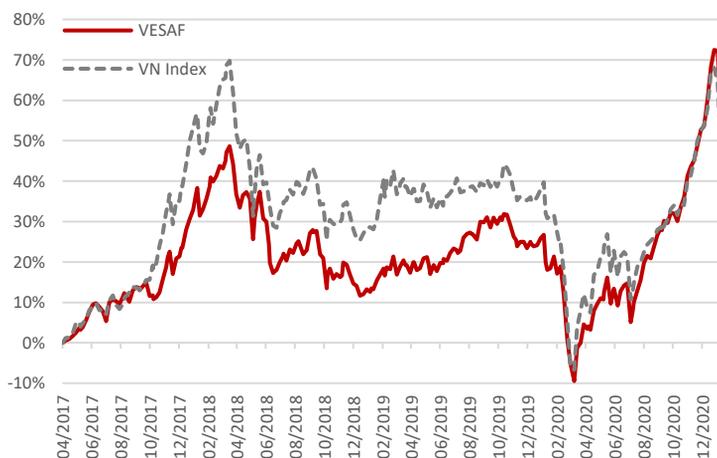


VESAF Investment approach

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

Fund Performance

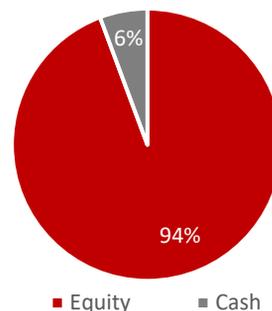
	VESAF	VNINDEX
Total AUM (VND billion)	337.8	
NAV/Share (VND)	15,835.9	
January 2021 (%)	1.2	(4.3)
YTD return (%)	1.2	(4.3)
2020 return (%)	25.6	14.9
Since inception return (%)	58.4	48.9
Annualized return since inception (%)	12.9	11.1

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

Investor Relations: irwm@vinacapital.com
Tel: +84 28 38 27 85 35

Investment Allocation

% Total NAV



Fund information

Inception	18 April 2017
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	Once a week, on Tuesday

Portfolio statistics

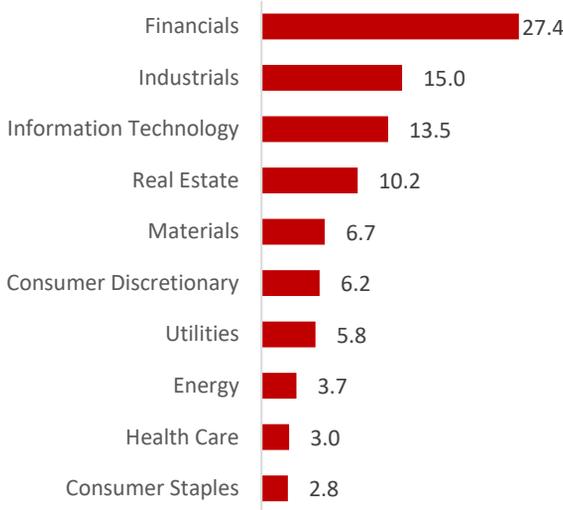
	VESAF	VNINDEX
Trailing P/E (x)	13.6	16.3
Trailing P/B (x)	2.1	2.2
Trailing ROE (%)	17.7	13.7
Dividend yield (%)	2.3	1.5
EPS growth 2021 (%)	31.0	20.2
Portfolio turnover (%)	84.4	-
Sharpe ratio	0.58	0.45
No. of stocks	27	397

(Trailing 12 months data)

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top 10 holdings

Stock	Sector	% NAV
FPT	Information Technology	13.5
MBB	Financials	7.5
MWG	Consumer Discretionary	6.2
ACB	Financials	5.5
KDH	Real Estate	5.3
REE	Industrials	4.5
GMD	Industrials	4.0
SCS	Industrials	4.0
HPG	Materials	3.9
TCB	Financials	3.9

Comments from fund manager

MARKET COMMENTARY

Vietnam’s stock market started the new year with positive momentum continuing from December’s rally. The VNIndex approached a peak level of 1,200 in mid-January. The full-year 2020 earnings results released during the month exceeded consensus expectations, with negative growth of 2% (compared to the previous forecast of negative 6%). Most of the surprise came from banking stocks, which reported strong Q4 earnings of 28% q-o-q and 28% y-o-y, driven by lower-than-expected new NPLs and loan restructuring rates, resulting in lower provision expenses.

