



VIETFUND
MANAGEMENT

MONTHLY UPDATE AUGUST.2014

Issued as at 10/09/2014



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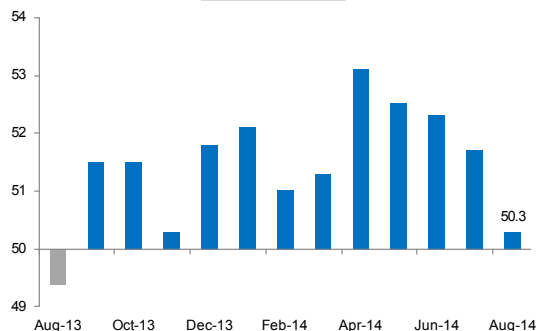
MACRO REVIEW

MANUFACTURING SLOWS DOWN - RETAIL SALES KEEP PACE

Manufacturing activity continues to expand in the twelfth consecutive month following September 2013 on strong export orders and some revival of local demand. However, momentum seem to loose a bit. Accordingly, the Vietnam PMI dropped to 50.3 in August from 51.7 in July, suggesting a slower pace of manufacturing activity. The slow-down coincided with rising costs of input, making it a little harder for profit margins. Nevertheless, manufacturing activity is expected to continue its positive trend in the last months of the year given higher orders towards year-end.

Meanwhile, retail sales continued their positive trend. Accordingly, inflation-adjusted retail sales grew at 6.4% in the first eight months, a higher growth rate compared to 5.1% 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 last quarter of the year.

MARKET VIETNAM PMI

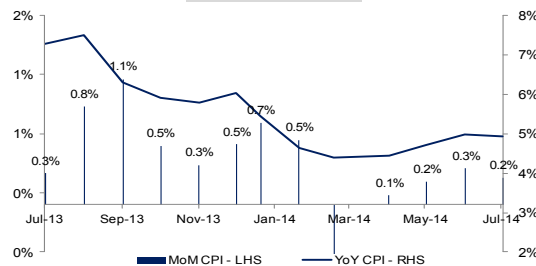


INFLATION IS LOW

In August, inflation was low when the consumer price index climbed by 0.22% compared with 0.23% and 0.3% in July and June respectively, pressing annualized inflation to 4.31% compared with 7.5% a year earlier. The inflationary pressure in July could be attributed to changes in prices of food and food services (+0.45%), pharmaceuticals and healthcare services (+0.22%), footwear and apparels (+0.32%).

It is expected that currency depreciation, changes in 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, which we expect at around 0.5% in the rest months of the year.

CONSUMER PRICE INDEX

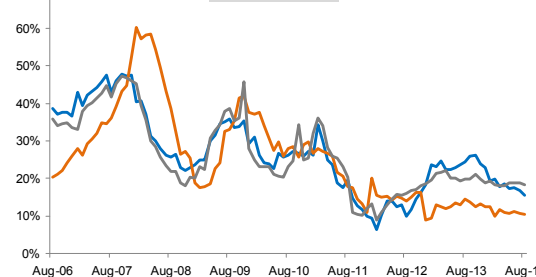


CREDIT GROWTH IS POISED TO MAKE SOME REVIVALS

Banks' lending activity expanded by 0.9% in August compared with 0.1% in July, bringing year-on-year growth to 10.5% on 8/2013 and year-to-date growth to 4.5%. In the same period last year, credit growth was 6.4%. Although lending rates have fallen to reasonable levels compared with those in 2011-2013, low demand and slow recovery of industries, especially the property sector, have impeded credit expansion.

However, as we have talked to some leading banks, they are more positive about credit growth in the last quarter as borrowers prepare for the holiday seasons and loan disbursement for big projects accelerate.

DEPOSIT, CREDIT, M2

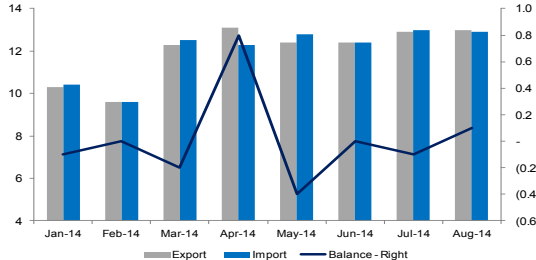


EXPORT KEEPS MOMENTUM

Although slowing down slightly in August and July, export still registered a strong growth rate of 14.1% while seeing import increase by 12% in the first eight months. This balanced trade has led of a surplus of US\$1.3 billion in eight months, 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 is expected to keep its momentum in the last months of the year, making a strong foundation into 2015 thanks to continued performance of the FDI sector. Therefore, we expect a trade surplus of US\$2-3 billion for 2014, helping maintain currency stability and lifting foreign reserves.

