

Vietnam Phoenix Fund Limited
Annual Report including Audited Financial Statements
for the year ended
31 December 2020

VIETNAM PHOENIX FUND LIMITED

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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 by contacting Duxton Capital (Australia) Pty Ltd at VPF@duxtonam.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.

For the Vietnam Phoenix Fund Class A Shares (“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 Directors who held office during the year ended 31 December 2020 were:

Martin M Adams
Judd C Kinne
Kevin A Phillip

All Directors are non-executive and independent.

INVESTMENT MANAGER

The Company had appointed Duxton Asset Management Pte Ltd as Investment Manager (“Duxton”) until 31 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” or the “Investment Manager”), 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.

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GENERAL INFORMATION (CONT/D)

CUSTODIAN (CONT/D)

The Custodian (and any other sub-custodian duly 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.

ADMINISTRATOR

The Company appointed State Street Fund Services (Ireland) Limited to maintain the books and financial records of the Company as Administrator (the "Administrator"), pursuant to an agreement dated 10 November 2006. With effect from 31 March 2021, State Street Fund Services (Ireland) Limited ceased to act as Administrator to the Company and was replaced as Administrator by Apex Fund Services Limited, effective 1 April 2021.

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. The Company Secretary changed its name from DMS Corporate Services Ltd. to Waystone Governance Ltd., effective 8 February 2021.

REGISTERED OFFICE

The registered office of the Company is Suite 5B201, 2nd Floor, One Nexus Way, Camana Bay, 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 as at year end 31 December 2020. The Company has two active share classes, Class A shares ("Continuation Class") are open-ended while Class C shares ("Private Equity Class") are closed-ended. As of 31 December 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 had 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). The Company held an Extraordinary General Meeting ("EGM") on 30 December 2020 to approve the extension of the final redemption date of the Class C shares from 31 December 2020 to 31 March 2021. The Company conducted the Class C final redemption exercise to return capital to investors and cancel all remaining Class C shares on 25 March 2021. The Company was delisted from Euronext Dublin on 25 March 2021.

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.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Company's financial statements (the "financial statements").

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with International Financial Reporting Standards ("IFRS"), and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS and Article 4 of the International Accounting Standards ("IAS") Regulation (1606/2002). They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

IFRS 10 'Consolidated Financial Statements' and its subsequent amendment relating to Investment Entities ("IE") has been applicable for periods commencing 1 January 2014. The Board has concluded that, under those requirements, the Company qualifies as an IE and is required to carry its IE subsidiaries at fair value through profit or loss instead of consolidating them. This revised accounting method was first applied in 2014.

Financial statements: risk management and internal control

The Board is responsible for establishing and maintaining for the Company, adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available, including the procedures for the production of audited annual financial statements. The Board has appointed the Administrator to maintain the books and records of the Company. From time to time, the Board, with the assistance of the Investment Manager, examines and evaluates the Administrator's financial accounting and reporting processes. The annual and unaudited semi-annual financial statements are produced by the Administrator and reviewed by the Investment Manager.

The audited annual and unaudited semi-annual financial statements are required to be approved by the Board and filed with Euronext Dublin and CIMA.

During the period of these financial statements, the Board was responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's performance, qualification and independence. As part of its review procedures, the Directors receive presentations from relevant parties including consideration of developments in international accounting standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

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

Financial statements: risk management and internal control (cont/d)

The Administrator prepares valuations based on the fair value of the IE subsidiaries for the Company at each valuation point.

Each valuation of the Company is reviewed in accordance with standard operating procedures of the Administrator. The financial statements are prepared by the Administrator in accordance with IFRS and the Administrator uses various internal controls and checklists to ensure the financial statements include complete and appropriate disclosures required under IFRS and relevant legislation.

In addition, the valuation as prepared by the Administrator is reconciled by the Investment Manager to their own independent records for completeness and accuracy and further reviewed and approved by the Investment Manager.

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 held an EGM on 30 December 2020 to approve the extension of the final redemption date of the Class C shares from 31 December 2020 to 31 March 2021. The Company conducted the Class C final redemption exercise to return capital to investors on 25 March 2021.

The Investment Manager disposed of the Company's equity investments in VTC Online, SSG Group and Anova Corporation ("Anova") in 2020. The Class C shares portfolio at 31 December 2020 comprised of its holding of a convertible bond issued by Anova. This position was valued at USD 7,798,115 at 31 December 2020, based on the redemption agreement executed with the Company.

