

## Snapshot

Structure	Open-Ended Fund
Investment risk	MODERATE
Investment return	<div style="display: flex; justify-content: space-around;"> <div style="width: 30px; height: 10px; background-color: #0070C0; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #0070C0; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #0070C0; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #000;"></div> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>LOW</span> <span>AVG</span> <span>HIGH</span> </div>
Fees	<div style="display: flex; justify-content: space-around;"> <div style="width: 30px; height: 10px; background-color: #0070C0; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #000;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #000;"></div> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>LOW</span> <span>AVG</span> <span>HIGH</span> </div>

## Details

Inception	11 July 2019	
Management fee	1.75% per annum	
Subscription fee	0.0%	
Redemption fee	<b>VinaFlex</b>	<b>VinaSave</b>
	<ul style="list-style-type: none"> <li>• &lt;365 days: 2.50%</li> <li>• 365-729 days: 1.50%</li> <li>• &gt;730 days: 0.75%</li> </ul>	<ul style="list-style-type: none"> <li>• &lt;365 days: 2.25%</li> <li>• 365-729 days: 2.25%</li> <li>• &gt;730 days: 0.00%</li> </ul>
Minimum subscription	<b>VinaFlex</b>	<b>VinaSave</b>
	VND2,000,000 / ~USD87	VND500,000/~USD22
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)	
Trading frequency	Once a week, on Thursday	
Auditor	PWC Vietnam	
Benchmark	Average of VN-Index and 3-month VND denominated deposit rate by VietcomBank.	

## Investment Approach

### Investment objective

Increase Net Asset Value (NAV) in the medium-to-long terms (from two [2] years and above), generating a stable return to investors through varied economic cycles by investing into listed equities with strong fundamentals and fixed-income products with high credit worthiness.

### Investment approach

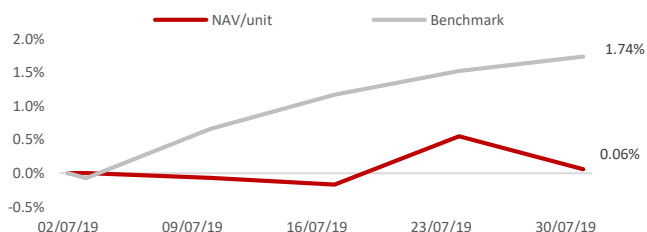
The Fund has an active investment strategy balancing between listed equity and fixed-income products with flexibility to allocate between 30% to 70% in either asset class.

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, valuable papers and other fixed-income products issued by creditworthy companies with sustainable profitability and high capital adequacy.

Portfolio Manager: Ms. Xuan Dung Nguyen  
[dung.xuan.nguyen@vinacapital.com](mailto:dung.xuan.nguyen@vinacapital.com)

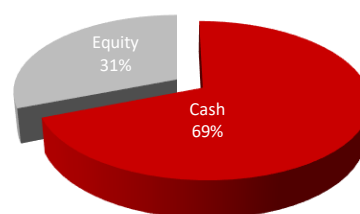
Investor Relations: [irwm@vinacapital.com](mailto:irwm@vinacapital.com)  
 Tel: +84 28 38 27 85 35

## VIBF NAV performance 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.

## Investment Highlight (as of 31 Jul 2019)



Note: VIBF received its IPO license on 2 July and is acquiring its target allocation for equity. The target allocation for fixed income will be acquired after the first General Investor Meeting on 1 August 2019 per regulations.

## Top 3 holdings

Sector	% Total Asset
Consumer Discretionary	8.8%
Real Estate	6.1%
Industrials	5.9%

## Performance versus Benchmark

	VIBF	Benchmark <sup>5</sup>
Total Assets, VND billion	80.6	
NAV/Unit, VND	10,006	
<b>NAV performance<sup>4</sup></b>		
m-o-m	N/A	2.41%
YTD <sup>6</sup>	0.06%	7.04%
Since inception	0.06%	1.74%

<sup>4</sup> NAV is net of management fee and administrative expenses.

<sup>5</sup> VIBF's benchmark is the average of VN-Index and 3-month VND denominated deposit rate by VietcomBank.

