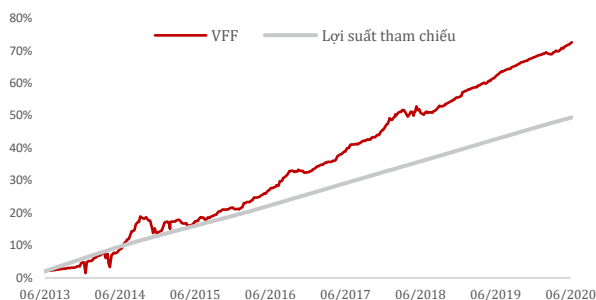


## VFF NAV Growth since inception (May 2013 – June 2020)



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)	126.17	
NAV/Share	17,228	
June 2020 (%)	0.6%	0.5%
YTD return (%)	2.6%	2.5%
2019 return (%)	7.9%	5.0%
Since inception (%)	72.3%	38.3%

#### Note

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

<sup>2</sup> VFF's benchmark is the average 3-month deposit rate by 4 SOCBs: VCB, BIDV, Vietinbank, and Agribank (Jan – May)

<sup>3</sup> VFF's benchmark is the average 12-month deposit rate by 4 SOCBs: VCB, BIDV, Vietinbank, and Agribank (since June 1<sup>st</sup> 2020)

### Details

Inception	01 April 2013
Management fee (*)	1.2% per annum
Subscription fee	0.0%
Redemption fee	<ul style="list-style-type: none"> <li>• 2.0% &lt; 12 months</li> <li>• 1.5% &gt; / = 12 and &lt; 24 months</li> <li>• 0.5% &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 12-month VND denominated deposit rate by four SOCBs, namely VietinBank, Agribank, BIDV, and VietcomBank.

(\*) Management Fee is adjusted to 0.95% since July 3<sup>rd</sup>.

### Investment approach

#### Target

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

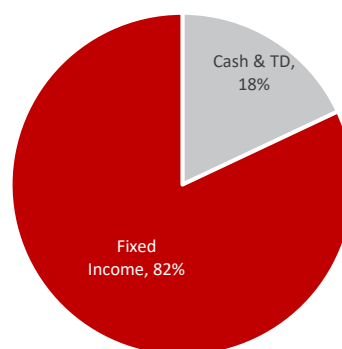
#### Asset allocation

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 17,228 at the end of May, increasing 0.6% month-on-month (mom). VFF's total NAV was VND 127 billion (USD 5.4 million). Bonds and fixed income instruments accounted for 82% of VFF's total NAV and VFF preserved 18% of the fund's total NAV in cash and short-term deposits for new investment opportunities and for liquidity.

### Fixed income market , 06/2020

According to the State Bank of Vietnam, credit growth reached only 3.26% YTD as of the end of June 2020. This figure is far below that recorded in previous years (H1 2019: 7.36%; H1 2018: 7.86%; H1 2017: 9.06%). As a result, liquidity in interbank was excessive and the money market rate hit the all-time lowest level. The interest rates paid to savers in Vietnam fell by about 30bps in the month of June, and by about 80bps YTD

The current level of inflation in Vietnam and the current 4% level of short-term deposit interest rates means that real interest rates in the country are still positive, despite aggressive monetary policy easing this year

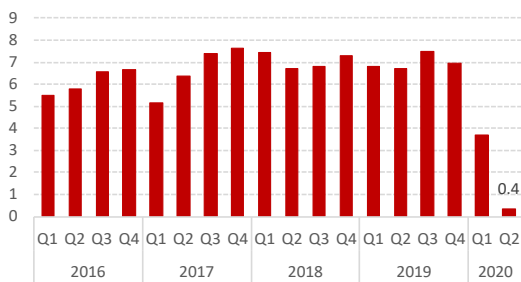
In June, State Treasury successfully issued VND 32.5 trillion, increasing by 77% m/m. Issuance volumes of Government Bond have continue to rise over last two months thanks to market bond yields stabilized at low levels. We expect the State Treasury will issue VND 34 trillion in July and VND 85 trillion in 3Q2020.