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

Outlook

The short-term outlook for the Vietnamese economy and companies operating in Vietnam as a result of the COVID-19 pandemic remains 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 affected by the slowdown and recovery of the global economy and disruptions to cross-border supply chains into which companies in Vietnam have been quickly integrating in recent years. Inevitably, there remains material uncertainty as to how the combination of global supply and demand shocks will affect Vietnam's economy and whether and to what extent a recession will result.

Although the COVID-19 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 may adversely impact the performance of the stock markets in Vietnam and also the Company's performance.


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. Operationally, the COVID-19 pandemic 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.

Responsibility Statement, in accordance with the Transparency Regulations

Each of the Directors, whose names and functions are listed on pages 2 and 66 of this report confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and its Statement of Comprehensive Income for the year then ended;
- the Investment Manager's Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company. A description of the principal risks and uncertainties that the Company faces is provided in the Investment Manager's Report on pages 7 to 25 and Note 13 of the financial statements.

On behalf of the Board of Directors

Director 
Kevin Phillip
Date: 12 May 2021

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INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

I. CLASS A – Continuation Shares

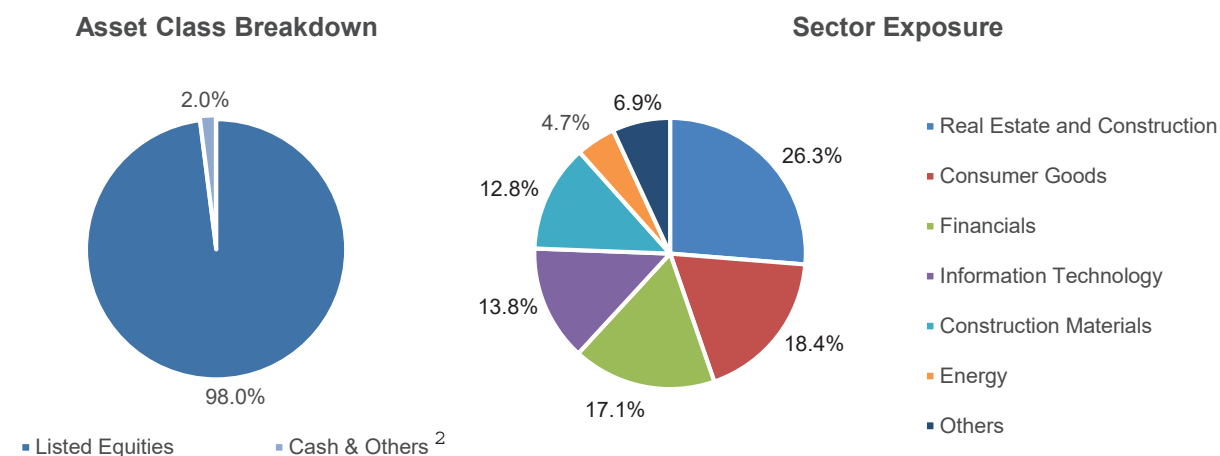
NAV Update

The Net Asset Value (“NAV”)¹ per share for the Lead Series Class A Shares of the Company as of 31 December 2020 was USD 0.8190, up 23.0% from USD 0.6660 as of 31 December 2019.

The Series 3 and 4 of the Class A Shares were fully 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.



Peer Group Analysis³

At the end of December 2020, in terms of NAV change, the Lead Series Class A Shares increased 23.0% YoY, the third best performing fund amongst our peer group.

