

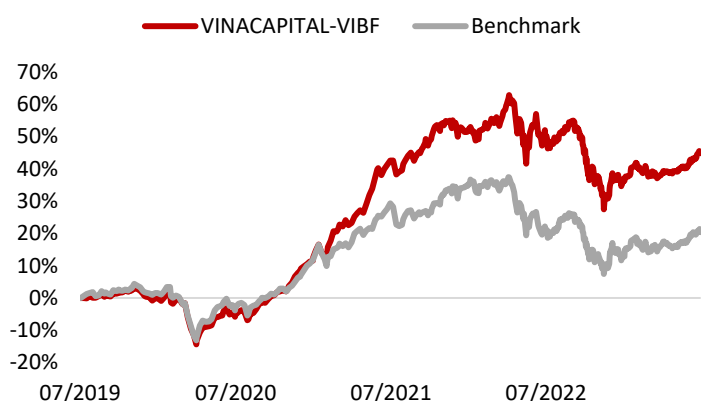
VINACAPITAL-VIBF Investment approach

The Fund has a goal of providing investors with exposure to potential equity appreciation while also investing in fixed income to reduce overall portfolio volatility. The Fund has a standard allocation of 50%/50%.

The Fund focuses on investing into companies with strong fundamentals, large market shares, good corporate governance, healthy financial status and reasonable valuations compared to their potential upside.

The Fund will also take positions in bills, bonds, certificate of deposits, and other fixed-income products issued by creditworthy companies with sustainable profitability and high capital adequacy.

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

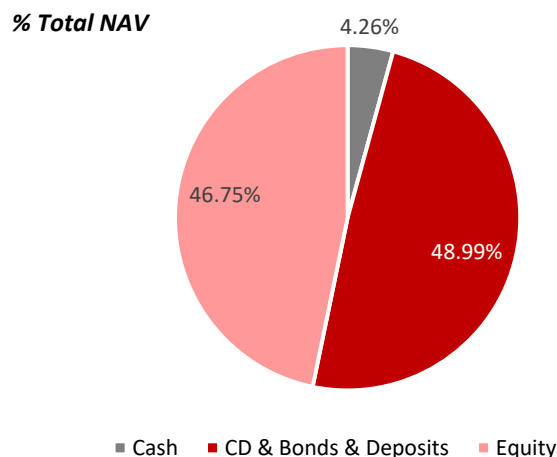
	VINACAPITAL-VIBF	BM
Total AUM (VND billion)	439.1	
NAV/Share	14,484.5	
Jun 2023 return (%)	2.9	2.4
YTD 2023 return (%)	6.3	7.4
3-year annualized return (%)	15.4	8.3
Annualized return since inception (%)	9.7	4.8
Cumulative return since inception (%)	44.8	20.4

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

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Investment allocation



Fund information

Inception	2/7/2019
Management fee	1.75% per annum
Subscription fee	0.0%
Redemption fee	2.0% < 12 months
	1.5% >= 12 months
	0.5% >= 24 months
PIT	0.1%
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark (BM)	Average of VN-Index and 12-month VND denominated deposit rate by Vietcombank.

Equity portfolio statistics

	VINACAPITAL-VIBF	BM
Trailing P/E (x) (*)	12.9	15.3
Trailing P/B (x) (*)	2.5	1.7
Trailing ROE (%) (*)	17.4	12.8
Dividend yield (%) (*)	2.5	1.9
No. of stocks	22	398

(*) Trailing 12-month data

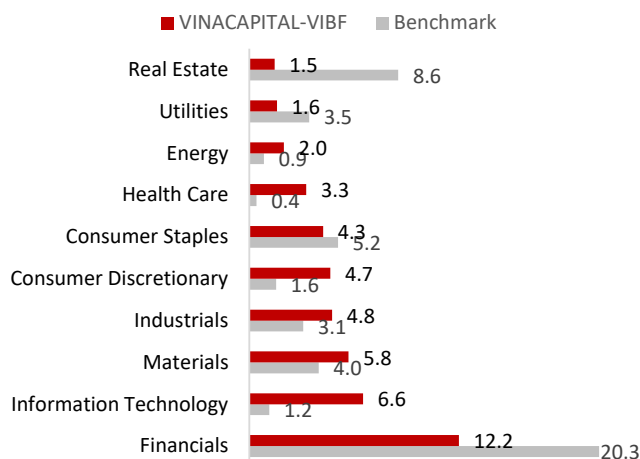
Fixed-income portfolio statistics

Macaulay Duration (years)	1.1
Yield-To-Maturity (%)	8.5

Source: Bloomberg, VinaCapital's forecast

Equity sector allocation

% Total NAV



Top holdings

	Ticker	Sector	Weighted (%)
Equity	FPT	Information Technology	6.6
	STB	Financials	3.9
	ACB	Financials	3.4
	VCB	Financials	3.1
	PNJ	Consumer Discretionary	3.0
Bond	KDHH2225001	Real Estate	8.3
	TN1122016	Real Estate	8.2
	BAF122029	Consumer Staples	4.7

Comments from fund manager

BOND MARKET COMMENTARY

The Government responded to weakness in Vietnam’s economy by announcing a series of supportive policies. On the fiscal side, the Government is ramping up infrastructure spending, which increased 25% MoM in May and a further 25% MoM increase in June. The VAT rate was also reduced from 10% to 8%, while an easing of tourist visa restrictions starting from the middle of August may also boost tourism. On the monetary side, the State Bank of Vietnam (SBV) cut the refinancing rate by a further 50bps to 4.5% (or by -150bps YTD) and cut the cap on short term deposits by an additional 25bps to 4.75% (or by -125bps YTD). As a result, the deposit rate for 6M and 12M dropped by 30-100 bps MoM at the end of June, for a YTD total decline of 150-300 bps.

