

Ho Chi Minh city, March 28th, 2022

FISCAL YEAR 2021 PERFORMANCE REPORT OF DFVN-CAF

I. Market updates

The year of 2021 was a difficulty year of Vietnam economy. By the strongly impact of the epidemic, the economy was almost paralysed because lockdown policy has been applied during 4 months (from June to October) at key economic region in the Southern area such as Ho Chi Minh City, Dong Nai Province, Binh Duong Province. The Covid-19 vaccination campaign has been implemented since the end of Q2/2021 with the goal to quickly repel the pandemic nationwide. Ho Chi Minh City, Dong Nai Province and Binh Duong Province will continue to deploy booster shots (third dose) in early 2022. Thanks to the high rate of vaccine coverage, socio-economic activities have been gradually resumed since the Q4/2021 in these provinces with loosen epidemic preventive measures. Transportation, retail, and food and beverage services have been almost fully re-opened in the end of 2021. Compared to major economies in the world such as the United State, Japan, and Europe, which have all fully re-opened since the beginning of 2021, despite of the high infection rate due to new variants of the Corona virus, Vietnam economy has been re-opened though it was later than them although China who continues to maintain its Zero-Covid policy and there have been still a thorough lockdown in many places. In addition, the global economy has much prescient risks and it will be affected in the next few years. Global trade was negatively impacted due to supply chain disruptions and shortages of important goods such as semi-conductor, gas and oil which are contributing to a surge of commodity prices during severel months ended this year. The Omicron variant of Corona virus lurks to threaten the global economy. In China, the high probability of default from real estate market can be a potential risk impacting to the international financial market, together with the power shortage also caused many difficulties for China to growth in short run.

Due to these difficulties, Vietnam Gross Domestic Product (“GDP”) managed to obtain a tiny growth by 2.58%, lower than the International Monetary Fund (“IMF”)’s forecasted by 3.8%. It was lower than the overall market’s expectations, which proved that the impacts of the epidemic in 2021 was very serious and the economic re-open and resume was relatively slow. For foreign trade, the total value of imports/exports in 2021 reached USD668.5 billion, increased by 22.6% over the same period of last year, in which exports reached USD336.25 billion, increased by 19%; imports reached USD332.25 billion, increased by 26.5%. The trade balance of goods estimated a surplus of USD4 billion this year, which was significantly decreased compared to 2020 (of which USD20 billion). Purchasing Managers’ Index (PMI) in December 2021 recorded at 52.4, the indicator was above the water market of neutral level (50) for four consecutive months which was in the period that the economy was re-opened. The Foreign Direct Investment (“FDI”) accumulated in 2021, partially reflected the economy difficulties which disbursed capital inched up by 1.2%, while registered capital increased 9.2% over the same period; FDI disbursed nearly USD19.7 billion and newly attracted of over USD31.1 billion. Meanwhile, inflation has been controlled quite well, the Government has succeeded in managing the average Consumer Price Index (“CPI”) below the target level of 4%, although gas and oil as well as other commodity prices increased sharply, headline CPI increased by 1.84% over the same period of last year.

The Vietnam Stock Market continued actively trading with many prospects for economic recovery in the future. The VN-Index closed at 1,498.2 points as of 31 December 2021, increasing by 35.7% compared to 2020. Preliminary data from the General Statistics Office up to 27 December 2021 showed that the market capitalization reached more than 7.7 million billion dong, higher nearly 35% compared to end of 2020; the average trading value is over VND26.5 trillion per session thanks to the cash flow of domestic retail investors. In 2021, there were up to 1.5 million of securities accounts were opened, in December 2021, there were more than 226,000 accounts opened and it was the tenth month that new accounts reached to over 100,000 accounts.

After implementing nationwide vaccination, Covid-19 pandemic have been well controlled, the economy is expected to recover and grow strongly in 2022. The Government has issued economy development resolutions in 2022, with the target of economic growth from 6% to 6.5%. IMF also forecasted that Vietnam economic grows at 6.6% in 2022. However, domestic potential risks such as inflation, bad debts of the banking system, and other risks from external as analysed above may continue to have negative impacts on the Vietnam economy and they need to be controlled. These difficulties are the challenges to the Government in macro-economic stabilisation, economic growth in 2022.

