

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.

Performance versus Benchmark

| | VFF | Benchmark (*) |
|-------------------------|--------|---------------|
| Total AUM (VND billion) | 114.67 | |
| NAV/Share | 16,971 | |
| March 2020 (%) | 0.5% | 0.3% |
| YTD return (%) | 1.1% | 1.6% |
| 2019 return (%) | 7.9% | 5.0% |
| Since inception (%) | 69.7% | 37.4% |

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

Details

| | |
|--------------------------------|---|
| Inception | 01 April 2013 |
| Management fee | 1.2% per annum |
| Subscription fee | 0.0% |
| Redemption fee | <ul style="list-style-type: none"> • 2.0% < 12 months • 1.5% > / = 12 and < 24 months • 0.5% > / = 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

Target

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

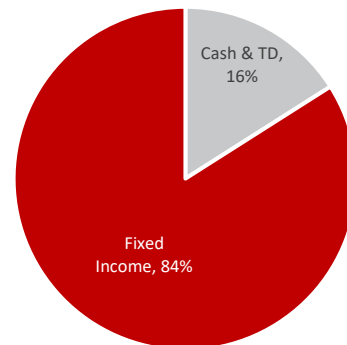
Asset allocation

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.

Snapshot

| | |
|-------------------|----------------------|
| Structure | Open-ended Bond Fund |
| Investment risk | LOW |
| Investment return | LOW AVG HIGH |
| Fees | LOW AVG HIGH |

Investment allocation



Investment performance

VFF's net asset value (NAV) per unit was VND 16,971 at the end of March, increasing 0.5% month-on-month (mom). VFF's total NAV was VND114 billion (USD4.9 million). Bonds and fixed income instruments accounted for 80% of VFF's total NAV and VFF preserved 20% of the fund's total NAV in cash and short-term deposits for new investment opportunities and for liquidity.

Fixed Income Market Review

Due to impact of Covid-19 pandemic, the Government Bond market became less active in April. State Treasury issued only VND 3,070 billion, decreasing significantly by 68% m/m. The winning ratio in April reached only 18.6% versus 54.01% in March.

In Government Bond secondary market, the daily trading value was VND 7,006 billion, decreasing by 49% m/m. The yields of key tenors dropped by 15 to 80 bps for 1Y to 15Y tenors.

The issuing value of Corporate Bond still grew in 1Q2020. However, investors required higher yield because companies were facing higher risk under impact of Covid-19.

We expect that the demand of issuing corporate bonds will drop in 2Q2020. In best case scenario, corporate bond market will recover in 3Q2020 when economy activities come back to normal.

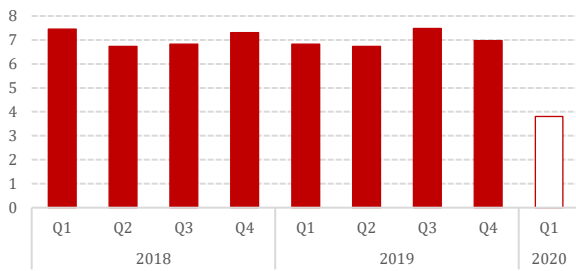
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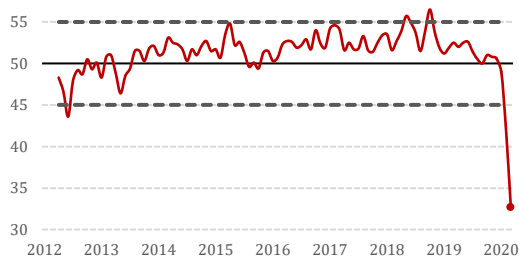
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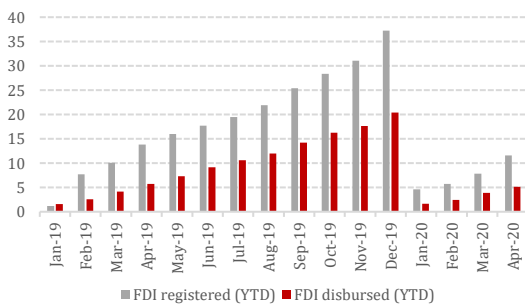
Quarterly GDP growth (%)



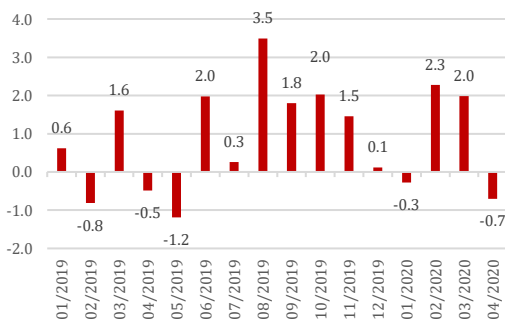
Purchasing Managers' Index



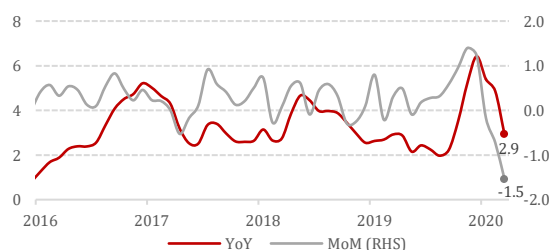
Registered & disbursed FDI, cumulative YTD (USD bn)



Monthly trade balance (USDmn)



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



Source: Bloomberg, GSO

Economics Commentary

The 15-day nationwide social distancing campaign impacted significantly on Vietnam economy.

Vietnam manufacturing sector continued to be hit hard by Covid-19 in April. The Vietnam Manufacturing Purchasing managers' Index (PMI) fell sharply to 32.7 in April from 41.9 in March. The latest data showed a steep decline in the health of the manufacturing sector, with the deterioration level surpassing the previous record seen in July 2012.

Total registered foreign direct investment (FDI) was USD 9.9 billion and total disbursed FDI was USD5.2 billion, down 9.7% y/y.

CPI decreased 1.54% month over month in April. However, average CPI increased 4.9% y/y, the highest level in the period of 2016-2020.

Total export and import value increased 3.4% y/y in 4 months of 2020. In which, total export increased 4.7% and total import increased 2.1%. Year-to-date trade balance was USD 3 billion.

Vietnam is reopening since early May thanks to early Covid-19 containment efforts and we expect that the economy will recover from 3Q2020.

Macro indicators

| | Unit | 2019 | April | %change |
|--------------------|-------------|------|-------|---------|
| GDP growth | % | 7.02 | | |
| CPI, average | % | 5.2 | 2.9 | |
| YTD Trade Balance | USD billion | 11.1 | 3.0 | |
| YTD Import Value | USD billion | 253 | 79.9 | 2.1% |
| YTD Export Value | USD billion | 264 | 82.9 | 4.7% |
| YTD registered FDI | USD billion | 22.6 | 9.9 | 32.2% |
| YTD disbursed FDI | USD billion | 20.4 | 5.2 | -9.7% |

Source: GSO

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