TRADE ACCOUNT (US\$ BILLION)



STOCK MARKET

MARKET REVIEW

In August, the stock market continued to perform well as it did July 2014. With some good changes of macro-economic and the excitement of investors, money flow-into market continued to rise. The Ho Chi Minh Exchange had 14 up sessions, lifting VN-Index by 8.47% and only seven down sessions, dragging VN-Index down by 1.68%. Average trading value equaled to VND2,551 billion, a monthly increase of 50.7%. VN-Index closed at 636.7 point, a surge of 40.58 point, or 6.81%.

The Ha Noi Exchange also had an excellent month of increasing trend when the HNX-Index reached the highest point of 87.45 with 17 up sessions and only four down sessions. HNX-Index closed at 87.04, an increase of 7.78 point or 9.8%. Total trading volume surpassed 19% to 1.3 billion shares while total trading value increase by 38% to VND16,600 billion.

Foreign investors continued to sell in August. In Ho Chi Minh bourse, they sold more than they bought with total net selling value of VND302 billion. In Hanoi bourse, they did the same with nearly VND10 billion. In August, foreigners focused on buying some large-cap stocks such as VIC (net buy of VND470 billion), VCB (VND113 billion), MWG (VND73 billion), SAM (VND67 billion) DRC (VND65 billion). In contrast, they sold KDC (net selling of VND538 billion), MSN (VND380 billion), HPG (VND195 billion), HAG (VND174 billion), GAS (VND101 billion), VSH (VND53 billion).

Regarding to activities of ETFs in August, two big foreign ETFs witnessed redemption of nearly US\$13 million, the biggest withdrawal since the beginning of 2014 and made up nearly 84% total net selling of foreigners in this month. While money flew strongly into emerging and frontier markets in the world, money flew in ETF to Vietnam reduced and became negative. This point may confirm that foreigners are more cautious when the VN-Index reached 5-year high and the Vietnamese market has become less attractive with this valuation.

In this month, VN-Index increased by 6.81% with strong contribution of some stocks such as GAS (positively contributed 2.08%), VIC (1.21%), VCB (0.64%), PVD (0.41%), HPG (0.37%). In contrast, some stocks made VN-Index decrease included MSN (negatively contributed 0.3%), STB (0.04%), VNM (0.04%), LGC (0.01%).

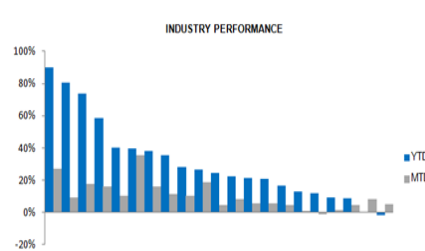
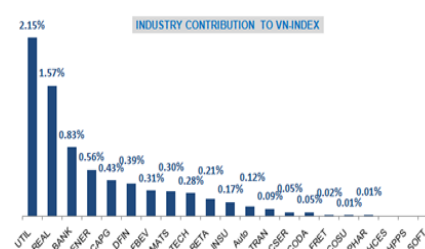
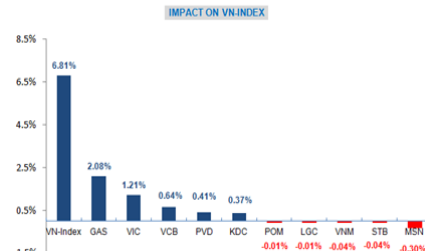
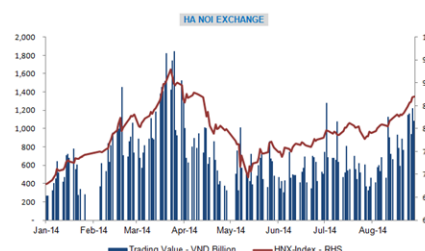
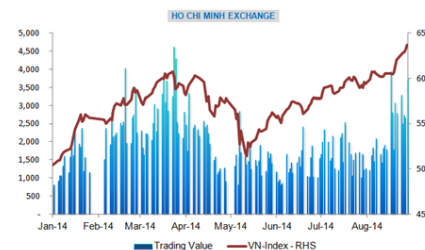
All sectors performed as well as VN-Index in this month. Some excellent performance sectors in August are utilities (2.15%), real estate (1.57%), banking (0.83%), energy (0.56%) and capital goods (0.43%).

