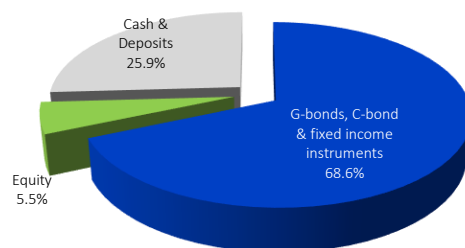


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance data quoted.

## Snapshot

Structure	Open-ended Bond Fund
Investment risk	LOW
Investment return	LOW AVG HIGH
Fees	LOW AVG HIGH

## Investment Highlight



## Performance versus Benchmark

	Total Assets (VND bn)	NAV/unit (VND)	NAV growth							Since Inception (Apr 2013)
			m-o-m	YTD	2013	2014	2015	2016		
VFF	671.6	14,270	0.3%	7.7%	4.7%	8.8%	6.7%	9.0%	42.6%	
4 SOCBs 3M deposit <sup>1</sup>				4.0%	5.2%	5.9%	4.7%	5.2%	25.1%	
4 SOCBs 12M deposit <sup>2</sup>				5.6%	5.8%	7.1%	6.1%	6.7%	31.3%	
VCB 12M deposit <sup>3</sup>				5.5%	5.8%	7.0%	6.1%	6.5%	30.9%	

<sup>1</sup> VFF's benchmark is the average trailing 3-month deposit rate by four state-owned commercial banks (SOCBs): VCB, BIDV, Vietinbank, and Agribank

<sup>2</sup> Average trailing 12-month deposit rate by the four SOCBs mentioned above is an additional reference

<sup>3</sup> Average trailing 12-month deposit rate by VCB is additional reference

## Details

Inception	9 April 2013	
Management fee	1.2% per annum	
Subscription fee	0.0%	
Redemption fee	VINAFLEX <sup>4</sup>	VINASAVE <sup>5</sup>
	• 2.5% < 12 months • 1.0% >= 12 months	• 2.0% < 24 months • 0.0% >= 24 months
Minimum subscription	VND2,000,000/ ~USD90	VND500,000/ ~USD22
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Viet Nam)	
Auditor	Ernst & Young (Vietnam)	
Trading frequency	Once a week, on Tuesday	

<sup>4</sup> Flexible investment plan

<sup>5</sup> Saving plan encouraging periodic contribution

## Investment Approach

### Asset allocation

Invest at least 80% of the fund's total net assets into government bonds, government-guaranteed bonds, municipal bonds, valuable papers issued by high creditworthy institutions, and short-term bank deposits.

Invest up to 15% of the fund's total net assets into listed stocks with strong fundamentals, high potential upside, and stable dividend yield for downside risk mitigation.

### Target

Deliver attractive and stable return from capital appreciation, coupon payment, and yield enhancement instruments.

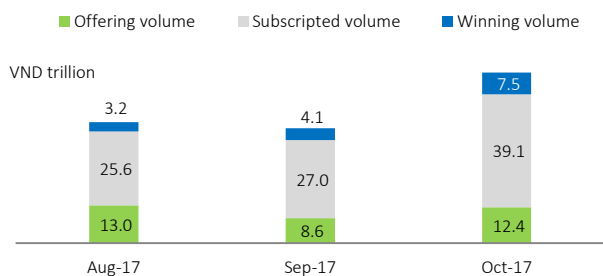
### Benchmark

Average 3-month VND denominated deposit rate by four SOCBs, namely VietinBank, Agribank, BIDV, and VietcomBank.

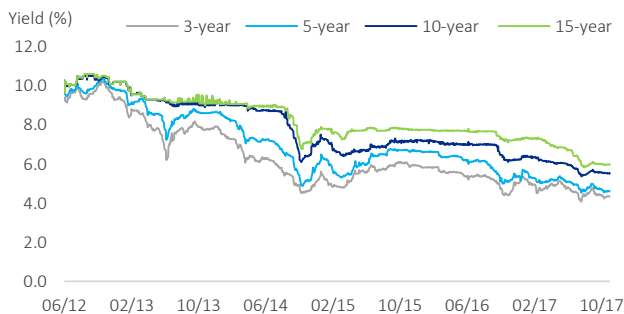
Portfolio Manager: Ms. Xuan Dung Nguyen  
[dung.xuan.nguyen@vinacapital.com](mailto:dung.xuan.nguyen@vinacapital.com)

