

VVF is an actively managed UCITS-compliant fund that invests in equities and equity-related securities of companies that are based in Vietnam or that have substantial exposure to Vietnam, with an objective to outperform the Vietnamese benchmark index over the long term, through bottom up stock picking and disciplined risk management.

Performance summary

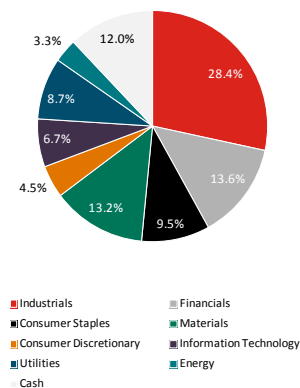
	Fund ¹	VN Index
June 2016 (month-on-month)	6.6%	2.6%
Year-to-date	13.5%	10.0%
Cumulative since inception	16.3%	(3.5%)
% of Up months	73.9%	60.9%
Annualised standard deviation	14.7%	19.5%
Tracking error	7.8%	

¹Fund information calculated from Class A shares

Performance Chart



Sector Allocation



Manager's monthly commentary

Vietnam's equity market was on a roll in June, rising 2.6% in USD terms, despite Brexit, which sent shockwaves across global markets on 24 June. In fact, the market quickly shook off the UK's vote to leave the EU and close the month at 632, near an eight-year high for the VNIndex. The gains extended the winning streak seen in May, but featured stronger liquidity and foreign flows.

While there are many forces affecting the stock market, and the long-term impact of Brexit on Vietnam is yet to be academically analysed, our assessment is that Brexit should not affect Vietnam's economy in a dramatic way because the EU (including the UK) is the destination for just 19% of Vietnam's total exports, most of which are foodstuffs and garments, which are inelastic. In terms of foreign direct investment, the impact of Brexit is expected to be negligible, as European companies have not been large FDI investors in Vietnam. In any case, the fund focuses on investing in companies that are domestic oriented, such as those in manufacturing, construction, infrastructure and consumers, not those dependent on export-fuelled growth.

GDP growth for the first half of 2016 came in rather modest at 5.52%, but that also did not spoil the positive market sentiment as investors expect a more accommodative policy to boost economic growth during the second half of the year, which will likely buoy the market.

The fund continued to outperform the VN Index in June, with VVF Class A NAV per share increasing 6.6% in USD terms, the second highest monthly performance since the fund's inception.

Key holdings continue to perform

Viconship (VSC) was up 21% during the month, with second quarter performance expected to improve after a lacklustre first quarter. These expectations are based on the fact that the newly built VIP Greenport in Haiphong will achieve higher utilization and be a key growth driver in sales and the company's bottom line from the second quarter into 2017.

The first six months of the year saw robust growth in manufacturing, which increased 10.1%, and construction, which rose 8.8% to the highest levels in six years. It is of no surprise that related stocks performed well during the month, with steelmakers Hoa Phat Group (HPG, +17%) and Hoa Sen Group (HSG, +17%) and construction company Cotec (CTD, +9.7%) among the top gainers in anticipation of good second quarter performance. Of note, HPG announced that sales during the first five months of the year grew 19% to 680,000 tons compared to the same period a year ago. Its market share currently stands at 20%.

Vinamilk (VNM, +0.7%) officially announced that its board of directors has removed the company's foreign ownership limit and that it is carrying out procedures to obtain final approval from the State Securities Commission to do so. Once completed, VNM will become one of the first seven listed companies in Vietnam that allow 100% foreign ownership.

Calendar

VinaCapital Investor Conference

VinaCapital will hold its annual Investor Conference from 12 - 14 October, 2016. The event will include a range of speakers from a number of listed, private and OTC companies.

VVF Roadshows

Thu Nguyen will be in Singapore from 29 - 31 August 2016.

Roadshows planned for the last quarter of 2016 to include London, Edinburgh, Vienna, Madrid, Brussels, Amsterdam and Milan.

Top holdings

Ticker	Market Cap (USDm)	Sector	% of NAV	2016F PE	Div Yield
VNM	7,585	Consumer Staples	9.5%	18.0	3.5%
VSC	134	Industrials	7.5%	12.4	2.3%
FPT	861	Information Technology	6.7%	9.0	4.8%
HPG	1,301	Materials	5.4%	6.7	3.8%
BMP	298	Industrials	4.7%	10.2	2.7%
CTD	405	Industrials	4.7%	10.3	2.8%
SJD	55	Utilities	4.1%	7.1	9.3%
GAS	5,360	Utilities	3.8%	16.6	4.8%
VCB	5,650	Financials	3.8%	17.8	2.1%
DQC	107	Industrials	3.4%	10.4	3.3%
VVF Portfolio				11.3	3.6%
VNIndex				15.1	3.7%

Source: VinaCapital's estimates

Macroeconomic update

Vietnam's GDP grew 5.52% through the first half of 2016, which compared to last year's 6.47% over the same period looks a bit lacklustre, and indicates that reaching the government's 2016 target of 6.7% growth will be a challenge. With that said, many of Vietnam's key economic drivers, namely exports, manufacturing and domestic consumption, continue to demonstrate resilience. FDI has remained a driving force in the economy, with year-to-date commitments and disbursements increasing 105% and 15% respectively through the end of June. Up to 65% of the new capital flows to manufacturing, indicating a positive outlook for the sector. Indeed, the purchasing managers' index remained in expansionary territory this month, reaching 52.6 and marking the seventh-consecutive month in expansionary territory.