¹ NAV figures are based on the dealing net asset value as on 31 December 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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INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 ⁴	Fund Manager	Fund Type	AUM USD mn	NAV Change			
				1Y	3Y (annualised)	5Y (annualised) ⁵	7Y (annualised) ⁵
Offshore Funds				23.7%	4.0%	13.1%	11.3%
Vietnam Phoenix Fund Class A	Duxton Capital (Australia)	Open End	35.7	23.0%	4.3%	12.4%	11.0%
PYN Elite Fund	PYN Fund Management	Open End	723.1	43.5%	7.5%	14.4%	7.6%
Lumen Vietnam Fund	IFM AG	Open End	88.4	26.0%	4.5%	11.0%	10.7%
Forum One - VCG Partners Vietnam Fund	VinaCapital	Open End	44.4	22.8%	1.7%	N.A	N.A
Vietnam Enterprise Inv Ltd	Dragon Capital	Closed End	1798.1	22.5%	5.5%	18.2%	15.2%
Vietnam Opportunities Fund	JP Morgan AM	Open End	346.5	19.3%	4.2%	13.8%	11.0%
Vietnam Equity UCITS Fund	Dragon Capital	Open End	N.A	16.1%	3.9%	13.6%	14.2%
Vietnam Holding Ltd	Dynam Capital	Closed End	137.4	15.4%	0.8%	7.5%	9.1%
Onshore Funds				19.5%	4.3%	14.5%	12.8%
VFM Securities Investment Fund	VietFund Management	Open End	35.9	24.5%	6.8%	15.8%	13.5%
VFM Blue Chip Investment Fund	VietFund Management	Open End	26.7	17.1%	3.2%	13.1%	12.0%
VCBF Blue Chip Fund	Vietcombank Fund Mgmt	Open End	14.2	17.0%	3.0%	N.A	N.A
Exchange Traded Funds				16.5%	1.6%	8.6%	2.3%
VFM VN30 ETF	VietFund Management	Onshore ETF	287.6	22.1%	3.0%	12.7%	N.A
DB x-trackers Vietnam	Deutsche AM	Offshore ETF	272.4	17.8%	2.5%	9.7%	5.5%
VanEck Vectors Vietnam	VanEck	Offshore ETF	443.0	9.6%	-0.7%	3.4%	-1.0%
PEER FUNDS AVERAGE				21.1%	3.5%	12.1%	9.8%
VNIndex (USD)				15.2%	3.3%	13.2%	10.4%
VN30 Index (USD)				22.2%	2.6%	11.8%	8.2%
VN100 Index (USD)				22.0%	2.9%	11.8%	9.2%
VHIndex (USD)				98.9%	19.5%	19.8%	15.4%

⁴ Source: Fund website/Bloomberg 31/12/2020

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 YEAR ENDED 31 DECEMBER 2020

Performance Analysis

The 10 largest holdings in the Class A Shares portfolio as of 31 December 2020 are listed below:

Class A Shares – Top 10 Holdings			
Rank	Security Name	Fair Market Value (USD)	% of NAV
1	FPT Corp	4,863,401	13.8%
2	Hoa Phat Group	4,520,973	12.8%
3	Vinamilk	3,819,060	10.8%
4	Vinhomes	3,338,438	9.4%
5	Mobile World	2,682,548	7.6%
6	Kinh Bac City	2,470,381	7.0%
7	Vietcombank	2,388,978	6.8%
8	REE Corp	2,163,086	6.1%
9	MB Bank	1,604,246	4.5%
10	Airports Corporation	1,315,932	3.7%
	Total	29,167,044	82.5%

* Numbers may not add up due to rounding.

The Lead Series Class A Shares portfolio increased 23.0% YoY for full-year 2020 while the Vietnam Ho Chi Minh Stock Index (“VN Index”) increased by 15.2% YoY in USD terms during the same period, therefore outperforming the VN Index benchmark for full-year 2020. The outperformance was mainly due to the portfolio’s top holdings including Hoa Phat Group (HPG) [+116.4%], Kinh Bac City (KBC) [+ 58.5%] and FPT Corp (FPT) [+21.6%] being overweight compared to the VN Index.

Top 3 Gainers	FY2020 price change	Contribution to NAV Return
Hoa Phat Group (HPG)	+116.4%	+7.96%
Kinh Bac City (KBC)	+58.5%	+2.70%
FPT Corp (FPT)	+21.6%	+2.54%
Top 3 Laggards	FY 2020 price change	Contribution to NAV Return
Ho Chi Minh Securities (HCM)	+55.3%	- 0.71%
Thien Long Group (TLG)	+3.6%	- 0.41%
Khang Dien House (KDH)	+17.1%	- 0.24%

Although there was a significant decrease in share prices due to concerns over the impact of the COVID-19 pandemic in the first half of 2020, the share prices of the portfolio holdings witnessed a strong recovery in the second half of 2020, largely due to (1) a strong recovery in the operations of the investee companies; (2) Vietnam being able to successfully control the COVID-19 pandemic; and (3) large inflows from local retail investors into the Vietnamese stock market.

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INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The largest contributors to Vietnam Phoenix Fund Class A (“VPF A”) portfolio’s return in 2020 were Hoa Phat Group (HPG) [contributing 7.96% to the portfolio’s return], Kinh Bac City (KBC) [contributing 2.70% to the portfolio’s return], and FPT Corp (FPT) [contributing 2.54% to the portfolio’s return]. In contrast, the main detractors to the VPF A portfolio’s return in 2020 were Ho Chi Minh Securities (HCM) [-0.71% to the portfolio’s return], Thien Long Group (TLG) [-0.41% to the portfolio’s return], and Khang Dien House (KDH) [-0.24% to the portfolio’s return].

HPG was the largest contributor to the portfolio with its share price rising by 116.4% in 2020. The increase was likely due to strong growth of 56% YoY in net profit after tax (“NPAT”) in 9M 2020 and the expectation on positive outlook for 4Q 2020 and FY 2021, driven by higher contribution from its Dung Quat Steel complex.

