

For the financial year ended 31 December 2020

**ANNUAL REPORT
LIONGLOBAL
INVESTMENT FUNDS III
- LionGlobal Vietnam Fund**

Lion Global Investors Ltd

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DIRECTORY

Manager

Lion Global Investors Limited
65 Chulia Street #18-01
OCBC Centre
Singapore 049513

Directors of Lion Global Investors Limited

Mr Khor Hock Seng (Chairman)
Mr Ching Wei Hong (Deputy Chairman)
Mr Gerard Lee How Cheng (Chief Executive Officer)
Mr Tan Siew Peng
Mr Ronnie Tan Yew Chye
Ms Wee Ai Ning
Ms Chong Chuan Neo
Mr Leslie Teo Eng Sipp

Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard,
Marina Bay Financial Centre, Tower 2,
#48-01
Singapore 018983

Custodian

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road
Central, Hong Kong

Independent Auditor

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

PERFORMANCE OF THE FUND

For the financial year ended 31 December 2020

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Vietnam Fund (SGD Class)	Benchmark* Returns (%)
3 months	22.4	20.3
6 months	34.0	27.3
1 year	20.7	16.7
3 years**	6.0	3.9
5 years**	13.9	9.4
10 years**	6.7	3.7
Since inception** (2 February 2007)	-1.2	-5.4

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2020 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%)	
	LionGlobal Vietnam Fund (USD Class)	Benchmark* Returns (%)
3 months	26.3	24.2
6 months	41.3	34.3
1 year	22.7	18.7
3 years**	6.3	4.3
5 years**	15.6	11.0
10 years**	6.4	3.4
Since inception** (2 February 2007)	-0.1	-4.6

Source: Morningstar/Lion Global Investors Ltd.

** Benchmark:*

VN Index: Inception – April 2012

FTSE Vietnam Index: From May 2012

*** Returns of more than 1 year are annualised.*

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

REVIEW

For the year ended 31 December 2020, the Fund returned 20.7%, while the benchmark FTSE Vietnam Index returned 16.7% in SGD terms.

The outperformance came from our underweight in the Real Estate and overweight in the Industrials sectors. In Real Estate, developers in Southern Vietnam were affected by a review of real estate regulations. This led to fewer project launches and housing units that could be transferred to customers. For Industrials, our overweight in Utilities related conglomerates and underweight in Airlines helped performance. Utilities earnings were deemed to be more resilient, while airlines were severely impacted by the pandemic. Our overweight in Consumer Discretionary and Financials hurt performance. In Consumer Discretionary, shops had to close because of the pandemic which hurt sales. Even when restrictions were lifted, investors were concerned about the speed of consumption recovery. For Financials, while banks helped our performance, our underweight in brokers hurt performance as they did well on high trading volume of the stock market.

For the overall Vietnamese market, it fell sharply in the first 3 months of the year in 2020. This was driven by the unknowns of a new virus and how it may affect the Vietnamese and global economy. The market started to rebound in April 2020 when the spread of the virus in Vietnam was contained and stock prices were attractive after the earlier sell-off. The market recovered further later in the third quarter of 2020 and into the fourth quarter of 2020. This was on improving economic activities in Vietnam after the lock-down was eased and also on news that vaccines for COVID-19 from Pfizer/BioNTech and Moderna may be available as soon as December 2020.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

STRATEGY AND OUTLOOK

Vietnam's 2021 gross domestic product (GDP) is expected to grow 7.6% based on consensus estimates. This is driven by the expected higher economic activity globally and also because of the low base in 2020. Inflation should remain stable at about 3.2% based on consensus estimates, although agricultural and energy prices have seen some increase lately. Vietnam's export outlook continues to be looking bright and should help to sustain its current account surplus. This in turn should keep the Dong stable against the USD. After cutting interest rates in 2020 on a relatively weak economy caused by the pandemic, the State Bank of Vietnam is expected to keep policy rates unchanged in 2021 to support a recovery.

