

## VIBF Investment approach

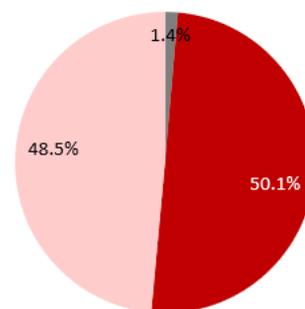
The Fund has a goal of providing investors with exposure to potential equity appreciation while also investing in fixed income to reduce overall portfolio volatility. The Fund has a standard allocation of 50%/50%.

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, certificate of deposits, and other fixed-income products issued by creditworthy companies with sustainable profitability and high capital adequacy.

## Investment Allocation

### % Total NAV

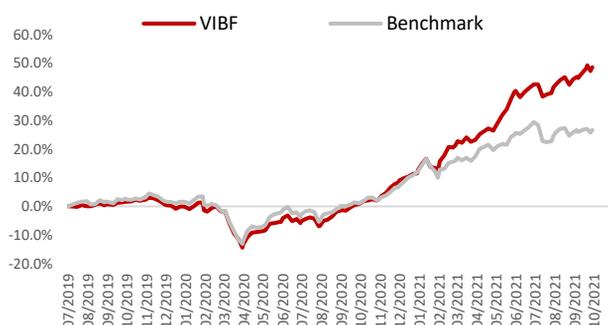


■ Cash ■ CD & Bonds & Deposits ■ Equity

## Fund information

Inception	02 July 2019
Management fee	1.75% per annum
Subscription fee	0%
Redemption fee	<ul style="list-style-type: none"> <li>• 2.0% &lt; 12 months</li> <li>• 1.5% &gt;= 12 months</li> <li>• 0.5% &gt;= 24 months</li> </ul>
Minimum subscription	VND2,000,000 / ~USD87
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Vietnam)
Auditor	PwC Vietnam
Trading frequency	Twice a week, on every Tuesday & Thursday
Benchmark	Average of VN Index and 12-month VND denominated deposit rate by Vietcombank.

## 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

	VIBF	Benchmark
Total AUM (VND billion)	571.22	
NAV/Share	15,421	
Oct 2021 return (%)	3.9	4.0
YTD return (%)	36.9	17.7
3-year annualized return (%)	N/A	N/A
Annualized return since inception (%)	20.4	12.7
Cumulative return since inception (%)	54.2	32.1

(NAV is net of management fee and administrative expenses)

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## Equity portfolio statistics

	VIBF	VN-Index
Trailing P/E (x)	15.9	16.8
Trailing P/B (x)	3.6	2.7
Trailing ROE (%)	25.5	16.0
Dividend yield (%)	1.3	1.2
No. of stocks	16	402

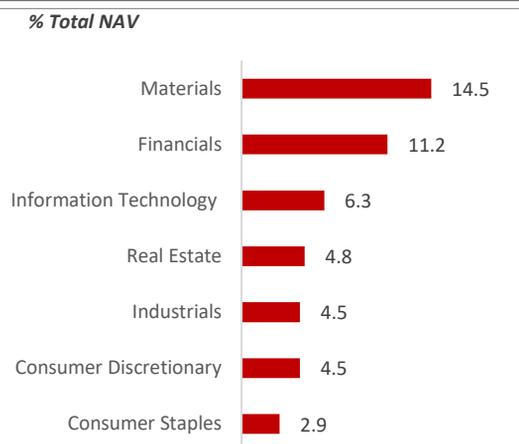
## Fixed-income portfolio statistics

Macaulay Duration (years)	0.88
Yield-To-Maturity (%)	7.0

Source: Bloomberg, VinaCapital's forecast

Comments from Fund Manager

Equity sector allocation



FI MARKET COMMENTARY

Interbank interest rates remained at a low level in October, just as they did in the preceding three months. Although credit growth has surprisingly seen a quick rebound (8.72% YTD by the end of October vs 6.5% in same period last year) -- which should squeeze banking liquidity – the State Bank of Vietnam’s unsterilized FX accumulation activities via another batch of USD forward sales helped facilitate to pump VND 23.1 trillion into the banking system (equivalent to USD 1 billion). Public investment was still disbursed at a low pace (-8% YoY in 10M2021), also supported market liquidity. By year end, we expect the rates will increase gradually given accelerated credit growth and public investment disbursement.

