

## Snapshot

Structure	Open-Ended Fund			
Investment risk	MODERATE			
Investment return	LOW	AVG	HIGH	
Fees	LOW	AVG	HIGH	

## Details

Inception	02 July 2019	
Management fee	1.75% per annum	
Subscription fee	0%	
Redemption fee	<b>VinaFlex</b>	<b>VinaSave</b>
	• < 365 days: 2.00%	• < 365 days: 2.25%
	• 365-729 days: 1.50%	• 365-729 days: 2.25%
	• > 730 days: 0.50%	• > 730 days: 0.00%
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

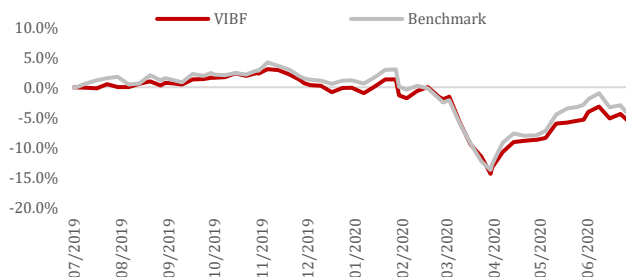
The Fund has an active investment strategy balancing between listed equity and fixed-income products with flexibility to allocate between 30% to 70% in either asset class.

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.

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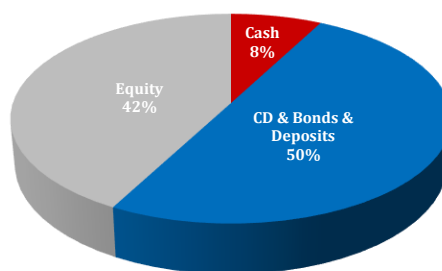
Investor Relations: [irwm@vinacapital.com](mailto:irwm@vinacapital.com)  
 Tel: +84 28 38 27 85 35

## 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 Allocation



## Top 3 Sectors

Sector	% Total Assets
Financials	11.1%
Information Technology	9.7%
Industrials	5.4%

## Performance versus Benchmark

	VIBF	Benchmark <sup>2</sup>
Total Assets, VND billion	73.8	
NAV/Unit, VND	9,420	
<b>NAV performance<sup>1</sup></b>		
m-o-m	-0.4%	-1.9%
Since inception	-5.8%	-4.7%

<sup>1</sup> NAV is net of management fee and administrative expenses.

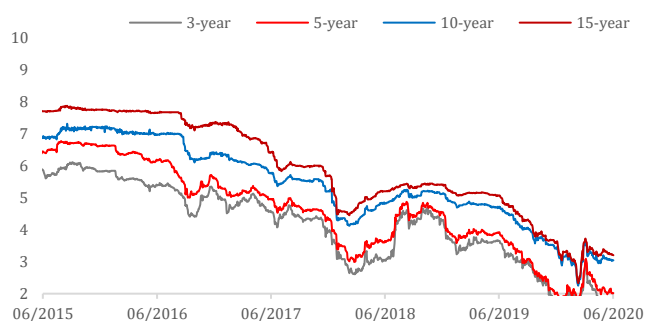
<sup>2</sup> VIBF's benchmark is the average of VN-Index and 3-month VND denominated deposit rate by Vietcombank.

## Equity Valuation

	VIBF	VN30	VN-INDEX
P/E	12.2x	11.0x	13.6x
P/B	2.6x	1.8x	1.8x
ROE	22.5%	16.2%	13.5%
Dividend yield	2.9%	1.9%	1.9%
No. of stocks	12	30	380

(Bloomberg, Valuation is based on the latest 12 month data)