In terms of portfolio strategy, our investment approach will continue to focus on fundamental research, company valuation and bottom-up stock picking. This is to enable us to identify companies that are undervalued by the market but that can benefit from Vietnam's attractive medium to long term economic growth potential. We will at the same time be cognizant of macro and non-fundamental factors that could positively or negatively impact stock prices in the short term. Our current portfolio holdings are therefore a reflection of this approach.

Vietnam continues to offer long term growth potential because its economy is still on a low base. The portfolio is therefore overweight certain financial related stocks that are well positioned to capture Vietnam's growth over the medium to long term. Vietnam's middle income population continues to expand which will boost consumer spending in the coming years. The portfolio has positions in retail, food & beverage, telecommunication, real estate and distribution companies to exploit this longer term trend. While the recovery in tourism will be uneven and take time, we still believe Vietnam is an attractive and emerging tourist destination. Therefore we continue to like gateways to Vietnam like airports. Infrastructure investments continue to be needed to support Vietnam's economic growth. We will hold on to companies in the portfolio that either own infrastructure assets and services, or that provide products and services along the infrastructure value chain.

Key downside risks to the Vietnam economy and corporate earnings include a slowdown in global demand, particularly the USA and Europe, any negative developments in China's macro outlook and currency stability, deterioration in US/China relations, and a failure of the vaccination program to control the global COVID-19 pandemic.

As of 26 February 2021.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

DISCLOSURES ON THE FUND¹*For the financial year ended 31 December 2020***1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2020**

	Fair Value	Percentage of
	\$	total net assets
		attributable to
		unitholders
		%
a) <u>By Asset Class</u>		
Equities	144,409,356	100.0
Cash and other net assets	11,630	*
Net assets attributable to unitholders	144,420,986	100.0

b) By Credit Rating of Debt Securities

Not applicable

c) By Derivative Type

Total net realised losses from financial derivatives at the end of the financial year were \$44,123.

* denotes amount less than 0.1%

¹ As required by the Code on Collective Investment Schemes

2. TOP 10 HOLDINGS
As at 31 December 2020

	Fair Value	Percentage of
	\$	total net assets
		attributable to
		unitholders
		%
Hoa Phat Group Joint Stock Company	22,380,835	15.5
Vietnam Dairy Products Joint Stock Company	18,612,163	12.9
Vinhomes Joint Stock Company	18,510,435	12.8
Mobile World Investment Corporation	10,618,779	7.4
Masan Group Corporation	10,292,727	7.1
Vincom Retail Joint Stock Company	9,726,016	6.7
Joint Stock Commercial Bank for Foreign Trade of Vietnam	8,875,620	6.1
FPT Corporation	6,542,428	4.5
Airports Corporation of Vietnam	6,260,197	4.3
Digiworld Corporation	4,475,363	3.1

As at 31 December 2019

	Fair Value	Percentage of
	\$	total net assets
		attributable to
		unitholders
		%
Vinhomes Joint Stock Company	14,957,742	12.6
Vietnam Dairy Products Joint Stock Company	14,683,415	12.4
Mobile World Investment Corporation	10,318,115	8.7
Vincom Retail Joint Stock Company	9,696,028	8.2
Hoa Phat Group Joint Stock Company	8,459,497	7.1
Joint Stock Commercial Bank for Foreign Trade of Vietnam	8,287,533	7.0
Masan Group Corporation	6,360,348	5.4
FPT Corporation	5,687,548	4.8
Airports Corporation of Vietnam	5,356,984	4.5
Vingroup Joint Stock Company	4,892,751	4.1

3. GLOBAL EXPOSURE

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Sub-Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Sub-Fund at any time.

4. COLLATERAL

Nil

5. SECURITIES LENDING OR REPURCHASE TRANSACTIONS

Nil

6. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES

Nil

7. BORROWINGS

Nil

8. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the financial year were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

9. OTHER MATERIAL INFORMATION

There is no other material information that will adversely impact the valuation of the Sub-Fund.

10. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2020

The Trustee is under a duty to take into custody and hold the assets of the sub-fund of LionGlobal Investment Funds III (the "Fund"), namely LionGlobal Vietnam Fund (the "Sub-Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 33, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

26 March 2021

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2020

In the opinion of Lion Global Investors Limited, the accompanying financial statements set out on pages 12 to 33, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of the sub-fund of LionGlobal Investment Funds III (the "Fund"), namely LionGlobal Vietnam Fund (the "Sub-Fund") as at 31 December 2020, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of
LION GLOBAL INVESTORS LIMITED

GERARD LEE HOW CHENG
CEO

26 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL INVESTMENT FUNDS III - LIONGLOBAL VIETNAM FUND

(Constituted under a Trust Deed in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of the sub-fund of LionGlobal Investment Funds III, namely LionGlobal Vietnam Fund (the "Sub-Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Sub-Fund as at 31 December 2020, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Sub-Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2020;
- the Statement of Financial Position as at 31 December 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2020;
- the Statement of Portfolio as at 31 December 2020;
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Sub-Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL INVESTMENT FUNDS III - LIONGLOBAL VIETNAM FUND

(Constituted under a Trust Deed in the Republic of Singapore)

Other Information

The Sub-Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Sub-Fund or to cease the Sub-Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Sub-Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF LIONGLOBAL INVESTMENT FUNDS III - LIONGLOBAL VIETNAM FUND

(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 March 2021

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2020

	2020	2019
Note	\$	\$
Income		
Dividends	1,799,408	1,812,148
Interest on cash and bank balances	54	4,758
	1,799,462	1,816,906
Less: Expenses		
Audit fee	16,450	17,150
Custodian fees	10 70,652	100,273
Management fee	10 1,759,990	1,579,093
Professional fees	19,000	(6,623)
Registration fee	10 26,936	17,380
Trustee fee	10 23,110	42,109
Transaction cost	63,649	61,642
Valuation and administration fees	10 23,467	42,109
Miscellaneous expenses	89,818	77,298
	2,093,072	1,930,431
Net expense	(293,610)	(113,525)
Net gains or losses on value of investments and financial derivatives		
Net gains on investments	27,560,844	3,538,705
Net losses on foreign exchange spot contracts	(44,123)	(37,626)
Net foreign exchange losses	(55,486)	(88,797)
	27,461,235	3,412,282
Total return for the financial year before income tax	27,167,625	3,298,757
Less: Income tax	3 -	-
Total return for the financial year	27,167,625	3,298,757

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION*As at 31 December 2020*

	Note	2020 \$	2019 \$
ASSETS			
Portfolio of investments		144,409,356	110,850,695
Receivables	4	666,632	997,411
Cash and bank balances	6	1,205,337	7,640,689
Total assets		146,281,325	119,488,795
LIABILITIES			
Payables	7	1,860,339	571,481
Due to brokers	5	-	73,399
Total liabilities		1,860,339	644,880
EQUITY			
Net assets attributable to unitholders	8	144,420,986	118,843,915

The accompanying notes form an integral part of these financial statements.

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS*For the financial year ended 31 December 2020*

	Note	2020 \$	2019 \$
Net assets attributable to unitholders at the beginning of the financial year		118,843,915	90,281,239
Operations			
Change in net assets attributable to unitholders resulting from operations		27,167,625	3,298,757
Unitholders' contributions/(withdrawals)			
Creation of units		50,874,089	50,574,388
Cancellation of units		(52,464,643)	(25,310,469)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(1,590,554)	25,263,919
Total increase in net assets attributable to unitholders		25,577,071	28,562,676
Net assets attributable to unitholders at the end of the financial year	8	144,420,986	118,843,915

