



VIETFUND  
MANAGEMENT

# MONTHLY UPDATE

October 2013

# VFM

## VIETFUND MANAGEMENT (VFM)

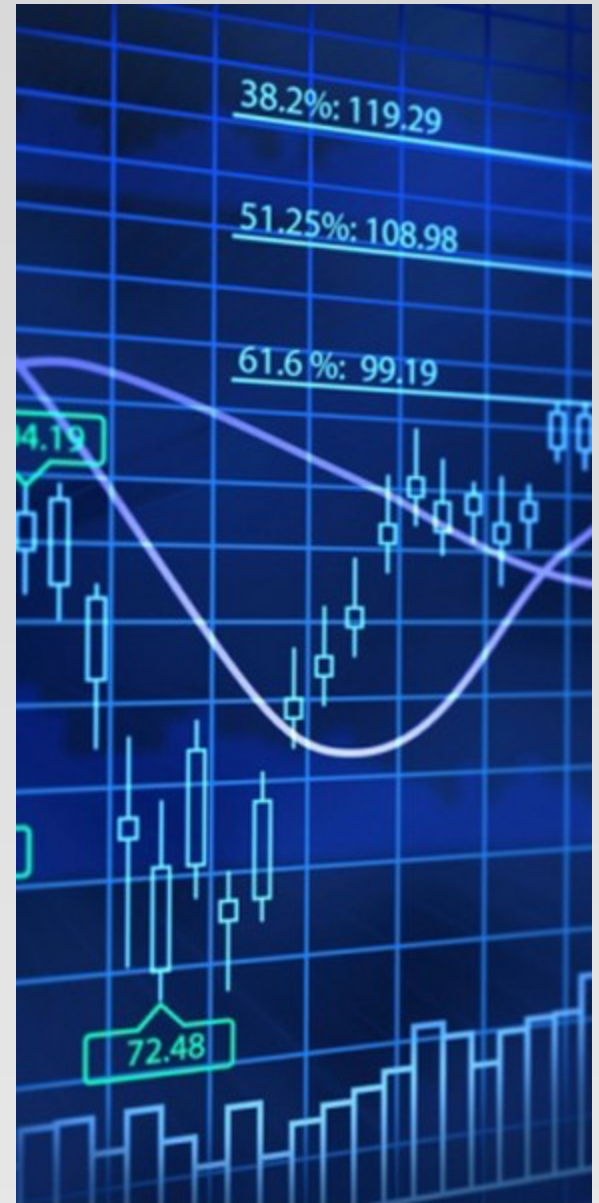
VietFund Management (VFM) is the first local fund management company in Vietnam. With initial raised capital of VND 300 billion for VF1 in 2004, the total asset under VFM's management at present has reached nearly USD 200 million which are from times of new product launching and successful fund raising.

VFM proud to have expertise and experience management team having capacity of planning investment solutions in the field of asset management. With the extensive know-how of our expert will maintain a close watch on market volatility as well as actively adjust the composition of the investment portfolios to develop the appropriate investment strategies that suit the client's most investment target.

Products which is established and managed by VFM, including:

- Vietnam Securities Investment Fund (VF1)
- Vietnam Growth Investment Fund (VF2)
- Vietnam Blue-chips Fund (VF4)
- Vietnam Active Fund (VFMVFA)
- Vietnam Bond Fund (VFMVFB)

In line with investment trend in the world, VFM has been endeavored in financial product researching and developing as open-ended fund, index fund, pension fund, etc. and services applying new updated legal framework and becoming efficient investment tools in unattainable time.



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# VF1

## Fund performance in October 2013

The stock market's sentiment in October turned back into sideways mood after reaching the resistance level at 500. On the bright side, market's trading volume and value still managed to be in positive zone, which increased approximately 60% compared to the month of September. In the short term, stock market is expecting to be bullish due to the improvement of fundamental factors. In 10/2013, VF1 continued to pursuit the investment's stability and efficiency under the balanced fund objective. As at 31/10/2013, NAV of VF1 closed at 18.840 VND/unit, up 0.2% during the month. Meanwhile, VN-Index and HNX-Index respectively closed at 497.41 and 61.64 points, up 1% and 1,1% from last month.

