

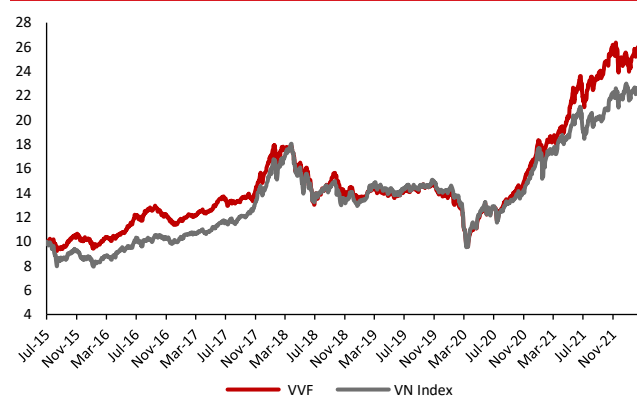
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

PERFORMANCE SUMMARY

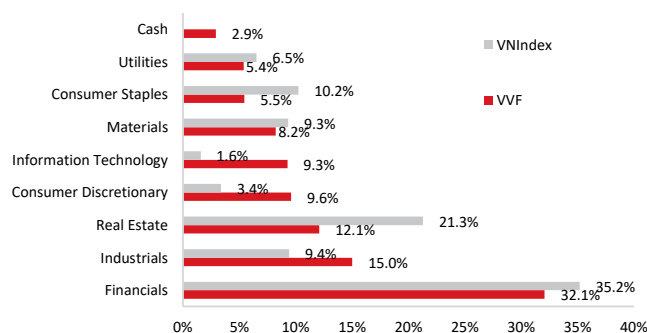
	Fund*	VN-Index
February 2022 (m-o-m)	2.8%	0.1%
YTD	1.8%	-0.5%
3-year annualized	22.1%	16.2%
Annualized since inception	15.4%	12.9%
Accumulated since inception	157.9%	123.0%
Sharpe ratio (annualized since inception)	0.62	0.50
Annualized standard deviation	20.4%	21.4%
Tracking error	7.9%	

* Fund information calculated from Class A shares

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2022F PE	2022F ROE
MBB	5,698	Financials	9.4%	7.6	24.1%
FPT	3,712	Information Technology	9.3%	15.9	23.4%
MWG	4,250	Consumer Discretionary	6.8%	15.4	27.4%
TCB	7,757	Financials	6.0%	7.5	22.4%
HPG	9,255	Materials	4.6%	5.5	35.3%
KBC	1,434	Real Estate	4.1%	10.6	17.6%
GMD	657	Industrials	3.7%	18.3	11.2%
VHM	14,794	Real Estate	3.7%	7.9	28.4%
NLG	910	Real Estate	3.6%	14.4	10.3%
DGC	1,223	Materials	3.6%	7.0	49.0%
VVF Port.				10.4	23.1%
VN-Index				14.0	19.7%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

Vietnam's stock market managed to hold its ground in a volatile February, ending the month nearly flat despite concerns surrounding the Russian invasion of Ukraine that occurred in the last week of the month. For the first two months of 2022, the VN-Index slightly declined 0.5%, outperforming most other emerging markets such as the MSCI Emerging Market Index, which has retreated 4.9% YTD. Just as investors started to become comfortable with the U.S. Fed's hawkish position on interest rates, the latest geopolitical conflict between Russia and Ukraine has forced investors to become cautious as they reassessed the outlooks for inflation and growth. Average daily trading value declined 16% m-o-m to USD1.2 billion in February. Materials (13.5%) and Energy (12%) were among the top performing sectors on the back of higher commodity (steel, urea) and oil prices, while the worst-performing sectors included Real Estate and Financials, which dropped 5.5% and 3.5%, respectively.

The Fund's Class A NAV per share increased 2.8% (USD terms) in the month, outperforming the local benchmark. For the first two months of 2022, the fund was up 1.8% versus a 0.5% decrease of the VN-Index. Top contributors included Hoa Phat Group (HPG), Gemadept (GMD), and Duc Giang Chemicals (DGC).

HPG, the largest steel maker in Vietnam, announced strong construction steel sales volume in February of 450,000 tonnes (+137% y-o-y and +18% m-o-m), led by strong demand in the domestic market. HPG will be a net beneficiary from the Russia-Ukraine war in the short-term while also benefitting from accelerating domestic infrastructure spending. For the first two months of 2022, construction steel sales volume also surged to 832,000 tonnes (+121% y-o-y) while selling price rose 10.5%. HPG targets to sell 4.7 million tonnes of construction steel in FY22, a 20% y-o-y increase. HPG's share price was up 11% in the month.

GMD, one of the leading logistics and port operators in Vietnam, saw its stock price increase 14.8% in February 2022. The company had a stellar year in 2021, as 4Q21 and 2021's results beat all market consensus, with net profit surging 267% y-o-y and 65% y-o-y, respectively. The company is forecast to deliver 35% profit growth in 2022, as the company's deep-sea port Gemalink (GML) will be the key growth driver when it operates at full capacity this year. In addition, there have been some steps taken around the potential divestment of some of its non-core assets, which include a rubber plantation company in Cambodia. The longer-term investment case for GMD is that it offers some of the best exposure to Vietnam's fast-growing import-export activity. In recent years, the trend to up-scale container ships has boosted the number of such vessels calling at the deep-water port cluster in Cai Mep-Thi Vai, a two-hour drive from Ho Chi Minh City. As the largest deep seaport in Vietnam, Gemalink is well positioned to benefit from this trend, which will become the key growth driver of GMD in the next three years.

