

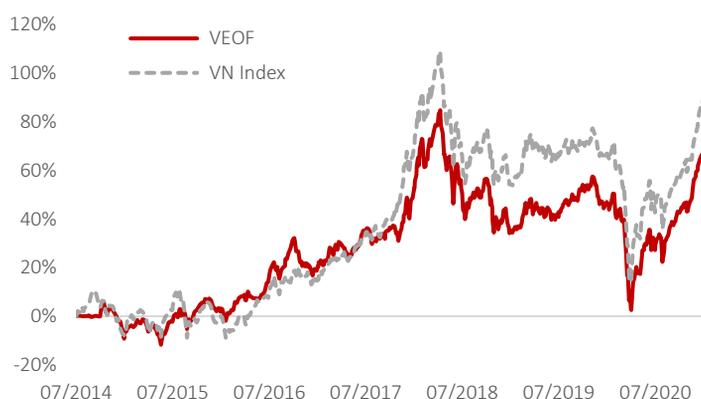
VEOF Investment approach

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

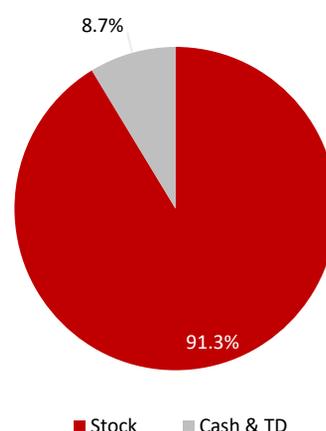
	VEOF	VN Index
Total AUM (VND billion)	325.5	
NAV/Share	16,976.8	
December 2020 (%)	7.7	10.0
YTD return (%)	16.1	14.9
2019 return (%)	8.1	7.7
Since inception return (%)	69.8	91.0
Annualized return since inception (%)	8.5	10.5

(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

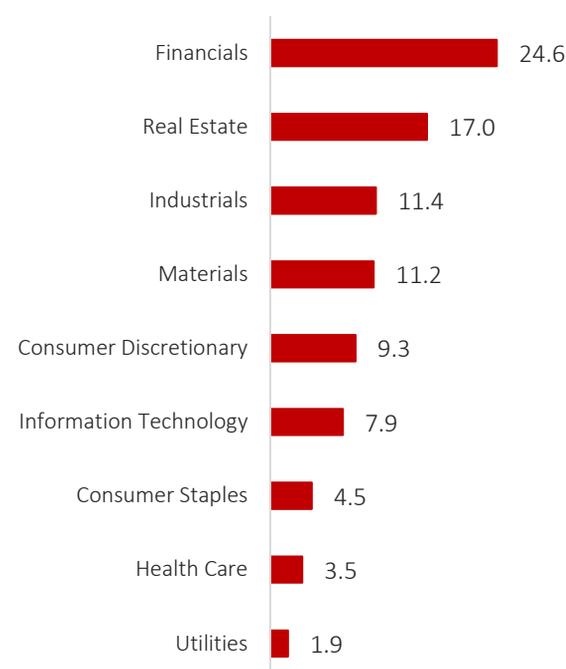
	VEOF	VN INDEX
Trailing P/E (x) (*)	13.8	18.4
Trailing P/B (x) (*)	1.9	2.4
Trailing ROE (%) (*)	13.9	12.9
Dividend yield (%) (*)	1.5	1.5
EPS growth 2020 (%)	8.5	(5.7)
Portfolio turnover (%)	60.1	-
Sharpe ratio	0.19	0.26
No. of stocks	39	392

(*) Trailing 12 months data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top 10 holdings

Stock	Sector	% NAV
VCB	Financials	8.8
FPT	Information Technology	7.9
VHM	Real Estate	7.6
MWG	Consumer Discretionary	6.4
HPG	Materials	5.0
CTG	Financials	4.4
TCB	Financials	4.2
VRE	Real Estate	3.0
VPB	Financials	2.9
MBB	Financials	2.5

Comments from fund manager

MARKET COMMENTARY

The stock market continued to rally in December. The VN Index closed the year at 1,104 points, a 10% increase in December and 14.9% gain for the whole year. While the impact of COVID-19 outbreak still lingered, the stock market rallied thanks to declining interest rates, ongoing economic recovery, and the commencement of vaccine distribution in the UK, US and other parts of the world.

Average daily trading value on the combined three bourses surged to an all-time high of VND14.8t in December, a 49% month-on-month (mom) and 343% year-on-year (yoy) increase. Local retail investors have become somewhat euphoric. They opened 63,075 new securities accounts in December (+54% mom, +326% yoy), also a historical high. Retail investors accounted for 92.7% of stock trade value during the month, while in previous years, they represented roughly 85% of trade value.

Foreign investors net sold VND2.5t in December, mainly from one-off transactions in DIG, GMD, and TMS. Unlike in the previous months, foreigners started buying large-cap stocks, such as VHM, VCB, and VPB. Notably, they net-purchased VND1.5t of VN Diamond ETF shares.

Vietnam’s economy continued to recover, with quarterly GDP growth accelerating from 0.4% yoy in Q2 and 2.6% in Q3, to 4.5% in Q4, posting a 2.9% yoy growth for the whole year, which was slightly above the consensus expectation for circa 2.5% growth. The Purchasing Managers’ Index (PMI) bounced back from 49.9 in November to 51.7 in December, which indicates that the manufacturing segment should continue to expand in the months ahead.

FUND COMMENTARY

NAV per share of VEOF advanced by 7.7% in December. The fund recorded a 16.1% return in 2020, outperforming the VN Index by 1.2%.

Banks were the best-performing stocks in VEOF portfolio with TCB, VPB and MBB advancing by 31%, 21% and 13% mom, respectively. Banking stocks rose following the economic recovery and decelerating restructured loans related to COVID-19. HPG also rallied by 17% mom thanks to an increase in both steel sales volume and price.

On the other hand, VCB and VHM slightly underperformed in December. However, those two companies, which are the leaders in the banking and real estate sectors, respectively, are expected to record high earnings growth in 4Q20.

By the end of 2020, the VN Index was trading at a trailing P/E of 18.4x. Nevertheless, the 2021 forward P/E is only 14x thanks to the expected strong earnings recovery, according to data from Bloomberg. At the peak in April 2018, when the VN Index reached 1,204 points, forward P/E was 18x. While current deposit rates are 1.5- 2.0% lower than in 2018, the stock market valuation remained well below the peak. Nevertheless, as stock prices have been moving so fast with the aggressive participation of retail investors, some short-term corrections should be anticipated.

Important information

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