

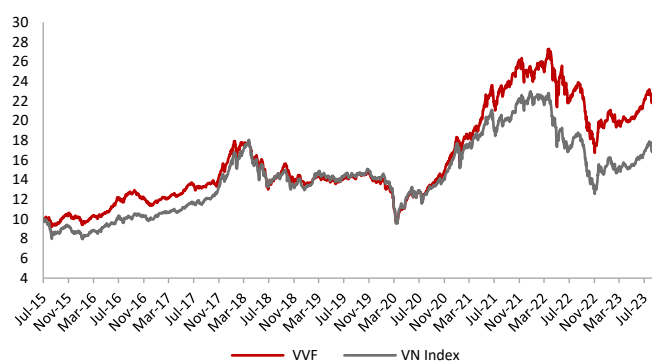
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

PERFORMANCE SUMMARY

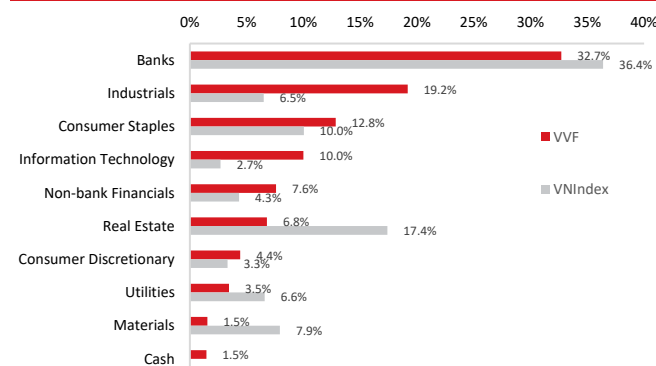
	Fund*	VN-Index
August 2023 (m-o-m)	1.3%	-1.6%
YTD	20.3%	19.3%
3-year annualized	20.7%	10.1%
5-year annualized	9.9%	3.6%
Annualized since inception	11.0%	7.0%
Accumulated since inception	133.3%	73.5%
Sharpe ratio (annualized since inception)	44.1%	26.1%
Annualized standard deviation	20.5%	22.1%
Tracking error	8.0%	

* Fund information calculated from Class A shares

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2023F PE	2023F ROE
FPT	5,104	Information Technology	10.0%	18.8	23.7%
STB	2,558	Banks	9.4%	7.2	19.9%
GMD	785	Industrials	9.1%	8.2	26.1%
VCB	20,698	Banks	6.5%	13.5	23.8%
QNS	743	Consumer Staples	4.9%	9.9	22.8%
MWG	3,270	Consumer Discretionary	4.4%	76.8	4.3%
NLG	621	Real Estate	4.4%	21.3	5.2%
CTG	6,482	Banks	4.4%	8.0	16.7%
MBB	4,009	Banks	3.7%	4.6	23.4%
ACB	3,648	Banks	3.7%	5.4	24.4%
VVF Port.				10.8	18.3%
VN-Index				12.3	14.6%

Source: Bloomberg, VinaCapital's estimates

MONTHLY COMMENTARY

MANAGER'S COMMENTARY

Following its strong performance in July, the VN-Index retreated slightly by 1.6% MoM in August (USD terms). Liquidity remained high, with average daily trading value of USD932 million, compared to USD776 million in July and USD498 million in 1H23.

Despite the slight decrease of the overall market, the Fund performed well, with the Class A NAV per share increasing 1.3% in USD terms, outperforming the index by 2.9%. On a YTD basis, the fund has outperformed the index by 1.1%. The alpha contributors are mainly from our top three holdings, namely FPT (+12.3% MoM), STB (+10.9% MoM), and GMD (+5.1% MoM). The weight of each of those holdings was more than 9% and close to the fund's 10% limit by end-August. On a monthly sector attribution basis, several sectors, including IT (+12.0%) and Non-Bank Financials (+9.6%) have done well, while the laggards included Energy (-7.3%), Real Estate (-2.7%), Utilities (-2.5%), and Banks (-1.3%). Our cash level was low at only 1.5% at end-August versus 3.6% at end-July.

The market was eagerly anticipating the visit of US President Joe Biden to Vietnam in September. The two countries entered into a "Comprehensive Strategic Partnership," which is the highest partnership level in Vietnam's three-tier diplomatic hierarchy. Investors expected favourable news related to companies that have exposure to the US market and investors, including exporters, industrial park developers, and port operators. Share prices of the companies in those sectors in our portfolio have also reflected investors' positive sentiment.

At the end of August, the Vietnam Maritime Administration released a draft circular that proposed to increase the floor price for container handling by 10% (and up to 20% for large vessels in deep seaports) from 1 January 2024 in the key container hubs of Vietnam, including Haiphong, HCMC, and Cai Mep Thi Vai. We note that the proposal to increase fees by 10% p.a. has been delayed for several years, hence this circular is crucial for the industry. The rationale is that the container handling fee in Vietnam is at a deep discount to regional levels and utilization is expected to remain at high level in the coming years. One of our key holdings, Gemadep, which operates ports across the country, including the deep seaport in Cai Mep Thi Vai, would be a key beneficiary of this initiative.

