



VIETFUND
MANAGEMENT

MONTHLY UPDATE JULY.2014

Issued as at 17/07/2014



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MACRO REVIEW

ECONOMIC RECOVERY GATHERS MOMENTUM

The economy gathered momentum when it expanded by 5.18% in the first half of the year, surpassing 4.9% and 4.38% of the same period of 2013 and 2012 respectively. Therefore, the economy is believed to have bottomed out in mid-2012 and is back on track for recovery thanks to the export-lead expanding industry and the strong service sector. Stronger economic indicators show that, after facing turbulence and upheaval in 2011-2012, the economy has transited to a new phase of growth but still under its historical average and potential.

Potential trade frictions between China and Vietnam due to the confrontations in the East Sea may do some damage to economic growth, especially in the second half. However, we don't see any immediate actions from both side in the foreseeable future and think that the two countries will abide by their trade agreements and minimize the consequences of the waters disputes. Therefore, downward pressure on growth is expected to be limited.

MANUFACTURING EXPANDS AND CONSUMPTION RISES

Manufacturing activity continues to expand in the tenth consecutive month following July 2013 on strong export orders and some revival of local demand. Accordingly, the Vietnam PMI stood at 52.3 in June, dispelling concerns over the negative impact of the riots in industrial parks in Binh Duong on manufacturing activity. The favorable readings of the PMI have truly restored confidence in the sustainable recovery of manufacturing activity.

Meanwhile, the economy continues to see retail sales rise slowly and positively. Accordingly, inflation-adjusted retail sales grew at 5.7% in the first six months, a higher growth rate compared to 4.9% of the same period last year. We think that a brighter picture for employment, manufacturing expansion, and lower inflation will continue to pave the way for stronger performance of retail sales in the second half.

INFLATION STABILIZES

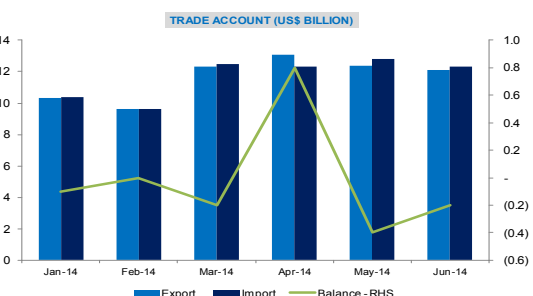
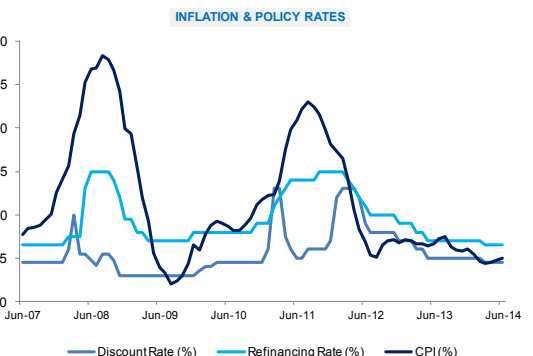
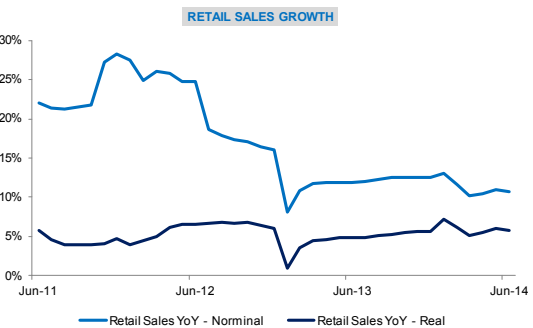
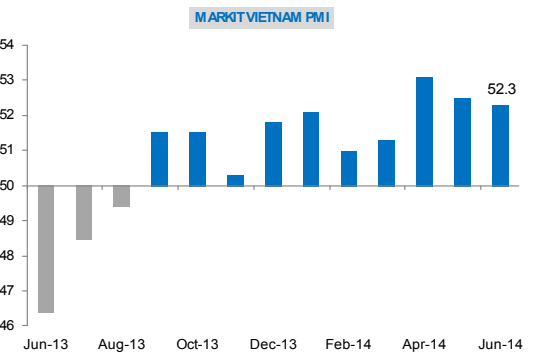
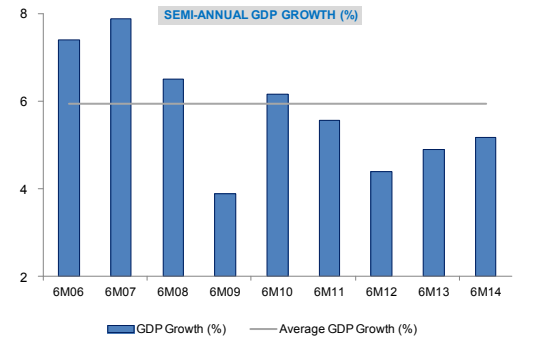
Inflation edged up higher in June when the consumer price index climbed by 0.3% compared with 0.2% and 0.08% in May and April, lifting annualized inflation to 4.98% compared with 6.69% a year earlier. The inflationary pressure in June was attributed to changes in prices of drug and healthcare services (+0.74%), housing and construction materials (+0.61%), and food and foodstuff (+0.54%).

