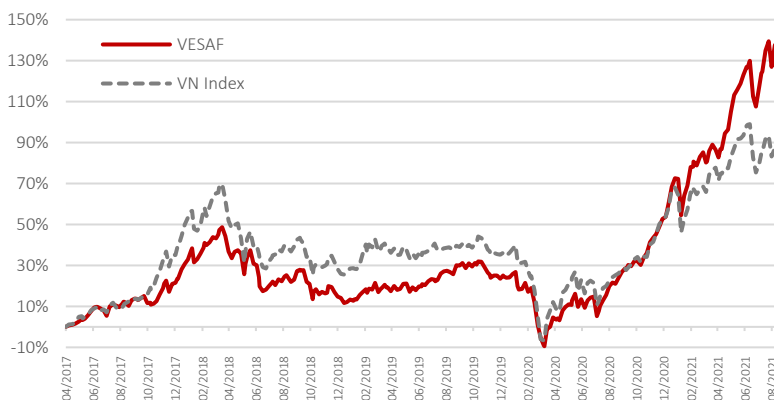


VESAF

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

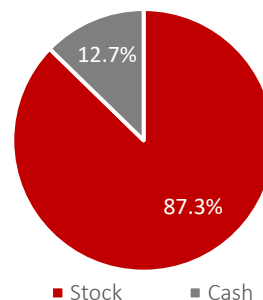
Total AUM (VND billion)	553.0	
NAV/Share (VND)	23,773.96	
Aug 2021 return (%)	6.2	1.6
YTD 2021 return (%)	52.0	20.6
3-year annualized return (%)	23.8	10.4
Annualized return since inception (%)	22.0	15.6
Cumulative return since inception (%)	137.7	87.7

(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	Daily, From Monday to Friday

Portfolio statistics

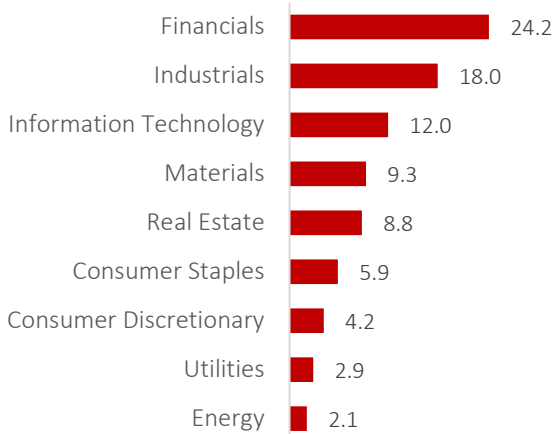
	VESAF	VN Index
Trailing P/E (x)	15.3	16.0
Trailing P/B (x)	2.9	2.6
Trailing ROE (%)	21.6	16.3
Dividend yield (%)	1.6	1.3
EPS growth 2021 (%)	38.5	20.0
Portfolio turnover 12M (%)	58.2	-
Sharpe ratio	0.89	0.54
No. of stocks	28	385

(Trailing 12 months data)

Source: Bloomberg, VinaCapital's forecast

Sector Allocation

% Total NAV



Top 10 holdings

Stock	Sector	% NAV
FPT	Information Technology	12.0
MBB	Financials	7.4
HPG	Materials	5.1
KDH	Real Estate	4.4
PLC	Materials	4.2
MWG	Consumer Discretionary	4.2
FMC	Consumer Staples	3.8
TCB	Financials	3.6
CTG	Financials	3.6
REE	Industrials	3.5

Comments from fund manager

MARKET COMMENTARY

The VN Index recovered 1.6% in August following a decline of 7.0% in July, lifting the YTD return to 20.6%.

The recovery in August was bumpy, as the VN Index rose 4.9% during the first three weeks, then dropped from 1,374.9 to 1,298.9 (-5.9%) in just two days due to the implementation of stricter social-distancing orders in Ho Chi Minh City and several other provinces. All residents 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’s volatility, the average daily trading value across the combined three bourses reached VND28.9 trillion in August, a 17% m-o-m increase. Local flows were into mid- and small-cap stocks, with the average daily trading volume and turnover of these groups increasing 55% and 79% respectively in the month. The VN30 Index, which represents large-cap stocks, declined 1.3%, significantly underperforming the market. Foreign investors turned to net sellers of VND6.6 trillion in August from net buyers of VND5.4 trillion in July, increasing the YTD foreign outflows to a total of VND32.1 trillion.

Q3 macro data is expected to be gloomy, given the deterioration of July and August figures. In August, retail sales further declined 10.5% m-o-m and 33.7% y-o-y. The Index of Industrial Production dropped 7.4% y-o-y, 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.

We expect the economy’s trough to occur during Q3 and believe that the stock market has already accounted for most of the negative impact of the social distancing measures. As of 7 Sep 2021, 20% of the Vietnamese population has been vaccinated with at least one dose, of which 3.6% have received two doses, a significant increase from 5.1% and 0.6% at the end of July, respectively. In the two manufacturing hubs of Ho Chi Minh City and Binh Duong province, 87% and 71% of the population over 18 years old have been given at least one dose of vaccine, respectively. The strict social-distancing regulations are expected to gradually reduce the number of new infections and deaths. At the same time, accelerated vaccinations will enable the economy to gradually re-open. We expect the stock market to maintain its upward momentum as the economy’s positive recovery in 2022 makes the current market valuations attractive.

FUND COMMENTARY

August was also a good month for VESAF, which returned 6.2% and continuing to far outperform the VN Index. During the month, strong local flows to small- and mid-caps supported their performances as their valuations appeared more attractive than the large caps in the VN30 Index, which rallied in 2Q21 largely due to bank stocks. Moreover, we observed the flows going to companies in sectors with better resilience during the lockdown, as well as those with strong outlooks for the next year, including infrastructure spending, commodity, export and renewable energy. We have been actively increasing our exposure to these small and mid-cap names since the end of June.

We believe VESAF’s strong performance in August was also the result of our careful stock selection within each sector. Top contributors to the fund’s return included PLC (materials, +38.6%), FMC (consumers, +25.3%), PC1 (renewable energy, +29.2%) and MIG (insurance, +32.4%). These stocks are some of the best performers in their respective sectors. We continue to believe in the positive prospects of these stocks in the next year, even though there may be some short-term volatility after their recent robust returns. Earnings of VESAF’s holdings are forecasted to grow at 38.5% in 2021 and 34.3% in 2022.

Important information

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