

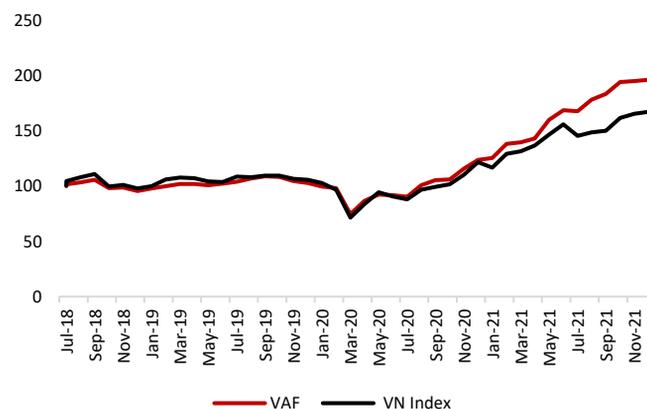
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

PERFORMANCE SUMMARY

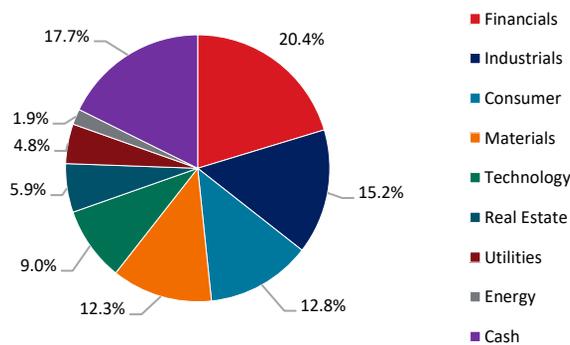
	Fund	VN-Index
December 2021 (m-o-m)	-1.2%	0.9%
YTD	55.4%	37.3%
3-year annualized	26.2%	19.5%
Annualized since inception*	20.5%	15.8%
Accumulated since inception*	92.1%	66.9%
Annualized standard deviation	21.1%	24.3%

* Inception date: 03 July 2018

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2022 PE	2022 ROE
FPT	3,865	Technology	9.0%	17.0	25.7%
MBB	4,733	Financials	7.3%	7.1	23.1%
QNS	814	Consumer	5.0%	10.7	22.3%
BWE	376	Utilities	4.8%	10.0	19.9%
SZC	273	Industrials	4.6%	17.9	23.8%
MWG	4,117	Consumer	4.2%	15.1	29.2%
VPB	370	Financials	3.9%	14.7	15.5%
HPG	11,226	Materials	3.9%	5.4	34.4%
PLC	163	Materials	3.5%	12.5	19.1%
KDH	1,441	Real Estate	3.2%	17.4	20.3%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

Following an impressive performance in 2020, Vietnam's stock market achieved another remarkable year in 2021, returning 37.3% and making it one of the world's best performers. Local retail investors continued to be the major contributors to the market's strong performance, with the number of new accounts opened in 2021 accounting for 30% of all accounts at the end of 2021. Trading liquidity reached an all-time high level in the year, with ADTV of USD920 million, surpassing the levels of Indonesia and Singapore. Market capitalization of the three exchanges reached USD339 billion at year-end, nearly equaling Vietnam's GDP and approaching the size of the total credit system. We believe the low interest environment in Vietnam will continue to cause investors to move their money from bank deposits to the stock market; the proportion of retail deposits in the banking system has gradually declined over time, from 58% in 2016 to 50% in 2021.

The VNIndex hit new record highs in the context of slowing economic growth as business was interrupted and domestic consumption was weak as a result of the severe fourth Covid wave. Vietnam posted GDP growth of 2.6% in 2021, lower than the estimated global GDP growth of 5.5%. The manufacturing sector remained resilient in 2021 despite the well-publicized challenges, with IIP manufacturing growth increasing from 3.4% y-o-y in 2020 to 4.8% in 2021. Production has recovered well since October, despite a modest worker shortage. Exports continued to be the major growth driver, resiliently strong in 2021 at a high growth rate at 19.0%, in which exports to the US surged by 24.0%, swelling Vietnam's trade surplus with the US to over USD80 billion in 2021. In contrast, the decline in Vietnam's real retail sales accelerated from -3.0% y-o-y in 2020 to -6.1% in 2021, despite a mini reopening boom in Q4 during which real retail sales surged by nearly 30% q-o-q.

