

Part 1

INVESTMENT OPPORTUNITIES

Ms. Vuong Le Minh

First, in order to help you understand the overview of VinaCapital's mutual funds, as well as the financial habits that contribute to building a solid foundation for a prosperous future, I would like to invite Ms. Hong, Senior Manager of Training and Development from VinaCapital, to share more about this point.

Ms. Thai Thi Hong

Thank you to Ms. Minh as well as to all HSBC customers who dedicate their time this morning to join us so we can share about your investment opportunities. First of all, since our topic today is about investment opportunities for a more prosperous future, in the first part, I would like to take a look at some popular investment channels in the market as well as their effectiveness, so you can consider them. Firstly, if you have idle money, the investment channel that is very familiar to Vietnamese people as well as in the world is the gold investment channel.

So if you bought gold 2 years ago in Vietnam, March 2020, it is now March 2021, right? Then the profit you get from gold investment is about 40% within 2 years, which is equivalent to around 20% a year. And if we bought gold in March 2021, it means a year ago, if you keep it until now, the profit is about 20%, 23%. So in the past 2 years, if you invest in gold I think that level of profit is relatively good. However, that is not a general increase in gold investment profit. According to the world's gold price that we have tracked for the past 35 years, from 1987 to the end of 2021, if you invest in gold, and you keep it continuously for 35 years, the profit of gold investment averages about 4.5% a year. So it's not like investing in gold has always increased as strongly as in the past 2 years. For example, if you held to gold in the period from 1985 to 2005, the price of gold did not increase for 20 consecutive years, which means that the investment journey is very long and is not efficient in terms of profit. That is the first investment channel.

So the general long-term picture for the current gold investment channel is somewhere around 4.5% profit on average over the past 35 years. The second channel is bank savings, right? When we have idle money, we allocate our money into bank savings accounts, then in terms of profit of this investment channel at the present time, you must have known it already. We have a 12-month term savings deposit at commercial banks, and the interest rate is around 5-6% a year, but on the condition that we have to maintain it for 12 months, for a shorter term, the interest rate will be lower.

The third investment channel for individual investors is to invest in apartments in Hanoi and Ho Chi Minh City. Well, for real estate, there is also a land lot segment, right? But that segment means a large amount of money, which we will not discuss here. But talking about apartments, the investment capital is more moderate. Then if you invest in apartments in Ho Chi Minh City and Hanoi, your average income per year will be between 7-8% a year. The income channel from this investment includes the increase in the price of the apartment we buy and the money earned from renting out the apartment. Then this is the average profit achieved in the two areas of Hanoi and Ho Chi Minh City. That is the profit of the third investment channel.

The fourth investment channel, which is quite popular in the Vietnamese market in the past 5 years, is when you have idle money, you can invest in another channel, which is buying corporate bonds in banks and securities companies. For corporate bonds, the interest rate will fluctuate a lot, depending on the term as well as the reputation of the businesses, but if you buy bonds and hold them for about 3 years, then the interest rate is in the range of 8-10% a year. Then this is the fourth investment channel.

And the fifth investment channel that can be said to be extremely active in the past 2 years is investing in the securities market, or more specifically, investing in the stock market. The stock market has its own special characteristics. However, in general, from the time our stock market was established from 2000 to 2021, i.e. within 21 years, the average market growth is a compound growth of 13.5% per year. This means that if you invest in an investment tool, in stocks or funds that grow in the same direction as the stock market, this is the profit that you achieve for the stock market. So in these 5 investment channels, today we will discuss this topic in more detail, and Mr. Minh and I will present our sharing about securities investment and the stock market, as well as the market outlook.

Next, I share an example of investing in stocks. There are stocks from a company that everyone in Vietnam knows, right? That is Hoa Phat Group. Then I assume that you bought Hoa Phat stock, and you held it in 2021, then you would achieve a profit of 52% from this stock. And if you bought stocks from Hoa Phat 3 years ago and held them until December 31, 2021, then you have a profit of 224%, which means if you held the stocks for 3 years, the profit is somewhere around 50-60% per year, right? ? And if you bought Hoa Phat Steel stocks 5 years ago, and kept it until now, your profit on December 31, 2021, is about 421%, which is about 4 times the investment. That is the first example of investment in stocks from Hoa Phat Steel. The second example I want to share is that, assuming that you invested in FPT stocks, if you held them in 2021, you will get 85% profit, i.e. if you invest VND 1 billion, you will get a profit of VND 850 million. If you invested in FPT stocks 3 years ago and didn't withdraw, you would still make a profit of 254%, and if you kept it for 5 years, the profit would be about 4 times the investment.

