

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 #0070C0;"></div> <div style="width: 30px; height: 10px; background-color: #0070C0; border: 1px solid #0070C0;"></div> <div style="width: 30px; height: 10px; background-color: #0070C0; border: 1px solid #0070C0;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #A9A9A9;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #A9A9A9;"></div> </div> <div style="display: flex; justify-content: space-around;"> 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 #0070C0;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #A9A9A9;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #A9A9A9;"></div> <div style="width: 30px; height: 10px; background-color: #A9A9A9; border: 1px solid #A9A9A9;"></div> </div> <div style="display: flex; justify-content: space-around;"> 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

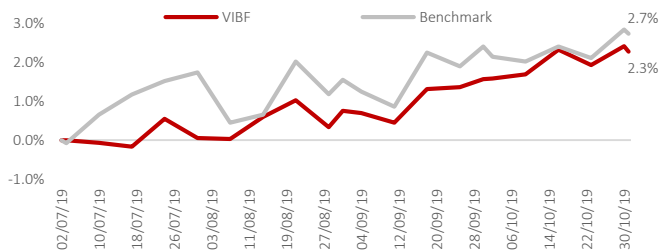
The Fund has an active investment strategy balancing between listed equity and fixed-income products with flexibility to allocate between 30% to 70% in either asset class.

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

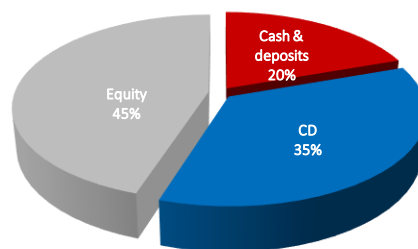
Investor Relations: irwm@vinacapital.com
 Tel: +84 28 38 27 85 35

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



Top 3 Sectors

Sector	% Total Assets
Financials	11.5%
Consumer Discretionary	7.2%
Industrials	6.3%

Performance versus Benchmark

	VIBF	Benchmark ²
Total Assets, VND billion	90.2	
NAV/Unit, VND	10,228	
NAV performance¹		
m-o-m	0.7%	0.3%
Since inception	2.3%	2.7%

¹ NAV is net of management fee and administrative expenses.

² VIBF's benchmark is the average of VN-Index and 3-month VND denominated deposit rate by VietcomBank.

Equity Valuation

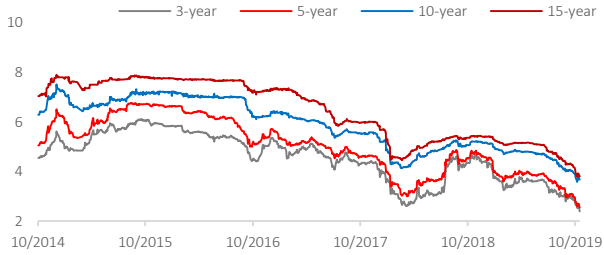
	VIBF	VN30	VN-INDEX
P/E	14.0x	13.3x	16.5x
P/B	3.1x	2.2x	2.4x
ROE	23.1%	17.3%	14.8%
Dividend yield	2.4%	2.0%	1.9%
Sharpe ratio	0.9	0.4	0.9
No. of stocks	18	30	380

Macro indicators

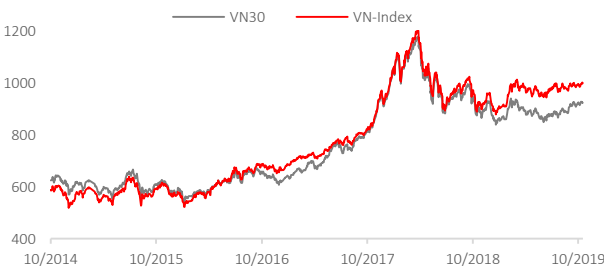
		10/2019	09/2019	2018A	2019F
GDP	% y/y	N/A	6.98	7.08	6.60 - 6.80
PMI		50	50.5	53.8	
CPI, average	% y/y	2.24	1.98	3.45	3.57
Trade balance, cumulative	USD billion	7.05	5.87	7.78	6.81
	Imports % y/y	7.8	8.9	11.58	13.70
	Exports % y/y	7.4	8.2	14.24	14.42
FDI, registered, cumulative	USD billion	29.10	15.77	35.46	
FDI, disbursed, cumulative	USD billion	16.20	14.20	19.10	
FX reserve	USD billion	67.00	67.00	60.00	65.00
USD/VND	VND	23,202	23,203	22,655	22,880

