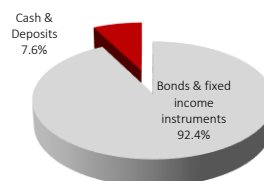


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance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

	VFF	4 SOCBs 3M deposit ²	4 SOCBs 12M deposit ³	VCB 12M deposit ⁴
Total Assets, VND billion	427.2			
NAV/Unit, VND	15,447			
NAV performance				
m-o-m	0.6%			
YTD	6.1%	4.7%	5.0%	6.5%
Annualised Return				
2018	6.6%	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	54.5%	30.4%	38.7%	38.1%

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

Investment performance

VFF's net asset value (NAV) per unit was VND15,447 at the end of November, increasing 0.6% month-over-month (m-o-m) and posting a 6.1% return year-to-date (ytd). VFF's NAV growth in November was attributed to:

- Cumulative interest from corporate bonds and fixed income instruments.

As of November, VFF's total NAV was VND427.2 billion (USD18.3 million), versus VND484.7 billion (USD20.8 million) at the end of October. Bonds and fixed income instruments accounted for 92.4% of VFF's total NAV and VFF preserved 7.6% of the fund's total NAV in cash and short-term deposits.

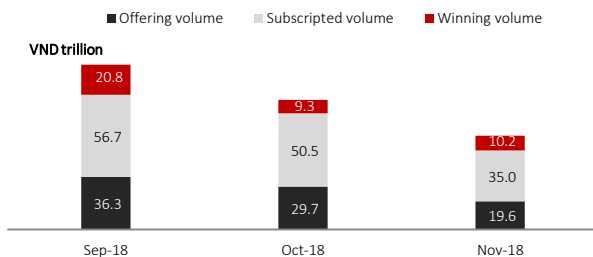
Bond market brief

Primary bond market: The State Treasury (ST) was the sole issuer in November and managed to raise VND10.22 trillion (USD437.37 million) worth of 10- and 15-year bonds during the month, increasing 10.4% compared to last month. Demand for government bonds improved in November with the success ratio increasing to 52% from 31% in October. 10-year ST bonds accounted for 60% of total bonds issued in the month, a value of VND6.18 trillion (USD264.71 million). Yield posted an increase of 15 basis points (bps) compared to last month. 15-year tenor accounted for 40% with VND4.04 trillion (USD172.98 million) and yield increased 10 bps m-o-m. The ST also scheduled auctions for 5- and 7-year bonds during the month, however, they were not successful given the investor demand for higher bond yields.

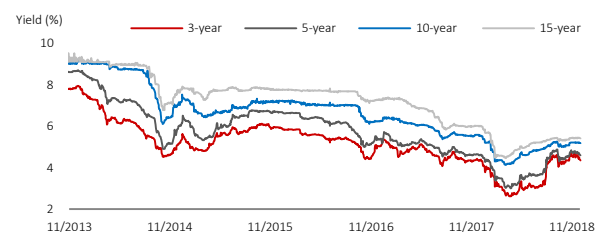
As of November, the ST successfully raised VND147.97 trillion (USD6.34 billion) worth of bonds, fulfilling 84.6% of the total issuance target for 2018.

Secondary bond market: The secondary bond market was less active in November with VND54.9 trillion (USD2.35 billion) worth of bonds transacted, declining slightly by 1.6% compared to October. Secondary government bond yields recognised a m-o-m increase of 13 bps to 21 bps on the 1- to 5-year tenors and increased 3 bps on the 10-year tenor. Meanwhile, 7- and 15-year government bond yields remained flat.

Bond auction result



Secondary bond yield



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 1.0% > = 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.

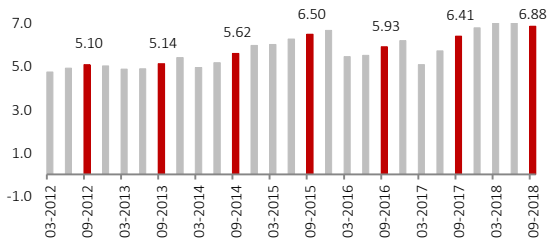
Target

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

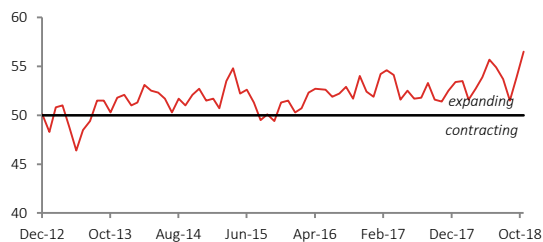
Portfolio Manager: Ms. Xuan Dung Nguyen
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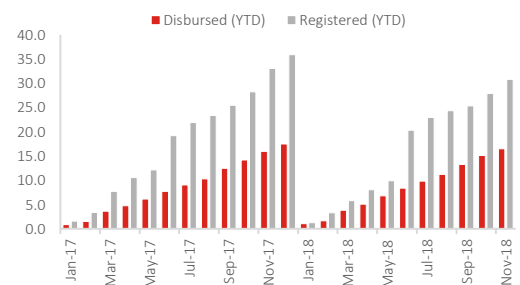
Quarterly GDP growth (%)



