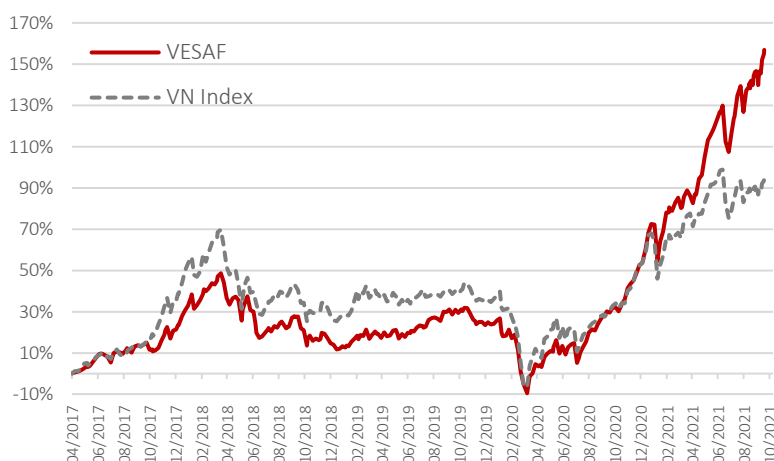


## VESAF

## 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

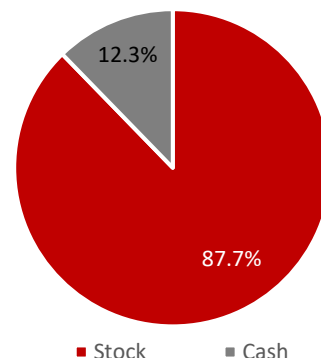
	VESAF	VN Index
Total AUM (VND billion)	692.1	
NAV/Share (VND)	26,300.14	
Oct 2021 return (%)	6.7	7.6
YTD 2021 return (%)	68.1	30.8
3-year annualized return (%)	30.9	16.4
Annualized return since inception (%)	23.8	17.0
Cumulative return since inception (%)	163.0	103.6

(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"> <li>• 2.0% &lt; 12 months</li> <li>• 1.5% &gt;= 12 months</li> <li>• 0.5% &gt;= 24 months</li> </ul>
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

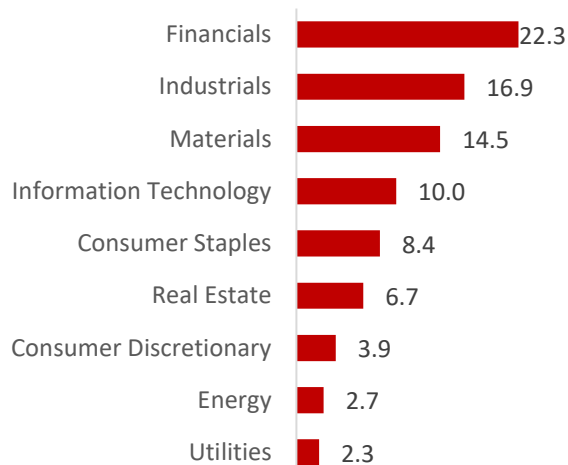
	VESAF	VN Index
Trailing P/E (x)	16.2	16.8
Trailing P/B (x)	3.0	2.7
Trailing ROE (%)	21.2	16.0
Dividend yield (%)	1.8	1.2
Portfolio turnover 12M (%)	59.6	-
Sharpe ratio	0.96	0.57
No. of stocks	28	402

(Trailing 12 months data)

Source: Bloomberg, VinaCapital's forecast

## Sector Allocation

% Total NAV



## Top 10 holdings

Stock	Sector	% NAV
FPT	Information Technology	10.0
MBB	Financials	7.5
HPG	Materials	6.8
KDH	Real Estate	4.6
PLC	Materials	3.9
MWG	Consumer Discretionary	3.9
SZC	Industrials	3.6
QNS	Consumer Staples	3.5
FMC	Consumer Staples	3.5
TCB	Financials	3.5

## Comments from fund manager

## MARKET COMMENTARY

The VN Index advanced by 7.6% in October 2021, closing the month at the all-time high of 1,444.3, driven by the economy's re-opening after a lengthy COVID-19 lockdown and the expectation for an economic stimulus package. The Index has gained 30.8% YTD.

After four months of various social-distancing measures throughout the country, most economic activities have been resumed since the beginning of October. The remaining restrictions are in tourism, bars, cinemas, and crowded events. October macro data showed a recovery from previous months, though still declining y-o-y. Retail sales and industrial production grew 18.1% and 6.9% m-o-m but remained 19.5% and 1.6% lower than October last year, respectively. Notably, the PMI rebounded to the above-50 level at 52.1 in October, ending four consecutive months of contraction.

The Ministry of Planning and Investment has proposed a plan for a sizeable economic stimulus package for 2022 and 2023, focusing on tax cuts, infrastructure spending, lending rate support, social benefits, and job creation. It would be the largest ever stimulus package in Vietnam if it is implemented.

HOSE-listed companies posted aggregate net profit growth of 20% y-o-y in Q3 and 49% y-o-y in 9M2021. Q3 profit growth was significantly lower than Q1 and Q2, but the 20% growth was encouraging given the severe impact of the outbreak. High Q3 profit growth was seen in materials (+138% y-o-y, driven by steel companies), utilities (+43%), and financials (+22% y-o-y), while the profits of the consumer staples and discretionary sectors declined by 15% and 51%, respectively.

By the end of October 2021, the VN Index was trading at a 2021F and 2022F P/E of 16.8x and 13.7x, while 2022F EPS growth is forecasted to reach 23% y-o-y, according to Bloomberg. We see this as a reasonable valuation and expect further upside for the stock market thanks to the economic recovery, earnings growth of listed companies, and positive sentiment prompted by the stimulus plan. Nevertheless, the market can be overheated at times, prompted by aggressive trading activities of retail investors; therefore, some short-term volatility should be anticipated.

## FUND COMMENTARY

The fund returned 6.7% during October. The two property stocks in the portfolio, KDH (residential) and SZC (industrial park), which returned 22.6% and 32.1%, respectively, were top performers of the fund. SZC reported outstanding Q3 earnings growth of 79% compared to the other industrial parks, the earnings of which were mostly impacted by the Covid lockdown. KDH, on the other hand, announced a Q3 earnings decline of 12% y-o-y, but still an encouraging result driven by the delivery of one of its key apartment projects before the lockdown period.

Other contributors to October's return were stocks in the materials sector, which performed well on the expectation of strong earnings growth in upcoming quarters given the aggressive infrastructure spending plan, despite some headwinds in Q3 results due to the lockdown. PLC (asphalt for roads, +15.7%) and DHA (construction stone, +15.3%) were our major picks for the sector, besides HPG (leading steel producer).

We reiterate our focus on stocks benefiting from digital transformation, export related and public spending for the next year.

## Important information

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