II. Details of the Fund's operating indicators

1. Fund's assets structure

	As at		
	31.12.2021	31.12.2020	31.12.2019
	%	%	%
1. Securities portfolio	91.92	96.17	91.41
2. Cash and cash equivalents	7.60	2.99	8.17
3. Other assets	0.48	0.84	0.42
	100.00	100.00	100.00

2. Performance indicators

	As at		
	31.12.2021	31.12.2020	31.12.2019
1. NAV of the Fund (VND)	155,356,470,595	102,601,036,261	80,870,153,926
2. Number of fund units outstanding (units)	9,459,789.45	8,125,094.24	7,747,580.49
3. Net asset value per fund unit (VND)	16,422.82	12,627.67	10,438.11
4. NAV per fund unit – highest during the year (VND)	16,605.09	12,627.67	11,121.66
5. NAV per fund unit – lowest during the year (VND)	11,909.83	7,497.48	9,991.19

6. Closing price of fund unit at reporting date (VND)	Not applicable	Not applicable	Not applicable
7. Closing price of fund unit at reporting date – highest during the year (VND)	Not applicable	Not applicable	Not applicable
8. Closing price of fund unit at reporting date – lowest during the year (VND)	Not applicable	Not applicable	Not applicable
9. Total growth per fund unit (%)	30.05%	20.98%	4.38%
9.1. Capital growth per fund unit (due to price change) (%)	(3.07%)	17.11%	2.90%
9.2. Income growth per fund unit (calculated using realised income) (%)	21.79%	0.38%	(0.44%)
10. Gross distributed earning per fund unit (VND)	Not applicable	Not applicable	Not applicable
11. Net distributed earning per fund unit (VND)	Not applicable	Not applicable	Not applicable
12. Ex-date of distribution	Not applicable	Not applicable	Not applicable
13. Operation expenses/Average NAV (%)	3.13%	3.42%	3.47%
14. Turnover of investment portfolio (%)	267.95	180.62	192.25

3. Growth by years

Period	Growth of NAV per fund unit (%)	Annual growth of NAV per fund unit (%)
1 year	30.05%	30.05%
3 years	Not applicable	Not applicable
Since inception	64.23%	18.00%

4. Annual growth

Period	31.12.2021	31.12.2020	31.12.2019
Growth per fund unit (%)	30.05%	20.98%	Not applicable

5. Details of the Fund's performance indicators

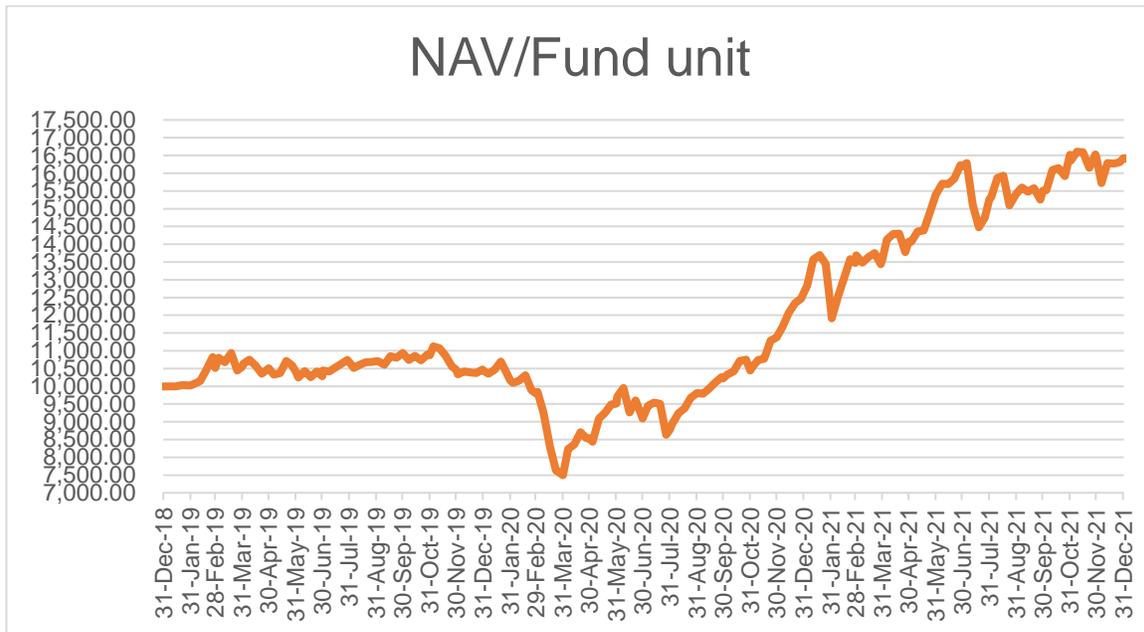
Item	1 year up to reporting date	3 years up to reporting date	From inception to reporting date
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	(%)	(%)	(%)
Income growth per fund unit	21.79	Not applicable	30.48
Capital growth per fund unit	(3.07)	Not applicable	12.93
Total growth per fund unit	30.05	Not applicable	64.23
Annual growth per fund unit	30.05	Not applicable	18.00
Growth of component portfolio (*)	Not applicable	Not applicable	Not applicable
Price change per fund unit (**)	Not applicable	Not applicable	Not applicable