The second half of the month saw unexpected volatility, however, triggered by the resurgence of Covid-19 in certain northern cities – an additional 232 new cases were reported as of the end of January. The VNIndex was already under sell-off pressure after its strong rally, which started in October, coupled with a high level of margin lending. To recall, the average daily trading value hit a fresh record high in January, skyrocketing by 37.3% over the previous month, to USD884 million for the three exchanges combined. The profit taking activities of local investors before the upcoming lunar new year holiday also contributed to the massive selloffs.

We believe local investors overacted during the recent selloffs, which led to the market’s biggest historical decline of 6.7% on the 28th, despite the strong fundamental outlook and earnings performance. At the end of January, the Index level of 1,057 saw the market trading at a 2021 P/E of 13.6x based on the forecasted earnings growth of 20% for 2021. This indicates a significant upside if we target a 5-year historical P/E of 16.0x, not to mention a potential P/E rerating under substantially higher liquidity amid low interest rates. Even at the Index level of 1,200 in mid-January, Vietnam market’s valuation appeared to be at a very attractive valuation compared to the same peak level in April 2018. At that time, the VNIndex reached a 2018 forward P/E of 18.3x based on 2018 earnings growth of 20%; meanwhile the 2021 P/E was only 16.3x in mid-January given the same expected earnings growth for the year ahead.

Therefore, we view the recent volatility as a buying opportunity for the stocks on our watchlist, with a focus on the materials, financials, and industrials sectors. The stock market was less risky after a 12% correction since its peak in mid-January, as the observed margin lending level was reduced by between 6% to 10% from the peak level, and foreign investors returned to net purchase of USD75 million in just two trading days with the sharpest correction. Moreover, we expect a limited impact of the recent Covid-19 emergence on business performance and consumer sentiment, as the Government has proved its ability in containing the pandemic during previous outbreaks. The same strict and aggressive measures have once again been applied to quickly prevent the spread of infections.

FUND COMMENTARY

VESAF’s NAV per share increased 1.2% in January, a significant outperformance of 5.5 percentage points against the VNIndex. The outperformance was mostly attributable to our holdings in industrial park developers, notably Kinh Bac City Development (KBC), which returned 51% in January. We have been expecting a high upside from its large IP land bank in key northern cities, which have been attracting major FDI from the key suppliers for Apple and Samsung. Recently, the legal issues of KBC’s existing land bank were resolved, which helped unlock its value and enhance its earnings visibility for the next two years. The company was trading at a very attractive P/B of 0.8x at the time of our disbursement.

Besides KBC, our top holdings FPT, MWG, and KDH outperformed the market, returning 6.1%, 11.6% and 8.9%, respectively. Our major bank holding, MBB, also returned 2.0% while other banks saw negative returns between 2% to 17% during the month.

We continue to concentrate our portfolio towards financials, materials and industrials holdings after the profit-taking in various small and mid-cap holdings. VESAF portfolio is trading at a 2021 P/E valuation of 10.2x, given forecasted EPS growth of 31% for 2021.

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.

The information contained herein has not been approved by any listing authority or any investment regulator. The information does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever. Forward-looking information is based on the estimates and opinions of the Company’s at the time the statements are made. The Company assumes no obligation to confirm or update forward-looking statements should circumstances or management’s estimates or opinions change.

No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of the Company or any of its directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained herein and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise for any other communication written or otherwise.

The information herein may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. By accepting receipt of this document, you agree to be bound by the limitations and restrictions set out above.

Neither these pages nor any copy of them may be taken or transmitted into or distributed in any jurisdiction where the distribution of such material would be prohibited under the jurisdiction’s applicable securities laws. Any failure to comply with this restriction may constitute a violation of national securities laws.