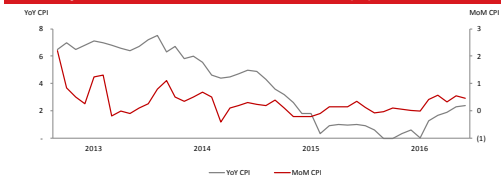
Vietnam's CPI rose 0.5% m-o-m in June, or 2.4% y-o-y, as inflation continues to rise after spending much of last year around zero. June's uptick in CPI was driven mainly by increasing gasoline prices, as transport costs increased 3% m-o-m. Bond yield curves shifted downward slightly this month due largely to the combination of satisfactory liquidity in the banking system and a continued strong appetite among commercial banks for government securities. This implies that the government's borrowing program seems to be unfolding well, with high rates of success over numerous bond auctions. Further, there has been no pick up in deposit rates among banks and interbank lending has remained subdued, while overall lending rates have shown mild declines of between 10 – 20 bps. The State Bank of Vietnam's appeal to banks in lowering them further remains a feasible proposition.

Macroeconomic indicators

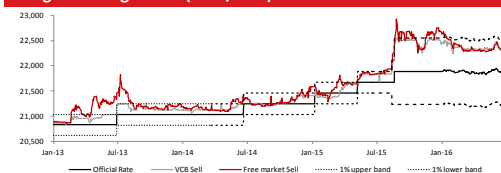
	2015	Jun-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%		5.52%	
Inflation (%)	0.5%	0.5%	2.4%	2.4%
FDI commitments (USDbn)	22.8	1.1	11.3	-6.3%
FDI disbursements (USDbn)	14.5	1.5	7.3	7.4%
Imports (USDbn)	165.6	14.9	80.7	-0.7%
Exports (USDbn)	162.4	14.8	82.2	3.5%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.1)	1.5	
Exchange rate (USD/VND) ²	22,450	22,275	0.8%	

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Year-on-year and month-on-month inflation (%)



Foreign exchange rates (VND/USD)



Key terms

	Class A ¹	Class B	Class C	Class D	Class E	Class F ³	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%
Performance Fee	None	15% ²	15% ²	15% ²	15% ²	None	None
Bloomberg	FOVCPVA LX	FOVIEBU LX	FOVIECE LX	FOVIEDE LX	FOVIEEU LX	-	-
ISIN	LU1163030197	LU1163027052	LU1214542463	LU1214545136	LU1286782559	LU1286782716	LU1286783011

¹ Class A Shares are restricted to existing holders of the Listed Portfolio Share class (AIM: VNLI) of Vietnam Infrastructure Limited; external investors may subscribe to the Class A Shares at the discretion of the Investment Manager.
² 15% of the outperformance of the NAV per Share over the Adjusted Reference NAV as described in Section IX of the Forum One-VCG Partners Vietnam Fund Prospectus (Updated March 2016).
³ 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).

Fund structure

Launch date	14 July 2015
Trading Period	Daily Subscriptions/Redemptions
Fund Size	USD64.5m
Incorporation	Luxembourg
Registered	UK, Germany, Singapore, Austria, Switzerland, Sweden
Management company	Edmond de Rothschild Asset Management (Luxembourg)
Investment manager	VinaWealth FM 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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The current Sales Prospectus, the Key Investor Information Document (KIID), the Articles of Association as well as the annual reports of the Forum One – VCG Partners Vietnam Fund ("the Fund") are the sole binding basis for the purchase of fund shares. These documents can be obtained in English and free of charge from the Fund Manager's website (www.vinawealth.vn/en) and the Management Company's website (<http://naucvcm.edmond-de-rothschild.eu/>). This document is prepared by VinaWealth Fund Management Joint Stock Company ("VinaWealth") for the information of shareholders in the Fund and other eligible recipients, on the basis of information obtained from sources VinaWealth considered to be reliable, but VinaWealth does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness. The information contained in this document is for background purposes only and is subject to updating, revision and amendment, and no liability whatsoever is accepted by VinaWealth or any other person, in relation thereto. Please refer to the Fund's prospectus for more information on the Fund and its risks. This document is neither a prospectus nor an offer or invitation to apply for shares and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Past performance is not necessarily guidance to the future. The value of shares in the Fund and the income derived there from may go down as well as up. You are advised to exercise caution in relation to this document. If you are in any doubt about this document or any information contained in this document, you should obtain independent professional advice. The information contained in this document is strictly confidential and is intended only for the use of the individual or entity to which VinaWealth has provided the report. No part of this report may be reproduced or distributed without the prior consent of VinaWealth.