The SBV was able to cut policy interest rates because the USD-VND exchange rate has remained quite stable this year, despite a 5% YTD depreciation in China’s currency, and because inflation in Vietnam fell from nearly 5% yoy at the beginning of the year to 2% in June. Vietnam’s trade surplus swelled from about 0%/GDP in 1H22 to 6% of GDP in 1H23, or to USD12 billion in H1, according to the General Statistics Office. FDI inflows remained resilient, with disbursed FDI increasing by 1% yoy to USD10 billion in 1H23, or to 5% of GDP.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-0.41%	8.27%	1.46%	3.33%	9.86%	1.91%	-0.71%	1.97%	2.90%	3.85%	-0.23%	-1.03%	35.22%
2022	-0.10%	1.93%	3.11%	-2.76%	-1.63%	-1.71%	-0.78%	3.86%	-5.88%	-5.53%	-1.51%	0.45%	-10.52%
2023	3.97%	-2.79%	0.64%	0.55%	1.02%	2.90%							6.31%

Comments from fund manager (cont.)

EQUITY MARKET COMMENTARY

The VN-Index continued to advance in June 2023, increasing 4.2% and closing at 1120.2. On a YTD basis, the VN-Index has risen 11.2%. After a significant decline in 2022 due to several negative events, Vietnam’s stock market has rebounded to rank among the strongest performers once again in Asia in 1H23, behind only Japan and Taiwan.

As mentioned in our previous reports, the SBV reduced policy interest rates four times in the first half of 2023. As a result, deposit interest rates are now approximately 1.5% lower than at the beginning of the year. This has prompted cash inflows into other investment channels such as the stock market, which remains undervalued.

Market sentiment was positive in June. The average daily trading value on the combined three bourses rose to a 14-month high, reaching USD843 million per day. Foreign investors have been net-sellers for three months in a row, with the net-selling value in June and 2Q23 at USD17 million and USD214 million, respectively. However, the selling activities of foreign investors did not significantly impact the market thanks to active participation from domestic retail investors. In June 2023, domestic retail investors accounted for 85% of the total transaction value on HOSE, the highest level since September 2022.

Vietnam’s GDP grew by 4.1% in 2Q23, bringing the 1H23 growth to 3.7%, amongst the lowest during the past 13 years. Economic data showed slight improvement in June compared to May. The industrial production index rose 2.8% YoY, helping to bring down the decline in 1H23 to 1.2%. Exports and imports, though still down 11.4% and 16.9% YoY in June, increased by 4.5% and 2.6% MoM, respectively. Nevertheless, the Purchasing Managers’ Index (PMI) in June only reached 46.2, indicating that the recovery in production and import/export expected in the coming months is not likely to happen quickly. Total retail sales increased by 6.5% YoY in June and 10.9% YoY in 1H23 (8.4% in real terms). Inflation remained well controlled with the June consumer price index (CPI) rising 2.0% YoY.

FUND COMMENTARY

VINACAPITAL-VIBF’s NAV per share increased by 2.9% in June, outperforming the benchmark, which increased 2.4%. On a YTD basis, the fund has increased 6.3% versus a 7.4% increase of the benchmark.

Several of the fund’s top holdings outperformed the benchmark during the month, including STB (+7.6%), HPG (+23.4%), and VCB (+6.4%), while PC1 (-11.3%) and BWE (-2.1%) were the laggards. The year-to-date interest rate reduction has stimulated confidence among retail investors. HPG’s share price rose by 23.4% in June as the company demonstrated signs of recovery. In the second quarter, HPG sold 1.5 million tons of crude steel, which was a decrease of nearly 30% year-over-year but 24% higher sales volume on a quarter-over-quarter basis. We anticipate that HPG will report a quarter-over-quarter earnings recovery in Q2 onwards, and that 2024 will see the stock benefit from the revival of the real estate market. VCB performed well due to the expectation of robust Q2 earnings and news that it is actively seeking advisors to issue a private placement of 6.5% stake in 2023-2024. VCB is one of our preferred banks for long-term holdings because of its excellent asset quality and solid growth prospects in the next two to three years.

Although Vietnam’s economy continues to experience slow growth, expectations for a recovery have emerged. The Government has continuously emphasized the need to support businesses and requested banks to reduce lending interest rates. According to data from Bloomberg, 2024 profit growth of listed companies is forecasted to be over 20% on average. In terms of valuation, the VN Index is trading at a 2023F P/E of 11.5x, still in the low valuation zone over the past 10 years (about 1.5x standard deviation below the 10-year mean). This valuation remains attractive for long-term investment. However, we will continue to be cautious if market sentiment gets overexcited and we will maintain our investment discipline, choosing stocks that possess earnings growth drivers with a long-term investment vision.

Important information

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