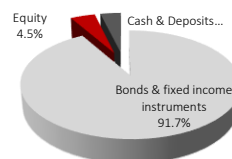


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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	586.0			
NAV ¹ /Unit, VND	15,301			
NAV performance				
m-o-m	1.2%			
YTD	5.1%	3.5%	5.0%	4.8%
Annualised Return				
Since inception	7.9%	5.1%	6.5%	6.4%
2018	6.8%	4.7%	6.7%	6.4%
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%
Total return since inception	53.0%	29.6%	37.6%	37.0%

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 VND15,301 at the end of September, increasing 1.2% month-over-month (m-o-m) and posted a 5.1% return year-to-date (ytd). VFF's NAV growth in September was attributed by:

- Cumulative interest from corporate bonds and fixed income instruments;
- Stock portfolio recovery, which accounted for 4.5% of VFF's total NAV;

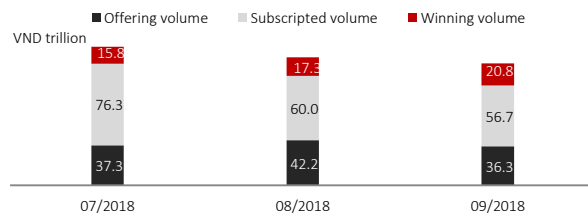
As of September, VFF's total NAV was VND586 billion (USD25.1 million), versus that of VND641.3 billion (USD27.5 million) at the end of August. Bonds and fixed income instruments accounted for 91.7% of VFF's total NAV while listed equity accounted for 4.5%. VFF preserved 3.8% of the fund's total NAV in cash and short-term deposits.

Bond market brief

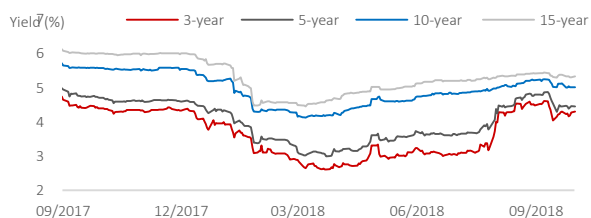
Primary bond market: The State Treasury (ST) and Vietnam Bank for Social Policy (VBSP) has successfully issued VND20.8 trillion (USD890.8 million) worth of bonds in September, increasing 20% m-o-m, successful ratio improved to 57% from 41% in August. ST bonds accounted for 75% of total issues with VND8.5 trillion worth of 10-year tenor and VND7.2 trillion worth of 15-year tenor. Bond yields experienced an increase of 12 and 23 basis points (bps) respectively compared to their last issues in August. The ST also scheduled auctions for 5- and 20-year tenors over the month, yet, both tenors failed as investors expected higher yields. VBSP successfully raised VND5.1 trillion worth of 3-year (VND2.3 trillion), 5-year (VND1.05 trillion) and 15-year (VND1.75 trillion) tenors in September; 3- and 5-year yields eased 6 and 2 bps versus their last issues in August, while 15-year yield remained flat.

Secondary bond market: The secondary bond market was relatively stable in September with total trading value of VND64.1 trillion (USD2.75 billion) or an increase of 2.5% m-o-m. Meanwhile, secondary government bond (g-bond) yields eased by 11 to 34 bps m-o-m across the yield curve.

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.

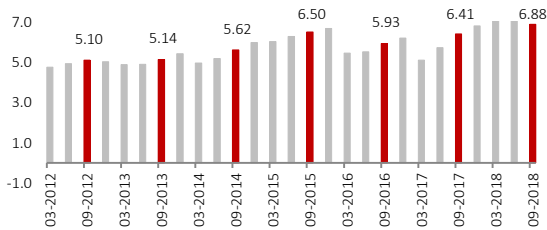
Target

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

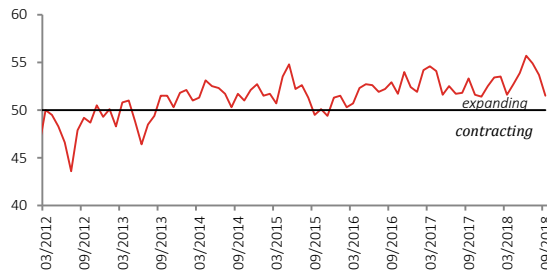
Portfolio Manager: Ms. Xuan Dung Nguyen
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Investor Relations: irm@vina-capital.com
 Tel: +84 28 38 27 85 35