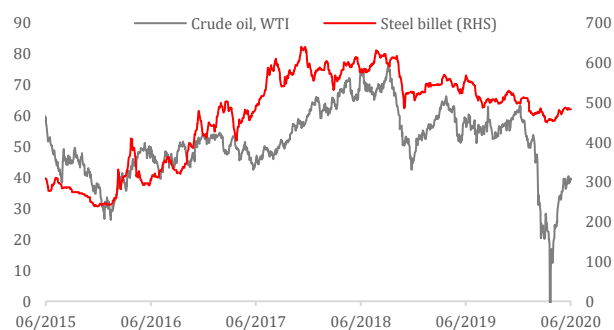
## Secondary bond yield



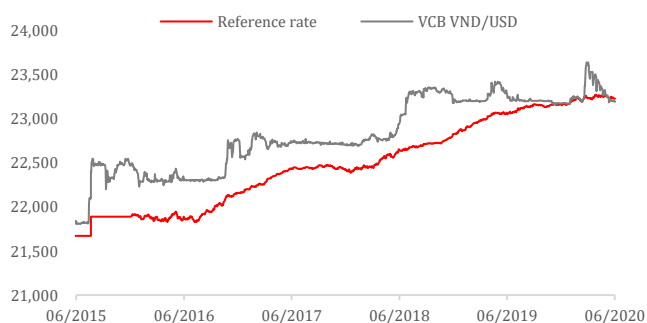
## Stock exchange index movement



## Oil and steel price (USD/ton)



## USD/VND movement



Source: Bloomberg

## Commentary from Fund Manager

### Fixed Income market

According to the State Bank of Vietnam, credit growth reached only 3.26% YTD as of the end of June 2020. This figure is far below that recorded in previous years (H1 2019: 7.36%; H1 2018: 7.86%; H1 2017: 9.06%). As a result, liquidity in interbank was excessive and the money market rate hit the all-time lowest level.

In June, State Treasury successfully issued VND 32.5 trillion, increasing by 77% m/m. Issuance volumes of Government Bond have continue to rise over last two months thanks to market bond yields stabilized at low levels.

The daily trading value of Government Bond secondary market in June was VND 8.2 trillion, down 12% versus in May.

We expect the State Treasury will issue VND 34 trillion in July and VND 85 trillion in 3Q2020.

### Stock market

After large gains in April and May, Vietnam's stock market was in consolidation mode in June, correcting 4.6% (VND terms) under profit-taking pressure. For the quarter, the VN-Index recorded a 24.5% gain, bringing YTD2020 return to a negative 14.1%, outperforming other regional markets. The average daily trading value through order-matching across the three bourses combined reached USD264 million in June, the highest monthly level since May 2018. We also saw a pickup in daily liquidity in Q2 at USD223 million, up 43% from USD155 million in Q1.

Foreign net inflows for the three bourses jumped to USD621.4 million in June thanks to a KKR-led consortium's investment in Vinhomes (VHM), the largest real estate developer in Vietnam, following four consecutive months of net foreign outflows. The deal was worth of USD650 million in value — equivalent to a 6% equity stake in VHM. For the first six months of 2020, foreign net outflow reached USD141.3 million.

Following Vietnam's success in containing COVID-19, economic activity resumed strongly in June. Although the social distancing period in April dragged GDP growth in Q2 and 1H2020 to 0.36% y-o-y and 1.81% y-o-y, respectively, Vietnam's growth nevertheless outperformed most of the world. Vietnam stock market's trailing P/E at 13.6x as of the end of June remained attractive compared to other neighbouring markets. However, the global macro outlook remains uncertain given the slow containment of the virus in several parts of the world in addition to ongoing elevated political tensions among several of the largest economies. 2020 EPS growth of Vietnam-listed companies is estimated at a negative 11% (according to latest Bloomberg consensus forecast), a significant pullback from the 7.1% growth seen in 2019. However, we do expect corporate earnings to return to a positive 10-15% growth trajectory in 2021.

Looking ahead, the fund will gravitate towards companies that should benefit from the strong structural economic tailwinds which we expect to see in the second half of this year, as well as resilient companies that are prepared to resume growth next year.

### VIBF

The fund's return in June was mostly attributed to equity investment, which accounts for 42% of the Fund's total NAV. Besides, term deposits, CDs and bonds, which account for 50.1%, 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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