

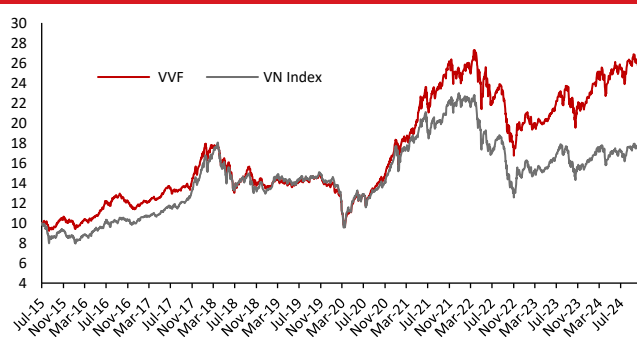
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom-up stock picking and disciplined risk management. This UCITS is a product pursuant to Article 8 SFDR.

## PERFORMANCE SUMMARY

	Fund <sup>1</sup>	VN-Index
October 2024 (m-o-m)	-4.2%	-4.6%
YTD	16.1%	7.4%
3-year annualized	0.4%	-7.6%
5-year annualized	12.0%	3.0%
Annualized since inception <sup>2</sup>	10.7%	5.9%
Accumulated since inception <sup>2</sup>	157.0%	70.8%
Sharpe ratio (annualized since inception <sup>2</sup> )	0.4	0.2
Standard deviation (annualized since inception <sup>2</sup> )	20.5%	21.8%
Tracking error	7.6%	

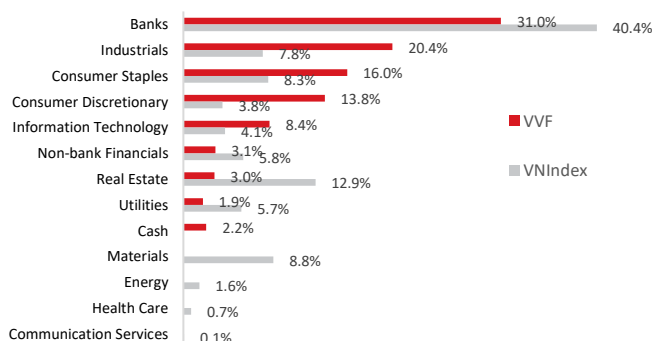
1. Fund information calculated from Class A shares, on a net basis  
 2. Class A inception date: 14 July 2015

## PERFORMANCE CHART



Past performance is not necessarily guidance to the future.

## SECTOR ALLOCATION



## TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2024F PE	2024F ROE
MWG	3,846	Consumer Discretionary	9.4%	20.2	16.5%
GMD	1,070	Industrials	9.0%	21.8	13.3%
FPT	7,910	Information Technology	8.4%	25.6	24.8%
QNS	550	Consumer Staples	6.5%	7.8	23.3%
ACB	4,489	Banks	4.9%	6.4	21.3%
CTG	7,585	Banks	4.9%	8.5	15.7%
VPB	6,419	Banks	4.8%	10.5	11.0%
TCB	6,662	Banks	4.8%	7.6	15.1%
VHC	633	Consumer Staples	4.8%	12.6	13.5%
STB	2,626	Banks	4.7%	7.3	16.9%
VVF Port.				11.3	16.8%
VN Index				12.7	14.4%

Source: Bloomberg, VinaCapital's estimates

## MONTHLY COMMENTARY

### MARKET UPDATES

Vietnam's stock market ended October with a mild decline of 1.8% in VND terms but a 4.6% decline in USD terms due to the US Dollar's appreciation against the VND. The VN Index moved within a narrow range during the first three weeks of the month but retreated by 2.1% in USD terms in the final week when an unsuccessful attempt to surpass the 1,300-level triggered profit-taking activities. Additionally, global equity markets declined during the same period, with the S&P 500 down 2.7% and the NASDAQ down 2.1%, as the impending US election prompted many investors to adopt a more cautious stance.

