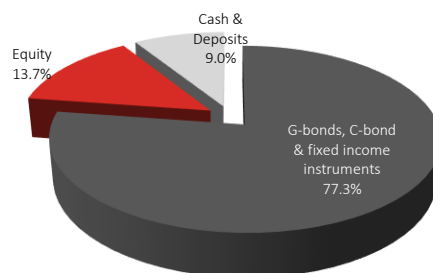


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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)	m-o-m	YTD	NAV growth						Since Inception (Apr 2013)
					2013	2014	2015	2016	2017		
VFF	765.1	15,029	0.8%	3.2%	4.7%	8.8%	6.7%	9.0%	9.9%	50.2%	
4 SOCBs 3M deposit <sup>1</sup>				0.8%	5.2%	5.9%	4.7%	5.1%	4.8%	26.7%	
4 SOCBs 12M deposit <sup>2</sup>				1.1%	5.8%	7.1%	6.1%	6.6%	6.7%	33.5%	
VCB 12M deposit <sup>3</sup>				1.0%	5.8%	7.0%	6.1%	6.4%	6.5%	33.0%	

<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

## 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.

## 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	• 2.0% < 24 months
	• 1.0% >= 12 months	• 0.0 >= 24 months
	Minimum subscription	VND2,000,000/ ~USD90
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Viet Nam)	
Auditor	Ernst & Young (Vietnam)	
Trading frequency	Once a week, on Tuesday	

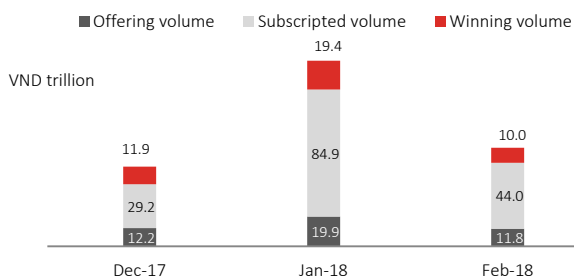
<sup>4</sup> Flexible investment plan

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

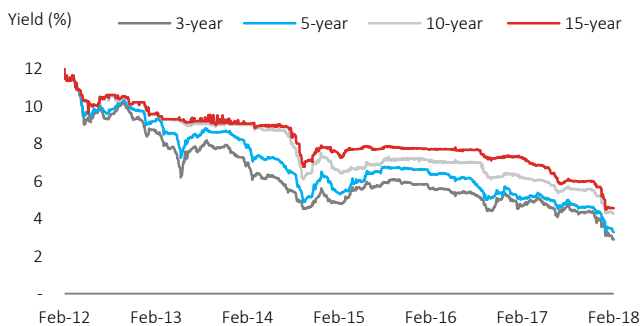
Portfolio Manager: Ms. Xuan Dung Nguyen  
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## Auction result



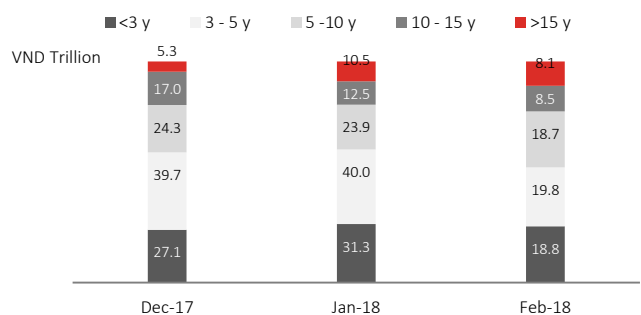
## Secondary bond yield



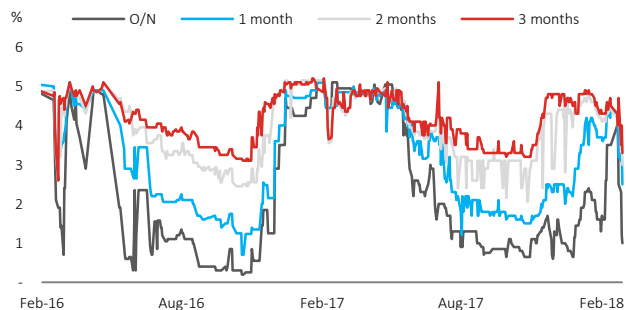
## Secondary bond yield movement

Tenor	Month		Change
	01/2018	02/2018	
1 year	2.89	2.55	-0.34
2 years	3.06	2.74	-0.32
3 years	3.14	2.89	-0.25
5 years	3.43	3.28	-0.16
7 years	3.67	3.60	-0.07
10 years	4.30	4.27	-0.03
15 years	4.51	4.55	0.04

## Secondary trading by tenor



## Interbank rate



Source: Bloomberg

## Fund Manager's comments

VFF's net asset value (NAV) reached VND15,029 per unit at the end of February 2018, an increase of 0.8% month-over-month (m-o-m), versus that of 2.4% m-o-m in January 2018. As a result, VFF's NAV recorded an increase of 3.2% year-to-date. The NAV increase in February 2018 was due to:

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

As of February 2018, VFF's total NAV was VND765.1 billion, versus that of VND777.7 billion as of last month. VFF's asset allocation was almost unchanged compared to last month: bonds and fixed income instruments accounted for 77% of VFF's total NAV while stocks accounted for 14%, and cash and bank deposits accounted for 9%.

On the primary bond market, total offering value in February declined 41% compared to previous month due to long Tet holiday and the State Treasury (ST) being the sole issuer in the month for bonds having tenors from 5- to 15-years. Bid-to-cover ratio declined from 4.3 times in January to 3.7 times in February and winning ratio also declined from 97% in previous month to 85% this month. As the result, total issuance value of ST bonds in February was VND10,015 billion (USD440.05 million), a decline of 48% m-o-m.

Primary ST bond yields recorded further declines across the curve in February despite a lower winning rate, and was supported by the lack of supply and abundant liquidity in the banking system. 5- and 7-year ST bond yields experienced a sharp m-o-m decline of 125 and 95 basis points (bps), respectively, while 10- and 15-year ST bond yields declined at a slower pace of 38 and 10 bps. There was no offer for longer dated ST bonds in February 2018.

After the first 2 months of 2018, the ST has issued VND29.38 trillion (USD1.29 billion) worth of bonds and fulfilled 65% of the government's issuance plan for Q1 2018 (VND45 trillion or USD1.98 billion) and 15% of 2018's total issuance target (VND200 trillion or USD8.79 billion).

On the secondary market, total bonds' trading volume was VND73.9 trillion (USD3.25 billion), a decrease of 37.5% m-o-m due to long Tet holiday. Secondary government bond (g-bond) yields continued contracting by 16 to 34 bps m-o-m on short- to medium-tenors g-bonds and declined from 3 to 7 bps m-o-m on longer-dated g-bonds. Meanwhile, 15-year g-bond yield experienced an increase of 4 bps m-o-m as the result of investors' expectations for a higher yield.

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