

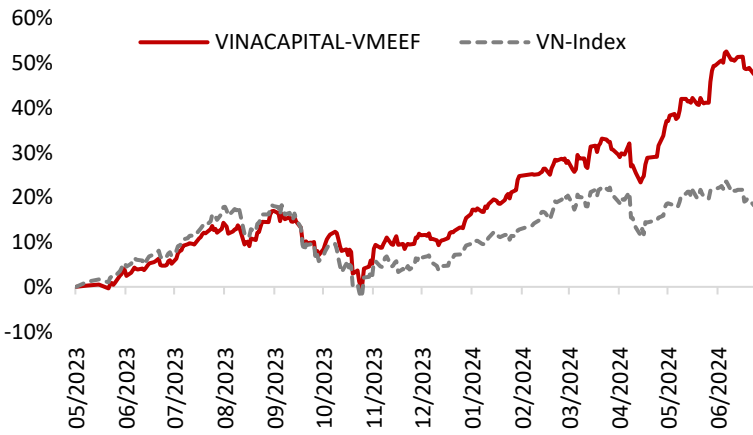
VINACAPITAL-VMEEF Investment approach

The fund's strategy is to construct a portfolio of companies that benefits from Vietnam's long-term economic growth drivers, to be accumulated at reasonable prices.

Because Vietnam's long-term economic growth goes hand in hand with its modernization, the fund prioritizes investments in companies that directly provide products and services to the modern living and working needs of customers.

These companies include, but are not limited to, banks with modern mobile banking products, retailers/distributors of modern household appliances and electronics, urban real estate developers serving the middle/upper class, businesses supporting the e-commerce industry, software solution providers, and companies applying technology to improve production processes.

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

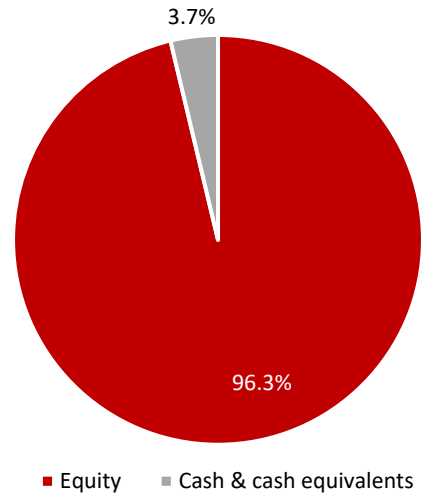
	VINACAPITAL-VMEEF VN-Index	
Total AUM (VND billion)	622.1	
NAV/Share (VND)	14,744.9	
Jun 2024 return (%)	4.5	(1.3)
YTD 2024 return (%)	30.3	10.2
3-year annualized return (% P.A.)	-	-
5-year annualized return (% P.A.)	-	-
Annualized return since inception (% P.A.)	40.3	15.7
Cumulative return since inception (%)	47.5	18.2

(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	04/05/2023
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. (Viet Nam)
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark	VN-Index

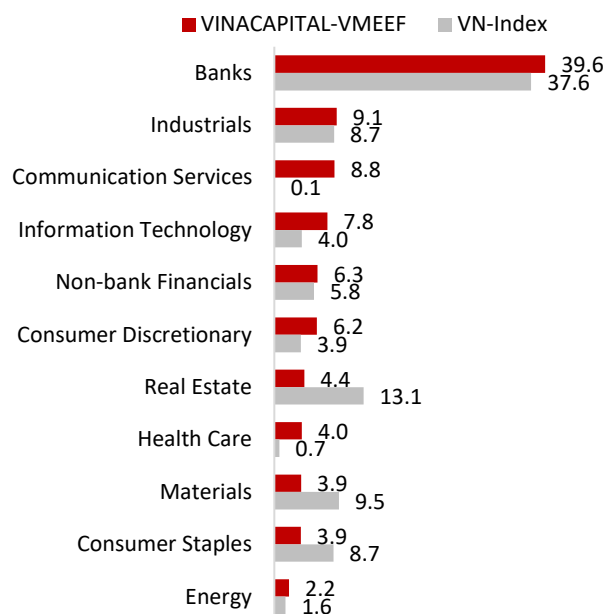
Portfolio statistics

	VINACAPITAL-VMEEF	VN-Index
2024 P/E (x)	10.9	11.5
2024 P/B (x)	2.6	1.6
2024 ROE (%)	23.8	13.6
Dividend yield (%)	2.9	2.7
Portfolio turnover (%)	66.6	-
Sharpe ratio	1.7	0.6
No. of equities	24	402

