

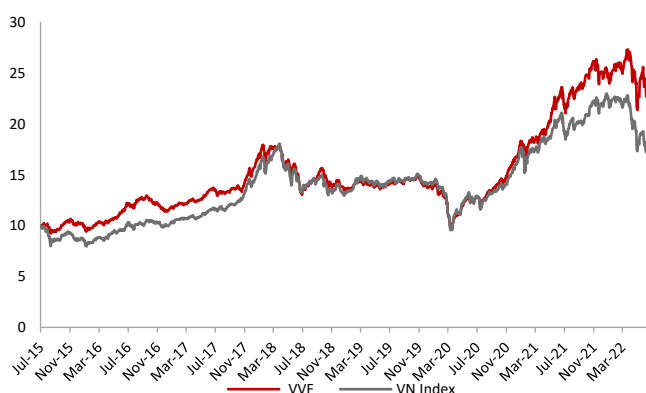
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

PERFORMANCE SUMMARY

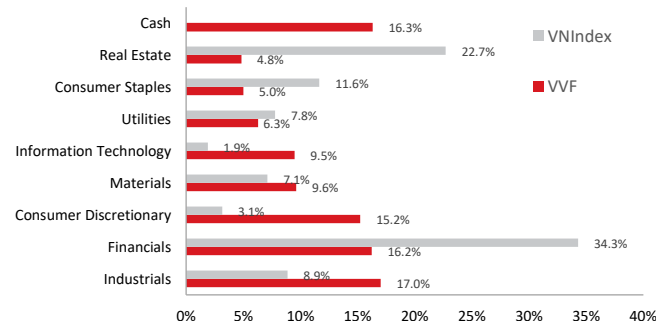
	Fund*	VN-Index
June 2022 (m-o-m)	-4.3%	-7.7%
YTD	-7.8%	-21.6%
3-year annualized	18.5%	8.0%
5-year annualized	11.3%	8.5%
Annualized since inception	13.0%	8.4%
Accumulated since inception	133.6%	75.7%
Sharpe ratio (annualized since inception)	0.52	0.32
Annualized standard deviation	20.3%	21.6%
Tracking error	8.1%	

* Fund information calculated from Class A shares

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2022F PE	2022F ROE
FPT	4,061	Information Technology	9.5%	17.9	23.1%
MWG	4,495	Consumer Discretionary	7.6%	18.4	24.7%
DGC	1,857	Materials	5.7%	6.2	72.1%
GMD	673	Industrials	5.2%	15.9	13.5%
MBB	3,927	Financials	4.2%	5.2	24.5%
REE	1,316	Industrials	3.8%	13.2	13.3%
PNJ	1,338	Consumer Discretionary	3.6%	18.8	24.6%
GAS	9,494	Utilities	3.6%	15.5	25.3%
VCB	15,203	Financials	3.4%	12.3	23.0%
QNS	690	Consumer Staples	2.9%	10.7	20.5%
VVF Port.				10.3	26.1%
VN-Index				11.8	18.8%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

Q2 tested the mettle of investors as Vietnam's stock market recorded its second-largest quarterly decline in the past ten years, shedding 21.3% in USD terms during the quarter. The market retreat came against a backdrop of an aggressive 75-basis-point interest rate hike from the US Fed, increasing inflationary concerns, fear of a possible global recession, and the ongoing Russia-Ukraine conflict. On a year-to-date (YTD) basis, the VN Index was down 21.6% as of the end of June. Declines affected all sectors although consumer staples and utilities were comparatively resilient, whilst banking, industrials, and materials were the hardest hit, declining 22% - 29% in the quarter. Domestic retail investors became more cautious, leading to the average daily trading value to fall 34% q-o-q to USD887 million on the combined three bourses. Foreign investors, on the other hand, were net-buyers of USD463 million in Q2 2022, a contrast of USD285 million in net selling amount in Q1 this year.