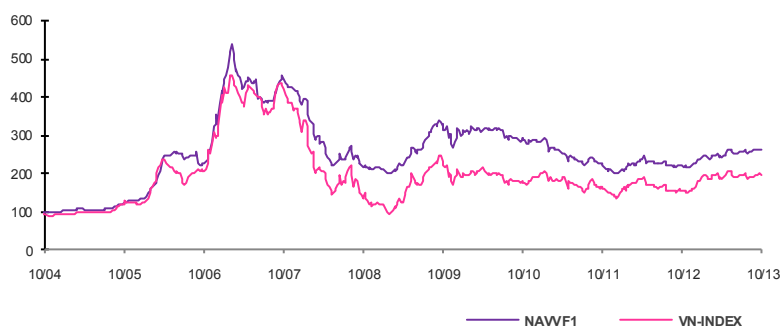
## Movement in net asset value

	31/10/2013			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception (20/5/2004)
VFMVF1	10,000	1,884.0	18,840	0.2	3.4	10.4	11.1	23.9	88.4*
VN-Index			497.4	1.0	1.1	4.8	3.7	20.2	90.2
HNX-Index			61.6	1.1	0.2	5.6	(1.6)	8.0	(38.4)

(\* Excluding dividends)

## NAV VF1 PERFORMANCE VS INDEX

20/05/2004 = 100



NAV Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD annualized
2013	11.6	(2.0)	4.4	(1.6)	9.4	(4.7)	2.4						23.9	29.4
2012	4.9	10.2	(0.6)	10.7	(5.2)	(0.9)	(1.4)	(1.7)	(3.4)	0.7	(2.0)	6.0	17.1	17.1
2011	2.2	(10.7)	(1.8)	(5.2)	(10.2)	1.6	(4.7)	4.5	(3.1)	(3.1)	(12.7)	(3.6)	(38.9)	(38.9)
2010	(0.8)	0.6	2.3	7.0	(4.6)	0.2	1.3	(7.9)	(0.2)	(0.6)	(3.9)	1.4	(8.2)	(8.2)
2009	(1.4)	(7.5)	4.5	8.6	10.7	8.4	7.7	14.3	8.5	(0.6)	(8.6)	1.5	50.9	50.9
2008	(6.0)	(15.0)	(15.7)	(9.0)	(20.0)	(4.2)	6.7	14.2	(9.7)	(14.0)	(1.0)	0.6	(55.8)	(55.8)
2007	25.0	47.6	33.0	19.9	24.9	0.1	(3.5)*	(2.1)	5.8	8.8	(4.2)	(2.1)	46.1*	46.1*
2006	6.0	14.7	10.3	33.5	4.0	3.2	(8.4)	1.3	4.7	(4.4)*	15.2	31.0	175.1*	175.1*
2005	0.04	2.4	1.1	(2.4)	0.2	0.5	0.2	3.5	5.6	5.8	4.7	1.2	25.2	25.2
2004						1.0	(0.6)	(0.2)	0.3	0.6	(0.2)	0.6	1.6	3.2

<b>Fund name</b>	Quỹ Đầu tư Chứng khoán Việt Nam (VF1)
<b>English name</b>	Viet Nam Securities Investment Fund
<b>Trading code</b>	VFMVF1
<b>Fund Type</b>	Closed-end public fund
<b>Current chartered capital</b>	1,000,000,000 VND
<b>Outstanding fund unit</b>	100,000,000 fund units
<b>Inception date</b>	20/05/2004
<b>Listing date</b>	08/11/2004
<b>Fund term</b>	10 years
<b>Fund Management</b>	VietFund Management (VFM)
<b>Custodian Bank</b>	Joint Stock Commercial Bank for Foreign trade of Vietnam (Vietcombank)
<b>Management fee</b>	2%/NAV/year
<b>Deposit fee</b>	0.06%/NAV/year (free of VAT)
<b>Custodian fee</b>	0.02%/NAV/year (excluded 10% VAT)
<b>Dividend</b>	By annual, base on realized return and approved by Annual Meeting of investors.
<b>Investment objective</b>	VF1 aims to invest to listed and unlisted shares, fixed-income securities and other financial instruments to build a balanced portfolio