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary)			
QUOTED EQUITIES			
REAL ESTATE			
Vinhomes Joint Stock Company	3,612,102	18,510,435	12.8
Vincom Retail Joint Stock Company	5,409,682	9,726,016	6.7
Vingroup Joint Stock Company	553,914	3,431,651	2.4
Kinh Bac City Development Share Holding Corporation	1,417,380	1,980,203	1.4
		33,648,305	23.3
CONSUMER, NON-CYCLICAL			
Vietnam Dairy Products Joint Stock Company	2,987,682	18,612,163	12.9
Masan Group Corporation	2,022,065	10,292,727	7.1
Pan Group Joint Stock Company	1,370,060	2,722,091	1.9
Thanh Thanh Cong Tay Ninh Joint Stock Company	8	9	*
		31,626,990	21.9
BASIC MATERIALS			
Hoa Phat Group Joint Stock Company	9,430,141	22,380,835	15.5

* denotes amount less than 0.1%

The accompanying notes form an integral part of these financial statements.

LIONGLOBAL INVESTMENT FUNDS III

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
FINANCIAL			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,583,370	8,875,620	6.1
Vietnam Technological & Commercial Joint Stock Bank	1,500,000	2,705,425	1.9
Military Commercial Joint Stock Bank	1,937,853	2,552,009	1.8
SSI Securities Corporation	1,231,525	2,334,021	1.6
Bao Viet Holdings	431,190	1,629,469	1.1
Lien Viet Post Joint Stock Commercial Bank	20,200	14,342	*
Vndirect Securities Corporation	9	15	*
		18,110,901	12.5
INDUSTRIAL			
Airports Corporation of Vietnam	1,349,800	6,260,197	4.3
Refrigeration Electrical Engineering Corporation	1,495,000	4,190,130	2.9
Vietnam Engine & Agricultural Machinery Corporation	682,000	2,151,640	1.5
Viettel Post Joint Stock Corporation	200,592	1,246,169	0.9
Vietnam Electrical Equipment Joint Stock Corporation	9	12	*
		13,848,148	9.6
TECHNOLOGY			
FPT Corporation	1,933,383	6,542,428	4.5
Digiworld Corporation	912,040	4,475,363	3.1
		11,017,791	7.6

* denotes amount less than 0.1%

The accompanying notes form an integral part of these financial statements.

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry (Primary) (continued)			
QUOTED EQUITIES (continued)			
CONSUMER, CYCLICAL			
Mobile World Investment Corporation	1,559,765	10,618,779	7.4
UTILITIES			
Petrovietnam Power Corporation	2,258,370	1,758,602	1.2
ENERGY			
Vietnam National Petroleum Group	447,500	1,399,005	1.0
Portfolio of investments		144,409,356	100.0
Other net assets		11,630	*
Net assets attributable to unitholders		144,420,986	100.0

* denotes amount less than 0.1%

The accompanying notes form an integral part of these financial statements.

	Percentage of total net assets attributable to unitholders at	
	31 December 2020 %	31 December 2019 %
By Industry (Summary)		
Real Estate	23.3	25.8
Consumer, Non-cyclical	21.9	21.4
Basic Materials	15.5	7.1
Financial	12.5	10.3
Industrial	9.6	10.2
Technology	7.6	5.8
Consumer, Cyclical	7.4	8.7
Utilities	1.2	0.8
Energy	1.0	3.2
	<hr/>	<hr/>
Portfolio of investments	100.0	93.3
Other net assets	*	6.7
	<hr/>	<hr/>
Net assets attributable to unitholders	100.0	100.0
	<hr/>	<hr/>

* denotes amount less than 0.1%

The accompanying notes form an integral part of these financial statements.

	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2020 %	31 December 2019 %
By Geography (Secondary)			
Vietnam	144,409,356	100.0	93.3
Portfolio of investments	144,409,356	100.0	93.3
Other net assets	11,630	*	6.7
Net assets attributable to unitholders	144,420,986	100.0	100.0

* denotes amount less than 0.1%

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

LionGlobal Investment Funds III (the “Fund”) is a Singapore domiciled umbrella fund constituted by a Deed of Trust dated 8 December 2006 together with its Supplemental Deeds thereon (hereafter referred to as “Trust Deed”) between Lion Global Investors Limited (the “Manager”) and RBC Dexia Trust Services Singapore Limited (being the trustee prior to 1 July 2011) and/or HSBC Institutional Trust Services (Singapore) Limited (being the trustee with effect from 1 July 2011) (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

The only sub-fund under LionGlobal Investment Funds III as at 31 December 2020 is LionGlobal Vietnam Fund (the “Sub-Fund”).