It is expected that prices for electricity, drug and healthcare services, and educational services will add more to inflation in the third quarter due to policy changes. However, annualized inflation is estimated at below 6% for the whole year, the lowest level in 10 years, creating more macro stability and paving the way for more rate cuts.

EXPORT IS STRONG AND FDI IS ROBUST

Although slowing down slightly in June, export still registered a strong growth rate of 14.9% while seeing import increase by 11% in the first six months. This balanced trade has led of a surplus of US\$1.3 billion in the first half, mainly thanks to the FDI sector who contributed 67.5% by their products in phones and accessories, computers and accessories, and textile and garment. Export to China reached US\$7.4 billion (+20.8%), remaining in line with last year's performance although export of agricultural products at borders with China may have been slightly hit.

FDI disbursement surpassed US\$5.7 billion in the first half, an increase of 0.9% on the same period last year or 50% of last year's number. However, FDI registration was lower at US\$6.85 billion, or a 35% reduction due to the lack of mega projects. FDI attraction continues to be robust with healthy trend into manufacturing and assembly (70%) while the property sector attracts 10% of total FDI registration. China maintains its low-profile in FDI in Vietnam as it occupies just around 3% of total FDI. Therefore, any pressure from possible trade retaliation will come from the trade side, especially import from China, and the infrastructure side as Chinese contractors are reported to be dominant in many big infrastructure projects.



STOCK MARKET

MARKET REVIEW

The equity market ended June with recovery trend from support of large-cap stocks and speculative stocks. Moreover, improvement of macro conditions lifted investors' sentiment, buoying the market. After trading around 555, the VN-Index climbed to 570-578 range with daily trading value of VND1,302 billion (-15.23%). VN-Index had 12 up-trend trading sessions with an increase of 7.72% and 9 down-trend trading sessions with a decrease of 4.85%. Concluding the month, VN-Index ended at 578.13 (+2.78%) with total trading volume of 1.7 billion shares (-15%) and trading value of VND24,500 billion (-12,27%).

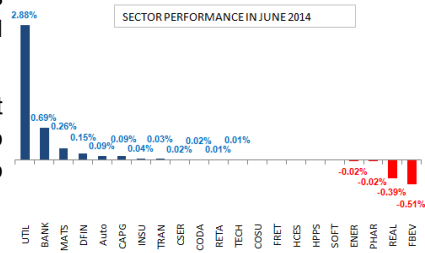
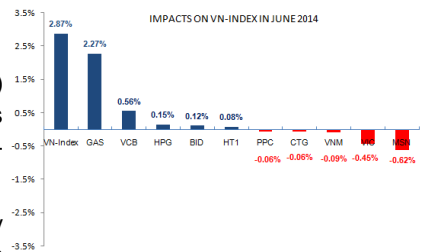
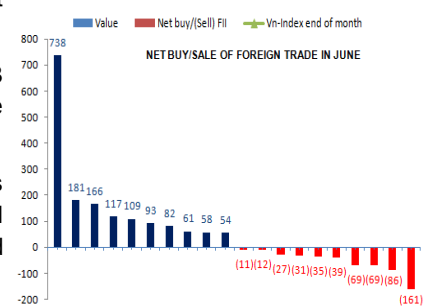
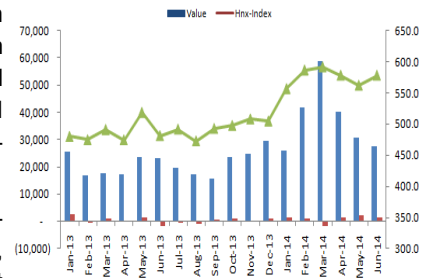
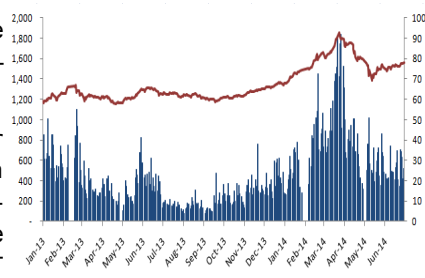
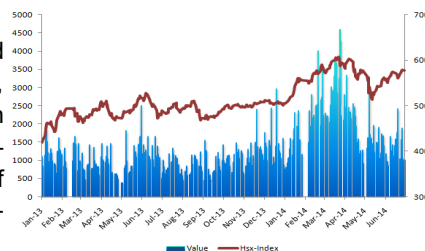
The Ha Noi bourse also had a good month with HNX-Index increasing to 77.93 point at the end of June (+2.81%). Total trading volume equaled to 1.1 billion shares (-22.6%) and trading value equaled to VND10,500 billion (-9.1%).

