

Vietnam Phoenix Fund Limited

**Interim Unaudited Report
and Condensed Financial Statements
for the six months ended
30 June 2020**

VIETNAM PHOENIX FUND LIMITED

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VIETNAM PHOENIX FUND LIMITED

GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Private Offering Memorandum of Vietnam Phoenix Fund Limited (the “POM”), dated February 2018, copies of which are available on request from State Street Fund Services (Ireland) Limited (the “Administrator”) or by contacting Duxton Asset Management Pte Ltd at VPF@duxtanam.com.

DWS Vietnam Fund Limited was incorporated in the Cayman Islands on 13 September 2006 under the Companies Law, Cap. 22 (Revised) of the Cayman Islands as an exempted company with limited liability. At the Annual General Meeting of DWS Vietnam Fund Limited held on 30 September 2016, shareholders resolved to change its name to Vietnam Phoenix Fund Limited (the “Company”). The Company was registered with the Cayman Islands Monetary Authority (“CIMA”) with effect from 1 January 2017, pursuant to Section 4 (3) of the Mutual Funds Law (revised) of the Cayman Islands.

The investment objective of the Company is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all of their business in Vietnam.

The Directors who held office during the period ended 30 June 2020 were:

Kevin A Phillip (independent)

Judd Kinne (independent)

Martin Adams (independent)

INVESTMENT MANAGER

The Company appointed Duxton Asset Management Pte Ltd as Investment Manager (“Duxton” or the “Investment Manager”) until 30 March 2020. Duxton is a specialist asset manager licensed by the Monetary Authority of Singapore. The day-to-day responsibility for the investment and re-investment of the Company's assets was transferred from Duxton to Duxton Capital (Australia) Pty Ltd (“DC Australia”), and DC Australia was appointed as the Company's Investment Manager with effect from 31 March 2020, pursuant to the terms of a novation agreement dated 20 February 2020 to the existing Investment Management Agreement dated 29 December 2016. The Novation Agreement includes minor amendments to the Investment Management Agreement dealing with key personnel, control of expenses and potential adverse tax consequences.

DC Australia is required to ensure that all investments made on behalf of the Company comply with all investment objectives, policies and restrictions of the Company. Ultimate discretion over the assets and affairs of the Company remains with the Board of Directors (the “Board” or the “Directors”).

CUSTODIAN

The Company has appointed State Street Custodial Services (Ireland) Limited as custodian of its assets (the “Custodian”), pursuant to an agreement dated 15 November 2006. Assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local sub-custodian are held within the State Street sub-custodian network pursuant to the Custodian Agreement. The sub-custodian appointed by the Custodian in Vietnam is HSBC Bank (Vietnam) Limited. The Custodian and any sub-custodian appointed by the Custodian provide safe custody for the Company's assets. The Investment Manager ensures that adequate custody arrangements have been entered into in relation to any entity in which the Company is invested.

The Custodian (and any sub-custodian appointed by the Custodian) holds all assets of the Company received by the Custodian in accordance with the terms of the Custodian Agreement. Under the Custodian Agreement, the Custodian acknowledges that investments of the Company may be made in markets where custodial and/or settlement systems are not fully developed, such as Vietnam, and that the assets of the Company and its subsidiaries which are traded in such markets are required to be held by local sub-custodians operating and established in such jurisdictions.

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GENERAL INFORMATION (CONT/D)

ADMINISTRATOR

The Company has appointed State Street Fund Services (Ireland) Limited to maintain the books and financial records of the Company as Administrator pursuant to an agreement dated 10 November 2006.

LEGAL ADVISOR

The Company has appointed Ogier as its legal advisor in relation to Cayman Islands Law.

COMPANY SECRETARY

The Company has appointed DMS Corporate Services Ltd. as Company Secretary.

REGISTERED OFFICE

The registered office of the Company is DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

DIVIDENDS

It is not the current intention of the Company to pay dividends.

SHARES

The Company has an authorised share capital of USD 10,000,000 consisting of 2,000,000,000 shares of par value of USD 0.005 each. The Company has two active share classes, Class A shares (“Continuation Shares”) are open-ended while Class C shares (“Private Equity Shares”) are closed-ended. As of 30 June 2020, only Class C shares of the Company are listed on the regulated market of the Irish Stock Exchange, Euronext Dublin.

Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association (the “Articles”). Each share class has specific investment management fees and performance fees as well as different rights in relation to redemptions.

Class C shares have a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). Accordingly, any Private Equity Shares in issue on the final redemption date will be subject to mandatory pro rata redemption by the Company on that date.

AIFMD

The Board has considered the implications of the European Union Directive on Alternative Investment Fund Managers 2011/61/EU (“AIFMD”) and it is satisfied that because the Company’s shares are not marketed in Europe, there is no significant impact on the Company as a consequence of AIFMD and therefore there is no impact on the financial statements.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONDENSED FINANCIAL STATEMENTS

Each of the Directors, whose names and functions are listed on page 46 in the 'Other Information' section of this report confirm that, to the best of each person's knowledge and belief:

- The condensed financial statements are prepared in accordance with the international accounting standards applicable to the interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (i.e. IAS 34).
- The condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Investment Manager's Report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.
- The related party transactions are as disclosed in Note 10 of these condensed financial statements.

Investment Valuations

The Supplement to the POM dated February 2020 issued by the Company, which provides details of the Class C shares redesignated by the Company on 1 January 2017, states, *inter alia*:

"Investment Objective

To realise the assets attributable to the Private Equity Shares (the "Private Equity Pool"), to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Private Equity Pool and returning cash to holders of Private Equity Shares promptly by means of pro rata redemptions of Private Equity Shares. "

and

"Redemptions

The Private Equity Pool will have a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). Accordingly, any Private Equity Shares in issue on the final redemption date will be subject to mandatory pro rata redemption by the Company on that date."

The Company is in negotiations to sell the two remaining positions in the Class C shares portfolio, Anova Corporation ("Anova") and SSGA Construction Real Estate ("SSG Group") and the 30 June 2020 valuations of these securities are therefore based on the expected amounts to be realised on their disposal.

For the 31 December 2019 annual report, the Class C shares portfolio were valued by the Company in accordance with the valuations provided in a report to the Company prepared by Grant Thornton, Vietnam ("GT"). The valuation methodologies adopted by GT in their 31 December 2019 report did not generally consider the timeframes for the realisation of these investments, the various commercial strategies employed by the Investment Manager in order to dispose of these investments and the taxes and costs associated with these disposals.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONDENSED FINANCIAL STATEMENTS (CONT/D)

Outlook

The short-term outlook for the Vietnamese economy and companies operating in Vietnam as a result of COVID-19 is uncertain. Infection and death rates in Vietnam attributable to the pandemic have, so far, been less pronounced than in most other countries, both in Asia and internationally. However, Vietnam will be negatively affected by the dramatic slowdown in the global economy and the significant disruption to cross-border supply chains into which companies in Vietnam have been quickly integrating in recent years. Inevitably, there is currently material uncertainty as to how the combination of global supply and demand shocks will affect Vietnam's immediate economic slowdown and whether and to what extent a recession will result.

Although the pandemic's impact on the Vietnamese economy may be less pronounced than in other countries in the region, the rapid withdrawal of international investment from global emerging markets during 2020 will adversely impact both the performance of the stock markets in Vietnam and the ability of the Investment Manager to dispose of the Company's unlisted investments in a timely fashion at reasonable prices.

There are a number of risks caused directly and indirectly by the COVID-19 pandemic that may impact the operation of the Company. These include investment risks surrounding the companies in the portfolio. The Investment Manager will continue to review carefully the composition of the Company's portfolio and actively take investment decisions where necessary. Further information on the impact of COVID-19 on the Vietnamese economy and on the Company's investments is included in the Investment Manager's Report on pages 6 to 22.

Operationally, COVID-19 may also affect the suppliers of services to the Company, including the Investment Manager, the Administrator and other key third parties, particularly in relation to absences of key personnel and access to colleagues and systems while working remotely. Although, to date, these services have continued to be supplied seamlessly, the Board will continue to closely monitor the Company's operating arrangements.

On behalf of the Board of Directors



Director

Kevin Phillip

Date: 25 September 2020

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INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

I. CLASS A – Continuation Shares

NAV Update

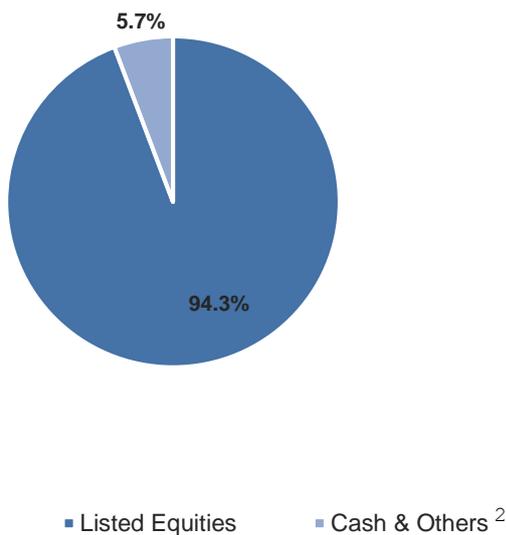
The Net Asset Value (“NAV”)¹ for the Lead Series Class A Shares of the Company as of 30 June 2020 was USD 0.5954, down 10.60% from USD 0.6660 as of 31 December 2019.

The Series 3 and 4 of the Class A Shares were redeemed in January 2020 based on the NAV as of 31 December 2019.

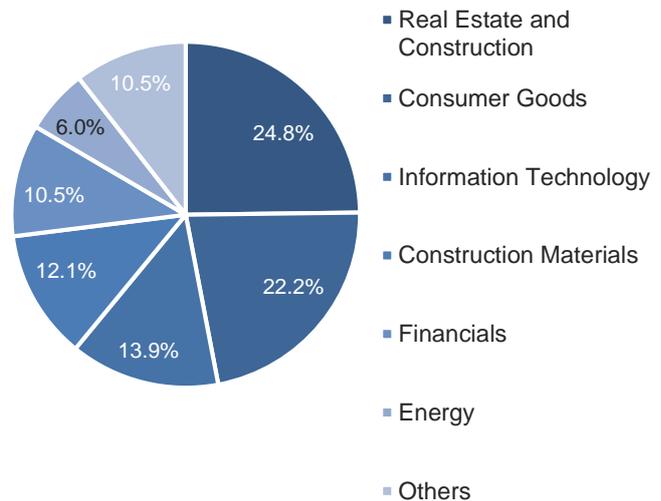
Class A Shares Exposure and Performance

The asset class and sector exposures of the Class A Shares are summarized in the charts below and discussed in detail in the following sections.

Asset Class Breakdown



Sector Exposure



Peer Group Analysis³

At 30 June 2020, in terms of NAV change, the Lead Series Class A Shares decreased 10.60% - the best performing fund amongst our universe of open-end offshore funds peer group.

¹ NAV figures are based on the dealing net asset value as on 30 June 2020.

² Includes accruals and liabilities, adjusted to account for pending redemptions

³ The peer group analysis was performed using the information received from multiple sources; mainly from the peer funds' published data. Also, when analysing the performance of a fund relative to its peers, one needs to be mindful of the different investment strategies across the funds. The Class A Shares portfolio invested only in listed equities. Also, this universe of peers may not be complete due to insufficient data provided by other funds.