DGC is the leading chemicals manufacturer in Vietnam, producing and exporting yellow phosphorus, phosphoric acids for industrials (chips/semi-conductors) as well as phosphate fertilizers and feed additives for agriculture businesses. The company's share price rallied 17.4% as prices of their key product, yellow phosphorus, continued to rise due to the continuous strong demand from chipmakers. The company targets revenue to reach USD530 million (+26% y-o-y) and generate a net profit of USD152 million (+39% y-o-y) in 2022. DGC recently proposed a share dividend of 117% and cash dividend of USD0.04 per share at its upcoming AGM.

We are thinking about the first- and second-order effects of the geopolitical tension in Europe as well as inflation risk from high fuel and commodity prices. What will matter now is the companies we hold demonstrating that they have true pricing power and offsetting what is likely to be another year of cost inflation. It is important to continue focusing on long-term outcomes while being mindful of short-term vulnerabilities, and we are leaning into our bottom-up process to carefully assess the fundamentals of each business. We take solace in the fact that we know what we own—quality businesses that operate in structurally growing areas of the market which have capable management teams. While the ongoing conflict may increase near-term market volatility, we remain confident about Vietnam's equity market. It currently trades at a reasonable price (2022F P/E of 14.0x) and Vietnam's long-term economic growth story remains intact.

MACRO COMMENTARY

The on-going recovery of Vietnam's economy continued to progress in February. This was best illustrated by a pickup in the country's electricity usage to 7.4% yoy growth in 2M22, similar to pre-COVID levels, significantly higher than the 4% yoy seen in 2M21. That said, Vietnam's industrial production growth of 5.4% yoy in 2M22 was still below the 7.4% growth in 2M21, and real retail sales (i.e., excluding inflation) actually fell slightly in 2M22 versus de minimis growth in 2M21, all signals that Vietnam's recovery has not yet fully gained traction.

One benefit of this still tepid recovery is that inflation in Vietnam remains quite low, and actually fell from 1.9% yoy in January to 1.4% in February. Furthermore, Vietnam's inflation rate dropped in February despite the fact that retail petrol prices increased by about 8% month-on-month (mom), and retail pork prices increased 5% mom, which was in-turn partly because of the "high base effect" attributable to surges in the prices of both in early 2021. Specifically, the year-on-year increase in petrol prices only ticked up from 44% yoy in January to 45% in February, and the drop in retail pork prices remained unchanged (at -22% yoy) in both January and February. Note that both pork and petrol have a circa 3% weighting in Vietnam's CPI basket.

We estimate that the circa 30% surge in global oil prices after Russia's invasion of Ukraine will increase Vietnam's headline inflation rate by 1-2%pts, although interest rates in Vietnam have not increased since the time of the invasion. This is in part due to the

MACRO INDICATORS

	2021	Feb 2022	YTD 2022	YOY
GDP growth ¹ (%)	2.6			
Inflation ² (%)	1.8	1.4	1.7	
FDI commitments (USDbn)	24.3	2.6	4.2	-14.0%
FDI disbursements (USDbn)	19.7	1.1	2.7	7.2%
Imports (USDbn)	332.2	25.3	54.7	15.9%
Exports (USDbn)	336.3	22.9	53.8	10.2%
Trade surplus/(deficit) (USDbn)	4.1	-2.3	-0.9	
Exchange rate (USD/VND) ³	23,145	23,099		

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-State Bank of VN Avg. USD/VND Interbank rate

expectation that Vietnam's Government will cap petrol prices to keep inflation in Vietnam to below its 4% target, if need be.

Next, the USD-VND exchange rate has also not moved since the Russian invasion, despite some large spikes in the US Dollar/DXY index prompted by "safe haven" buying of US Dollars in the international markets. That said, the value of the VN Dong depreciated by about 0.7% in February (before the invasion), after having appreciated by about 0.7% in January, all of which left the USD-VND exchange rate essentially unchanged, year-to-date (YTD).

In short, Vietnam's General Statistics Office (GSO) reported that the country ran a USD2.3 billion trade deficit in February (and a USD0.9 billion trade deficit YTD), owing to some specific dynamics in the FDI manufacturing sector. Specifically, Vietnam's imports surged by 15.9% yoy in 2M22 (to USD54.7 billion), which outpaced export growth of 10.2% (to USD53.8 billion), on account of FDI companies aggressively importing production materials to ramp-up production for 2022 exports, due to their swelling order books. We expect Vietnam's trade surplus to widen from 1% of GDP in 2021 to 4-5% in 2022.

Vietnam's PMI ticked up from 53.7 in January to 54.3 in February, driven by a surge of export orders to a 10-month high. Furthermore, note that: 1) FDI companies' export orders also jumped in January; 2) several respondents to the PMI survey reported a surge of their imports/purchases of production inputs/materials; and 3) over three-quarters of Vietnam's imports are of production materials primarily by FDI companies.

Another encouraging indicator is the fact that FDI continues to flow to Vietnam, and there are clear signs that inflows will increase in the months ahead as travel to the country begins to re-open. In 2M22, disbursed FDI increased 7.2% yoy to USD2.7 billion.

Finally, on the topic of travel, this month's on-the-ground observation about Vietnam's on-going economic recovery is a comment about the booming recovery in the country's domestic tourism. Hotels at popular weekend getaway locations (especially outside of HCMC and Hanoi) are booked solid, prices have fully recovered to pre-COVID levels, and travel to those destinations is complicated by severe traffic jams and overcrowded airports as throngs of local tourists resume their normal activities as Vietnam embraces a "living with COVID" approach to the pandemic.

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)	5493003GR1U7LK7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD53.0m
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

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Disclaimer

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