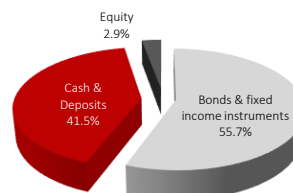


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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 VND15,990 at the end of April, increasing 0.7% month-over-month (m-o-m) and 2.8% year-to-date (YTD). VFF's NAV growth in April was attributed to cumulative interest from bond holdings and other fixed income instruments.

As of April 2019, VFF's total NAV was VND266.5 billion (USD11.4 million), versus VND283.2 billion (USD12.2 million) at the end of March 2019. Bonds and fixed income instruments accounted for 55.7% of VFF's total NAV and VFF preserved 41.5% 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 April and successfully mobilised VND12.6 trillion (USD0.5 billion) worth of bonds with tenors of 7-year, 10-year, 15-year, 20-year, and 30-year. Total issued value in April decreased 11.9% compared to March 2019. Investors paid the most attention to the 15-year tenor with issued volume accounting for VND6.4 trillion (USD274.9 million), occupying 50.9% of the total issues in the month. Bonds with 10-year tenor came second with issued value worth VND3.6 trillion (USD156.4 million), accounting for 39.3% of total issues.

ST primary bond yields of the 7-year (4.05%), 10-year (4.72%), 15-year (5.06%) and 30-year (5.85%) tenors stayed unchanged compared to their last issues. However, the 20-year ST bond yield posted a m-o-m decrease of 51 bps and ended the month at 4.69%.

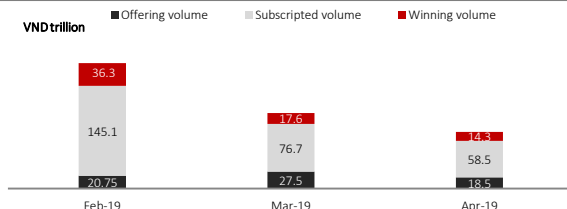
After 4M2019, the ST has mobilised a total VND80.8 trillion (USD3.5 billion) worth of bonds, delivering 31.1% of total target in 2019.

**Secondary bond market:** The secondary market in April was less active compared to the previous month. Total trading value in April declined slightly to VND77.21 trillion (USD3.31 billion) from VND78.99 trillion (USD3.39 billion) in March, representing a m-o-m decrease of 2.3%. As the result, secondary government bond (g-bond) yields recognised an increase of 4 to 12 bps on 2- to 7-year tenors, 1- and 10-year g-bond yields declined moderately by 1 and 4 bps respectively while 15-year g-bonds stayed flat.

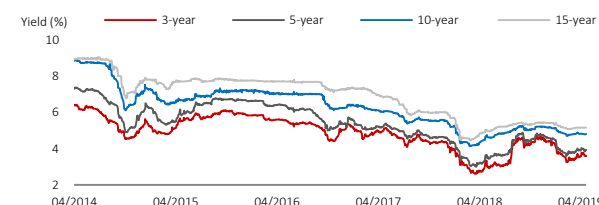
In 2019, the ST targets to mobilise VND260 trillion (USD11.2 billion) worth of 5- to 30-year tenors via auction with the following breakdown:

Tenor	5 years	7 years	10 years	15 years	20 years	30 years	Total
Amount, billion VND	40,000	30,000	70,000	78,000	20,000	22,000	260,000

## Bond auction result



## Secondary bond yield



## Performance versus Benchmark

	VFF	4 SOCBs 3M deposit <sup>2</sup>	4 SOCBs 12M deposit <sup>3</sup>	VCB 12M deposit <sup>4</sup>
Total Assets, VND billion	266.5			
NAV <sup>1</sup> /Unit, VND	15,990			
<b>NAV performance</b>				
m-o-m	0.7%			
YTD	2.8%	1.6%	0.1%	2.2%
<b>Annualised Return</b>				
2019	8.5%	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	8.0%	5.1%	6.5%	6.4%
<b>Total return since inception</b>	<b>59.9%</b>	<b>32.5%</b>	<b>41.5%</b>	<b>40.9%</b>

<sup>1</sup> NAV is net of management fee and administrative expenses

<sup>2</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>3</sup> Average trailing 12-month deposit rate by the four SOCBs mentioned above is an additional reference

<sup>4</sup> 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"> <li>• 2.5% &lt; 12 months</li> <li>• 1.5% &gt; / = 12 and &lt; 24 months</li> <li>• 0.75% &gt; / = 24 months</li> </ul>
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.

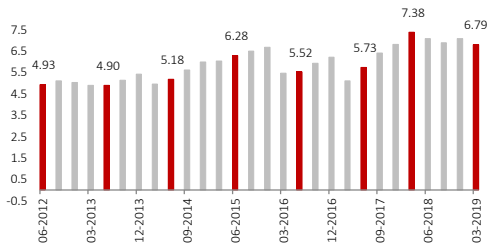
### Target

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

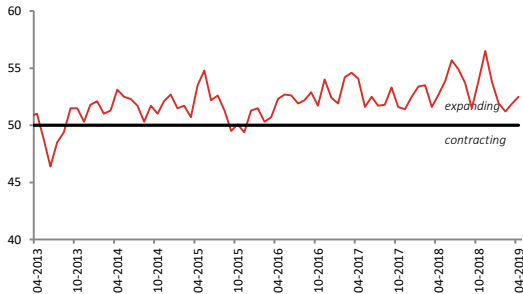
Portfolio Manager: Ms. Xuan Dung Nguyen  
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Investor Relations: [ivm@vina-capital.com](mailto:ivm@vina-capital.com)  
 Tel: +84 28 38 27 85 35

