

*Ho Chi Minh city, March 21<sup>th</sup>, 2023*

## **FISCAL YEAR 2022 PERFORMANCE REPORT OF DFVN-CAF**

### **I. Market updates**

The year 2022 is considered as a risky year for the global economy. Difficulties are forecasted to be bigger and tougher. It is possible to lead lots of countries in the world into recession. The Ukraine-Russia war has contributed a severe impact to global trade, supply chains disrupted, shortages of essential goods such as food, gas, and pushing commodity prices surged. Besides, China's Zero-Covid policy exacerbated difficulties to global trade. Inflation in the US and Europe increased sharply, nearing double digits, prompting these countries to accelerate the progress of tightening and raising interest rates.

Regarding the domestic environment, the Government has requested to open the economy after the epidemic. The Government issued Resolution No 11/NQ-CP dated January 30, 2022 on the socio-economic recovery and development programme and implemented Resolution No. 43/2022/QH15 of the National Assembly on fiscal and monetary policy in 2 years 2022-2023. Promote disbursement of public investment with key infrastructure projects as driven for socio-economic development. These policies have brought effectiveness and created a driving force for economic recovery. Socio-economic in 2022 has achieved many positive results as almost sectors have been recovered and growth back on track.

In that general context, Vietnam's macroeconomy was supposed stable and well recovery, Moody has upgraded Vietnam to Ba2-stable outlook from Ba3-positive outlook in Sep 2022. The gross domestic product ("GDP") in 2022 grew by 8.02% yoy, recorded the highest level last ten years. However, it should be noted that the growth rate of the fourth quarter of 2022 has no longer maintained the momentum as the first three quarters of the year when it only reached 5.92% over the same period last year. In term foreign trading, the total import and export turnover in 2022 reached USD 732.5 billion, increase 9.5% yoy, of which exports value reached USD 371.8 billion, up 10.6% comparing to 2021; imports value reached USD 360.6 billion, up 8.4%; net trade surplus USD 11.2 billion (comparing USD 3.3 billion of 2021). Purchasing Managers' Index ("PMI") marked upper 50 in 13 months continuously until Oct 2022, but PMI of last 2 months dipped down under benchmark. PMI of December 2022 dropped to 46.4. PMI in Dec 2022 shows that business conditions are facing to headwinds as the input production costs as well as the shortage of orders are increasing pressure. The foreign direct investment ("FDI") accumulated full year 2022 is relatively stable when disbursed capital increased by 13.5% to reach 22.4 billion USD, while registered capital decreased slightly by 11% over last year and reached 27.7 billion USD. Regarding inflation, despite commodity prices rocketed, such as petrol, food, education service... Vietnam's inflation has been controlled quite well, below the Government's target of 4% (average CPI in 2022 marked at 3.15% compared to 2021).

## II. Details of the Fund's operating indicators

### 1. Fund's assets structure

	As at		
	31.12.2022	31.12.2021	31.12.2020
	%	%	%
1. Securities portfolio	93.00	91.92	96.17
2. Cash and cash equivalents	6.27	7.60	2.99
3. Other assets	0.73	0.48	0.84
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

### 2. Performance indicators

	As at		
	31.12.2022	31.12.2021	31.12.2020
1. NAV of the Fund (VND)	132,813,824,473	155,356,470,595	102,601,036,261
2. Number of fund units outstanding (units)	10,797,931.20	9,459,789.45	8,125,094.24
3. Net asset value per fund unit (VND)	12,299.93	16,422.82	12,627.67
4. NAV per fund unit – highest during the year (VND)	16,789.71	16,605.09	12,627.67
5. NAV per fund unit – lowest during the year (VND)	11,501.69	11,909.83	7,497.48
6. Closing price of fund unit at reporting date (VND)	Not applicable	Not applicable	Not applicable
7. Closing price of fund unit at reporting date – highest during the year (VND)	Not applicable	Not applicable	Not applicable
8. Closing price of fund unit at reporting date – lowest during the year (VND)	Not applicable	Not applicable	Not applicable
9. Total growth per fund unit (%)	(25.10)	30.05	20.98
9.1. Capital growth per fund unit (due to price change) (%)	Not applicable	Not applicable	Not applicable
9.2. Income growth per fund unit (calculated using realised income) (%)	Not applicable	Not applicable	Not applicable
10. Gross distributed earning per fund unit (VND)	Not applicable	Not applicable	Not applicable
11. Net distributed earning per fund unit (VND)	Not applicable	Not applicable	Not applicable
12. Ex-date of distribution	Not applicable	Not applicable	Not applicable

