Performance Summary — 30 June 2022

	USD	GBP
NAV per share:	7.26	5.97
Change (Month-on-month):	-5.1%	-2.1%
Total NAV (million):	1,187.5	975.2
Share price:	5.79	4.76
Market cap (million):	946.6	777.3
Premium/(discount):	-20.2%	-20.2%

GBP/USD exchange rate as 30 June 2022: 1.2177
GBP/USD exchange rate as 31 May 2022: 1.2548
Source: Bloomberg

Cumulative Change (% change, USD, total returns)[1]

	1mth	3mths	FYTD	CYTD	1yr	3yr
NAV per share	-5.1	-13.9	-8.3	-14.2	-8.3	49.3
Share price	-5.9	-11.9	-10.8	-16.1	-10.8	44.0
VN Index	-7.6	-20.9	-14.9	-21.2	-14.9	32.3
MSCI Emerging market	-6.6	-11.4	-25.1	-17.6	-25.1	2.6
MSCI Vietnam	-7.4	-19.5	-25.4	-25.9	-25.4	3.2

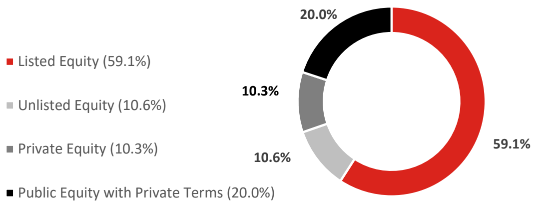
1. Inclusive of dividend distributions; FYTD data is from July 1 to date; CYTD data is from January 1 to date

VOF Key Metrics[2]

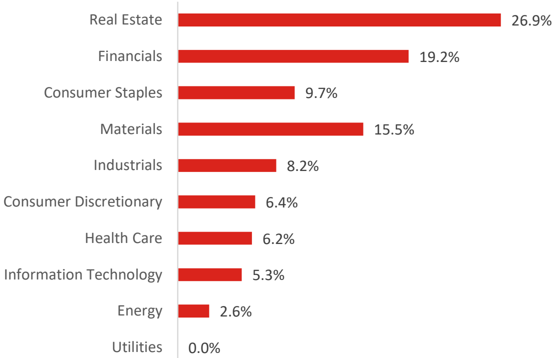
	VOF NAV	VN Index
Annualized Total Return	14.3	9.8
Annualized Standard Deviation	19.0	26.1
Beta	0.68	1.00
Sharpe Ratio	0.65	0.30

2. Based on monthly total return, USD terms in 3 years; Risk-free rate is the 3-year bond yield of 2%

Portfolio by Asset Class[3,4]



Portfolio Allocation by Sector[3]



3. Excluding Cash & Others (-0.4% of NAV); based on Global Industry Classification Standards (GICS)
4. Refer to Portfolio by Asset Class reclassification note in the Fund Summary

Top 10 Holdings[5]

Investee company	% of NAV	Sector
Asia Commercial Bank	11.5%	Financials
Khang Dien House	10.7%	Real Estate
Hoa Phat Group	9.2%	Materials
Airports Corporation of Vietnam	6.3%	Industrials
FPT Corporation	5.4%	Information Technology
Vinhomes	5.0%	Real Estate
Phu Nhuan Jewelry	4.8%	Consumer Discretionary
Quang Ngai Sugar	3.8%	Consumer Staples
Orient Commercial Bank	3.8%	Financials
Vietcombank	2.3%	Financials
Total	**62.8%**	

5. Public Equities, including Listed and Unlisted Equities

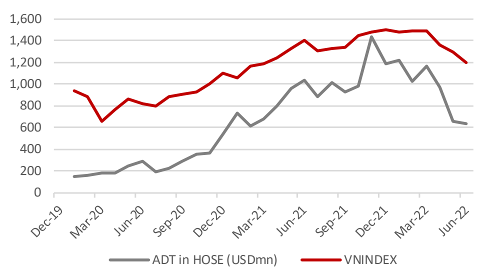
"You make most of your money in a bear market, you just don't realize it at the time." - Shelby Cullom Davis

By the end of June, the Vietnam Index entered bear market territory, with a -21.2% decline year-to-date (USD total return terms ($TR), or -20.1% in VND simple terms). Other markets in the region also suffered steep declines during the first half of the year, with South Korea posting slightly larger losses (-27.4% $TR). Recall that Vietnam was the best performing market in the region for the previous two years, delivering +17.4% in 2020 and +39.0% in 2021 ($TR).