The investment objective of the Sub-Fund is to provide medium to long-term capital appreciation. The management fee rate is 1.5% per annum.

Subscriptions and redemptions of the Sub-Fund are denominated in Singapore Dollar and United States Dollar. Investors may subscribe in United States Dollar at the applicable rate of exchange from Singapore Dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(c) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the end of the financial year are measured at their fair values using the marked-to-market method, and the resultant gains and losses are taken up in the Statement of Total Return.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statement of Total Return in the financial year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Due from and due to brokers

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(h) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) Foreign currencies

(i) Functional and presentation currency

Subscriptions and redemptions of the units in the Sub-Fund are denominated in Singapore Dollar and United States Dollar. The primary activity of the Sub-Fund is to invest in authorised investments which are equities, equity-related instruments (including, without limitation, interests in property funds) and securities in Vietnamese incorporated companies or institutions, as well as in companies or institutions which although not incorporated in Vietnam, have operations in, exposure to, or derived part of their revenue from Vietnam, and the Indo-China region (which includes, but is not limited to, Cambodia and Laos). The Sub-Fund may also invest in short term fixed income securities listed or traded on recognised markets within the Indo-China region.

The performance of the Sub-Fund is measured and reported to the investors in Singapore Dollar. In addition, the Sub-Fund's activities are substantially based in Singapore and expenses are predominantly denominated in Singapore Dollar. Therefore, the Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's functional and presentation currency is the Singapore Dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)(j) Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the net gain or loss on investment.

3. INCOME TAX

The Sub-Fund has been approved by the Monetary Authority of Singapore (MAS) for the Enhanced-Tier Fund ("ETF") Tax Incentive Scheme under Section 13X of the Income Tax Act and the relevant regulations. Subject to certain conditions being met on an annual basis, the Sub-Fund may enjoy Singapore corporate income tax exemption on "specified income" derived from "designated investments" for the life of the Sub-Fund. The tax exemption does not apply in the year when the relevant conditions are not met. Losses from "designated investments" are correspondingly disregarded. The terms "specified income" and "designated investments" are defined in the relevant income tax Regulations.

The Trustee of the Sub-Fund will ensure that the Sub-Fund fulfills its reporting obligations under the ETF Scheme.

4. RECEIVABLES

	2020	2019
	\$	\$
Amount receivable for creation of units	560,026	580,958
Dividends receivable	72,528	353,251
Other receivables	34,078	63,202
	<u>666,632</u>	<u>997,411</u>

5. DUE TO BROKERS

	2020	2019
	\$	\$
Purchases awaiting settlement	-	73,399

6. CASH AND BANK BALANCES

The cash and bank balances are placed with a financial institution which is a related company of the Trustee.

7. PAYABLES

	2020	2019
	\$	\$
Amount payable for cancellation of units	1,648,375	387,968
Amount due to the Manager	177,681	149,149
Amount due to the Trustee	2,301	3,977
Amount due to the Custodian	-	5,096
Amount due to the Registrar	2,411	2,417
Other payables	29,571	22,874
	<u>1,860,339</u>	<u>571,481</u>

8. UNITS IN ISSUE

	2020	2019
	Units	Units
Units at beginning of the financial year	168,531,729	133,730,553
Units created	76,226,959	69,047,799
Units cancelled	(75,225,015)	(34,246,623)
Units at end of the financial year	<u>169,533,673</u>	<u>168,531,729</u>
of which, units denominated in		
- USD	<u>76,309,481</u>	<u>80,154,796</u>
	2020	2019
	\$	\$
Net assets attributable to unitholders	144,420,986	118,843,915
Net asset value per unit	<u>0.851</u>	<u>0.705</u>

8. UNITS IN ISSUE (continued)

There were no differences between the net assets attributable to unitholders per financial statements and the net assets attributable to unitholders for issuing/redeeming units at the reporting date.