13. Operation expenses/Average NAV (%)	2.77	3.13	3.42
14. Turnover of investment portfolio (%)	192.58	267.95	180.62

### 3. Growth by years

Period	Growth of NAV per fund unit (%)	Annual growth of NAV per fund unit (%)
1 year	(25.10)	(25.10)
3 years	17.84	5.62
Since inception	23.00	5.32

### 4. Annual growth

Period	31.12.2022	31.12.2021	31.12.2020
Growth per fund unit (%)	(25.10)	30.05	20.98

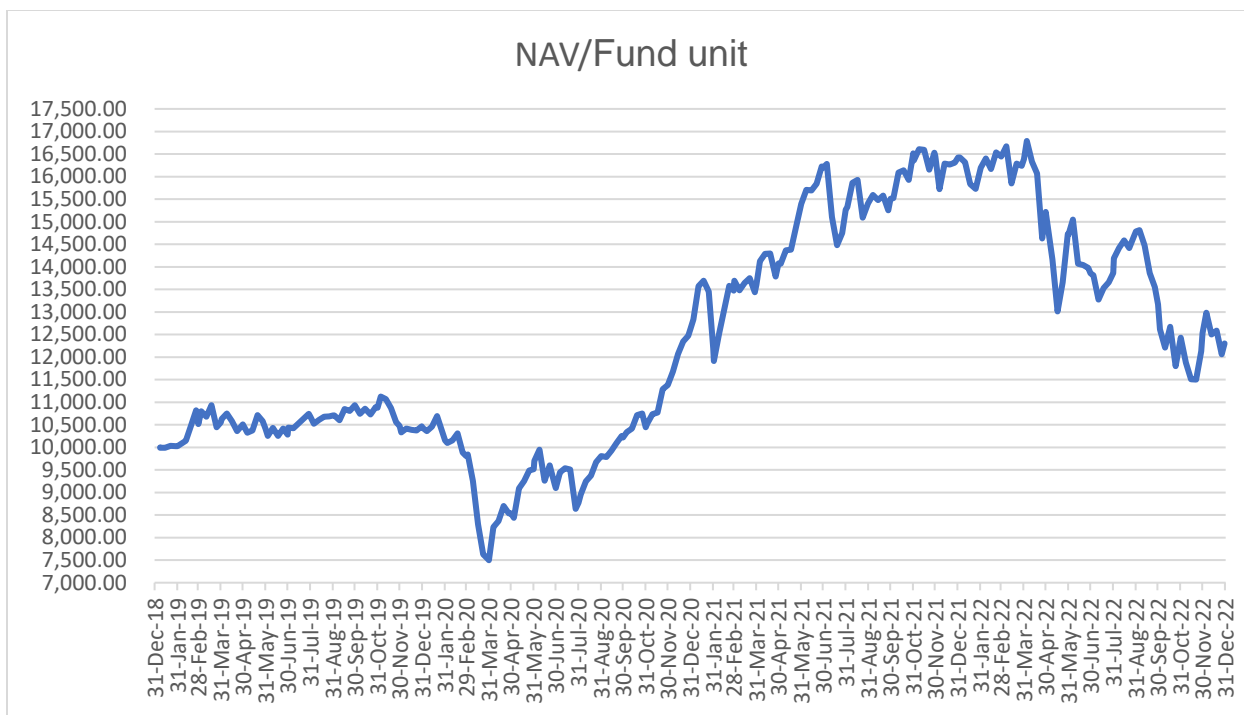
### 5. Details of the Fund's performance indicators

