



Vietnam Phoenix Fund Limited

Monthly Factsheet

30th September 2016

Investment Policy

The primary investment objective of Vietnam Phoenix Fund Limited is to seek long-term capital appreciation of its assets by investing in a diversified portfolio of Vietnamese-related securities (onshore and offshore), such as equity, fixed-income, and money market instrument and close end fund vehicles which may or may not be listed. In addition, VPF may invest in private equity securities and real estates funds and through structured notes, leveraged notes or any other derivatives instruments which provide Vietnam exposure.

Fund Information

(as of 30 Sep 2016)

Bloomberg DWS VIETKY Equity
 Launch Date 8th December 2006
 Fund Size USD 381 million
 Number of shares 423,750,000
NAV/Share USD 0.8991

Market Makers

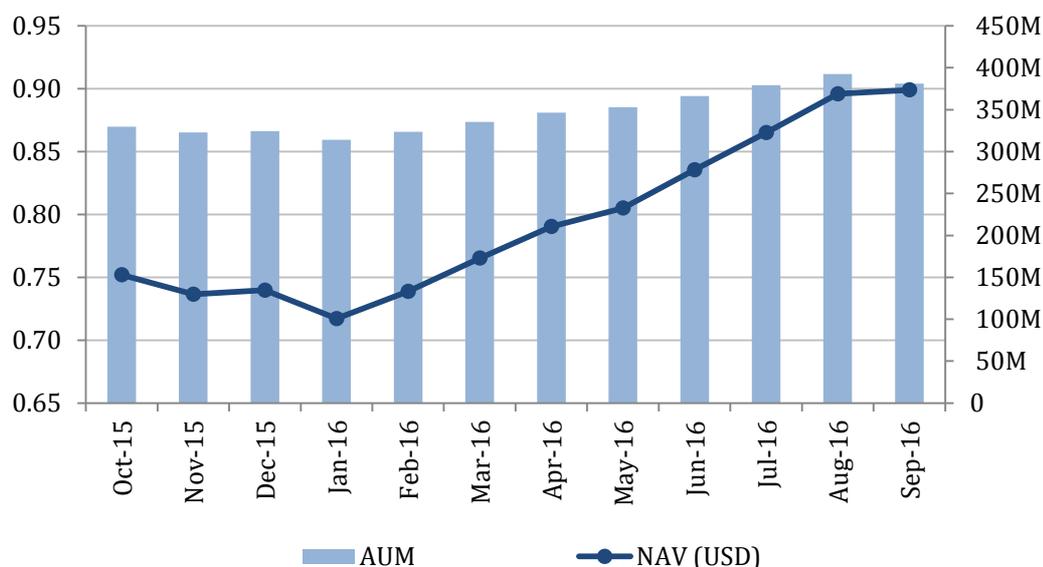
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Fund Performance

NAV Performance (USD)



NAV/share of Vietnam Phoenix Fund was USD 0.8991, up 0.36% in September.

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y	Since Launch
Fund*	0.36	7.61	17.48	21.55	27.17	14.24	15.60	-1.08

VNIndex	1.65	8.47	22.17	19.42	22.85	9.64	8.42	-3.43
VHIndex	0.79	0.26	7.32	7.02	9.80	9.65	2.18	-12.41

* Performance is based on NAV to NAV

Asset Class Performance	1M	3M	6M	12M
Listed Equities	-1.7%	12.4%	33.7%	44.7%
Closed-End Funds	3.1%	16.6%	27.9%	39.2%
Unlisted Equities	1.9%	2.5%	7.2%	23.6%

Performance Overview & Commentary

Top 3 Gainers	Price change
Corbyns International Limited	+5.1%
Vietnam Enterprise Investment Fund	+4.9%
Hoa Phat Group JSC	+6.8%

Top 3 Losers	Price Change
Vietnam Dairy Products JSC	-10.3%
An Phat Plastic and Green Env	-6.9%
Hoa Sen Group	-3.2%

* Based on weighted contribution to fund performance

Listed Equities

The listed equity portfolio declined by 1.65% in September while the VNIndex returned 1.65% (in USD terms)¹.