Then when it comes to this kind of profit, if you haven't invested in stocks, well, now you may think you should invest in the stock market. But I will give you another example, assuming that you invested in Bao Viet Group when the pandemic occurred. Investors argued that the industry which would benefit from the pandemic would be the insurance industry because a lot of people would have to buy insurance, and the stock price of the insurance industry would increase. If you held the stocks of Bao Viet company, in 2021 it increased by minus 14%, if you kept them for 3 years, it increased by minus 34%, and for 5 years, you will only gain 3%. So, what is the conclusion we can draw from these pieces of data?

It is clear that investing in the stock market is very effective in terms of profit. But I would like to share that currently, only about 4% of Vietnamese people invest in securities. Why? Because it is clear that if you choose to invest in a correct stock, your profit will be high, but if you choose incorrectly, it will as effective as you expect. It is also the reason many people still have not entered the stock market despite the good results. In the world as well as in Vietnam, there are 2 ways to join in the stock market, through 2 organizations that are both under the management of the State Securities Commission.

Firstly, if you want to invest in stocks after today's webinar, you can go to any securities company, for example, SSI, and you can open a securities account. When it comes to choosing Hoa Phat Steel stock or FPT or Bao Viet stocks, it totally depends on your own decisions. And it seems that it will be very difficult for those who do not regularly participate in the market.

There is a second way that is very popular in the world, which is instead of investing in securities through a securities company, you invest through a fund management company. Then when you put your money in the fund management company and especially in the fund called a mutual fund, it means you are hiring professional investors to invest for you, so if you hire VinaCapital to choose for you, the stocks can be those of Hoa Phat or FPT. Then, for the money put into this mutual fund, you will enjoy all profits yourself. And you will pay a fee to the fund management company, that's how you indirectly invest in the stock market through professional investors. Well, about mutual funds, there are only 3 types of funds, namely equity funds, balanced funds, and bond funds.

Then in the next part, I would like to go through some funds that we have brought to investors. Then the first fund is a stock fund called VESAF. If you choose a stock fund, your goal is to maximize profits, not to preserve capital. With this VESAF fund, VinaCapital specializes in investing in small and medium-sized enterprises and businesses that have participated in the market and garnered great interest from foreign investors.

In 2021 we brought to investors a profit of 67% with this fund. This fund was established for 5 years, from 2017 to 2021, it has brought investors a profit of 161.3% compared to 5 years of operation, i.e. an average profit of 22.7% per year. That's profit. Or for example, if you entrust this fund for 2 years, your profit is 110%, so the average is around 50% per year. Then there is a notice about the stock fund, and it is that there will always be short-term fluctuations, and the fund will achieve high profit in the long term. So if you invest in this fund, there will be fluctuations and you will have to accept them. But you see that it is highly profitable in the long run.

Then, we will go to the second stock fund, another option for you, the VEOF stock fund. For this fund, the investment strategy will be different from the VESAF fund, and VEOF specializes in selecting stocks with large capitalization on the stock market. It is for those who want to invest in these businesses or stocks that are industry-representative in the economy. Then the profit for investors in 2021 was 56.5%.

This fund was established a bit longer, i.e. 8 years ago in 2014. Until 2021, after 8 years of operation, it brought to investors a profit of 165.7%. That is equivalent to 13.9% per year, which means a highly profitable channel. And if you invested 2 years ago and now achieve a profit of 81.7%, which is to say 2 years ago you invested 1 billion, and now you have 1 billion 817 million. A simple notice is that stock funds are long-term investments with short-term fluctuations, so they are suitable for long-term investment needs.

That is the result of the investment funds from the second option, and now I move on to another fund, which is a balanced investment fund. What is a balanced fund? This fund is for investors who want to allocate their assets, partly into the stock market, partly into bonds stocks, and into fixed investment instruments. So for this, our balanced fund is divided into 50:50, which means if you invest 1 billion, then 500 million will be used to buy stocks and the remaining 500 million will be for bonds and investment instruments that bring a fixed income. For this fund, the return in 2021 for investors was 35.2%. This fund has just been established over 2 years ago and brought investors a profit of 52.3%, a compound profit of about 18.3% per year. So that's the third fund.

The fourth fund is called a bond fund. This fund is for investors who want to preserve capital and achieve stable profits in the long term. But this fund is not about profit maximization. When you choose this fund, it means that 100% of your money will be used to purchase bonds and fixed-income investment instruments such as certificates of deposit. In 2021, we

brought a profit of 7.7% to our customers through this fund. And within 9 years of the fund's operation, it is bringing an average of 7.7% profit per year to customers, which is very stable.

What is a mutual fund? The profits are very high, 67% or 56% a year, what is it called? I want to summarize as follows. A mutual fund is simply a form in which you invest in the stock market by hiring a professional investor to do it for you. If you put your money in a mutual fund, you are hiring a professional investor, as a fund management company that invests in stocks and bonds for you. You will enjoy all the profits, but you have to pay for those professional investors.