## Top 5 holdings

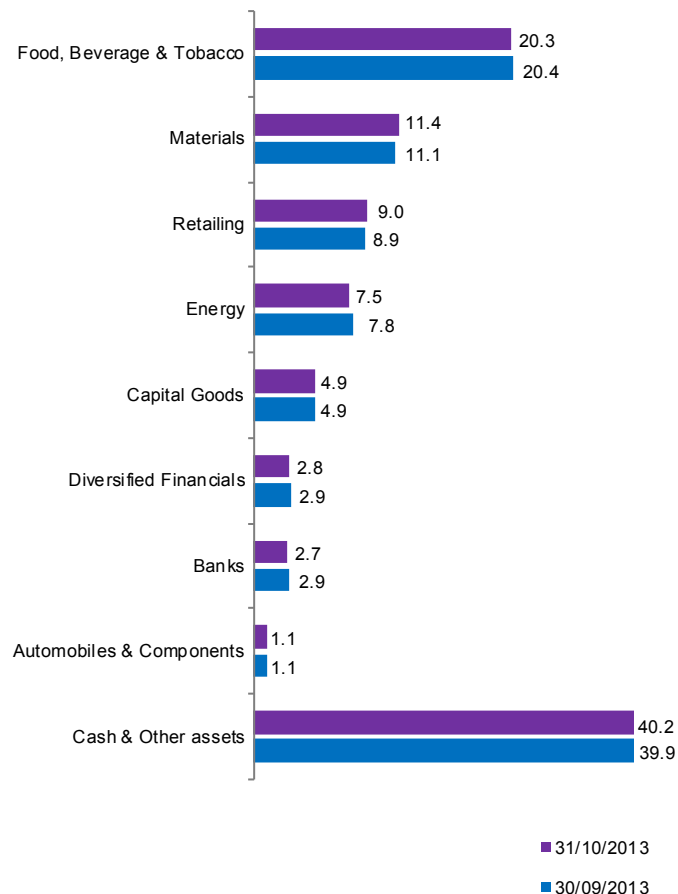
Stocks	Market	% NAV
VNM	HOSE	18.6
FPT	HOSE	9.0
DPM	HOSE	6.1
REE	HOSE	4.9
GAS	HOSE	3.9

## Asset allocation (%)



Due to component stock prices' volatility, proportion of cash increased to 40.2% NAV at 31/10/2013 from 39.9% NAV of 30/09/2013.

## Investment by industries (%)



During 10/2013, the ranking of asset allocation by sectors was still stably maintained and showed very minimum change from 30/09/2013.

As at 31/10/2013, VF1's portfolio consisted of 14 stocks in 8 sectors, in which the top 5 holding by sectors were:

- Food, Beverage & Tobacco (20.3% NAV)
- Materials (11.4% NAV)
- Retailing (9% NAV)
- Energy (7.5% NAV)
- Capital Goods (4.9% NAV)

# VF4

## Fund performance in October 2013

Compared to the month of September, stock market indices were trading sideways when turnover observed a significant surge. Both indices of VN-Index and HNX-Index increased 1% from last month while the average trading volume increased 50% on HOSE and 20% on HNX.

As of October of 2013, VF4 continued to rebalance portfolio to comply with the Open-ended fund's regulation and as at 17/10/2013, the last date of investment activities, the fund has fulfilled all of the regulations.

As at 31/10/2013, NAV of VF4 reached 8,374 VND/units and increased 0.7% month on month.