Vietnam Dairy Products JSC (VNM) was the biggest detractor to the listed portfolio's performance with a price decline of 10.3%¹. The stock experienced a technical correction after reaching an all-time high in end August. The company reported good third quarter financial results, with nine-month revenue up 18% to VND 35.1 trillion². Despite the negative stock performance in September, year-to-date the stock is up 36.3%.

On the other hand, steel manufacturer **Hoa Phat Group (HPG)** share price increased 6.8%¹ in September. The Company reported strong third quarter financial results with 18.9% YoY growth in revenue to VND8.1 trillion and 55.4% YoY growth in NPAT to VND1.6 trillion². According to market statistics as of end September 2016, HPG remains the top steel producer in Vietnam with 25% market share².

FPT Corporation (FPT) also performed well this month with a share price increase of 6.3%¹. Within the first nine months of 2016, the Company had managed to achieve 96% and 107% of its year-to-date revenue and NPAT targets². Investor interest was piqued after the State Capital Investment Corporation (SCIC) announced that it would be divesting its stake in parent company FPT Corp and subsidiary FPT Telecom, although it is unclear whether the divestments are partial or full sale.

Closed-End Funds

The closed-end funds portfolio was up 3.1% in September 2016, due to the price increase of Dragon Capital's **Vietnam Enterprise Investment Fund (VEIL, +4.92%)**. During the month, **Vietnam Phoenix Fund** cancelled 14,550,000 of its own shares which were previously held for investment.

Unlisted Equities

The unlisted portfolio gained 1.9% in September 2016. The unlisted portfolio includes holdings in instruments which were unlisted at the point of investment but subsequently became listed instruments due to certain events, for example, conversion. These investments are subject to market fluctuations which affect the stock prices. Some holdings are in OTC stocks which are also affected by market fluctuations. Lastly, the unlisted portfolio includes private equity holdings that are re-valued quarterly.

The increase this month was mainly due to the revaluation of the private equity holdings. **Corbyns International Limited** was up 5.1% due to a carry effect of 20% IRR as the convertible bonds near maturity. In H1 2016, the Company's gross profit and EBITDA has increased by 14.7% and 13.0%, respectively.

NBB Investment Corp (NBB) was up 5.7% during September. The market expects the financial performance of NBB to be weak in 2016, with bulk of the booking of profits from the projects coming in from 2017 onwards.

¹ Source: Bloomberg

² Source: Company Announcements



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Current Positioning

Top 5 Onshore Listed Holdings	% of NAV
Vinamilk	16.0
Hoa Phat Group	5.7
FPT Group	4.7
Hoa Sen Group	3.8
Kinh Bac City Development	2.3

Top 5 Other Holdings	% of NAV
Greenfeed	16.9
Vietnam Enterprise Investment Fund	10.2
Corbyns International	5.1
Anova Corp	3.9
NBB Investment Corporation	2.5

Asset Class Exposure	% of NAV
Listed Equities	54.8
Unlisted Equities	30.3
Closed-End Funds	10.2
Cash & Accruals	4.7
Total	100.0

Currency Exposure	% of NAV
USD	6.4
VND	83.4
GBP	10.2
Total Net Assets	100.0

Material Event Disclosure

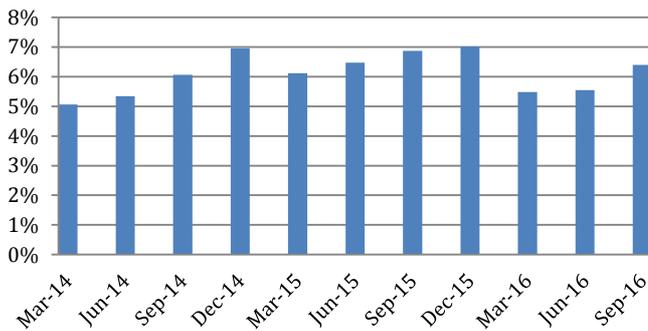
On 30th September 2016, an Annual General Meeting was held and shareholders voted to change DWS Vietnam Fund's (DVF) name to Vietnam Phoenix Fund Limited (VPF), following Deutsche Asset Management Asia's resignation as the Investment Manager of DVF. Duxton Asset Management was appointed as VPF's Investment Manager, effective 1st October 2016.

