

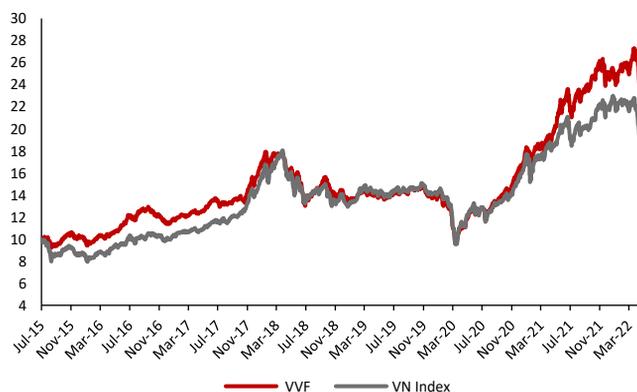
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

PERFORMANCE SUMMARY

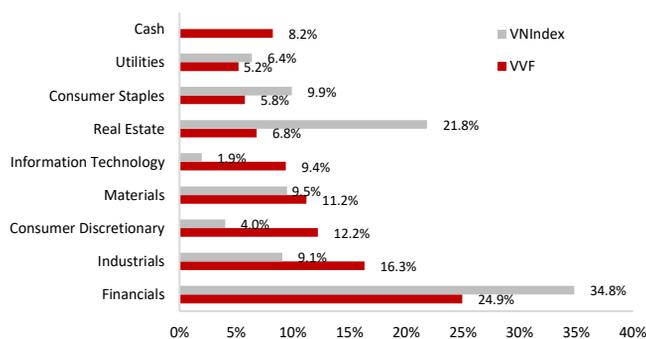
	Fund*	VN-Index
April 2022 (m-o-m)	-5.3%	-8.9%
YTD	0.0%	-9.3%
3-year annualized	21.5%	12.2%
Annualized since inception	14.7%	11.0%
Accumulated since inception	153.3%	103.2%
Sharpe ratio (annualized since inception)	0.59	0.43
Annualized standard deviation	20.4%	21.5%
Tracking error	8.0%	

* Fund information calculated from Class A shares

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDmn)	Sector	% of NAV	2022F PE	2022F ROE
FPT	4,150	Information Technology	9.4%	18.0	23.1%
MBB	4,903	Financials	8.0%	6.5	24.5%
MWG	4,756	Consumer Discretionary	7.3%	16.2	28.5%
DGC	1,795	Materials	5.3%	7.5	61.4%
GMD	714	Industrials	4.6%	17.8	12.6%
HPG	8,434	Materials	4.1%	5.4	33.4%
REE	1,109	Industrials	3.7%	10.9	13.3%
TCB	6,727	Financials	3.3%	6.9	21.6%
VPB	7,104	Financials	3.3%	7.3	22.8%
STB	2,274	Financials	3.3%	11.6	12.4%
VVF Port.				10.4	24.8%
VN-Index				13.1	19.4%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

Following a volatile first quarter of the year, April proved to be even more turbulent for investors as Vietnam's stock market took a sharp turn downward, sliding 8.9%. Local sentiment was affected by the government's anti-corruption initiatives, which have led to the arrests of several business leaders accused of various violations, including share price manipulation and misuse of funds from the issuance of corporate bonds. The fund's portfolio does not have any shares or holdings in the companies associated with the leaders who were implicated. The investigation into stock market violations, coupled with the prospect of substantially tighter US monetary policy, lockdowns in China, and the on-going conflict in Ukraine all weighed on sentiment. For the first four months of 2022, the VN-Index, the local benchmark, was down 9.3% in USD terms. Average daily trading value receded to USD1.1 billion, a 19% m-o-m decline and a nine-month low. On a positive note, foreign investors net-bought in April after selling for the past eight consecutive months, with April net-buy value reaching USD174 million on the combined three bourses.

The fund's class A NAV per share declined 5.3% in April, outperforming the VN-Index. Holdings in the retail, materials and industrials sectors outperformed the overall market. Notably, MWG (+1.7%), DGC (+5.1%), REE (+1.5%), and SCS (+10.6%) were resilient during the market downturn, backed by their outstanding earnings results in 1Q22 and positive outlook for the rest of the year. Meanwhile, top detractors included banking and real estate stocks such as MBB (-10.1%), TCB (-11.7%), NLG (-16.8%) and KBC (-18%) due to concerns that tightening bond issuance could affect those two sectors. Year-to-date, the fund has stayed flat, a strong outperformance against the 9.3% drop of the local benchmark.

Q1 earnings season concluded with upbeat results for Vietnam's listed companies. Thus far, listed companies on the Ho Chi Minh Stock Exchange (representing 96% of its market capitalization) have announced earnings that show a 30% y-o-y increase in aggregate. The whole portfolio reported robust profit growth of 60% for 1Q2022, twice the growth of the broad market.

GMD posted strong 1Q2022 revenue and PBT of USD38 million (+28% y-o-y) and USD15 million (+82% y-o-y), respectively, which is the highest quarterly core earnings ever recorded by the company. We believe that growth momentum can be sustained in 2022 given the contribution of Gemalink, the newly operated deep seaport as well as cost efficiency improvement. Meanwhile, we maintain our positive view on GMD's long term growth outlook, especially with the anticipated contribution of Nam Dinh Vu port Phase 2 beginning in 2023 and Gemalink's Phase 2 from 2025.

REE is a holding company with three main business lines: power (nearly half of its total earnings), mechanical & engineering installation (M&E), and office leasing. The company announced impressive 1Q22 results with revenue and NPAT-MI surging 73% y-o-y to USD89 million and 67% y-o-y to USD30 million, respectively, thanks to a jump in earnings from hydropower plants and additional earnings contributions from new wind plants that came into operation in 4Q21. The company paid cash dividend of USD0.04/share in April and will pay additional 15% share dividend in May.

