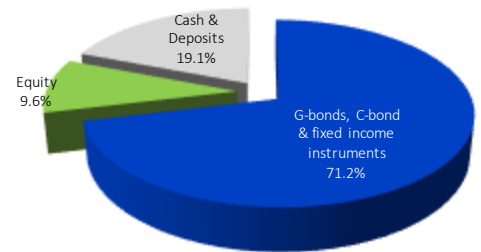


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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	747.3	14,565	1.2%	9.9%	4.7%	8.8%	6.7%	9.0%	45.6%	
4 SOCBs 3M deposit ¹				4.8%	5.2%	5.9%	4.7%	5.2%	25.9%	
4 SOCBs 12M deposit ²				6.7%	5.8%	7.1%	6.1%	6.7%	32.5%	
VCB 12M deposit ³				6.5%	5.8%	7.0%	6.1%	6.5%	32.0%	

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

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

³ 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 ⁴	VINASAVE ⁵
	• 2.5% < 12 months	• 2.0% < 24 months
	• 1.0% >= 12 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	

⁴ Flexible investment plan

⁵ 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.

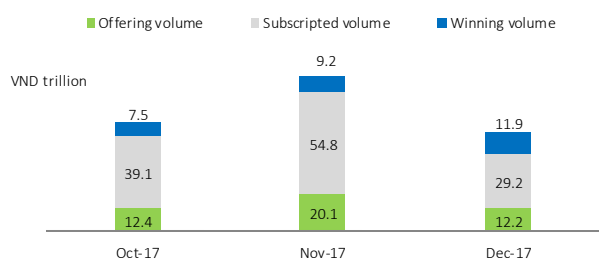
Benchmark

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

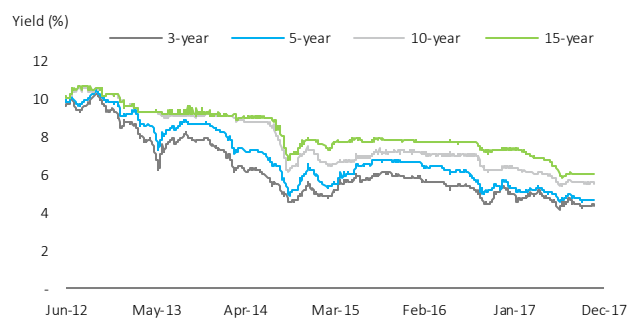
Portfolio Manager: Ms. Xuan Dung Nguyen
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Investor Relations: irwm@vinacapital.com
Tel: +84 28 38 27 85 35

Auction result



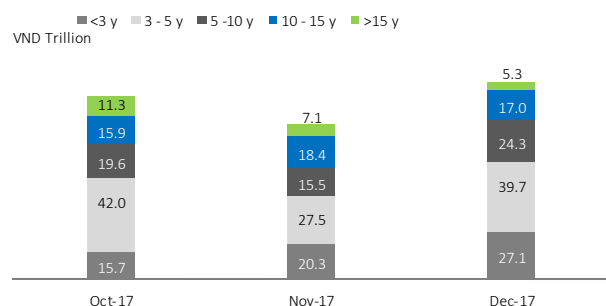
Secondary bond yield



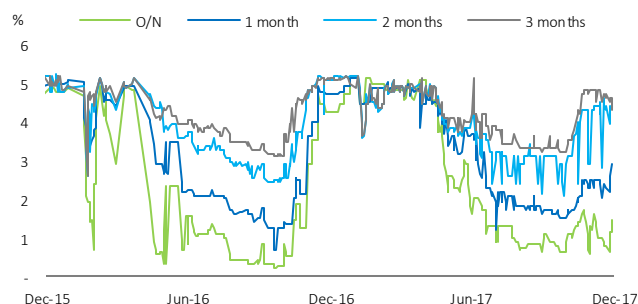
Secondary bond yield movement

Tenor	Month		Change
	11/2017	12/2017	
1 year	3.96	3.64	-0.32
2 years	4.10	3.90	-0.20
3 years	4.33	3.95	-0.38
5 years	4.60	4.36	-0.24
7 years	4.96	4.62	-0.34
10 years	5.51	5.20	-0.32
15 years	5.98	5.69	-0.28

Secondary trading by tenor



Interbank rate



Source: Bloomberg

Fund Manager's comments

VFF's net asset value (NAV) was VND14,565 per unit by the end of December, an increase of 1.2% month-over-month (m-o-m), versus that of 0.8% m-o-m in November. The fund increased 9.9% year-to-date. The NAV increase in December was attributed to:

- Capital appreciation from government bond investments as the result of declining bond yields following healthy liquidity in the banking system and an increased risk appetite for bond investments;
- Interest income from short-term bank deposits and other fixed income instruments; and,
- Gains from listed equity investments.

VFF's total NAV continued growing at a fast pace in December and it grew to VND747.3 billion at the end of the month, compared to that of VND704.5 billion at the end of November. Bonds and fixed income instruments accounted for 71.2% of VFF's total NAV while cash and bank deposits accounted for 19%. Furthermore, equity accounted for 9.6% of the fund's total NAV to leverage on strong equity market for yield enhancement.

December experienced another exciting month on the primary bond market as bond investors' risk appetite remained strong. The total collective issuance value of State Treasury bonds (ST bonds), Vietnam Development Bank bonds (VDB bonds) and Vietnam Bank for Social Policy bond (VSP bonds) in December reached VND11.85 trillion (USD521.86 million), a month-over-month increase of 29.5%. VDB bonds accounted for 82% of all total issues in the month with VND9.75 trillion (USD429.05 million) worth of 5- to 15-year tenors. New issues of ST bonds accounted for 16% of total issues with VND1.9 trillion (USD83.65 million) worth of 5- and 10-year tenors. VSP bond was less favorable and therefore accounted for 2% of total issues with VND2.08 billion (USD9.16 million) worth of 10-year tenors. 10-year ST bond yield contracted by 14 basis points (bps) versus last month while 5-year ST bond yield stayed flat. VDB bond yields recorded a larger reduction in December as demand increased. Its 5-year bond yield eased 50bps, 10-year bond yield eased 16bps and 15-year bond yield eased 22bps versus last month. Meanwhile, 10-year VSP bond yield almost stayed flat given moderate interest.

As at the end of 2017, the ST has issued VND159.92 trillion (USD7.04 billion) worth of government bonds, meeting 87.2% of the government's issuance target of VND183.3 trillion (USD8.04 billion) for 2017.

On the secondary market, total trading value increased 27.8% month-on-month with VND113.32 trillion (USD4.99 billion) worth of bonds was transacted. Accordingly, bond yields contracted by 20 to 38 bps across all tenors, compared to that of last month.

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