Vietnam's GDP growth is expected to recover to 7.0% in 2022, the highest growth among Asian peers. A lower risk of lockdown and business disruption is expected in 2022 due to the country's high vaccination rate and "living with covid" strategy. The resumption of international flights facilitates FDI inflows to Vietnam as production relocation continues. Retail sales are expected to see a strong recovery in 2022 as the economy continues to reopen, although it may be uneven. Various stimulus packages were implemented in 2020-2021, however, at a much smaller scale than in other countries (approximately 3% of GDP). A stimulus package of USD15.2 billion for 2022-23 (approximately 4.5% of GDP) has been approved by the National Assembly and is expected to support economic growth in 2022 and strengthen positive sentiment in the stock market.

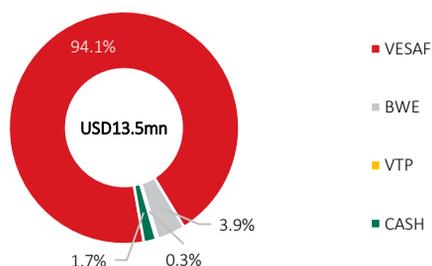
Listed companies are forecasted to achieve net profit growth of 26% in 2022, which put the market's 2022 P/E at 13.9x, an attractive valuation compared to Vietnam's 5-year average and ASEAN emerging markets.

PORTFOLIO HIGHLIGHTS

VAF achieved a robust return of 55.4% in 2021. Besides the outstanding performances of top holdings FPT Corp (+84.7%) and Military Bank (+71.2%), other small-cap names were the major highlights in 2021, reinforcing our investment strategy into overlooked opportunities.

Sonadezi Chau Duc (SZC, +135.4%) reported earnings growth of 57% in 9M21, surpassing the performance of other industrial park players that were hit hard by the Covid wave in Q3, due to strong land sales in its project in Ba Ria province. The increase in land price by 10% y-o-y in 8M21 and a further 7% y-o-y since September also supported the profit margin. This was one of the largest increases in land prices among industrial park areas nationwide, given its strategic location near the deep-sea port and potential logistics improvements in the coming years. We forecast earnings growth of 30% in 2022 and maintain our position in SZC as a core holding in industrial park sector.

Kinh Bac City (KBC, +149.2%) reported flat earnings growth in 2021 as its industrial park leasing activities and residential land sales in the north were impacted by restricted international flights. However, the company was able to obtain approvals for several new industrial park land projects in other provinces, which enriched its pipeline of future earnings. We believe its flagship residential project in Hai Phong will be a big earnings driver, which supports earnings growth of 300% in 2022.

PORTFOLIO ALLOCATION


Small- & mid-cap	51.0%
Stocks traded on UPCoM	6.0%
Stocks at full Foreign Ownership Limit	33.5%

- *Small- & mid- cap: stocks with market capitalization below USD2 billion*
- *UPCoM: Unlisted Public Company Market*

Anpha Petrol (ASP, +133.7%) reported earnings growth of 149% in 9M21 despite the lockdown impact to its gas retail business in Q3. At the time of our investment, we believed the company was traded well-below its asset value and expected meaningful upside as the company grew and completed a restructuring. The company has shown positive developments since our investment, as it started to gain significant share in wholesale sales to big suppliers such as Samsung and other industrial customers in addition to increasing retail share. Further, the company's digital transformation initiative to improve inventory and retail sales management underscores our belief in its strong prospects.

PORTFOLIO STRATEGY FOR 2022

The portfolio is constructed to benefit from continued strong exports and increasing FDI. Over 25% of VESAF's portfolio is comprised of holdings in industrial parks, logistics, and utilities services that support trade activities. With the recovery of domestic consumption set to be uneven, the portfolio aims at investing in companies with the capability to gain market share post-Covid via their strong digital transformation initiatives to capture the change in consumption habits. Additionally, accelerated infrastructure spending will also support our holdings in materials and residential properties. The portfolio's EPS growth is forecasted at 39% for 2022, significantly higher than the expected 26% growth of the market.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD13.5mn
Domicile	Cayman Islands
Fund manager	VinaCapital Investment Management Ltd.
Auditor	Grant Thornton Cayman Islands
Administrator	Vistra Alternative Investments (Singapore) Pte. Ltd.
Management fee	None
Performance fee	15% over 8% hurdle rate, with high watermark
Subscription frequency	Monthly, the Subscription Day is the first business day of each calendar month
Redemption frequency	Monthly, the Redemption Day is the first business day of each calendar month
Minimum subscription amount	USD100,000

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