There were two negative factors affecting Vietnam's stock market in October. First, the USD/VND exchange rate rose by 2.8% from ~VND 24,600/USD as at end of September to ~VND 25,300/USD as at end of October. Although this VND depreciation was largely in line with regional countries and not due to Vietnam's country risk, the fluctuation led to negative local investor sentiment. Second, the pace of foreign outflows suddenly accelerated during October after tapering in the previous month, with outflows of USD436mn for the month, totalling USD3.1bn YTD. There was high pressure from foreign outflows due to anticipated global market uncertainty post-US election.

In earnings news, Vietnamese companies recorded robust performances for 3Q24, with the aggregated net profit of listed companies across the three bourses increasing by 19.9% YoY. At the sector level, only 2 out of 11 sectors experienced a YoY decline in 3Q24 profit, namely Energy and Healthcare. The remaining sectors all recorded profit growth, with Industrials and Consumer Discretionary seeing remarkable increases of 79.9% and 54.5%, respectively.

The fund experienced a 1.4% decrease in VND terms and a 4.2% decrease in USD terms in October, slightly outperforming the benchmark VN Index by 0.4%. Year-to-date, the fund has outperformed the market by 8.7% in USD terms. The highlight of our portfolio was STB, which saw a 2.6% MoM increase, attributed to its robust quarterly earnings. The bank's 3Q24 profit surged by 32% YoY, almost doubling the average growth rate of all other banks under VinaCapital's coverage over the same period (16.3%), primarily driven by a 31% increase in net interest income and NIM expansion (up 44 bps YoY). STB was the only bank showing improving NIM quarter-over-quarter, up 5 bps, amid easing lending rates driven by competition to support and attract customers.

### Banking sector - Gradually recovering with clearer fundamental improvements anticipated in 2025

Banking stocks were one of the major contributors to the Index's return in the first ten months of 2024, increasing by 17.8% and significantly outperforming the VN Index by 10.4%, buoyed by appealing valuations and easing economic challenges. The Banking sector traded at a 2024 P/B of 1.7x, but there was a divergence of valuation multiples among banks, with SOCBs trading at a 2024 P/B of 1.9X and private banks at 1.3x. Our portfolio has a higher concentration in private banks due to their high growth and attractive valuations.

In 9M24, the profit growth for the banks under our coverage was moderate, increasing by 15.5% YoY. This was primarily driven by higher credit growth, which reached 11.3% YTD by the end of September 2024, compared to 9.2% in the same period of 2023. Since the beginning of the year, the State Bank of Vietnam (SBV) has actively encouraged banks to reduce lending rates from 12%-13% to 9.5%-11% to aid local businesses. Although the asset yield decreased to 6.7% for the first 9M24 vs. 8.3% for 9M23, a similar trend was observed in the cost of funds, which also fell from 5.1% in 9M23 to 3.5% in 9M24. Consequently, the net interest margin (NIM) for 9M24 remained resilient, with only a slight drop of 8 bps compared to the same period last year.

Another point we would like to highlight in this report is that the NPLs of private banks (which make up most of our portfolio) have shown signs of easing. Although NPLs remained almost unchanged from 2.5% as at end September 2024 vs. 2.6% as at end of September 2023, the special mentioned loan ratio (Group 2) decreased sharply to 2.4% from the peak of 3.4% at the end of June 2023. Apart from the better financial conditions of SMEs and retail customers (which were the contributors to NPLs' peak in 3Q23), various supportive policies from the Government helped ease the burden on real estate developers. In 2023, credit to real estate developers grew by 22.0% (outperforming overall system credit growth of 13.7% and a flat mortgage loan), mostly for refinancing purposes. We expect property developer loans will recover in Q4 2024 and 2025 as banks continue to assist with refinancing while the capital needs for project development will also recover as the real estate market improves. Therefore, we believe NPLs of private banks peaked in 2023 and banks' asset quality will be less stressed.