MARKET OPPORTUNITY

In September, the macro-economic environment continues to support the market such as (i) the continued falling interest rates; (ii) some revival in credit growth in the last quarter; (iii) release of stronger business performance in the third quarter.

Meanwhile, the rising level of margin lending is a concern in which the balances reached limit of securities companies, limiting market liquidity and making investors more concerned when new money is limited. In addition, foreigners and ETFs can continue to sell more than buy when VN-Index's valuation continues to rise.

Although market sentiment is still high, the market might undergo some small corrections as are expected for healthier development. However, better fundamental factors help reduced large downside risks. The VN-Index may trade around 610-660 zone and the next strong resistance of VN-Index is 670 point.



INVESTMENT FUND VF1

Aug 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, FPT, 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 (billion VND)	1,005.1
Number of fund unit	42,384,153.4
NAV/unit 12-month high (VND)	23,713.3
NAV/unit 12-month low (VND)	18,144.5
Expense Ratio (%)	2.3
Turnover Ratio (%)	49.1

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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

VF1 ending August increased 7.6% MoM, outperformed VNIndex by 0.8%. This mostly came from the contribution of FPT (+15%), GAS (+10%), PVD (+14%) and PVS (+18%).

August witnessed the fund restructuring the investment portfolio. Accordingly, VF1 reduced more than 1/2 weight of VNM, switching to other investments with better opportunities for growth. At the same time, VF1 increased weight of GAS and two energy tickers namely PVD and PVS, putting PVS in top 5 holdings instead of VNM. At the current price of VND 124,000/share, GAS is traded at 2014PE of 16.5x, equivalent to Ho Chi Minh Stock Market PE and foreign investors are holding around 54 out of 62 mn of GAS outstanding shares. GAS's prospects in 2015 remain good due to (i) expected earnings from Vietnam Electricity (EVN)'s outstanding payment up to USD150 mn, (ii) increase in new pricing to EVN derived from dry gas sold to electricity plants for the above take or pay volume, and (iii) increase in earning of transportation segment from Nam Con Son 2 - phase 1 project. Referring to PVD, all rigs are fully contracted. PVD's FY2015 - 2016 prospects also look strong as the company will have a new long-leg rig coming into operation in Q1 FY2015, with perhaps another long-leg rig to come in 2016. PVS is among our favorite stocks due to (i) positive forward outlook, (ii) steady dividend, and (iii) good liquidity and foreigners' net buy. Besides, VF1 is currently looking for new investment opportunities in sectors of Real Estate, Materials, Capital Goods, Diversified Financials, etc...

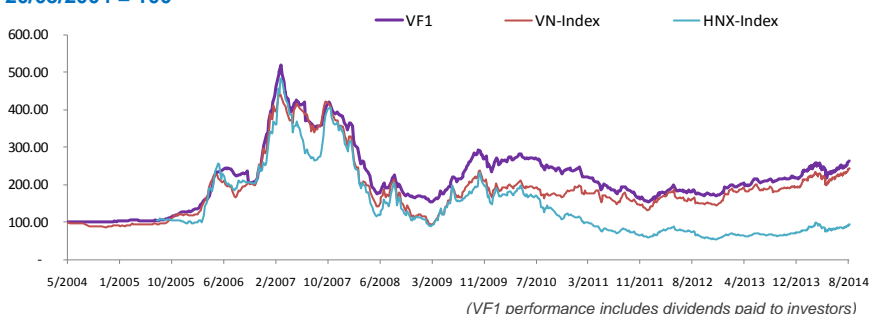
Moreover, VF1 invested in government bonds of long tenor in the context of sharply falling bond yield due to large demand for bonds from banks in a situation of very low CPI and congestion of credit growth in 2014. Accumulative from the begin-2014, VF1 grew 24.5% and its current portfolio includes 26 stocks and 2 bonds.

