Forum One - VinaCapital Vietnam Fund (VVF)

VinaCapital

30 June 2026

Class A NAV/share: USD26.61

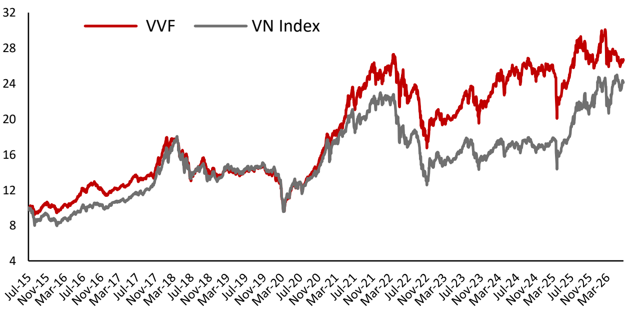
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom-up stock picking and disciplined risk management. This UCITS is a product pursuant to Article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

PERFORMANCE SUMMARY

	Fund[1]	VN-Index
June 2026 (m-o-m)	0.6%	-0.2%
YTD	-0.4%	4.2%
3-year annualized	7.9%	14.2%
5-year annualized	2.7%	2.9%
Annualized since inception[2]	9.3%	8.4%
Accumulated since inception[2]	166.1%	141.4%
Sharpe ratio (annualized since inception[2])	0.4	0.3
Standard deviation (annualized since inception[2])	20.1%	21.4%
Tracking error	8.9%	

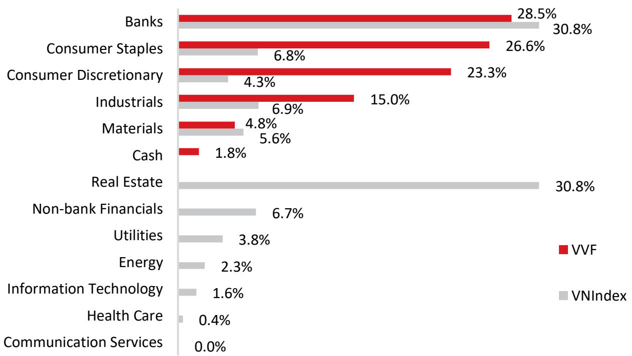
1. *Fund information calculated from Class A shares, on a net basis*
2. *Class A inception date: 14 July 2015*

PERFORMANCE CHART



Past performance is not necessarily guidance to the future.

SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2026F PE	2026F ROE
GMD	1,193	Industrials	9.4%	14.3	15.1%
MWG	4,359	Consumer Discretionary	9.2%	12.0	23.0%
VHC	474	Consumer Staples	8.5%	8.1	15.7%
QNS	528	Consumer Staples	5.8%	8.7	18.0%
ACB	4,997	Banks	5.6%	7.4	16.5%
TCB	9,023	Banks	4.9%	8.3	15.0%
MBB	7,715	Banks	4.9%	6.4	19.8%
FRT	816	Consumer Discretionary	4.9%	17.7	22.5%
MSN	4,002	Consumer Staples	4.8%	14.4	23.9%
VIB	2,135	Banks	4.5%	6.5	16.5%
VVF Port.				8.7	18.2%
VN-Index				10.3	15.5%

Source: Bloomberg, VinaCapital's estimates

MONTHLY COMMENTARY

MARKET AND PORTFOLIO UPDATES

The Fund gained 0.6% in June, outperforming the index by 0.8%, supported primarily by strong performance of the banking sector, where key holdings ACB (+5.6%), TCB (+2.3%), and VIB (+2.6%) benefited from an increasingly supportive policy backdrop. During the month, the Government and the State Bank of Vietnam introduced measures aimed at stimulating economic activity through greater credit availability to priority sectors and more flexible liquidity management. These initiatives should support system-wide credit growth and profitability, particularly for banks with strong deposit franchises, prudent underwriting standards, and healthy capital positions.

On the other hand, performance was weighed down by MWG (-1.2%) and MSN (-3.4%), both of which faced significant foreign selling pressure. Foreign investors remained persistent net sellers, with net outflows reaching USD 583mn during the month and cumulative net selling exceeding USD 3bn year-to-date.

