaFlex: 0%</li> </ul>
Redemption charges	<ul style="list-style-type: none"> <li>- VinaFii: 0%</li> <li>- VinaFlex: below 1 year: 2%; from 1 to 2 years: 1.5%; over 2 years: 0.5%</li> </ul>
Currency	VND

## Enquiries

VinaCapital  
 17<sup>th</sup> Floor, SunWah Tower  
 115 Nguyen Hue Street  
 District 1, Ho Chi Minh City, Vietnam  
 office: +84 (0) 28 3821 9930  
 fax: +84 (0) 28 3821 9931  
[www.vinacapital.com](http://www.vinacapital.com)

## 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](http://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.