The Fund's Class A NAV per share decreased 4.3% in June, holding up better than the market's negative 7.7% return for the month. For the first six months of 2022, the Fund declined 7.8%, outperforming the VN-Index by a large margin of 13.8 percentage points. The outperformance came from the Fund's large underweight exposure to high beta sectors such as financials and real estate while other top holdings proved to be quite resilient despite the negative market sentiment. In fact, positions in DGC (materials), REE (industrials), PNJ (retailing) and GAS (utilities) managed to buck the downtrend, posting positive returns in Q2 and YTD2022. For year-to-date 2022, FPT (+10%), REE (+42%), DGC (+55%), PNJ (32%), GAS (+18%) were leading alpha contributors thanks to good profitability and outlook. Of note, GAS, the monopoly gas pipeline operator in Vietnam, announced preliminary 1H 2022 results with revenue of USD2.4 billion (+35.5% y-o-y) and net profit of USD301 million (+61.2% y-o-y). We attribute these robust results to strong output gas prices, which stemmed from a robust fuel oil price of USD588/tonne (+60.5% y-o-y).

Meanwhile, holdings in banking (TCB), steel (HPG) and real estate (NLG) were among largest detractors, weighed down by ongoing headwinds in their respective sectors. While we admit that these companies may face challenges this year from unfavourable business cycles or more stringent regulations, they are leading companies in their business segments with robust business models and solid financial health. Those positive attributes along with the recent correction brought their valuations to quite attractive levels for a long term investment horizon.

NLG is one of the country's top developers, specializing in the affordable and mid-end residential segments. The company recently announced 1H 2022 presales of USD357 million (+44% y-o-y) and said it expects presales will accelerate in second half of the year, subject to the completion of legal procedures and market conditions. The fact that NLG was recently able to issue seven-year bonds worth USD44 million with a fixed coupon rate of 9.35% per annum to the International Finance Corporation to fund the development of phase 2 of its Waterpoint project in Long An province (a 1-hour drive from Ho Chi Minh City) highlighted the company's credibility amid an otherwise tough market. For FY2022, we forecast the company can achieve USD53.9 million in net profit (+16% y-o-y), driven by deliveries at Akari City P1, Southgate P1, and Can Tho, as well as the 50% Paragon Dai Phuoc stake sale to Nishi Nippon Railroad and other strategic partners.

During the second quarter, we have been taking profit in companies in exports, utilities, and retailing that have performed well in recent months, while also being highly active and selective in increasing stakes in high quality businesses where we have higher confidence in their long-term ability to grow. The silver lining in a volatile market is that selling can be indiscriminate. Although the fund retains a more defensive stance on portfolio construction to weather volatility, we are always on the look-out for high-quality growth companies trading at attractive prices as such opportunities do not present themselves often. Looking ahead, we are optimistic about the prospect for the companies we currently hold as well as the structural growth of Vietnam in general - despite the stock market's decline and compression in multiples. While investing in times of uncertainty can be challenging, we believe that long-term investors who have the patience to stay the course will be rewarded.

MACRO COMMENTARY

Vietnam's GDP growth increased from 5.6% y-o-y in 1H 2021 to 6.4% in 1H 2022, driven by a surge in domestic consumption, now that the COVID epidemic in Vietnam has subsided. Specifically, real retail sales (i.e., stripping out the impact of inflation), which is a close proxy for domestic consumption that accounts for about two-thirds of Vietnam's GDP, surged from 1.9% y-o-y growth in 1H 2021 to 7.9% growth in 1H 2022.

That increase is quite remarkable, but we are even more struck by the surge in domestic consumption as 2022 has progressed, especially after the remaining COVID restrictions were essentially removed from end-March 2022. Vietnam's retail sales grew 1.7% y-o-y in 2M 2022, when COVID restrictions were still in place, but then as soon as the restrictions were lifted, they surged by over 10% y-o-y in March 2022, nearly 13% y-o-y in April, nearly 20% in May, and by an astonishing 27% y-o-y in June!

In contrast to the vigorous recovery in domestic consumption, Vietnam's manufacturing activity decelerated from 11.4% y-o-y growth in 1H 2021 to 9.7% growth in 1H 2022, driven in large part by a moderation in the demand for "stay at home" goods from consumers in developed countries. Supply chain disruptions from China's COVID lockdowns also played a part in the modest slowdown; Vietnam's PMI fell from 54.7 in May to 54 in June, with some purchasing managers citing difficulties sourcing production inputs from China.