(*) The Fund does not have component portfolio.

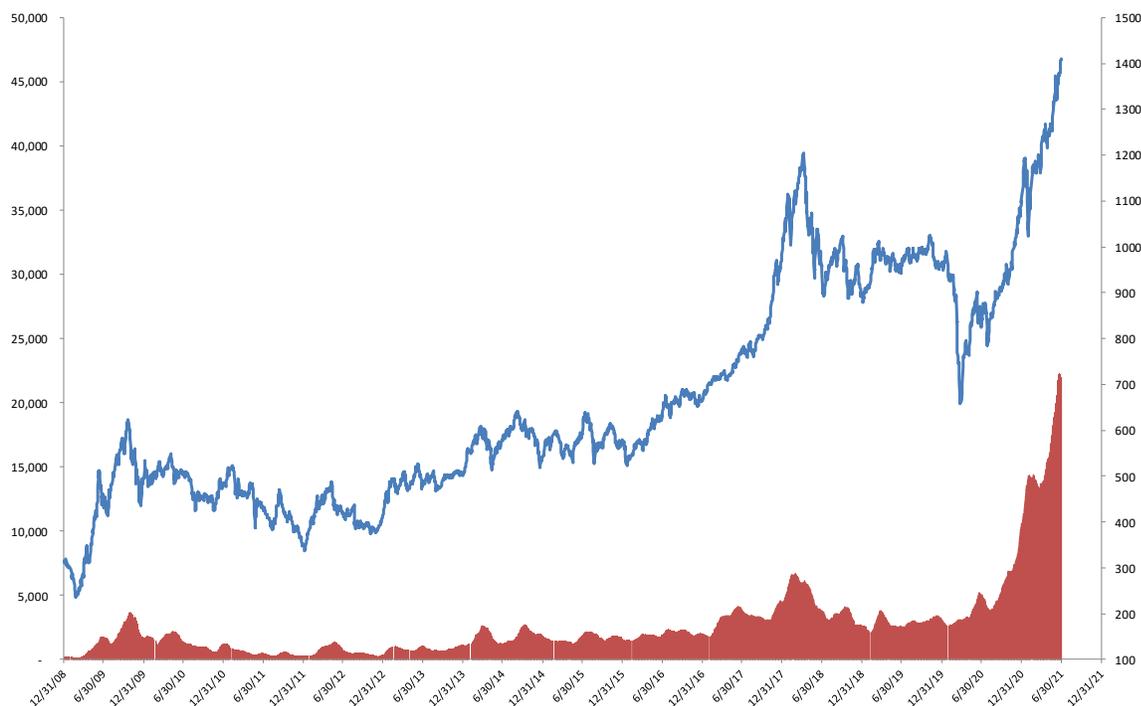
(**) The Fund does not have market price.

