

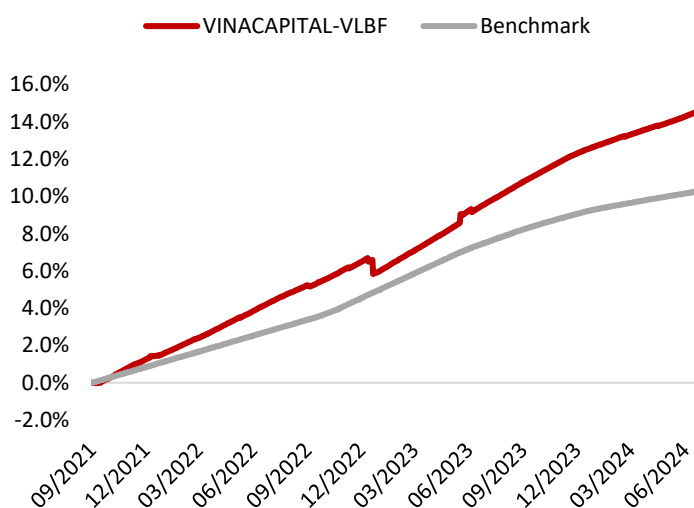
VINACAPITAL-VLBF

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

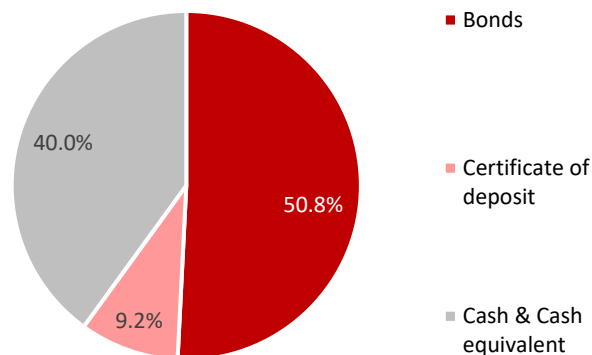


Fund performance

	VINACAPITAL-VLBF	BM
Total AUM (VND billion)	62.2	
NAV/Share	11,457.8	
June 2024 return (%)	0.3	0.2
YTD 2024 return (%)	1.8	1.0

(NAV is net of management fee and administrative expenses)

Investment allocation



Fund information

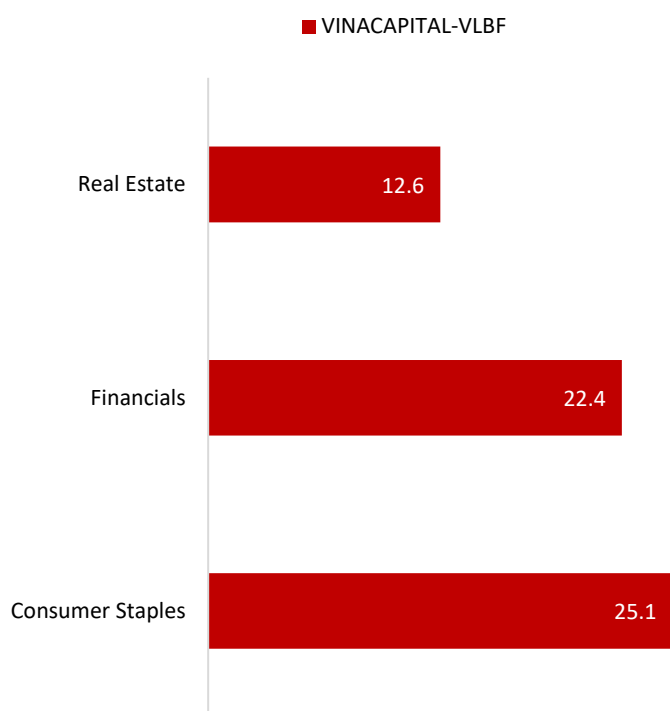
Inception	09/07/2021
Management fee	0.9% per annum
Subscription fee	0.0%
Redemption fee	<=45 days: 0.1%; >45 days: 0%
Minimum subscription	0 VND
PIT	0.10%
Custodian and Supervisory Bank	BIDV
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday

Benchmark (BM) Average 3-month VND denominated deposit rate of VietinBank, Agribank, BIDV, and Vietcombank.

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Sector allocation



Top holdings

Issuer	Name	Allocation (%)	Yield-to-maturity (%)	Duration (years)
BAF	BAF Agriculture JSC	16.7	10.3	1.0
AGRIBANK	Agribank JSC	13.2	6.9	5.0
TN1	Rox Key Holdings JSC	12.6	0.0	0.7
FECREDIT	FE CREDIT	9.2	6.6	0.1
SBT	TTC - Bien Hoa JSC	8.4	11.0	2.1

Comments from Fund Manager

Vietnam's GDP growth improved from 3.7% yoy in 1H23 to 6.4% in 1H24. This was driven almost entirely by the recovery of the country's manufacturing sector from 0.4% yoy growth in 1H23 to 8.7% in 1H24 – which was in-turn driven by surging tech exports, especially to the US. Despite the rebound in manufacturing activity – and the resulting upturn in manufacturing employment – consumption growth and sentiment among local consumers remained modest in the first half of the year.

Specifically, real retail sales growth (excluding the impact of inflation) dropped from 8.8% in 1H23 to 5.7% in 1H24. Part of that plunge stems from the high base set in early 2023 when the flood of tourists returning to Vietnam drove a near 14% yoy surge in Vietnam's 1Q23 retail sales. We estimate that foreign tourists accounted for about 10% of Vietnam's total retail sales pre-COVID, so the fact that overall tourist arrivals climbed to slightly above pre-COVID levels in the first half of this year could contribute over 1%pts to the country's 6.4% GDP growth rate in 1H24.

Exports recovered from an 18% yoy drop in 1H23 to 15% growth in 1H24; mainly driven by exports of computers and electronics (Vietnam's single-largest export item) which surged by over 30% in H1. The recovery in our exports order helped send Vietnam's Manufacturing PMI from 50.3 in May to 54.7 in June, highest since June-2022; driven by a 13-year-high increase in the number of new orders, at 59.2.

Inflation in June was 4.3%, despite the low base effect from last year, indicating that the Government has managed to keep the average inflation rate within the target of 4.5% for this year. As the year progresses, the higher base effect from the second half of last year could provide some relief to inflationary pressures. Therefore, in our base case scenario, we believe that inflation can be managed within the Government's target for this year.

In the corporate bond market, total issuances in June 2024 reached VND 70.1 trillion, marking an increase of 113% compared to the same period last year. The banking sector led the issuances, contributing VND 56.9 trillion, which accounts for over 81% of the total. These issuances came with an average yield of 5.7% and an average maturity of 4.5 years. Following behind was the Real Estate sector, with a total issuance value of VND 6.9 trillion, making up approximately 9.8% of the total monthly issuances, featuring an average yield of 11% and an average maturity of 3.9 years. Within this sector, Vinhomes raised VND 2.5 trillion at an average yield of 12% and a maturity period of 2.0 years. SunGroup and Becamex followed with bond issuances valued at VND 1.8 trillion and VND 800 billion, respectively.

Important information

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