

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)	182.56	
NAV/Share	17,298	
June 2020 (%)	0.4%	0.5%
YTD return (%)	3.0%	3.0%
2019 return (%)	7.9%	5.0%
Since inception (%)	73.0%	38.8%

Note

- NAV is net of management fee and administrative expenses
- VFF's benchmark is the average 3-month deposit rate by 4 SOCBs: VCB, BIDV, Vietinbank, and Agribank (Jan – May)
- VFF's benchmark is the average 12-month deposit rate by 4 SOCBs: VCB, BIDV, Vietinbank, and Agribank (since June 1st 2020)

Details

Inception	01 April 2013
Management fee	0.95% 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 12-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.

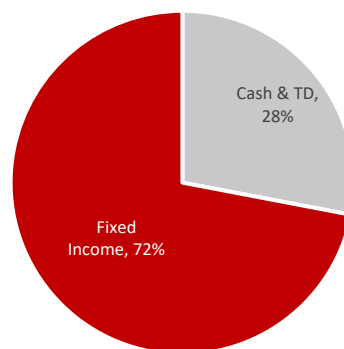
Asset allocation

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 17,298 at the end of May, increasing 0.4% month-on-month (mom). VFF's total NAV was VND 182 billion (USD 7.4 million). Bonds and fixed income instruments accounted for 72% of VFF's total NAV and VFF preserved 28% of the fund's total NAV in cash and short-term deposits for new investment opportunities because AUM increased 44% mom.

Fixed income market , 07/2020

The State Bank of Vietnam instructed the State Owned Commercial Banks (SOCB's) to cut the short term deposit rates they offer to savers (ie. less than six months) by 30 basis points, and to cut longer term deposit rates (over six months) by 50bp. The private sector banks quickly followed the SOCB's, so deposit interest rates in Vietnam fell by about 100 basis this year to 3.5-4% for short term rates, and 5.5-7% for long-term deposit rates.

In July, State Treasury successfully issued VND 58 trillion, increasing by 80% m/m. Issuance volumes of Government Bond have continue to rise over last three months thanks to market bond yields stabilized at low levels.

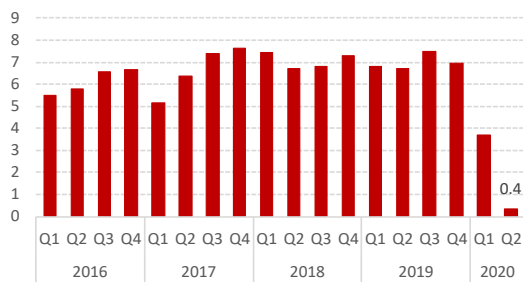
The Vietnamese government issued a new decree that tightens corporate bond regulations. This decree will be effective from 09/01/2020.

Moody's confirms ratings of five Vietnamese financial institutions unchanged after reviewing thanks to (1) early reopening of Vietnam economy due to the successful control of the outbreak; and (2) the companies' ability to manage credit and liquidity risks amid disruptions from the coronavirus outbreak.

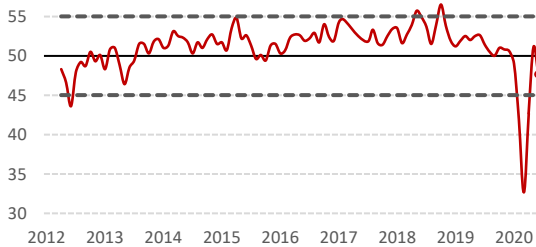
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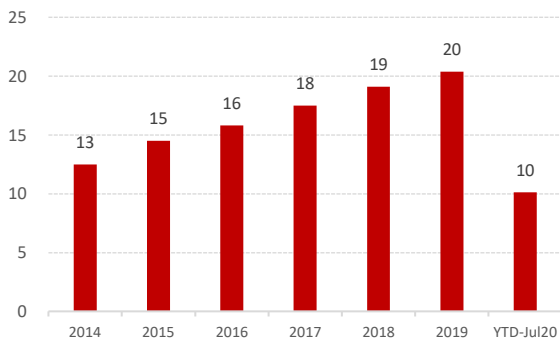
Quarterly GDP growth (%)



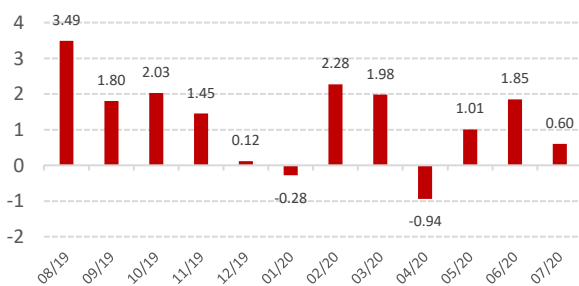
Purchasing Managers' Index



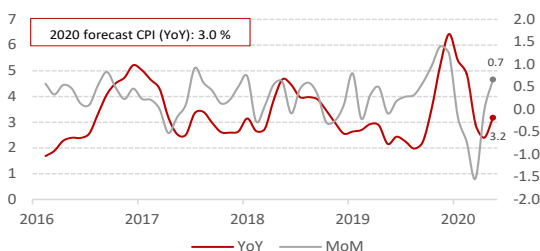
Disbursed FDI, cumulative YTD (USD bn)



Monthly trade balance (USD billion)



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



Source: Bloomberg, GSO

Economics Commentary

Vietnam's July macroeconomic statistics continued to show a sharp rebound in domestic economic activity, and strong demand for the "stay at home goods" that Vietnam produces and exports to developed countries.

This demand supported Vietnam's exports, which were essentially unchanged year-on-year in 7M2020 at around USD 146 billion, and which in-turn led to a widening of the country's trade surplus from 1% of GDP in 7M2019 to 4% in 7M2020.

Next, Vietnam's impressive trade surplus continued to support the value of the unofficial value of the VN Dong, which was essentially unchanged both in the month of July, and year-to-date, despite falling interest rates in Vietnam.

FDI Disbursements only fell by 4% in 7M2020 to USD 10 billion (the UN had predicted a 30% drop in global FDI flows this year), while the amount of Registered/Planned FDI surged by 21% yoy to more than USD 14 billion.

The Government Statistics Office reported that Vietnam's inflation rate ticked up from 3.2% yoy in June, to 3.4% in July, driven by a circa 8% retail petrol price hike at the end of June, although retail pork prices fell by nearly 3% month-on-month because the impact of the African Swine Fever epidemic in Vietnam and China started to abate.

Macro indicators

	Unit	2019	July	%change
GDP growth	%	7.0		
CPI, average	%	5.2	3.4	
YTD Trade Balance	USD billion	11.0	6.5	
YTD Import Value	USD billion	253	139.3	-2.9%
YTD Export Value	USD billion	264	145.8	0.2%
YTD registered FDI	USD billion	22.6	14.2	21.2%
YTD disbursed FDI	USD billion	20.4	10.1	-4.1%

Source: GSO

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