9. FINANCIAL RISK MANAGEMENT

The Sub-Fund's activities expose it to a variety of market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Sub-Fund's overall risk management programme seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The Sub-Fund may use financial futures contracts, options and/or currency forward contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Sub-Fund at any time as part of the overall financial risk management to reduce the Sub-Fund's risk exposures.

The Sub-Fund's assets principally consist of equity securities. They are held in accordance with the published investment policies of the Sub-Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

The following is a summary of the main risks and risk management policies:

(a) Market risk

Market risk is the risk of loss to the value of financial investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. External factors such as changes in economic environment, consumption patterns and investor's expectation contribute to market risk which may have a significant impact on the asset's value.

The Sub-Fund's investments are substantially dependent on changes in market prices. The Manager monitors the Sub-Fund's investments closely so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Sub-Fund. Guidelines are set to reduce the Sub-Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies/industries.

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Sub-Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

The Sub-Fund's market risk is affected primarily by three components: changes in actual market prices, interest rate volatilities and foreign exchange movements.

(i) Price risk

The Sub-Fund's sensitivity to the market is measured using its beta, a ratio that describes how the expected return of a portfolio is correlated to the return of the financial market as a whole. The daily fund price movement is measured against the daily price movement of the benchmark to derive the beta.

As at 31 December 2020, the Sub-Fund's beta was 1.02 (2019: 0.81) which was calculated based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark (2019: based on the daily returns over the preceding 12 months for the Sub-Fund and its benchmark).

The table below summarises the impact of increases/decreases from the Sub-Fund's underlying investments in equities on the Sub-Fund's net assets attributable to the unitholders as at 31 December 2020 and 2019. The analysis was based on the assumptions that the index components within the benchmark index increased/decreased by a reasonable possible shift, with all variables held constant and that the fair value of the Sub-Fund's investments moved according to the beta.

Sub-Fund	Benchmark	Impact of 8% (2019: 5%) movement in benchmark on net assets attributable to the unitholders	
		2020	2019
		\$	\$
LionGlobal Vietnam Fund	FTSE Vietnam Index	11,783,803	4,489,453

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Sub-Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Sub-Fund's portfolio may not be quantified as the relationship between interest rates and the value of the equity securities is indirect. Other than cash and bank balances which is subjected to an insignificant interest rate risk, the Sub-Fund's financial assets and liabilities are largely non-interest bearing. The Sub-Fund is not subjected to significant risk due to fluctuations in the prevailing levels of market interest rates.

(iii) Currency risk

The Sub-Fund has monetary financial assets/liabilities denominated in currencies other than Singapore Dollar and the Sub-Fund may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Sub-Fund may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The tables below summarise the Sub-Fund's exposure to key currencies at the end of the financial year. Monetary and non-monetary items have been taken into account for the analysis.

As at 31 December 2020	VND \$	USD \$	SGD \$	Others \$	Total \$
Assets					
Portfolio of investments	144,409,356	-	-	-	144,409,356
Receivables	72,528	421,817	172,287	-	666,632
Cash and bank balances	166,946	625,752	411,819	820	1,205,337
Total assets	144,648,830	1,047,569	584,106	820	146,281,325
Liabilities					
Payables	-	1,258,893	601,446	-	1,860,339
Total liabilities	-	1,258,893	601,446	-	1,860,339
Net financial assets/ (liabilities)	144,648,830	(211,324)	(17,340)	820	
Net currency exposure	144,648,830	(211,324)	(17,340)	820	

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)(iii) Currency risk (continued)

As at 31 December 2019	VND \$	USD \$	SGD \$	Others \$	Total \$
Assets					
Portfolio of investments	110,850,695	-	-	-	110,850,695
Receivables	353,251	210,209	433,951	-	997,411
Cash and bank balances	5,060,780	1,943,451	635,644	814	7,640,689
Total assets	116,264,726	2,153,660	1,069,595	814	119,488,795
Liabilities					
Payables	-	87,733	483,748	-	571,481
Due to brokers	73,399	-	-	-	73,399
Total liabilities	73,399	87,733	483,748	-	644,880
Net financial assets	116,191,327	2,065,927	585,847	814	
Net currency exposure	116,191,327	2,065,927	585,847	814	

Equity investments are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk. The impact of currency risk arising from these financial assets on the Sub-Fund's net asset value has been included in the price risk sensitivity analysis.

