

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

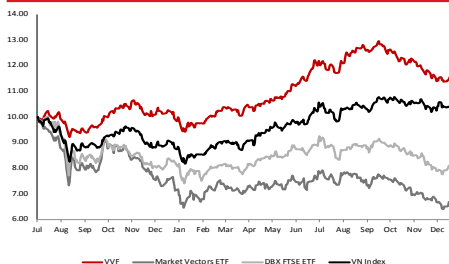
	Fund ¹	VN Index
December 2016 (month-on-month)	(2.2%)	(0.4%)
Year-to-date	12.8%	13.4%
Cumulative since inception	15.5%	(0.3%)
% of Up months	65.7%	57.1%
Annualised standard deviation	12.9%	14.4%
Tracking error	7.6%	

¹Fund information calculated from Class A shares

Manager's monthly commentary

Vietnam's stock markets experienced major developments in 2016. The VN Index closed the year at 664.7 for an annual return of 13.4% in USD terms. The aggregate market capitalization of Vietnam's three exchanges (Ho Chi Minh, Hanoi and Upcom) surged 41% to reach USD85 billion at year end thanks to both good stock performances and the listing of several large state-owned enterprises (SOEs) as the privatization movement accelerated. Liquidity, as a result, increased 17% across the three exchanges, with average daily trading value reported to be USD111 million. Notably, Fraser and Neave (F&N) purchased USD500 million worth of Vinamilk (VNM) shares from the government in December, thus putting the foreign flow for the year at USD220 million net inflow. Without this transaction, the market would have seen a net outflow of USD280 million during the year.

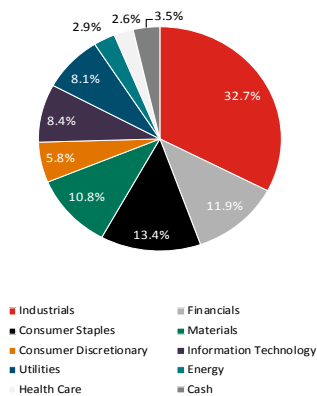
Performance Chart



Vietnam's continued macroeconomic stability and good growth, together with recent stock market reforms, were behind the Index's positive performance this year. These reform measures included improving market access for foreign investors in 2016, with several companies raising their foreign ownership limits (e.g. Vinamilk, Ho Chi Minh City Infrastructure, Vinh Hoan Seafood and Domesco) and requiring public companies to list on one of the three exchanges.

The VN Index's positive return in 2016 was supported by very strong performances of two newly listed stocks, Faros Construction (ROS) and Saigon Brewery (SAB) which rallied 1,265% and 79%, respectively since listing, making up half of the Index's yearly gain. The listing of SAB, the largest domestic beer producer, on the Ho Chi Minh Stock Exchange also saved the VN Index from a bigger decline in December as VNM, the largest listed stock, lost 9% in the month amidst market rotation pressure and a lackluster response to the government's 9% stake sale. SAB became the third largest listed company in Vietnam (after VNM and Vietcombank) accounting for 8.5% of the VN Index's total market capitalization and brought the consumer sector's weight from 25% to 31% of the Index at year end.

Sector Allocation



The net asset value (NAV) per share of the fund (Class A) declined 2.2% in USD terms during the month. The fund slightly underperformed the VN Index by 0.6% in 2016 while underperforming the VN Index by 15.8% since inception. The main reason for the fund's underperformance in December is the lack of exposure to SAB, which surged to its ceiling price every day for nine consecutive sessions upon listing at very little liquidity, before taking a breather. It is now traded at 23x FY2016f EV/EBITDA and remains on our watch list.

Looking forward to 2017, Vietnam's economic growth and stability should continue to have a positive impact on market sentiment. Privatization and divestment of government stakes in SOEs will continue to be pushed along. These privatized SOEs, together with other large private companies such as Vietjet Air and Techcombank, will make up an attractive list of new listings, thereby further broadening the equity market. We will identify good new stocks to add to the portfolio, while actively managing our current positions. Market rotation has also brought us opportunities in the forgotten heroes, companies with solid fundamentals but which have recently corrected to less than 10x trailing P/E compared to the 15.5x level of the broad market. It may be a challenging year ahead considering the commodity cycle and uncertainties surrounding Trump, but one that we look forward to with a lot of excitement.

Calendar

In March 2017, meetings in Geneva, Paris, and London.

Conferences in Cologne, Munich, Frankfurt, and Zurich.