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The peer group used for comparison is derived from funds that have exposure to the Vietnamese market and whose information is publicly available.

Fund Name	Fund Manager	Fund Type	AUMUSD mn ⁴	NAV Change ⁵			
				YTD	1Y	3Y (annualised)	5Y (annualised)
Offshore Funds				-13.4%	-13.0%	-3.0%	5.1%
Vietnam Phoenix Fund Class A	Duxton Asset Management	Open End	40.6	-10.6%	-4.4%	-2.9%	5.6%
Vietnam Equity UCITS Fund	Dragon Capital	Open End	N/A	-16.4%	-17.0%	-1.4%	8.2%
Forum One - VCG Partners Vietnam Fund	VinaCapital	Open End	32.4	-11.6%	-13.3%	-3.8%	N.A
Vietnam Opportunities Fund	JP Morgan AM	Open End	251.5	-13.1%	-12.8%	0.8%	5.1%
PYN Elite Fund	PYN Fund Management	Open End	435.8	-10.6%	-9.3%	-5.9%	1.7%
Lumen Vietnam Fund	IFM AG	Open End	48.8	-12.2%	-11.6%	-5.3%	3.7%
Vietnam Enterprise Inv Ltd	Dragon Capital	Closed End	1276.2	-13.4%	-11.2%	1.5%	9.9%
Vietnam Holding Ltd	Dynam Capital	Closed End	117.3	-16.8%	-15.7%	-7.0%	2.0%
Onshore Funds				-11.8%	-7.5%	-0.3%	7.8%
VCBF Blue Chip Fund	Vietcombank Fund Mgmt	Open End	23.0	-9.9%	-6.6%	-3.3%	N.A
VFM Blue Chip Investment Fund	VietFund Management	Open End	26.7	-14.7%	-10.9%	-0.5%	7.1%
VFM Securities Investment Fund	VietFund Management	Open End	35.9	-10.8%	-5.0%	2.8%	8.5%
Exchange Traded Funds				-13.4%	-14.6%	0.1%	-0.8%
DB x-trackers Vietnam	Deutsche AM	Offshore ETF	272.4	-11.4%	-15.1%	3.6%	0.0%
VanEck Vectors Vietnam	VanEck	Offshore ETF	443.0	-15.6%	-17.1%	-3.3%	-6.8%
VFM VN30 ETF	VietFund Management	Onshore ETF	287.6	-13.0%	-11.5%	0.1%	4.5%
PEER FUNDS AVERAGE				-12.9%	-11.7%	-1.1%	4.0%
VNIndex (USD)				-14.23%	-14.35%	1.34%	5.07%
VN30 Index (USD)				-12.4%	-11.9%	-0.5%	2.7%
VN100 Index (USD)				-11.9%	-12.1%	-1.3%	3.9%
VHIndex (USD)				7.0%	5.6%	2.8%	3.5%

⁴ Source: Respective Fund's/Company's website Bloomberg 30/06//2020

⁵ Lead Series - Includes historical performance of the Company prior to the restructuring as of 31 Dec 2016

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INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

Performance Analysis

The 10 largest holdings in the Class A Shares portfolio as of 30 June 2020 are listed below:

Class A Shares – Top 10 Holdings			
Rank	Security Name	Market Value (USD)	% of NAV
1	Vinamilk	4,585,824	16.0%
2	FPT Corp	3,968,483	13.9%
3	Hoa Phat Group	3,269,852	11.4%
4	Vinhomes	2,492,157	8.7%
5	Vietcombank	1,933,273	6.8%
6	Kinh Bac City	1,829,273	6.4%
7	Mobile World	1,813,258	6.3%
8	REE Corp	1,347,207	4.7%
9	Khang Dien House	1,271,994	4.4%
10	PV Power	1,149,487	4.0%
	Total	23,660,808	82.6%

** Numbers may not add up due to rounding*

The performance of the Lead Series Class A Shares portfolio decreased by 10.60% YTD during 1H 2020 while the VN Index (Vietnam Ho Chi Minh Stock Index) decreased by 14.23% YTD in USD terms during the same period; therefore, outperforming the VN Index benchmark for 1H 2020. The outperformance was mainly due to the portfolio's overweight in Hoa Phat Group (HPG) [+14.0%] while having no exposure to top index laggards such as VinGroup JSC (VIC) [-22.7%], PetroVietnam Gas JSC (GAS) [-26.5%], and Saigon Beer Alcohol Beverage JSC (SAB) [-30.0%].

Top 3 Gainers	Price Change	Contribution to NAV Return
Hoa Phat Group (HPG)	+14.0%	+ 1.14%
Cottecons Construction JSC	+35.7%	+0.32%
Binh Minh Plastic JSC	+7.8%	+0.04%
Top 3 Laggards	Price Change	Contribution to NAV Return
Mobile World (MWG)	-29.1%	- 2.13%
Khang Dien House (KDH)	-13.8%	- 1.37%
FPT Corp (FPT)	-8.3%	- 1.03%

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During 1H 2020 the Vietnam Phoenix Fund Class A (VPF A) portfolio witnessed a significant decrease in the share prices for most of its top-10 holdings (except for Hoa Phat Group (HPG)), due to concerns over the impact of COVID-19.

The largest contributors to VPF A portfolio's return in 1H 2020 were Hoa Phat Group (HPG) [+14.0%, contributing 1.14% to the portfolio's return], Cottecons Construction JSC (CTD) [+35.7%, contributing 0.32% to the portfolio's return], and Binh Minh Plastic JSC (BMP) [+7.8%, contributing 0.04% to the portfolio's return]. In contrast, the significant detractors to the VPF A portfolio's return were Mobile World (MWG) [-29.1%, -2.13% to the portfolio's return], Khang Dien House (KDH) [-13.8%, -1.37% to the portfolio's return] and FPT Corp (FPT) [-8.3%, -1.03% to the portfolio's return].

HPG was the largest contributor to the performance with its share price rising by 14.0% during 1H 2020. The increase was likely due to the company reporting strong earnings growth in 1H 2020. HPG recorded a growth of 31% YoY in net profit after tax (NPAT) in 1H 2020 due to the contribution of increased capacity at the newly completed Dung Quat Steel Complex phase 1.

CTD was the second largest contributor to the performance as its share price rose 35.7% during 1H 2020. CTD's share price recovered as the tension between CTD's management and its major shareholder eased, soothing market concerns.

The third largest contributor to the performance was BMP with its share price rising by 7.8% in 1H 2020, with its stock price supported by strong earnings growth in 1H 2020. BMP released 1H 2020 results showing a growth of 23% YoY in NPAT. The key earnings growth drivers were an increase in sales volume by 6% YoY, a decrease in the price of polyvinyl chloride (PVC), a main input raw material for BMP's products.

In terms of detractors, MWG was the largest detractor to the performance as its share price decreased by 29.1% during 1H 2020. The decrease was due to concerns over the negative impact of COVID-19 on MWG's operation as the company had to close its The Gioi Di Dong mobile phone chain stores and Dien May Xanh consumer electronics chain stores as part of Vietnam's implementation of lock-down and social distancing measures.

The second largest detractor to the performance was KDH. Its share price declined by 13.8% during 1H 2020 due to concerns over the impact of COVID-19 on the Vietnamese real estate sector.

The third largest detractor to the performance was FPT with a decrease of 8.3% in its share price. The decrease was likely due to the company announcing weaker than expected growth in 1H 2020 amidst COVID -19.

The key investment philosophy of the Class A Shares portfolio is to seek long-term capital appreciation for investors – as such, the portfolio has been structured to gain exposure to companies well-positioned to grow over the next years, across various industries in the Vietnamese economy. The section below provides an overview of the companies constituting the portfolio's top five positions.

1. Vietnam Dairy Products JSC (VNM, -3.3%)

VNM is the largest dairy player in Vietnam with a dominant overall market share of 60%, as of March 2020⁶, with its market share in certain categories such as yogurt and condensed milk being over 80%. VNM is the fourth largest company by market capitalization (c.USD 8.5 billion) on the Ho Chi Minh City Stock Exchange, as at the end of 1H 2020.

⁶ Source: VNM's management

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INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

VNM offers an extensive range of products with more than 250 stock keeping units (SKUs) across multiple categories such as liquid milk, yogurt, condensed milk, powdered milk, soymilk, cheese, ice-cream, and beverages. It has pioneered the manufacturing of dairy products in Vietnam since 1976. Over time, VNM has grown to be the owner of the largest number of dairy production facilities in Vietnam. It operates 13 dairy factories, and owns 12 cow farms with 27,000 cows. VNM has also built one of the most extensive distribution networks in Vietnam with nearly 251,000 retail points served directly by 202 distributors, 418 self-branded shops, and over 3,250 supermarkets and convenience stores⁶. These factors have enabled VNM to continuously sustain its competitive advantage over other dairy manufacturers.

For 1H 2020, VNM recorded net sales of VND 29,648 billion (+6.7% YoY) and NPAT of VND 5,861 billion (+2.8 YoY). The results were positive despite the negative impacts of COVID-19 on VNM's operations, particularly on VNM's revenue from direct account channels, which include sales to schools, food & beverage shops, hotels, and airlines. COVID-19 saw the closure of most schools, restaurants, hotels, and airlines during March and April 2020. These direct account channels contributed around 5% of VNM's revenue in 2019⁶. 1H 2020's overall top line was driven by a 2% increase in domestic sales and a 7% increase in export sales. The gross profit margin (GPM) narrowed from 47.4% in 1H 2019 to 46.4% in 1H 2020 due to an increase in raw material prices (powdered milk). 1H 2020 results fulfilled 50% of its full-year revenue target and 55% of its full-year NPAT target. For full-year 2020, VNM has set its revenue target at VND 59.6 trillion (+5.8% YoY) and NPAT target at VND 10.69 trillion (+1.2% YoY).

VNM also sought to strengthen its position and diversify its product portfolio through partnership and acquisition deals in 1H 2020. In June 2020, VNM and KIDO Group JSC (KDC) signed a memorandum of understanding to establish a joint venture (in which VNM owns a 51% stake) to produce and distribute ice cream and frozen food. KDC is the leading company in the Vietnamese frozen food market with a 40% market share in the ice cream sector. In 1H 2020, VNM also announced plans to increase its stake in Moc Chau Milk JSC from 28% to 53%. Moc Chau Milk is a well-known dairy brand based in the North of Vietnam. The company owns a large cow farm with around 24,500 cows located in Moc Chau highland – an ideal area for cow raising thanks to favourable weather.

We expect VNM to maintain its growth during the rest of 2020 as its key products (liquid milk, powdered milk, and yogurt) would be considered essential products. In the long run, we believe VNM's growth will be supported by several factors: (1) continued (albeit modest) growth in dairy consumption in Vietnam as urbanisation and incomes continue to rise; (2) growth of convenience stores allowing VNM to expand its distribution of dairy products to consumers across increased retail points; (3) the strengthening of VNM's position in North Vietnam through its increased ownership of Moc Chau Milk, which will also serve to increase VNM's overall milk production capacity and quality; (4) revenue from its direct account channels is expected to recover post COVID-19. In the meantime, the gradual increase in the proportion of internally-sourced inputs is also expected to improve VNM's profit margins. We are confident that VNM is on track with its strategic goals to increase its market share by 1% per year, and to increase their own cow herd to over 44,400 heads (excluding those belonging to Moc Chau Milk) by 2021⁶.

