



Vietnam Phoenix Fund Limited

Monthly Factsheet

30th December 2016

Investment Policy

The primary investment objective of Vietnam Phoenix Fund Limited is to seek long-term capital appreciation of its assets. It invests in a diversified portfolio of Vietnamese-related securities (onshore and offshore), including equities, closed end fund vehicles and private equity securities.

Fund Information

(as of 30 Dec 2016)

Bloomberg DWS VIETKY Equity
 Launch Date 8th December 2006
 Fund Size USD 369 million
 Number of shares 423,750,000
NAV/Share USD 0.8719

Fund Website

www.vietnamphoenixfund.com

Market Makers

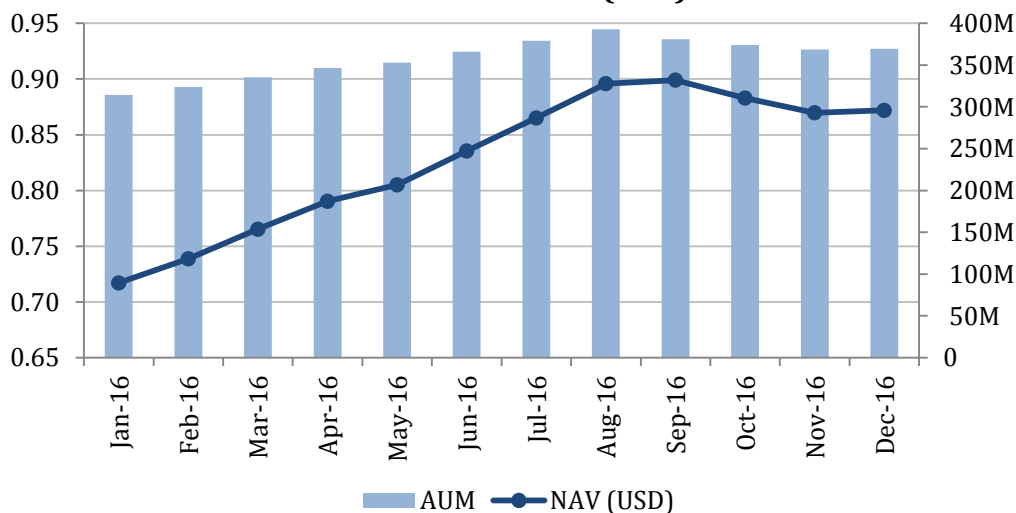
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Fund Performance

NAV Performance (USD)



The NAV/share of Vietnam Phoenix Fund was USD 0.8719, up 0.24% in December. Year to date, the Fund is up 17.87%.

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y	Since Launch
Fund*	0.24	-3.03	4.36	17.87	17.87	10.83	16.78	-1.35

VNIndex	-0.44	-5.04	3.00	13.40	13.40	6.84	11.81	-3.84
VHIndex	-1.12	-7.61	-7.37	-1.12	-1.12	3.01	4.76	-12.80

* Performance is based on NAV to NAV

Asset Class Performance	1M	3M	6M	12M
Listed Equities & Funds	-2.1%	-7.2%	7.0%	26.6%
Private Equity	6.0%	4.7%	7.3%	27.0%

Performance Overview & Commentary

Top 3 Gainers	Price change
VTC Online	+351%
Anova Corporation	+32.1%
Noaland Investment Group	+19.6%

* Based on weighted contribution to fund performance

Top 3 Detractors	Price Change
Vietnam Dairy Products JSC	-9.0%
GreenFeed	-6.7%
An Phat Plastic & Green Env	-20.4%

Listed Portfolio

The listed portfolio declined by 2.0% in December while the VNIndex fell 0.4% (in USD terms)¹. The Vietnamese stock market continued its downward trend from November. However, this was cushioned by the listing of Saigon Alcohol Beer and Beverages Corp (Sabeco), which rose by nearly 80% in December from its listing price and became the third largest stock in the VNIndex.

Vietnam Dairy Products JSC (VNM) was the biggest detractor to the listed portfolio's performance with a price decline of 9.0%¹. The State Capital Investment Corp, VNM's largest shareholder, was unsuccessful in the sale of 9% of VNM over a public auction at the price of VND 144,000/share. The only buyer was Singapore's Fraser and Neave, who bought a total of 5.4% of the company. The stock has fallen as much as 21% from its peak at the end of August. Meanwhile, VNM announced in December preliminary full year results with revenue growth of 14.9% YoY and net profit growth of 19.8% YoY.

The biggest gainer from the listed portfolio was **Noaland (NVL)**, which was listed on the HOSE on 28/12/2016 with a reference price of VND 50,000/share and increased 19.6% during the last 3 trading days of December. The Fund invested in Noaland in November during its IPO, pre-listing placement.

