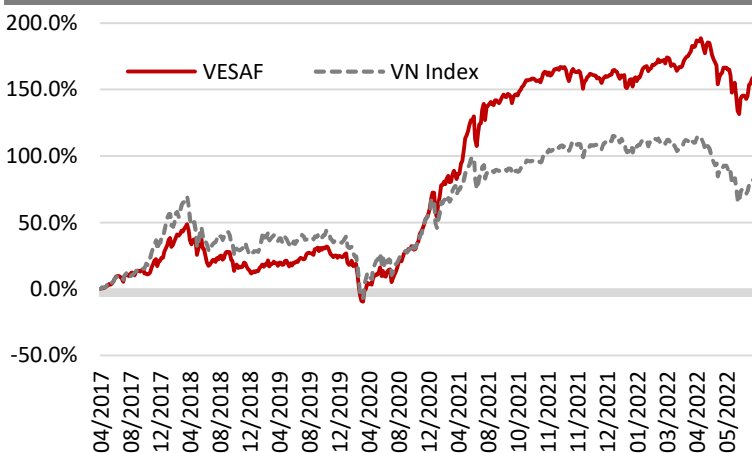


VESAF Investment approach

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 fund units. Current performance may be higher or lower than the performance data quoted.

Fund performance

	VESAF	VN-Index
Total AUM (VND billion)	1,258.1	
NAV/Share (VND)	25,867.8	
May 2022 return (%)	(2.9)	(5.4)
YTD 2022 return (%)	(1.0)	(13.7)
3-year annualized return (%)	29.5	10.4
Annualized return since inception (%)	20.5	12.5
Cumulative return since inception (%)	158.7	82.2

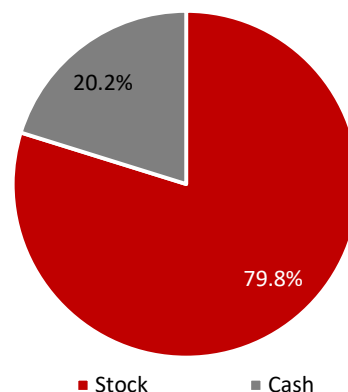
(The NAV is net of management fee and administrative expenses)

Investor Relations: irwm@vinacapital.com

Tel: +84 28 38 27 85 35

Investment allocation

% Total NAV



Fund information

Inception	18/04/2017
Management fee	1.75% per annum
Subscription fee	0.0%
Redemption fee	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. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, From Monday to Friday
Benchmark	VN-Index

Portfolio statistics

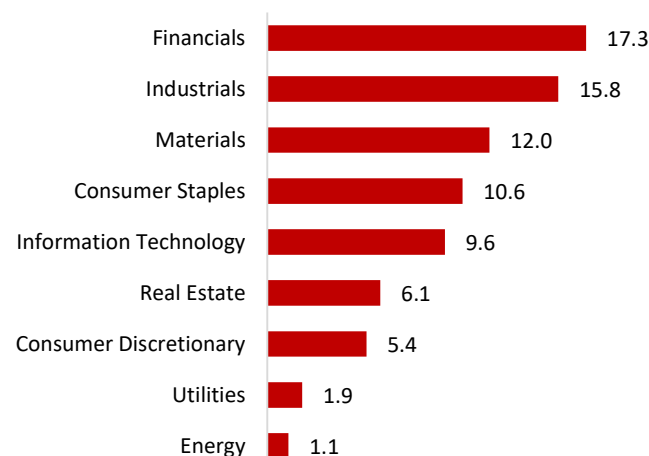
	VESAF	VN-Index
Trailing P/E (x) (*)	12.8	13.9
Trailing P/B (x) (*)	2.8	2.2
Trailing ROE (%) (*)	21.6	15.9
Dividend yield (%) (*)	2.3	1.4
Portfolio turnover 12M (%)	25.0	0.0
Sharpe ratio	0.8	0.4
No. of stocks	30	404

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
FPT	Information Technology	9.6
MBB	Financials	8.8
MWG	Consumer Discretionary	5.4
QNS	Consumer Staples	4.3
DPR	Materials	3.9
KDH	Real Estate	3.8
VHC	Consumer Staples	3.4
SZC	Industrials	3.1
VPB	Financials	3.0
FMC	Consumer Staples	2.9

Comments from fund manager

MARKET COMMENTARY

After retreating 8.4% in April, Vietnam's stock market continued to be volatile in May. The VN-Index fell from 1,366.8 at the end of April to 1,171.9 on 16 May (-14.3%), but then recovered to close at 1,292.7 at the end of May, a 5.4% m-o-m decline. On a year-to-date basis, the VN-Index has declined 13.7%.