MACRO INDICATORS

	2021	June 2022	YTD 2022	y-o-y
GDP growth ¹ (%)	2.6		6.4	
Inflation ² (%)	1.8	3.4	2.4	
FDI commitments (USDbn)	24.3	2	11.8	-13.9%
FDI disbursements (USDbn)	19.7	2.3	10.1	8.9%
Imports (USDbn)	332.2	32.4	185.2	15.5%
Exports (USDbn)	336.3	32.6	185.9	17.3%
Trade surplus/(deficit) (USDbn)	4.1	0.3	0.7	
Exchange rate (USD/VND) ³	22,796	23,282		

Sources: GSO, Vietnam Customs, SBV, MPI | 1. Annualized rate, updated quarterly | 2. Inflation: Monthly year-on-year change; Annual is 12-month average change in CPI per GSO | 3. BBG-USDVND Spot Exchange Rate

The demand for "stay at home" products helped propel Vietnam's exports to the US by nearly 50% y-o-y in the first half of last year, but Vietnam's export growth to the US fell to a still-respectable 23% y-o-y in 1H 2022. Furthermore, the country's overall export growth of 17% y-o-y (to USD185.9 billion) in 1H 2022 outpaced import growth of 16% y-o-y (to USD185.2 billion), so Vietnam's trade balance recovered from a USD1.9 billion trade deficit in 1H 2021 to a USD0.7 billion trade surplus in 1H 2022.

In light of all of the positive news above, we have raised our 2022 GDP growth forecast from 6.5% y-o-y to 7.5%, and we now expect a very strong quarterly GDP growth rate in Q3 2022 because of the so-called "low base effect" caused by COVID in Q3 2021. In this report, we've focused our economic analysis on comparisons between 1H 2021 and 1H 2022 for a variety of technical reasons, but Vietnam's General Statistics Office (GSO) also publishes quarterly growth figures.

In short, Vietnam's Q2 2022 GDP growth of 7.7% y-o-y was among the highest in the last decade (i.e., the economy was 7.7% bigger in Q2 2022 than it was in Q2 2021), but the Q3 2022 figure will almost certainly be much higher. That's because Vietnam's GDP fell by 6% y-o-y in Q3 2021 versus 6.6% growth in Q2 2021, which means that the Q3 2022 GDP growth number will be flattered by an unusually low starting point in Q3 last year.

Next, Vietnam's CPI inflation rate remained modest by global standards in June, at 3.4% y-o-y. This was driven by a nearly 60% y-o-y increase in retail petrol prices, although food prices, which account for 34% of the CPI basket, increased by about 2% y-o-y, also contributing to the modest increase in consumer prices in Vietnam.

Finally, the value of the VN Dong succumbed to global pressures and depreciated by about 0.4% month-on-month in June and by just over 2% YTD as of end-June, versus a near 10% YTD surge in the value of the US Dollar/DXY Index. Note that the exchange rates of Vietnam's regional peers (Indonesia/Malaysia/Thailand/Philippines) depreciated by an average 6% YTD as of end-June. We believe that the relative resilience in the value of the VN Dong stems from the country's modest level of inflation, modest trade surplus, and because FDI inflows continue to pour into the country. Vietnam's FDI inflows increased by nearly 9% y-o-y to USD10.1 billion, or circa 5% of GDP.

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%
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVIEEU LX	-	FOVCPVG LX
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286782559	LU1286782716	LU1286783011

¹ Class A Shares are restricted to former shareholders of VNI.

² 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).

VVF FUND INFORMATION

Launch Date	14 July 2015
Legal Entity Identifier (LEI)	5493003GR1U7L7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD49.2m
Incorporation	Luxembourg
Registered	UK, The Netherlands, Germany, Singapore, Austria, Switzerland, Sweden
Management Company	Edmond de Rothschild Asset Management (Luxembourg)
Fund Manager	VinaCapital Fund Management 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

CONTACT DETAILS

VinaCapital
 17th Floor, SunWah Tower
 115 Nguyen Hue Street
 District 1, Ho Chi Minh City, Vietnam
 office: +84 (0) 28 3821 9930
 email: ir@vinacapital.com
www.vinacapital.com

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