

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

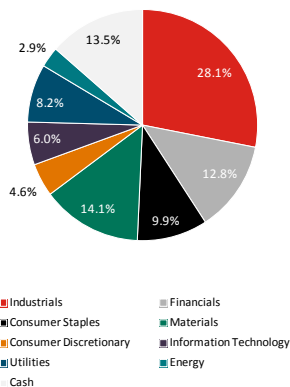
	Fund ¹	VN Index
July 2016 (month-on-month)	3.5%	3.2%
Year-to-date	17.6%	13.6%
Cumulative since inception	20.4%	(0.1%)
% of Up months	70.4%	59.3%
Annualised standard deviation	14.3%	18.9%
Tracking error	7.5%	

¹Fund information calculated from Class A shares

Performance Chart



Sector Allocation



Manager's monthly commentary

July proved to be a fairly good month for Vietnam's stock market, which saw the VN Index advancing 3.2% in USD terms. During the month, the VN Index broke through the long-time resistance level of 640 and eventually reached an eight-year high of 680 before strong profit taking brought things back to earth, particularly for small- and mid-caps, which saw a solid rally over the past few months. Liquidity also improved, rising 17% in value during the month.

The fund continued to outpace the VN Index in July, with VVF Class A NAV per share increasing 3.5% in USD terms, helped by strong performances from Vinamilk (+12.1%), Hoa Phat Group (+12.4%), Cotec Construction (+15%), and Vietcombank (+14%) upon second quarter earnings releases.

Vinamilk (VNM) reported a strong second quarter, with net revenue growth of 18.6% y-o-y, while net profit surged 28.8% y-o-y. For the first six months of the year, revenue was also up 18.6%, of which domestic revenue surged by 19.5% y-o-y; while net profit rose 32.9%. We expect that VNM will continue to deliver in the second half of the year, benefiting from a better sales mix and favourable milk powder input prices. During the month, VNM also received official confirmation from the State Securities Commission (SSC) to remove its foreign ownership limit, allowing foreigners to buy up to 100% of the company. Given recent results and other favourable developments, we believe VNM will continue to be popular with foreign investors.

Hoa Phat Group (HPG) announced second quarter 2016 net income of USD91 million, an impressive increase of 63.5% y-o-y and 80.8% q-o-q on revenue of USD361 million (+5.2% y-o-y). A sharp improvement in gross margin to 32% during the quarter was driven by the recovery of the average selling price while input material was hedged at a low price. HPG also regained its leading position, with 21.5% market share, an increase of two percentage points compared to the first quarter. Given the continued strength of Vietnam's construction industry, we expect HPG is well positioned to sustain steel sales volume growth and maintain healthy profit margins in the second half of the year.

Cotec Construction (CTD) saw its top line grow by a robust 86% y-o-y during the first half of the year, on account of a large backlog from 2015 and major orders won this year, suggesting that CTD continues to gain market share in a consolidating industry. A higher contribution from design-and-build projects coupled with economies of scale boosted first half 2016 operating margins to 8% (from 5% during the same period in 2015) on top of stringent cost controls. Going forward, design-and-build projects are expected to continue to support the company's strong margins.

Vietcombank (VCB) posted strong profit growth in the first half, with pre-tax earnings up 36% y-o-y, equivalent to 57% of the bank's full year target. Further improvements in the bank's net interest margin together with credit growth of 10.4% through the first half of the year continued to boost the top line, while a drop in provision expenses also kicked in, leading to a stronger bottom line.

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	8,499	Consumer Staples	9.9%	20.2	3.2%
VSC	139	Industrials	7.1%	11.5	2.2%
HPG	1,462	Materials	6.8%	6.7	3.4%
FPT	844	Information Technology	6.0%	8.9	4.9%
CTD	466	Industrials	4.8%	11.8	2.5%
BMP	332	Industrials	4.7%	10.9	2.5%
SJD	57	Utilities	3.8%	7.3	9.1%
SKG	145	Industrials	3.5%	13.0	1.1%
VCB	6,451	Financials	3.4%	20.3	1.9%
DQC	114	Industrials	3.3%	11.1	3.1%
VVF Portfolio				11.7	3.9%
VNIndex				16.0	3.3%

Source: VinaCapital's estimates

Macroeconomic update

Vietnam's economy continued to hum along nicely in July, for the most part. The Index of Industrial Production rose by 7.2% y-o-y in July, with manufacturing – which accounts for 70% of industrial activity – increasing by 9.7%. The Nikkei Purchasing Managers' Index stood at 51.9, a slight decrease from June's 52.6 although still in expansion mode. Meanwhile, retail sales during the first seven months of the year grew 9.4% in nominal terms or 7.4% in real terms.

The country posted a USD100 million trade surplus in July, bringing the year-to-date surplus to USD1.4 billion. Foreign direct investment continued unabated, with commitments surging 47% to USD12.9 billion and disbursements up 15% to USD8.5 billion.

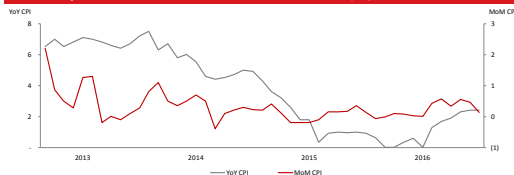
Inflation in July increased just 0.1% from the previous month, bringing the year-to-date figure to 2.5%. With inflation subdued, we believe the State Bank of Vietnam will have some room to loosen monetary policy to help boost GDP growth. The Vietnam dong continued to be stable in July, hovering at about VND22,300 to USD1.

Macroeconomic indicators

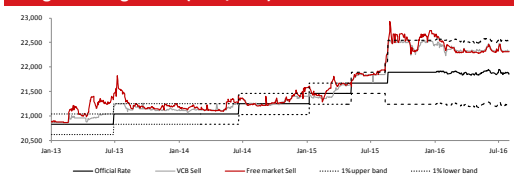
	2015	Jul-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%			
Inflation (%)	0.5%	0.1%	2.5%	2.4%
FDI commitments (USDbn)	22.8	1.7	12.8	45.8% ³
FDI disbursements (USDbn)	14.5	1.3	8.6	15.5% ³
Imports (USDbn)	165.6	14.6	95.0	-1.4%
Exports (USDbn)	162.4	14.7	96.8	1.4%
Trade surplus/(deficit) (USDbn)	(3.2)	0.1	1.8	
Exchange rate (USD/VND) ²	22,450	22,260	0.8%	

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly | 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate | 3. Compared to the first 7 months of 2015

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: VNL) 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 June 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	USD71.3m
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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