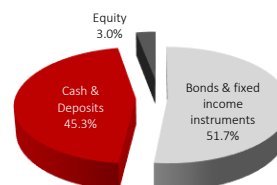


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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 VND15,755 at the end of January, increasing 1.3% month-over-month (m-o-m) and year-to-date (ytd). VFF's NAV growth in January was attributed to:

- Cumulative interest and capital gain from government bonds (g-bonds), corporate bonds and fixed income instruments.
- Capital gain from equity investment, which accounts for 3% of the portfolio

As of January 2019, VFF's total NAV was VND329.3 billion (USD14.1 million), versus VND382.1 billion (USD16.5 million) at the end of December 2018. Bonds and fixed income instruments accounted for 51.7% of VFF's total NAV and VFF preserved 45.3% of the fund's total NAV in cash and short-term deposits for new investment opportunities and for liquidity.

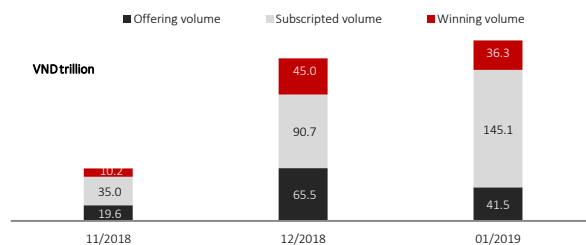
Bond market brief

Primary bond market: The State Treasury (ST) was the sole issuer on the primary bond market in January and successfully mobilised VND36.34 trillion (USD1.57 billion) worth of bonds with tenors of 5-year to 30-year, a decrease of 19.2% from December 2018. Investors paid highest attention to the 10-year tenor with issued volume worth VND17.15 trillion (USD739.19 million), occupying 47.19% of the total issues in the month. 15-year tenor came second with issued volume worth VND14.00 trillion (USD603.32 million), accounted for 38.5% of total issues.

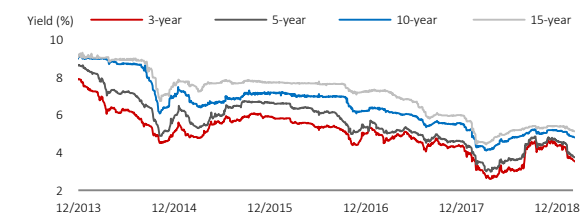
ST primary bond yields of the 5- and 10-year tenors eased by 30 basis points (bps) compared to their last issues in October and December 2018 and ended the month at 3.8% and 4.8%, respectively. 15-year ST bond yield also posted a decline of 13bps compared to its last issue in December 2018 to stay at 5.17% at the end of January 2019. Meanwhile, 7-, 20- and 30-year ST inched up by 22, 37 and 38bps versus their last issues in August and July 2018 and stayed at 4.12%, 5.59% and 5.8%, respectively, at the end of the month.

Secondary bond market: The secondary market in January was more active compared to the previous month. Total trading value in January was VND75.59 trillion (USD3.26 billion), representing an increase of 36% from December 2018. Secondary bond yield recognised a m-o-m decrease of 23 to 76 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	329.3			
NAV ¹ /Unit, VND	15,755			
NAV performance				
m-o-m	1.3%			
YTD	1.3%	0.4%	0.1%	0.6%
Annualised Return				
2019	15.3%	5.0%	6.8%	6.8%
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	9.0%	5.1%	6.5%	6.4%
Total return since inception	57.5%	31.3%	39.9%	39.3%

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.

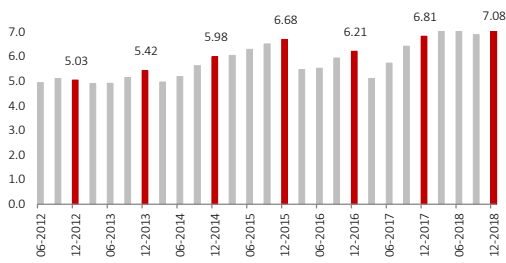
Target

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

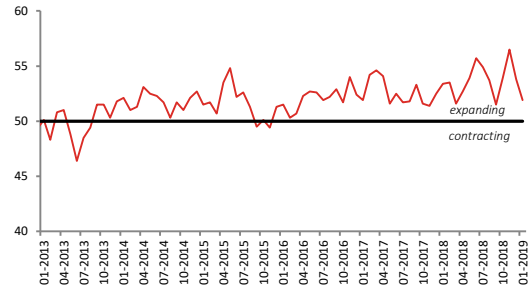
Portfolio Manager: Ms. Xuan Dung Nguyen
dung.xuan.nguyen@vina-capital.com