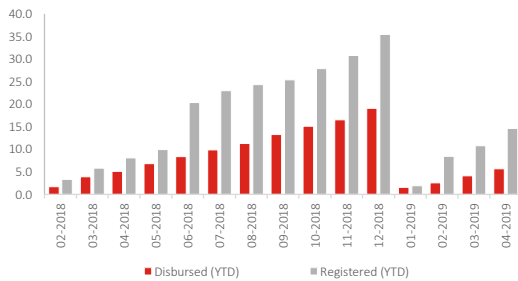
## Quarterly GDP growth (%)



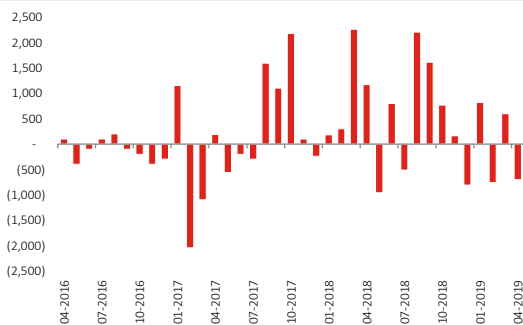
## Purchasing Managers' Index



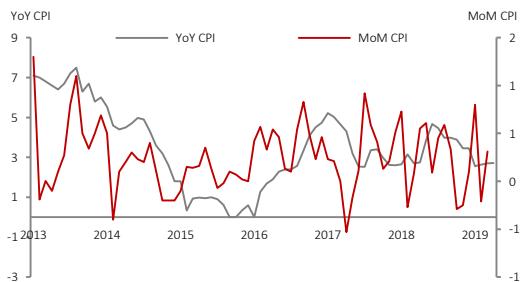
## Registered & disbursed FDI, cumulative YTD (USDbn)



## Monthly trade balance (USDmn)



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



## Economics Commentary, April 2019

Inflation in Vietnam crept up from 2.7% y-o-y in March to 2.9% in April, driven by a 10% hike in retail petrol prices during the month, and by a circa 8% hike in electricity prices in late March. Nevertheless, the level of Consumer Price Index (CPI) inflation in Vietnam is essentially unchanged from April 2018. We are currently forecasting an increase in CPI inflation to 3.5% by the end of the year due to the on-going African Swine Fever (ASF) outbreak.

First found in China last year, ASF spread to Vietnam in February. The culling of herds to control the outbreak has led to pork prices in Vietnam rising 5% y-o-y, while global pork prices are up 45% YTD; some analysts believe global prices could climb a further 40-70% from current levels. Food prices rose 4% -- in-line with China -- and contributed 1.4 percentage points to the headline CPI figure. Food prices account for 36% of Vietnam's CPI bucket.

Manufacturing growth slipped to 11% y-o-y in 4M19 from 14% y-o-y in 4M18 primarily due to the on-going global slowdown of smartphone sales as well as some specific issues with Samsung's smartphone products.

Petrol production in Vietnam surged 73% y-o-y thanks to the introduction of new oil refining capacity, which offset some of the decline in industrial production attributable to Samsung. Meanwhile, Vietnam's Purchasing Manager Index (PMI) increased from 51.9 in March to 52.5 in April and has remained above the '50' expansion-contraction threshold since December 2015.

High-tech products make up about one-third of Vietnam's total exports, and the smartphone issues mentioned above led to that segment's export growth slowing to just 4% in 4M19 after posting 27% y-o-y growth in 4M18. This in turn led to a decline in Vietnam's overall export growth to 6% in 4M19 from around 20% in 4M18. Compared to some regional manufacturing peers like Korea, Taiwan, and Thailand -- where exports declined an average of 7% in 4M19 -- Vietnam's performance looks reasonable.

The 11% growth of Vietnam's imports in 4M19 outpaced export growth, with the Vietnam Customs reporting that the country's overall trade surplus fell to USD750 million in 4M19 compared to USD3.9 billion in 4M18. Despite that decline in the trade balance, the value of the VN Dong was essentially unchanged during April, partly because the State Bank of Vietnam has bought over USD8 billion of FX reserves YTD, helping foster confidence and bringing total FX reserves to USD66 billion, or just over three months' worth of imports, the minimum level of FX reserves recommended by the World Bank, IMF, and others.

Another factor that helped boost confidence in the VN Dong was an 8% increase in disbursed FDI inflows to USD5.7 billion in 4M19. In addition, the value of newly registered FDI projects also increased by nearly 50% to USD5.3 billion, driven by a surge in new Chinese investment, which increased from USD400 million in 4M18 to USD1.4 billion in 4M19.

## Macro indicators

		Apr-19	Mar-19	2018A	2019F
GDP	% y/y	N/A	6.79	7.08	6.60 - 6.80
PMI		52.50	51.90	53.80	
CPI, average	% y/y	2.71	2.70	3.45	3.57
Trade balance, cumulative	USD billion	-0.70	1.41	7.78	6.81
Imports	% y/y	10.40	7.82	11.58	13.70
Exports	% y/y	5.80	5.55	14.24	14.42
FDI, registered	USD billion	14.60	10.81	35.46	
FDI, disbursed	USD billion	5.70	4.12	19.10	
FX reserve	USD billion	66.00	64.00	60.00	65.00
USD/VND	VND	23,280	23,189	22,655	23,880

Forecasted figures are compiled by SSI Research

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