

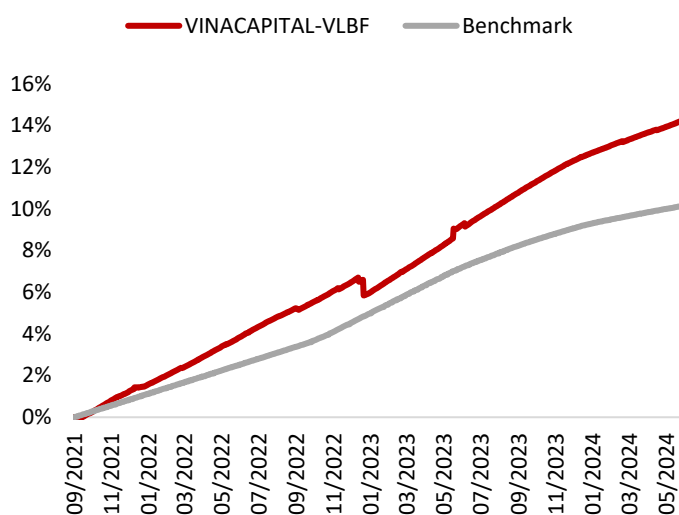
VINACAPITAL-VLBF

Investment approach

VINACAPITAL-VLBF mainly invests in short-term fixed income securities and money market instruments to generate very stable returns while maintaining daily liquidity.

VINACAPITAL-VLBF is considered a low-risk fund suitable for investors who are looking for a safe, short and medium term investment with a higher return than short-term bank deposit rates. The target return for the fund is 2.5 – 3.0% per annum.

NAV chart since inception

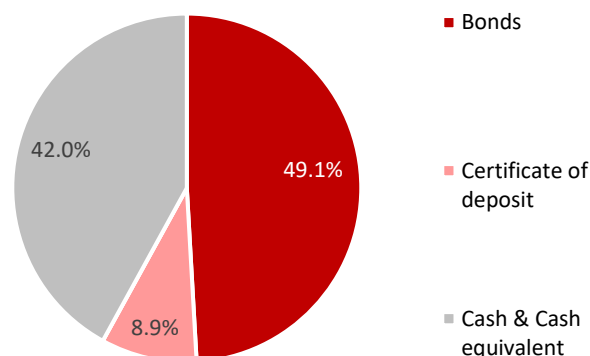


Fund performance

	VINACAPITAL-VLBF	BM
Total AUM (VND billion)	64.0	
NAV/Share	11,419.6	
May 2024 return (%)	0.3	0.2
YTD 2024 return (%)	1.4	0.9

(NAV is net of management fee and administrative expenses)

Investment allocation



Fund information

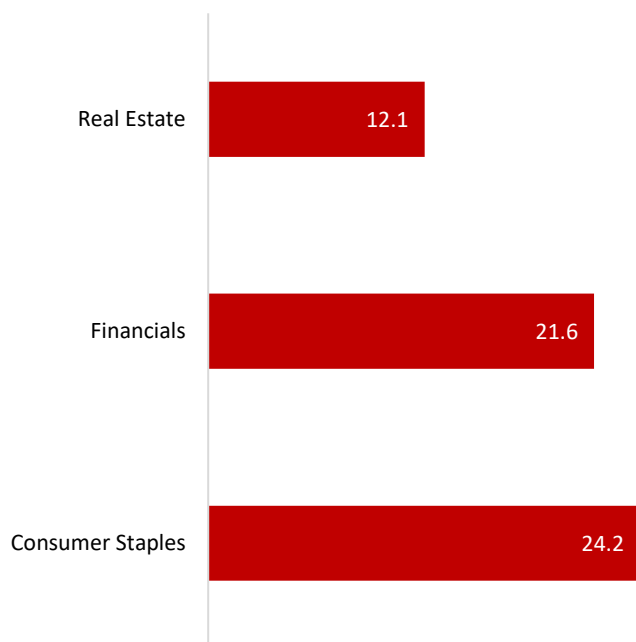
Inception	09/07/2021
Management fee	0.9% per annum
Subscription fee	0.0%
Redemption fee	<=45 days: 0.1%; >45 days: 0%
Minimum subscription	0 VND
PIT	0.10%
Custodian and Supervisory Bank	BIDV
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday
Benchmark (BM)	Average 3-month VND denominated deposit rate of VietinBank, Agribank, BIDV, and Vietcombank.

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Sector allocation

VINACAPITAL-VLBF



Top holdings

Issuer	Name	Allocation (%)	Yield-to-maturity (%)	Duration (years)
BAF	BAF Viet nam Agriculture JSC	16.1	10.3	1.1
AGR	Agribank JSC	12.7	6.9	5.0
TN1	TNS Holdings JSC	12.1	4.0	0.8
FECREDIT	FE CREDIT	8.9	6.7	0.2
SBT	Thanh Thanh Cong - Bien Hoa JSC	8.1	11.0	2.2

Comments from Fund Manager

Vietnam’s export growth has significantly outpaced the growth of its manufacturing output throughout 2024, prompting us to note that factories will need to accelerate production to keep up with the growing demand for “Made in Vietnam” products. Manufacturing output growth accelerated from 6.3% yoy in 4M24 to 7.3% in 5M24 (versus -2.5% in 5M23), but even with that acceleration, it continued to lag far behind the 15% export growth (to USD156.8b) in 5M24. Consequently, inventories of finished products in Vietnam’s factories continued to drop in May and FDI companies are ramping up purchases of production inputs to scale up production according to Vietnam’s latest manufacturing PMI survey.

Most production inputs are imported, resulting in Vietnam’s import growth surging from 9% yoy in March to 19% yoy in April and 30% in May, shrinking the country’s trade balance from a USD2.8b surplus in March to a USD1.1b surplus in April before turning to a USD1b trade deficit in May. In 5M24, imports grew 18% yoy (to USD148.8b) versus the 15% export growth mentioned above. According to the General Statistics Office, Vietnam’s trade surplus shrank from USD10.2b in 5M23 to USD8b in 5M24.

In contrast to the positive points above, consumption growth slowed slightly in May. The growth of real retail sales (i.e., excluding the impact of inflation) dipped from 5.3% yoy in 4M24 to 5.2% in 5M24 despite the ongoing recovery of Chinese tourist arrivals to over 80% of pre-COVID levels in May. Note that overall tourist arrivals surpassed pre-COVID levels in 5M24. Finally, CPI inflation remained at 4.4% yoy in May despite a circa 5% month-on-month drop in retail petrol prices; this was partly because of the “low base effect” stemming from the fact that inflation in Vietnam bottomed out at just 2% yoy in mid-2023.

In the corporate bond market, the total issuance volume in May 2024 reached 15VND 27.3 trillion, an increase of more than seven times compared to the same period last year. The Banking sector led issuances with VND 19.5 trillion, accounting for over 70% of the total, with an average yield of 5.4% and an average maturity of 5.4 years. The Real Estate sector followed with a total issuance value of VND 6.4 trillion, comprising approximately 23.4% of the total issuances for the month, with an average yield of 12% and an average maturity of 2.8 years. Within this sector, Vingroup and its affiliates raised VND 6 trillion with an average yield of 12.3% and a maturity period of 2.0 years. The remaining issuances were from MBS, worth VND 300 billion, in the Securities sector, as well as two companies in the consumer lending industry: HomeCredit, which issued VND 1 trillion, and F88, which issued VND 100 billion.

Important information

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