Market liquidity also deteriorated meaningfully, reflecting cautious investor sentiment amid persistently elevated interest rates. Average daily trading value declined to USD 701mn in June, down from USD 955mn in May and well below the year-to-date average of approximately USD 1bn.

Looking ahead, we continue to view portfolio valuations as attractive relative to their medium- and long-term earnings potential. Against a backdrop of continued economic expansion and supportive policy measures aimed at sustaining investment and credit growth, we remain focused on businesses with durable competitive advantages, disciplined capital allocation, and the ability to compound earnings over time.

The portfolio remains anchored in high-quality franchises with resilient earnings and strong returns on capital. At 8.7x 2026E P/E versus 10.3x for the VN-Index, the portfolio trades at a meaningful valuation discount while offering expected EPS growth of 21.8%, compared with 15.6% for the broader market. Importantly, this growth is supported by superior ROIC, stronger balance sheets, and higher earnings quality than the index.

Banking Sector Update

During 1H26, we increased our exposure to the banking sector from 17.8% at end-2025 to 28.5% at end-June 2026. For context, we had maintained high weight in the sector throughout 2023 (41.9% at end-2023), 2024 (32.5% at end-2024), and most of 2025 (37.9% at end-September 2025), before reducing our exposure significantly by end-2025. We subsequently rebuilt our position in at the end of 2Q26.

As discussed in our previous reports (Oct-24, Nov-24, Dec-24 and Jan-25), our positive view on the banking sector continues to be supported by two key factors. First, we expect strong earnings growth driven by robust credit expansion, improving asset quality, and a more favourable lending mix. Second, we continue to favour private-sector banks, which generally have stronger capital adequacy ratios—supporting faster loan growth—and higher profitability due to their greater exposure to the retail segment. Our investment thesis on the sector remains unchanged.

While Vietnam's banking sector continues to deliver strong profitability with no material medium-term risks in sight, we view banking as a capital-intensive industry, where earnings growth is closely linked to book value expansion. Given that sector-wide ROE has historically remained within a relatively stable range of 15–20%, valuation upside, as measured by P/B, is naturally constrained. As of end-June 2026, the banks in our portfolio were trading at a median trailing P/B of 1.3x and an ROE of 16.5%, which is attractive vs historical valuations.

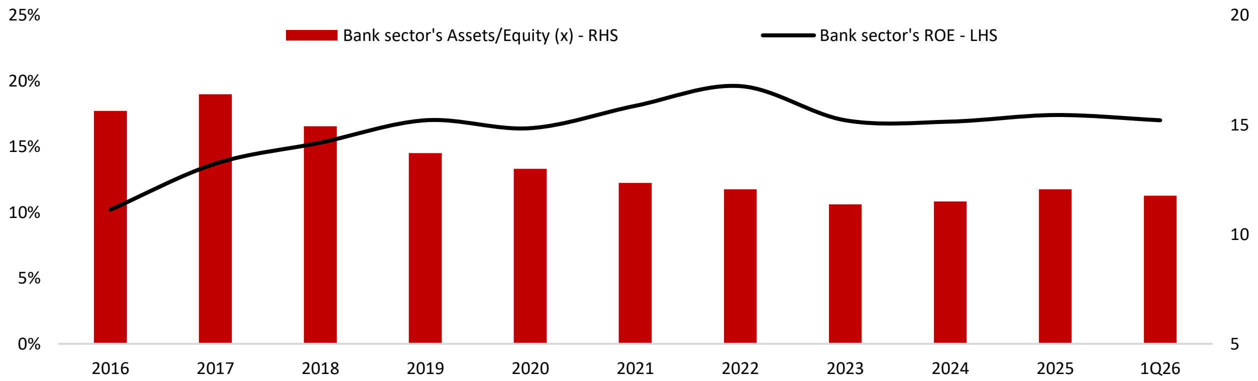
Our decision to reduce exposure after 3Q25 and remain underweight through 1Q26 was primarily driven by valuation, with some of our bank holdings' trailing P/B reaching 1.7-1.8x (VPB, TCB, STB) at end-September 2025. Additionally, several key catalysts—including the IPOs of their brokerage subsidiaries—had largely played out. Following the correction that began in 3Q25, valuations gradually normalized and, by end-June 2026, had returned to levels comparable to those at the beginning of 2025, offering a compelling re-entry point.