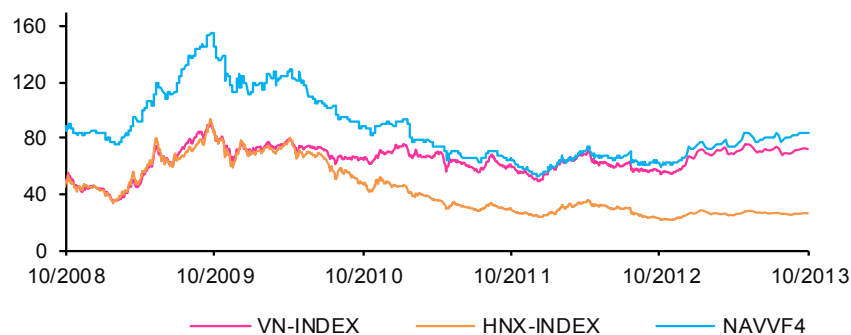
## Movement in net asset value

	31/10/2013			Performance (%)					
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception (27/2/2008)
VFMVF4	806.5	675.3	8,374	0.7	4.6	12.0	9.9	26.5	3.7 *
VN-Index			497.4	1.0	1.1	4.8	3.7	20.2	(27.5)
HNX-Index			61.6	1.1	0.2	5.6	(1.6)	8.0	(73.5)

(\* Including dividends)

## NAV VF4 PERFORMANCE VS INDEX

28/02/2008 = 100



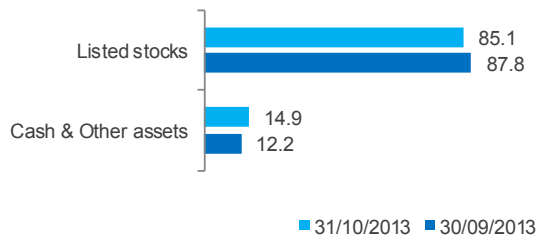
NAV Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD annualized
2013	15.1	(3.7)	4.2	(2.3)	11.6	(6.7)	2.8	(1.3)					26.5	32.6
2012	6.0	8.3	2.1	9.5	(5.3)	(0.2)	(0.7)	(3.6)	(3.7)	1.1	(1.5)	7.7	20.2	20.2
2011	1.0	(13.0)	(3.1)	(4.3)	(12.0)	2.4	(0.6)	3.2	(1.5)	(3.2)	(11.7)	5.1	(39.9)	(39.9)
2010	(3.4)	1.6	3.3	8.0	1.4	(0.8)	(4.1)	(9.4)	(10.7)	(2.2)	(3.3)	4.9	(13.1)	(13.1)
2009	(1.3)	(9.0)	8.3	11.2	13.0	6.5	7.6	16.6	6.1	(1.4)	(13.2)	0.5	48.9	48.9
2008			(2.0)	(0.9)	(5.7)	0.4	6.3	11.5	(8.5)	(12.7)	(3.7)	1.7	(17.4)	(17.4)

<b>Fund name</b>	Quỹ đầu tư Doanh nghiệp Hàng đầu Việt Nam (VF4)
<b>English name</b>	Vietnam Blue-chips Fund
<b>Trading code</b>	VFMVF4
<b>Fund Type</b>	Closed-end public fund
<b>Current chartered capital</b>	806,460,000,000 VND
<b>Outstanding fund unit</b>	80,646,000 unit
<b>Inception date</b>	28/02/2008
<b>Listing date</b>	12/06/2008
<b>Fund term</b>	10 years
<b>Fund Management</b>	VietFund Management (VFM)
<b>Custodian Bank</b>	HSBC Bank (Vietnam) Ltd., - Hochiminh City Branch
<b>Management fee</b>	2%/NAV/year
<b>Deposit fee</b>	0.02%/NAV/year (free of VAT)
<b>Custodian fee</b>	0.06%/NAV/year (excluded 10% VAT)
<b>Dividend</b>	By annual, based on realized return and approved by Annual Meeting of Investors.
<b>Objective</b>	VF4 invests in blue-chips on the Vietnam stock market as well as leading government enterprises operating in all fundamental sectors of the Vietnam economy.