Item	1 year up to reporting date (%)	3 years up to reporting date (%)	From inception to reporting date (%)
Income growth per fund unit	Not applicable	Not applicable	Not applicable
Capital growth per fund unit	Not applicable	Not applicable	Not applicable
Total growth per fund unit	(25.10)	17.84	23.00
Annual growth per fund unit	(25.10)	5.62	5.32
Growth of component portfolio (*)	Not applicable	Not applicable	Not applicable
Price change per fund unit (**)	Not applicable	Not applicable	Not applicable

(\*) The Fund does not have component portfolio.

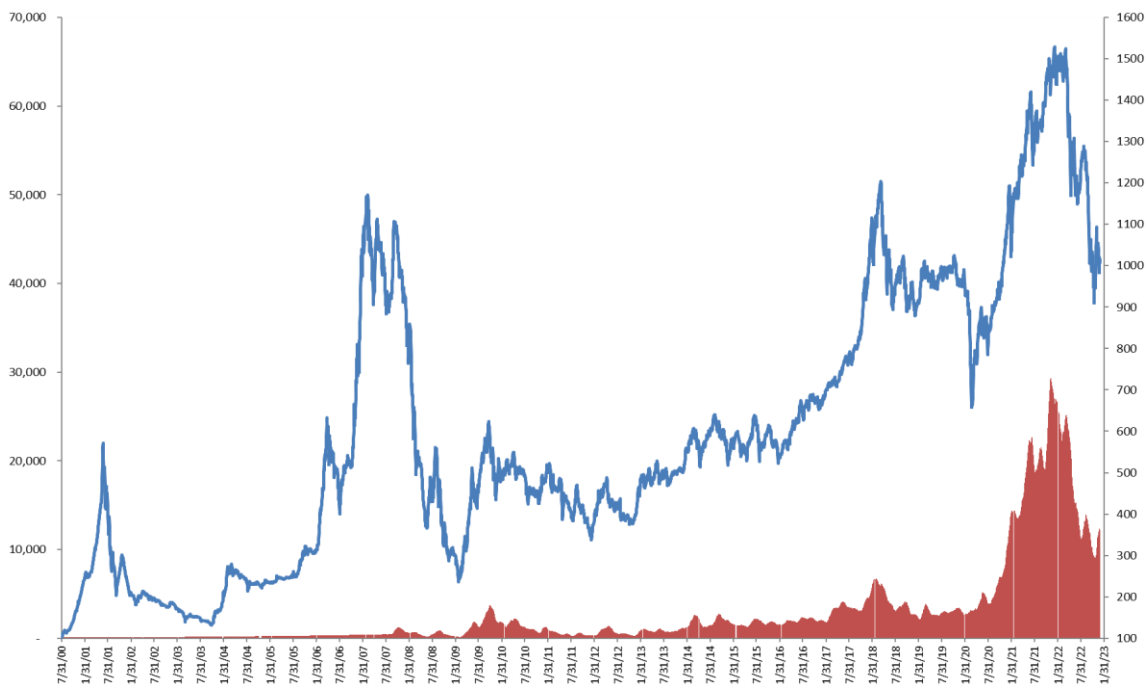
(\*\*) The Fund does not have market price.

- The net asset value growth per share of the Fund Certificate from the foundation to 31 December 2022



### III. Market prospects

The chart below is showing the VN-index movement (blue line, refer to axis in the right) and trading value (red column, refer to axis in the left, unit: billion VND/day).