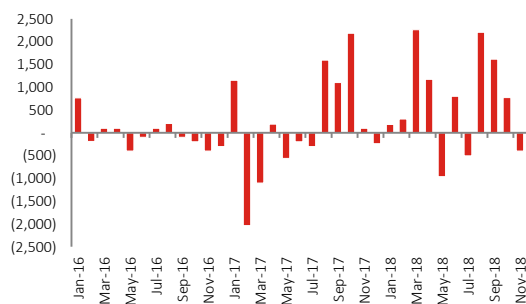
Purchasing Managers' Index



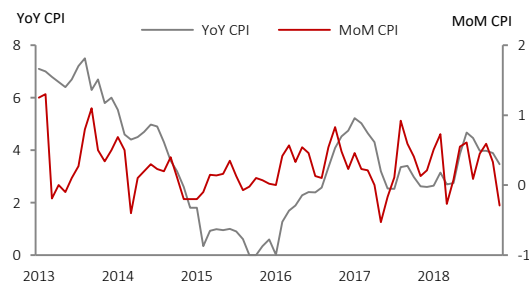
Registered & disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDmn)



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



Economics Commentary, November 2018

Vietnam's Consumer Price Index (CPI) inflation fell from 3.9% year-on-year (yoy) in October to 3.5% in November 2018, with the drop primarily driven by falling global oil prices; core CPI, excluding fuel and food prices, was unchanged at 1.7% in both October and November.

Growth remained strong, so Vietnam looks increasingly likely to achieve 7% GDP growth in 2018, driven by robust expansion of the country's manufacturing output and household consumption. Real retail sales (excluding inflation) grew at a 9.3% yoy pace in 11M18, which is an unchanged pace of growth compared to 11M17.

The country's manufacturing sector output growth eased from a 14.4% yoy pace in 11M17 to 12.2% growth in 11M18, which reflected two opposing phenomena: petroleum production soared 52% yoy in 11M18, driven by the inauguration of the new Nghi Son oil refinery, but Vietnam's mobile phone production growth is leveling off following years of stellar growth.

The outlook for continued growth of both domestic consumption and manufacturing is still very bright, as evidenced by the fact that the Nielsen Consumer Confidence index, and the Nikkei Purchasing Managers' Index (PMI) for Vietnam both stood at their respective second-highest levels ever in November. Vietnam's consumer confidence ranks fifth in the world, according to Nielsen, and the country's PMI soared to 56.5 in November, driven by record-high rate of job creation - which helps explain the high level of consumer confidence in Vietnam.

The only caveat to this optimistic growth picture is the steep deceleration of growth in China as 2018 has progressed, which could impact Vietnam. Export growth to China slowed from a 28% yoy pace in 1H18 to 23% in 11M18, and foreign tourist arrivals into Vietnam slowed from 30% yoy in 1H18 to 21% in 11M18. Note that about 78% of the foreign tourists who visit Vietnam are from Asia, the majority of which are Chinese, and that China is Vietnam's third largest export market (about 17% of Vietnam's total exports in 11M18 went to China).

Finally, the free market value of Vietnam's currency was once again very stable during the month of November, having depreciated by about 3% YTD at each of end-November, end-Oct, and end-Sept. However, in contrast to October, when the State Bank of Vietnam sold about USD1.8 billion of its FX reserves (or circa USD6 billion since June 2018), the SBV did not directly expend its reserves to support the value of Vietnam's currency in November.

Instead, the SBV entered into cancelable FX forward contracts with certain local commercial banks that have short USD positions. Under these contracts, the SBV committed to sell about USD1 billion to those banks at the end of January 2019 if the banks in question are unable to secure the USD required to satisfy their USD-denominated obligations at that time.

Macro indicators

		Nov-18	Oct-18	2017A	2018F
GDP	% y/y	N/A	N/A	6.81	6.70 - 6.80
PMI		56.50	53.90	52.50	
CPI, average	% y/y	3.46	3.60	3.53	4.00
Trade balance	USD billion	6.80	6.40	2.93	4.50
Imports	% y/y	14.40	11.80	21.87	13.70
Exports	% y/y	12.40	14.20	21.73	10.00
FDI, registered	USD billion	23.19	21.57	35.88	
FDI, disbursed	USD billion	16.50	15.10	17.50	
FX reserve	USD billion	60.00	60.00	51.50	
USD/VND	VND	23,320	23,344	22,714	23,900*

*VinaCapital's forecast

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