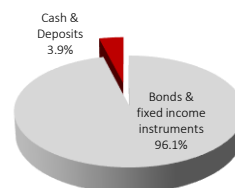


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance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

Snapshot

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

Investment highlight



Investment performance

VFF's net asset value (NAV) per unit was VND15,553 at the end of December, increasing 0.7% month-over-month (m-o-m) and posting a 6.8% return year-to-date (ytd). VFF's NAV growth in December was attributed to:

- Cumulative interest from corporate bonds and fixed income instruments.

As of December, VFF's total NAV was VND382.1 billion (USD16.5 million), versus VND427.2 billion (USD18.3 million) at the end of November. Bonds and fixed income instruments accounted for 96.1% of VFF's total NAV and VFF preserved 3.9% of the fund's total NAV in cash and short-term deposits.

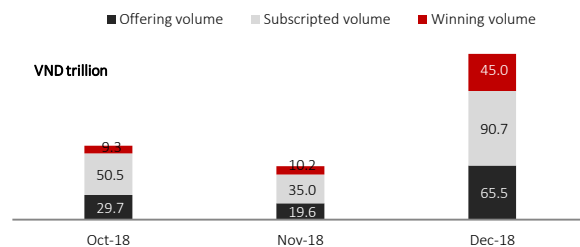
Bond market brief

Primary bond market: In December, the State Treasury (ST), Vietnam Bank for Social Policies (VBSP) and Vietnam Development Bank (VDB) successfully mobilised VND44.99 trillion (USD1.94 billion) worth of bonds across the tenors, a significant 3.4x increase compared to November, posting the most successful month of the primary bond market in 2018. Risk appetite for bonds surged back due to healthy liquidity in the banking system, bolstering the success ratio increase to 69% from 52% in November. 10-year ST bonds attracted the highest interest from bond investors with VND17.30 trillion (USD744.09 million) or 39% of total issues in the month and 15-year ST bonds attracted investors' came in second with VND11.15 trillion (USD479.57 million) or 25% of the total issues. Bond yields of both tenors stayed flat compared to last month. The ST also scheduled the auctions for 5-year tenor during the month, however, they were not successful given investor demand for higher bond yields. Bonds issued by the VDB and the VBSP accounted for 17% and 10% of the total issues in the month, respectively, and their yields were 70 – 80 basis points (bps) above ST bond yields with the same tenors.

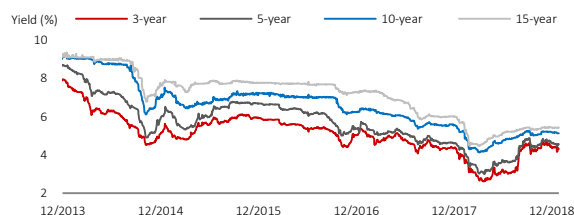
As of December, the ST successfully raised VND165.80 trillion (USD7.13 billion) worth of bonds, fulfilling 94.7% of the total issuance target for 2018.

Secondary bond market: The secondary bond market in December was slightly more active compared to the previous month with VND55.51 trillion (USD2.39 billion) worth of bonds transacted, a moderate increase of 1.2% compared to November. Secondary government bond yields recognised a m-o-m decrease of 1 bps to 14 bps across the yield curve.

Bond auction result



Secondary bond yield



Performance versus Benchmark

	VFF	4 SOCBs 3M deposit ²	4 SOCBs 12M deposit ³	VCB 12M deposit ⁴
Total Assets, VND billion	382.1			
NAV/Unit, VND	15,553			
NAV performance				
m-o-m	0.7%			
YTD	6.8%	4.7%	5.0%	6.5%
Annualised Return				
2018	6.8%	4.7%	6.7%	6.5%
2017	9.9%	4.8%	6.7%	6.5%
2016	9.0%	5.1%	6.6%	6.4%
2015	6.7%	4.7%	6.1%	6.1%
2014	8.8%	5.9%	7.1%	7.0%
2013	6.3%	5.2%	5.8%	5.8%
Since inception	7.9%	5.1%	6.5%	6.4%
Total return since inception	55.5%	30.8%	39.3%	38.7%

¹ NAV is net of management fee and administrative expenses

² VFF's benchmark is the average trailing 3-month deposit rate by four state-owned commercial banks (SOCBs): VCB, BIDV, Vietinbank, and Agribank

³ Average trailing 12-month deposit rate by the four SOCBs mentioned above is an additional reference

⁴ Average trailing 12-month deposit rate by VCB is additional reference

Details

Inception	01 April 2013
Management fee	1.2% per annum
Subscription fee	0.0%
Redemption fee	<ul style="list-style-type: none"> 2.5% < 12 months 1.5% > = 12 and < 24 months 0.75% > = 12 months
Minimum subscription	VND2,000,000 / ~USD90
Custodian and Supervisory Bank	Standard Chartered Bank Ltd. (Viet Nam)
Auditor	PwC Vietnam
Trading frequency	Once a week, on Tuesday
Benchmark	Average 3-month VND denominated deposit rate by four SOCBs, namely VietinBank, Agribank, BIDV, and Vietcombank.

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.