Our stance on the market remains unchanged: we expect volatility to continue on the back of weak corporate earnings and subdued economic growth. More optimistically, however, we see high upside at many of our top holdings, especially those at their full foreign ownership limits, in which it has traditionally been difficult to accumulate sizable positions, or which have traded at high premiums. We remain selective in picking stocks with strong cash flow generation, earning power, or at inflection points. The valuation of the overall stock market continues to be attractive for long term investment, with a 2023E PER of just 12.3x, which is both at a discount to ASEAN peers and well below its 5-year mean.

MACRO COMMENTARY

The recovery in Vietnam's Manufacturing activity & exports continued in August - up 5% MoM & 8% MoM respectively - and the country's Manufacturing PMI climbed back above the '50' expansion-contraction threshold for the first time in 6 months. However, infrastructure spending slowed and Inflation in Vietnam increased to 3% yoy, most likely on the way to 4-5% by end-2023.

Inflation increased from 2.1% in July, to 3% in August driven by higher oil prices. Retail petrol prices in Vietnam increased 9% MoM in August; the year-on-year drop in retail petrol prices shrank from -25% yoy in July to -4% yoy in August. Food price inflation eased from 2.6% in July, to 2.3% in August but has likely bottomed out now - and is probably headed back to 4-5% by end-2023, driven by weather-related issues and by India's ban on the export of rice and other food staple items. Overall, inflation in Vietnam

MACRO INDICATORS

	2022	Aug 2023	YTD 2023	y-o-y
GDP growth ¹ (%)	8.0		3.7	
Inflation ² (%)	3.1	3.0	3.1	
FDI commitments ³ (USDbn)	22.6	1.3	13.4	-3.3%
FDI disbursements (USDbn)	22.4	1.5	13.1	1.3%
Imports (USDbn)	360.7	28.6	207.5	-16.2%
Exports (USDbn)	371.9	32.4	227.7	-10.0%
Trade surplus/(deficit) (USDbn)	11.2	3.8	20.2	
Exchange rate (USD/VND) ⁴	23,633	24,153		

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

1. Latest quarterly GDP performance | 2. Inflation: year-on-year change | 3. Excluding Share Cap Contribution
4. BBG-USDVND Spot Exchange Rate

VVF FUND INFORMATION

Launch Date	14 July 2015
Legal Entity Identifier (LEI)	5493003GR1U7LK7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD80.3m
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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MONTHLY COMMENTARY (cont'd)

is probably headed to 4-5% by end-2023 because: 1) Food price inflation has bottomed, and 2) Global oil prices will likely be up 5-10% yoy by end-2023 (oil prices are currently still down year-on-year).

Real retail sales growth halved from 15.1% yoy in 8M22, to 7.7% in 8M23, despite surging foreign tourist arrivals, which reached nearly 70% of pre-COVID levels in 8M23 (and 80% of August 2019 levels in August 2023). We estimate that the spending of local Vietnamese consumers is currently only growing at a circa 2-3% annual rate.

Manufacturing output plunged from +10.4% yoy growth in 8M22, to a -0.6% yoy decline in 8M23, driven by a drop in the demand for “made in Vietnam” products, which now seems to be bottoming. In year-on-year terms, the drop in Vietnam’s manufacturing output moderated from -1.6% yoy drop in 1H23, to -1% yoy in 7M23 and to the above-mentioned -0.6% decline in 8M23.

Vietnam’s manufacturing PMI increased from 48.7 in July, to 50.5 in August, driven by the first increases in output, orders & production for the first time in 6 months, although employment continued to shrink for the 6th month in-a-row, according to the firms surveyed.

Disbursed FDI grew 1% yoy in 8M23 to \$13.1b, over 90% of which will be deployed in manufacturing/power generation projects. Headline Registered FDI (including Capital Contribution) increased 8%, but was up over +20% excluding two mega-projects in early 2022 (including a large Samsung investment). The 8M23 Registered FDI figure was boosted by SMBC’s \$1.5b investment in VP Bank (the “capital contribution” component of registered FDI was up over 60% yoy).

Vietnam’s trade balance surged from \$5.3b (or 2%/GDP) in 8M22, to \$20.2b (or 7%/GDP) in 8M23. Exports fell 10% yoy in 8M23, but Imports fell 16% because FDI firms (which account for over 60% of Vietnam’s imports) are cutting back on their purchases of production inputs.

Infrastructure disbursement/spending fell for the 2nd month in-a-row in August, so the short-lived infrastructure boom that started in the spring appears to be fading. The Government’s infrastructure spending increased every month from \$1b in March, peaking at \$2.5b in June and then fell back to \$2.2b in July and \$1.3b in August.

KEY TERMS

	Class A	Class B	Class C	Class D	Class G	Class H	Class I
Currency	USD	USD	EUR	EUR	JPY	USD	USD
Min. Investment	500,000 ¹	5,000	500,000 ¹	5,000	10,000,000 ¹	5,000,000 ¹	10,000,000 ¹
Management Fee	1.25%	2.00%	1.25%	2.00%	2.00%	1.25%	1.00%
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVCPVG LX	FORMVIN LX	FOVCPUI LX
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286783011	LU2552457918	LU2560055225

¹ The minimum initial subscription amount may be waived at the discretion of the Investment Manager.

Disclaimer

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