

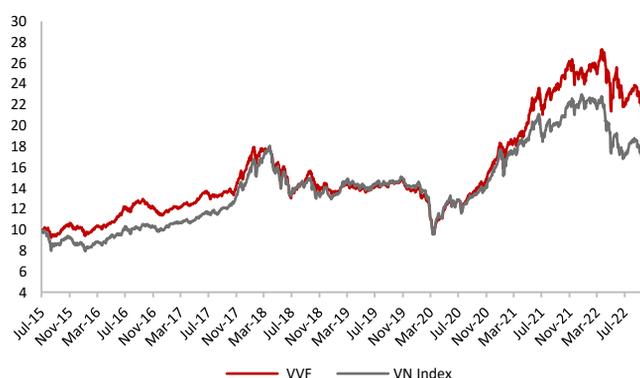
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

## PERFORMANCE SUMMARY

	Fund*	VN-Index
September 2022 (m-o-m)	-12.0%	-13.1%
YTD	-17.3%	-27.7%
3-year annualized	12.6%	3.4%
5-year annualized	8.9%	6.0%
Annualized since inception	10.8%	6.9%
Accumulated since inception	109.5%	62.0%
Sharpe ratio (annualized since inception)	0.43	0.25
Annualized standard deviation	20.7%	22.0%
Tracking error	8.1%	

\* Fund information calculated from Class A shares

## PERFORMANCE CHART

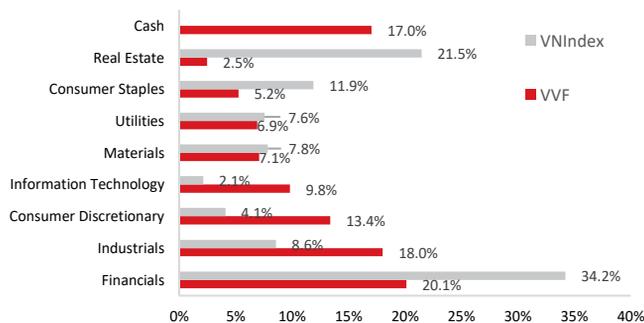


## MANAGER'S MONTHLY COMMENTARY

September was a very challenging month for equity markets in Vietnam and around the world as the US Fed raised interest rates by 0.75% and implied that further large increases remain a possibility. The VN Index slumped 13.1% (USD terms) in September, prompted by Fed's hawkish message and the decision of the State Bank of Vietnam (SBV) to raise interest rates shortly after that. On a year-to-date (YTD) basis, the VN Index has declined 27.7% in USD terms. A higher interest rate environment and the stock market's increasing volatility seemed to discourage retail investors, who account for approximately 88% of total trading liquidity, as average daily trading value decreased by 16% m-o-m to USD660 million in September on the combined three bourses.

The sharp correction in September was across the board, causing the Fund's class A NAV per share to decline by 12% in the month, though it fared better than the VN-Index, the local benchmark. Our significant underweight in the banking and real estate sectors helped the relative performance, but our bank holdings were still negatively affected, with VCB (-16%) and MBB (-17%) both declining sharply. Banking stocks in general were under selling pressure amid concerns about the potential impact of rising interest rates, limited new credit growth quota as well as the exposure of certain banks related to corporate bonds issued by some real estate developers. At the time of writing, it has been reported in the media in Vietnam that the chairwoman of a large real estate developer in Ho Chi Minh City was arrested for alleged violations of laws regarding the issuance of corporate bonds, which in turn fuelled rumours about the stability of a bank with which she is reportedly affiliated and caused a run by customers to withdraw their money. The State Bank of Vietnam (SBV) has worked to calm the situation and has ensured that there is ample liquidity to meet customer demand. We believe that the prosecution of this individual and others implicated in violations of securities laws and regulations sends a clear signal that violators will be dealt with severely, ultimately increasing transparency and confidence in the market. Neither the Fund nor VinaCapital has any investment or interest in the companies implicated.

## SECTOR ALLOCATION



## TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2022F PE	2022F ROE
FPT	3,700	Information Technology	9.8%	16.2	23.7%
GMD	606	Industrials	6.7%	14.7	13.5%
MWG	3,924	Consumer Discretionary	6.5%	18.0	22.8%
VCB	14,513	Financials	5.8%	12.0	23.1%
PNJ	1,103	Consumer Discretionary	4.8%	13.9	27.5%
MBB	3,799	Financials	4.8%	5.0	25.3%
GAS	8,820	Utilities	4.0%	15.3	24.6%
QNS	673	Consumer Staples	3.6%	11.8	18.8%
REE	1,146	Industrials	3.1%	10.9	14.2%
ACB	3,141	Financials	3.0%	5.4	26.8%
VVF Port.				9.5	24.3%
VN-Index				10.7	15.4%

Source: Bloomberg, VinaCapital's estimates

Meanwhile, our holdings in information technology, logistics and consumers proved to be more defensive, correcting in lesser magnitude than other sectors and the VN-Index, given their solid business outlooks, healthy free cash flow, and low gearing. A particular highlight is PNJ, the largest jewelry retailer in Vietnam, which announced net profit of USD54 million (+99% y-o-y) on net sales of USD958 million (+88% y-o-y) for the first eight months of 2022, achieving 90% of its annual target. Through 8M 2022, jewelry retail sales showed resiliency post-Covid, growing 96% compared with the same period last year. Year-to-date, PNJ has opened 21 new gold jewelry stores, which brings the company's total store count to 353. While we will continue to monitor the impact of inflation and the potential demand destruction variables in the general global economy over the next few months, we believe PNJ is in the enviable position of gaining additional market share as the company continues to consolidate smaller local jewelry businesses.

