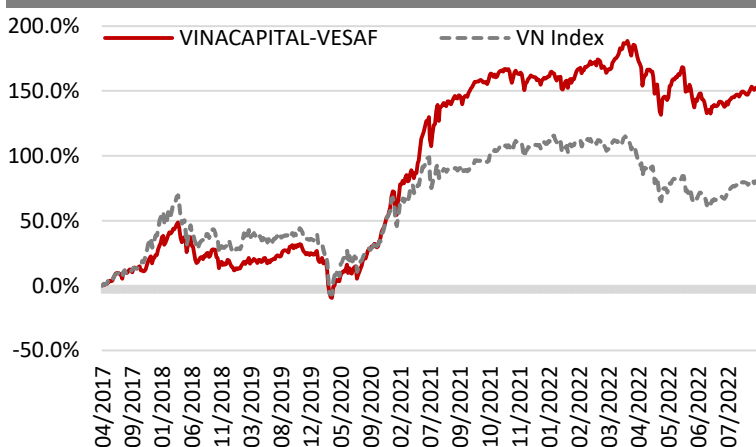


VINACAPITAL-VESAF Investment approach

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

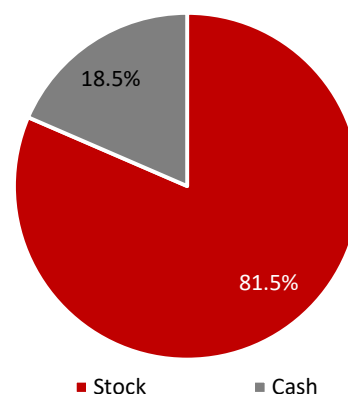
	VINACAPITAL-VESAF	VN-Index
Total AUM (VND billion)	1,290.7	
NAV/Share (VND)	25,281.7	
Aug 2022 return (%)	5.5	6.1
YTD 2022 return (%)	(3.2)	(14.5)
3-year annualized return (%)	25.8	9.2
Annualized return since inception (%)	18.9	11.7
Cumulative return since inception (%)	152.8	80.5

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

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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
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, From Monday to Friday
Benchmark	VN-Index

Portfolio statistics

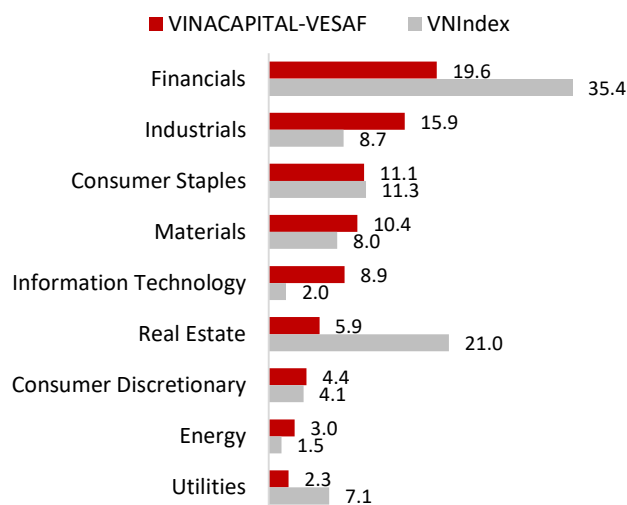
	VINACAPITAL-VESAF	VN-Index
Trailing P/E (x) (*)	12.4	13.7
Trailing P/B (x) (*)	2.6	2.1
Trailing ROE (%) (*)	21.1	15.4
Dividend yield (%) (*)	2.3	1.5
Portfolio turnover 12M (%)	19.0	-
Sharpe ratio	0.7	0.4
No. of stocks	27	402

* Trailing 12-month data

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Stock	Sector	% NAV
MBB	Financials	11.2
FPT	Information Technoc	8.9
QNS	Consumer Staples	5.4
DPR	Materials	4.5
MWG	Consumer Discretionary	4.4
SZC	Industrials	4.4
KDH	Real Estate	3.6
VPB	Financials	3.0
VHC	Consumer Staples	3.0
ILB	Industrials	2.9

Comments from fund manager

MARKET COMMENTARY

After a slight rebound of 0.7% in July, the VN-Index continued to advance in August by 6.1%. On a year-to-date (YTD) basis, the VN-Index has declined 14.5%.