Private Equity Portfolio

Following Deutsche Bank's resignation as the Investment Manager in September 2016, the Fund engaged Grant Thornton Vietnam Limited to carry out the valuation of the private equity portfolio's investments for the determination of NAV as at 31 December 2016. The underlying valuation methodology employed by both Grant Thornton remains consistent with prior practice. The valuation of the Private Equity portfolio as a whole increased in by 4.7% in Q4, which brings the year-to-date performance of the PE portfolio back in line with that of the listed portfolio for the year.

At the individual project level **GreenFeed's** valuation declined mainly due to a lower growth expectations due to slower CAPEX roll-out. The valuation for **An Phat** also declined. These declines were offset by increases in both **VTC Online**, although the valuation still remains below the original investment value, and also due to **Anova Corp** which outperformed projections.

Current Positioning

Top 5 Onshore Listed Holdings	% of NAV
Vinamilk	14.9
Hoa Phat Group	5.5
Hoa Sen Group	4.7
FPT Corp	4.5
Bank For Foreign Trade JSC	2.2

Top 5 Other Holdings	% of NAV
GreenFeed	15.0
Vietnam Enterprise Investment Fund	8.9
Anova Corp	5.3
Corbyns International	5.3
NBB Investment Corporation	2.7

Asset Class Exposure	% of NAV
Listed Equities & Funds	64.7
Unlisted Equities	32.8
Cash & Accruals	2.5
Total	100.0

Currency Exposure	% of NAV
USD	7.1
VND	84.0
GBP	8.9
Total Net Assets	100.0

¹ Source: Bloomberg

² Source: Company Announcements

Material Event Disclosure

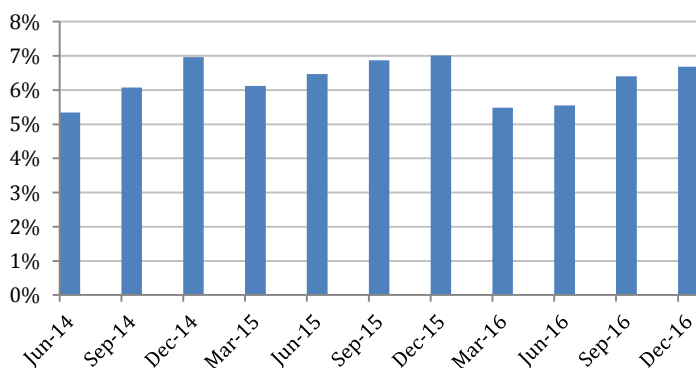
On 22 December 2016 during the Extraordinary General Meeting (EGM), Vietnam Phoenix Fund's shareholders voted to approve the Restructuring Proposal and authorise the Board of Directors to take actions to implement the Restructuring. The Fund's ordinary shares are to be redesignated into either a Class A Share (referred to in the EGM Circular as a Continuation Share) or a Class B Share (referred to in the EGM Circular as a Realisation Share) and a Class C Share (referred to in the Circular as a Private Equity Share). The result of shareholders' elections for the share classes are detailed in the following announcement on the Irish Stock Exchange.

<http://www.ise.ie/app/announcementDetails.aspx?ID=13080957>

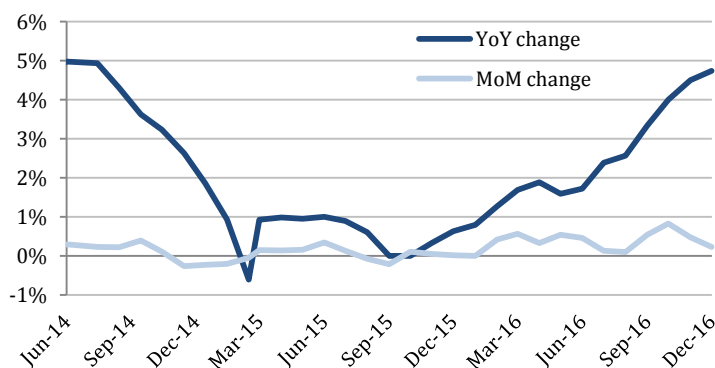
Note that the Class C Share (Private Equity Share) will contain all of the unlisted investments in the fund as at 31 December 2016, plus a number of listed but illiquid equities and cash, as set out in the Restructuring Proposal. The total assets allocated to the Class C Share represent approximately 38.7% of the Fund's total NAV. The opening NAV per share for each share class will be published separately, once confirmed by the fund administrator.