KBC was the second largest contributor to the portfolio as its share price rose 58.5% during FY2020. The expectation of a strong recovery in FY2021 was likely the main driver for the share price increase. In December 2020, KBC signed several new contracts with a total leasing area of 150 hectares (“ha”) and total contract value of USD 150 million (“mn”). These leasing transactions are expected to contribute to the company’s profitability in 2021.

The third largest contributor to the portfolio was FPT with its share price rising 21.6% during FY2020. The stock price was supported by positive results of the company with a growth of 7% in revenue and 9% in NPAT in 11M 2020.

HCM, TLG and KDH were the three largest detractors to the portfolio. During quarter one of 2020, in line with the global stock market, the Vietnamese stock market and VPF A’s portfolio experienced a strong correction due to investor fears over the negative impact of the COVID-19 pandemic. During this period, the Investment Manager took steps to reduce its exposure to holdings expected to be at greater risk from the COVID-19 pandemic over the long-term.

The key investment philosophy of the VPF A portfolio is to seek long-term capital appreciation for investors – as such, the portfolio is constructed to consist of investments in companies expected to create shareholder value over the long-term across various industries of the Vietnamese economy, and which have been assessed to be trading at a margin of safety. The section below provides an overview of the companies constituting the portfolio’s top five positions.

1. FPT Corporation (FPT, +21.6%)

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.

The company’s IT segment, which provides software development and system integration services domestically and globally, is the key driver for the company, contributing 56% of 11M 2020 revenue and 42% of 11M 2020 profit before tax (“PBT”). The telecommunication segment, which provides broadband (telecom services) and digital content (online advertising) services, contributed 39% of 11M 2020 revenue and 38% of 11M 2020 PBT, respectively. Education, investment, and other segments contributed 5% of 11M 2020 revenue and 20% of 11M 2020 PBT.

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INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

For 11M 2020, FPT recorded net sales of Vietnamese Dong (“VND”) 26,341 billion (+7.4% YoY), PBT of VND 4,886 billion (+10.1% YoY) and NPAT of VND 4,072 billion (+9.1% YoY). As a result, FPT fulfilled 81% of its full-year net sales target and 89% 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 largest growth contributor was the global IT segment with a revenue of VND 10,806 billion (+10.1% YoY) and PBT of VND 1,813 billion (+11.6% YoY). The key driver for this segment was strong growth of 34.0% YoY in digital transformation services’ revenue. The second largest growth contributor was telecom services segment with revenues of 10,354 billion (+10.0% YoY) and PBT of VND 1,854 billion (+13.6% YoY). The increase was likely due to higher broadband subscriber volume.

In contrast, the main detractor for FPT’s growth in 11M 2020 was the domestic IT segment with revenues of VND 3,815 billion (-4.1% YoY) and PBT of VND 259 billion (-4.3% YoY). The decline in the top and bottom lines reflected the negative impact of the COVID-19 pandemic as corporate clients scaled back on IT investments and online marketing spend amidst the pandemic. Moreover, in a bid to maintain strict social distancing within Vietnam, the Vietnamese Ministry of Information and Communication 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 lockdown period. FPT Telecom responded to the government’s request by increasing its internet transmission speeds by 60% for free to its customers.

The COVID-19 pandemic has presented both challenges and opportunities for the company. There were some delays in signing of new contracts for its software outsourcing business in 1H 2020. However, COVID-19 also presented opportunities for the company as the government and corporate clients accelerated their digital transformation projects amidst the COVID-19 pandemic. In 11M 2020, FPT signed VND 11,581 billion (+23.6% YoY) worth of new contracts to provide IT services globally and VND 4,826 billion (+17.5% YoY) worth of new contracts to provide IT service domestically. 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 31 December 2020, FPT traded on FY2020/21F P/Es of 13.7x/11.7x⁶.

2. Hoa Phat Group (HPG, +116.4%)

HPG is the largest steel producer in Vietnam, with 33% domestic market share as at the end of 2020⁷. 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).

In terms of business segment breakdown, the construction steel segment was the largest contributor in 9M 2020, accounting for 84% of HPG’s revenue and 84% of HPG’s NPAT. This was followed by the agriculture segment which contributed 12% of HPG’s revenue and 11% of HPG’s NPAT, and the 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.