The daily trading value of Government Bond secondary market in June was VND 8.2 trillion, down 12% versus in May.

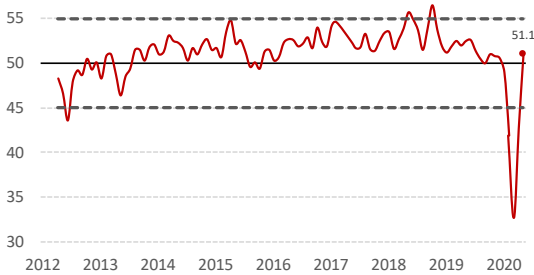
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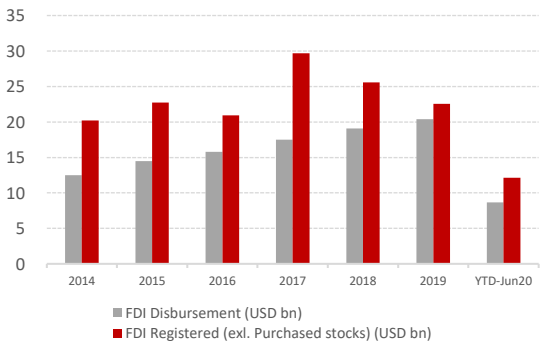
## Quarterly GDP growth (%)



## Purchasing Managers' Index



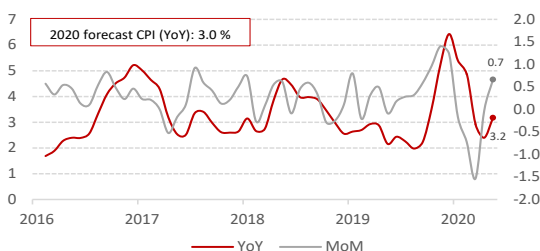
## Registered & disbursed FDI, cumulative YTD (USD bn)



## Monthly trade balance (USD billion)



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



Source: Bloomberg, GSO

## Economics Commentary

COVID-19 dragged Vietnam's Q2 GDP growth to lowest level in over 30 years. Vietnam's GDP growth dropped to 0.36% in 2Q2020 and 1.8% in 1H2020. However, manufacturing output returned to growth in June. The PMI index increased from 42.7 in May to 51.1 in June, the highest level in 10 months.

Trade turnover recovered in June. According to GSO estimates, exports and imports improved by 9.5% m/m and 12.5% m/m, respectively, leading to a USD500mn trade surplus in June. In 1H2020, exports and imports reached USD121.2bn (-1.1% y/y) and USD117.2bn (-3% y/y), respectively, which resulted in a trade surplus of USD4bn versus USD1.7bn in 1H2019. We believe trade activity could improve further in July.

Disbursed FDI surged 25.8% m/m and 8.3% y/y to USD1.95bn in June — the highest monthly level seen in six months. However, in 1H2020, total disbursement fell 5.0% YoY to USD8.65 bn.

Finally, Consumer Price Index (inflation) increased from 2.4% y/y in May to 3.2% in June, driven by a circa 20% hike in retail petrol prices. We now expect inflation to end the year at around the 3.0% level, on the assumption that global oil prices continue to vacillate around current levels in 2H2020.

## Macro indicators

	Unit	2019	June	%change
GDP growth	%	7.0	1.8	
CPI, average	%	5.2	3.2	
YTD Trade Balance	USD billion	11.0	4.0	
YTD Import Value	USD billion	253	117.2	-3.0%
YTD Export Value	USD billion	264	121.2	-1.1%
YTD registered FDI	USD billion	22.6	12.2	17.5%
YTD disbursed FDI	USD billion	20.4	8.7	-5.0%

Source: GSO

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