Economic Indicators

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change

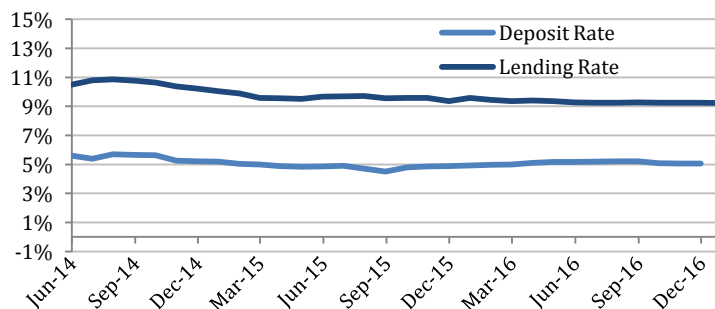


Economic Indicators

	unit	2014	2015	2016	2017F*
Real GDP Growth	%	6.0	6.7	6.2	6.5
Nominal GDP	\$bn	185.9	199.5	211.9	225.7
CPI	%	1.8	0.9	4.7	5.0
Export Growth	%	13.5	7.9	8.6	9.8
Import Growth	%	12.1	12.0	4.6	8.6
Trade Balance	\$bn	1.9	-3.5	2.7	1.4
FX Reserve	\$bn	34.2	31.0	41.0	42.0
USDVND		21,390	22,540	22,761	23,400

*Source: Viet Capital Securities

Average VND Deposit and Lending Rates



Market Update

Economic Update

Vietnam closed out 2016 with positive macro data, driving a strong outlook for 2017.

Vietnam's GDP growth was recorded at 6.7% YoY in the fourth quarter of 2016, bringing full year growth to 6.2% YoY. The growth was lower than the target of 6.7% primarily due to the impact of poor weather conditions on the agricultural sector⁴. Meanwhile, the industrial & construction, and service sectors continued to expand at a firm pace of 7.6% YoY and 7.0% YoY, respectively⁴. In particular, the manufacturing sector showed a robust growth of 11.9% YoY.

Nikkei's Purchasing Manager Index (PMI) reached 52.4 in December from 54.0 in November, fuelled by growth of new orders and outputs, though at a slower pace than last month. Meanwhile, the Industrial Production Index increased by 7.5% YoY in December, of which manufacturing and processing sector accelerated at a faster rate of 11.2% YoY⁴.

The Consumer Price Index (CPI) rose 0.2% MoM in December and the headline inflation settled at 4.7% YoY, mainly attributed to correction of healthcare service fees (55.7% YoY) and education fees (10.8% YoY)⁴. However, domestic consumption slowed, standing at 10.2% YoY and 7.8% YoY in terms of nominal retail sales and real retail sales, respectively⁴.

The country's trade balance recorded a surplus of USD 2.68 billion in 2016 as imports grew at slower rate of 4.6% YoY than exports growth of 8.6% YoY⁴. China remained Vietnam's largest import market with a total amount of USD 28 billion in 2016⁴.

Disbursed Foreign Direct Investment (FDI) continued to increase by 9.0% YoY, reaching USD 15.8 billion in 2016, while registered FDI declined 8.1% YoY to USD 20.95 billion⁴. This slowdown was partly due to the lack of large scale projects in 2016 and delayed projects that have been pushed to 2017.

According to the State Bank of Vietnam, the reduction in lending rate by 50-100 bps for the manufacturing sector helped credit growth climb to 18.7% as of December 29th, while customer deposits inched up 18.4% and total liquidity expanded 17.9%.

Stock Market Update

The VNIndex on the Ho Chi Minh Stock Exchange decreased by 0.4% (USD terms)⁵ in December, closing the year up 13.4%. Both average daily trading volume and value saw a decline of 2.5% and 5.8%, respectively, during the month⁵. Selling pressure on large cap stocks from foreign investors and poor reception for share in Vinamilk's private placement dragged the market down this month. At the end of the year, the Vietnamese stock market traded at a 15.9x trailing P/E valuation, still below an average of 19.9x for other emerging markets including Indonesia, Philippines, India and Thailand⁵.

Outlook

The Vietnamese government targets a GDP growth of 6.6% in 2017 on the back of recovery of the agricultural sector and steady growth of manufacturing and processing sector. Although the fate of the Trans Pacific Partnership (TPP) with the US remains unknown, Vietnam will continue to enhance trade integration through 12 other Free Trade Agreements (FTAs) with members of ASEAN and the EU. FDI is hence expected to be an important factor for Vietnam's economy as FDI sectors have contributed significantly to trade surplus, GDP growth and foreign exchange stability.

⁴ Source: The General Statistics Office of Vietnam

⁵ Source: Bloomberg



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Disclaimer

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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.