

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) | 127.54 | |
| NAV/Share | 17,118 | |
| May 2020 (%) | 0.9% | 0.4% |
| YTD return (%) | 2.0% | 2.0% |
| 2019 return (%) | 7.9% | 5.0% |
| Since inception (%) | 71.3% | 37.8% |

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.

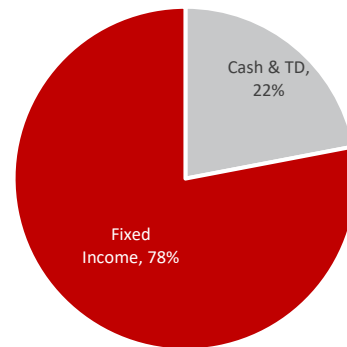
Asset allocation

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 17,118 at the end of May, increasing 0.9% month-on-month (mom). VFF's total NAV was VND 127 billion (USD 5.4 million). Bonds and fixed income instruments accounted for 78% of VFF's total NAV and VFF preserved 22% of the fund's total NAV in cash and short-term deposits for new investment opportunities and for liquidity.

Fixed Income Market Review

Standard & Poor's announced its decision to maintain Vietnam's sovereign rating at BB, with stable outlook. The stable outlook reflects expectation that the economy will recover robustly when COVID-19 pandemic was controlled.

State Bank of Vietnam continued to cut 50 basis points of policy rate and the ceiling of term deposit rate (under 6M tenor) in order to support the economy. As a result, the liquidity on interbank is excessive. Over-night interbank rate reduced by 160 basis point to 0.6% in the end of May.

In May, State Treasury issued successfully VND 18,392 billion with the winning ratio of 70.3%. The yield curve of government bond became slipper with a decreasing in short tenors and an increasing in long tenors.

The liquidity of Government Bond secondary market in May improved with the daily trading value of 9,263 billions, up 32% versus in April.

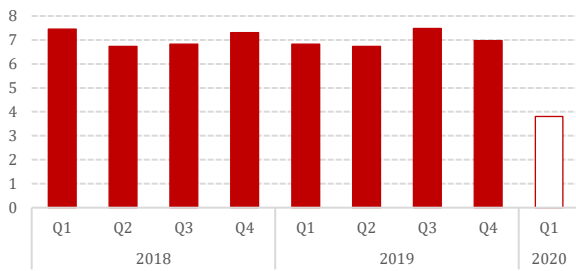
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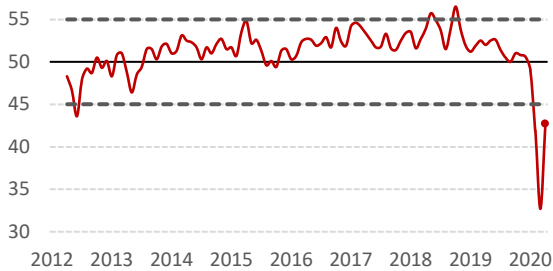
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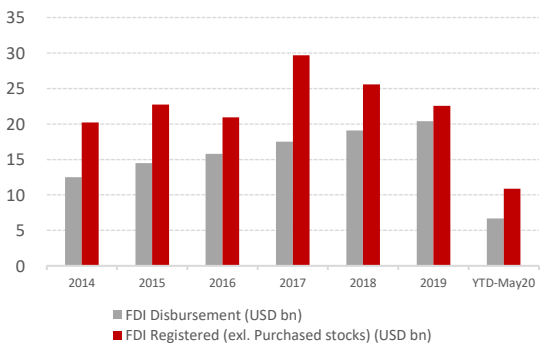
Quarterly GDP growth (%)



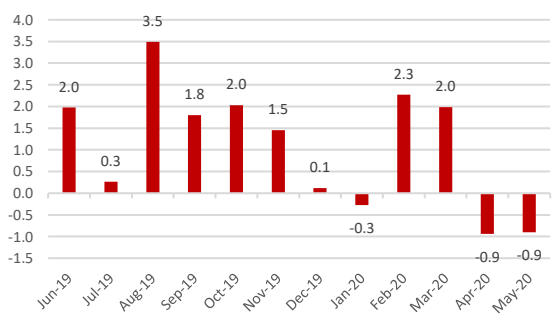
Purchasing Managers' Index



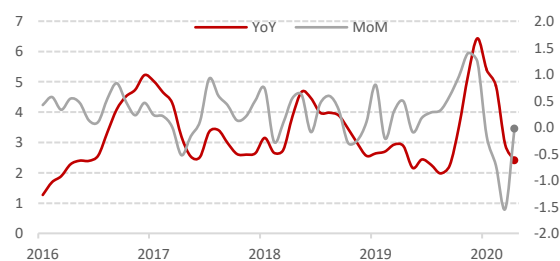
Registered & disbursed FDI, cumulative YTD (USD bn)



Monthly trade balance (USD billion)



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



Source: Bloomberg, GSO

Economics Commentary

Most of Vietnam's economy was re-opened in late-April, so domestic economic activity rebounded sharply from April to May. The country's PMI index reading leapt from 32.7 in April to 42.7 in May.

However, the on-going plunge in the global demand impacted Vietnam exports. Consequently, Vietnam suffered a USD 900 million trade deficit in the month of May, which reduced the YTD trade surplus to USD 1.9 billion.

Furthermore, that closure of Vietnam's borders to foreign business executives contributed to a drop of 8.2% y/y in FDI inflows to USD6.7 billion in 5M20.

Despite the decline in FDI in 5M20, and the country's trade deficit in the month of May, the unofficial value of the VN Dong appreciated by about 0.5% during the month.

Next, the Government Statistics Office reported that Vietnam's Consumer Price Index (CPI) inflation fell from 2.9% y/y in April to 2.4% y/y in May, driven by falling oil prices.

Macro indicators

| | Unit | 2019 | May | %change |
|--------------------|-------------|------|------|---------|
| GDP growth | % | 7.02 | | |
| CPI, average | % | 5.2 | 2.4 | |
| YTD Trade Balance | USD billion | 11.1 | 1.9 | |
| YTD Import Value | USD billion | 253 | 97.5 | -3.8% |
| YTD Export Value | USD billion | 264 | 99.4 | -1.7% |
| YTD registered FDI | USD billion | 22.6 | 10.9 | 19.9% |
| YTD disbursed FDI | USD billion | 20.4 | 6.7 | -8.2% |

Source: GSO

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