<sup>6</sup> VIBF was accepted on 2 July 2019

## Equity Valuation

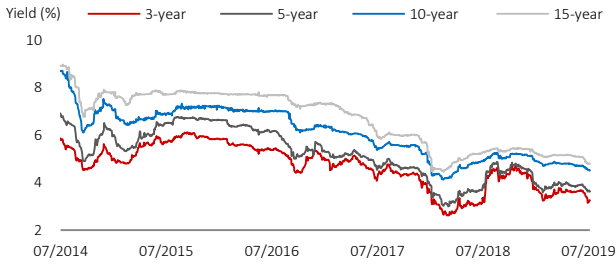
	VIBF	VN30	VN-INDEX
P/E	13.3x	13.3x	16.7x
P/B	3.4x	2.2x	2.5x
ROE	25.1%	16.9%	14.9%
Dividend yield	2.9%	2.1%	1.8%
Portfolio turnover	N/A	N/A	N/A
Sharpe ratio	N/A	-0.3	0.5
No. of stocks	17	30	380

## Macro indicators

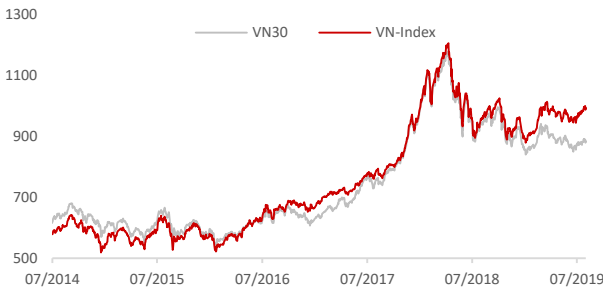
		Jul-19	Jun-19	2018A	2019F
GDP	% y/y	N/A	6.71	7.31	6.60 - 6.80
PMI		52.6	52.5	53.8	
CPI, average	% y/y	2.64	2.64	2.98	3.57
Trade balance, cumulative	USD billion	1.79	0.03	7.20	6.81
	Imports	% y/y	8.3	10.0	11.50
	Exports	% y/y	7.5	8.5	13.80
FDI, registered, cumulative	USD billion	20.22	18.47	25.57	
FDI, disbursed, cumulative	USD billion	10.60	9.1	19.10	
FX reserve	USD billion	66.00	66.00	60.00	65.00
USD/VND	VND	23,205	23,301	23,175	23,880

Forecasted figures are compiled by SSI Research

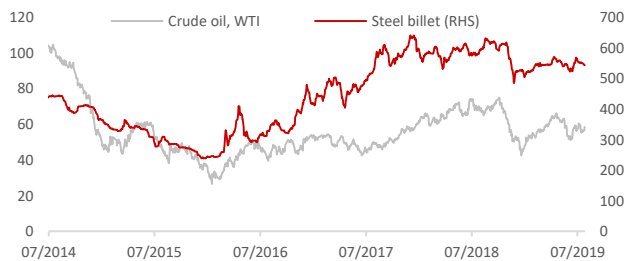
## Secondary bond yield



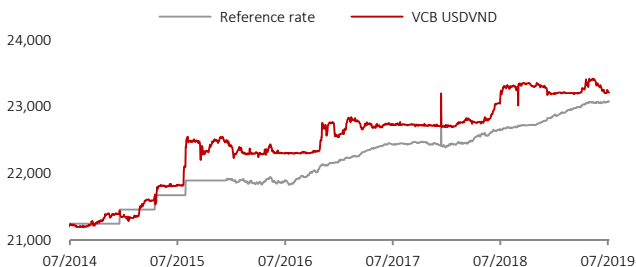
## Stock exchange index movement



## Oil and steel price (USD/ton)



## USD/VND movement



Source: Bloomberg

## Commentary from Fund Manager

### Bond market

**Primary bond market:** The State Treasury (ST) was the sole issuer on the primary bond market in July and successfully mobilised VND32.1 trillion (USD1.4 billion) worth of bonds with tenors from 5- to 30-years. Total issued value in July increased 188% compared to June 2019. Investors paid the most attention to the 10-year and 15-year tenors, occupying 42% and 39%, respectively, of the total issues in the month.