Foreigners continued to buy strongly. In HOSE, foreigners maintained their net buying for the third month in a row with net buying volume of 70.4 million shares (VND1,500 billion). In Ha Noi exchange, foreigners had net buying volume of 29.5 million shares (VND471 billion). Foreign investment was impacted by asset reallocation activities of ETFs. Some stocks overweighed in ETFs such as STB, DPM, HVG were net bought strongly while PVT or VIC was dumped because of their underweight in ETF portfolios. Furthermore, foreign investors bought more blue-chip such as GAS, CSM, DRC and GMD. Their net buying includes STB (VND738 billion), GMD (VND166 billion), GAS (VND117 billion), CSM (VND108 billion), HVG (VND 93 billion), DRC (VND58 billion). On the other hand, they sold more HAG (VND161 billion), HPG (VND86 billion), PVT (VND69 billion), PVD (VND39 billion), EIB (VND35 billion) and PET (VND27 billion).

Two ETFs had subscription value of U\$30 million, the 3rd highest monthly level of subscription since the beginning of this year (43% net foreign buying). From the beginning of 2014, net subscription of ETF is US\$179 million (64% net foreign buying value). It has proved that cash inflows of ETF play an important role in the positive up trend of Vietnam market.

In June, VN-Index increased by 2.87% with main contributions from GAS (+2.27%), VCB (+0.56%), HPG (+0.15%), BID (+0.12%) and HT1 (+0.08%). Meanwhile, major negative contributors were MSN (-0.62%), VIC (-0.45%), VNM (-0.09%) CTG and PPC (-0.06%).

Sector performance: a lot of sectors increased along with market: utilities (+2.88%), banks (+0.69%), materials (+0.26%), diversified finance (+0.15%), automobiles (+0.09%), capital goods (+0.09%), insurance (+0.04%). The sectors with negative performance are food and beverages (-0.51%) and real estate (0.39%).



MARKET OPPORTUNITY

In July, business performance of listed companies will be announced with expectations: i) business performance improves thanks to falling interest expense; ii) supportive packages for the property market may be sped up, helping companies in the industry and related industries to improve their performances.

From the macro view, pressure will be added to inflation due to fuel price and electricity price adjustment, VND depreciation, leading to higher inflation in July. However, inflation is no longer a big concern. Meanwhile, continuing improvement in manufacturing activity will help lift investors' sentiment.

Therefore, we expect that the market may gather momentum to surpass the resistant point of 580 and go up further; (ii) foreign money continues to flow in Vietnam market thanks to improved macro conditions and attractive valuations, an important point to help market go up further and stronger.

INVESTMENT FUND VF1

June 2014

FUND FACTS

Fund name	Vietnam Securities Investment Fund
Fund Code	VF1
Fund Type	Open ended fund
Currency	VND
Inception date	20/05/2004
Conversion date	8/10/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	Standard Chartered Bank VN.
Transfer Agency	Vietnam Securities Depository (VSD)
Distributors	HSC, FPTS, KIS, SBS, SSI, VCBS, VSC, VCSC, VDSC, VFM
Management fee	1.95%
Subscription fee	From 0.2% to 1% based on total subscribed amount (million VND)
Redemption fee	From 0% to 1.5% based on holding period since subscription date (days)
Switching fee	0.2% based on total switched amount
Minimum subscription order	1 million VND
Minimum account balance	100 units
Trading cycle	Every Thursday (T day)
Cut-off time	10:30am, T-1 day
Dividend	Dividend reinvested

Total NAV (bil VND)	908.5
Number of fund unit	42,786,622.5
NAV/unit 12-month high (VND)	23,018.4
NAV/unit 12-month low (VND)	17,714.6
Expense Ratio (%)	2.3
Turnover Ratio (%)	38.7

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INVESTMENT OBJECTIVES

The objective of VF1 is to seek long-term earnings from equity growth and income through investing into a balanced and diversified portfolio, including equity, convertible and debt securities in Vietnam.