The abundant banking liquidity coupled with slow public investment has caused Government bond yields to slightly decrease for terms under 7Y by a factor of 2 – 12 bps in the secondary market. Meanwhile in the primary market, the unattractive low yield and low supply led to weak issuance values and winning rates, with the State Treasury of Vietnam issuing only VND 16.1 trillion (-58% m-o-m) worth of bonds – the lowest amount since March 2021. The winning rate dropped significantly (49.3% vs 80.1% in Sept). Therefore, average yields in the primary market increased by 11 bps to 2.37%, whereas the average term was recorded at 15.1 years (from 14.5 years in Sept).

In the corporate market, as of end-October, there were a total of 53 domestic corporate bond issuances under private placement and 4 issuances under public offering with a total value of VND 39.3 trillion. The real estate and banking sectors ranked first and second in terms of issuance value, accounting for 42% and 22%, respectively. While bank bond yields ranged from 2.8% to 7.3% per annum, yields of real estate bonds ranged from 8.8% to 12.5% per annum.

EQUITY MARKET COMMENTARY

The VN Index advanced by 7.6% in October 2021, closing the month at the all-time high of 1,444.3, driven by the economy’s re-opening after a lengthy COVID-19 lockdown and anticipation of the implementation of another economic stimulus package. On a YTD basis, the VN Index has gained 30.8%.

After four months of various social-distancing measures throughout the country, most economic activities resumed from the beginning of October. The remaining restrictions relate to tourism, bars, cinemas, and large events. October macro data showed a recovery from previous months, although it still declined y-o-y. Retail sales and industrial production grew 18.1% and 6.9% m-o-m but remained 19.5% and 1.6% lower than October last year, respectively. Notably, the Purchasing Managers’ Index (PMI) rebounded to the above-50 level at 52.1 in October, ending four consecutive months of contraction. The media reported that the Ministry of Planning and Investment plans for a sizeable economic stimulus package for 2022 and 2023, focusing on tax cuts, infrastructure spending, lending rate support, social benefits, and job creation. If the plan is realized, it will be the largest-ever stimulus package in Vietnam.

HOSE-listed companies posted aggregate net profit growth of 20% y-o-y in Q3 and 49% y-o-y in 9M2021. Q3 profit was significantly lower than Q1 and Q2, but the 20% growth was encouraging, given the severe impact of the COVID-19 outbreak. High Q3 profit growth was seen in Materials (+138% y-o-y, driven by steel companies), Utilities (+43% y-o-y), Financials (+22% y-o-y). Meanwhile, the profit growth of the Consumer Staples and Consumer Discretionary sectors declined by 15% and 51%, respectively.

By the end of October 2021, the VN Index traded at a 2021F and 2022F P/E of 16.8x and 13.7x, while 2022F EPS growth is forecasted to reach 23% y-o-y, according to Bloomberg. We see that as a reasonable valuation and expect further upside for the stock market thanks to economic recovery, earnings growth of listed companies and positive sentiment prompted by the stimulus plan. Nevertheless, the market can be overheated at times, prompted by aggressive retail trading activities, therefore some short-term volatility should be anticipated.

FUND COMMENTARY

The Fund’s NAV per share increased 3.9% in October, in line with the benchmark, as several top equity holdings delivered positive returns, including HPG (+7.9%), HDC (+44.8%), DPR (16.6%), REE (+14.7%) and FPT (+4.2%).

Hoa Phat Group (HPG) increased 7.9% in October on the back of stellar third quarter earnings despite the strict social distancing measures in the south. Net profit amounted to VND 10.5 trillion, an increase of 173% y-o-y thanks to strong y-o-y sales growth of 56% and margin improvements. We expect stronger q-o-q sales volume in Q4 due to pent up demand from construction activities nationwide post-lockdown. In the long run, we continue to believe that HPG, the leading steel company in Vietnam, will benefit from the strong urbanisation and infrastructure trends.

Top holdings

	Ticker	Sector	Weighted (%)
Equity	HPG	Materials	8.4
	FPT	Information Technology	6.3
	MWG	Consumer Discretionary	4.5
	TCB	Financials	4.3
Bond	KBC121020	Real Estate	5.3
	GEGB2124002	Real Estate	2.6
	VICB2124002	Real Estate	1.4

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