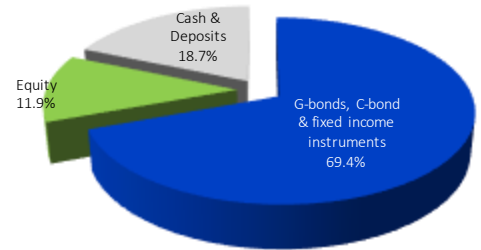


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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	2017	
VFF	777.7	14,912	2.4%	2.4%	4.7%	8.8%	6.7%	9.0%	9.9%	49.1%
4 SOCBs 3M deposit ¹			0.4%	5.2%	5.9%	4.7%	5.1%	4.8%	26.3%	
4 SOCBs 12M deposit ²			0.6%	5.8%	7.1%	6.1%	6.6%	6.7%	33.0%	
VCB 12M deposit ³			0.5%	5.8%	7.0%	6.1%	6.4%	6.5%	32.5%	

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.

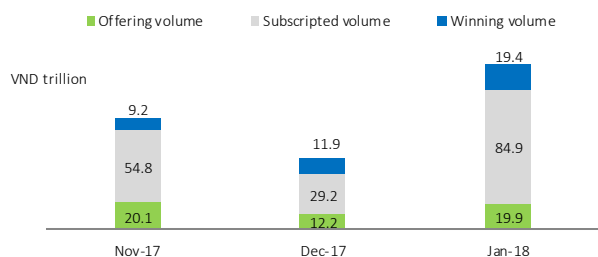
Benchmark

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

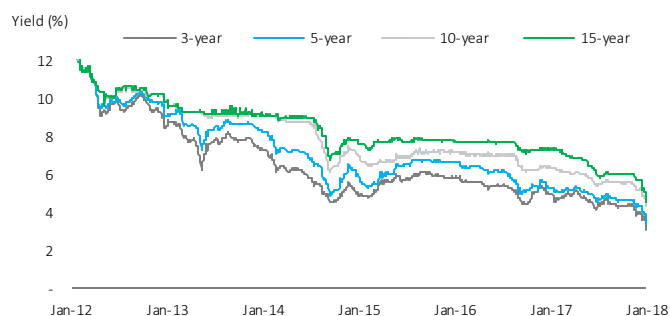
Portfolio Manager: Ms. Xuan Dung Nguyen
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Auction result



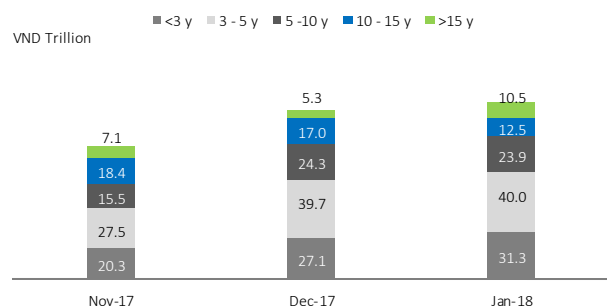
Secondary bond yield



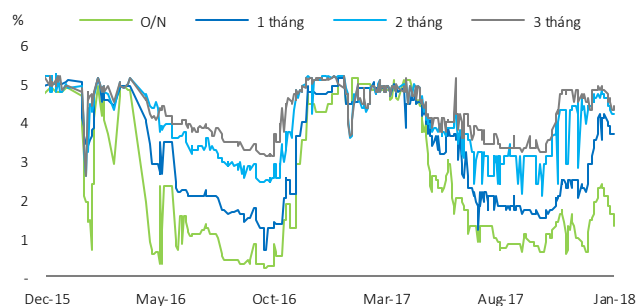
Secondary bond yield movement

Tenor	Month		Change
	12/2017	01/2018	
1 year	3.64	2.89	-0.75
2 years	3.90	3.06	-0.84
3 years	3.95	3.14	-0.81
5 years	4.36	3.43	-0.93
7 years	4.62	3.67	-0.95
10 years	5.20	4.30	-0.90
15 years	5.69	4.51	-1.18

Secondary trading by tenor



Interbank rate



Source: Bloomberg

Fund Manager's comments

VFF's net asset value (NAV) was VND14,912 per unit by the end of January 2018, an increase of 2.4% month-over-month (m-o-m), versus that of 1.2% m-o-m in December 2017. The NAV increase in January 2018 was attributed to:

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

VFF's total NAV continued growing in January 2018 to VND777.7 billion from VND747.3 billion at the end of December 2017. Bonds and fixed income instruments accounted for 69% of VFF's total NAV while 19% was allocated to cash and bank deposits to preserve for new investment opportunities. Equity investments accounted for 12% of the fund's total NAV to leverage the strong equity market for yield enhancement.

The primary bond market had an exciting start in 2018 as the bid-to-cover ratio recorded 4.3 times. Issuance value of bonds issued by the State Treasury (ST bonds) – the only issuer in January – achieved VND19.37 trillion (USD852.71 million), a substantial m-o-m increase of 63.4% with the winning ratio reaching a high 97.3%.

In January 2018, primary ST bond yields continued to lower their levels across the curve as the result of rising demand. 5-, 10-, 20- and 30-year ST bond yields contracted respectively by 22, 90, 62 and 70 basis points (bps) versus last month. Meanwhile, 7- and 15-year ST bond yields experienced a larger reduction of 106 and 125 bps respectively against their last issues in November 2017.

Active trading was also seen on the secondary market with total trading value of VND118.22 trillion (USD5.21 billion), a m-o-m increase of 4.3% and secondary bond yields recorded their historical low, contracting by 75 to 118 bps across the curve versus last month.

In 2018, the government has established a target to raise VND183 trillion (USD8.1 billion) worth of 5- to 30-year ST bonds, similar to 2017, and the target will be adjusted subject to the actual implementation of public projects in 2018.

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