The Fund normally invests approximately 80% of its NAV in equity and 20% in fixed income and cash. The targeting investments are growth stocks among large and mid-sized market capitalization stocks. The manager will apply a bottom-up approach to pick stocks in consideration of business model, long-term earning, asset value, cash flow potential and quality of management. The Fund may from time to time change the weight of equity and fixed-income investments at around +/-10% NAV from the targeted allocation to get an optimal asset mix in consideration of changes in economic market conditions.

FUND PERFORMANCE

As market rebound in June, NAV of VF1 increased 2.5% MoM. Accumulative for the first half 2014, VF1 return was at 11.5%. Return in June mostly came from GAS, DRC and HPG.

Noticeably, GAS although accounted for 9.2% NAV, contributing up to 46% to investment profit in June. Currently, GAS is traded at PE14 of 15.6x, higher than approximately 25% compared to market PE. This could be explained by its stable profit growth, strong cash flow, healthy financial position and greater influence in VN-Index.

DRC and HPG, each contributed roundly 15% to VF1's profit in June. DRC achieved a good business result in 2Q14 with total sales volume recorded at more than 240,000 tires, 2.1 times higher than its in 1Q14, in which new radial tires at 29,000 units. For 1H2014, DRC's revenue and net profit is estimated at VND 1,583 and 183 bil, equivalent to 45% and 55% of the company's plan respectively. There are two main supporting points for good results of sales volumes as follow: (1) Minimum price for imported auto tires had been applied, leading to an increase of VND 0.5-1 million per tire and (2) East Sea Dispute gives DRC chance to increase its current local institutional customers. Additionally, as natural rubber price is lower, we expect DRC will well perform in near future.

Referring to HPG, its price went up nearly 6% MoM. Ending May, HPG surpassed POM, occupying the largest market share of construction steel at 18%. HPG's price rises recently thanks to the recovery of the construction steel and steel piles that HPG is leading market shares.

Besides, VF1 invested 3.2% NAV in CII convertible bond, cash ending June therefore dropped to 17.2% NAV.

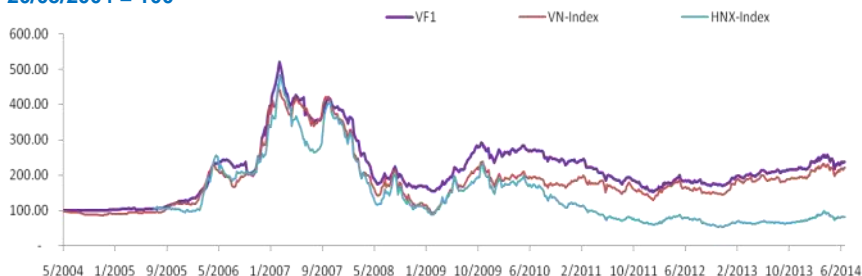
NAV PERFORMANCE

	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (20/5/2004)
VF1	21,232.9	2.5	(5.8)	11.5	19.4	112.3 (*)
VN-Index	578.1	2.9	(2.3)	14.6	20.2	121.0
HNX-Index	77.9	2.8	(12.9)	14.9	24.5	n/a

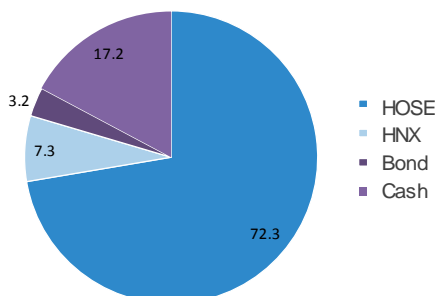
(*) Excluding dividends

VF1 PERFORMANCE VS. INDEX

20/05/2004 = 100



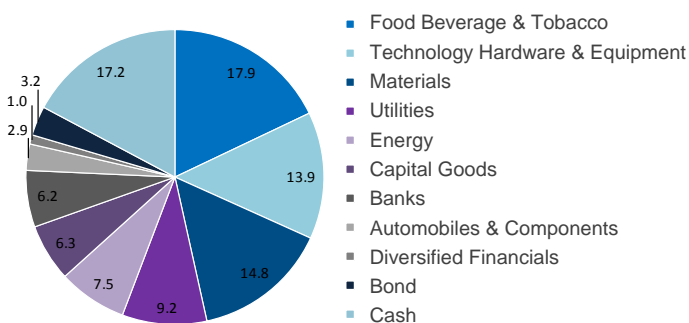
ASSET ALLOCATION BY ASSET CLASS (% NAV)



TOP 5 HOLDINGS

Stock	Sector	Market	% NAV
FPT	Technology Hardware & Equipment	HOSE	13.9
VNM	Food Beverage & Tobacco	HOSE	10.4
GAS	Utilities	HOSE	9.2
HPG	Materials	HOSE	6.7
MBB	Banks	HOSE	4.8