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

## Auction result



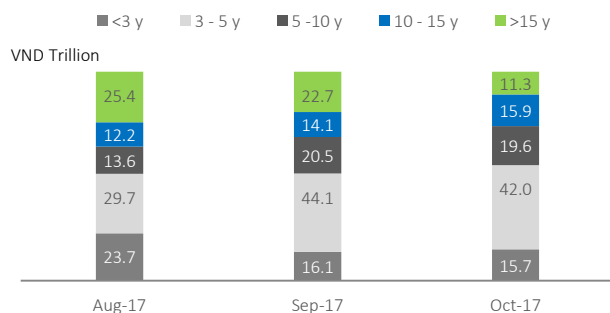
## Secondary bond yield



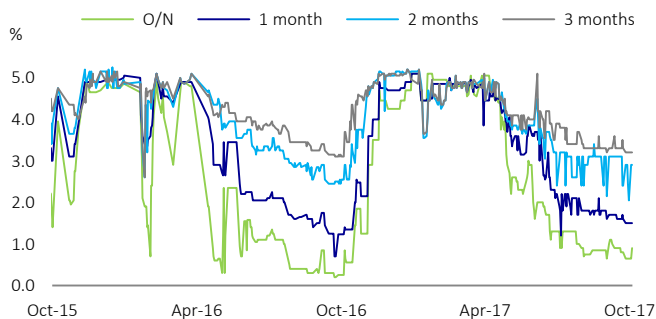
## Secondary bond yield movement

Tenor	Month		Change
	09/2017	10/2017	
1 year	4.00	3.80	-0.20
2 years	4.16	4.08	-0.08
3 years	4.40	4.33	-0.07
5 years	4.71	4.60	-0.11
7 years	4.97	4.85	-0.12
10 years	5.57	5.50	-0.07
15 years	6.00	5.95	-0.05

## Secondary trading by tenor



## Interbank rate



Source: Bloomberg

## Fund Manager's comments

VFF's net asset value (NAV) closed at VND14,270 per unit in October, increasing 0.3% month-over-month (versus that of 0.7% month-over-month in September) or 7.7% year-to-date as of October. The NAV increase was due to:

- Capital appreciation from government bond investments resulting from declining bond yields which followed higher liquidity in the banking system and an increased risk appetite for bond investments;
- Income from new fixed income investments in October;
- Income from interest from short-term bank deposits and other fixed income instruments; and,
- Listed equity investment performing modestly. However, given the small equity allocation of 5% of the total NAV, the listed equity investment did not contribute materially to VFF's NAV growth over the month.

As of October, bond investments and fixed income instruments accounted for over 68% of VFF's total NAV, maintaining the portfolio's stable and steady NAV growth in October. VFF also preserved nearly 26% of the fund's total net NAV in cash and short-term deposits for other investment opportunities in the coming months for yield enhancements.

The State Treasury (ST) and Vietnam Bank for Social Policy (VBSP) have issued VND 7.51 trillion (USD 330.55 million) worth of bonds on the primary market during the month, an increase of 83.8% compared to that of September, with a winning rate of 61%, compared to last month's winning rate of 48%. ST bonds, in particular, accounted for 92% of total issues (VND 6.91 trillion or USD 304.14 million) and bond yields contracted by two basis points (bps) and 15 bps on 7- and 5-year bonds respectively while slightly increasing two bps on 10-year bonds. New issues of 20- and 30-year ST bonds failed due to offering yields being below investors' expectations.

After the first ten months of 2017, the ST has issued VND 155.09 trillion (USD 6.83 billion) worth of government bonds, delivering 84.6% of the government's issuance target of VND 183.3 trillion (USD 8.04 billion) for 2017.

VBSP bonds accounted for 8% of total new issuances in October (VND 600 billion or USD 26.4 million) with 10- and 15-year tenors. 10- and 15-year VBSP bond yields eased by 25 bps and 75 bps respectively versus their last issuances in May.

On the secondary market, total trading value posted a decrease of 10.9% month-over-month with VND 104.61 trillion (USD 4.60 billion) of bonds transacted. Accordingly, bond yields softened by five bps to 20 bps across the curve, compared to that of last month.

## Important information

The information contained herein has been prepared by VinaCapital Fund Management Joint Stock Company (the "Company") and is subject to updating, completion, revision, further verification and amendment without notice.

The information contained herein has not been approved by any listing authority or any investment regulator. The information does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever. Forward-looking information is based on the estimates and opinions of the Company's at the time the statements are made. The Company assumes no obligation to confirm or update forward-looking statements should circumstances or management's estimates or opinions change.

No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of the Company or any of its directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained herein and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise for any other communication written or otherwise.

The information herein may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. By accepting receipt of this document, you agree to be bound by the limitations and restrictions set out above.

Neither these pages nor any copy of them may be taken or transmitted into or distributed in any jurisdiction where the distribution of such material would be prohibited under the jurisdiction's applicable securities laws. Any failure to comply with this restriction may constitute a violation of national securities laws.