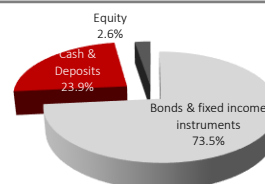


The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your fund units. Current performance may be higher or lower than the performance 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 VND16,194 at the end of June, increasing 0.9% month-over-month (m-o-m) and 4.1% year-to-date (YTD). VFF's NAV growth in June was attributed to cumulative interest from bond holdings, other fixed income instruments and capital gains from listed stock investments.

As of June 2019, VFF's total NAV was VND225.9 billion (USD9.69 million), versus VND249.1 billion (USD10.6 million) at the end of May 2019. Bonds and fixed income instruments accounted for 73.5% of VFF's total NAV and VFF preserved 23.9% 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 June and successfully mobilised VND11.1 trillion (USD480 million) worth of bonds with tenors of 10-years, 15-years, 20-years, and 30-years. Total issued value in June increased 20.5% compared to May 2019. Investors paid the most attention to the 15-year and 30-year tenors with issued volumes accounting for VND3.0 trillion (USD128.12 million), accounting for 26.5% of the total issues in the month, of each. Bonds with 10-year tenors came third with issued value worth VND2.88 trillion (USD123.69 million), accounting for 25.9% of total issues.

ST primary bond yields of all tenors decreased from 4 to 10 bps. Particularly, 10-year and 15-year bond yields decreased 5 and 4 bps respectively and decreased 10 bps for both 20-year and 30-year tenors compared to last week.

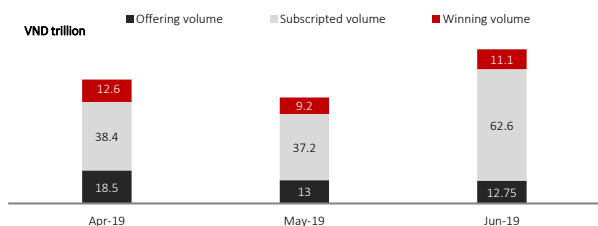
After 6M2019, the ST has mobilised a total VND101.16 trillion (USD4.34 billion) worth of bonds, delivering 38.9% of total target in 2019.

Secondary bond market: The secondary market in June was less active compared to the previous month. Total trading value in June decreased to VND69.2 trillion (USD2.97 billion) from VND86.11 trillion (USD3.68 billion) in May, representing a m-o-m decline of 19.6%. As a result, secondary government bond (g-bond) yields recognised an increase of 1 to 8 bps on 1-, 2-, 3- and 5-year tenors, while 7-, 10-, 15-year g-bond yields declined by 3 to 6 bps compared to last month.

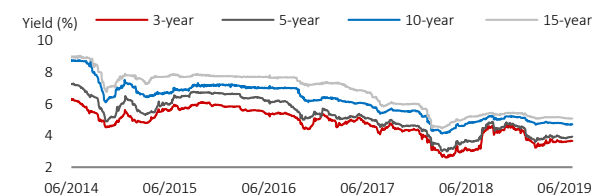
In 2019, the ST aims to mobilise VND260 trillion (USD11.2 billion) worth of 5- to 30-year tenors via auction with the following breakdown:

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 ²	4 SOCBs 12M deposit ³	VCB 12M deposit ⁴
Total Assets, VND billion	225.9			
NAV ¹ /Unit, VND	16,194			
NAV performance				
m-o-m	0.9%			
YTD	4.1%	2.5%	3.4%	3.4%
Annualised Return				
2019	8.3%	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	8.0%	5.1%	6.5%	6.4%
Total return since Inception	61.9%	33.3%	42.7%	42.1%

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

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% > / = 24 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.

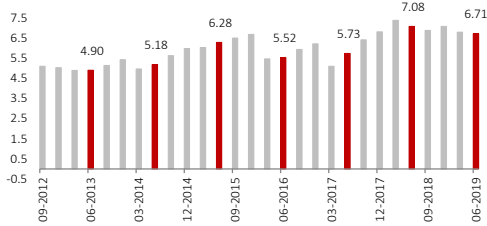
Target

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

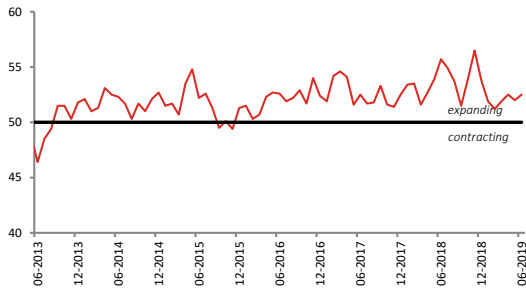
Portfolio Manager: Ms. Xuan Dung Nguyen
dung.xuan.nguyen@vina-capital.com

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

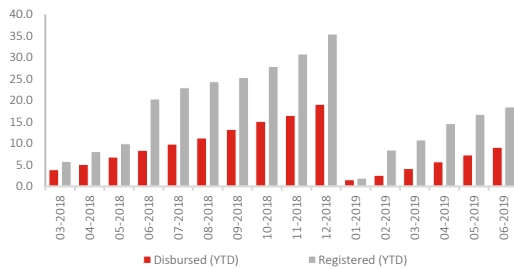
Quarterly GDP growth (%)