As of 30 June 2020, Vinamilk traded on 2020/21F P/Es of 19.8/18.4x⁷.

2. FPT Corporation (FPT, -8.3%)

Established in 1988, FPT is a leading technology company in Vietnam with dominant positions across all its core business including information technology (IT), telecommunications, and education. FPT has served customers in 63 provinces and cities across Vietnam, and across 33 countries.

⁶ Source: VNM's management

⁷ Source: Bloomberg 30/06/2020

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The company's information technology segment, which provides software development and system integration services domestically and globally, is the key driver for the company, contributing 55% of 1H 2020, revenue and 40% of 1H 2020 profit before tax (PBT). The telecommunication segment, which provides broadband (telecom services) and digital content (online advertising) services, contributed 40% of 1H 2020 revenue and 34% of 1H 2020 PBT. Education, investment and other segments contributed 5% of 1H 2020 revenue and 26% of 1H 2020 PBT.

For 1H 2020, FPT recorded net sales of VND 13,611 billion (+9.0% YoY), PBT of VND 2,428 billion (+13.5% YoY), NPAT of VND 2,021 billion (+13.5% YoY). As a result, FPT fulfilled 42% of its full-year net sales target and 44% of its full-year PBT target. For FY2020, FPT is targeting net sales of VND 32,450 billion (+17.1% YoY) and PBT of VND 5,500 billion (+17.9% YoY). The key growth driver for 1H 2020 was global IT services and telecom services. In 1H 2020, the global IT services business posted revenue of VND 5,810 billion (+17.8% YoY) and PBT of VND 896 billion (+20.9% YoY). The increase was due to a broader contribution from digital transformation services. The telecom services business posted revenue of VND 5,217 billion (+12.2% YoY) and PBT of VND 833 billion (+21.8% YoY) due to a 10% YoY increase in total broadband subscribers, and a 16% YoY increase in other services including leased line, voice, data centre and pay TV.

In 1H 2020, the domestic IT services business recorded revenue of VND 1,717 billion (-15.5% YoY) and PBT of VND 71 billion (-36.9% YoY). In a bid to maintain strict social distancing within Vietnam, the Vietnamese Ministry of Information and Communications requested for telecommunication businesses (which would include FPT Telecom) to put in place supportive measures, such as implementing the increase in internet speeds, and the discounting of internet connection services during the COVID-19 lockdown period. FPT Telecom responded to the government's request by increasing its internet transmission speeds by 60% for free. The company's online advertising business performed below expectations with revenue of VND 222 billion (+18.4% YoY) and PBT of VND 105 billion (-23.8% YoY), due to the tightening of clients' advertising budgets amid the COVID-19 pandemic.

The COVID-19 pandemic has presented both challenges and opportunities for the company. The delays in signing of new contracts for its software outsourcing business and the reduction in client's advertising budgets are possible challenges if the pandemic persists. However, COVID-19 will also present opportunities for the company as the government and corporates accelerate their digital transformation projects amid the COVID-19 pandemic. We maintain a positive view on FPT as most of its services are essential, while actively monitoring the downside risk from declining businesses in FPT's export markets. FPT's competitive labour cost base and strengthening track record helped by its overseas acquisitions will be key growth drivers for the company over the long-term.

As of 30 June 2020, FPT traded on FY2020/21F P/Es of 10.4x/9.1x⁸.

3. Hoa Phat Group (HPG, +14.0%)

HPG is the largest steel producer in Vietnam, with a market share of 30.9% in the construction steel product segment and a market share of 31.1% in the steel pipes product segment by volume as of June 2020⁹. HPG also operates in some other businesses including agriculture (animal feed, hog raising, beef raising, chicken eggs, and hen raising), industrial (furniture manufacturing), and real estate (development of industrial parks and urban housing).

⁸ Source: Bloomberg 30/06/2020

⁹ Source: Vietnam Steel Association

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INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

In terms of business segment breakdown, the construction steel segment was the largest contributor in 1H 2020, accounting for 83% of HPG's revenue and 78% of HPG's NPAT. This was followed by the agriculture segment which contributed 13% of HPG's revenue and 17% of HPG's NPAT and industrial segment which contributed 3% of HPG's revenue and 3% of HPG's NPAT. The real estate segment contributed 1% of HPG's revenue and 2% of HPG's NPAT.

For 1H 2020, HPG posted strong results showing net sales of VND 39,655 billion (+29.6% YoY) and NPAT of VND 5,060 billion (+31.1% YoY). 1H 2020 results fulfilled 46% of its full-year revenue target and 56% of its full-year NPAT target. For FY2020, HPG is targeting revenue of VND 86 trillion (+33.0% YoY) and NPAT of VND 9 trillion (+18.8% YoY). The strong growth in 1H 2020 was due to several factors including: (1) an increase in construction steel volume produced to 1.52 million tonnes (+12.4% YoY) due to high demand from civil construction and infrastructure projects; (2) the contribution from the sale of billet steel (nil last year) and; (3) an increase in its agricultural segment's profit (+672% YoY) due to a strong increase in pork prices due to limited pork supply because of African Swine Fever.

By the end of 1H 2020, HPG's construction steel market share expanded to 30.9%, from 25.5% at the end of 2019. This was mainly due to the contribution of new production capacity from Phase 1 of the newly commissioned Hoa Phat Dung Quat Steel Complex. The first and second blast furnaces commenced operations in July and November 2019 respectively.

We maintain a positive view on HPG. HPG remains the dominant steel manufacturer domestically and should benefit from robust public infrastructure investment expected over the medium term. Further, we expect the likely improvement in the real estate sector post elections in Q1 2021 to drive HPG's sales growth over the long-term. In addition, HPG's production cost advantage over competitors is expected to continue to strengthen as utilization at the Hoa Phat Dung Quat Steel Complex increases.

As of 30 June 2020, HPG traded on 2020/21F P/Es of 8.3x/6.5x¹⁰

4. Vinhomes JSC (VHM, -11.0%)

VHM is a leading real estate developer in Vietnam with the largest land bank in the country, consisting of 16,400 ha of residential land area (more than three times the size held by the next largest developer).¹¹ Its land bank is located mainly in the major cities including Ho Chi Minh (31% of total area), Ha Noi (20% of total area), Hung Yen (16% of total area), and Quang Ninh (14% of total area). By the end of 1H 2020, VHM achieved a 22% market share in the overall residential segment in Vietnam in terms of built area, with a 46% market share in the mid-end residential segment, and 38% market share in the high-end residential segment.

For 1H 2020, VHM recorded revenue of VND 22,897 billion (-14.4% YoY) and NPAT of VND 11,446 billion (+2.1% YoY). The weaker than expected results were due to the absence of bulk sale bookings in Q2 2020, as compared to VND 15,200 billion worth of bulk sales bookings in Q2 2019. VHM also recorded an abnormal expense of VND 930 billion in Q2 2020 as a penalty payable to its partner, GIC, for the delays in launching its Vinhomes Galaxy project. Per VHM's management, VHM delivered 9,000 units in 1H 2020, mainly from 3 mega projects including Vinhomes Grand Park in Ho Chi Minh, Vinhomes Ocean Park, and Vinhomes Smart City in Hanoi. 1H 2020 results fulfilled 24% of its full-year revenue target and 37% of its full-year NPAT target. For full-year 2020, VHM is targeting revenue of VND 97 trillion (+87.9% YoY) and NPAT of VND 31 trillion (+27.5% YoY). VHM aims to deliver c.30,300 units (+8% YoY) in 2020, of which c.26,600 are high-rise and low-rise units from 3 mega projects and c.3,700 are units from other projects. VHM plans to launch Vinhomes Wonder Park (1,100 low-rise units) in Q3 2020.

¹⁰ Source: Bloomberg 30/06/2020

¹¹ Source: VHM's management

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VHM aims to launch several projects in 2021, including Vinhomes Galaxy (2,000 high-rise units) in Hanoi, Vinhomes Dream City (800 low-rise units) in Hung Yen and Vinhomes Vu Yen (2,500 units including high-rise and low-rise units) in Hai Phong. The company is also planning to launch 2 mega projects, which include Green Ha Long with a total site area of 4,110 ha, and Vinhomes Long Beach Can Gio with a total site area of 2,870 ha.

In 1H 2020, VHM also announced plans that it would be entering the industrial real estate development business. Management has indicated that VHM is preparing for sale of various industrial park projects located in the North of Vietnam including Hai Duong, Hai Phong, Quang Ninh and Thai Binh with a total marketable area of c. 2,900 ha. The capital expenditure for these sites is planned at around VND 27 trillion, spread over the next 1-2 years. The industrial real estate segment is expected to deliver earnings from 2021.

We maintain a positive view on VHM, supported by several factors: (1) as the market leader in the Vietnamese real estate sector, VHM is expected to be the largest beneficiary of the recovery in the Vietnamese real estate market over the long term; (2) with its sizable land bank at strategic locations in the North, VHM's industrial real estate segment should be well positioned to benefit from the increase in foreign direct investment and the adjustment of global supply chains as manufacturers diversify the manufacturing operations away from China, and; (3) VHM's substantial residential land bank is sizeable enough to support VHM's growth for approximately the next years 10 years.

As of 30 June 2020, VHM traded on FY2020/21F P/Es of 9.3x/8.3x¹².

5. Vietcombank (VCB, -11.0%)

VCB is one the largest banking franchises in Vietnam with 111 branches and 472 transaction offices, operating in 53 out of 63 provinces and cities across the country as of December 2019¹³. It is one of the few banks in Vietnam capable of providing universal banking services to retail clients, corporates, and other financial institutions. As of 30 June 2020, VCB is the biggest listed bank, according to assets. It is the second largest company listed on the Ho Chi Minh City Stock Exchange, according to market capitalization as of 30 June 2020 (c.USD 12.8 billion).

For 1H 2020, VCB recorded PBT of VND 10,982 billion (-2.8% YoY) and NPAT of VND 8,798 billion (-3.0% YoY). The weaker than expected results were mainly due to an increase in provision expenses by 20.9% YoY, coupled with a decrease in net interest margin (NIM) to 2.91%. VCB's operation was negatively impacted by Covid-19 due to the reduction in interest rates, and the restructuring of its loans in 1H 2020. Credit and deposit demand was also negatively impacted during COVID-19. By the end of June 2020, VCB's credit growth was 4.9% YTD (vs 10.1% YTD in June 2019) and deposits growth was 5.7% YTD (vs 8.6% YTD in June 2019). 1H 2020 result fulfilled 43% of its full-year PBT target. For full-year 2020, VCB is targeting PBT of VND 25.4 trillion (+9.9% YoY) with the assumption of an 10% YoY growth in credit and an 8% YoY growth in deposit, and an NPL ratio below 1.5%.

We maintain a positive view on VCB as it is the country's leading bank with better-than-peer asset quality. This allows for the mitigation of the potential negative impact of COVID-19 on banking operations. In the long -term, we expect VCB to be able to maintain its stable growth and high ROE levels due to: (1) low funding costs; (2) healthy balance sheet; and (3) experienced management team.