## MACRO INDICATORS

	2023	Oct 2024	YTD 2024	y-o-y (%)
GDP growth <sup>1</sup> (%)	5.1		6.8	
Inflation <sup>2</sup> (%)	3.3	2.9	3.8	
FDI commitments <sup>3</sup> (USDbn)	28.1	2.4	23.6	9.6
FDI disbursements (USDbn)	23.2	2.3	19.6	8.8
Imports (USDbn)	326.4	33.6	312.3	16.8
Exports (USDbn)	354.7	35.6	335.6	14.9
Trade surplus/(deficit) (USDbn)	28.3	2.0	23.3	
Exchange rate (USD/VND) <sup>4</sup>	24,265	25,280		

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

## MONTHLY COMMENTARY (cont'd)

For the entire Banking sector, we expect a mild recovery in NIMs and fee incomes, together with less pressure on asset quality. These factors should drive the sector's earnings growth to improve to 20.0% in FY2025 from the 15.8% growth forecasted for FY2024.

### MACRO COMMENTARY

This year, Vietnam's economy has been supported by the recovery of the country's manufacturing sector, from essentially no growth in 10M23 to 9.6% yoy growth in 10M24. The manufacturing sector's growth is being driven by surging tech exports, especially to the US. Computer and electronics exports to the US were up 42% yoy in 10M24 and total exports recovered from a 15% drop in 10M23 to a 25% surge in 10M24.

Consumption growth and sentiment among local consumers has remained modest throughout the year. Consequently, real retail sales growth (excluding the impact of inflation) dropped from 7.3% in 10M23 to 4.6% in 10M24, despite a 41% yoy jump in foreign tourist arrivals this year (which we estimate accounted for about 10% of Vietnam's retail sales, pre-COVID).

Although we have been predicting a strong recovery in manufacturing sector for the year 2024, we expect slight deceleration towards year end. Manufacturing output growth accelerated throughout 2024 to 9.9% growth in 9M24 but decreased slightly to 9.6% yoy in 10M24. New export orders have also slowed in recent months according to the PMI survey, although Vietnam's manufacturing PMI rebounded from 47.3 to 51.2 post-Typhoon Yagi, which depressed the September PMI.

The anticipated election of Donald Trump pushed the US Dollar/DXY Index up by 3.3% in October, depressing the value of the VN Dong by 2.8% during the month (and by 4.4% YTD as of end-October). The State Bank of Vietnam (SBV) was prompted to drain USD 5bn out the country's interbank market in October and offered to sell US Dollars to the country's commercial banks. We think it is unlikely that the SBV would actually sell more of its US Dollar FX reserves given that they already stand below three months' worth of imports.

Finally, we published [this report](#) on the likely impact of a Trump presidency on Vietnam. Some local economists believe Trump's tariffs could reduce Vietnam's GDP growth by as much as 4%pts, but we believe those concerns are significantly overblown. Vietnam will almost certainly continue to benefit from US-China trade tensions. FDI disbursement is up nearly 9% yoy, and the vast majority of those investments are into the manufacturing sector. However, Vietnam urgently needs to address its massive ~25%/GDP trade surplus with the US (nearly USD 90b in 10M24) by increasing imports from the US.

## VVF FUND INFORMATION

Fund Launch Date	14 July 2015
Legal Entity Identifier (LEI)	5493003GR1U7LK7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD88.1m
Incorporation	Luxembourg
SFDR Classification	Article 8
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
Fund Platform Availability	Allfunds, Clearstream, Fundsettle, MFEX, Attrax, FIL Fondsbank (FFB)

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## 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 <sup>1</sup>	5,000	500,000 <sup>1</sup>	5,000	10,000,000 <sup>1</sup>	5,000,000 <sup>1</sup>	10,000,000 <sup>1</sup>
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

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

## Disclaimer

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