Market sentiment became more positive at the beginning of August when the stock market rapidly recovered from its 17-month low (VN-Index of 1,150 on 6 July 2022). After the panic selling in 2Q22, many stocks were undervalued, while EPS growth of the VN-Index is expected to reach over 20% in 2022, which triggered bargain-hunting activities. In addition, from 29 August, the Vietnam Securities Depository (VSD) shortened the stock settlement cycle from T+2 to T+1.5, which is expected to enhance market liquidity.

(to be cont. in the next column)

Comments from fund manager (cont.)

MARKET COMMENTARY

Consumer Discretionary was the best-performing sector in August, gaining 12.4% MoM, driven by the retailers MWG (+21.3% MoM) and FRT (+26.4% MoM). The Financials sector outperformed the market, gaining 6.7% in August, driven by brokerage stocks as investors were excited about the shortened settlement cycle. Several banks which were anticipated to be granted with higher credit quotas also outperformed. Except for the Vingroup stocks, the Real Estate sector saw many smaller stocks rally as investors speculated that new credit quotas from banks will support the property market.

Market liquidity improved in August, with average daily trading value reaching VND18.5 trillion on the combined three bourses, a 33% MoM increase. Foreign investors returned to be net-buyers of VND1.0 trillion during the month, bringing the YTD net-purchase value to VND4.1 trillion. Local retail investors were also more active and increased their purchase of small-cap stocks, prompting the VN Small Cap Index to gain 6.7% MoM, outperforming both the VN-Index and the VN30.

Nevertheless, the bullish momentum that lasted for nearly two months weakened at the end of August. The VN-Index retreated from its two-month high of 1,289 on 25 August to close the month at 1,281. The positive sentiment was dampened by the prospects that the new credit quotas granted by the State Bank of Vietnam may be lower than expected, and, more importantly, by the more-hawkish-than-expected speech of US Fed Chair Jerome Powell at the Jackson Hole Economic Policy Symposium, in which he implied that the Fed would continue to increase interest rates to combat inflation.

Following the 11.4% rally from July's bottom to the end of August, we see some short-term headwinds for the stock market. The Fed's hawkish policy may place pressure on both interest rates and the USD/VND exchange rate. The lower-than-expected credit quotas, while not impacting the economy, will dampen investor sentiment. Nevertheless, we do not expect the gloomy situation to last long. Vietnam's economic growth is expected to continue to be strong in 2H22, as many economists are revising up their GDP growth forecasts, following the higher-than-expected growth the last few months. At the current valuation (2022F P/E of 11.5x on 2022F and 2023F EPS growth of 27% and 15%, according to Bloomberg), Vietnam's stock market offers good value for long-term investment.

FUND UPDATE

The fund increased 5.5% in August thanks to the rebound in the share prices of its top holdings after facing some selling pressure in the previous months. MBB increased 11.1%, one of the highest returns among banking stocks, as it was expected to receive one of the highest credit quotas. We also expect the bank to post strong earnings in 3Q22 and maintain resiliency with its prudent provisioning practices in previous years. MWG increased 21.3% in August, supported by the positive sentiment for the expected private placement of its grocery business following a meaningful restructuring of the store chain over the last few months. FPT maintained its resiliency in business performance despite global headwinds. It saw high growth in digital transformation services (+50% YOY) while the new order backlog of its global IT business has maintained high double-digit growth in recent months. QNS increased 8.1% after going sideways in the first half of the year, as investors eyed softening input costs of its soymilk business in the coming quarter, while its sugar segment was expected to accelerate on the new anti-dumping tax scheme for products imported from major ASEAN countries.

Commodity-related stocks, including VHC and DGC, also rebounded strongly in August, returning 13.3% and 11.4%, respectively, due to the positive earnings outlook for the upcoming quarters, given the high demand in global markets while supply has not seen significant improvement. Major industrial park holdings including DPR and SZC returned 8.3% and 6.2%, respectively, on the continued strong outlook for FDI and its long terms benefits.

Given the expected high market volatility in the short term, we maintain a cautious stance on Real Estate, Banks, and high-beta stocks, but are more positive toward the Consumer and Utilities sectors. At the same time, we see opportunities to increase equity holdings in the upcoming quarter for long-term investment, as share prices might start to reflect an economic recession that may become more visible in developed markets.

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%	-5.8%	-1.6%	5.5%					-3.2%

Important information

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