## Top 5 holdings

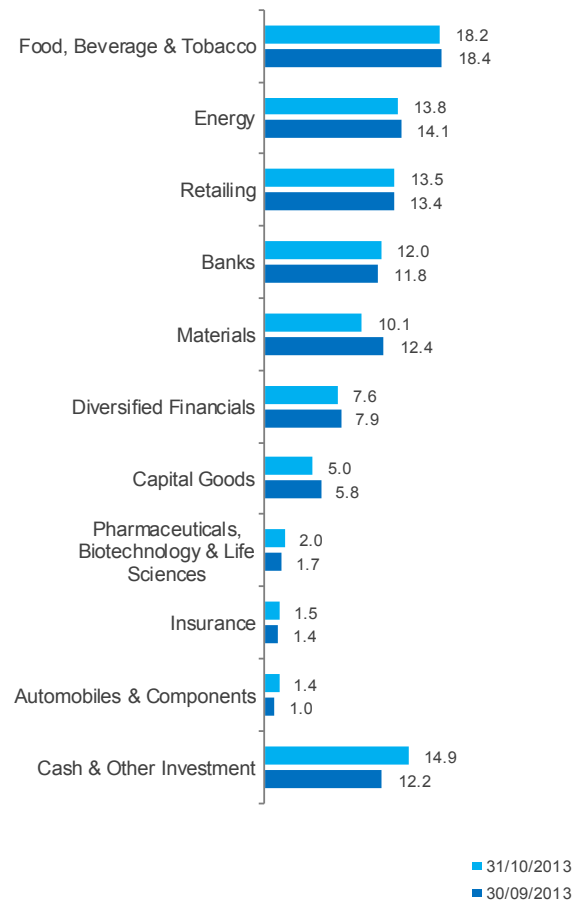
Stocks	Market	% NAV
VNM	HOSE	18.2
FPT	HOSE	13.5
GAS	HOSE	7.5
HPG	HOSE	5.1
DPM	HOSE	5.0

## Asset allocation (%)



As a result of rebalancing activities to comply with Open-ended fund's regulation, cash holding increased from 12.2% NAV of 30/09/2013 to 14.9% NAV at 31/10/2013. Meanwhile, proportion of listed stock increased from 87.8% NAV to 85.1% NAV in the same period.

## Investment by industries (%)



After rebalancing portfolio in accordance to Open-ended fund strategy, proportion of Materials and Capital Goods decreased down to 10.1% NAV and 5% NAV. In the same period, proportion of other sectors just slightly changed from last month.

As at 31/08/2013, VF4's portfolio consisted of 17 stocks in 10 sectors, in which the top 5 holding by sectors were:

- Food, Beverage and Tobacco (18.2% NAV)
- Energy (13.8% NAV)
- Retailing (13.5% NAV)
- Banks (12.0% NAV)
- Materials (10.1% NAV)

# VFA

## Fund performance in October 2013

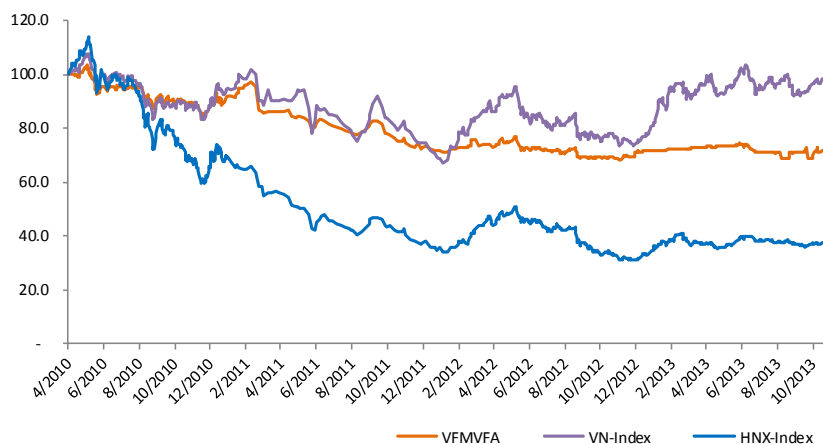
In October 2013, the Vietnam stock market performed well as VN-Index and HNX-Index gained 1.0% and 1.1% respectively. As of October 31, 2013 VN-Index closed at 497.41 points and HNX-Index closed at 61.64 points. VFMVFA's NAV as of October 31, 2013 was 7,159.0 VND, a 3.7% gain compared to September 30, 2013.