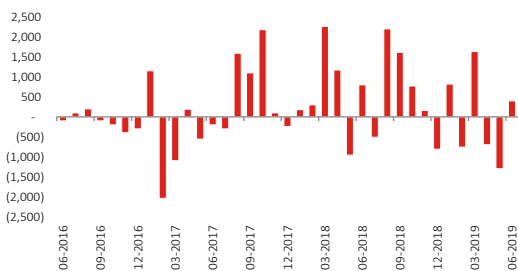
Purchasing Managers' Index



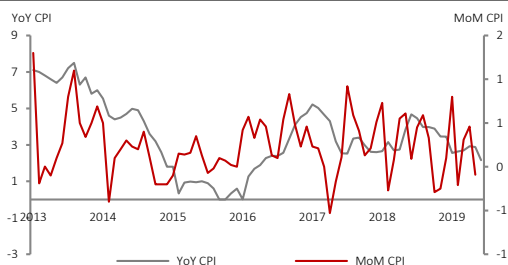
Registered & disbursed FDI, cumulative YTD (USDbn)



Monthly trade balance (USDmn)



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



Economics Commentary, June 2019

GDP growth in Vietnam decelerated from 7.1% year-on-year (y-o-y) in 1H18 to 6.8% in 1H19, driven by a slowdown in manufacturing output growth from 13% to 11%, which can be attributed to an estimated 10% y-o-y drop in the production of smartphones. Industry analysts believe that the world is experiencing a "peak smartphone" phenomenon, with global smart phone sales falling by about 7% y-o-y in Q1 according to IDC. Note that Samsung probably contributes over 10% of Vietnam's manufacturing output.

Despite this issue, Vietnam's manufacturing Purchasing Managers' Index (PMI) increased from 52 in May to 52.5 in June, driven by a six-month high in the growth of new orders. Vietnam's PMI is one of the few in the world that is currently above the '50' expansion-contraction threshold, and one of a small handful of countries PMI readings to have increased last month.

That said, we are somewhat concerned about the possibility that the ongoing slowdown of China's economy may impact Vietnam. Export growth from Vietnam to China dropped from a 28% increase in 1H18, to just 1% in 1H19, driven by a 46% drop in mobile phone exports to China. Vietnam's overall export growth fell from 16% in 1H18 to 7% in 1H19, and the country's trade surplus collapsed from 3%/GDP 1H18 to ~0%/GDP in 1H19.

Meanwhile, exports to the US surged 27% y-o-y in H1, but imports from China also increased 22% y-o-y, leading to concerns that firms are importing products from China, and essentially re-exporting those goods to the US in order to circumvent US tariffs on Chinese goods. Those concerns were amplified by comments from US President Donald Trump, who lamented what he perceives as trade abuses by Vietnam. Despite the rhetoric, we do not expect Vietnam to be targeted with draconian tariffs by the US for several reasons, including geopolitical factors. The market seems to agree as evidenced by an 0.6% appreciation in the value of the VN Dong during the month.

Consumer price inflation (CPI) plunged from 4.7% y-o-y in June 2018 to 2.2% y-o-y in June 2019, driven by the stability of oil prices and by a collapse in food price inflation from 5% a year ago to 2% in June 2019. African Swine Fever (ASF) resulted in a 25% y-o-y drop in pork prices, but prices will certainly soar in H2 as nearly 10% of Vietnam's pigs have now been slaughtered to prevent the spread of ASF. Note that the Chinese government expects pork prices to increase 70% in H2.

Vietnam continues to see high numbers of international tourist arrivals, although in 1H19 it recorded 8% y-o-y growth compared to 27% in 1H18. A -6% y-o-y drop in the numbers of Chinese tourist arrivals played a large part in the slower growth. Note that foreign visitors contribute over 10% of Vietnam's retail sales. Nevertheless, Vietnam's real retail sales growth was essentially unchanged at nearly 9% y-o-y in both 1H18 and 1H19 due to the strong sentiment of local consumers; Vietnamese consumers are currently the third most optimistic in the world, according to Nielsen.

Macro indicators

		Jun-19	May-19	Apr-19	2018A	2019F
GDP	% y/y	6.71	N/A	N/A	7.08	6.60 - 6.80
PMI		52.5	52.0	52.50	53.80	
CPI, average	% y/y	2.64	2.74	2.71	3.45	3.57
Trade balance, cumulative	USD billion	0.03	0.55	-0.70	7.78	6.81
	Imports	% y/y	10.0	8.3	10.40	11.58
	Exports	% y/y	8.5	7.5	5.80	14.24
FDI, registered	USD billion	18.48	16.74	14.60	35.46	
FDI, disbursed	USD billion	9.1	7.3	5.70	19.10	
FX reserve	USD billion	66.00	66.00	66.00	60.00	65.00
USD/VND	VND	23,301	23,415	23,280	22,655	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.