Forecasted figures are compiled by SSI Research

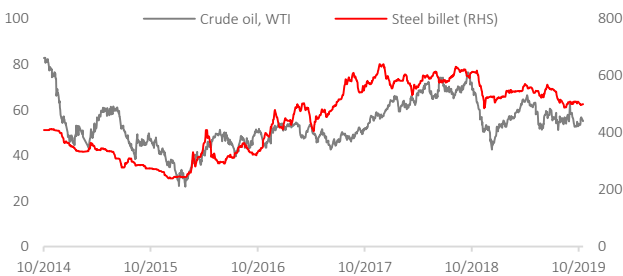
Secondary bond yield



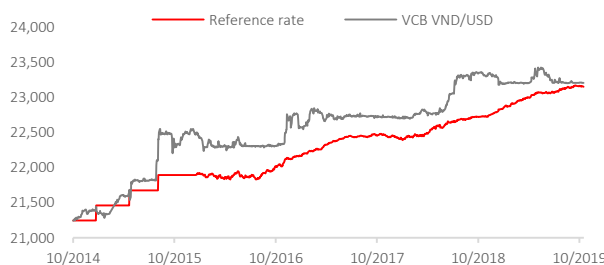
Stock exchange index movement



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 in the primary g-bond market with issuance values worth VND8.69 trillion (USD0.37 billion) of 5- to 30-year ST bonds, representing an increase of 109.2% compared to September.

Primary g-bond yields of all tenors decreased from 30 to 58 basis points (bps) month-on-month (mom). Particularly, yields from g-bonds of 7- to 30-year tenors decreased 41 to 58 bps, while yields on 5-year g-bonds fell by 30 bps.

After ten months of 2019, the ST has mobilized a total of VND173.9 trillion (USD7.5 billion) worth of bonds, delivering 67% of the total target in 2019.

Secondary bond market: The secondary market in October was more active compared to the previous month due to higher demand from investors in response to lower yields. Total trading value in October increased to VND124.4 trillion (USD5.4 billion) from VND102.4 trillion (USD4.4 billion) in September, representing a mom increase of 21.4%. As a result, secondary g-bond yields recognized a decrease of 38 to 66 bps for all tenors. G-bond yields with tenors from 1- to 3-years fell from 63 to 66 bps while the longer tenors decreased 38 to 53 bps.

Stock market

Last month, the VN-Index reached 999, equivalent to +0.2% (mom). October was a good month for the Vietnam stock market as earnings growth picked up strongly to 18% yoy in Q3. Positive share price movement due to earnings were surprising in blue-chips (VCB, VHM, SAB, CTG). Bond yields dropped 50 bps amid ample inter-bank liquidity, strong USD inflow from FDI and FII and after news of the FED rate cut.

- ❑ **Banks led the growth:** VCB +7%, CTG +4%, BID +3%, HDB +6%, ACB +3%, STB +2%, TCB and MBB +1% mom. Aviation sector: VIC +5%, HVN +4% and ACV: +3% mom. Non-VIC property: KDH +3% and NLG +3% mom.
- ❑ **Underperformers:** VHM, VRE, and VIC were flat or down 1% mom: heavy foreign selling pressure depressed prices, however surprisingly big earnings in VHM/VRE lifted their share prices in the last week of October. Oil, Gas and Steel sectors: GAS and PLX were down 2-3% in line with oil prices which fell 2% mom. HPG was down 1% mom amid weak global economic data and trade. Food & Beverage sector: VNM flat, SAB -1% and MSN -5% mom (weak profit release). The textile sector reported low profits due to fewer orders and China dumping yarn products on Vietnam, after facing difficulties in US exports. Brokers -3% mom, declining profit -20% yoy in Q3. Port/Logistics sector -5% mom despite profit +14% yoy in Q3.

Foreigner sales intensified in early October but eased toward the month's end supporting market uptrend.

FED rate cut of 25bps as expected and signaled no further rate cut in 2019. Market sentiment conservative was before the cut. The short-term sentiment after the cut was negative for stocks (except in the US), bond yields fell and oil prices went down.

Oil prices free fell from USD61.7 in early October and bottomed out at USD57.3, even below the pre-drone-attack level (USD58-59) amid weak economic PMI data.

VIBF

As of 31 October 2019, VIBF's NAV has posted an increase of 2.3% since inception. The NAV increase was attributed to capital gains from equity investments, which accounts for 45% of the Fund's total NAV. Fixed income investments, which account for 35%, 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.

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