

31 January 2016

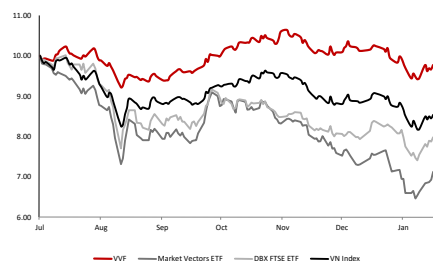
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam or that has substantial exposure to Vietnam, with an objective to outperform the Vietnamese benchmark index over the long term, through bottom up stock picking and disciplined risk management.

## Performance summary

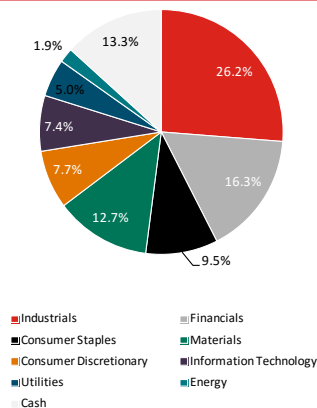
	Fund <sup>1</sup>	VN Index
January 2016 (month-on-month)	(4.6%)	(4.7%)
Year-to-date	(4.6%)	(4.7%)
Cumulative since inception	(2.3%)	(16.0%)
% of Up months	53.9%	30.8%
Annualised standard deviation	15.0%	19.6%
Tracking error	9.2%	

<sup>1</sup>Fund information calculated from Class A shares

## Performance Chart



## Sector Allocation



## Calendar

### VVF Roadshows

Taiwan roadshow, March 25-27  
 Europe quarterly roadshow, April 25-29, to include London, Edinburgh, Amsterdam, Geneva and Hamburg.

## Manager's monthly commentary

The year started off on a tumultuous note amid a global market rout led by China and oil prices plummeting to their lowest levels in more than a decade. The VN Index slumped 4.7%, triggered by foreign net outflows totalling USD54mn, oil prices and margin reduction from retail investors. The fund's Class A NAV per share slightly outperformed the VN Index, declining 4.6% during the month.

### Vinamilk retreats in January

The fund's performance was largely affected by that of its largest holding, Vinamilk (VNM), which retreated 9.4% during the month as retail investors wound down their margin positions on the stock and took profit after a strong performance during Q42015. For FY2015, Vinamilk announced unaudited consolidated revenue of USD1.8bn, up 14% year-on-year on volume growth, while net profit grew at an even faster pace of 28% year-on-year to USD349mn. Net margin in 2015 widened to 19.4%, up 2.3 percentage points from 17.1% in 2014, driven by low input costs and improved product mix. Domestic consumption continues to rise, and Vinamilk's leading market position and lower powder milk input costs should continue to deliver solid growth in the year ahead.

### CII steers clear of rout, posts gains

The fund's top performer was Ho Chi Minh City Infrastructure Investment (CII) which gained 3.7% during the month. The company is one of the largest private infrastructure firms in Vietnam, with engineering and construction, toll roads, water, waste management and real estate operations. FY2015 ended positively for the company, with net earnings up 61.6% to USD28mn despite a Q4 hiccup related to a conservative financial provision. The company provided positive earnings guidance for 2016 of approximately USD38mn (+35% y-o-y), driven by increases in toll fees, profit from the sale of apartments and land in Thu Thiem, District 2, and financial income.

### Market rout leads to opportunities

Despite January's market rout, Vietnam's macroeconomic outlook remained positive. Valuations looked attractive after the recent correction, widening Vietnam's discount versus regional peers. We view this as an opportunity to acquire stocks we have been eyeing at more appealing valuations. During the month, we liquidated our matured position in an animal feed company to increase our stake in construction materials and transportation stocks, which are more geared toward domestic consumption and growth. Given continued global market volatility and uncertainty, we will limit exposure to stocks that are particularly affected by external factors.

## Top holdings

Ticker	Market Cap (USDm)	Sector	% of NAV	2016F PE	Div Yield
VSC	137	Industrials	9.9%	10.0	2.0%
VNM	6,263	Consumer Staples	9.4%	15.5	4.3%
FPT	830	Information Technology	7.4%	8.8	5.4%
VCB	4,963	Financials	5.6%	17.3	2.4%
SJD	54	Utilities	5.0%	6.6	9.7%
HPG	907	Materials	5.0%	6.3	7.3%
CII	252	Industrials	4.6%	7.0	6.3%
CTD	288	Industrials	4.2%	8.0	3.6%
MWG	475	Consumer Discretionary	3.9%	8.1	1.4%
DRC	164	Consumer Discretionary	3.8%	7.9	7.5%
VVF Portfolio				8.7	4.2%
VNIndex				12.2	3.5%

## Macroeconomic update

The positive economic momentum of 2015 continued into January 2016, with robust consumption and low inflation. Domestic consumption ramped up in preparation for the Lunar New Year holidays, with retail sales, a proxy for popular demand, rising 11.7% in nominal terms and 11.0% in real terms. Among consumption components, garments and foods recorded the highest growth, 12.9% and 11.5%, respectively. The Nikkei PMI climbed on the back of new orders to 51.5 from 51.3 the previous month. The Index of Industrial Production rose moderately by 5.9% due mainly to seasonal factors. The manufacturing sector (70% of industrial production) continued to expand by 8.2%. FDI

maintained a strong tempo with new commitments surging 101% to USD1.3bn, and actual disbursements increasing by 23.1% to USD800mn.

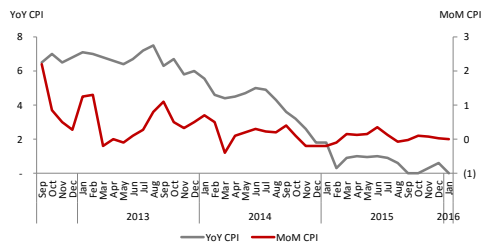
The CPI for January came in at 0.8% year-on-year. Low inflation means that interest rates can be kept low, giving the State Bank of Vietnam (SBV) room to ease monetary policy to support GDP growth and the equity market if necessary. The foreign exchange market stabilized considerably in January, and the SBV expects the VND to trade within a narrow range for the rest of Q1.

## Macroeconomic indicators

	2015	Jan-16	2016 YTD	Year-on-year
GDP growth <sup>1</sup>	6.7%			
Inflation (%)	0.6%	0.0%	0.0%	0.8%
FDI commitments (USDbn)	22.8	1.3	1.3	101.3%
FDI disbursements (USDbn)	14.5	0.8	0.8	23.1%
Imports (USDbn)	165.6	14.0	14	2.9%
Exports (USDbn)	162.4	13.8	13.8	1.7%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.2)	(0.2)	
Exchange rate (USD/VND) <sup>2</sup>	22,450	22,285	-0.7%	

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

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



## Key terms

	Class A	Class B	Class C	Class D	Class E	Class F	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	15.00%	15.00%	15.00%	15.00%	None	None
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVIEEU LX	-	-
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286782559	LU1286782716	LU1286783011

## Fund structure

Launch date	14 July 2015
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD63.6m
Incorporation	Luxembourg
Registered	UK, Germany, Singapore, Austria
Management company	Edmond de Rothschild Asset Management (Luxembourg)
Investment manager	VinaWealth FM JSC
Depository Bank	Edmond de Rothschild (Europe)
Auditor	PwC Societe Cooperative Luxembourg

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