

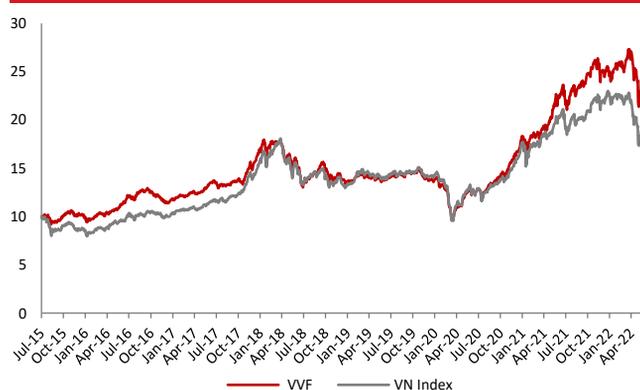
VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam, with an objective to deliver long-term capital growth, through bottom up stock picking and disciplined risk management.

PERFORMANCE SUMMARY

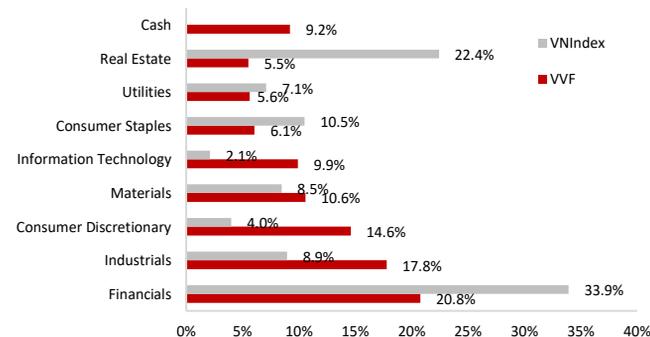
	Fund*	VN-Index
May 2022 (m-o-m)	-3.6%	-6.3%
YTD	-3.6%	-15.1%
3-year annualized	21.0%	10.8%
5-year annualized	13.6%	11.4%
Annualized since inception	13.8%	9.8%
Accumulated since inception	144.1%	90.4%
Sharpe ratio (annualized since inception)	0.56	0.38
Annualized standard deviation	20.3%	21.5%
Tracking 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	4,333	Information Technology	9.9%	19.0	23.1%
MBB	4,522	Financials	7.7%	6.0	24.5%
MWG	4,574	Consumer Discretionary	7.4%	18.6	24.7%
DGC	1,650	Materials	5.1%	7.0	61.4%
GMD	725	Industrials	4.9%	18.3	12.6%
REE	1,387	Industrials	4.8%	13.8	13.3%
HPG	6,694	Materials	3.4%	5.2	28.6%
NLG	789	Real Estate	3.3%	14.2	9.1%
PNJ	1,201	Consumer Discretionary	3.1%	16.8	24.6%
VCB	16,105	Financials	3.1%	13.0	23.0%
VVF Port.				10.6	24.6%
VN-Index				12.5	19.5%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

Vietnam's equity market continued to experience a high volatility in May. The VN Index largely followed global sentiment, slumping by more than 14% in first two weeks of the month to arrive at its lowest level in 13 months. A cocktail of fears such as the impact of global inflation and lockdowns in China, the investigations into violations of stock market regulations, and the more stringent control of loans to the real estate sector all swayed retail investors away from the market during this period. Nevertheless, bottom-fishing activities became more pronounced in the second half of the month, helping the market recover by more than 10% from its low trough on May 16th and close the month at 1,293, a decrease of 6.3% m-o-m in USD terms. On a year-to-date basis, the VN Index has declined 15.1% in USD terms. Lack of money flow from retail investors caused average daily trading liquidity to recede to USD766 million in May, a 32% m-o-m decline. Foreign investors, on the other hand, continued to accumulate shares, leading to a net buy of USD150 million in the month.

The fund's Class A NAV per share declined 3.6% (USD terms) in May. For the first five months of 2022, the fund reported a decline of 3.6%, outperforming the local benchmark by a large margin of 11.5 percentage points. While the fall of the VN Index was significant in May, we saw dispersion among the performance of the stock groups. Notably, utilities (+5.8%) and technology (+1.7%) were the only sectors that saw positive returns while banks (-7.9%) and materials (-14.9%) were the major laggards. Additionally, stocks of a speculative nature saw the deepest slumps, suggesting a rotation into higher-quality names during a period of uncertainty.

The fund's outperformance can be attributed to the positive returns from top holdings FPT (+3.7%), GMD (+1.6%), REE (+25.1%), and PNJ (+5.4%), coupled with our underweight in the banking sector. These stocks showed resiliency during the market downturn, given their strong earnings visibility and growth outlooks. Of note, REE's hydropower earnings are likely to exceed market consensus due to stronger-than-expected volume as well as prices in the competitive generation market in the context of high gas and coal prices. FPT maintained its stellar growth, with reported earnings increasing 30.7% y-o-y in April and 31.5% in 4M22, backed by solid software growth in the US (+67% y-o-y) and Asia Pacific markets (+40%), with revenue from digital transformation maintaining outstanding growth of 90% y-o-y.

PNJ released robust 4M 2022 results, with USD557 million in revenue (+43% y-o-y) and net profit increasing 45% y-o-y to USD37.3 million. In April 2022 alone, retail sales and net profit soared 51% and 70% y-o-y, respectively, buoyed by strong consumer sentiment now that all lockdown measures have been removed across the country. We have confidence in PNJ's outlook for 2022 post-COVID, as it continues to gain retail market share with growth underpinned by 1) a resilient high-income and affluent customer base; and 2) the company's more effective marketing activities as reflected by the improved retail gross profit margins despite aggressive promotions.