MBB released consolidated results for 1Q22 with profit before tax of USD257 million (+29% y-o-y), which completed 26% of our FY2022 forecast. 2022 net interest income increased 41% y-o-y with consolidated NIM at 5.60% (+38 bps q-o-q). For FY2022, the bank guides for profit before tax of USD883 million (+23% y-o-y) on 16% credit growth and NPL below 1.5%.

The stock market retreat in April has brought the stock prices of many companies to attractive levels for long-term investment. By the end of April, the VN Index was trading at a 2022F P/E of 13.1x, significantly lower than the 5-year average (15.9x), while the aggregate profit of listed companies is expected to increase by 21% in 2022. The current market conditions offer a good opportunity for long-term investors to increase their equity holdings. We took advantage of recent market volatility to actively rebalance our portfolio and pick up battered stocks in industrial parks and logistics with good outlooks and attractive valuations. Though we see the potential for further pressure on Vietnam's stock market in the months ahead, companies with solid business models and strong pricing power are likely to be outperformers and relative safe havens in the current volatile market.

MACRO COMMENTARY

The 7-day average of new COVID cases in Vietnam plunged in April, from 127,000 at the beginning of the month to fewer than 14,000 at the end. This has contributed to the on-going recovery in Vietnam's nominal retail sales (which are partly driven by higher prices) from below 2% y-o-y growth in 2M22 to 10.4% y-o-y in March, and 12.1% y-o-y growth in April.

We continue to expect Vietnam's real retail sales (i.e., stripping out the impact of inflation) to grow by 5% in 2022, and believe that our forecast is realistic given that: 1) foreign tourists are now returning to Vietnam (we estimate that tourists accounted for around 10% of Vietnam's retail sales, pre-COVID), and 2) Vietnam's real retail sales growth averaged 9% annually in the five years before COVID. Consumption accounts for about two-thirds of Vietnam's economy, so the rebound in consumption growth as COVID issues abate supports our forecast that Vietnam's GDP will grow by 6.5% this year.

In addition to enabling Vietnam's consumers to fully resume their ordinary day-to-day economic activity, the plunge in new COVID cases also factored into the largest surge of employment in Vietnam's manufacturing sector in over a year, which in turn contributed to manufacturing output growth ticking up from 7% y-o-y in 3M22 to 8.3% in 4M22.

In contrast to that positive development, an increasing number of companies are reporting difficulties securing inputs from China. This helps explain why Vietnam's PMI was unchanged at 51.7 in both March and April, despite the above-mentioned surge in employment as well as the fact that manufacturing output has now expanded in 6 of the last 7 months.

In our understanding, the supply chain issues caused by China's "Zero COVID" policy have

MACRO INDICATORS

	2021	Apr 2022	YTD 2022	y-o-y
GDP growth ¹ (%)	2.6			
Inflation ² (%)	1.8	2.6	2.1	
FDI commitments (USDbn)	24.3	1.7	9	-19.8%
FDI disbursements (USDbn)	19.7	1.5	5.9	7.6%
Imports (USDbn)	332.2	32.2	119.8	15.7%
Exports (USDbn)	336.3	33.3	122.4	16.5%
Trade surplus/(deficit) (USDbn)	4.1	1.1	2.5	
Exchange rate (USD/VND) ³	23,145	23,140		

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

primarily affected Vietnamese producers of low value-added products such as garments. However, factory managers across a wide range of industries are understandably concerned about this issue given the heavy reliance of Vietnam's manufacturing sector on production materials and capital goods from China that are required to produce the products that Vietnam exports (note that Vietnam had an 15% of GDP trade deficit with China last year).

At the time of writing, the Chinese government relaxed some of its COVID restrictions on factories in Shanghai, and executives at some FDI companies have made public comments that indicate an expectation that the COVID measures will significantly ease within the next two months. We believe that FDI manufacturers in Vietnam would avoid severe supply chain issues if China's lockdowns were eased within the next two months.

That belief is supported by the fact that the inventories of production inputs held by FDI factories have increased significantly since the beginning of 2021. Vietnam's imports rose 27% in 2021, significantly outpacing the country's 19% export growth, while export growth continued to outpace import growth during the first three months of this year. Note that most of Vietnam's imports are of production materials required by FDI manufacturers, and that imports of materials required to make high tech products surged by about 25% in 4M22.

That said, manufacturing companies' inventories of production materials shrank significantly in April, according to the April PMI survey. Meanwhile, the above-mentioned dynamic of Vietnam's import growth outpacing export growth reversed in April – presumably because those companies were not able to import all the inputs they wanted to purchase from their suppliers in China.

Further to that last point, Vietnam's exports grew by 16.5% to USD122.4 billion in 4M22 versus import growth of 15.7% to USD119.8 billion. Consequently, Vietnam's trade surplus increased from USD1.5 billion in 4M21 to USD2.5 billion in 4M22, which in-turn helped support the value of the VN Dong. The USD-VND exchange rate depreciated by just 0.5% during the month versus a circa 4% depreciation in the value of the Chinese Yuan (keep in mind that the US Dollar/DXY Index increased by nearly 5% during the month).

Finally, two other factors currently supporting the value of the VN Dong are: 1) a 7.6% y-o-y increase in FDI disbursements to USD5.9 billion in 4M22, and 2) Vietnam's CPI inflation rate remained modest at just 2.6% in April, which has encouraged local savers to keep their money in VN Dong (on which they can earn a 4-6% interest rate on short-term bank deposits) rather than exchanging it into USD.

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)	5493003GR1U7L7K6767
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD53.7m
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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