In addition to the sell-off in global markets in recent months, the VN Index's sharp retreat began in April following the announced investigations over regulatory irregularities by companies in the real estate sector and potential transgressions by key officials in the stock market that was further exacerbated by the unwinding of margin positions. All this together soured domestic investor sentiment and dried up trading liquidity. That said, by June, many of these domestic issues seemed to have settled and there is confidence in the market that there will be fewer "surprises" in store from these investigations. As mentioned in the recent Citywire Investment Trust Insider interview, Andy Ho (Chief Investment Officer) reveals that "Vietnam's crackdown targets rule-breakers, not capitalism."[1]

Market liquidity is sharply lower to USD750 million per day for the second quarter, down almost 30% quarter-on-quarter, as domestic retail investors who had been the driving force of market liquidity (and performance) over the past two years, chose to sit on the side-lines and have in fact been net sellers to the tune of USD280 million versus USD540 million net buying in 1Q22. In contrast, foreign investors have been net buyers in 2Q22 for the first time since 2019, attracted to the reasonable valuations that the market now offers, and have been allocating mostly to banking stocks. With the market still dominated by domestic retail investors, a turn in sentiment should reverse back to higher average daily trading (ADT) volumes that will be supportive of a market improvement.

VN Index (points) vs Average Daily Trading (ADT) on HOSE



Source: Fiinpro

VN Index PER (x)

Source: Bloomberg

By most metrics, Vietnam remains very attractively valued. On prospective FY2022E, PER is 11.4x and EV/EBITDA is 11.6x – well below their 5-year average at two standard deviations from historical average. Furthermore, the valuation discount to regional peers (Thailand, Indonesia, and the Philippines) and ASEAN has also expanded to approximately 20% and 17%, respectively.

There are mounting economic concerns plaguing global markets such as aggressive rate-hikes to tame stubbornly high inflation, currency depreciation, and slower growth that may lead to recession risk. However, our Research team believes that the macroeconomic picture for Vietnam remains remarkably strong and resilient. The recent 2Q22 GDP growth of 7.7% y-o-y is the best GDP quarterly growth in over a decade and may pave the way for estimate upgrades. However, the market appears to be overly discounting the downside to earnings considering the country's strong growth prospect (we discuss this more in the macroeconomic section that follows). Based on our Research team's coverage universe they are forecasting 27.7% and 27.4% earnings growth for FY2022E and FY2023E, respectively, led by the oil and gas sector, followed by industrial parks, real estate, ports and logistics, and banks in terms of earnings growth for 2022. This contrasts with consensus earnings estimate of 17% and 19% over the next two years. We note that Vietnam is still in its post-Covid recovery phase of the market and nowhere close to the mid-cycle or late stage that some other developed countries may be in.

Turning to the sectors and companies in the portfolio, the 2Q22 reporting season is just underway. We highlight some results from our portfolio holdings:

•**Hoa Phat Group** (HOSE: HPG, 9.2% NAV) once again announced upbeat sales volume growth in 1H22, with construction steel 2.4 million tonnes (+29% y-o-y, fulfilling 56% of full year forecast), hot-roll coil (HRC) 1.4 million tonnes (+7% y-o-y, fulfilling 55% of full year forecast), steel pipe 377,000 tonnes (flat y-o-y, fulfilling 52% of full year forecast), and galvanized steel sheet 180,000 tonnes (+13% y-o-y, fulfilling 42% of full year forecast). Overall, HPG's sales volume of major products including construction steel and HRC is in-line with forecasts. While we acknowledge there may be some short-term headwinds due to weak demand and falling steel prices on fears of a global economic slowdown and extension of COVID-lockdowns in China, domestic demand remains resilient. There will be less pressure on prices in the medium-term which in turn will help strengthen margins after a period of sharp drops in construction steel prices in the recent quarter. Furthermore, HPG is currently trading at a forward PER of 5.0x, which represents a deep discount to its historical PER of 7.2x. The long-term story for HPG remains intact, with no domestic or foreign steel producer able to match HPG's formidable competitive advantages or outsized market share.