NAV PERFORMANCE

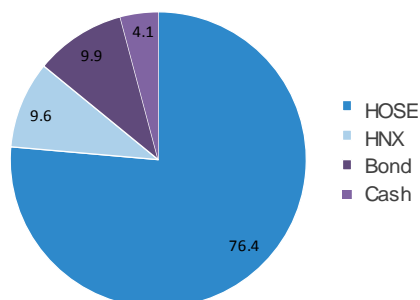
	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (20/5/2004)
VF1	23,713.3	7.6	14.5	24.5	31.4	137.1
VN-Index	636.7	6.8	13.3	26.2	34.7	143.4
HNX-Index	87.0	9.8	14.8	28.3	42.2	n/a

VF1 PERFORMANCE VS. INDEX

20/05/2004 = 100



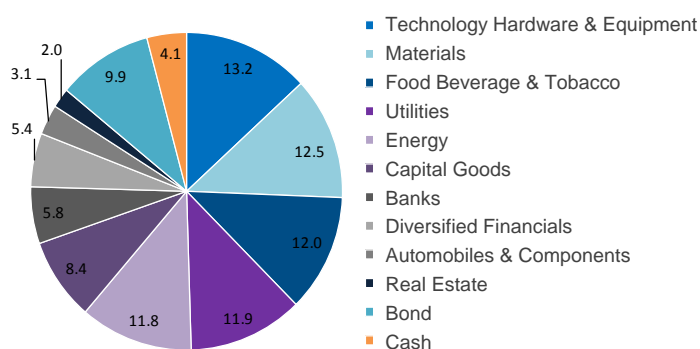
ASSET ALLOCATION BY ASSET CLASS (% NAV)



TOP 5 HOLDINGS

Stock	Sector	Bourse	% NAV
FPT	Technology Hardware & Equipment	HOSE	13.2
GAS	Utilities	HOSE	11.9
PVD	Energy	HOSE	6.9
HPG	Materials	HOSE	6.8
PVS	Energy	HNX	4.9

ASSET ALLOCATION BY SECTOR (% NAV)



FUNDAMENTAL STATISTICS

	VF1	VN-Index
Median P/E	13.2	10.1
Weighted Average P/E	21.7	16.5
Median P/B	1.8	1.0
Weighted Average P/B	3.0	2.2
ROE (%)	21.3	13.5
Dividend Yield (%)	3.8	3.7
Number of holdings	26	302

(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	0.8	1.0
Standard Deviation (%)	15.0	15.2
Sharpe Ratio	1.5	1.5

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INVESTMENT FUND VF4

Aug 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, FPT, 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 (billion VND)	486.6
Number of fund unit	44,638,865.6
NAV/unit 12-month high (VND)	10,901.6
NAV/unit 12-month low (VND)	7,901.3
Expense Ratio (%)	2.3
Turnover Ratio (%)	63.9

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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

Along with continuing up-trend of stock markets in August, the Fund VF4 has impressive growth of 8.6%, surpassing the growth of VNIndex by 1.8%. The largest contribution to growth in the net asset value of VF4 is from the sectors of Energy (PVD +14%, PVS +20%), Technology Hardware Equipment (FPT +10%) and Utilities (GAS +10%). These shares are also large holdings of VF4 during the month.

In August, the fund has raised VF4 holdings of PVD (Energy) and HPG (Materials) up to more than 7.5% NAV as we forecast the companies will maintain high growth rate in the next 2 years. PVD is expected to add 2 new rigs in operation in the period from 2015-2016 to accelerate growth in the context of high demand of replacing older rigs, while HPG is planning to develop the Third Phase of the Complex with addition of 750,000 tons of steel capacity and expand overseas markets. Besides, VF4 added exposure in Real Estate, Construction Materials, Capital Goods, Automobile & Components ... During August, VF4 also realized part of profit from FPT and reduced FPT exposure to less than 5% of NAV.

Accumulated from the beginning of the year, the Fund has grown by 28.9%, outperformed VNIndex by 2.7%.

