

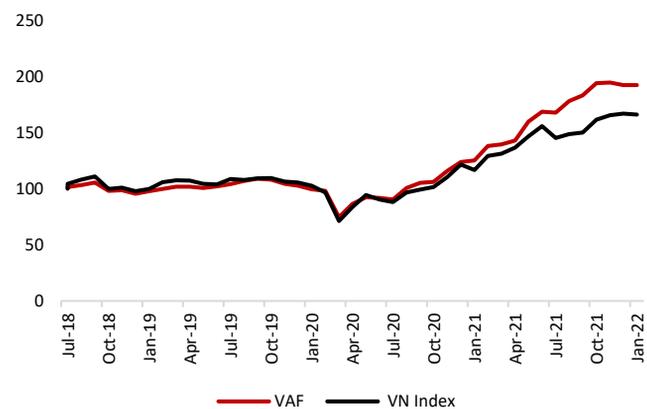
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

## PERFORMANCE SUMMARY

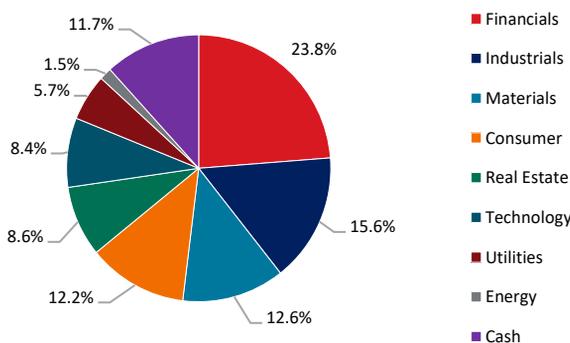
	Fund	VN Index
January 2022 (m-o-m)	0.0%	-0.6%
YTD	0.0%	-0.6%
3-year annualized	25.2%	18.5%
Annualized since inception*	20.0%	15.2%
Accumulated since inception*	92.2%	65.9%
Annualized standard deviation	20.9%	24.0%

\* Inception date: 03 July 2018

## PERFORMANCE CHART



## SECTOR ALLOCATION



## TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2022 PE	2022 ROE
MBB	5,618	Financials	8.6%	7.5	24.1%
FPT	3,584	Technology	8.4%	15.3	23.3%
SZC	341	Industrials	5.1%	20.3	23.7%
KDH	1,418	Real Estate	5.1%	16.1	18.3%
BWE	376	Utilities	5.0%	10.0	20.0%
QNS	756	Consumer	4.8%	12.0	19.9%
VPB	7,189	Financials	4.4%	11.9	14.6%
MWG	4,168	Consumer	4.0%	15.2	27.4%
PLC	144	Materials	3.6%	13.6	17.6%
KBC	1,350	Real Estate	3.5%	10.1	26.7%

Source: Bloomberg, VinaCapital's estimates

## MANAGER'S MONTHLY COMMENTARY

The new year started off on a challenging note, as the VN Index declined 0.6% in January after five consecutive months of growth. Vietnam's stock market experienced the same volatility as global markets, which was largely due to the high probability for faster-than-expected US Fed rate hikes this year to combat soaring prices. In Vietnam specifically, the speculative small caps, mainly in the real estate sector, declined heavily after being pushed too high in previous months. Brokerage stocks declined 17.7% on average under profit taking pressure as trading liquidity subsided, while commodity-related stocks in the steel and fertilizer segments retreated as commodity prices started to cool down.

The banking sector was the bright spot of the month. Banking stocks increased 6.8% on average in January, as flows partially switched from the aforementioned stocks. Banks reported a decelerated earnings growth of 5.8% y-o-y in 4Q21 (compared to 76% y-o-y in 1Q, 29% in 2Q and 14% in 3Q), although they were in line with the consensus forecast based on the high base in 4Q20. Additionally, within the sector, several banks announced much stronger-than-expected earnings, notably the two state-owned commercial banks BID and VCB, which reported with 4Q earnings growth of 48% and 14% y-o-y, respectively, while MBB (the fund's top holding) reported 4Q growth of 83% y-o-y, the highest of the sector. For the whole-year 2021, MBB was also among the banks that posted the strongest profit growth of 54%. Share prices of BID, MBB, and VCB therefore outperformed peers in January, returning 30.2%, 17.5%, and 13.8%, respectively.

Investors have shifted their attention to the real "new normal" of living with COVID and the transition from a pandemic to an endemic condition, as many countries started to reopen their borders and facilitate travel. Vietnam's Government also announced that the country's borders would reopen and that international tourists would be able to return from mid-March. With easing mobility restrictions, we expect domestic passenger volume to reach 75% of pre-covid levels in 2022, while international volume should recover gradually to reach about 30% of pre-covid levels. With an estimated direct and indirect contribution of 12% to Vietnam's GDP, the resumption of travel will make a meaningful contribution to GDP growth in 2022, although the strongest positive impact on the earnings of aviation companies should be more visible in 2023.

With the further improvement in mobility and surging demand in advance of the Tet holiday, retail sales recovered strongly, increasing 6.7% m-o-m in January. The number of airline passengers carried domestically increased 30% m-o-m, which supported the rebound of service activities. Additionally, FDI disbursement reached USD1.6 billion, the highest amount in January over the last five years, increasing 6.8% y-o-y. We expect that the resumption of travel will further enhance retail sales and FDI inflows in 2022.