•**FPT Corporation** (HOSE: FPT, 5.4% NAV) reported 1H22 revenue and net profit growth of 22.2% and 28.6% y-o-y, respectively, which was broadly in line with consensus. The Technology segment led earnings with a 24.4% y-o-y increase in profit before tax, followed by Telecoms (+20.8% y-o-y), and Education and Investment (+30.8% y-o-y). Within the technology segment, global IT revenues outpaced domestic IT growth, with US revenues up 48% y-o-y and contributing to 33% of global IT revenues. Revenue from the APAC also surged, up 56% y-o-y and contributing 20% to global IT revenues. Notably, signed revenues swelled by 40% y-o-y to VND11.7 trillion, which bodes well for FPT's future growth. Recall that software outsourcing contributes over 40% of revenues for the company. FPT is the pioneer in IT services in Vietnam, providing services to all of the country's 63 provinces and cities, and generates revenues from 45 countries as it seeks to become a valued technology partner on a global scale.

•**Phu Nhuan Jewelry** (HOSE: PNJ, 4.8% NAV) reported very strong 2Q22 results, with net sales growing 81% y-o-y to VND8,067 billion and net profit jumping by 64.1% y-o-y to VND367 billion. In June alone, net profit came in at VND81 billion, up 58% y-o-y. A strong performance was seen across key product lines in 2Q22, with the retail segment being the main driver with retail sales up 90% y-o-y, gold bar sales up 73.6% y-o-y, and wholesale sales rising 55% y-o-y. Gross profit margins remained relatively steady in 2Q22 at 18%, a slight decrease from 18.8% in 2Q21 due to changes in product mix, elevated promotion activities, and higher input costs (gold prices have increased about 25% y-o-y). PNJ's enhanced digitalisation capabilities looks to bear

1 https://citywire.com/investment-trust-insider/news/andy-ho-vietnam-crackdown-targets-rule-breakers-not-capitalism/a2392845?re=99306&refea=1509624

fruit, with improved operational efficiency, lower SG&A to retail sales ratio (down 1.7% to 16.3%), and better retail growth compared to wholesale growth which suggests that PNJ has gained further market share. Thirteen new gold stores opened in 1H22, in which five were opened in June alone. PNJ looks to continue to deliver strong growth in 2H22, from a low base in 2H21 due to the COVID lockdowns last year.

The team recently held a webinar to look back at the first half of the year, and outlook for the rest of 2022. You can watch a replay of it here. Once again, we remind our investors that our annual investor conference will be held in-person on 5th to 7th October 2022 in Ho Chi Minh City and it has been three years since we have been able to hold an in-person conference. We look forward to welcoming you back and please don't hesitate to reach out to our team for any assistance with your visit.

Macroeconomic Commentary

Vietnam's GDP growth increased from 5.6% y-o-y in 1H21 to 6.4% in 1H22, driven by a surge in domestic consumption, now that the COVID epidemic in Vietnam has subsided. Specifically, real retail sales (i.e., stripping out the impact of inflation), which is a close proxy for domestic consumption that accounts for about two-thirds of Vietnam's GDP, surged from 1.9% y-o-y growth in 1H21 to 7.9% growth in 1H22.

That increase is quite remarkable, but we are even more struck by the surge in domestic consumption as 2022 has progressed, especially after the remaining COVID restrictions were essentially removed in March 2022. Vietnam's retail sales grew 1.7% y-o-y in 2M22, when COVID restrictions were still in place, but then as soon as the restrictions were lifted, they surged by over 10% y-o-y in March 2022, nearly 13% y-o-y in April, nearly 20% y-o-y in May, and by an astonishing 27% y-o-y in June 2022!

In contrast to the vigorous recovery in domestic consumption, Vietnam's manufacturing activity decelerated from 11.4% y-o-y growth in 1H21 to 9.7% growth in 1H22, driven in large part by a moderation in the demand for "stay-at-home" goods from consumers in developed countries. Supply chain disruptions from China's COVID lockdowns also played a part in the modest slowdown; Vietnam's PMI fell from 54.7 in May to 54.0 in June, with some purchasing managers citing difficulties sourcing production inputs from China.

