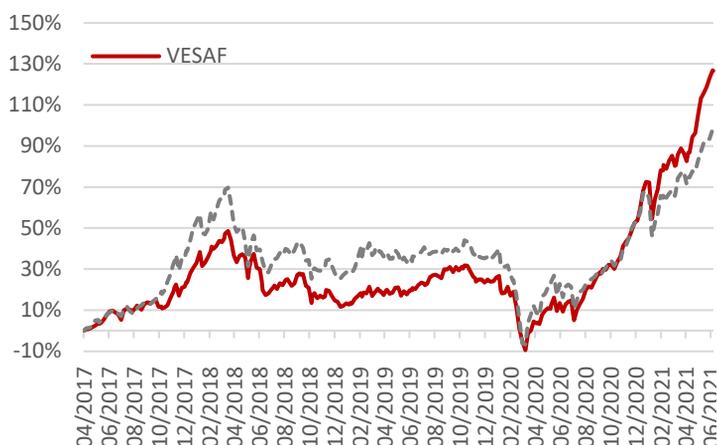


VESAF Investment approach

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

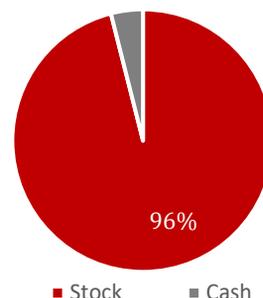
	VESAF	VN Index
Total AUM (VND billion)	478.8	
NAV/Share (VND)	22,652.2	
June 2021 (%)	6.3	6.1
YTD return (%)	44.8	27.6
2020 return (%)	25.6	14.9
Since inception return (%)	126.5	98.6
Annualized return since inception (%)	21.6	17.8

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

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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

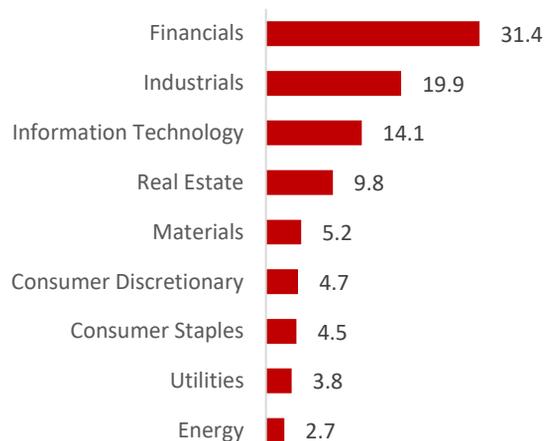
	VESAF	VN Index
Trailing P/E (x)	16.0	19.2
Trailing P/B (x)	2.9	2.8
Trailing ROE (%)	20.4	15.0
Dividend yield (%)	1.9	1.3
EPS growth 2021 (%)	47.6	30.7
Portfolio turnover 12M (%)	57.9	-
Sharpe ratio	0.90	0.64
No. of stocks	25	385

(Trailing 12 months data)

Source: Bloomberg, VinaCapital's forecast

Sector Allocation

% Total NAV



Top 10 holdings

Stock	Sector	% NAV
FPT	Information Technology	14.1
MBB	Financials	11.9
CTG	Financials	5.3
HPG	Materials	5.2
KDH	Real Estate	4.8
MWG	Consumer Discretionary	4.7
TCB	Financials	4.6
GMD	Industrials	4.1
ACB	Financials	3.7
REE	Industrials	3.6

Comments from fund manager

MARKET COMMENTARY

The VN Index reached the new all-time high of 1,410 on June 29, then closed the month at 1,409, gaining 6.1% in June. Vietnam's stock market increased 27.6% in the first six months of 2021, making it Asia's best performing market.

The serious and escalating COVID-19 situation across the country has not dampened local retail investor sentiment. A record 140,000 new trading accounts were opened in June, a 23% m-o-m increase. Average daily trading value across the combined three bourses climbed 13% m-o-m to reach VND29.7 trillion. Foreigners were net-sellers in June to the tune of VND4.7 trillion, although their selling declined by half compared to May, and they turned to net purchasers during the last week of June.

The macro data for June and Q2 showed some negative impact of the surging COVID-19 cases and social-distancing regulations on the economy. Industrial production growth in June slowed down to 6.8% y-o-y after reaching 11.8% y-o-y in May, while retail sales of goods and services declined 6.6% y-o-y. The Purchasing Managers' Index (PMI) dropped to 44.1 in June from 53.1 in May, indicating sharp reductions in both manufacturing output and new orders. Q2 GDP, however, grew 6.6% y-o-y from a low base in 2Q20 (when GDP growth was only 0.4% y-o-y) and the strong recovery of the economy in April and May before the latest outbreak.

The recent and prolonged COVID-19 outbreak has prompted us to reassess its impact on economic growth as well as the earnings outlook of selected vulnerable sectors for the second half of 2021. We therefore expect some short-term volatility in the stock market after the VN Index's strong rally to all-time high levels, which reflected strong earnings growth in 1H21. However, several fundamental factors continue to support Vietnam's stock market, including (i) the aggressive vaccination rollout in Vietnam and developed countries will pave the way for a gradual return to "normal" life, (ii) an expected rapid economic recovery once the social-distancing regulations are relaxed, as in the previous waves, and (iii) the reasonable valuation of the VN Index at 2021 P/E of 16.9x, given the full-year earnings growth forecast of 30%.

FUND COMMENTARY

VESAF returned 6.3% in June and 44.8% in the first half of 2021.

Our high-conviction holdings in the banking (MBB, +14.2% in June) and brokerage (VCI, +31.2%) sectors continued to yield the highest returns to the fund, given their upbeat performances among peers during the month. GMD, our pick in the logistics sector, also delivered a strong return of 16.1% in June, given the strong prospects of its port business in both Haiphong and Cai Mep. During the month, other small and mid-cap holdings in our portfolio also advanced. ASP, a LPG retail distributor with an attractive valuation and growth potential, returned 17.5%. Other small-cap stocks including BWE (water supplier), KBC (industrial park), and VHC (pangasius exporter) returned 18.0%, 15.3% and 13.8%, respectively.

Although we maintain a positive view of Vietnam's stock market based on its strong fundamentals and growth prospects post-pandemic, we remain disciplined and more cautious on the impact of the recent Covid waves. We reduced our exposure to the banking sector during the month but accumulated positions in more defensive sectors, including consumer and insurance. As always, we believe our rigorous stock selection will help us to weather headwinds ahead.

Important information

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