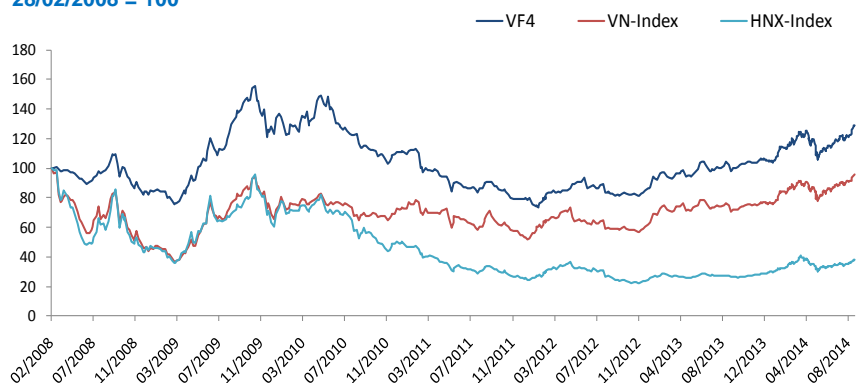
NAV PERFORMANCE

	NAV/Unit (VND) & Indices	Performance (%)				
		1 month	3 months	YTD	Trailing 12 months	Since Inception (28/2/2008)
VFMVF4	10,901.6	8.6	16.4	28.9	38.0	29.0 (*)
VN-Index	636.7	6.8	13.3	26.2	34.7	(4.0)
HNX-Index	87.0	9.8	14.8	28.3	42.2	(61.9)

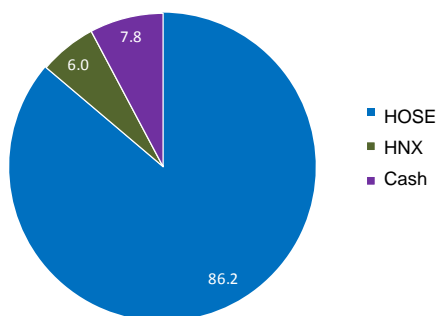
(*) Including dividends

VF4 PERFORMANCE VS. INDEX

28/02/2008 = 100



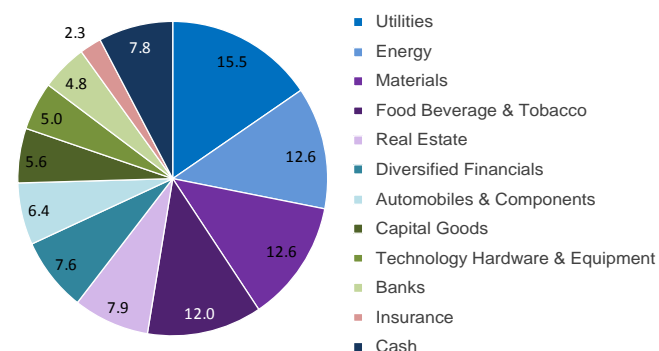
ASSET ALLOCATION BY ASSET CLASS (% NAV)



TOP 5 HOLDINGS

Stock	Sector	Bourse	% NAV
GAS	Utilities	HOSE	15.5
VNM	Food Beverage & Tobacco	HOSE	8.3
PVD	Energy	HOSE	7.7
HPG	Materials	HOSE	7.6
FPT	Technology Hardware & Equipment	HOSE	5.0

ASSET ALLOCATION BY SECTOR (% NAV)



FUNDAMENTAL STATISTICS

	VF4	VN-Index
Median P/E	15.7	10.1
Weighted Average P/E	22.9	16.5
Median P/B	1.9	1.0
Weighted Average P/B	3.4	2.2
ROE (%)	22.3	13.5
Dividend Yield (%)	2.9	3.7
Number of holdings	23	302

(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	0.9	1.0
Standard Deviation (%)	16.9	15.2
Sharpe Ratio	1.6	1.5

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INVESTMENT FUND VFA

Aug 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, FPTS
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)	93.1
Number of fund unit	11,885,261.7
NAV/unit 12-month high (VND)	7,831.0
NAV/unit 12-month low (VND)	6,891.1
Expense ratio (%)	2.2
Turnover ratio (%)	206.0

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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

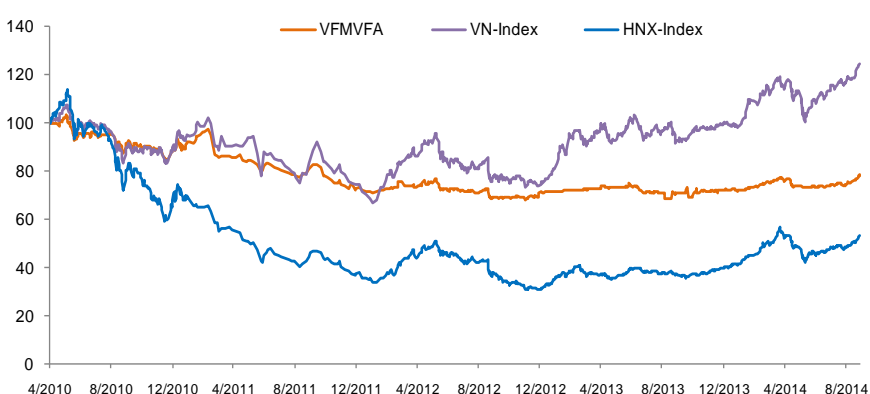
In August 2014, the Vietnamese stock market has been very exciting as the VN-Index advanced 6.8% to its highest level in six years, and the HNX-Index rose 9.8% to 87.04. In the meantime, the VN30-Index continued to rise 6.2% to 676.82. As of August 31, 2014 VFMVFA's NAV/unit was VND 7,829.3, increased 5.5% versus the last month.

