

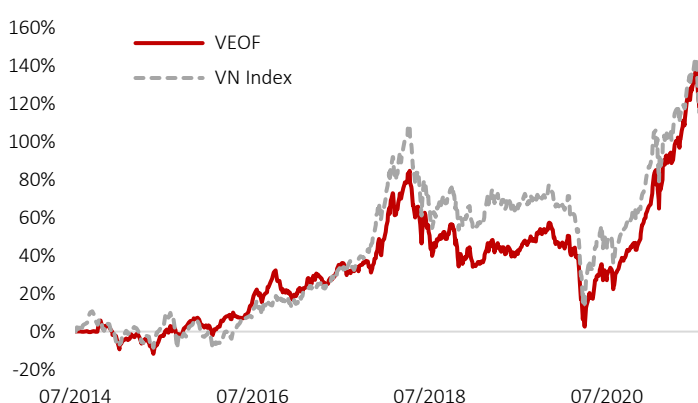
VEOF Investment approach

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

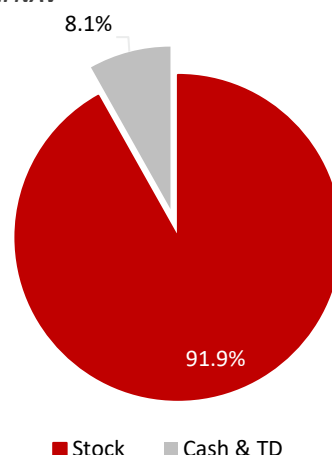
	VEOF	VN Index
Total AUM (VND billion)	415.3	
NAV/Share	23,891.4	
Aug 2021 return (%)	3.0	1.6
YTD 2021 return (%)	40.7	20.6
3-year annualized return (%)	16.2	10.4
Annualized return since inception (%)	12.9	12.3
Cumulative return since inception (%)	138.9	130.3

(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	Daily, from Monday to Friday
Benchmark	VN Index

Portfolio statistics

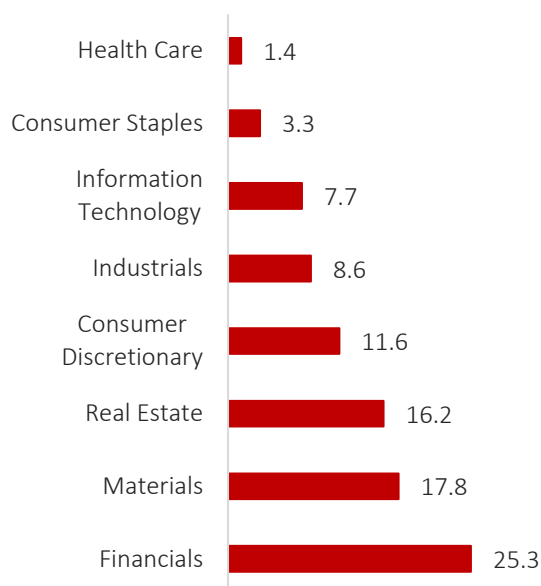
	VEOF	VN Index
Trailing P/E (x) (*)	14.2	16.0
Trailing P/B (x) (*)	2.6	2.6
Trailing ROE (%) (*)	18.3	16.3
Dividend yield (%) (*)	1.3	1.3
EPS growth 2021 (%)	26.1	20.0
Portfolio turnover (%)	74.0	-
Sharpe ratio	0.44	0.36
No. of stocks	30	385

(*) Trailing 12 months data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Comments from fund manager

MARKET COMMENTARY

After slumping by 7.0% in July due to the severe COVID-19 outbreak, the VN Index recovered by 1.6% in August, lifting the year-to-date (ytd) gain to 20.6%.

The August recovery was bumpy, as the VN Index rose 4.9% in the first three weeks of the month, then dropped from 1,374.9 to 1,298.9 (-5.9%) in just two days due to the implementation of stricter social-distancing regulations in Ho Chi Minh City and several other provinces. All people were requested to “stay where they are”, with even grocery shopping prohibited and the Government taking responsibility for distributing food and necessities to households.

Despite the market volatility, average daily trading value across the combined three bourses remained strong, reaching VND28.9t in August, a 17% month-on-month (mom) increase. Money flowed to the mid- and small-cap stocks while the VN30 Index, which represents the large-cap stocks, declined 1.3%, significantly underperforming the market. Foreign investors turned to net sellers of VND6.6t in August from net buyers of VND5.4t in July, increasing the ytd foreign outflows to VND32.1t.

Q3 macro data is expected to be gloomy as the July and August figures have shown deterioration. August retail sales declined 10.5% mom and 33.7% yoy. The Index of Industrial Production dropped 7.4% yoy, dragging the ytd growth to 5.6%. The Purchasing Managers' Index (PMI) slumped to 40.2 in August from 45.1 in July, marking the third straight month of contraction in the manufacturing sector.

FUND COMMENTARY

VEOF's NAV per share advanced by 3.0% in August, outperforming the VN Index by 1.4%. On a ytd basis, the fund has gained 40.7%, while the VN Index has increased 20.6%.

Among the fund's top-ten holdings, HPG and DGC outperformed the market, increasing by 4.2% and 23.6% mom, respectively. Although steel consumption has been affected by the social-distancing regulations, HPG's steel sales volume reached 690,000 tons in August, a 17% yoy increase, lifting the ytd sales volume to 5.6m tons, a 43% yoy increase. DGC, a chemical producer, is rather immune from the outbreak and is expected to maintain encouraging business results in H2 2021. The company's H1 net profit advanced by 36% yoy, reaching VND606b.

Other stocks in the top-ten holdings did not significantly outperform the market. However, the smaller holdings, most of which are mid- and small-cap stocks, performed well. Of note, SZC, an industrial park company, and GMD, a port and logistics company, gained 18.2% and 14.7% mom, respectively. The businesses of these companies have been resilient even as most of the economy was sluggish as a result of the outbreak.

We expect the economy's trough to occur in Q3 2021 and believe the stock market has already accounted for most of the negative information. As of 7 Sep 2021, 20% of Vietnamese population has received at least one dose of a vaccine, of which 3.6% have received two doses, a significant increase from 5.1% and 0.6% at the end of July, respectively. In Ho Chi Minh City and Binh Duong, the two hubs of manufacturing in southern Vietnam, 87% and 71% of the population over 18 years old have received at least one dose of vaccine. The strict social-distancing regulations will reduce the number of new infections and deaths, while the acceleration of vaccinations should enable the economy to gradually re-open. As a result, we expect the stock market will receive more positive information from now to year-end.

Top 10 holdings

Stock	Sector	% NAV
HPG	Materials	8.5
FPT	Information Technology	7.7
MWG	Consumer Discretionary	6.6
VHM	Real Estate	6.0
TCB	Financials	5.3
VPB	Financials	4.4
VCB	Financials	4.1
MBB	Financials	3.6
DGC	Materials	3.4
VRE	Real Estate	3.3

Important information

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