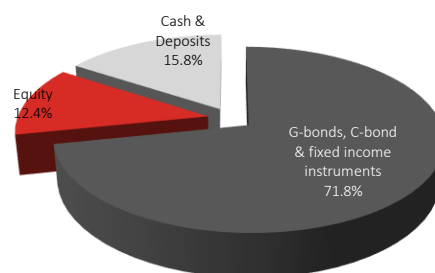


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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							
			m-o-m	YTD	2013	2014	2015	2016	2017	Since Inception (Apr 2013)
VFF	792.7	15,122	0.6%	3.8%	4.7%	8.8%	6.7%	9.0%	9.9%	51.2%
4 SOCBs 3M deposit <sup>1</sup>				1.2%	5.2%	5.9%	4.7%	5.1%	4.8%	27.1%
4 SOCBs 12M deposit <sup>2</sup>				1.6%	5.8%	7.1%	6.1%	6.6%	6.7%	34.1%
VCB 12M deposit <sup>3</sup>				1.6%	5.8%	7.0%	6.1%	6.4%	6.5%	33.6%

<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
Redemption fee	• 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	

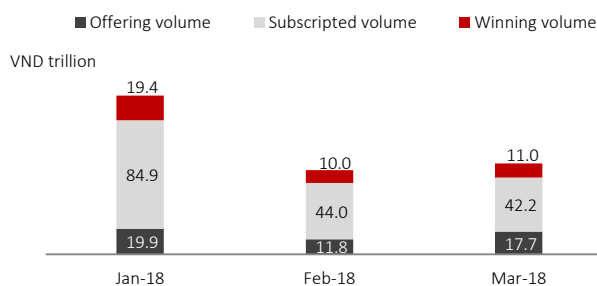
<sup>4</sup> Flexible investment plan

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

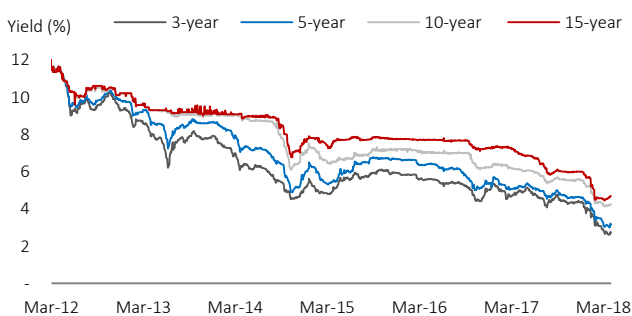
Portfolio Manager: Ms. Xuan Dung Nguyen  
[dung.xuan.nguyen@vinacapital.com](mailto:dung.xuan.nguyen@vinacapital.com)

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

## Auction result



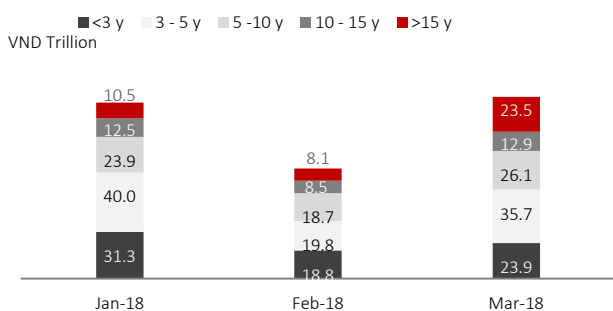
## Secondary bond yield



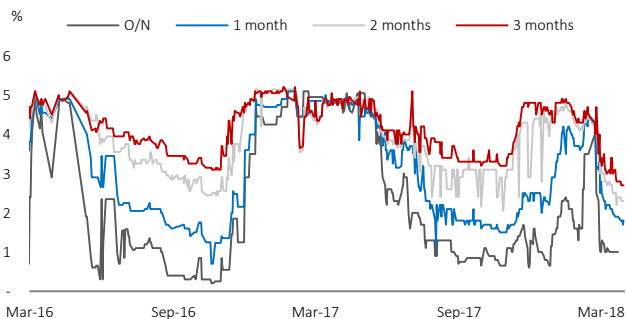
## Secondary bond yield movement

Tenor	Month		Change
	02/2018	03/2018	
1 year	2.55	2.36	-0.19
2 years	2.74	2.53	-0.21
3 years	2.89	2.74	-0.15
5 years	3.28	3.14	-0.14
7 years	3.60	3.57	-0.03
10 years	4.27	4.26	-0.01
15 years	4.55	4.69	0.14

## Secondary trading by tenor



## Interbank rate



Source: Bloomberg

## Fund Manager's comments

VFF's net asset value (NAV) reached VND15,122 per unit at the end of March 2018, an increase of 0.6% month-over-month (m-o-m), versus that of 0.8% m-o-m in February 2018. As a result, VFF's NAV recorded an increase of 3.8% year-to-date (YTD). The NAV increase in March 2018 was due to:

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

VFF's total NAV increased to VND792.7 billion (USD34.8 million) in March 2018 from VND765.1 billion (USD33.6 million) as of last month. Bonds and fixed income instruments accounted for 71.8% of VFF's total NAV while 12.4% was allocated to stocks. Cash and bank deposits accounted for 15.8% of VFF's total NAV.

On the primary bond market, total issuance value of bonds in March was VND11,028 billion (USD483.8 million), an increase of 10% m-o-m, and all bonds were issued by the State Treasury (ST). The winning ratio declined to 62.5% in March from that of 85% in February and bid-to-cover ratio reached 2.4 times versus 3.7 times the previous month. The Vietnam Bank for Social Policies (VBSP) reintroduced new issues for 10- and 15-year tenors in March after its last issue in December 2017; however, the offerings were not successful given investors' expectation of higher bond yields.

In March, 5- and 20-year primary ST bond yields continued declining by 8 and 10 basis points (bps) compared to their last issues in February and January, respectively. 7- and 15-year primary ST bond yields stayed flat over the month as winning ratios for these two tenors declined due to investors' lower risk appetite. 30-year primary ST bond yield experienced an increase of 2 bps compared to its last issue in January as the result of investors' demand for higher bond yields.

After the first three months of 2018, the ST has issued VND40.41 trillion (USD1.78 billion) worth of bonds, fulfilling 90% of the government's issuance target for Q1 2018 (VND45 trillion or USD1.98 billion) and 20.2% of 2018's total issuance target (VND200 trillion or USD8.79 billion).

Slower credit growth in the first three months of 2018 (2.23% versus 2.81% in Q1 2017) resulted in increased liquidity in the banking system and supported an active secondary bond market with total trading value of VND122.09 trillion (USD5.36 billion), up 65% m-o-m. Secondary government bond (g-bond) yields contracted by 14 bps to 21 bps m-o-m on 1- to 5- year tenors, and slightly declined by 1 and 3 bps on 10- and 7-year tenors, respectively. Meanwhile, 15-year g-bond recorded a m-o-m jump of 14 bps as the result of declining demand for long-dated g-bonds.

## 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.