

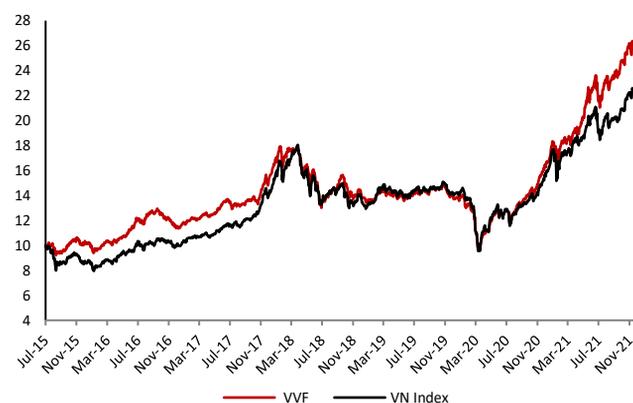
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

## PERFORMANCE SUMMARY

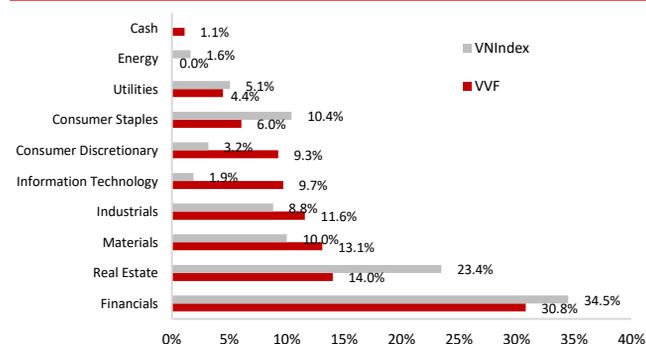
	Fund*	VN-Index
November 2021 (m-o-m)	1.5%	2.5%
YTD	52.0%	36.1%
3-year annualized	22.5%	17.8%
Annualized since inception	16.0%	13.3%
Accumulated since inception	157.5%	122.1%
Sharpe ratio (annualized since inception)	0.63	0.51
Annualized standard deviation	20.7%	21.7%
Tracking error	7.8%	

\* Fund information calculated from Class A shares

## PERFORMANCE CHART



## SECTOR ALLOCATION



## TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2021F PE	2021F ROE
FPT	3,879	Information Technology	9.7%	20.5	25.3%
HPG	9,639	Materials	8.5%	5.9	48.3%
MBB	4,824	Financials	7.9%	9.9	20.8%
MWG	4,359	Consumer Discretionary	6.7%	20.5	27.9%
TCB	8,006	Financials	5.9%	10.6	20.8%
DGC	1,231	Materials	4.6%	12.2	47.0%
QNS	849	Consumer Staples	4.3%	14.6	19.6%
VHM	16,217	Real Estate	4.0%	10.8	33.9%
NLG	938	Real Estate	3.6%	16.7	21.1%
GMD	661	Industrials	3.6%	23.8	10.1%
VVF Port.				13.2	24.9%
VN-Index				17.5	18.9%

Source: Bloomberg, VinaCapital's estimates

## MANAGER'S MONTHLY COMMENTARY

The VN Index maintained its positive momentum from the previous month and reached an all-time high of 1,500.8 on November 25th, then slightly retreated due to concerns about the emergence of the new Omicron COVID-19 variant, closing the month at 1,478.4, a 2.5% month-on-month (m-o-m) increase. Year-to-date (YTD), the VN Index has gained 36.1%. Notwithstanding the new variant concern, the vaccination progress in Vietnam has been faster than expected, with 56% of the population having been fully vaccinated as of December 6th. The rising vaccination rate gives the government more leeway to reopen the economy while keeping the hospitalization rate manageable.

With the active participation of retail investors, market liquidity set a record high. Monthly new securities accounts opened by retail investors reached an all-time high level of 220,602 in November. The average daily trading value (ADTV) reached USD1.8 billion in November, a 47% m-o-m increase. In 11M 2021, the ADTV was USD1.2 billion, a three-fold increase y-o-y.

Financials (particularly Brokerage) and Real Estate were the leading contributors to the VN Index's performance in November, with total returns of 7.3% and 4.4%, respectively. The Brokerage sector posted stellar returns thanks to the record trading volume and the news of further capital raising by some of the top brokers to meet the surging margin lending demand from local investors. The Real Estate sector was fuelled by hopes for the approval of a sizable stimulus package (including infrastructure spending) to revive the economic activities post lock-down. Manufacturing activities showed solid recovery, with the Purchasing Managers' Index (PMI) reported at 52.2 in November.