ST primary bond yields of all tenors decreased from 20 to 43 bps. Particularly, yields from 15-year and 20-year bonds exhibited the highest decrease of 32 and 43 bps respectively. After 7M2019, the ST mobilised a total of VND133.2 trillion (USD5.7 billion) worth of bonds, delivering 51% of total target in 2019.

**Secondary bond market:** The secondary market in July was more active compared to the previous month due to higher demand from investors in response to lower yields. Total trading value in July increased to VND97.2 trillion (USD4.2 billion) from VND69.2 trillion (USD3.0 billion) in June, representing a month-over-month (m-o-m) increase of 40.4%. As a result, secondary government bond (g-bond) yields recognised an increase of 1 to 8 bps on 1-, 2-, 3- and 5-year tenors, while 7-, 10-, 15-year g-bond yields declined significantly by 23 to 51 bps compared to last month.

### Stock market

**The VN-Index increased 4.4% in July 2019, closing at 992** with a nice break-out in the 960-1,002 range.

- **VIC Family, Bank, Oil Gas stocks** led the growth: VCB +14%, VHM +11%, GAS +12%, VIC +5%, PLX VRE +9%. New all-time highs for VIC, VCB, FPT, MWG. BID announced a mega USD880 million deal with Keb Hana. BID and BVH benefitted from its addition to the VN30 in early August. VHM had a big positive profit surprise in Q2 and the launch of the VH Grand Park in HCMC. Banking stocks outperformed with strong earnings growth (22%) on VCB, VPB, MBB, TPB, VIB, and strong foreign flow.
- **Other sectors:** Industrial Parks up +10% (BCM, KBC; strong profit Q2, PHR: approval to sell land to IP developers). Retail +10% and Tech +5% (good profit growth), Oil Gas +11% (bounce-back from June despite low oil price). Non-VIC property -2% underperformed (NVL KDH DXG) due to weak earnings and no new launches. The exception was NLG (low earnings, but over-subscribed bookings in Waterpoint at a high price) and HDG (strong profit 9x). Weak Utilities (less rainfall, shortage of coal); Steel -4% (iron ore prices surged); Stock Broker -4% (low earnings, weak commission fees); Textiles -5%: positives from EV FTA only lasted until the first week of July, then had a correction: intense competition in fabrics and yarns due to China dumping goods on VN market after the trade war restarted in early May.
- VN market strongly outperformed peers in July (after underperforming in June). The US market rose 2.4% and declines in SH and Asean. Market briefly touched the 1,000-resistance level in late July, but could not sustain momentum.

- **Trading value rose 5.8% in July.** After falling 6.0% in June, the average daily trading value on the three bourses recovered 5.8% in July to USD203.7 million
- **Foreigners led the rally** and continued to be net buyers for the 11th consecutive month. They purchased in line with a surging inflow into Asean markets in early July ahead of the US Fed rate cut, with locals joining in late July. Net foreign-purchase amount rose 3x to USD100 million, with new money from both ETFs and new funds (HK Premia USD20 million and Mirae MAGEF USD40 million). They mainly bought PLX USD55 million (treasury share sales), VCB USD20 million, VRE, CTD (KIMC), GAS, KBC, BID and sold HPG (USD19 million), VNM (USD9 million).
- **Market was heavily biased toward large caps** toward the end of July when the VN-Index approached 1,000. A big valuation gap widened between a few blue-chips and the rest. Others mid-caps saw profit-taking.

### VIBF

The fund is gradually deploying into some fundamental stocks to capture positive development on the stock market recently, while the investment into fixed income is progressing after the first General Investor Meeting on 1 August was completed per regulatory requirement.

### Recommendations to investors

- Current investors: **HOLD** and **ACCUMULATE** more VIBF unit to capitalize on stock market improvements.
- New investors: **BUY**, as investment opportunities are plentiful when the market experiences short-term technical corrections.
- Note that VIBF is building positions, so its NAV will be slightly down in the first 1-2 weeks.

### Important information

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