In August 2014, VFA's investment strategies had net buy on HOSE so the allocation by asset class changed significantly when VFA increased stock proportion (accounted for 56.1% NAV) and decreased risk-free assets (accounted for 43.9% NAV). In this month the allocation by strategies did not change much while Stock-based MATF strategy, High quality strategy, High velocity trend following 1.0 and High velocity trend following 1.1 comprised 29.6% NAV, 30.4% NAV, 10.5% NAV and 29.5% NAV, respectively.

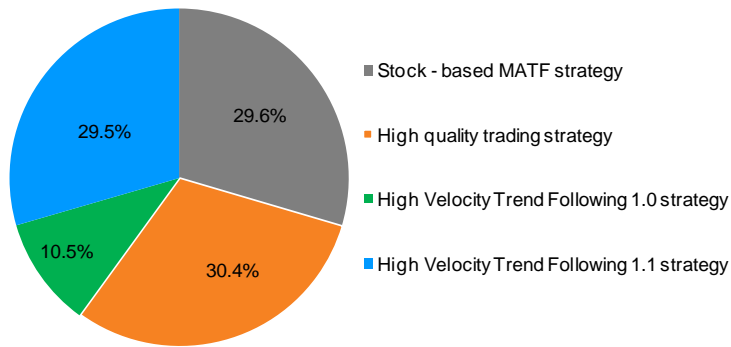
NAV PERFORMANCE

	NAV/Unit (VND) & Indices	Performance (%)					Since inception (02/04/2010)
		1 month	3 months	YTD	Trailing 12 months		
VFMVFA	7,829.3	5.5	6.3	8.5	10.4	(21.7)	
VN-Index	636.7	6.8	13.3	26.2	34.7	24.7	
HNX-Index	87.0	9.8	14.8	28.3	42.2	(47.0)	
VN30-Index	676.8	6.2	9.5	20.2	28.6	26.7	

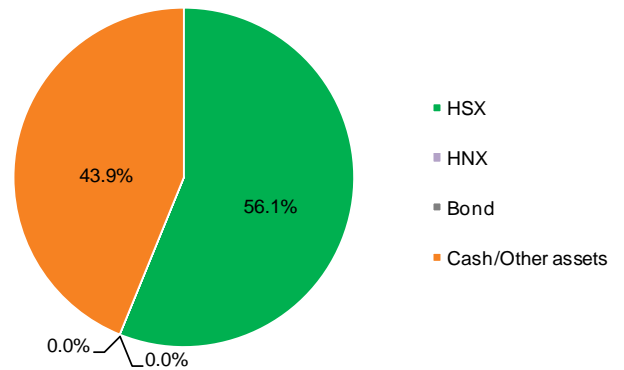
VFA PERFORMANCE VS. INDEX



ALLOCATION BY STRATEGY (%NAV)



ALLOCATION BY ASSET CLASS (%NAV)



RISK STATISTICS

	VFA	VN-Index
Beta	0.2	1.0
Standard Deviation (%)	9.1	15.2
Sharpe Ratio	0.5	1.5

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)

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INVESTMENT FUND VFB

Aug 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 (billion VND)	80.4
Number of fund unit	7,146,888.4
NAV/unit 12-month high (VND)	11,246.2
NAV/unit 12-month low (VND)	9,440.9
Turnover Ratio (%)	288.3

Mr. Tran Le Minh - Fund Manager

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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

VGB 10-year yield dropped significantly in August 2014 at 36 basic points for secondary market and primary market auction winning rate was 8% in comparison to 8.48% in the last week of July. Other tenor yields moved in the same pattern especially for longer tenors (see yield curve chart below). Given the situation, Vietnam State Treasury has revised 2014 bond issuance plan with target of increasing long tenor amount and reducing amount of 2-year bond and T-bills; total planned issue is also revised from VND 210 trillion to VND 232 trillion. However, the revision generally does not strongly affect to bond market given the actual amount to be issued in the last 4 months of the year (after adjusted for expiring amount) amounting to just over VND 16 trillion and demand for bond investment is still high. Macro economy and money market indicators show signals of further reduction of deposit rate while strong growth of bond yields are not expected.