ASSET ALLOCATION BY SECTOR (% NAV)



FUNDAMENTAL STATISTICS

	VF1	VN-Index
Median P/E	11.0	9.5
Weighted Average P/E	16.4	13.6
Median P/B	1.9	0.9
Weighted Average P/B	2.8	2.0
ROE (%)	23.3	14.5
Dividend Yield (%)	4.6	3.6
Number of holdings	19	298

(Source: VFM và Bloomberg)

INVESTMENT RESTRICTIONS

Investment Assets	Limit
Cash & cash equivalents	49% TA
Assets issued by the same group of companies	30% TA
Securities in circulation of an issuer	20% TA
Securities in circulation of an issuer	10% OS
Shares/bonds to be listed or registered for trading	10% TA
Holdings of 5% or more of TA in aggregate	40% TA

(TA: Total Asset of the Fund; OS: Outstanding shares)

RISK STATISTICS

	VF1	VN-Index
Beta	0.9	1.0
Standard Deviation (%)	14.9	15.7
Sharpe Ratio	0.9	0.9

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INVESTMENT FUND VF4

June 2014

FUND FACTS

Fund name	Vietnam Blue-chips investment Fund
Fund Code	VFMVF4
Fund Type	Open ended fund
Currency	VND
Inception date	28/02/2008
Conversion date	16/12/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	Deutsche Bank AG - HCMC
Transfer Agency	Vietnam Securities Depository
Distributors	HSC, FPTS, KIS, SSI, VCSC, VDSC, VFM, VCBS, SBS
Management fee	1.93%
Subscription fee	From 0.2% to 1% based on total subscribed amount (million VND)
Redemption fee	From 0% to 1.5% based on holding period since subscription date (days)
Switching fee	0.2% based on total switched amount
Minimum subscription order	1 million VND
Minimum account balance	100 units
Trading cycle	Every Wednesday (T day)
Cut-off time	10:30am, T-1 day
Dividend	Dividend reinvested

Total NAV (bil VND)	437.7
Number of fund unit	45,205,839.3
NAV/unit 12-month high (VND)	10,508.7
NAV/unit 12-month low (VND)	7,742.3
Expense Ratio (%)	2.3
Turnover Ratio (%)	45.3

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INVESTMENT OBJECTIVES

The objective of VFMVF4 is to seek long-term earnings from equity growth and dividends through investing in top-ranking enterprises operating in the essential sectors of Vietnam economy. The target investments shall be the blue-chip stocks listed or pre-listed on Vietnam stock markets. The Fund will deploy fundamental analysis as the principle for equity investment to assess growth potential, sustainability and risks of investment opportunities.

VF4 could at anytime be fully-invested in equity. Additionally, to create flexibility in seeking investing opportunities and bringing added value to cash available, VF4 could invest into fixed-income securities. In the normal market condition, proportion of assets other than equity such as cash, cash equivalents, and fixed income shall not exceed 20% of total fund assets to optimize cash flow.

FUND PERFORMANCE

As market rebound in June, NAV of VF4 increased 3.4%MoM, outperformed VNIndex and HNX-Index with margin of 0.5% and 0.6% respectively. Accumulative for the first half 2014, VF4 return was at 14.5%.

Noticeably, in the portfolio, GAS had return at 15% MoM, 32% QoQ and more than 70% YTD. GAS has contributed 50% of VF4 profit in June. Increase in GAS price is supported by sustainable high growth in profits in the next few years, which thanks to bargaining power in raising output price to fertilizer production and power plants. Currently GAS is the top holding of VF4, accounting for more than 15%NAV and highly impact the whole portfolio.

Other tickers including DRC, VCB, PVS and HPG also had good performance in June and contributed more than 40% to investment profit. Those had approved the leading position in their industries and announced good business results in second Quarter in 2014.

NAV PERFORMANCE

	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (28/2/2008)
VFMVF4	9,683.0	3.4	(5.4)	14.5	24.4	16.8 (*)
VN-Index	578.1	2.9	(2.3)	14.6	20.2	(12.8)
HNX-Index	77.9	2.8	(12.9)	14.9	24.5	(65.9)