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

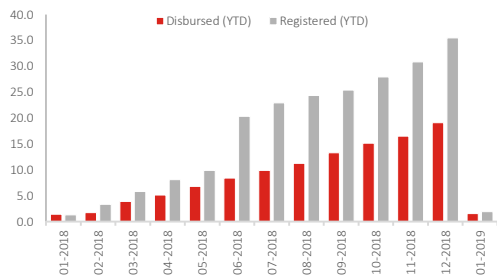
Quarterly GDP growth (%)



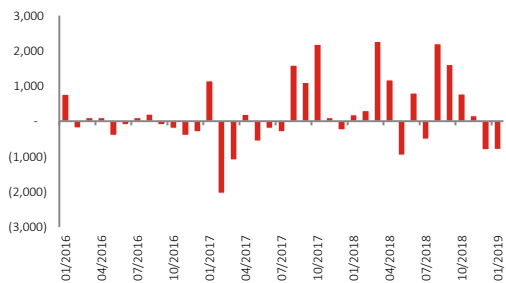
Purchasing Managers' Index



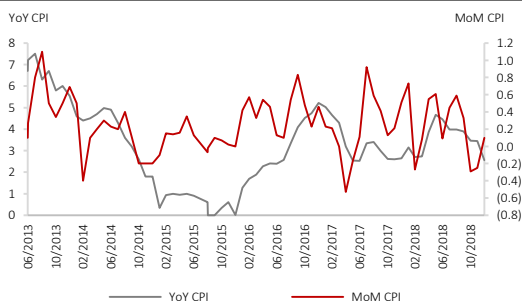
Registered & disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDmn)



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



Source: Bloomberg

Economics Commentary, January 2019

Vietnam's macroeconomic performance in January 2019 continued to be solid in the lead-up to the Tet Lunar New Year holiday, which started on 2 February, and despite continued global uncertainty. Manufacturing grew 10% during the month, although when viewed on a year-on-year (y-o-y) basis, represented a sharp decline. In January 2018, manufacturing growth came in at 24% on the back of increased production of new models of Samsung mobile phones.

Samsung accounts for about a quarter of Vietnam's total exports, and slower growth at that company will have an outsized impact on Vietnam. With no new models from Samsung, mobile phone exports plunged 28% y-o-y in January 2019, which contributed to a 1% drop in total exports. Vietnam recorded an estimated USD800 million trade deficit during the month.

This idiosyncratic, Samsung-related issue coupled with the broader slowdown of the global economy led to a dip of the Nikkei Purchasing Managers' Index to 51.9 in January from 53.8 in December. That said, Vietnam's PMI reading has been above '50' – the level that indicates growth – for 38 consecutive months.

Two other encouraging highlights of the January economic statistics were a 9.4% y-o-y growth in retail sales in real terms, and a drop in Vietnam's headline inflation rate from 3% y-o-y in December to 2.6% in January, despite seasonal, put upward pressures on Vietnam's inflation in advance of the Tet holiday. The decline in inflation was primarily attributable to soft oil prices and a plunge in medical and transport prices, which balanced out a surge in food prices.

Falling inflation fostered a decline of interest rates in Vietnam during January, despite the seasonal phenomenon of tight liquidity in the banking system at this time of year. Interbank interest rates declined from nearly 5% at the end of December to just above 4% by the end of January, while the 5-year Vietnam Government Bond (VGB) yield plunged from 4.5% to 3.8%; the interest rates that banks offer consumers to deposit or lend money were more-or-less unchanged during the month.

Meanwhile, the VN Dong remained stable during the month (although unofficially it appreciated by about 0.3%), with tepid inflation helping to stabilise the value of the country's currency and the decline in the value of the USD against a range of Emerging Market currencies also abetting VN Dong stability. The State Bank of Vietnam took advantage of the USD's decline during the month to purchase over USD4 billion, which reportedly boosted Vietnam's FX reserves to above three months' worth of imports, the level recommended by the World Bank, IMF, and other international finance organisations.

Macro indicators

		Jan-19	Dec-18	2017A	2019F
GDP	% y/y	N/A	7.08	6.81	6.60 - 6.80
PMI		51.9	53.8	52.50	
CPI, average	% y/y	2.56	3.45	3.53	3.57
Trade balance, cumulative	USD billion	-0.8	7.78	2.93	6.81
Imports	% y/y	3.1	11.58	21.87	13.70
Exports	% y/y	-1.3	14.24	21.73	14.42
FDI, registered	USD billion	0.81	35.46	35.88	
FDI, disbursed	USD billion	1.55	19.10	17.50	
FX reserve	USD billion	64.00	60.00	51.50	65.00
USD/VND	VND	23,201	22,655	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.