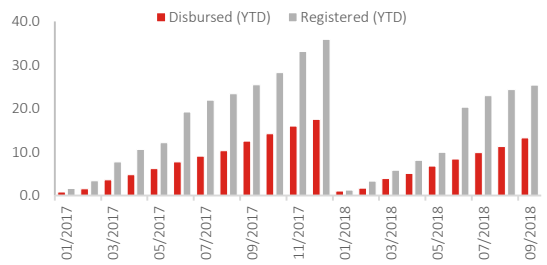
Quarterly GDP growth (%)



Purchasing Managers' Index



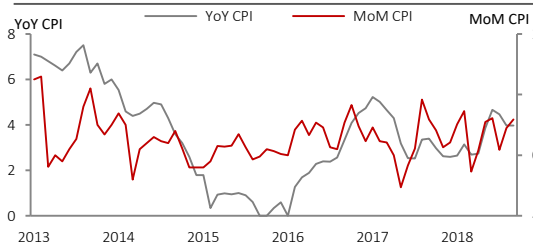
Registered & disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDmn)



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



Economics Commentary, September 2018

The Vietnam Index (VN Index) recorded its second consecutive month of growth, closing September at a three-month high of 1,017, up 2.7% in USD terms. The strong performance was supported by solid macro fundamentals such as robust 6.9% GDP growth in the third quarter, lower inflation, a high trade surplus, and a fairly stable local currency. Market sentiment was further reinforced by the news that Vietnam has been included on the watch list for upgrade to the FTSE Russell Emerging Market index, with possible official inclusion in the next one to two years, which would make Vietnam an even more attractive destination for foreign investment.

Despite the escalation of trade tensions between China and the US (with the latter officially implementing a 10% tariff on USD200 billion imports from China), as well as rising US interest rates, the initial analysis that Vietnam could benefit from the trade war in some ways also helped stock market sentiment. Liquidity at the three bourses increased, with the average daily trading value reaching USD253 million, up 9.7%. After three consecutive months of net foreign outflows, foreign investors returned to net buy USD22 million across the three bourses in September, whilst other ASEAN markets continued recording strong net outflows during the month.

Contrary to the aggressive foreign flow to all large-cap stocks in the first quarter, recent flows have been targeted toward a few select large-cap stocks with reasonable valuations and strong growth catalysts, as well as mid and small-cap stocks whose valuations remain attractive as their growth stories have become more evident. As a result, the fund has been catching up nicely over the past two months, with the Class A NAV per share increasing 7.1% in September, outperforming the VN Index. The fund's performance was helped by gains in most of its key holdings, including FPT (+4.6%), HPG (+5.7%), and GAS (+12.2%). Additionally, during the month we completed the sale of one of our top ten positions in an off-band transaction at a 40% premium versus market price due to the company's full foreign ownership, which contributed to the fund's strong September return.

For the nine months of 2018, GDP growth was estimated at 6.98%, the highest level since 2011, which should signal an upbeat earnings season and solid advancement in sectors such as manufacturing, retail sales, and financial services. Earnings will be announced in October and strong results could further support the market.

Although the valuation discount gap of Vietnam to regional emerging markets has narrowed due to the recent positive performance of Vietnam's markets, we expect strong economic performance and listed equity earnings growth will continue to attract strong foreign inflows. The market consensus forecast is that 2019 earnings growth will be approximately 16%, which should be an important catalyst for Vietnam's market at this valuation level. Meanwhile, we would expect to re-position our portfolio toward a more defensive stance going into 2019, given a rising interest rate outlook and continued global volatility.

Macro indicators

		Sep-18	Aug-18	2017A	2018F
GDP	% y/y	6.88	n.a	6.81	6.70 - 6.80
PMI		51.50	53.70	52.50	
CPI, average	% y/y	3.57	3.52	3.53	4.00
Trade balance	USD billion	5.39	2.80	2.93	4.50
Imports	% y/y	11.80	11.60	21.87	13.70
Exports	% y/y	15.40	14.50	21.73	10.00
FDI, registered	USD billion	25.37	24.35	35.88	
FDI, disbursed	USD billion	13.25	11.25	17.50	
FX reserve	USD billion	61.00	61.00	51.50	
USD/VND	VND	23,315	23,299	22,714	23,900*

* VinaCapital's forecast

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Source: Bloomberg