As of 30 June 2020, VCB traded on FY2019/20F P/Bs of 3.0/2.5x¹⁴.

¹² Source: Bloomberg 30/6/2020

¹³ Source: VCB's FY2019 annual report

¹⁴ Source: Bloomberg 30/6/2020

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II. CLASS C – Private Equity Shares

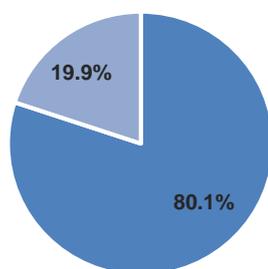
NAV Update

The NAV for the Vietnam Phoenix Fund Class C Shares (“VPF C”) of the Company as of 30 June 2020 was USD 0.2387, down 2.65% from USD 0.2452 as of 31 December 2019.

Class C Shares Exposure and Performance

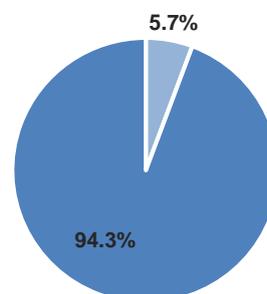
The asset class and sector exposure of VPF C Shares are summarized in the charts below and discussed in detail in the following sections.

Asset Class Breakdown



■ Invested Securities ■ Cash & Others¹⁵

Sector Exposure



■ Real Estate and Construction ■ Healthcare

Performance Analysis

The VPF C has a fixed life expiring no later than 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). As such, the objective of the VPF C shares is to realise the assets in the portfolio in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to VPF C shareholders promptly by means of pro rata redemptions of the VPF C shares. No new private equity investments will be made except possibly for follow-on investments into existing positions if approved by the Board of Directors.

The Investment Manager fully exited the Company’s position in VTC Online in 1H2020, leaving the VPF C shares portfolio with its remaining positions in Anova Corp and SSG Group. The holding in SSG Group was sold after the period end 30 June 2020.

The Fund has conducted five redemption exercises to return capital to investors post the restructuring of the Fund in January 2017. Since 2018, 74% of all shares in VPF C have been redeemed, at an average price per share of USD 0.2794.

¹⁵ Includes accruals and liabilities

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S/No	Redemption Tranche	NAV/Share	Remarks
1	10%	USD 0.3222	Jun 2018's NAV
2	13%	USD 0.3375	Mar 2019's NAV
3	8%	USD 0.2609	Aug 2019's NAV
4	38%	USD 0.2617	Sept 2019's NAV
5	42%	USD 0.2524	Nov 2019's NAV

The holdings of the VPF C shares portfolio as of 30 June 2020 are listed below:

Top 5 Holdings			
Rank	Security Name	Market Value (USD)	% of NAV
1	Anova Corp	19,793,092	75.5%
2	SSG Joint Stock Company	1,188,479	4.5%
	Total	20,981,571	80.0%

Grant Thornton would normally conduct a revaluation of the Company's private positions every six months. However, given that the sale of the Company's remaining private equity investments are at an advanced stage of negotiation, the Board of Directors approved the valuation based on the expected realisation proceeds for the period ended 30 June 2020.

The VPF C Shares portfolio returned -2.65% in 1H2020, with the decrease largely due to the 42% redemption of shares paid in February 2020 based on November 2019's NAV/ share.

1. Anova Corporation

In May 2011, the Company made a USD 8.7mn investment in Anova Corporation ("Anova") via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Company invested another USD 1.7mn, as it exercised its pre-emptive right to subscribe to ordinary shares via a rights issue for Anova to acquire an animal feed company. In September 2015, the Company invested a further USD 2.2mn via a second rights issue for Anova to expand the animal feed business. The synergies arising from the feed, feed additives, and animal health businesses were expected to enable enable Anova to gain market share and enter new markets. In June 2018, the Company invested a final USD 3.4mn via a third rights issue for Anova to expand its position in the farm-feed-food value chain. The Company's total fully diluted stake in Anova is 16.4%. The maturity of the convertible bonds were extended to 30 Oct 2020 to facilitate the disposal of the Company's investment in Anova. To date, the Company has received approximately USD 4.1mn of dividends and interest from Anova.

Anova is currently the leading manufacturer of veterinary health products in Vietnam as well as the leading importer and distributor of raw materials for the animal health and feed sectors. Anova maintains a market share of 17% in the manufacturing and sale of finished veterinary products with the next closest competitor, Vemedim, at 12% of the total market.¹⁶

¹⁶ Source: Anova management

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The disposal of the Company's investment in Anova is occurring later than expected, due to the outbreak of the African Swine Fever (ASF) initially, and subsequently due to COVID-19 pandemic. A buyer for the Company's investment in Anova was identified in late 2019 and the Investment Manager has been working closely with the buyer over the last few months to progress the deal. The Securities Purchase Agreement (SPA) with the buyer was signed on 31 August 2020. The Investment Manager expects to conclude the transaction by the end of October 2020, barring any unforeseen circumstances.

There are currently no trading markets for the convertible bonds or ordinary shares. As of 30 June 2020, the Company's position in Anova was valued at USD 19.8mn. The final realisable value depends on the successful execution of the exit strategy undertaken by the Investment Manager.

2. SSG Group

SSG Group was founded on 24 October 2003 with businesses in the Vietnamese real estate, education, mining and mineral processing, and clean energy sectors. The Company owned 1.1% of SSG Group as of 30 June 2020.

There is currently no trading market for the ordinary shares. As of 30 June 2020, the Company's position in SSG Group was valued at USD 1.19mn.

The Investment Manager successfully negotiated with the management of SSG Group to undertake a buy-back of the Company's stake in the group at VND 25,000/ share, translating to aggregate proceeds of USD 1.19mn. Consequently, the valuation of SSG Group has been adjusted to the divestment price as of 30 June 2020.

As the initial investment cost was VND 12,679/share, the Company paid approximately USD 118k in capital gains tax for this divestment. The Company received a 10% deposit from the buyer on 29 July 2020. The remaining proceeds, net of the capital gains tax, were received on 17 August 2020.

III. Market Overview

Vietnam economy

The COVID-19 pandemic is an unprecedented crisis that has had profound effects on economies globally since its emergence in December 2019.

Vietnam identified its first COVID-19 cases in early January 2020 but a wider outbreak occurred only in March 2020, leading to the implementation of lockdowns and social distancing measures across the country from the third week of March, in addition to the imposition of foreigner entry restrictions into the country.

While the rate of infections are generally considered to be under control in Vietnam, its economy during 1H 2020 has not been spared the negative macroeconomic shocks largely induced by domestic restrictions and economic disruptions affecting its key trading partners.

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Vietnam's key economic indicators are discussed below.

Vietnam Economic Indicators

		1H 2020	1H2019	2019	2018	2017	2016
Real GDP Growth	%	1.8	6.8	7	7.1	6.7	6.2
CPI	%	4.2	2.6	2.8	3.54	2.6	4.7
Export Growth	%	0.2	7.2	8.4	13.8	20.6	9
Import Growth	%	-2.9	8.9	6.8	11.5	21.3	5.2
Trade Balance	\$bn	5.5	1.7	11.1	7.2	2.3	2.7
Registered FDI	\$bn	12.2	10.3	22.5	25.6	35.9	21
FX Reserve	\$bn	81.4	63.9	80	60	52	41
USDVND	VND	23,196	23,301	23,173	23,245	22,968	22,761

*Source: GSO

Lowest level of GDP growth in over 30 years – Vietnam's gross domestic product (GDP) grew by 1.8% YoY in 1H 2020 – the lowest GDP growth rate observed in more than 30 years. The services sector, while remaining the largest contributor to GDP and accounting for 38% of GDP in 1H 2020, was also the sector in the economy most affected by COVID-19 when the Vietnamese government implemented the social distancing and lockdown measures, growing by only 0.57% YoY in 1H 2020. The agriculture, forestry, and fisheries sector was also affected and grew by only 1.19% YoY, accounting for 14% of GDP. The industrial and construction sector grew 2.98% YoY and contributed 36% of GDP in 1H 2020.

Lowest credit growth rate in 7 years – The Vietnamese economy recorded credit growth of 3.26% for 1H 2020, compared to growth of 7.33% for the same period in 2019. It was the lowest first-half credit growth rate registered since 2013. The reduction in credit growth was largely due to: (1) the overall slowdown in the real estate market combined with tightening credit for mortgages; (2) lower credit demand from corporates due to lower expected spending on capital expenditure and; (3) overall weaker consumption demand. The State Bank of Vietnam estimates the full-year 2020 credit growth rate to be 10% YoY, compared to a growth rate of 13.65% YoY in 2019. Interest rates were reduced by 0.5% - 1% in a bid to support consumption amidst COVID-19.

Reduction in trade flows but expansion in trade surplus – According to Vietnamese Customs, for 1H 2020, Vietnam's exports rose by only 0.2% YoY to USD 122.79 billion while Vietnam's imports decreased by 2.9% YoY to USD 117.33 billion, generating a trade surplus of USD 5.46 billion (+219.3% YoY).

The US continued to be the largest export destination market for Vietnamese products with a total export value of USD 30.3 billion (+10.3% YoY). In 1H 2020, China became the second-largest export destination market for Vietnamese producers with a total export value of USD 19.5 billion (+17.4% YoY). In contrast, the EU and ASEAN were the most negatively affected export destination markets for Vietnam as exports to the EU decreased by 8.8% YoY to USD 16.1 billion and exports to ASEAN decreased by 14.2% YoY to USD 11.1 billion. The key contributors to Vietnam's export growth in 1H 2020 were computers, electrical products and electrical components with exports value of USD 19.5 billion (+25.4% YoY) and machinery with exports value of USD 10.4 billion (+26.5% YoY). The key detractors to Vietnam's export growth in 1H 2020 were mobile phones and mobile phone components with exports value of USD 22.0 billion (-6.5% YoY) and textile with exports value of 13.2 billion (-12.7% YoY).

On the import side, China remained the largest source of Vietnamese imports with a total value of USD 34.8 billion (-2.2% YoY), followed by Korea with an imports value of USD 20.3 billion (-10.0% YoY), and ASEAN with an import value of USD 14.2 billion (-11.9% YoY). The key contributors to Vietnam's import growth in 1H 2020 were computers, electrical products and electrical components with imports value of USD 27.2 billion (+13.8% YoY) and mobile phones and mobile phone components with imports value of USD 6.0 billion (+2.7% YoY). The key detractors to Vietnam's import growth in 1H 2020 were machinery with imports value of USD 16.8 billion (-4.5% YoY) and fabric with imports value of USD 5.5 billion (-15.9% YoY).

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Growth in registered FDI though FDI disbursements saw a slowdowns – As of 20 June 2020, Vietnam attracted USD 12.2 billion (+17.9% YoY) of total newly registered foreign direct investment (FDI) and additional FDI from existing investors. The Bac Lieu liquified natural gas power project, with a total registered capital of USD 4.0 billion, was the main driver of FDI growth in 1H 2020. However, capital contribution and share purchases by foreign investors decreased by 56.8% YoY to USD 3.5 billion, though the decrease was also from a high base in 1H 2019, when Beerco Limited (the investment vehicle for Thai Beverage) invested USD 3.85 billion into Sabeco in March 2019. Disbursed FDI declined by 4.9% YoY to USD 8.65 billion due to travel restrictions and the implementation of social distancing measures during COVID-19, which affected deal negotiations, due diligence, and closures.