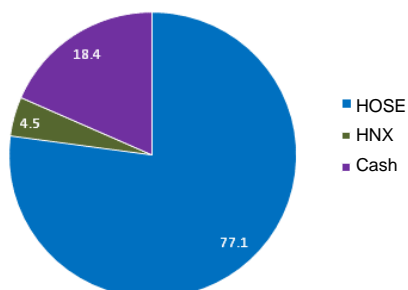
(*) Including dividends

VF4 PERFORMANCE VS. INDEX

28/02/2008 = 100



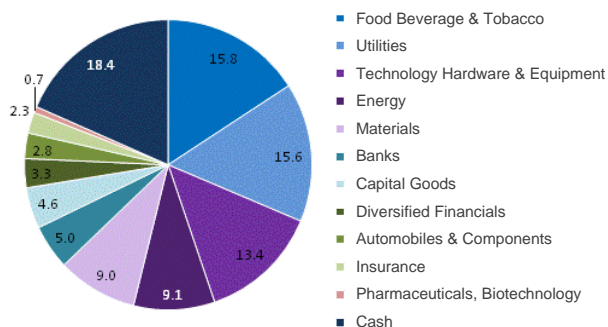
ASSET ALLOCATION BY ASSET CLASS (% NAV)



TOP 5 HOLDINGS

Stock	Sector	Market	% NAV
GAS	Utilities	HOSE	15.6
FPT	Technology Hardware & Equipment	HOSE	13.4
VNM	Food Beverage & Tobacco	HOSE	11.5
VCB	Banks	HOSE	5.0
HPG	Materials	HOSE	4.9

ASSET ALLOCATION BY SECTOR (% NAV)



FUNDAMENTAL STATISTICS

	VF4	VN-Index
Median P/E	12.0	9.5
Weighted Average P/E	21.2	13.6
Median P/B	2.0	0.9
Weighted Average P/B	3.3	2.0
ROE (%)	23.5	14.5
Dividend Yield (%)	3.8	3.6
Number of holdings	14	298

(Source: VFM và Bloomberg)

INVESTMENT RESTRICTIONS

Investment Assets	Limit
Cash & cash equivalents	49% TA
Assets issued by the same group of companies	30% TA
Securities in circulation of an issuer	20% TA
Securities in circulation of an issuer	10% OS
Shares/bonds to be listed or registered for trading	10% TA
Holdings of 5% or more of TA in aggregate	40% TA

(TA: Total Asset of the Fund; OS: Outstanding shares)

RISK STATISTICS

	VF4	VN-Index
Beta	1.1	1.0
Standard Deviation (%)	17.4	15.7
Sharpe Ratio	1.0	0.9

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INVESTMENT FUND VFA

June 2014

FUND FACTS

Fund name	Vietnam Active Fund
Fund Code	VFMVFA
Fund Type	Open ended fund
Currency	VND
Inception date	02/04/2010
Conversion date	18/4/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	HSBC Vietnam Ltd.
Transfer Agency	HSBC Vietnam Ltd.
Distributors	VFM, HSC, VCSC, KIS, VDSC, FPT S
Management fee	Up to 2%
Subscription fee	From 0.2% to 1% based on total subscribed amount (million VND)
Redemption fee	From 0.5% to 1.5% based on holding period since subscription date (days)
Switching fee	0.2% total switched amount
Minimum subscription order	1 million VND
Minimum account balance	100 units
Trading cycle	Every Friday (T day)
Cut-off time	10:30am, T-1 day
Dividend	Dividend reinvested

Total NAV (bil VND)	92.8
Number of fund unit	13,912,528.3
NAV/unit 12-month high (VND)	7,769.1
NAV/unit 12-month low (VND)	6,866.1
Expense ratio (%)	2.0
Turnover ratio (%)	132.5

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INVESTMENT OBJECTIVE

The main objective of VFMVFA would be to capture medium to long-term capital appreciation on Vietnam market, accompanied by capital preservation during adverse market conditions, based on the main strategy of trend-following which is one of Quantitative Investment Models.

FUND PERFORMANCE

As of June 30, 2014 VFMVFA's NAV/unit was VND 7,358.8, decreased 0.1% versus the last month, which outperformed the return -0.5% of VN30-Index. However, both VN-Index and HNX-Index rose 2.9% and 2.8% while under the influence of some large market capitalization stocks.

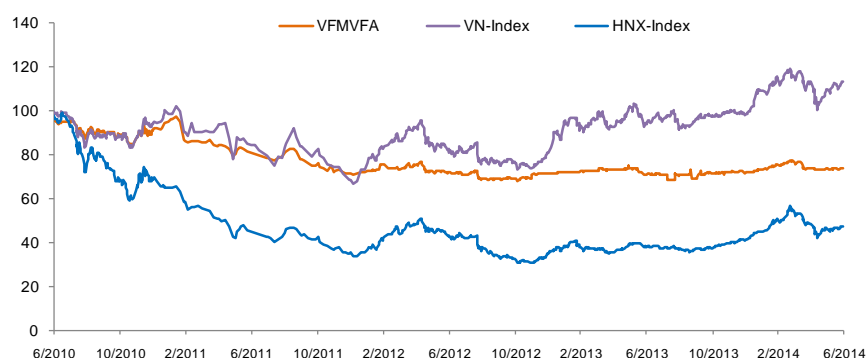
From mid-May 2014 to late June 2014, Vietnamese stock market recovered slightly after the East Sea event between Vietnam and China. So VFA's investment strategies are invested partially into stocks with high growth potential in the future. Thus allocation by asset class changed significantly when VFA increased stock proportion (accounted for 32.4% NAV) and decreased risk-free assets (accounted for 67.6% NAV). When the Vietnamese stock market has good signals in the future, VFA can be disbursed to increase the stock proportion.