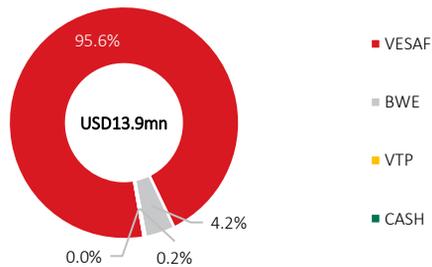
We maintain a bullish outlook for Vietnam for 2022, although volatility is expected along the way. Economic recovery, strong corporate earnings, and the market's attractive valuation are the dominant catalysts. While other countries target monetary tightening policies in 2022, Vietnam will most likely maintain supportive policy coupled with accelerating infrastructure spending to support the recovery. Such growth combined with rising but controlled inflation and a stable currency continue to make Vietnam a favorable investment destination.

## PORTFOLIO HIGHLIGHTS

Despite the challenges of the broader market in January, VAF's performance remained resilient, supported by the solid performance of its top holdings. Against the decline of VN Index, the portfolio's NAV remained almost unchanged.

MBB (bank) returned 17.5% for the month, more than double the sector's 6.8% average return. MBB took a prudent approach during the lockdown period, creating the largest reserve cover ratio in 3Q21. The bank has also been able to benefit from the post-lockdown recovery. As credit growth made a remarkable recovery in 4Q due to the pent-up demand of both corporate and retail customers, MBB reported one of the highest credit growth rates in Q4 (+9.1% q-o-q). On the deposit side, MBB continued to raise the CASA level to 48.7% (from 40.9% at end-2020), the second highest but the largest improvement within the banking sector, which will further solidify its cost advantage in the coming year. On the asset quality side, a low NPL of 0.9% at the end of 2021 (compared to 1.2% at 4Q19 and 1.1% at 4Q20) coupled with a high reserve coverage of 268% (compared to 111% at 4Q19 and 134% at 4Q20), positions the bank well to ease provisioning and maintain robust profit growth in 2022. MBB beat market consensus with robust earnings growth of 54% y-o-y for 2021. It is forecasted to deliver another year of strong growth of 35% in 2022, upbeat ROE of 24.1% in 2022, while its valuation is undemanding at 2022 P/B of 1.6x.

## PORTFOLIO ALLOCATION



Small- & mid-cap	52.5%
Stocks traded on UPCoM	7.2%
Stocks at full Foreign Ownership Limit	33.9%

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

SZC (industrial park) returned 14.4% in January, beating most of its peers' returns. This industrial park developer continued to deliver stellar earnings growth of 187% y-o-y in Q4 due to increasing land sales and land price appreciation. For the full-year 2021, SZC also outperformed its peers on profit recognition during a difficult period, with profit growth of 74% y-o-y. We project another good year ahead for SZC as it starts to launch residential projects, and the expected increase in price of its industrial land holdings in Ba Ria-Vung Tau province, where infrastructure development continues, and the deep-sea port has been operating at high capacity.

BWE (water supply) returned 3.9% in January. The company delivered earnings growth of 39% in 2021, though our focus was more on the core earnings growth of 21%, which was encouraging despite the supportive measures provided to industrial customers during the lockdown period in 3Q21. The company continued to reduce its water loss ratio while at the same time gradually self-supplying solar rooftop electricity to reduce operating costs. We expect an annual growth rate of 15%-20% in earnings for the next three years, as the company's management presented a concrete expansion plan for its water supply capacity in provinces surrounding Binh Duong province, including Binh Phuoc and Dong Nai. Strong industrialization and FDI inflows in these provinces create the conditions for such growth.

## VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD13.9mn
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

## CONTACT DETAILS

VinaCapital  
 17<sup>th</sup> Floor, SunWah Tower  
 115 Nguyen Hue Street  
 District 1, Ho Chi Minh City, Vietnam  
 office: +84 (0) 28 3821 9930  
 fax: +84 (0) 28 3821 9931  
[www.vinacapital.com](http://www.vinacapital.com)

### Disclaimer

The current Confidential Placement Memorandum as well as the annual reports of VinaCapital Vietnam Access Fund Limited ("the Fund") are the sole binding basis for the purchase of Fund shares. This document is prepared by VinaCapital Investment Management Ltd. ("VinaCapital") for the information of shareholders in the Fund and other eligible recipients, on the basis of information obtained from sources VinaCapital considered to be reliable, but VinaCapital does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. The information contained in this document is for background purposes only and is subject to updating, revision and amendment, and no liability whatsoever is accepted by VinaCapital or any other person, in relation thereto. Please refer to the Fund's Confidential Placement Memorandum for more information on the Fund and its risks. This document is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Past performance is not necessarily guidance to the future. The value of shares in the Fund and the income derived therefrom may go down as well as up. You are advised to exercise caution in relation to this document. If you are in any doubt about this document or any information contained in this document, you should obtain independent professional advice. The information contained in this document is strictly confidential and is intended only for the use of the individual or entity to which VinaCapital has provided the report. No part of this report may be reproduced or distributed without the prior consent of VinaCapital.