- The net asset value growth per share of the Fund Certificate from the foundation to 31 December 2021



III. Market prospects

The chart below is showing the VN-index movement (blue line, refer to axis in the right) and trading value (red column, refer to axis in the left, unit: billion VND/day)



Despite of economic difficulties in 2021, the Vietnam Stock Market had a successful year of 2021. The market recorded peaks of points and liquidity in Q4/2021. The stock market information showed that VN-Index closed as at 31 December 2021 with the highest record in the history of 1,498 points, increased by 35.7% compared to 2020. The liquidity of the stock market was maintained as high level, ranking as second in the top in Southeast Asia, only after Thailand with the average trading value of USD1.27 billion per session (information up to 12 December 2021). Technical issue regard to trading system of Ho Chi Minh City Stock Exchange (“HOSE”) has been fixed completely, it was robust to the market liquidity and investor psychology. The stock market growth was mainly contributed by the effective operations of listed companies during the first 6 months, such as banking sector, steel industry, fertiliser. During the last 6 months, the market expectations were mainly focused on the recovery of the economy after the pandemic and supportive policies, economy stimulation from the Government in 2022. However, the net short position still happened from foreign investors whose foreign investments participating to Vietnamese market via Exchange Traded Funds (“ETFs”) was positive in the first half year of 2021, therefore, market growth driver in 2021 was from local individual investments. In 2022, the market is expected to have more growth drivers such as operating results of companies in the market would be enhanced after operating activities were almost resumed with subsidy package worth of USD350,000 billion has been approved by National Assembly, the stock market upgrading prospects is expected to be uprise in the next few years. Nevertheless, there are lots of difficulties such as labour shortage after the pandemic, higher input prices, safely living with the pandemic, recall export orders, partnerships having intentions of moving out of Vietnam during the lockdown period.

In reality, there are lots of events happening caused negative impacts to the market; however, these short-term impacts would not stop the long term and sustainable development of the economy in general and stock market in particular. Accordingly, after the Covid-19 pandemic, the economy is fully re-opened, the corporates’ operation resumed and recovered, many policies from the Government applied, the investors’ trust return and the stock market still continues to recover and grow in the long run. From international institutions’ perspectives, Vietnam economy would gradually recover and sustainably grow in the next

few years since 2022. Some key points to support the growth in long term for Vietnam Stock Market are as follows:

- For a macro-economic environment: Vietnam is evaluated as sustainable development as expressed in terms of GDP growth, credit, interest rates, inflation, exchange rates, FDI attraction... as analysed above. Therefore, Vietnam's economy is entering their period of recovery and development with a new cycle of economic development; and
- For evaluation of stock market: there are cheaper pricing and more attractive returns than regional markets (PER is low while ROE, ROA are high). This has been partially demonstrated by the strong growth of the stock market reflected in the indexes such as the strong net buying value of foreign investors in listed shares.

In addition, there are events, catalyst factors to create growth momentum for the stock market such as: (i) the room for foreign investors; (ii) promote equitization and listing State own enterprises. Promoting public investing disbursement for the period of 2022-2023 with subsidy packages to the economy which are expected to be approved by the National Assembly in 2022 ; (iii) prospects for upgrading the Vietnam securities market (FTSE Russel and MSCI Emerging Market); (iv) actively promote the Free Trade Agreements (FTAs); (v) capital mobilized into equity market via new products such as index funds, future contract, options, and new securities law valid since January 2021. Besides, the potential risks regarding Covid-19 next waves causing to global economic development, and potential risks regarding inflation and asset bubble due to easing policies to support economic growth post Covid-19, nonperforming loan hidden in the banking system, increase of bond default cases in China early 2021, trade dispute globally, commodities price skyrocketed, etc causing unpredictable changes of foreign direct investment inflows into the Vietnamese stock market.

Therefore, with the basic quantitative factors combined with qualitative factors as analysed above, the Vietnam stock market in the coming time should continue having a brighter scenario along with the period, expected to continue to improve the economy, creating a premise for long-term development in the following years; of course, the bright scenario must be accompanied with assumption of stable macro-economy, pandemic being controlled as well as the economy have been re-opened completely.

**DAI-ICHI LIFE VIETNAM FUND MANAGEMENT
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