MONTHLY COMMENTARY (cont'd)

From a longer-term perspective, Vietnam's banking sector has undergone meaningful structural improvement over the past decade. Profitability has strengthened, as reflected in higher ROE, while balance sheets have become more resilient through improved capitalization and lower leverage (Chart 1). However, income diversification beyond the traditional lending-deposit business has remained limited. Net interest income still accounted for 77% of total operating income at end-2025, compared with 82% at end-2015.

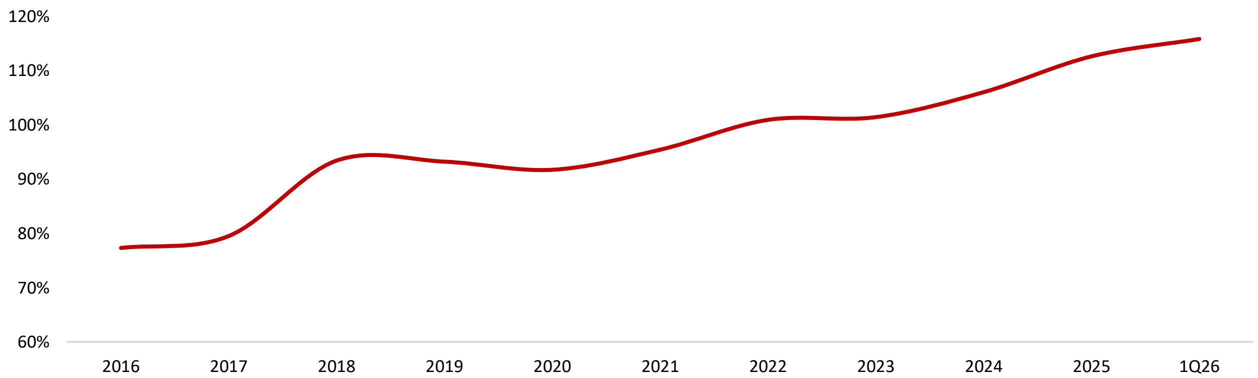
Looking ahead, the key distinction from previous cycles is the banking system's substantially higher loan-to-deposit ratio (Chart 2). This suggests that future loan growth will either need to moderate or be supported by a stronger deposit base, potentially leading to higher funding costs. This liquidity constraint has weighed on investor sentiment toward banking stocks. However, for investors with a longer investment horizon, we believe the current environment presents an attractive buying opportunity. Valuation downside appears limited, while the government's accelerated fiscal spending should gradually expand the deposit base over time, helping to alleviate system-wide liquidity constraints and support sustainable sector growth.

Chart 1: Banking Sector's ROE and Assets/Equity



Source: Vietnam banks' financial statements, VinaCapital

Chart 2: Vietnam Banking Sector's Straight LDR (%)



Source: The State Bank of Vietnam, VinaCapital

MACRO INDICATORS

	2025	Jun 2026	YTD 2026	YoY (%)
GDP growth[1] (%)	8.0	8.4	8.2	
Inflation[2] (%)	3.3	4.7	4.4	
FDI commitments[3] (USDbn)	31.4	7.8	28.4	55.9
FDI disbursements (USDbn)	27.6	3.3	13	11.2
Imports (USDbn)	455.0	53.4	283.2	33.4
Exports (USDbn)	475.1	50.8	266.5	21.0
Trade surplus/(deficit) (USDbn)	20.1	-2.6	-16.7	
Exchange rate (USD/VND)[4]	26,293	26,310	26,310	

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

MACRO COMMENTARY

Vietnam's GDP growth accelerated to 8.4% YoY in 2Q26 (8.2% in 1H26), driven by booming AI-related exports, resilient domestic consumption, and rising infrastructure investment. Manufacturing remained the key growth engine, while construction activity gradually catching up with the infrastructure boom. Consumer spending proved resilient despite higher interest rates and energy prices, while the VND remained broadly stable. Looking ahead, we expect construction activity to accelerate further, while foreign capital inflows could help ease domestic liquidity constraints and support Vietnam's long-term growth trajectory.

Access to Full June Macro Report

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VVF FUND INFORMATION

Fund Launch Date	14 July 2015
Legal Entity Identifier (LEI)	5493003GR1U7LK7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD64.7m
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), Interactive Brokers

CONTACT DETAILS

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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[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	FOVCPIU 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.*