

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;"> LOW AVG HIGH </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: #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;"> LOW AVG HIGH </div>

Details

Inception	11 July 2019	
Management fee	1.75% per annum	
Subscription fee	0%	
Redemption fee	VinaFlex	VinaSave
	<ul style="list-style-type: none"> • <365 days: 2.50% • 365-729 days: 1.50% • >730 days: 0.75% 	<ul style="list-style-type: none"> • <365 days: 2.25% • 365-729 days: 2.25% • >730 days: 0.00%
Minimum subscription	VinaFlex	VinaSave
	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

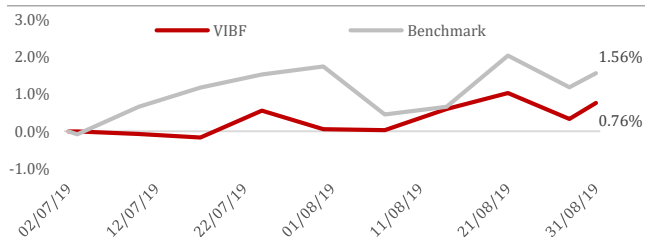
The Fund has an active investment strategy balancing between listed equity and fixed-income products with flexibility to allocate between 30% to 70% in either asset class.

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

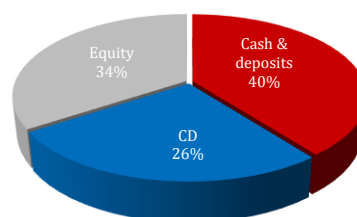
Investor Relations: irwm@vinacapital.com
 Tel: +84 28 38 27 85 35

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 Allocation (as of 31 Aug 2019)



Top 3 Sectors

Sector	% Total Assets
Consumer Discretionary	8.2%
Real Estate	7.0%
Industrials	5.3%

Performance versus Benchmark

	VIBF	Benchmark ³
Total Assets, VND billion	82.3	
NAV/Unit, VND	10,076	
NAV performance²		
m-o-m	0.70%	-0.17%
Since inception	0.76%	1.56%

² NAV is net of management fee and administrative expenses.

³ VIBF's benchmark is the average of VN-Index and 3-month VND denominated deposit rate by Vietcombank.

Equity Valuation

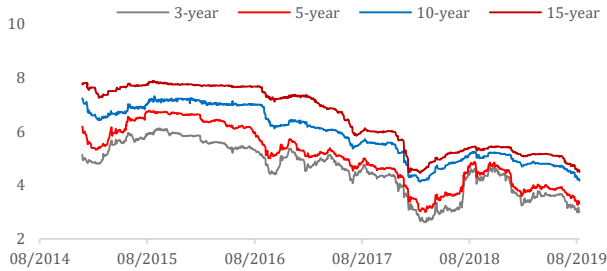
	VIBF	VN30	VN-INDEX
P/E	13.4x	13.6x	16.7x
P/B	3.3x	2.2x	2.4x
ROE	25.4%	16.7%	14.6%
Dividend yield	3.1%	2.1%	1.9%
Portfolio turnover	N/A	N/A	N/A
Sharpe ratio	0.1	0.9	0.6
No. of stocks	18	30	380

Macro indicators

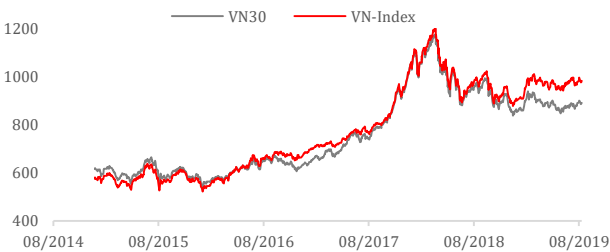
		08/2019	07/2019	2018A	2019F
GDP	% y/y	N/A	N/A	7.08	6.60 - 6.80
PMI		51.4	52.6	53.8	
CPI, average	% y/y	2.26	2.64	3.45	3.57
Trade balance, cumulative	USD billion	3.40	1.79	7.78	6.81
	Imports % y/y	8.5	8.3	11.58	13.70
	Exports % y/y	7.3	7.5	14.24	14.42
FDI, registered, cumulative	USD billion	22.63	20.22	35.46	
FDI, disbursed, cumulative	USD billion	12.00	10.60	19.10	
FX reserve	USD billion	66.00	66.00	60.00	65.00
USD/VND	VND	23,196	23,205	22,655	23,880