High inflation, largely due to increases in prices of pork – The Vietnamese consumer price index (CPI) rose 4.19% YoY for 1H 2020. This was largely due to: (1) an increase in pork prices by 68.2% YoY, due to tight supply as a result of African Swine Fever, contributing to 2.86% YoY increase in CPI; and (2) an increase in prices of drinks and tobacco by 7.54% YoY. In contrast, the largest detractors to CPI growth in 1H 2020 were: (1) a decrease in fuel prices by 19.49% YoY; (2) a decrease in tourism service prices by 1.49% YoY, due to dampened travel demand during COVID-19.

Limited currency fluctuation – During 1H 2020, despite the strengthening of the USD against most ASEAN currencies and the Chinese RMB, the VND was largely stable. The VND depreciated only 0.1% against the USD, outperforming other ASEAN currencies such as Malaysian Ringgit MYR (-4.8%), Singaporean Dollar SGD (-3.5%), Thai Baht THB (-3.1%) and Chinese Yuan RMB (-1.4%). This is probably due to the increase in Vietnam's trade surplus during the period, and its strong foreign currency reserves. Vietnam's foreign currency reserves had reached VND 81,413 billion by the end of April 2020, its highest recorded level historically.

Vietnam stock market

The Vietnamese stock market was the second-best performing stock market in ASEAN in 1H 2020

In 1H 2020, the VN Index decreased 14.2% in USD terms, and was the second best performing stock market in ASEAN after the Malaysian stock market (FBMKLCI Index), which saw a decrease of 10.6% in USD terms. The factors that contributed to the better-than-peer performance of the Vietnamese stock market included the following: (1) a relatively well managed COVID-19 situation; (2) stable domestic politics and currency; (3) strong growth in registered FDI, and (4) the reduction in interest rate in 1H 2020.

The Vietnamese stock market experienced a strong correction in 1Q 2020, in line with the global stock market, due to investor fears over the spread of COVID-19. The Vietnamese stock market has recovered gradually since April 2020. Main contributors to the VN Index's return during 1H 2020 were Hoa Phat Group (HPG) [+14.0%, contributing 0.31% to VN Index return], Novaland Investment Group (NVL) [+3.4%, contributing 0.08% to VN Index return], and Dabaco Group (DBC) [+115.5%, contributing 0.08% to VN Index return]. In contrast, the main detractors to the VN Index's return during 1H 2020 were VinGroup JSC (VIC) [-22.6%, -2.58% relative to the VN Index], PetroVietnam Gas JSC (GAS) [-26.4%, -1.34% relative to the VN Index], and Sabeco (SAB) [-29.9%, -1.25% relative to the VN Index].

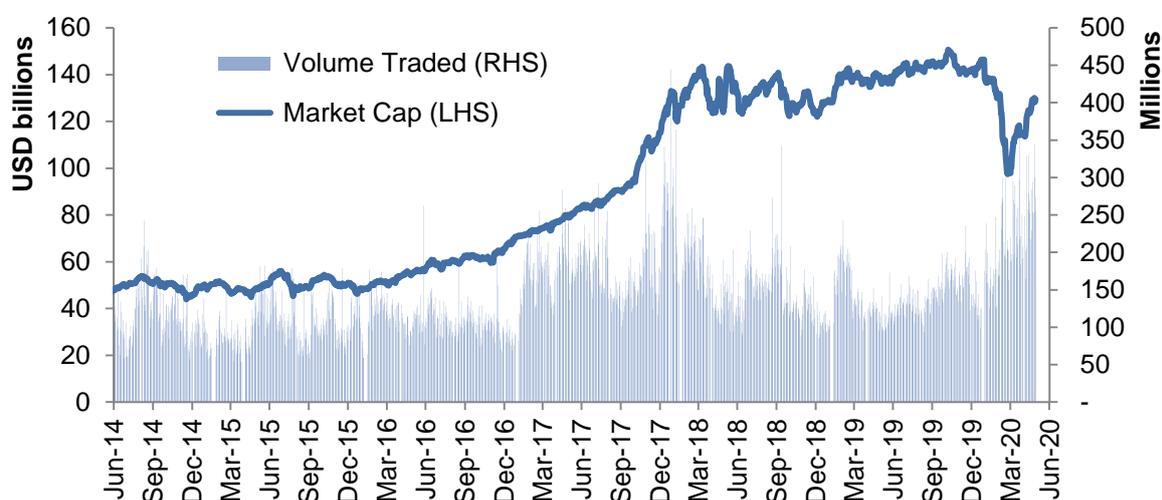
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		Mkt Cap (USD bn)	1H 2020 index change (USD)	2020 Forward P/E	PEG	Div Yield	ROE
Thailand	SET	465	-3.1%	27.7	3.8	3.4%	13.9%
Indonesia	JCI	399	-2.9%	22.9	3.4	0.4%	18.4%
Singapore	FSSTI	328	-3.5%	14.1	5.0	4.3%	10.0%
Malaysia	FBMKLCI	227	-4.8%	25.1	N.A	2.7%	18.7%
Philippines	PCOMP	156	+1.6%	20.8	3.0	2.1%	12.5%
Vietnam	VNINDEX	124	-0.1%	17.7	3.2	1.0%	19.8%

Source: Bloomberg 30/06/2020

VN Index Market Cap and Volume



IV. Outlook and Strategy

Listed Equities

The Investment Manager's bottom-up stock selection approach aims to identify high quality companies with sustainable growth potential, strong competitive advantages, economic moats, and healthy balance sheets. There is also an emphasis to invest in companies that are helmed by an effective management teams with a solid track record and sound corporate governance.

In terms of the macroeconomic environment, while we expect COVID-19 to continue to impact global economic growth including that of Vietnam, we remain optimistic that Vietnam will remain one of the fastest growing economies in the region due to (1) an expanding middle class, fueling consumption growth and urbanization trend; (2) Vietnam being a long-term beneficiary from global supply chain adjustment; (3) new Free-Trade Agreement with the European Union (Vietnam - EU FTA). The Vietnamese government expects the Vietnam - EU FTA to increase Vietnam's GDP by 2.18% to 3.25% annually by 2023 and by 4.57% to 5.30% annually in the period 2024-2028, and (4) Stable domestic politics and currency.

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The current VPF A Shares portfolio includes high quality companies that are well-placed to benefit from Vietnam's growth over the next few years. As the dominant companies in their own respective industries, we believe that they will emerge stronger from the COVID-19 pandemic given their advantages in scale, financial strength, and experienced management teams.

Within the portfolio's top five holdings, VNM is recognized as one of the best managed companies in Vietnam. The company has a c.60% market share in the dairy milk segment domestically, supported by an extensive distribution network and growing product portfolio. We expect VNM to continue benefiting from Vietnam's continued growth in overall domestic consumption, and per-capita milk consumption. The company has maintained a strong track record in generating free cash flow from its operations, enabling it to re-invest in product research and development, expansion of production capacity, allowing it to continuously strengthen its competitive advantages and market leading position.

FPT, one of the portfolio's largest holdings is one of the dominant players in Vietnam's information technology (IT) services and IT outsourcing industry. FPT's IT outsourcing services have been adopted by various clients across a broad range of industries domestically, including government administration, banking and finance, and healthcare. FPT is an example of a Vietnamese company that has been able to successfully develop a competitive edge overseas – it has been able to consistently grow revenue from its software outsourcing segment in markets such as Japan, US and APAC. In 1H 2020, this segment grew by 42.7%. We expect FPT to benefit from the continued growth in IT spend by corporates and government in the shift to digital.

Another of the portfolio's large holdings is HPG. HPG is the largest steel player in Vietnam, with an annual production capacity for construction steel of more than 4 million tonnes. HPG reported a domestic market share in construction steel of 30.9%, and a market share in steel pipes of 31.1%, as at the end of June 2020. We expect HPG to benefit from the continued broad-based increase in steel demand across Vietnam, driven by ongoing urbanization. HPG's valuation remains undemanding in our view - it trades on 2020/21E forward P/Es of 8.3x/6.5x respectively.

In addition to us rigorously monitoring the existing holdings within our portfolio, we are constantly seeking and evaluating new investment opportunities. We see attractive long-term growth prospects for companies within the infrastructure space, transportation/logistics industry, and selected names in the banking sector and real estate sector which are expected to benefit from the overall economic growth of Vietnam.

During 1H 2020, the Company initiated a new position in Binh Minh Plastics (BMP). BMP is one of the leading manufacturers and distributors of plastic pipes in Vietnam with 25% nationwide market share (as at the end of 2019). BMP is expected to benefit from the increasing structural demand in civil construction due to the increasing urbanization rate in Vietnam and the recovery of the real estate market. Further, favourable input prices of polyvinyl chloride (PVC), a key raw material, and increasing automation in its production process, are expected to expand BMP's profit margin over medium-term. The company is highly free cash flow generative, and offers a robust dividend yield of 9-10%, based on the company's current share price.

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List of holdings as of 30 June 2020			
Share Class	Security Name	Ticker	Value (USD)
Class A			26,953,942
	VIETNAM DAIRY PRODUCTS JSC	VNM VN	4,585,824
	FPT CORP	FPT VN	3,968,483
	HOA PHAT GROUP JSC	HPG VN	3,269,852
	VINHOMES JSC	VHM VN	2,492,157
	BANK FOR FOREIGN TRADE JSC	VCB VN	1,933,273
	KINH BAC CITY DEVELOPMENT SH	KBC VN	1,829,273
	MOBILE WORLD INVESTMENT CORP	MWG VN	1,813,258
	REFRIGERATION ELECTRICAL ENG	REE VN	1,347,207
	KHANG DIEN HOUSE TRADING AND	KDH VN	1,271,994
	PETROVIETNAM POWER CORP	POW VN	1,149,487
	AIRPORTS CORP OF VIETNAM JSC	ACV VN	942,105
	VIETNAM NATIONAL PETROLEUM G	PLX VN	575,282
	SSI SECURITIES CORP	SSI VN	536,282
	SAIGON CARGO SERVICE CORP	SCS VM	373,287
	VIET CAPITAL SECURITIES JSC	VCI VN	298,145
	VIETNAM TECHNOLOGICAL & COMM	TCB VN	227,463
	BINH MINH PLASTICS JSC	BMP VN	193,456
	COTECCONS CONSTRUCTION JSC	CTD VN	147,112
	HO CHI MINH CITY SECURITIES	HCM VN	2
Cash and others			1,685,699
Total before Redemptions			28,639,641
Redemptions for 30 June 2020			51,011
Total after Redemption			28,588,630

Private Equity

As the VPF C portfolio has a fixed life expiring no later than 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders), the investment objective for the VPF C shares portfolio is to realise the assets in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to shareholders.

On Anova, the investment manager will continue to work closely with the potential investor and Anova to have the deal concluded by Oct 2020.

As part of the winding up process, the investment manager expects to return bulk of the cash to VPF C shareholders by means of pro rata redemptions of the VPF C Shares after the divestment of Anova.