Investors remained concerned about the risks that lingered from April, such as inflation, interest rate hikes, the investigation into violations of stock market regulations, and the more stringent control of loans to the real estate sector. Retail investors were cautious in buying stocks, with the average daily trading value on the combined three bourses receding to VND17.8 trillion in May, a 32% m-o-m decline, and a 15-month low.

There was some positive news that contributed to the stock market's recovery during the second half of May. First, S&P Global Ratings upgraded Vietnam's long-term sovereign credit rating to BB+ from BB with a stable outlook, which may enable Vietnam to attract more foreign capital at a lower cost. Second, the State Bank of Vietnam issued guidance for a 2% interest rate subsidy for bank loans offered to enterprises in a variety of industries. Total interest reduction may reach VND40 trillion, for a total loan amount of VND2,000 trillion to be disbursed in 2022 and 2023.

Notably, foreign investors turned to net-buyers in both April and May, when the stock market fell sharply, with the net-buy value reaching VND4.0 trillion and VND3.5 trillion in April and May, respectively.

Most macro data demonstrated accelerated economic growth in May. The industrial production index and retail sales grew 10.4% and 22.5% y-o-y in May, bringing 5M22 growth to 8.3% and 9.7%, respectively. The Purchasing Managers' Index (PMI) climbed from 51.7 in April to 54.7 in May, indicating continuous expansion in the manufacturing sector. Inflation remained a concern, with the May CPI rising 0.38% m-o-m and 2.86% y-o-y, driven by petroleum prices.

The VN-Index's current valuation (2022F P/E of 12.4x, at the end of May) leads us to believe that the downside risk is not significant and that there will be more on the upside supported by economic growth and the earnings results of listed companies. The risks that occurred in the last two months are short-term: inflation may peak in the next few months, while the stricter supervision of the stock market and the real estate sector will facilitate sustainable growth and strengthen investor confidence in the country's financial markets.

UPDATES ON VESAF

VESAF maintained its outperformance in the first five months of 2022, with the fund reporting a 1% decline year-to-date compared to a decline of 13.7% of the VN-Index. While the fall of the VN-Index was significant in May, we saw dispersion among the performance of the stock groups. Notably, utilities and technology were the only sectors that saw positive returns while banks and materials were the major laggards. Additionally, stocks of a speculative nature saw the deepest slumps, suggesting a rotation into higher-quality names during the period of lower flows into the stock market.

REE (utilities, +26.3% in May) and FPT (technology, +4.7%) were the shining stars in the portfolio. These stocks exhibited defensive characteristics given their strong and certain growth outlooks this year and their ability to weather market uncertainty. REE's hydropower earnings are likely to exceed market consensus due to stronger-than-expected volume as well as prices in the competitive generation market in the context of high gas and coal prices. FPT maintained its stellar growth with reported earnings increase of 30.7% y-o-y in April and 31.5% in 4M22, backed by solid software growth in US (+67% y-o-y) and APAC (+40%), with revenue from digital transformation maintaining outstanding growth of 90% y-o-y.

The fund currently underweights banking and residential real estate as we saw headwinds related to stricter regulations on credit growth and the bond market. We have also maintained a cash position of 20% but accelerated disbursement into stocks in energy, logistics, industrial parks, and consumers, given their attractive valuations after the market sell-off.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-3.8%	-1.3%	-23.5%	15.0%	6.3%	-1.3%	-1.4%	12.8%	5.2%	1.2%	11.0%	9.0%	25.6%
2021	1.2%	12.5%	1.4%	3.4%	14.1%	6.3%	-1.2%	6.2%	3.7%	6.7%	0.0%	-0.7%	67.0%
2022	-0.8%	4.9%	3.9%	-5.6%	-2.9%								-1.0%

Important information

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