NAV PERFORMANCE

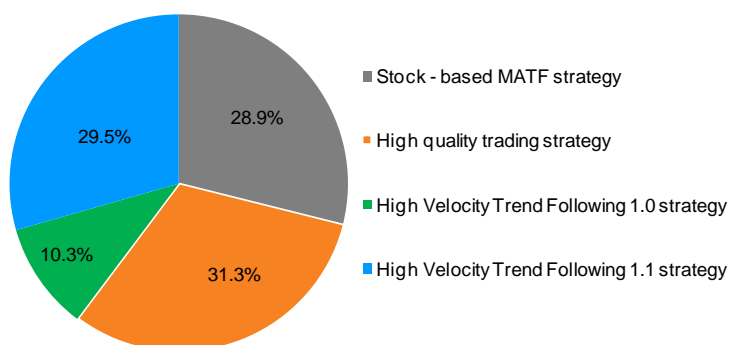
	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since inception (02/04/2010)
VFMVFA	7,358.8	(0.1)	(4.3)	2.0	3.4	(26.4)
VN-Index	578.1	2.9	(2.3)	14.6	20.2	13.3
HNX-Index	77.9	2.8	(12.9)	14.9	24.5	(52.5)
VN30-Index	615.1	(0.5)	(8.3)	9.2	14.2	15.1

VFA PERFORMANCE VS. INDEX

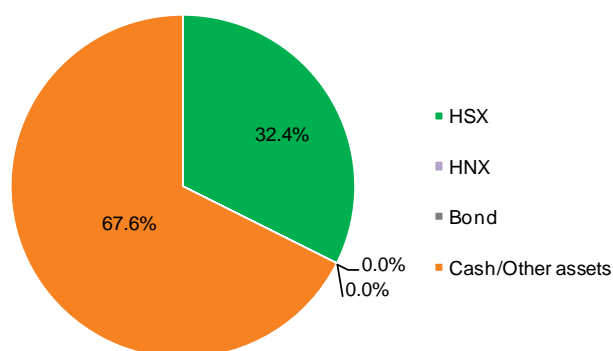
02/04/2010=100



ALLOCATION BY STRATEGY (%NAV)



ALLOCATION BY ASSET CLASS (%NAV)



RISK STATISTICS

	VFA	VN-Index
Beta	0.2	1.0
Standard Deviation (%)	10.0	15.6
Sharpe Ratio	-0.1	0.9

INVESTMENT RESTRICTIONS

Investment Assets	Limit
Deposits at commercial bank and money market instruments ...	49% TA
Assets issued by the same group of companies	30% TA
Securities in circulation of an issuer	20% TA
Securities in circulation of an issuer	10% OS
Stocks/bonds to be listed or registered for trading	10% TA
Holdings of 5% or more of TA in aggregate	40% TA

(TA: Total Asset of the Fund; OS: Outstanding shares)

DISCLAIMER

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INVESTMENT FUND VFB

June 2014

FUND FACTS

Fund name	Vietnam Bond Fund
Fund Code	VFMVFB
Fund Type	Open ended fund
Currency	VND
Inception date	10/06/2013
Fund Manager	VietFund Management (VFM)
Custodian Bank	Deutsche Bank AG HCMC
Transfer Agency	Deutsche Bank AG HCMC
Distributors	HSC, KIS, VCSC, VDSC, VFM, FPT
Management fee	0.9%/NAV/year
Subscription fee	From 0.3% to 0.6% based on total subscribed amount (million VND)
Redemption fee	0% to 1% based on holding period since subscription date (days)
Switching fee	0.2% total switched amount
Minimum subscription order	1 million VND
Minimum account balance	100 units
Trading cycle	every Friday (T day)
Cut-off time	10:30am, T-1 day
Dividend	Annually (satisfied the requirements)

Total NAV (bil VND)	77.3
Number of fund unit	7,146,888.4
NAV/unit 12-month high (VND)	10,822.1
NAV/unit 12-month low (VND)	9,369.3
Turnover Ratio (%)	215.0

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INVESTMENT OBJECTIVES

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, etc.), commercial notes and money market instruments.

