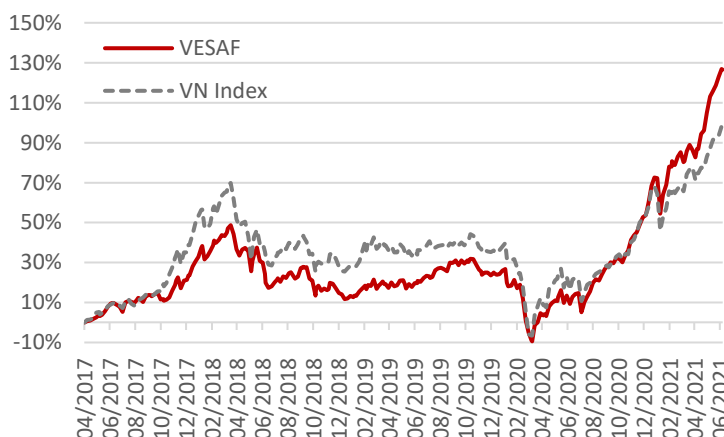


VESAF Investment approach

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

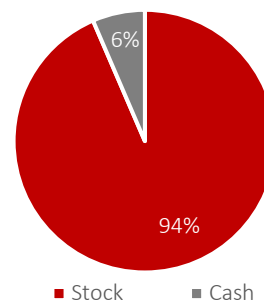
	VESAF	VN Index
Total AUM (VND billion)	488.6	
NAV/Share (VND)	22,376.97	
July 2021 return (%)	(1.2)	(7.0)
YTD 2021 return (%)	43.0	18.7
3-year annualized return (%)	22.4	11.1
Annualized return since inception (%)	20.8	15.4
Cumulative return since inception (%)	123.8	84.7

(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

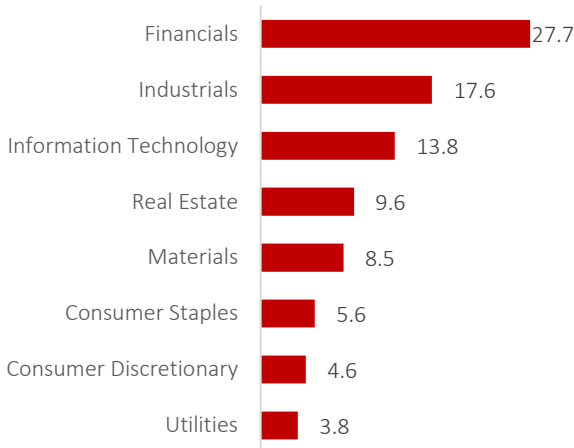
	VESAF	VN Index
Trailing P/E (x)	15.3	16.5
Trailing P/B (x)	2.8	2.6
Trailing ROE (%)	21.2	16.1
Dividend yield (%)	1.7	1.3
EPS growth 2021 (%)	44.0	34.9
Portfolio turnover 12M (%)	60.3	
Sharpe ratio	0.81	0.50
No. of stocks	27	385

(Trailing 12 months data)

Source: Bloomberg, VinaCapital's forecast

Sector Allocation

% Total NAV



Top 10 holdings

Stock	Sector	% NAV
FPT	Information Technology	13.8
MBB	Financials	9.3
KDH	Real Estate	5.1
HPG	Materials	4.6
MWG	Consumer Discretionary	4.6
CTG	Financials	4.4
TCB	Financials	4.3
GMD	Industrials	4.3
PLC	Materials	3.9
FMC	Consumer Staples	3.5

Comments from fund manager

MARKET COMMENTARY

The VN Index declined 7.0% in July after five consecutive months of advancing, due to the surge of COVID-19 cases in many provinces. The further spread of the fourth wave of COVID-19 has prompted the highest level of social distancing measures in Ho Chi Minh City (9 July), the entire southern region (17 July) and Hanoi (24 July). Macroeconomic figures deteriorated in July as a result, with retail sales declining 8.3% m-o-m and industrial production increasing only 1.8% m-o-m. Vietnam’s stock market still gained 18.7% year-to-date after July’s decline.

After strong rallies in 1H21, most banks slumped in July on heavy profit-taking pressure, leading to a 9.9% m-o-m decline of the financials sector. The real estate sector also declined 9.1% as the Vingroup companies stepped back. The information technology and consumer discretionary sectors, however, were resilient with gains of 7.6% and 2.8%, respectively, thanks to the strong performances of FPT and MWG.

After months of consecutive selling, foreign investors turned to net purchase of VND5.4 trillion in July, the highest monthly foreign inflow since June 2020, of which the Fubon FTSE Vietnam ETF contributed more than VND4 trillion. Taiwanese investors appeared to have strong confidence in the post-COVID prospects of Vietnam’s stock market.

We saw positive signals from the stock market during the last 10 trading days of the month, with the VN Index rising from 1,244 on the 19th to 1,310 on the 30th. We believe the recent rebound was supported by investors’ expectations that measures to control the outbreak will be successful and the launch of an aggressive vaccination campaign. Encouraging 2Q earnings results, which were recorded at 57% y-o-y, also lifted investor sentiment regarding corporate earnings outlook once the COVID outbreak is under control.

The correction in July has brought Vietnam’s market valuation to a more attractive level. At the end of July, the VN Index was trading at a 2021F P/E of 15.2x, approximately 1 standard deviation below its 5-year average. The vaccination campaign has accelerated since mid-July, with more than 500,000 doses administered per day. As of 5 August, 6.4 million and 0.8 million people got their first and second doses, respectively, equivalent to 6.5% and 0.8% population. We expect the stock market to continue its recovery on both the strong economic prospects post-COVID and reasonable valuations.

FUND COMMENTARY

VESAF’s NAV per share declined only 1.2% in July, a strong outperformance against the VN Index. The year-to-date outperformance expanded to 24.4% as a result.

Our holdings in banks faced strong selling pressure as their earnings outlooks in 2H looked much less rosy than what they delivered in 1H. MBB and CTG declined 10% and 15% respectively in July and were the major draggers of the portfolio. Despite near-term headwinds related to their weaker 2Q earnings (compared to peers, mainly due to aggressive provision expenses), and lower NIM in 2H on lower lending rates to support COVID-19 impacted borrowers (similar to other banks), we believe these banks’ fundamentals and earnings outlook remain intact in the future. This will be supported by their proactive provisioning practices to bring LLR to their high levels in Q2, increasing CASA to support NIM (MBB), and stronger fee income (bancassurance upfront fee for CTG).

The fund’s overall performance was resilient despite the weak performances of these banks, as the other top holdings FPT (+7%), KDH (+8%) and MWG (+8%) significantly outperformed. Additionally, other mid and small cap holdings such as GMD (+7%) and PLC (+6%) were also major contributors. We believe our overweight in technology and our picks in logistics, materials and properties will continue to deliver a positive performance during and post-COVID time.

Important information

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