The fund's Class A NAV per share increased 1.5% in November, bringing its YTD return to 52%, outperforming the VN Index by almost 16 percentage points. During the month, Real Estate and Brokerage stocks were the top contributors to the fund's performance, including Nam Long Group (NLG, +7.5%), Dat Xanh Group (DXG, +35.5%) and Ho Chi Minh Securities (HCM, +28.4%).

Nam Long Group (NLG) is a mid-end real estate developer, owning a quality land bank of almost 700 hectares in both northern and southern Vietnam, with six on-going projects in six cities/provinces in the country. In November, the company announced the launch of a new mega project called Izumi City on a 170-hectare land lot in Dong Nai province, which neighbors Ho Chi Minh City (HCMC). In fact, NLG is among a few large listed residential developers that have been able to debut large-scale new projects amid the uncertainty caused by the earlier outbreak in Vietnam. Given the company's financial soundness, good land bank, and proven track record in developing the affordable housing segment, NLG has accessed funding for future land acquisition and project development, including a private placement worth USD87 million in 3Q 2021. It is also in the final stage of closing a deal for a corporate bond worth USD44 million from the International Finance Corporation (IFC) with a favorable interest rate. We believe NLG's recent product launches will be well-timed to benefit from pent-up demand, the low interest rate environment, and accelerated investments into infrastructure in HCMC and surrounding provinces, and we forecast pre-sales to more than double in the next two years.

Mobile World Group (MWG) increased 5.8% in November, following the announcement of upbeat October results, which saw revenue and net profit increase 39% and 86% respectively in the month, driven by demand recovery for their mobile phone and consumer electronics stores. For the first ten months of 2021, MWG recorded revenue and profit growth of 10% and 19%, respectively. We expect MWG to be back on a robust growth trajectory next year, driven by continued improvement from its grocery chain, as well as from several business initiatives for its other store chains. MWG is trading at a 15.5x 2022E P/E and a 4.0x 2022E P/B.

During the month, we divested a small position in the consumer sector and took some profit in a few of our real estate holdings which had a good rally in recent months. In the meantime, we accumulated a new position in a private bank which is expected to have a turnaround story focused on legacy asset clearance and improving profitability.

Looking ahead, we foresee attractive returns from Vietnamese equities in 2022 with earnings growth, which is forecast at 23%, to continue to be the key driver. We expect companies that lead the economic recovery from the pandemic shock to emerge as bright spots alongside industries that benefit from secular growth trends. For cyclical sectors, financials and industrials are two areas of opportunity that stand out, while for secular growth trends, urbanization, domestic consumption, and digitalization have been our focus. However, we would also expect that the relative performance of companies within sectors will be increasingly differentiated based on companies' relative pricing power, highlighting the importance of bottom-up stock selection. We have always focused on investing in businesses that boast sustainable competitive advantages, are run by management teams that are perpetually investing in their businesses, which expand addressable markets and raise barriers to entry. These actions not only provide pricing power but also help shield the businesses from competitors.

## MACRO COMMENTARY

November saw a further easing of COVID-related social distancing measures in Vietnam, including the re-opening of certain non-essential businesses such as bars and cinemas. The country's shift in approach from "Zero COVID" to "Living with COVID" was motivated by a realization that economic immobility had a detrimental effect on people's lives and social stability and was enabled by a drop in COVID cases as well as a sharp acceleration of vaccinations. As of the end of November, over 50% of Vietnam's citizens were fully vaccinated compared to 34% in The Philippines, 39% in Indonesia, and 58% in Thailand.

Accordingly, Vietnam's economic activity continued to rise during the month. For example, retail sales (which are a close proxy to domestic consumption) increased by another 6% m-o-m after having surged nearly 20% m-o-m in October. Nevertheless, we estimate that domestic consumption is still approximately 10% below pre-COVID levels.

Manufacturing activity also continued to rebound in November, increasing by 6% m-o-m, which was comparable to the increase in October. One reason manufacturing activity has not snapped back as quickly as domestic consumption is that some companies have had difficulty getting all their employees back to work for a variety of reasons, with over 10% yet to return. This was a key factor in Vietnam's manufacturing PMI ticking up from 52.1 in October to 52.2 in November - despite the fastest increase in new orders since April. We expect all workers to return to factories within the

## MACRO INDICATORS

	2020	Nov 2021	YTD 2021	YOY
GDP growth <sup>1</sup> (%)	2.9			1.42%
Inflation <sup>2</sup> (%)	3.2	2.1	1.8	
FDI commitments (USDbn)	21.0	2.0	22.1	11.0%
FDI disbursements (USDbn)	20.0	2.0	17.1	-4.2%
Imports (USDbn)	262.4	29.8	299.4	27.5%
Exports (USDbn)	281.5	29.9	299.7	17.5%
Trade surplus/(deficit) (USDbn)	19.1	0.1	0.2	
Exchange rate (USD/VND) <sup>3</sup>	23,131	23,139		

Sources: GSO, Vietnam Customs, SBV, MPI | 1. Annualized rate, updated quarterly | 2. Inflation: Monthly year-on-year change; Annual is 12-month average change in CPI per GSO | 3. BBG-State Bank of VN Avg. USD/VND Interbank rate

next two months, partly because some employers are offering incentives to return.

