

Forum One - VCG Partners Vietnam Fund (VVF)



Class A NAV/share: USD11.81

30 November 2016

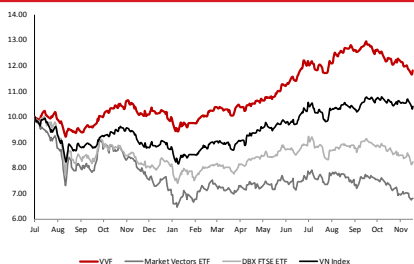
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam or that have substantial exposure to Vietnam, with an objective to outperform the Vietnamese benchmark index over the long term, through bottom up stock picking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

Performance summary

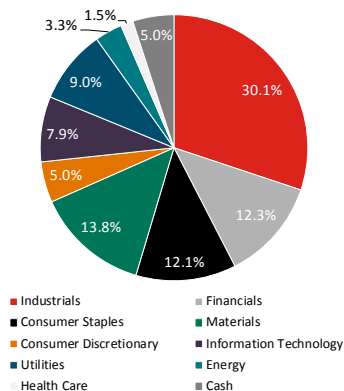
	Fund ¹	VN Index
November 2016 (m-o-m)	(3.7%)	(3.1%)
Year-to-date	15.3%	13.9%
Cumulative since inception	18.1%	0.2%
% of Up months	69.7%	60.6%
Annualised standard deviation	12.9%	14.5%
Tracking error	7.3%	

¹Fund information calculated from Class A shares

Performance Chart



Sector Allocation



Calendar

Roadshows

Roadshows planned for the first quarter of 2017 to include Germany, Luxembourg, Spain, France and the United Kingdom. We will release details once they become available.

Manager's monthly commentary

The VN Index ended November at 665, down 3.1% in USD terms. The P/E valuation of the market fell to 15.7x from 16x of last month on a trailing twelve months' basis. The VN Index continued to be distorted by Faros Construction (ticker: ROS VN), a company which was listed on Ho Chi Minh City Stock Exchange (HOSE) on 1st September 2016 and became the country's eighth largest company with a market capitalisation of USD2.4bn by the end of November after its share price increased tenfold.

During the reporting period, the Vietnam stock market experienced huge foreign selling pressure, triggered by a stronger USD after the U.S. presidential election and news of a possible Fed rate hike. The VND depreciated by 1.6% m-o-m as of 30th November 2016, while foreign investors net sold approximately USD71mm on both exchanges, of which the two ETFs accounted for 45% of total net outflow. Foreign investors' selling of large-cap stocks such as Vinamilk, Vincom and Masan impaired the trading psychology of the market. Another possible cause of foreign selling might be the need to raise cash for the highly anticipated new listings and upcoming high profile IPOs such as the Saigon Brewery company (largest beer market share by volume), Novaland (second biggest property developer) and VietJet Air (number one local budget airline).

The net asset value (NAV) per share of the Fund (Class A) declined 3.7% in USD terms, slightly underperforming the VN Index during the month. The Fund, however, outperformed the VN Index by 1.4% YTD and 17.9% since inception. The fund's underperformance this month was mostly due to no exposure to ROS, which advanced 40% during the period and which accounts for 4% of the VN Index's weight at the end of November. We decided not to buy shares of this company due to its speculative nature (trailing P/E of 170x) and lack of fundamentals. Excluding ROS, the VN Index would have decreased approximately 5% in USD terms in November.

Vinamilk, our top holding decreased 2.8% in VND terms in the month under strong selling pressure from foreigners as the market awaited outcome of the upcoming State Capital Investment Commission's (SCIC) sale of its 9% stake in Vinamilk. If successful, this divestment, worth USD800mn, will provide the market with a strong inflow of USD, thereby helping to reduce tension on the local currency and improve market sentiment. VNM's second largest shareholder, Fraser & Neave, who owns 10.95% of VNM, has registered to buy 5.4% of total outstanding shares of the company in the upcoming public auction on 12th December 2016.

During the month, the Fund's steel holdings bucked the down trend, with Hoa Phat Group (HPG) and Hoa Sen Group (HSG) advancing 3.3% and 20% in VND terms, respectively. The good performance of the former resulted from a record sales volume of 203,000 tons of construction steel, an increase of 80.2% y-o-y and 23.3% m-o-m. HPG's monthly market share improved to 26.5% in November, compared to 24.8% in October. For the first 11 months of the year, HPG's total sales volume increased to 1.58mn tons (a 24.8% y-o-y increase), fulfilling 95% of the company's annual target.

HSG completed its fiscal year 2016, ending 30th September, with revenue and sales volume reaching USD795mn (+2.4% y-o-y) and 1.32mn tons (+21.6% y-o-y), respectively. FY2016 net profit soared to USD66.5mn (+130% y-o-y) because the company stocked raw material at low price. HSG is expected to maintain encouraging business results in Q1FY2017 (1st October to 31st December 2016) as the group will continue to benefit from low-cost inventory in this quarter while selling price would be adjusted based on the price of hot rolled coil, the main raw material for steel sheet production, which increased from USD360 per ton in July 2016 to USD509 per ton at present.

We took the opportunity to partly realise profit in the two steel companies amidst volatility in commodity prices and recycle the money into domestic-based sectors which are less vulnerable to the commodity cycle.

