

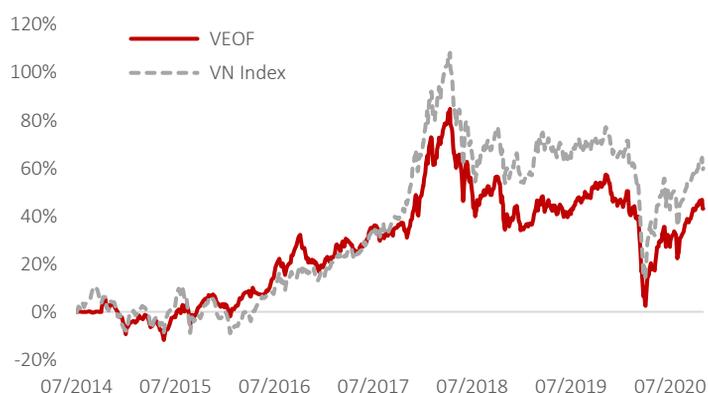
VEOF Investment approach

Maximize return in the medium to long-term by focusing on Vietnamese large and medium-cap stocks with growth potential and reasonable valuation.

Target to invest >90% into listed stocks on the Vietnamese stock exchanges.

Invest up to 10% into OTC securities that will be listed/registered within 12 months.

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 shares. Current performance may be higher or lower than the performance data quoted.

Performance vs. Benchmark

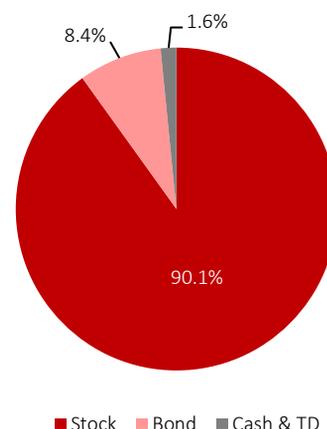
	VEOF	VN Index
Total AUM (VND billion)	300.6	
NAV/Share (VND)	14,315.7	
October 2020 (%)	0.4	2.2
YTD return (%)	(2.1)	(3.7)
2019 return (%)	8.1	7.7
Since inception return (%)	43.2	60.1
Annualized return since inception (%)	5.8	7.7

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

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Investment Allocation

% Total NAV



Fund information

Inception	1 July 2014
Management fee	1.75% per annum
Subscription fee	0.0%
Redemption fee	<ul style="list-style-type: none"> • 2.0% < 12 months • 1.5% >= 12 months • 0.5% >= 24 months
Minimum subscription	VND2,000,000/ ~USD90
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Viet Nam)
Auditor	PwC Vietnam
Trading frequency	Twice a week, on Tuesday and Thursday
Benchmark	VN Index

Portfolio statistics

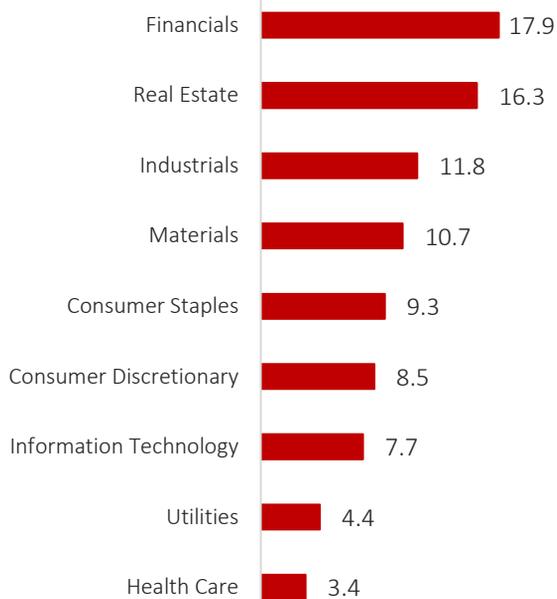
	VEOF	VN INDEX
Trailing P/E (x)	11.9	15.2
Trailing P/B (x)	1.8	2.0
Trailing ROE (%)	15.0	12.9
Dividend yield (%)	2.1	1.8
EPS growth 2020 (%)	3.5	(13.0)
Portfolio turnover (%)	58.6	-
Sharpe ratio	0.08	0.15
No. of stocks	38	386

(Trailing 12 months data)

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top 10 holdings

Stock	Sector	% NAV
VCB	Financials	8.6
FPT	Information Technology	7.7
VHM	Real Estate	7.6
MWG	Consumer Discretionary	6.9
VNM	Consumer Staples	4.9
HPG	Materials	4.8
CTG	Financials	4.0
GAS	Utilities	2.9
PTB	Materials	2.5
TCB	Financials	2.5

Comments from fund manager

MARKET COMMENTARY

On 23 October, the VN Index reached a nine-month high of 961.3 points, but it soon pulled back to close the month at 925.5 points. Nevertheless, the VN Index still gained 2.2% in October. Year-to-date (ytd), the index declined 3.7%.

In the first three weeks of October, the stock market continued its positive momentum from September thanks to: i) better-than-expected Q3 macro data and earnings results of listed companies; ii) MSCI proposed upgrading Kuwait to emerging market, which could increase the weight of Vietnam in the MSCI Frontier Market Indexes by an additional 10%, and; iii) banks further cut deposit rates by 0.2-0.4% during the month. However, the US stock market's sharp decline in the last week of October created a negative impact on Vietnam's equity market.

Foreign investors kept on selling throughout the month, with the net-sell amount across the combined three bourses reaching VND7,447b, mainly in MSN (VND2,945b), CTG (VND729b) and VNM (VND631b).

Vietnam's economic recovery accelerated in October. The year-on-year (yoy) increases in Vietnam's retail sales accelerated from 4% in August to 5% in September, and in the month of October grew by over 6% yoy. A similar acceleration is unfolding in the manufacturing sector, where the yoy increases in Vietnam's manufacturing output accelerated from circa 0% yoy in August to nearly 5% in September, and to over 8% yoy growth in October.

FUND COMMENTARY

VEOF's NAV per share increased 0.4% in October, underperforming the VN Index because the fund did not hold VIC and MSN, which increased by 16% and 54% month-on-month (mom), respectively, and which added 24 points to the index (the VN Index only rose 20 points in October as many other stocks declined). Nevertheless, we believe the upswings of VIC and MSN will be short-lived because they are speculative on short-term events while their valuations remain extremely expensive (2020 P/E of over 80x). On a ytd basis, VEOF declined 2.1%, outperforming the benchmark by 1.6%. Several top holdings in the VEOF portfolio recorded encouraging Q3 earnings results. Of note, 3Q net profit of HPG reached VND3.8t, a 115% yoy increase. VHM recorded a 3Q net profit growth of 11% yoy, while TCB and MWG posted better-than expected profit growth of 21 and 11% yoy respectively.

In the short-term, the outcome of the US presidential election may prompt some uncertainties to global equity markets, including Vietnam's. Nevertheless, once the impact from the US election is considered, stock prices may move higher as the global economic recovery continues and US policies going forward become clearer and more consistent.

We continue to like stocks in industries which have started to exhibit the recovery, such as domestic consumption, materials, real estate, and IT. Then early next year, the banks and export-related companies can expect to see pick-up in their businesses.

Important information

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