In 2022, Vietnam's economy is forecasted having both disadvantages and advantages as well. This reflected in the stock market in 2022. Beginning 2022, the market grew well as VN-index recorded the peak at 1,525 points, driven by the expectations that Vietnam's economy will recover strongly in post-Covid-19 pandemic. However, with difficulties gradually appearing since late Q1, such as (1) the geopolitical crisis Ukraine-Russia, high inflation, rising commodity prices, tightening monetary policy in

big economies (2) criminal cases related to securities manipulation and illegal bond issuance have impacted investors negatively; macro indicators in end year period were no longer stable compared to the beginning of the year ...VN-index closed on December 31, 2022 dip down to 1,007 points, decline 32.8% compared to the end of 2021. Average value of trading also dropped sharply to VND 17,160 billion per session from VND 22,000 billion per session in 2021. Foreign investors' money has returned to the market through exchange-traded funds (“ETF”).

In addition, with sustainable development target of stock market, and encourage the economy's cash flow into the manufacturing sector, reducing speculation in asset such as real estate, the Government has begun to control illegal transactions on the stock market, bad quality bonds issued in the recent years. Many individuals and organizations have been considered for criminal prosecution related to the above activities. In the short term, it has caused negative sentiment to the market, leading to strong fluctuations in the second quarter of 2022. But it could help stock market become healthier in long term. In 2022, the market is expected to have more growth drivers such as operating results of companies in the market would be enhanced after operating activities were almost resumed with subsidy package worth of VND350,000 billion has been approved by National Assembly, the stock market upgrading prospects is expected to be uprise in the next few years. Nevertheless, there are lots of difficulties such as new order shortage as global demand deteriorated, higher input prices. Enterprises have difficulty accessing loans when banks have tightened lending conditions as well as the SBV's policy to limit credit growth.

In reality there are lots of events happening caused negative impacts to the market; however, these short-term impacts would not stop the long term and sustainable development of the economy in general and stock market in particular. Accordingly, after the Covid-19 pandemic, the economy is fully re-opened, the corporates' operation resumed and recovered, many policies from the Government applied, the investors' trust return and the stock market still continues to recover and grow in the long run. From international institutions' perspectives, Vietnam economy would gradually recover and sustainably grow in the next few years since 2022. Some key points to support the growth in long term for Vietnam Stock Market are as follows:

- For a macro-economic environment: Vietnam is evaluated as sustainable development as expressed in terms of GDP growth, credit, interest rates, inflation, exchange rates, FDI attraction... as analysed above. Therefore, Vietnam's economy is entering their period of recovery and development with a new cycle of economic development; and
- For evaluation of stock market: there are cheaper pricing and more attractive returns than regional markets (PER is low while ROE, ROA are high). This has been partially demonstrated by the strong growth of the stock market reflected in the indexes such as the strong net buying value of foreign investors in listed shares.

In addition; there are events, catalyst factors to create growth momentum for the stock market such as (i) the room for foreign investors; (ii) promote equitization and listing SOEs; (iii) prospects for upgrading the Vietnam securities market (FTSE Russel and MSCI Emerging Market); (iv) actively promote free trade agreements (FTAs); (v) structural move of FDI to Vietnam from neighboring countries; (vi) capital mobilized into equity market via new products such as index funds, future contract, options, and new securities law valid since January 2021.

In short term, potential risks regarding inflation and asset bubble due to easing policies to support economic growth post-Covid 19, commodities price skyrocketed, tightening monetary policy, etc causing

unpredictable changes. For the domestic market, the risk of corporate bond market and bad debt of the banking system has not been fully measured. In next year, keeping the macroeconomic stability and promoting growth are difficult tasks for the Government.

In long term, with the basic quantitative factors combined with qualitative factors as analyzed above, the Vietnam stock market in the coming time should continue having a brighter scenario along with the period, expected to continue to improve the economy, creating a premise for long-term development in the following years; of course, the bright scenario must be accompanied with assumption of stable macro-economy, outside risk as well as inflation, exchange rate of this period being under controlled.

**DAI-ICHI LIFE VIETNAM FUND MANAGEMENT  
COMPANY, LIMITED**