The demand for "stay-at-home" products helped propel Vietnam's exports to the US by nearly 50% y-o-y in the first half of last year, but Vietnam's export growth to the US fell to a still-respectable 23% y-o-y in 1H22. Furthermore, the country's overall export growth of 17.3% y-o-y (to USD185.9 billion) in 1H22 outpaced import growth of 15.5% y-o-y (to USD185.2 billion), so Vietnam's trade balance recovered from a USD1.9 billion trade deficit in 1H21 to a USD0.7 billion trade surplus in 1H22.

In light of all of the positive news above, we have raised our 2022 GDP growth forecast from 6.5% y-o-y to 7.5%, and we now expect a very strong quarterly GDP growth rate in 3Q22 because of the so-called "low base effect" caused by COVID in 3Q21. We've focused our economic analysis on comparisons between 1H21 and 1H22 for a variety of technical reasons, but Vietnam's General Statistics Office (GSO) also publishes quarterly growth figures.

In short, Vietnam's 2Q22 GDP growth of 7.7% y-o-y was among the highest in the last decade, but the 3Q22 figure will almost certainly be much higher. That's because Vietnam's GDP fell by -6% y-o-y in 3Q21 during the COVID lockdown versus 6.6% growth in 2Q21, which means that the 3Q22 GDP growth number will be flattered by an unusually low starting point in Q3 last year.

Next, Vietnam's CPI inflation rate remained modest by global standards in June at 3.4% y-o-y. This was driven by a nearly 60% y-o-y increase in retail petrol prices, although food prices, which account for 34% of the CPI basket, increased by about 2% y-o-y, also modestly contributed to consumer prices.

Additionally, the value of the VN Dong succumbed to global pressures and depreciated by about 0.4% m-o-m in June and by just over 2% YTD as of end-June, versus a near 10% YTD surge in the value of the US Dollar / DXY Index. Note that the exchange rates of Vietnam's regional peers (Indonesia / Malaysia / Thailand / Philippines) depreciated by an average 6% YTD as of end-June. The relative resilience in the value of the VN Dong stems partly from the country's modest level of inflation, modest trade surplus, and continued FDI inflows; Vietnam's disbursed inflows increased by nearly 9% y-o-y to USD10.1 billion, or circa 5% of GDP.

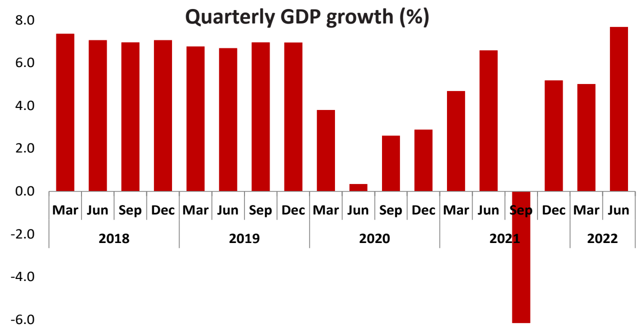
That said, the State Bank of Vietnam (SBV) sold a modest amount of its US Dollar FX reserves into the interbank market in order to satisfy the market's current demand for dollars. The SBV does not clearly disclose the exact level of its FX reserves or its buying/selling activities, but it is widely believed that Vietnam's FX reserves reached circa USD112 billion earlier this year, and the SBV subsequently sold over USD12 billion of USD into the local interbank market – primarily via 3-month FX forwards contracts with the country's commercial banks.