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List of holdings as of 30 June, 2020			
Share Class	Security Name	Ticker	Value (USD)
Class C			20,981,571
	ANOVA CORPORATION - CB	NA	10,468,029
	ANOVA CORPORATION - ordinary shares	NA	9,325,063
	S.S.G Group Joint Stock Company	NA	1,188,479
Cash and others			5,221,205
Total			26,202,776

V. Risks in 2020/2021

Apart from the inherent risks of investing in an emerging market such as Vietnam, the Investment Manager would like to draw additional attention to the following points that could adversely impact the VPF A Shares portfolio's performance over next year:

Second wave of COVID-19 Since the start of January 2020, financial markets globally have been reacting in a volatile manner due to the COVID-19 pandemic, as the development and implementation of an effective vaccination programme globally has yet to materialize. The first wave of COVID-19 was well managed in Vietnam with no new cases reported in 3 months from 15 April to 23 July 2020. However, Vietnam has experienced a second wave of COVID-19 infections since 24 July 2020 with over 100 new cases confirmed in the last week of July, causing a partial lock-down. This is expected to hinder the recovery of the economy especially if Vietnam fails to contain the spread. COVID-19 has also caused significant disruptions to supply chains around the world, and this will likely continue to have negative impact on the Vietnamese economy, particularly on manufacturing. The tourism and services sectors are also expected to continue to falter should foreigner restrictions persist, and domestic lock-downs and social distancing measures be newly implemented with the second wave.

Weakened economies globally and disruption in global trade The global economic environment had already experienced instability for most of 2019 due to the trade disputes between the US and China. The outbreak of COVID-19 has substantially increased the pressure on major economies, especially the US, to protect their domestic companies, as consumer spending and investment activity decreases. A widespread adoption of "beggar-thy-neighbour" approach in trade will likely lead to further disorder in the currency markets and other regional trade links (Korea-Japan and China-ASEAN). During past recessions, capital flows have tended to withdraw from emerging market first, due to perceived higher levels of risks present in emerging markets compared to developed markets. A weakened consumption environment in China and other major markets such as the EU and the US will negatively affect Vietnam's export industry.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	30/06/2020 USD	30/06/2019 USD
Expense			
Net (loss) on investments at fair value through profit or loss		(3,063,055)	(17,035,720)
Total (loss)		(3,063,055)	(17,035,720)
Operating expenses	3	(712,284)	(1,121,474)
(Loss) for the period before taxation		(3,775,339)	(18,157,194)
Taxation			
Deferred taxation	9	-	(7,186,536)
Decrease in net assets attributable to holders of redeemable participating shares resulting from operations		(3,775,339)	(25,343,730)
		Class A Shares	Class C Shares
(Loss) per Share		30/06/2020	30/06/2020
Basic		(7.38)c	(0.11)c
Diluted		(7.38)c	(0.11)c
Weighted average shares outstanding			
Basic		49,249,510	123,016,793
Diluted		49,249,510	123,016,793
		Class A Shares	Class C Shares
Earnings/(Loss) per Share		30/06/2019	30/06/2019
Basic		0.64c	(7.06)c
Diluted		0.64c	(7.06)c
Weighted average shares outstanding			
Basic		62,968,156	364,848,754
Diluted		62,968,156	364,848,754

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	30/06/2020	31/12/2019
		USD	USD
Assets			
Cash and cash equivalents	5	5,663,484	24,350,673
Financial assets at fair value through profit or loss	12	50,383,013	58,432,832
Total assets		56,046,497	82,783,505
Liabilities			
Accounts payable	6	(178,449)	(279,516)
Deferred Tax	9	(1,025,631)	(1,025,631)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(1,204,080)	(1,305,147)
Net assets attributable to holders of redeemable participating shares		54,842,417	81,478,358

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	30/06/2020	30/06/2019
		USD	USD
Net assets attributable to holders of redeemable Participating shares at beginning of the period		81,478,358	169,439,749
Proceeds from issuance of share subscriptions during the period		-	21,055
Payments on share redemptions during the period	15	(22,860,602)	(19,584,837)
Decrease in net assets attributable to holders of redeemable participating shares resulting from operations		(3,775,339)	(25,343,730)
Net assets attributable to holders of redeemable participating shares at end of the period		54,842,417	124,532,237

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	30/06/2020	30/06/2019
	USD	USD
Cash flows from operating activities		
(Loss) for the period	(3,775,339)	(25,343,730)
<i>Adjustment for non-cash items:</i>		
Decrease in financial assets at fair value through profit or loss	8,049,819	38,800,338
<i>Changes in operating assets and liabilities</i>		
(Decrease)/increase in accounts payable	(101,067)	7,106,068
Net cash from operating activities	4,173,413	20,562,676
Cash flows from financing activities		
Share subscriptions during the period	(22,860,602)	(19,584,837)
Share redemptions during the period	-	21,055
Net cash used in financing activities	(22,860,602)	(19,563,782)
Net increase/(decrease) in cash and cash equivalents	(18,687,189)	998,894
Cash and cash equivalents at the beginning of the period	24,350,673	273,266
Cash and cash equivalents at the end of the period	5,663,484	1,272,160
Cash flows from operating activities include:		
Interest received	236,354	250,925
Dividends received	247,580	598,488
Taxation paid	(11,638)	(16,251)

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

1 Incorporation and principal activity

The Vietnam Phoenix Fund Limited (the “Company”), previously known as DWS Vietnam Fund Limited, is an exempted company with limited liability formed under the laws of the Cayman Islands on 13 September 2006. The registered office of the Company is located at DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

The investment objective of the VPF A portfolio is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all or their business in Vietnam. Class A shares are redeemable at the NAV of the share class at the date of redemption.

For the VPF A portfolio, the Company seeks to achieve its investment objective through investing primarily in securities of listed entities, including Vietnamese-listed companies and overseas companies. The Company may also invest in securities issued by governmental agencies.

The investment objective of the VPF C portfolio is to realise its assets in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to holders of Class C shares promptly by means of pro rata redemptions of Class C shares. Class C shares have a fixed life expiring on the earlier of the date on which the last Class C shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders).

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose entities (“SPEs”) incorporated outside of Vietnam. The Company has six wholly-owned SPEs, incorporated as exempted companies with limited liability in the Cayman Islands, having the purpose of acting as trading conduits of the Company. These SPEs are:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Siglap Limited
6. Hephaestus Limited

As at the financial period end 30 June 2020 all of these SPEs were in operation.

As at 30 June 2020 and 31 December 2019, the Company and its SPEs (the “Group”) had no employees. The investment activities of the Company were managed by Duxton Asset Management Pte Ltd. (“Duxton” or the “Investment Manager”) until 30 March 2020 and by Duxton Capital (Australia) Pty Ltd. (“DC Australia” or the “Investment Manager”) with effect from 31 March 2020. The administration of the Company is delegated to State Street Fund Services (Ireland) Limited (the “Administrator”). Class C shares of the Company are listed on Euronext Dublin.

2 Significant accounting policies

Statement of Compliance

These condensed interim unaudited financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34, “Interim Financial Reporting” issued by the Financial Reporting Council, which are adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. They have also been prepared in accordance with the reporting requirement of Euronext Dublin for closed-ended funds.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

2 Significant accounting policies (cont/d)

Statement of Compliance (cont/d)

The condensed interim financial statements do not contain all of the information and disclosures required in the full annual audited financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies, presentation and methods of calculation applied by the Company in these condensed interim unaudited financial statements are consistent with those applied by the Company in its financial statements for the year ended 31 December 2019.

a) Basis of preparation

The financial statements are presented in US Dollars. The functional currency of the Company is the US Dollar, reflecting the fact that all subscriptions received were denominated in US Dollars. The financial statements are prepared on a fair value basis for financial assets at fair value through profit or loss. Other financial assets and liabilities are stated at amortised cost.

The accounting policies have been applied consistently by the Company to both periods presented in the financial statements.

Going Concern:

The financial statements have been prepared on a going concern basis.

Class C shares has a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders).

b) Accounting estimates and judgments

The preparation of the financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at year ended 31 December 2019.

c) New accounting standards, amendments and interpretations

New standards, amendments and interpretations issued and effective for the financial period beginning 1 January 2020

There are no new standards, amendments or interpretations issued and effective for the financial period beginning 1 January 2020 that have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

2 Significant accounting policies (cont/d)

c) New accounting standards, amendments and interpretations (cont/d)

New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2020 and not early adopted

IFRS 17 “Insurance Contracts” was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’. The new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

3 Operating expenses	Notes	30/06/2020 USD	30/06/2019 USD
Investment Manager			
Investment Management fee	8	(285,456)	(598,397)
		<u>(285,456)</u>	<u>(598,397)</u>
Custodian			
Custodian fees	8	(28,829)	(110,204)
		<u>(28,829)</u>	<u>(110,204)</u>
Administrator			
Administration fees		(34,632)	(95,291)
Transfer Agency fees		(3,000)	(3,000)
		<u>(37,632)</u>	<u>(98,291)</u>
Other expenses			
Directors’ fees	4,10	(75,000)	(75,000)
Directors’ Insurance		(28,025)	(15,649)
Professional fees		(143,020)	(192,959)
Audit fee		(40,103)	(30,000)
Miscellaneous expenses		(74,219)	(974)
		<u>(360,367)</u>	<u>(314,582)</u>
Total Operating Expenses		<u>(712,284)</u>	<u>(1,121,474)</u>

4 Directors’ Remuneration

The Board determines the fees payable to each Director. The Directors’ fees have been set at USD 50,000 per annum per Director (2019:USD 50,000). The maximum remuneration is USD 75,000 per Director per annum. Directors’ fees paid by the Company for the period ended 30 June 2020 were USD 75,000 (30 June 2019: USD 75,000).

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

5 Cash and cash equivalents	30/06/2020	31/12/2019
	USD	USD
Cash and bank balances	5,663,484	24,350,673
	5,663,484	24,350,673

All cash and bank balances are held with State Street Custodial Services (Ireland) Limited whose parent State Street Corporation has a Standard & Poor's short-term credit rating of A (31 December 2019: A) and the sub-custodian HSBC Bank (Vietnam) Limited which had a Standard & Poor's short-term rating of AA- as at 30 June 2020 (31 December 2019: AA-).

6 Accounts payable	30/06/2020	31/12/2019
	USD	USD
Accrued Investment Management Fee**	(46,767)	(127,358)
Accrued Performance Fee**	-	(209)
Accrued Other Fees	(131,682)	(151,949)
	(178,449)	(279,516)

**Refer to Note 8 for details.

7 Share capital

Redeemable Participating Shares

On incorporation of the Company on 13 September 2006, the authorised share capital was USD 500,000,000 made up of 500,000,000 shares of a par value of USD 1.00 each, having the rights set out in the Articles. By virtue of an Ordinary Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the authorised share capital was amended to USD 10,000,000 made up of 1,000,000,000 shares of a par value of USD 0.01 each. Consequently, and by virtue of a Special Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the issued share capital of the Company was reduced from USD 486,931,392 made up of 486,931,392 shares of USD 1.00 each, to USD 4,869,314 made up of 486,931,392 shares of USD 0.01 each.

Following the restructuring of the share capital, which became effective on 1 January 2017, the Company's authorised share capital was amended to USD 10,000,000 made up of 2,000,000,000 shares of a par value of USD 0.005 each. The Directors initially designated three distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B) and 1 Private Equity share (Class C).