## Movement in net asset value

	31/10/2013			Growth (%)					
	Total fund certificates	NAV (VND bn)	Unit NAV (VND)	1 month	3 month	6 month	9 month	YTD	Since inception 2/4/2010
VFMVFA	17.218.591,6	123,3	7.159,0	3,7	1,0	(2,2)	(0,7)	(0,1)	(28,4)
VN-Index			497,4	1,0	1,1	4,8	3,7	20,2	(2,6)
HNX-Index			61,6	1,1	0,2	5,6	(1,6)	8,0	(62,4)

## NAV VFMVFA vs. Index

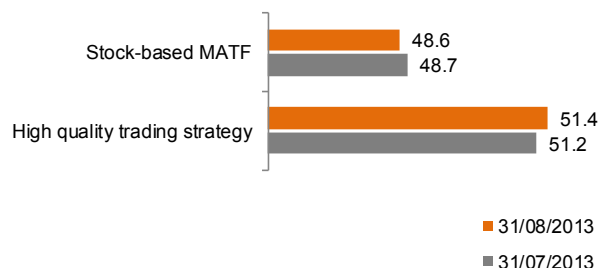
02/04/2010 = 100



Fund name	VIETNAM ACTIVE FUND (VFA)
Abbreviation	VFA
Fund term	Public open-ended fund
Initial capital mobilization	240,437,600,000 VND
Par value	10,000/fund unit
Term of the Fund	Unlimited
Inception date	02 April 2010
Custodian Bank	HSBC Bank (Vietnam) Ltd.
Auditor	KPMG Co., Ltd.
Law advisory firm	Vietnam International Law Firm (VILAF)
Dividend	Distribute at least 50% of its realized profit to investors every year
Fund fee	<ul style="list-style-type: none"> <li>- Management fee: 2%/NAV/year</li> <li>- Supervising fee: 0.02%/NAV/year</li> <li>- Custody fee: 0.06%/NAV/year</li> <li>- Other</li> </ul>



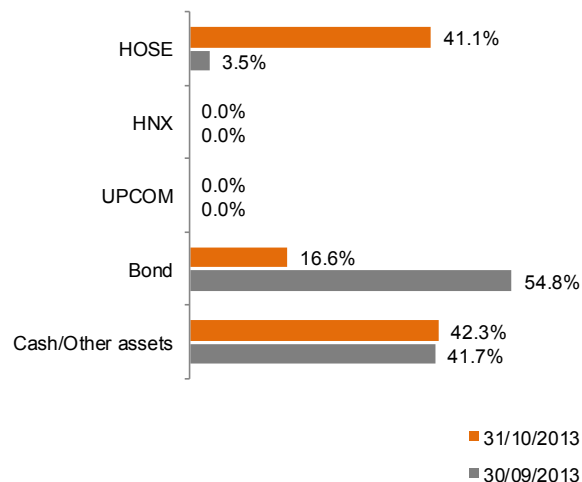
## Investment by strategy (%)



At the beginning of October 2013, the statistical numbers of the High quality trading strategy showed that the Vietnam stock market would have high probability of increasing in October so the High quality trading strategy invested in the large capitalization and high liquidity stocks. The MATF on stock strategy proposed a cautious buy signal because of the effect of the choppy market in previous months. Therefore, in October 2013 the buy/sell amount increased significantly compared to the last month.

As of October 31, 2013, the proportion by strategies had little change as the MATF on stock strategy decreased its proportion from 48.6% NAV to 47.3% NAV and the High quality trading strategy increased its proportion from 51.4% NAV to 52.7% NAV. The main reason was the growth of the investment values of the High quality trading strategy.

## Asset allocation (%)



In October 2013, the proportion by assets changed significantly compared to the last month. The High quality trading strategy implemented the buy/sell signals in the large capitalization and high liquidity stocks on HOSE so the proportion on HOSE increased up to 41.1% NAV. The MATF on stock strategy continued to hold large position on risk-free assets such as government bond and term deposit so the proportion of Government bond was about 16.6% NAV.

Furthermore, the High quality trading strategy had the buy/sell signals so VFMVFA had to divest partially bond portfolio to ensure enough cash to implement the signal buy/sell of strategies appropriately. This caused the bond proportion to fall from 54.8% NAV to 16.6% NAV. In October, the cash proportion did not change much which comprised 42.3% NAV.

# VFB

## Tình hình hoạt động quỹ trong tháng 10/2013

The October's primary bond market observed an average of 750 VND billion per day and surged significantly from the market of September. The trading deal of under 3 years government bonds still accounted for the majority of total executed trading bond deals, or 80.6% of total executed trading bond deals. At the same time, the bond yields of under 5 year government bond showed a slight decrease while the longer term government bond showed no change.