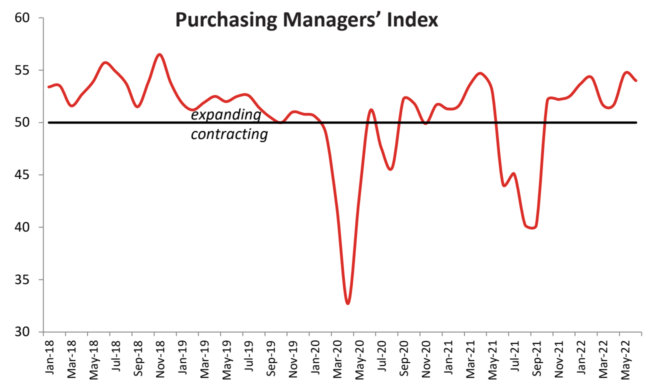
Finally, the level of interest rates in Vietnam has not responded much to the downward pressure on the VN Dong, and we do not expect the SBV to hike policy rates in response to the weakening VN Dong. However, in contrast to our view, an increasing number of local analysts and economists expect the SBV to hike policy rates in Q4, especially given the fact that the Fed's aggressive rate hikes are prompting all of Vietnam's regional peers (Indonesia / Malaysia / Thailand / Philippines) to hike rates (although the exchange rates of those countries have depreciated more, as mentioned above).

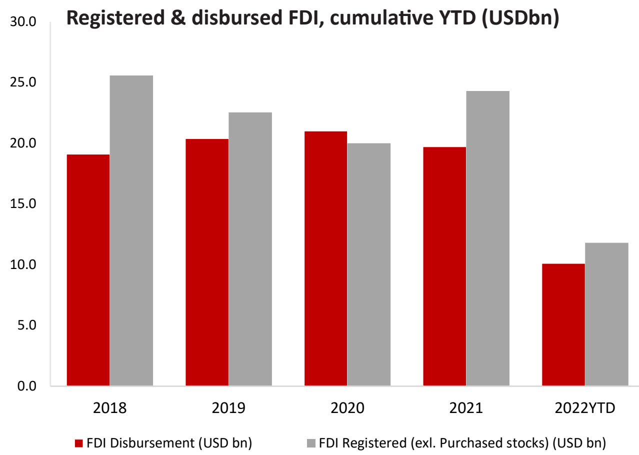
Macroeconomic indicators

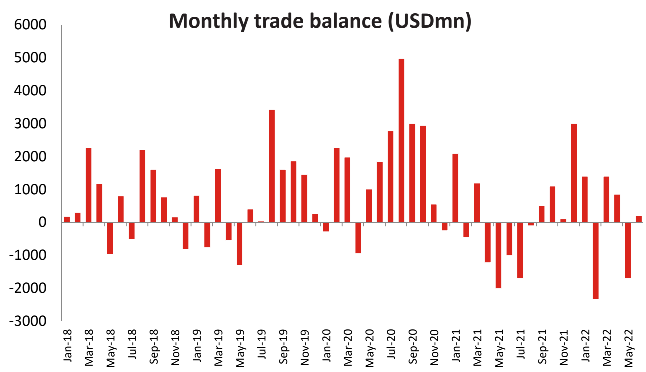
	2021	June-22	1H22	YOY[1]
GDP growth (%)	2.6		6.4	7.7
Inflation[2] (%)	1.8	3.4	2.4	
FDI commitments (USDbn)	24.3	2.0	11.8	-13.9%
FDI disbursements (USDbn)	19.7	2.3	10.1	8.9%
Imports (USDbn)	332.2	32.4	185.2	15.5%
Exports (USDbn)	336.3	32.6	185.9	17.3%
Trade surplus/(deficit) (USDbn)	4.1	0.3	0.7	
Exchange rate (USD/VND)[3]	22,796	23,282		

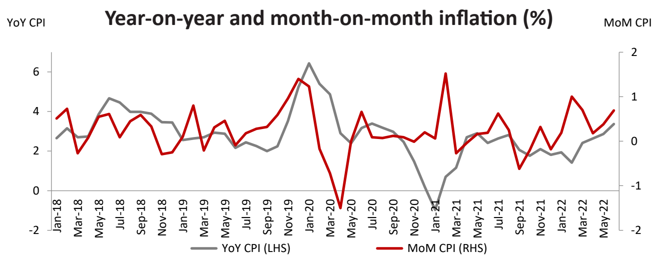
Sources: GSO, Vietnam Customs, MPI, Bloomberg |1. Latest quarterly GDP performance; FDI and trade data is YTD y-o-y |2. Monthly y-o-y change; year-to-date is monthly average change in CPI per GSO |3. BBG-USD/VND Spot Exchange rate