Forecasted figures are compiled by SSI Research

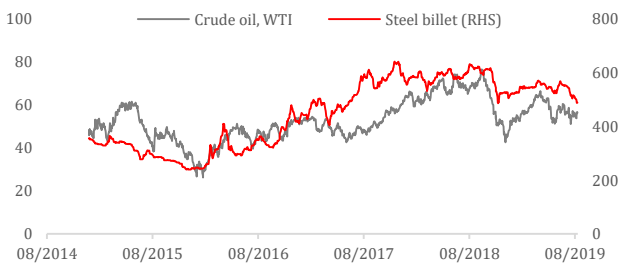
Secondary bond yield



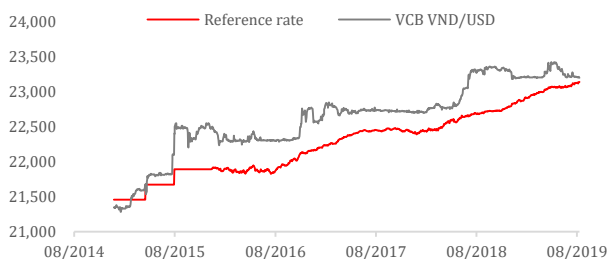
Stock exchange index movement



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 August and successfully mobilised VND10.8 trillion (USD0.5 billion) worth of bonds with tenors from 5- to 30-year. Total issued value in August decreased 66% compared to July 2019. Investors paid most attention to the 10-year and 15-year tenors, occupying 40% of the total issues in the month.

ST primary bond yields of all tenors decreased from 9 to 26 bps. Particularly, yield from bonds of 20- and 30-year tenors decreased 9 and 16 bps respectively, while yields from the shorter tenors fell by 22 to 26 bps. After 8M2019, the ST mobilised a total VND144.1 trillion (USD6.2 billion) worth of bonds, delivering 55% of their total target in 2019.

Secondary bond market: The secondary market in August was more active compared to the previous month due to higher demand from investor in response to lower yields. Total trading value in August increased to VND99.16 trillion (USD4.3 billion) from VND97.2 trillion (USD4.0 billion) in July, representing a month-on-month (mom) increase of 2.9%. As a result, secondary government bond (g-bond) yields recognised a decrease of 18 to 40 bps for all tenors compared to last month.

Stock market

The VN-Index lost 7.6 points in August, equivalent to a decrease of -0.8% mom, yet still gained 10.3% year-to-date. With the earnings season of Q2 over, attention quickly turned to the global market, where we witnessed a volatile month dominated by US-China trade war retaliatory actions and fear of economic recession, triggered by the inverted US Treasury yield curve.

- In August, there were some outperforming sectors such as full-room stocks in Banks (+3% mom), Retailers (+7% mom), Technology (+10% mom), selected Utilities REE (+12% mom), selected Port GMD (+10% mom), Industrial Parks (+3.5% mom) and non-VIC Property (+4.4%).
- However, there are declining sectors such as Aviation (-6% mom, HVN decreased by 13% mom), Oil Gas (-5% mom, weak oil price, GAS PLX PVS decreased by 6%, BSR decreased by 13%), Utilities (-2% mom, POW decreased by 8%), Steel (-2% mom, HPG decreased by 2% weak commodities price, lower ASP), Insurance (-9% mom), Food Bev (-2% mom, SAB decreased by 2%, MSN decreased by 6%), Stock brokers (-5% mom), Fishery (-6% mom) and Textile (-3% mom).

Liquidity slightly improved in August, with a daily trading value of USD156 million (+4.2% mom). Foreign investors returned as net sellers this month selling USD55 million, mostly on VIC, HPG, E1VFN30, VRE, and VCB. Top net-buying stocks included VIC, CMG, PLX, QNS, and NVL, in which a large part of VIC and CMG transactions were via put-throughs. Notably, we saw strong outflows from Vietnam ETFs amounting to USD53 million during August despite the strong VND, as investors potentially load up on traditionally safer assets such as gold or treasuries.

The Ho Chi Minh City Stock Exchange (HOSE) will build three new indices called the Vietnam Leading Financial Index, the Vietnam Diamond Index and the Vietnam Financial Select Sector Index, with emphasis on criteria such as foreign ownership, investible market capitalization, profitability, and liquidity. The establishment of these Indices should attract foreign investors as they will be able to track stocks that are permitted for full foreign ownership.

Tariff war: On 1 August, the US president announced a new 10% tariff on USD300 billion of China's goods (half of which was later delayed). China fired back with an additional 5% tariff on the existing USD75 billion and the US followed with an additional 5% tariff on the existing USD250 billion in goods (current 20%).

VIBF

As of 31 August 2019, VIBF's NAV posted an increase of 0.8% since inception. Most of the NAV increase was attributed to capital gains from equity investments, which account for 34% of the Fund's total NAV.

In August, VIBF acquired some good fundamental fixed income investments, which are expected to generate a stable income stream to VIBF's investors in the year ahead.

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.

Important information

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