In early September, we took some profit in consumer discretionary, materials and industrial stocks that performed well in previous months. At the current price level, the VN-Index is traded at 2022E and 2023F P/E of 10.7x and 9.3x, respectively; or a PEG ratio of 0.7x for 2023F. Although we remain positive on Vietnam's equity market over the mid-to-long term horizons, certain short-term headwinds will require some prudent adjusting to portfolio asset allocations to more defensive sectors, which we believe will stay resilient against higher interest rates and tighter monetary conditions. After the current market sell-off, several stocks are trading at their lowest levels since the beginning of 2021, with some companies trading near or below their 2022F book value despite strong market positions and solid financial health. While we expect the market to remain volatile in coming months, and further declines cannot be ruled out, we expect to see very good opportunities to buy selected stocks at cheap prices during that time. We especially favour sectors such as utilities, consumer, information technology, and selected industrials. As such, we are waiting for the right opportunities to deploy cash into the leading companies in these sectors in the future.

## MACRO COMMENTARY

Vietnam's GDP grew by 13.7% yoy in Q3, which was much stronger-than-expected, and the country's central bank hiked policy interest rates by 100bps to 5% on September 23rd, which was also unexpected. Inflation in Vietnam is still below 4%, so we believe the State Bank of Vietnam (SBV) hiked rates to protect the value of the VN Dong and note that the value of Vietnam's currency has depreciated by less than 5% YTD, despite the near 20% YTD surge in the value of the USD and circa 10% depreciation in the value of China's currency.

Vietnam's surprisingly strong GDP growth is being driven by domestic consumption, which accounts for two-thirds of GDP, and by manufacturing, which accounts for about one-quarter of GDP. The country's economy grew by 8.8% yoy in 9M22, with real retail sales (i.e., excluding inflation), which is a good proxy for household consumption in Vietnam, surging 16.8% yoy in 9M22. Meanwhile, manufacturing output grew by 10.7% yoy in 9M22, supported by

the movement of factories from China to Vietnam, which is evidenced by a 16% yoy increase in FDI disbursements to USD15 billion in 9M22.

The growth of Vietnam's exports has remained remarkably strong in 9M22, but FDI companies are slowing their imports of production inputs because their inventories have started increasing for the first time in six months, according to the September PMI survey, reflecting both the easing of both global supply chain issues and the global demand for "made in Vietnam" products. Specifically, Vietnam's exports grew by over 17% yoy in 9M22 to USD282.3 billion, while imports grew by nearly 13% yoy to USD275.6 billion. Consequently, Vietnam's trade balance rebounded from a USD2.6 billion trade deficit in 9M21 to a USD6.8 billion (2% of GDP) trade surplus in 9M22, which also supported GDP growth in the first nine months of 2022, compared to the same period in 2021. Another factor that supported Vietnam's GDP growth in recent months is a pick-up in infrastructure spending, which accelerated 15% yoy in 9M22, which in-turn helped drive an increase in the growth of construction activity from a 3.7% yoy increase in 1H22 to 8.6% growth in 9M22.

Part of the reason Vietnam's economic growth figures announced in September were so impressive was due to the "low base effects" caused by the COVID lockdowns in Q3 last year, during which Vietnam's retail sales fell by more than 30% yoy and GDP shrank by over 6% yoy. However, domestic consumption in Vietnam has also been growing sequentially all year as 2022 progresses, including by nearly 3% month-on-month in September.

In 2023, we believe domestic demand will likely slow as the country's re-opening boom winds down and demand for "Made in Vietnam" products continues to decline due to the slowing global economy. However, we expect an increase in public spending and a resumption of foreign tourist arrivals to offset some of that weakness.

## MACRO INDICATORS

	2021	Sep 2022	YTD 2022	y-o-y
GDP growth <sup>1</sup> (%)	2.6	13.7	8.8	
Inflation <sup>2</sup> (%)	1.8	3.9	2.7	
FDI commitments (USDbn)	24.3	1.6	15.5	-18.2%
FDI disbursements (USDbn)	19.7	2.6	15.4	16.2%
Imports (USDbn)	332.2	28.8	275.6	12.8%
Exports (USDbn)	336.3	29.9	282.3	17.2%
Trade surplus/(deficit) (USDbn)	4.1	1.1	6.8	
Exchange rate (USD/VND) <sup>3</sup>	22,796	23,861		

Sources: GSO, Vietnam Customs, SBV, MPI, Bloomberg

1. Annualized rate, updated quarterly | 2. Inflation: year-on-year change | 3. BBG-USDVND Spot Exchange Rate

## KEY TERMS

	Class A <sup>1</sup>	Class B	Class C	Class D	Class G
Currency	USD	USD	EUR	EUR	JPY
Min. Investment	500,000 <sup>2</sup>	5,000	500,000 <sup>2</sup>	5,000	10,000,000 <sup>2</sup>
Management Fee	1.25%	2.00%	1.25%	2.00%	2.00%
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVCPVG LX
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286783011

<sup>1</sup> As from 29 August 2022, shares of Classes E and F liquidated on 29 August 2022 are automatically redeemed and converted into Class A shares that are no longer restricted.

<sup>2</sup> The minimum initial subscription amount may be waived at the discretion of the Investment Manager.

## VVF FUND INFORMATION

Launch Date	14 July 2015
Legal Entity Identifier (LEI)	5493003GR1U7LK7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD41.9m
Incorporation	Luxembourg
Registered	UK, The Netherlands, Germany, Singapore, Austria, Switzerland, Sweden, France
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

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