Top holdings

Ticker	Market Cap (USDm)	Sector	% of NAV	2016 PE	Div Yield
VNM	8,837	Consumer Staples	9.9%	20.6	3.6%
FPT	879	Information Technology	7.9%	9.8	4.6%
BMP	391	Industrials	6.7%	13.4	2.1%
VSC	115	Industrials	6.5%	10.6	2.6%
HPG	1,565	Materials	6.4%	6.1	3.6%
CTD	583	Industrials	4.7%	9.4	3.2%
SJD	59	Utilities	4.4%	8.2	8.5%
CII	313	Industrials	3.6%	10.1	4.7%
GAS	5,394	Utilities	3.4%	20.4	4.7%
PVS	349	Energy	3.3%	9.3	6.8%
VVF Portfolio				12.0	4.3%
VNIndex				15.1	2.5%

Source: VinaCapital's estimates, Bloomberg

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Macroeconomic update

Manufacturing: With the Government's General Statistics Office (GSO)'s Index of Industrial Production (IIP) rising 7.2% y-o-y and the Nikkei Purchasing Manufacturing Index (PMI) surging to 54.0 in November from 51.7 in October, manufacturing is on track to drive the economy's growth to end 2016 on a good note. November marks the highest PMI in 16 months due to an influx of new work orders, from both export and domestic sources.

Domestic Consumption: Retail sales, which accounts for 60% of the country's GDP, continued to grow at a healthy rate of 9.3% in nominal terms and 7.5% in real terms.

Trade: The GSO reported that November recorded an estimated deficit of USD400m to reduce the year-to-date trade surplus to USD2.8bn. Imports grew at a faster pace than exports, posting growth of 1% m-o-m to settle at USD16bn while exports increased by 1.3% m-o-m to settle at USD15.6bn.

Foreign Direct Investments: Though commitments is down 10.5% y-o-y due to some

large projects committed last year, actual FDI disbursement showed healthy growth of 8.3% y-o-y to reach USD14.3bn within the first eleven months, providing a nice source of foreign currency to support the Vietnam Dong (VND).

Vietnam Dong: The VND came under strong pressures in November as USD/VND interbank rates reached 22,665 at the end of November and the USD rose against all major currencies. It is our view that the State Bank of Vietnam will be able to modulate the VND/USD rates given its ability to leverage its estimated USD40bn FX reserve.

Inflation: The Consumer Price Index has reached 4.5% y-o-y, close to the 5% target set by the government. Because the key drivers in inflation are government administered prices, such as gasoline, we are confident that the government will be able to stabilise any further increases in inflation.

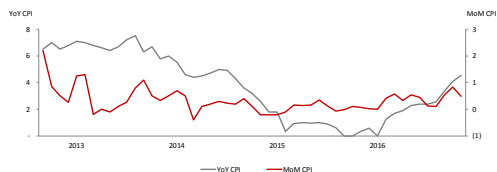
GDP Growth Rate Projection: The Vietnamese economy is well-positioned to finish the year strongly. We expect a GDP growth rate of 6.2% for 2016.

Macroeconomic indicators

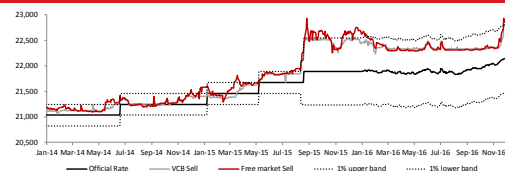
	2015	Nov-16	2016 YTD	y-o-y
GDP growth ¹	6.7%			
Inflation (%)	0.5%	0.5%	4.5%	4.5%
FDI commitments (USDbn)	22.8	0.5	18.1	(10.5)%
FDI disbursements (USDbn)	14.5	1.6	14.3	8.3%
Imports (USDbn)	165.6	16.0	156.6	17.4%
Exports (USDbn)	162.4	15.6	159.5	12.3%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.4)	2.8	
Exchange rate (USD/VND) ²	22,450	22,665		0.8%

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualised rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate | 3. Compared to the first 11 months of 2015

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



Foreign exchange rates (USD/VND)



Key terms

	Class A ¹	Class B	Class C	Class D	Class E	Class F ³	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% ²	15% ²	15% ²	15% ²	None	None
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVIEEU LX	-	-
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286782559	LU1286782716	LU1286783011

¹ Class A Shares are restricted to existing holders of the Listed Portfolio Share class (AIM: VNII) of Vietnam Infrastructure Limited; external investors may subscribe to the Class A Shares at the discretion of the Investment Manager.

² 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 (Updated September 2016).

³ 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).

Fund structure

Launch date	14 July 2015
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD63.7m
Incorporation	Luxembourg
Registered	UK, Germany, Singapore, Austria, Switzerland, Sweden
Management company	Edmond de Rothschild Asset Management (Luxembourg)
Investment manager	VinaWealth FM 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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The current Sales Prospectus, the Key Investor Information Document (KIID), the Charges of Association as well as the semi-annual, annual reports of the Forum One - VCG Partners Vietnam Fund ("the Fund") are the sole binding basis for the purchase of Fund shares. These documents can be obtained in English and free of charge from the Investment Manager's website (www.vinawealth.vn/en) and the Management Company's website (<http://www.edmond-rothschild.lu/>). This document is prepared by VinaWealth Fund Management Joint Stock Company ("VinaWealth") for the information of shareholders in the Fund and other eligible recipients, on the basis of information obtained from sources VinaWealth considered to be reliable, but VinaWealth does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. The information contained in this document is for background purposes only and is subject to updating, revision and amendment, and no liability whatsoever is accepted by VinaWealth or any other person, in relation thereto. Please refer to the Fund's prospectus for more information on the Fund and its risks. This document is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Past performance is not necessarily guidance to the future. The value of shares in the Fund and the income derived there from may go down as well as up. You are advised to exercise caution in relation to this document. If you are in any doubt about this document or any information contained in this document, you should obtain independent professional advice. The information contained in this document is strictly confidential and is intended only for the use of the individual or entity to which VinaWealth has provided the report. No part of this report may be reproduced or distributed without the prior consent of VinaWealth.