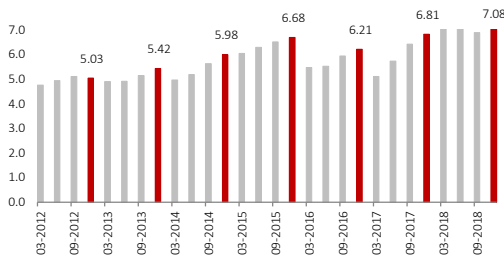
Target

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

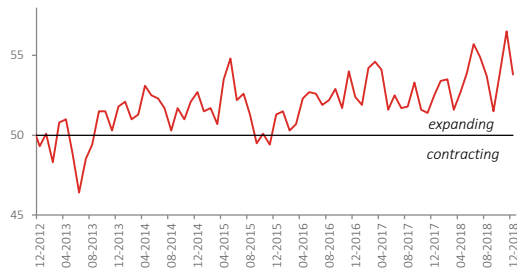
Portfolio Manager: Ms. Xuan Dung Nguyen
dung.xuan.nguyen@vina-capital.com

Investor Relations: irm@vina-capital.com
 Tel: +84 28 38 27 85 35

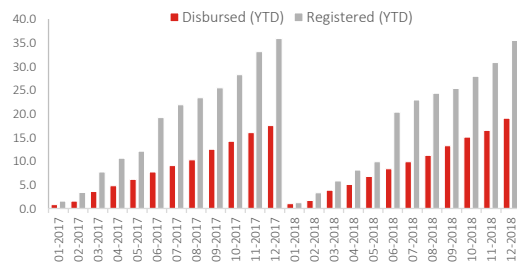
Quarterly GDP growth (%)



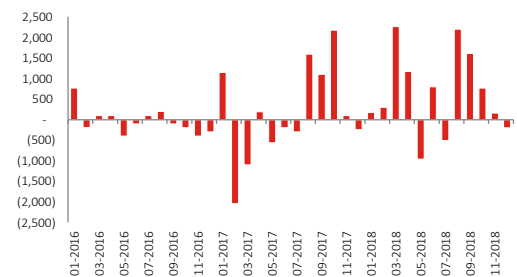
Purchasing Managers' Index



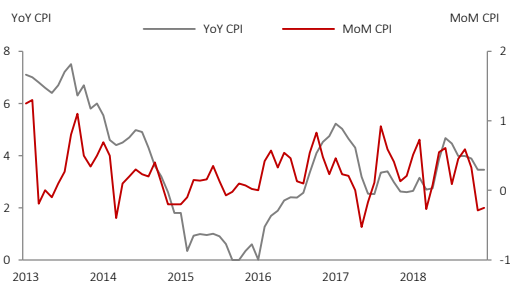
Registered & disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDmn)



Year-on-year and month-on-month inflation (%)



Economics Commentary, December 2018

Vietnam's General Statistics Office (GSO) announced that the country's GDP growth increased from 6.8% in 2017 to an 11-year high of 7.1% in 2018, while inflation ended the year at a modest 3% year-on-year (y-o-y). Credit growth during the year was 14%, while the VND depreciated by about 2.2% against the USD, faring better than currencies in the Philippines and Indonesia, which lost 5% and 6%, respectively.

The improvement in Vietnam's economic growth in 2018 was primarily attributable to a tempering in the decline of the country's mining sector, as well as to a widening in Vietnam's trade surplus from 1.3% of GDP in 2017 to an estimated 3% of GDP in 2018. The mining sector, which accounts for 7% of Vietnam's GDP, shrank by 7.1% y-o-y in 2017, but the rate of decline in the mining sector output improved to -3.1% in 2018, which boosted the country's GDP growth rate by 0.3 percentage points.

Vietnam's oil production volume declined by 11% in both 2017 and 2018, owing to physical constraints that inhibit exploration and production firms from pumping oil from existing, aging wells, but the country's coal production increased from negligible growth in 2017 to 9% growth in 2018, and natural gas production also improved, both of which augmented the mining sector's output.

In contrast to the modest improvement in Vietnam's mining sector, the growth of the country's manufacturing output moderated from 14.4% y-o-y growth in 2017 to 13% in 2018, which was attributable to a leveling off of the production growth of smart phones and other high-tech products that had enjoyed tremendous growth in recent years. Specifically, Vietnam's mobile phone production growth fell from 7% in 2017 to -1% y-o-y in 2018, and the country's high-tech export growth fell from 33% in 2017 to 12% growth in 2018.

That said, the prospects for the continued high growth of Vietnam's manufacturing output in 2019 are encouraging, given that the average of the country's Purchasing Managers' Index survey reached a record high of 53.6 in 2018, and given that the PMI has been above the '50' expansion-contraction threshold for more than two years. Furthermore, FDI inflows grew by 9% in 2018, and which augers well for continued gains in the country's manufacturing output, because over half of FDI is earmarked for the development of manufacturing facilities.

Finally, the outlook for inflation in Vietnam in 2019 is also benign, although the potential impact of oil prices is hard to predict given the extreme volatility of world oil prices in recent weeks. Administrative prices hikes, such as electricity, petrol and health care, are expected to add about one percentage point to the country's inflation rate in 2019, but we expect a drop in Vietnam's food price inflation from 5% in 2018 to about 3%, which is the average of the country's food price inflation rate in recent years, and which would reduce headline inflation by about one percentage point, ceteris paribus.

Macro indicators

		Dec-18	Nov-18	2017A	2019F
GDP	% y/y	7.08	N/A	6.81	6.60 - 6.80
PMI		53.8	56.50	52.50	
CPI, average	% y/y	3.45	3.46	3.53	3.57
Trade balance, cumulative	USD billion	7.78	6.80	2.93	6.81
Imports	% y/y	11.58	14.40	21.87	13.70
Exports	% y/y	14.24	12.40	21.73	14.42
FDI, registered	USD billion	35.46	30.80	35.88	
FDI, disbursed	USD billion	19.10	16.50	17.50	
FX reserve	USD billion	60.00	60.00	51.50	65.00
USD/VND	VND	22,655	23,320	22,714	23,880

Forecasted figures are compiled by SSI Research

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.