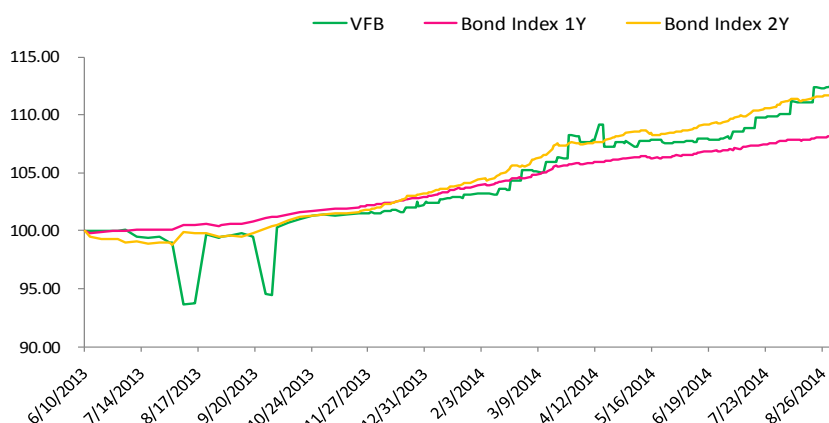
In August 2014, VFMVFB NAV increased 2.2% MoM. The NAV year to date growth is 9.7% and this is the highest YTD performance of local bond funds while VFMVFB NAV August 2014 YoY performance is 13%. The growth is result of shifting investments' duration (as mentioned in VFMVFB July 2014 report). The August performance also beats Dragon Capital Group 1-year bond index for 6 consecutive months. August also witnessed VFB investing in certificate of deposit.

NAV PERFORMANCE

	NAV/Unit (VND) & Indices	Performance (%)			
		1 month	3 months	YTD	Since Inception (20/5/2004)
VFMVFB	11,246.2	2.2	4.5	9.7	12.5
Bond-Index 1Y	194.3	0.4	1.6	5.1	8.1
Bond-Index 2Y	207.8	0.7	2.9	8.2	11.7

VFB PERFORMANCE (*) VS. BOND_INDEX (**)

10/06/2013 = 100

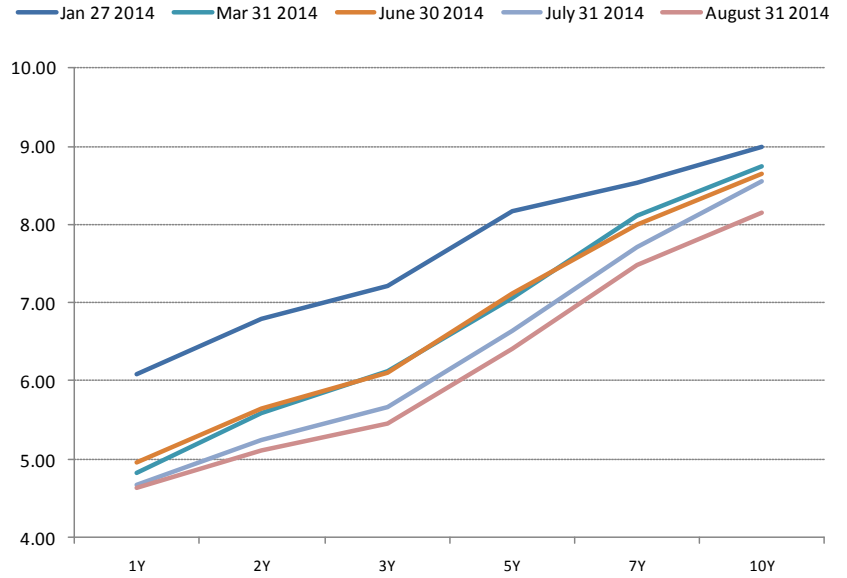


Notes

(*) 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.

YIELD CURVE



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

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

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