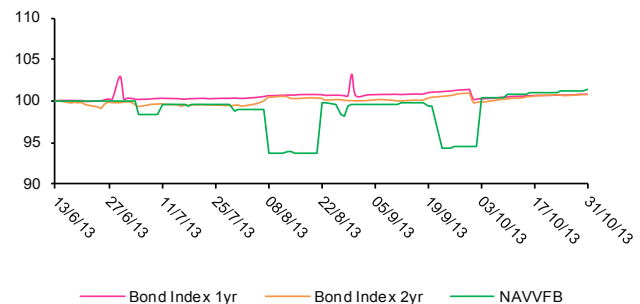
Within 10/2013, VFMVFB stayed passive in its investment activities without much of investment activities. The fund continued the repo transactions to earn extra profits while the movement in interest rates helped to boost NAV. From 1/10/2013, the bond valuation method shall comply with the valuation handbook which was amended to exclude the effect of abnormal trading transactions.

## Movement in Net Asset Value (NAV)

	31/10/2013			Growth (%)		
	Fund size (VND bn)	NAV (VND bn)	Unit NAV (VND)	1 tháng	YTD	Since inception (10/6/2013)
VFMVFB	99,6	85,8	10.141,5	7,4	1,4	1,4
VN-Index			180,8	(0,6)	6,2	0,8
HNX-Index			186,4	(0,2)	9,2	0,8

## VFMVFB's NAV growth vs. Bond\_Index

10/06/2013 = 100

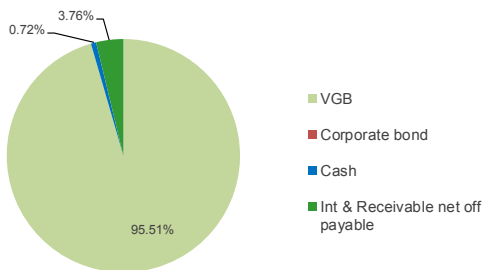


(\*) Notes: NAV of VFMVFB showed abnormal volatility at 08/08/2013 and 26/09/2013 due to the occurrences of abnormal volatility in trading price which the differences between normal trading price and executed trading price reached 5%. Under the NAV calculation methodology being applied before 01/10/2013, VFMVFB must value investment bond with the market executed price, the fund's NAV will be no longer affected by such abnormal executed trading price given 2 weeks without trading. The abnormal volatility was majority due to the technical NAV calculation methodology and did not really reflect accurate fund' NAV performance. After 01/10/2013, NAV of VFMVFB will be no longer affected by such abnormal volatility.

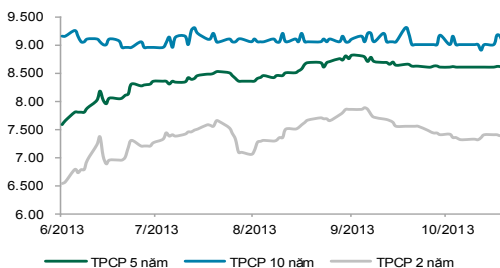
<b>Fund name</b>	Vietnam Bond Fund
<b>Abbreviation</b>	VFMVFB
<b>Fund term</b>	Open-ended fund
<b>Initial capital mobilization</b>	99,574,822,600 VND
<b>Par value</b>	20,000,000 (two millions) VND
<b>Term of the Fund</b>	Unlimited
<b>Inception date</b>	10/06/2013
<b>Custodian Bank</b>	Deutsche Bank AG, Hochiminh City Branch
<b>Auditor</b>	Ernst & Young Vietnam Ltd.
<b>Fund fee</b>	- Management: 0.9%/ NAV/ year - Custodian: 0.02%/NAV/year - Listing : 0.06%/NAV/year - Others

**Investment Objective**  
The objective of VFMVFB is to achieve income primarily from investments in fixed income securities, including but not limited to Vietnamese Government bonds, government guaranteed bonds, municipal bonds, corporate bonds in accordance with Vietnamese law, commercial notes and money market instruments.

## Asset allocation



## Yields





## **DISCLAIMER**

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