Top holdings

Ticker	Market Cap (USDm)	Sector	% of NAV	2016 PE	Div Yield
VNM	8,006	Consumer Staples	9.3%	19.6	4.0%
FPT	888	Information Technology	8.4%	10.0	4.5%
BMP	381	Industrials	6.8%	13.2	2.1%
VSC	112	Industrials	6.7%	10.4	2.7%
HPG	1,597	Materials	6.0%	6.3	3.5%
CTD	616	Industrials	5.0%	10.0	3.0%
SJD	52	Utilities	4.0%	7.1	9.8%
CII	297	Industrials	3.6%	9.7	5.0%
MBB	1,053	Financials	3.4%	8.6	3.6%
PNJ	287	Consumer Discretionary	3.3%	12.8	2.7%
VVF Portfolio				12.0	4.2%
VNIndex				14.1	3.1%

Source: VinaCapital's estimates, Bloomberg

Forum One - VCG Partners Vietnam Fund (VVF)



Class A NAV/share: USD11.55

31 December 2016

Macroeconomic update

The Vietnamese economy concluded the year with a total GDP growth rate of 6.2%, lower than the government's target of 6.7% set at the start of 2016. Nevertheless, the economy showed stable and sustainable growth despite unfavourable global economic conditions and a severe drought affecting agriculture earlier in the year. With major indicators demonstrating that domestic consumption and manufacturing growth will continue to rise, we project that GDP growth in 2017 will be 6.5%.

Manufacturing: The Nikkei Purchasing Manager's Index for Vietnam slowed down to 52.4 in December, from a record high of 54 in November. Despite the monthly slowdown in manufacturing, the sector continued to see strong growth in exports and new orders.

Domestic consumption: Retail sales increased 10.2% year-to-date year-on-year in nominal terms and 7.8% in real terms in December. Furthermore, the General Statistics Office (GSO) reported that Vietnam's 2016 total retail revenue was USD118 billion, a 10.2% year-on-year increase.

Inflation: The Consumer Price Index rose 5% year-on-year in December with the major inflation drivers being administered prices (e.g., transportation, education and healthcare costs) under government control. Therefore, it comes as no surprise that full-year inflation would meet the government's target of 5% for the year.

Vietnam Dong: The Vietnam Dong (VND) experienced some FX turbulence with the USD/VND interbank rates reaching 22,720. For the full year in 2016, the VND depreciated approximately 1.2% against the USD. We expect the State Bank of Vietnam (SBV) to maintain a depreciation of 2-3% against the USD and we are confident that the government's estimated USD40 billion FX reserve will be sufficient to support the currency.

Trade: The GSO estimated a trade deficit of USD300 million in December, bringing the year-end trade surplus down to USD2.7 billion.

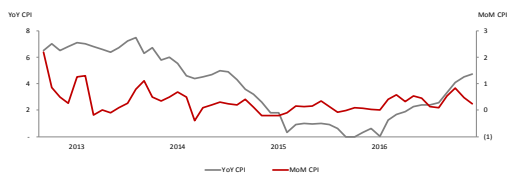
Foreign Investment: Committed foreign direct investment (FDI) reached USD24.4 billion at the end of December, a 7.1% increase from the previous year, whereas actual FDI disbursements reached USD15.8 billion, a 9% year-over-year increase.

Macroeconomic indicators

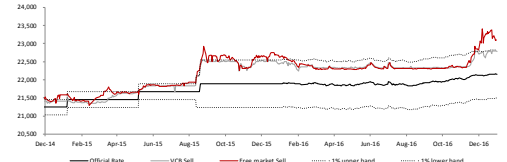
	2015	Dec-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%	6.2% ²		
Inflation (%)	0.5%	0.2%	4.7%	4.7%
FDI commitments (USDbn)	22.8	6.2	24.4	7.1%
FDI disbursements (USDbn)	14.5	1.5	15.8	9.0%
Imports (USDbn) ³	165.6	16.3	173.3	14.0%
Exports (USDbn) ³	162.4	16.0	175.9	16.5%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.3)	2.7	
Exchange rate (USD/VND) ⁴	22,450	22,720		-1.2%

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly | 2. GSO estimate | 3. Data as of 20 Dec 2016 | 4. (-) Denotes a devaluation in the currency, Vietcombank ask rate

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 ²	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 previous holders of the Listed Portfolio Share class 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	USD61.0m
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 Articles 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-de-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.