At the AGM, shareholders also voted to approve in principal the restructuring of the Fund. The next stage of the restructuring will be to have shareholders agree at an EGM to be held in December 2016 to split the assets and liabilities of the Company into two three pools; (i) a closed-end fund structure containing all unlisted investments and other illiquid assets of the Company (together with sufficient cash and other liquid assets to meet the estimated operating expenses for up to two years), and (ii) two open-ended structures containing listed securities and other liquid investments. Additional information on the restructuring will be communicated in November.

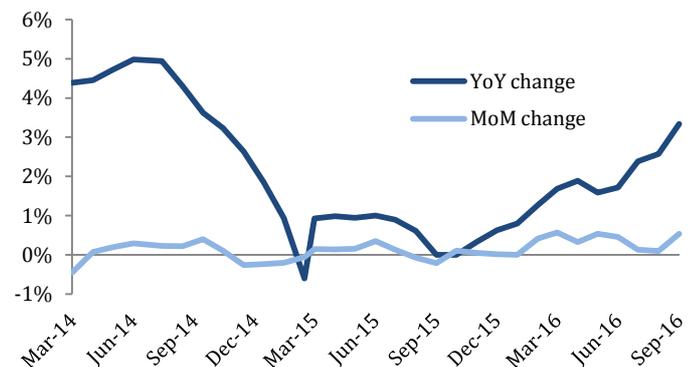
During September, the Fund cancelled 14,550,000 of its own shares which were previously held for investment. The Fund repurchased these shares between August 2015 and September 2016 at an average cost of USD 0.58/share, which represents a discount of 35.5% to the Fund's NAV as of 30 September 2016. As a result of the cancellation, the number of shares outstanding has been reduced from 438,300,000 to 423,750,000. The fund's ownership of its own shares has been reduced from 3.3% to zero.

Economic Indicators

Quarterly GDP Growth - YoY



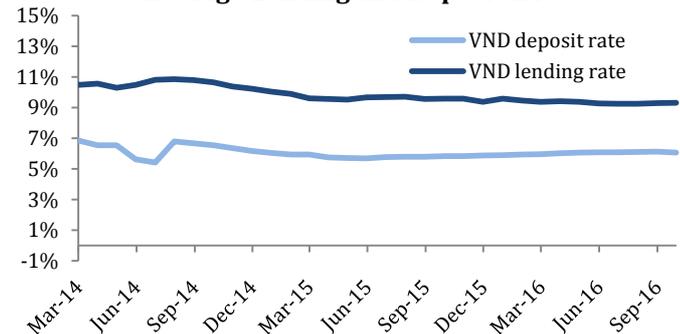
Consumer Price Index, (%) change



Economic Forecasts

	unit	2013	2014	2015	2016F
Real GDP Growth	%	5.4	6.0	6.7	6.2
Nominal GDP	\$bn	169.5	185.9	199.5	214.5
CPI	%	6.0	1.8	0.9	4.1
Export Growth	%	15.4	13.5	7.9	8.5
Import Growth	%	16.1	12.1	12.0	7.7
Trade Balance	\$bn	0.0	1.9	-3.5	1.1
FX Reserve	\$bn	32.1	34.2	31.0	37.9
USDVND	1	21,250	21,390	22,540	22,600

Average Lending and Deposit Rates



Market Update

Economic Update

The Vietnamese FDI and manufacturing sectors remain the most important factors driving the country's economic growth.

Vietnam's GDP rose 6.4% YoY in the third quarter of 2016, bringing GDP growth in the first nine months of 2016 (9M2016) to 5.9% YoY, lower than the growth 6.5% during the same period in 2015, mainly due to the poor performance of the agricultural and mining sectors in the first half of 2016³. The manufacturing subsector continued to be the bright spot of the economy, growing 11.2% YoY³.

Nikkei's Purchasing Manager Index (PMI) stood at 52.9 in September, a slight increase from 52.2 in August, on the back of rising output, new orders and purchasing activity. Meanwhile, the Industrial Production Index rose by 7.4% YoY in September, much lower than 9.8% in the same period last year due to the sharp reduction of 4.1% in mining output³.