FUND PERFORMANCE

VFMVFB NAV at end of June increased slightly in comparison to data at end of May. To end of 2nd quarter of 2014, year to date growth of VFMVFB NAV is 5.4%, better than performance of Dragon Capital 1 year bond index (+ 3.9%) and the growth is the best performance of local open ended bond funds. In June, no transaction occurred related to VFMVFB portfolio.

At 10 June 2014, VFMVFB celebrated its 1 year in operation and its NAV growth at the date is 7.78%, significantly higher than performance of Dragon Capital 1 year bond index. This performance is resulted from active trading to seek for profit representing by the fun turnover of 215% in the first year. Details on the first year in operation shown in table below.

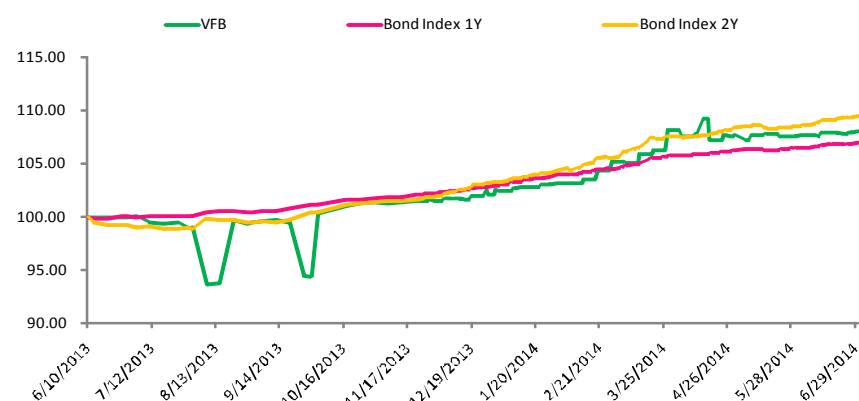
In June, primary and secondary bond market is more active than in May. June daily average trading value reached 2610 billion, 33% higher than May corresponding figure. The June daily average value is also 27% higher than data for the first 6 months of 2014. Yields for bonds with time to maturity less than 5 years is in the down trend started since beginning of the year and move in a range from 10bps to 20 bps during the month. Factors which can twist the current yield trend did not appear considering the low CPI and very low credit growth to end of June.

NAV PERFORMANCE

	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (20/5/2004)
VFMVFB	10,810.5	0.4	(0.1)	5.4	n/a	8.1
Bond-Index 1Y	192.2	0.5	1.1	3.9	n/a	7.0
Bond-Index 2Y	203.7	0.8	1.8	6.0	n/a	9.5

VFB PERFORMANCE (*) 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 prices. The volatility was majorly due to the technical NAV calculation methodology and did not really reflect accurate fund NAV at the dates. Under the NAV calculation methodology being applied before 01/10/2013, VFMVFB must value investment bond with the market traded price although the price may not correctly reflect the value of bond. After 01/10/2013, NAV of VFMVFB will be no longer affected by such abnormal volatility.

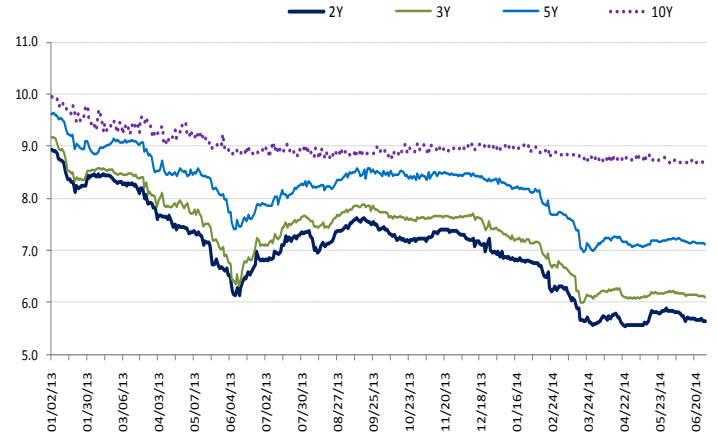
(**) One and two-year bond indices are prepared by Dragon Capital Debt Management Limited. The copyright is belonged to Dragon Capital Group. VFM is using the indices with permission from Dragon Capital Group.

INVESTMENT RESTRICTIONS

Investment Assets	Limit
Assets issued by the same group of companies	30% TA
Securities in circulation of an issuer	20% TA
Securities in circulation of an issuer	10% OS
Shares/bonds to be listed or registered for trading	10% TA
Bonds and derivatives issued by companies operating in VN	30% TA

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YIELD CURVE



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