Class A shares are open-ended while Class C shares are closed-ended. Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association. Class C shares of the Company are listed on Euronext Dublin.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

7 Share capital (cont/d)

Share transactions during the period ended 30 June 2020:

	Class A shares	Class C shares
	30/06/2020	30/06/2020
Shares in issue at beginning of period	52,610,257	189,256,596
Shares issued during the period	-	-
Shares redeemed during the period	(4,507,524)	(79,487,764)
Shares in issue at end of period	48,102,733	109,768,832
Net Asset Value for holders of shares	USD 28,639,641	USD 26,202,776
Net Asset Value per share	USD 0.5954	USD 0.2387

Share transactions during the period ended 30 June 2019:

	Class A shares	Class C shares
	30/06/2019	30/06/2019
Shares in issue at beginning of period	65,473,195	381,375,002
Shares issued during the period	21,055	-
Shares redeemed during the period	(4,471,791)	(49,578,745)
Shares in issue at end of period	61,022,459	331,796,257
Net Asset Value for holders of shares	USD 38,019,319	USD 86,512,918
Net Asset Value per share	USD 0.6230	USD 0.2607

The investment objectives of the Company are disclosed in Note 1. The Board aims to meet the Company's investment objective while maintaining sufficient liquidity.

The Board's policy is for the Company to maintain a strong capital base so as to maintain investor, creditor and market confidence and to be able to meet liabilities as they fall due. The Board monitors the return on capital, which the Company defines as results from operating activities divided by total shareholders' equity.

8 Significant Agreements

Custodian

The Company has appointed State Street Custodial Services (Ireland) Limited as the Custodian to the Company pursuant to the Custodian Agreement dated 10 November 2006.

The Custodian fees are charged based on the NAV of the Company (not to exceed 18 basis points per annum) on a monthly basis in arrears as defined in the Private Offering Memorandum of the Company (the "POM"). The Custodian will also be entitled to be reimbursed by the Company for all transaction costs attributable to the Company and incurred by the Custodian from time to time and any appropriately incurred third party fees and expenses, including fees of any sub-custodian appointed by the Custodian at market rates.

Administrator

The Company has appointed State Street Fund Services (Ireland) Limited as Administrator to the Company pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly net assets.

The current rates for the Administration fee are 9 basis points per annum for the first USD 100 million net assets, 8 basis points per annum for net assets between USD 100 and USD 300 million and 6 basis points per annum for net assets in excess of USD 300 million subject to a minimum monthly charge of USD 8,000 per SPE and a maximum fee of 12 basis points per annum of the NAV of the Company.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

8 Significant Agreements (cont/d)

Investment Manager

The Company appointed Duxton Asset Management Pte Ltd. ("Duxton") as the Investment Manager pursuant to an agreement dated 29 December 2016 (with an effective date of 1 January 2017). On 31 March 2020, Duxton Capital (Australia) Pty Ltd. ("DC Australia"), replaced Duxton as Investment Manager to the Company.

The Investment Management fees payable in respect of each share class are as follows:

Class A shares: 1.50% per annum of the NAV of the Class A shares before any deduction of the management fee for that month and before deduction of any accrued performance fee.

Class C shares: 1.00% of the Class C shares NAV for 2018 and 0.50% of the Class C shares NAV for periods after 31 December 2018.

Performance Fees

The Company pays performance fees to the Investment Manager calculated by reference to the unaudited accounts of the Company. The calculation period covers the 12 months ended 31 December.

For each performance period, the performance fee in respect of each share class is as follows:

Class A shares: performance fee will be equal to 15% of the appreciation in the NAV in respect of this share class above the High Water Mark ("HWM") but only if such appreciation exceeds the Hurdle Rate of 8% per annum, and will be payable on only the appreciation in the NAV above the HWM.

Class C shares: the Company will distribute any distributable cash flow (the excess of (i) cash and (ii) any amounts that are required to meet future expenses and obligations of the relevant portfolio), by way of a redemption of shares in the following priority and manner:

- a) First, 100% to the shareholders until an amount equal to the NAV in respect of each Class C share as at 1 January 2017 (the "Initial Subscription Date"), (the "Initial NAV") has been paid.
- b) Then, 100% to the shareholders until they have received an 8% annualised compounded return on the total NAV per share of Class C shares as at the Initial Subscription Date, adjusted for any distributions paid to Class C shareholders after the Initial Subscription date (the "Preferred Return").
- c) Then, 100% to the Investment Manager until it has received an amount equal to the Relevant Percentage (as defined below) of the aggregate of the Preferred Return and this catch-up provision; and
- d) Thereafter, the Relevant Percentage to the Investment Manager and the balance to the holders of the Class C shares.

The aggregate amount distributable to the Investment Manager in accordance with c) and d) above, is referred to as the Performance Fee.

The Relevant Percentage will be 20% if the performance fee in respect of Class C shares is payable during the first year following the Initial Subscription Date, reducing to 15% if it is payable during the second year and 10% if it is payable thereafter.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

9 Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Council of the Cayman Islands, under the Tax Concessions Law (1999 Revision), exempting it from all local income, profits and capital taxes until 26 September 2026. Accordingly, no provision for income taxes payable in the Cayman Islands is included in these financial statements.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. The investment income and any associated withholding tax is recorded in the net gain on investments at fair value through profit or loss in the Statement of Comprehensive Income.

The financial statements assume that the tax consequences for the Company as a result of its investments held by the subsidiary companies in Vietnam will be as follows:

Dividends

The Company will not be subject to any additional corporate income tax in Vietnam on dividends the Group receives from the tax-paid profits of Vietnamese companies. Remittance of the dividends outside of Vietnam is also free of all taxes.

The Company receives dividends net of all taxes.

Interest

Effective March 1, 2012, non-resident institutional investors are subject to a 5% withholding tax rate on interest income received from corporate and government bonds and certificates of deposit, issued in Vietnam.

Disposals

The Company and its non-Vietnamese resident subsidiaries are subject to a "deemed profits" tax in Vietnam when the Company's subsidiaries dispose of any listed securities, bonds or fund certificates of its investee companies. This tax is equivalent to 0.1% of the proceeds received from the transfer.

No relief is allowed for transaction costs and no allowance is taken for the cost of investments (i.e. the existence of actual profits is irrelevant). The tax is netted against the realised gains/(losses) as part of the 'net gain on investments at fair value through profit or loss' within the Statement of Comprehensive Income.

For investee companies where the Company invests in the legal/charter capital of limited liability companies or shares in private companies (e.g. certain private equity transactions), the Company will be subject to a "capital assignment" tax on any gain made when the Company sells or transfers this ownership interest or shares to another party. This tax is chargeable at a rate of 20% from 1 January 2016 on the difference between the assignment proceeds and the original value of the assigned capital, less the transaction costs. The original value of the assigned capital is the actual capital amount which has been contributed by the transferor as at the assignment date, as supported by and based on accounting books and documents or the price at which the Company has acquired the shares.

Deferred Tax

The deferred tax relates to investments held by the subsidiaries and is therefore disclosed in the Statement of Comprehensive Income in the net gain on investments at fair value through profit or loss and disclosed in the Statement of Financial Position in financial assets at fair value through profit and loss.

The deferred tax position as at 30 June 2020 was USD 1,025,631 (31 December 2019: USD 1,025,631). This provision is in line with current Vietnamese tax rate of 20% on the deemed fair market value of Anova against original acquisition cost.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

9 Taxation (cont/d)

Deferred Tax (cont/d)

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

10 Related Party Transactions

In accordance with IAS 24 ‘Related Party Disclosures’, the following are the related parties and associated related party transactions of the Company for the year ended 30 June 2020.

Transactions with entities with significant influence

For the period ended 30 June 2020, the Investment Manager earned an investment management fee of USD 285,456 (30 June 2019: USD 598,397) of which USD 46,767 was outstanding at the period end (31 December 2019: USD 127,358). The Investment Manager did not earn a performance fee for the period ended 30 June 2020 or for the period ended 30 June 2019.

As at period end 30 June 2020, Duxton Capital, its directors and/or employees held 0.25% of the share capital of the Company (31 December 2019: 0.44%).

Transactions with key management personnel;

The total fees earned by the independent Directors during the period was USD 75,000 (30 June 2019: USD 75,000).

Transactions with subsidiaries;

In accordance with the POM and the Articles of Association, the Company may structure any or all of its investments through wholly-owned subsidiaries which act as SPEs incorporated outside Vietnam. These subsidiaries listed in Note 1 are managed by the Board.

11 Interests in other entities

Investment entity status

To adopt the amendment to IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an IE. The Board has determined that the Company meets both the required criteria and typical characteristics of an IE.

The IFRS 12, “Disclosure of Interests in Other Entities”, disclosures relate to the Company’s involvement with:

- a) Unconsolidated special purpose entities as listed in Note 1.
- b) Structured entities interests held via SPEs.
- c) Associated companies interests held via the SPEs.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

11 Interests in other entities (cont/d)

Interest in unconsolidated IE subsidiary entities

At 30 June 2020, the Company had six subsidiary entities as defined under IFRS 10. See Note 1 for details. These six subsidiary entities are unconsolidated and are noted as financial assets at fair value through profit or loss in the Statement of Financial Position.

Interests in non-subsidiary unconsolidated structured entities

The Board has concluded that the Company had no directly held unconsolidated structured entities. However, the Company holds all of its investments through wholly owned subsidiary companies which are SPEs incorporated outside of Vietnam. This structured entity interest forms part of the SPEs fair value that is reflected in financial assets at fair value through profit or loss in the Company's Statement of Financial Position.

Interests in associated companies

The Company has concluded that it has two investments in associated companies, held via the SPEs. These associated company interests form part of the SPEs fair value that is reflected in the financial assets at fair value through profit or loss the Company's Statement of Financial Position. The Investment Manager is represented on the boards of directors of these two associated companies and has therefore determined that the Company holds significant influence over these associated companies.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

11 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 30 June 2020:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (USD)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (USD)
Lionel Hill Limited	Wholly owned subsidiary	100%	20,258,239	40.21	20,258,239
Beira Limited	Wholly owned subsidiary	100%	28,714,180	56.99	28,714,180
Siglap Limited	Wholly owned subsidiary	100%	1,410,594	2.80	1,410,594
Total			50,383,013	100.00%	50,383,013

Of the six SPEs in operation and listed in Note 1, Lionel Hill Limited, Beira Limited and Siglap Limited were active at period ended 30 June 2020. Furthermore, there are no significant restrictions on the ability of the unconsolidated subsidiaries above to transfer funds or to repay loans or advances made to the unconsolidated subsidiaries, to the Company and there are no current commitments or intentions to provide financial or other support to the unconsolidated subsidiaries. All SPEs listed in the table above are incorporated in the Cayman Islands, having the purpose of acting as holding investments of the Company in Vietnam.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

11 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 31 December 2019:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (USD)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (USD)
Epsom Limited	Wholly owned subsidiary	100%	437	-	437
Lionel Hill Limited	Wholly owned subsidiary	100%	20,177,744	34.53	20,177,744
Beira Limited	Wholly owned subsidiary	100%	35,211,000	60.26	35,211,000
Prime Limited	Wholly owned subsidiary	100%	1,515,071	2.59	1,515,071
Siglap Limited	Wholly owned subsidiary	100%	1,478,580	2.53	1,478,580
Hephaestus Limited	Wholly owned subsidiary	100%	50,000	0.09	50,000
Total			58,432,832	100.00%	58,432,832

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

11 Interests in other entities (cont/d)

Interests in associated companies as at 30 June 2020.