The Sub-Fund's monetary assets/liabilities are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets/liabilities, forecasted exchange rate movements and the net asset value of the Sub-Fund.

As of 31 December 2020 and 2019, the Sub-Fund's exposure to foreign currency fluctuations with respect to the monetary assets/liabilities is not considered to be significant and hence no sensitivity analysis on foreign currency risk has been presented.

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

The Sub-Fund is exposed to daily redemption of units in the Sub-Fund. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 December 2020	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	1,860,339	-	-	-

As at 31 December 2019	Less than 3 months \$	3 months- 1 year \$	1-5 years \$	Above 5 years \$
Payables	571,481	-	-	-
Due to brokers	73,399	-	-	-

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Credit risk also arises from cash and cash equivalents and assets held with financial institutions.

The Sub-Fund may also enter into derivatives to manage its exposures to currency risk and price risk, including foreign exchange forward contracts and options. Hence, the Sub-Fund is also exposed to the risk that its derivatives held with counterparties may not be recoverable in the event of any default by the parties concerned. The Manager minimises the Sub-Fund's credit risk by undertaking transactions with banks that are part of banking groups with good credit ratings assigned by Standard and Poor's ("S&P") or Moody's.

The tables below summarise the credit rating of bank and custodian in which the Sub-Fund's assets are held as at 31 December 2020 and 2019.

	Credit rating ^{##}	Source of credit rating
As at 31 December 2020		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
As at 31 December 2019		
<u>Custodian</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P
<u>Bank</u>		
The Hongkong and Shanghai Banking Corporation Limited	AA-	S&P

^{##} Group credit ratings are presented for unrated subsidiaries.

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit ratings are based on the Long-Term Issuer Ratings published by the rating agency.

(d) Capital management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

(e) Fair value estimation

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables analyse within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2020 and 2019:

As at 31 December 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments				
- Quoted equities	144,409,356	-	-	144,409,356

As at 31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments				
- Quoted equities	110,850,695	-	-	110,850,695

9. FINANCIAL RISK MANAGEMENT (continued)**(e) Fair value estimation (continued)**

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Except for cash and bank balances which are classified as Level 1, the Sub-Fund's assets and liabilities not measured at fair value at 31 December 2020 and 2019 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

10. RELATED PARTY TRANSACTIONS

Management fees are paid to the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the Sub-Fund shown in the Statement of Total Return and in the respective notes to the financial statements are on terms set out in the Trust Deed.

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Sub-Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	2020	2019
	\$	\$
Interest expenses incurred with a bank which is a related company of the Trustee	172	333
Transaction fees charged by the Trustee	1,753	5,231
Registration fee charged by a related company of the Trustee	26,936	17,380
Valuation and administration fees charged by the Trustee	23,467	42,109
Bank service fees charged by a bank which is a related company of the Trustee	873	1,054
Custodian fees charged by a related company of the Trustee	70,652	100,273
Cash transfer fees charged by a related company of the Trustee	32,845	38,468

11. FINANCIAL RATIOS

	2020	2019
	%	%
Expense ratio ¹	1.73	1.77
Portfolio turnover ratio ²	<u>10</u>	<u>6</u>

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2020 was based on total operating expenses of \$2,027,192 (2019: \$1,867,215) divided by the average net asset value of \$117,388,079 (2019: \$105,514,945) for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being sales of \$11,881,292 (2019: sales of \$5,878,453) divided by the average daily net asset value of \$117,388,079 (2019: \$105,514,945).

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