The majority of products produced in FDI factories are exported, and the US is Vietnam's largest export market, representing over one-quarter of the country's total exports in 11M21. Exports to the US grew 22% y-o-y during this period, which lifted overall exports by 17.5% to USD299.7 billion, according to the General Statistics Office (GSO).

However, the import of production inputs (circa 70% of total exports) lifted Vietnam's overall imports by 27.5% y-o-y to USD299.4 billion in 11M21 (in November, exports grew 3% m-o-m while imports grew 14% m-o-m). Consequently, Vietnam's trade surplus stood at USD200 million in the first 11 months of the year.

This surge in the import of production materials is a convincing leading indicator that Vietnam's factory output will continue growing in the months ahead. Another compelling leading indicator is an 11% y-o-y increase in registered/planned FDI to over USD22 billion in 11M21, nearly all of which will be channelled into manufacturing or power generation. Actual FDI disbursements, however, have dipped by about 4% this year because of the difficulties in consummating previously planned investments due to COVID-related restrictions.

Two other events in November make us confident about Vietnam's economic prospects in 2022 and beyond: a pilot program to welcome the first fully vaccinated foreign tourists back to Vietnam since the pandemic emerged, and the opening of the first segment of Hanoi's new metro system. In short, we expect tourism and infrastructure development to make major contributions to Vietnam's GDP growth next year.

Finally, inflation in Vietnam remained around 2% in November and the value of the VN Dong was essentially unchanged during the month despite soaring inflation in many countries and despite a 2% surge in the DXY / US Dollar Index in the month.

The State Bank of Vietnam bought about USD3 billion worth of FX reserves in November (or circa USD10 billion YTD), lifting its total reserves up to around USD110 billion, which supported the USD-VND exchange rate. Specifically, the official USD-VND exchange rate has appreciated by nearly 2% YTD, despite an 7% appreciation in the value of the US Dollar.

The Economist magazine recently ranked EM countries that are the most vulnerable to the Federal Reserve's tapering of its monthly asset purchases, and Vietnam's vulnerability ranked at the bottom of the list. Only Russia and Saudi Arabia were ranked less vulnerable to QE tapering than Vietnam.

## KEY TERMS

	Class A <sup>1</sup>	Class B	Class C	Class D	Class E	Class F <sup>3</sup>	Class G
Currency	USD	USD	EUR	EUR	USD	GBP	JPY
Min. Investment	500,000	5,000	500,000	5,000	500,000	3,000,000	10,000,000
Management Fee	1.25%	2.00%	1.25%	2.00%	1.25%	1.25%	2.00%
Performance Fee	None	15% <sup>2</sup>	15% <sup>2</sup>	15% <sup>2</sup>	15% <sup>2</sup>	None	None
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVIEEU LX	-	FOVCPVG LX
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286782559	LU1286782716	LU1286783011

<sup>1</sup> Class A Shares are restricted to former shareholders of VNI.

<sup>2</sup> 15% of the outperformance of the NAV per Share over the Adjusted Reference NAV as described in Section IX of the Forum One - VCG Partners Vietnam Fund Prospectus.

<sup>3</sup> UK investors should note that Class F Shares will comply with the restrictions on the payment of commissions or rebates as a result of the UK Financial Conduct Authority's Retail Distribution Review (RDR).

## VVF FUND INFORMATION

Launch Date	14 July 2015
Legal Entity Identifier (LEI)	5493003GR1U7LK7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD55.2m
Incorporation	Luxembourg
Registered	UK, The Netherlands, Germany, Singapore, Austria, Switzerland, Sweden
Management Company	Edmond de Rothschild Asset Management (Luxembourg)
Fund Manager	VinaCapital Fund Management JSC
Depository Bank	Edmond de Rothschild (Europe)
Auditor	PwC Societe Cooperative Luxembourg
Swiss Representative	First Independent Fund Services Ltd, Klausstrasse 33, CH-8008 Zurich, Switzerland
Swiss Paying Agent	NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 Zurich, Switzerland

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## Disclaimer

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