The table below details the interests in associated companies held by the Company through the SPEs listed in Note 1.

Associated Company	Nature	Company's holding in Fair Value (USD)	% of Total Net Assets of Associated Company held by the Company	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (USD)
Anova Corporation	Common stock	9,325,063	7.77%	18.51%	9,325,063
Anova Corporation	Convertible bond	10,468,029	8.64%	20.78%	10,468,029
Total		19,793,092		39.29%	19,793,092

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

11 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2019.

The table below details the interests in associated companies held by the Company through the SPEs listed in Note 1.

Associated Company	Nature	Company's holding in Fair Value (USD)	% of Total Net Assets of Associated Company held by the Company	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (USD)
Anova Corporation	Common stock	9,338,544	7.77%	15.98%	9,338,544
Anova Corporation	Convertible bond	10,483,162	8.64%	17.94%	10,483,162
Total		19,821,706		33.92%	19,821,706

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

12 Financial Instruments

The Company's financial risk management objectives and policies continue to be consistent with those disclosed in the Company's financial statements as at and for the year ended 31 December 2019.

Fair Value Information and hierarchy

This note describes the fair value measurement of the assets and liabilities of the Company and also the assets and liabilities the Company's SPEs.

IFRS 13, "Fair value measurement", requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value hierarchy has the following levels:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active including securities priced using quotations received from brokers, whenever available and considered reliable; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation and instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 30 June 2020:

Financial assets and liabilities at fair value through profit or loss	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
Listed Equities	26,893,708	-	-	26,893,708
Unlisted Equities	-	-	10,513,543	10,513,543
Convertible Bonds	-	-	10,468,029	10,468,029
Total	26,893,708	-	20,981,572	47,875,280
Cash and cash equivalents	2,478,256	-	-	2,478,256
Other assets	-	29,477	-	29,477
Net financial assets at fair value through profit or loss	29,371,964	29,477	20,981,572	50,383,013
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	5,663,484	-	-	5,663,484
Deferred taxation	-	(1,025,631)	-	(1,025,631)
Other liabilities	-	(178,449)	-	(178,449)
Net financial assets at amortised cost	5,663,484	(1,204,080)	-	4,459,404
Total net assets	35,035,448	(1,174,603)	20,981,572	54,842,417

The Company's unconsolidated subsidiary undertakings (if any) are categorized as Level 3 as their prices are not quoted but their values are measured on the fair value of the underlying investments and other assets and liabilities including the deferred tax provision, held by these subsidiaries.

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2019:

Financial assets and liabilities at fair value through profit or loss	Level 1 USD	Level 2 USD	Level 3 USD	Total Fair Value USD
Listed Equities	32,018,528	-	-	32,018,528
Unlisted Equities	-	-	12,105,099	12,105,099
Convertible Bonds	-	-	10,483,162	10,483,162
Total	32,018,528	-	22,588,261	54,606,789
Cash and cash equivalents	3,565,470	-	-	3,565,470
Other assets	-	260,573	-	260,573
Net financial assets at fair value through profit or loss	35,583,998	260,573	22,588,261	58,432,832
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	24,350,673	-	-	24,350,673
Other liabilities	-	(1,025,631)	-	(1,025,631)
Other liabilities	-	(279,516)	-	(279,516)
Net financial assets at amortised cost	24,350,673	(1,305,147)	-	23,045,526
Total net assets	59,934,671	(1,044,574)	22,588,261	81,478,358

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and hierarchy (cont/d)

Transfers between levels of the fair value hierarchy are deemed to have occurred when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13. There were no transfers between the fair value hierarchy levels during the financial period ended 30 June 2020 and during the financial year ended 31 December 2019.

Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the period ended 30 June 2020:

	Unlisted Equities USD	Convertible Bonds USD	Convertible Loan USD	Total USD
Opening Balance	12,105,099	10,483,162	-	22,588,261
Realised gains/(losses)	1,235,205	-	-	1,235,205
Unrealised losses	(1,123,318)	(15,133)	-	(1,138,451)
Purchases	-	-	-	-
Sales	(1,703,443)	-	-	(1,703,443)
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	10,513,543	10,468,029	-	20,981,572

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the year ended 31 December 2019:

	Listed &Unlisted Equities USD	Convertible Bonds USD	Convertible Loan USD	Total USD
Opening Balance	63,882,131	14,116,934	22,909,199	100,908,264
Realised losses	10,111,651	(87,753)	2,350,000	12,373,898
Unrealised gains	(28,209,016)	(1,291,591)	(10,259,199)	(39,759,806)
Purchases	-	-	-	-
Sales	(33,679,667)	(2,254,428)	(15,000,000)	(50,934,095)
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	12,105,099	10,483,162	-	22,588,261

The realised gains and losses and the movement in unrealised gains and losses are recognised in the Statement of Comprehensive Income as a net gain on investments at fair value through profit or loss.

As at 30 June 2020, the Company held investments in two private companies in the form of a combination of illiquid common stock and a convertible bond which are categorized as Level 3 investments under IFRS 13.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

12 Financial Instruments (cont/d)

Fair Value Information and hierarchy (cont/d)

Sensitivity analysis of unlisted positions

Anova	– Convertible Bond & Equity Position
SSG Group	– Equity Position

The sale of these remaining VPF C private equity investments are at an advanced stage of negotiation and the Board approved the valuation as at the period end 30 June 2020, based on the expected realisation proceeds.

As the 30 June 2020 valuation of the Level 3 securities is based on expected amounts to be realised on the sale of these securities, a sensitivity analysis or a valuation range is therefore not applicable to these investments, for these financial statements.

Anova

The Company's subsidiary Lionel Hill Limited has an investment in Anova which is carried in the Company's Statement of Financial Position at USD 19,793,092 as at 30 June 2020. The Company owns 16.41% (fully diluted) in Anova via ordinary shares valued at USD 9,325,063, as well as convertible bond valued at USD 10,468,029 as of 30 June 2020.

A potential buyer has submitted a non-binding bid for the Company's stake in Anova, has concluded due diligence on the company and has provided a draft Securities Purchase Agreement (SPA) to the Company, which is currently under review. The Company's 30 June 2020 valuation of its holdings of the convertible bond and ordinary shares in Anova, is consistent with the offer submitted by the potential investor.

SSG Group

The Company's subsidiary Siglap Limited has an investment in SSG Group which is carried in the Company's Statement of Financial Position at USD 1,188,480 as at 30 June 2020. The Company owns 1.1% of the ordinary shares in SSG Group.

The Company has concluded negotiations with SSG Group on a share-buyback and a draft SPA is currently under review. The Company's 30 June 2020 valuation of its holding of ordinary shares in SSG Group is consistent with the share-buyback offer.

13 Segmental Reporting

IFRS 8 'Operating Segments' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The Investment Manager is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8.

The Investment Manager is responsible for decisions in relation to both asset allocation, asset selection and any Segregated Fund Manager (SFM") delegation. The Company does not currently engage a SFM. The Investment Manager has been given authority by the Board to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Any changes to the investment strategy outside of the POM must be approved by the Board and then the Company's shareholders in accordance with the terms of the POM and the Articles of Association.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

13 Segmental Reporting (cont/d)

The Company operates a single operating segment under IFRS 8 with all cash and investment holdings being managed at a Company level. The Investment Manager has full responsibility for the investment of cash for the Company. In addition to cash, there are four separate asset classes namely listed securities, unlisted securities, fixed income securities and collective investment schemes.

The Company operates a single operating segment under IFRS 8 with all cash and investment holdings being managed at a Company level. The Investment Manager has full responsibility for the investment of cash for the Company. In addition to cash, there are four separate asset classes namely listed securities, unlisted securities, fixed income securities and collective investment schemes.

However, the allocation of resources is based on an analysis of future market expectations by the Investment Manager rather than the past performance of the asset classes. The Investment Manager can further delegate the investment management responsibility for an amount of cash to a SFM, if required. No SFM was appointed during the period ended 30 June 2020.

The investments are allocated across five separate asset types namely listed securities, unlisted securities, fixed income securities and cash and the income earned from these investments is reflected in the Statement of Comprehensive Income. The Company has a diversified portfolio of underlying investments and no single investment accounts for more than 20% of the Company's net assets.

14 Commitments

There were no outstanding commitments to investments as at 30 June 2020 or 31 December 2019.

15 Significant events during the period

Since January 2020, the Company faces a number of risks caused directly or indirectly by the COVID-19 pandemic that may impact the operation of the Company. These include investment risks surrounding the companies held in the portfolio. The Investment Manager continues to monitor the impact of COVID-19 on the Company's portfolio and will be actively taking investment decisions where necessary. Operationally, COVID-19 may also affect the suppliers of services to the Company, including the Investment Manager, the Administrator and other key third parties, particularly in relation to absences of key personnel and access to colleagues and systems while working remotely. Although to date these services have continued to be supplied seamlessly, the Board will continue to monitor the Company's operating arrangements.

The Company's SPE, Kallang Limited was liquidated on 23 Jan 2020 and a certificate of dissolution was received from the Cayman Islands Registrar of Companies, effective 16 April 2020.

On 24 January 2020, the Company conducted a pro rata share redemption of approximately 42 per cent of Class C shares. The redemption price of USD 0.2524 per share was based on the net asset value of Class C shares as at 30 November 2019.

On 31 January 2020, the Board approved the transfer of the day-to-day responsibility for the investment management of the Company's assets from Duxton to DC Australia, and the appointment of DC Australia as the Company's investment manager, with effect from 31 March 2020, pursuant to the terms of a novation agreement to the existing Investment Management Agreement dated 29 December 2016. For more detailed information on the appointment, please refer to the announcements on the Irish Stock Exchange by the Board. Links to the announcements can also be found on the Company's website www.vietnamphoenixfund.com.

On 16 April 2020, the Company signed a share purchase agreement with a buyer to purchase the Company's SPE stake in VTC Online for USD 1.7mn.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONT/D)

16 Significant events after the period end

On 29 July 2020, the Company signed a share purchase agreement with the management of SSG Group to divest the Company's SPE stake in SSG Group for USD 1.2mn.

On 31 August 2020, the Company signed a securities purchase agreement with a buyer to purchase the Company's SPE stake in Anova for USD 20.0mn.

17 Approval of the financial statements

The financial statements were approved by the Board on 25 September 2020.

VIETNAM PHOENIX FUND LIMITED

OTHER INFORMATION

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Kevin A Phillip (independent)
Judd Kinne (independent)
Martin Adams (independent)
All Directors are non-executive

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Custodian

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Sub-Custodian

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VIETNAM PHOENIX FUND LIMITED

SUPPLEMENTAL UNAUDITED INFORMATION TO THE FINANCIAL STATEMENTS

Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

Exchange rates

The period end exchange rates USD are as follows:

		30/06/2020	31/12/2019	30/06/2019
EUR	Euro	0.8904	0.8909	0.8781
GBP	British Pound	0.8093	0.7549	0.7857
VND	Vietnamese Dong	23,206.0000	23,172.5000	23,305.0000