Amid elevated uncertainty regarding the outlook for inflation, monetary policy and geopolitics, we believe there is a major bright spot for long-term investors: more attractive valuations. Valuations are broadly more reasonable today given the pullback in prices, whereas earnings continued to trend higher. During the month, we were able to pick up battered stocks that we have been keeping an eye on in consumer discretionary and industrials at attractive valuations while exiting some small positions in companies that we believe are depleted of growth catalysts or facing industry headwinds. Looking ahead, we remain guardedly optimistic on Vietnam equities as we approach the half-way point of 2022. Given that the path forward is likely to remain choppy, we continue to emphasize portfolio construction underpinned by high-quality, growing companies, especially quality investment opportunities in oversold situations that can provide asymmetric upside.

MACRO COMMENTARY

During May, Vietnam's post-COVID economic boom continued to accelerate. While inflation ticked up (albeit to a rate below 3% y-o-y) and China's COVID lockdowns impeded Vietnam's manufacturing output and exports to some extent, the impact of the re-opening boom on Vietnam's domestic consumption has been dramatic and supports our expectation that Vietnam's GDP will grow by at least 6.5% this year. Specifically, retail sales growth surged from a 1.7% y-o-y increase in 2M22 to 10.4% growth in March, 12.7% growth in April, and to a 22.6% y-o-y jump in May. Furthermore, retail sales grew by nearly 5% m-o-m in May, so the above-mentioned 22.6% y-o-y increase was not solely attributable to favourable base effects.

This dramatic acceleration will significantly boost Vietnam's GDP growth this year because real retail sales (i.e., stripping out the impact of inflation) is a close proxy for domestic consumption, which accounts for about two-thirds of GDP. Real retail sales in Vietnam rebounded from a 1% y-o-y drop in 5M21 to 6.3% growth in 5M22, which we estimate will boost Vietnam's GDP growth by nearly 5%pts, ceteris paribus.

We are not surprised by the strong domestic consumption – which we have been forecasting since the end of 2021 – but we are surprised about the strength of the manufacturing sector's growth, another reason why we now believe Vietnam's GDP could grow by more than 6.5% this year. Some international banks/research firms have forecasted GDP growth as high as 9% in 2022.

In early 2022, we predicted that Vietnam's manufacturing output would grow by 7% this year, but in 5M22, manufacturing output surged by 9.2% y-o-y, and in May, Vietnam's manufacturing PMI had its biggest one-month jump in over one year – from 51.7 in April to 54.7 in May. Furthermore, the leap in Vietnam's PMI in May was driven by an acceleration in companies' new

orders, which is a positive leading indicator for Vietnam's manufacturing output and GDP growth, since manufacturing accounts for over 20% of Vietnam's GDP.

The majority of products produced in Vietnam are exported, and the country had a fairly sizeable USD 1.7 billion trade deficit in May, according to the General Statistics Office (GSO), despite the above-mentioned robust performance of the country's manufacturing sector. We note, however, that Vietnam's trade balance is often negative in the month of May for seasonal reasons that are partly related to the timing of when electronics manufacturers tend to release new product lines and ship the products to their customers.

Some observers postulated that China's COVID lockdowns helped cause Vietnam's trade deficit in May, partly because some respondents to the most recent PMI survey mentioned difficulties securing production inputs from China to produce products for export. That said, the number of respondents to the PMI survey who mentioned difficulties securing production inputs from China fell somewhat from April (when it was a bigger issue) to May. Finally, we note that Vietnam's imports from China grew by 8% m-o-m and by 17% y-o-y in May, and that China's COVID lockdowns started to ease at the beginning of June, both of which make it likely that this will not be a major issue for Vietnam in the months ahead.

Despite the large trade deficit in May, Vietnam still achieved a USD 500 million trade surplus in 5M22, driven by a 16% y-o-y increase in exports to USD 152.8 billion, and a 15% increase in imports to USD 152.3 billion. Also, the trade deficit prompted a near 2% depreciation in the value of the VN Dong against the US Dollar during the month, despite a 1% decline in the US Dollar/DXY Index (the USD-VND exchange rate had depreciated by about 1.6% YTD as of the end of May).

In addition to the above-mentioned surge in factory orders in May, FDI continued to flow into the country. This is another positive leading indicator for future manufacturing output growth, since over 80% of these inflows are likely to be channelled into projects that boost Vietnam's industrial production. Specifically, FDI disbursements grew by 7.8% y-o-y in 5M22 to USD 7.7 billion.

Finally, as mentioned above inflation rose modestly in May, driven by 6-10% price hikes in retail petrol prices in Vietnam that left the price of petrol nearly 60% higher year-on-year. Consequently, Vietnam's headline CPI inflation rate ticked up from 2.6% y-o-y in April to 2.9% in May although Vietnam's food price inflation remained at slightly above 1% in May. Bank deposit rates increased by less than 20bps during the month, and savers remain unconcerned about the recent uptick in Vietnam's inflation rate.

MACRO INDICATORS

	2021	May 2022	YTD 2022	y-o-y
GDP growth ¹ (%)	2.6			
Inflation ² (%)	1.8	2.9	2.3	
FDI commitments (USDbn)	24.3	2.7	11.7	-7.7%
FDI disbursements (USDbn)	19.7	1.8	7.7	7.8%
Imports (USDbn)	332.2	32.2	152.3	14.9%
Exports (USDbn)	336.3	30.5	152.8	16.3%
Trade surplus/(deficit) (USDbn)	4.1	-1.7	0.5	
Exchange rate (USD/VND) ³	23,145	23,057		

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

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	USD51.2m
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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