Source: Bloomberg, VinaCapital's forecast

Sector allocation

% Total NAV



Top holdings

Equity	Sector	% NAV
VCB	Banks	8.9
FOX	Communication Services	8.8
ACB	Banks	7.8
FPT	Information Technology	7.8
CTG	Banks	4.4
MBB	Banks	4.4
IMP	Health Care	4.0
BVH	Non-bank Financials	3.9
TCB	Banks	3.9
VIB	Banks	3.9

Comments from fund manager

MARKET UPDATE

Although the VN Index exhibited relatively positive trends in early June - it breached the psychological milestone of 1,300 points on June 13th – shortly thereafter it underwent a correction due to exchange rate pressure and rising bank deposit interest rates, resulting in a 1.3% decline for the month. Nonetheless, the VN Index managed to register a 10.2% increase over the first half of the year.

Market liquidity remained robust in June, with the average daily trading value across the combined three bourses reaching VND 26.4 trillion, a 5% MoM increase. Foreign investors intensified their sell-off in June, resulting in net sales totalling VND 16.7 trillion across all three bourses. Since the start of the year, foreign investors have been net-sellers of a record amount of VND 52.6 trillion, reducing their stake in Vietnam’s stock exchanges to just 16.4%, the smallest share in the past two years.

Vietnam’s GDP grew by 6.9% YoY in Q2/2024, bringing growth for the first half of the year to 6.4%, exceeding economic experts’ forecasts. The main driver of growth in the quarter was the industrial sector, with the production index of the manufacturing industry increasing by 12.6% in June and 10.8% in Q2. In June, the Purchasing Managers' Index (PMI) climbed to 54.7 from approximately 50 in preceding months, signalling ongoing positive growth prospects for the manufacturing sector. Export-import growth was also encouraging, with the country’s export turnover reaching USD 97.2 billion in Q2, a 12.5% YoY increase, thanks to high growth in electronics, machinery, equipment, and wood products. Import turnover reached USD 93.4 billion, a 19.8% YoY increase, mainly due to growth from products used as input materials for production and exports.

FUND UPDATE AND INVESTMENT OUTLOOK

The NAV per share of VINACAPITAL-VMEEF rose 4.5% and 30.3% during June 2024 and 1H24, respectively, while the VN-Index’s performance was -1.3% / +10.2% during the same periods.

FPT Telecom - FOX, which rose 34.6% in June and more than doubled since the start of the year, contributed to the majority of the outperformance for VINACAPITAL-VMEEF. The stock remains a major holding in the portfolio, with an 8.8% weight as at the end of the month. As discussed in previous reports, the stock’s forward EV/EBITDA still remains in single digit territory (versus regional peers, which trade in double digit territory). With annual earnings and EBITDA growth both forecasted at 15% or higher (driven by service fee increases, market share gains, cost optimization, and data center utilization), we believe the stock remains very attractive.

During the month, we reinvested part of the capital gains from FOX in Vietcombank (VCB), adding to an existing position, and Bao Viet Holdings (BVH), a new position.

We believe VCB should benefit from (1) accelerated lending in public-sector investment projects such as Block B O Mon and Long Thanh International Airport, (2) lower credit cost pressures as the ongoing economic recovery continues to pick up, and (3) re-rating potential from further progress on VCB’s capital raising and/or Vietnam’s market upgrade, both of which could serve as a price discovery mechanism for the market to reassess VCB’s industry leading position. We note that Bank Central Asia Tbk PT (BCA), Indonesia’s leading commercial bank, trades at almost double VCB’s current valuations in both forward P/E and P/B terms.

As for BVH, we believe the stock is undervalued, with potential near-term re-rating catalysts and very compelling long-term structural growth prospects. At a USD1.3b market cap, the valuation looks too low compared with a USD400m average annual operating cash flows and a USD400m average annual net financial income. The USD700m provisioning charges (non-cash) related to future liabilities could be too high, given conservative discount rates. The combination of economic recovery and rising interest rates usually favours life insurers like BVH, on the back of its market share gains. Long-term wise, life insurance penetration has ample room for growth, and state divestment/IPO of its subsidiary Bao Viet Life should improve corporate access.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	-	-	-	-	0.4%	4.3%	8.5%	0.8%	-4.1%	-9.0%	9.5%	3.5%	13.2%
2024	5.7%	7.1%	3.7%	-2.9%	9.4%	4.5%							30.3%

Important information

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