Source: GSO, Vietnam Customs, Bloomberg

Board of Directors		VinaCapital Investment Management Ltd	
VOF's Board of Directors is composed entirely of independent non-executive directors.			
Member	**Role**	**Member**	**Role**
Huw Evans	Non-executive Chairman	Don Lam	Group CEO
Thuy Dam	Non-executive Director	Brook Taylor	Group COO
Julian Healy	Non-executive Director	Andy Ho	Group CIO & Managing Director
Kathryn Matthews	Non-executive Director	Khanh Vu	Deputy Managing Director
Peter Hames	Non-executive Director	Dieu Phuong Nguyen	Deputy Managing Director
Hai Trinh	Non-executive Director		

Fund information

LEI	2138007UD8FBBVAX9469
ISIN	GG00BYXVT888
Bloomberg	VOF LN
Reuters	VOF.L

Fund summary

Fund launch	30 September 2003
Term of fund	Five years subject to shareholder vote for liquidation (next vote to be held by December 2023)
Fund domicile	Guernsey
Legal form	Exempted company limited by shares
Investment manager	VinaCapital Investment Management Ltd, with sub-delegation to VinaCapital Fund Management JSC an entity regulated by the State Securities Commission of Vietnam
Structure	Single class of ordinary shares trading on the Main Market of the London Stock Exchange plc
Auditor	PricewaterhouseCoopers (Guernsey)
Custodian	Standard Chartered Bank Vietnam
Secretary and Administrator	Aztec Financial Services (Guernsey) Limited
Registrar and Transfer Agency	Computershare Investor Services
Brokers	Numis Securities (Bloomberg: NUMIS)
Management and incentive fee	Commencing July 1, 2018: a tiered management fee structure has been introduced, with the following annual rates applied to net assets: - 1.50% of net assets, levied on the first USD500 million of net assets - 1.25% of net assets, levied on net assets between USD500 million and USD1,000 million - 1.00% of net assets, levied on net assets between USD1,000 million and USD1,500 million - 0.75% of net assets, levied on net assets between USD1,500 million and USD2,000 million - 0.50% of net assets, levied on net assets above USD2,000 million The incentive fee is 12.5% of any increase in NAV above an 8% per annum hurdle rate, with the cap on incentive fees paid out in any year at 1.5% of weighted average of month-end net assets. Excess fees are still carried forward, but can be clawed back if NAV declines after the year end. The Investment manager must use 25% of any incentive fee paid to buy VOF shares via open market purchases, subject to a minimum holding period.
Investment objective	Medium to long-term returns through investments either in Vietnam or in companies with a substantial majority of their assets, operations, revenues or income in, or derived from, Vietnam
Investment objective by geography	Investments will be in Vietnam or in companies with at least 75 per cent of their assets, operations, revenues or income in, or derived from, Vietnam at the time of investment
Reclassification of Portfolio by Asset Class	To better reflect VOF's investment strategy and highlight the negotiated terms of investments for several of our investments in the portfolio, we have reclassified the portfolio by asset class into the following buckets to help investors better understand the nature of our investments and terms: 1. Listed Equities: Investments that are held in the portfolio which do not have privately negotiated terms, or where these privately negotiated terms of investment have expired, aside from what is permitted under the relevant Securities Law. 2. Unlisted Equities: Publicly traded securities that are listed on either the UPCoM (Unlisted Public Company Markets) exchange of the Hanoi Stock Exchange, or are traded OTC (Over-The-Counter) and are generally illiquid in nature. These investments may be entered via through a privately negotiated process or privatisation of a state-owned entity, but no longer have privately negotiated terms, or these privately negotiated terms of investments have expired, aside from what is permitted under the relevant Securities Law. 3. Public Equity with Private Terms: Investments in publicly listed companies that have unique terms of investment, such as downside protections and profit commitments, that not readily available to general market participants. Where these terms have expired or are no longer relevant then these investments will be reclassified to either Listed Equities or Unlisted Equities. 4. Private Equity: Illiquid investments in private companies with terms of investments including downside protections and profit commitments, as well as Operating Assets that generate an ongoing yield.

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