Now, for example, if last year the stock fund managed by Mr. Minh achieved a profit of 56.5% for its customers, then after a year, the customers would be very satisfied with the profit. If you withdraw from the fund, you will have to pay us a fee of only 1.5% per year, 1.5% of the amount you withdraw. 56.5% minus 1.5% is 55% of the profit you achieved. That is the operating mechanics of a mutual fund. A mutual fund is very safe because it is a financial product under the management of the State Securities Commission. And your assets will have the custodian bank as a third unit to protect you, and the mutual fund is audited twice a year by an auditing company that is certified and approved by State Securities Commission. Then that is the mechanics of mutual fund operation.

So, compared to investing in stocks yourself, and entrusting in a mutual fund, what are the differences and what are advantages of investing in a mutual fund? Of course, if you do the comparison by yourself, you can see that if you invest by yourself, and you choose the right stocks like FPT stock, you will feel very satisfied, because the profit is very high. But if you choose the wrong stocks, you will be at risk, which is the particular situation of individual investors. And when you decide to entrust in a fund management company, you put your assets into mutual funds, obviously, you will save your precious time, right?

Anyone here who have traded, and invested in stocks will know that you almost have to look at the charts every day, from 9 A.M to 3 P.M, and it is really time-consuming, to the point that you can't do any other important things. In addition, the second benefit of joining a mutual fund is a very high profit. As you can see, Ms. Hong shared that last year VinaCapital had 2 stock funds with profits over 50%. For an individual investor, I think it will be very difficult to invest and achieve profits higher than those from investment funds.

And the important thing when you join a mutual fund is that the high profit will go on for many years. For example, the VFF fund has an average compound profit of 13.9% per year and within 8 years, it always achieves that compound profit number every year, if you maintain the investment for 8 years. Or the VESAF fund is now 22.7%. With a mutual fund, you choose professional investors, so the profit will usually be very high. In addition, the third advantage of a mutual fund is that you can feel safe because the fund is a financial product, managed by the Ministry of Finance, and the State's audited company, so your rights are guaranteed. Well, that's the difference between self-investment and choosing a mutual fund so you can consider it.

Next is the mutual fund market in Vietnam. Ms. Hong has shared 4 mutual funds managed by VinaCapital, but in the current market, there are 41 mutual funds, which means they are currently very popular in the market. I will share with you an overview of the compound profit of some funds in the market.

In terms of stock funds, the 2 leading funds in the market in 2021 are funds managed by VinaCapital, with VESAF achieving 67% and VEOF 56.5%. This investment effectiveness is really a highlight that helps VinaCapital garners the trust of investors because it always brings profits to investors. Sometimes our funds bring double profits compared to other stock

funds in the market. As for the balanced fund, which has an investment ratio of 50:50, 50% for stocks, and 50% for fixed-rate investment instruments, VinaCapital also leads the market, with a profit of 35.2% in 2021. And with the fund of 100% bonds, VFF also leads the market with a profit of 7.7%. They are VinaCapital's efforts to bring the best profits and lead the market for investors in 2021.

Next, because Ms. Minh has shared that VinaCapital will not share with you now some of the financial habits for a prosperous future, we have summarized the 3 habits that we should maintain to have a more prosperous future.

First, you should invest early. What are early investments? It means you invest as soon as you have an income and have a fund and invest as soon as you have money. Then the second habit is that if you have a stable monthly income, you should invest monthly. And the very important thing, the third principle, is that you invest in the long term and only withdraw money at the time when you need to use money, not when the market goes up and down, etc. or withdraw money only when you need to use it for other purposes such as buying a house, or car.

Well, I will take a real-life example of effective investment. Let's say you have a really long-term investment, you can see this is the growth chart of the Vietnamese stock market established in the past 21 years. I assume that you have VND 1 billion at the time of market establishment in 2000 and you invest in a stock fund whose growth coincides with the VN Index, i.e. an investment since the establishment of the stock market, then 1 billion, after 21 years and 5 months, is now 15 billion, your current asset, i.e. 15 times. If you invested 10 years ago in a fund whose growth coincides with the VN Index, then from 1 billion 10 years ago, now you have 4.3 billion. These are examples if you invest in the long term.

And now, if you have a stable monthly income, and want to periodically invest in the stock market. Let's see the result of your periodic investment, for example, you invest 30 million a month, and each fund grows just like the VN Index, the index for Vietnam's stock market. From 2000 to December 2021, each month you invest 30 million, then your total capital was 7 billion 740 million, and you got 29 billion on December 31, 2021, 4 times the investment, right?

With a periodic amount of 30 million, I think this is an amount that can help you to be prosperous, compared to other types of assets that you are holding. So the good financial habits we suggest are, first, you should invest early, invest as soon as you have idle money, secondly you should invest periodically, and thirdly invest in the long-term. I would like to conclude my sharing now.

Thank you for listening and we'll see each other in the Q&A sections.