The Consumer Price Index (CPI) increased 0.54% MoM in September, reaching the highest monthly level since the beginning of this year and the headline inflation settled at 3.3% YoY³. Much of the increase was attributed to the pickup of 7.2% MoM in education, 2.1% MoM in food and foodstuffs and 0.6% MoM in transportation³. The real retail sales growth of 7.7% YoY in September indicated that domestic demand continued to expand but at a slower pace than over the same period last year³.



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The country's trade balance recorded a deficit of USD 100 million in September after two consecutive months of incurring trade surpluses, whereas YTD trade surplus grew to USD 2.8 billion³. Exports increased by only 6.7% YoY, much lower than the growth in the previous year, due to the drastic decline in exports of coal and crude oil³. Meanwhile, imports started to recover to positive growth of 1.3% YoY after suffering negative growth during the past few months³.

Disbursed Foreign Direct Investment (FDI) reached USD 11.0 billion in nine months of 2016, up 12.4% YoY, while registered FDI fell by 4.2% YoY to USD 14.6 billion³. The country approved several mega projects in September, namely LG Innotek (USD 500 million) and Rent-A-Port (USD 400 million)⁴.

Banking Sector

According to the State Bank of Vietnam (SBV), credit rose 11.7% in 9M2016 and may possibly meet the target of 18-20% in 2016 based on historical credit growth at a pace of 2% or more per month during last few months each year. Moreover, after the SBV announced that short-term deposit rates in large credit institutions would be cut by 0.3-0.5%, with the big four commercial banks including BIDV, VietinBank, Vietcombank and Agribank leading the rate cuts.

In terms of bad debt settlement, the Vietnam Asset Management Company (VAMC) has bought VND 7,400 billion of bad debt over the target of VND 40,000 billion from 12 credit institutions⁵. Moreover, the VAMC has tackled VND 12,000 billion of bad debt during the first eight months of this year, reaching nearly 50% of the 2016 target of VND 30,000 billion⁵.

Stock Market Update

The VNIndex on Ho Chi Minh Stock Exchange increased 1.65% (USD terms)⁶ in September to end the month at 685.73. The average daily trading volume saw a slight slowdown of 1.0%, while the average daily trading value witnessed an increase of 5.9%⁶. The Vietnamese stock market declined during the first half of September as the ETFs underwent periodic rebalancing, triggering the largest foreign net outflow of USD 125.9 million over the last five years⁷. However, the market recovered strongly during the second half of the month and achieved its highest level since February 2008 due to a number of factors: i) the Fed deciding to not raise rates, ii) Bank of Japan keeping benchmark rates at -0.1% to boost global markets, iii) OPEC's agreement to cut production and boost global crude oil price, and iv) big domestic banks cutting deposit rates by 0.3-0.5%⁷. At the end of September, the Vietnamese stock market traded at a 16.3x trailing P/E valuation, still below an average of 22.0x for other emerging markets including Indonesia, Philippines, India and Thailand⁶.

Outlook

The mining sector is expected to face fewer difficulties in the last quarter of 2016 as the prices of coal and oil are on the uptrend. Likewise, the agricultural sector has started to recover from the third quarter of 2016, despite the issues regarding marine pollution. The manufacturing sector has also sustained its vigorous growth thanks to increasing disbursed FDI. Hence, the Vietnamese economy is forecast to grow by 6.8% in the fourth quarter of 2016, bringing the full year's GDP to 6.2%.

³ Source: The General Statistics Office of Vietnam

⁴ Source: SSI Securities Services

⁵ Source: The Vietnam Asset Management Company

⁶ Source: Bloomberg

⁷ Source: Viet Capital Securities



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About Duxton Asset Management Pte Ltd

Duxton Asset Management is a boutique asset manager with a dual focus: Agriculture and Asian Emerging Markets. A carve-out from one of the world's foremost financial institutions, Duxton is regulated by the Monetary Authority of Singapore as a holder of a Capital Markets Services License to conduct the regulated activity of fund management for accredited investors and institutional investors. Duxton's assets under management or advice as of August 2016 are approximately USD 655million.

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*Formerly known as DWS Vietnam Fund Limited. The fund was renamed to Vietnam Phoenix Fund Limited following the resignation of Deutsche Asset Management (Asia) Limited as Investment Manager on 30 September 2016. Duxton Asset Management has since been appointed the Investment Manager of Vietnam Phoenix Fund Limited.