⁶ Source: Bloomberg 31/12//2020

⁷ Source: Vietnam Steel Association

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INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

For 9M 2020, HPG posted strong results showing net sales of VND 45,683 billion (+40.8% YoY) and NPAT of VND 8,845 billion (+57.4% YoY). 9M 2020 results fulfilled 74.8% of its full-year sale target and 98.3% 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 9M 2020 was due to several factors including (1) an increase of 26% YoY in construction steel sale volumes; (2) the contribution from the sale of billet steel (nil last year) - we estimate billets contributed around 20% of HPG revenue in 9M 2020; and (3) a robust growth of 573% YoY in its agriculture segment's NPAT due to a hike in pork prices caused by low pork supply post African Swine Fever. The gross profit margin ("GPM") expanded from 18.3% in 9M 2019 to 19.6% in 9M 2020 due to higher utilisation of the Dung Quat Steel Complex and favourable raw material prices (principally coal).

For the full-year 2020, HPG sold 3.43 million tonnes of construction steel (+23.6% YoY) and 1.75 million tonnes of billet steels (+694.5% YoY) and 0.7 million tonnes of hot rolled coil (nil last year). HPG's total long steel sales volume reached 5.18 million tonnes (+72.9% YoY) in 2020, expanding HPG's long steel market share from 25.5% at the end of 2019 to around 33% at the end of 2020. This was mainly due to the contribution of new production capacity of the newly commissioned Dung Quat Steel Complex. Its three blast furnaces commenced operations in July 2019, November 2019, and August 2020 respectively.

DC Australia maintains 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 utilisation at its Dung Quat Steel Complex increases. Over time, HPG is also expected to increase its investments in technology that aim to help promote environmental sustainability, which will contribute to its sustainable development over the long-term.

As of 31 December 2020, HPG traded on 2020/21F P/Es of 12.0x/9.5x⁸.

3. Vietnam Dairy Products JSC (VNM, +15.7%)

VNM is the domestically dominant dairy company in Vietnam with an overall market share of 60% as of September 2020, with its market share in certain categories such as yoghurt and condensed milk being over 80%⁹.

VNM offers an extensive range of products with more than 250 stock keeping units (SKUs) across multiple categories such as liquid milk, yoghurt, condensed milk, powdered milk, soymilk, cheese, ice-cream, and beverages. VNM have 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 approximately 27,000 cows (excluding Moc Chau's 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 stores. These factors have enabled VNM to continuously sustain its competitive advantage over other local dairy manufacturers.

⁸ Source: Bloomberg 31/12/2020

⁹ Source: VNM Management

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VNM also seeks to strengthen its position and diversify its product portfolio through partnerships and acquisitions. In December 2019, VNM purchased a 75% stake in GTNfoods JSC (“GTN”) which indirectly owns a 37.6% stake of Moc Chau Milk JSC – a small dairy player with overall domestic market share of 2.5% as at the end of 2019. The Moc Chau Milk brand is a well-known dairy in the North of Vietnam with a 23% fresh milk market share in northern Vietnam. Moc Chau Milk owns a diversified product portfolio including ultra-high temperature processing milk, pasteurised milk and yoghurt. Moc Chau Milk owns three owned cow farms with around 26,500 cows located in the Moc Chau highlands – an ideal area for cow raising due to the favourable weather.

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. VNM also announced plans to increase its stake in Moc Chau Milk JSC from 28.3% to 40.7%. For 9M 2020, VNM recorded net sales of VND 45,211 billion (+7.4% YoY) and NPAT of VND 9,000 billion (+7.4% YoY). The top-line growth was driven by several factors including (1) the contribution by GTN of VND 2,144 billion as GTN has been consolidated into VNM since 4Q 2019; (2) a growth of 2.1% in VNM’s domestic sales to VND 36,576 billion; (3) a growth of 11.8% in export sales to VND 4,027 billion; but (4) a decrease of 7.2% YoY in sales from oversea subsidiaries (Driftwood and Angkor Milk) to VND 2,465 billion. GPM slightly narrowed from 47.3% in 9M 2019 to 46.5% in 9M 2020 which was likely due to an increase in raw material prices (powdered milk) and the consolidation of GTN which posted a lower GPM of 28.5%. 9M 2020 results fulfilled 76% of its full-year revenue target and 84% 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).

DC Australia 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; (4) revenue from its direct account channels is expected to recover when the travel restrictions are eased. 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 2021⁹.

In recent years, as part of its plan to achieve sustainable development over the long-term, VNM has moved to actively increase its adoption of more environmentally friendly materials in its production processes while reducing its use of plastic materials.

As of 31 December 2020, Vinamilk traded on 2020/21F P/Es of 22.2/20.2x¹⁰.

⁹ Source: VNM Management

¹⁰ Source: Bloomberg 31/12/2020

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4. Vinhomes JSC (VHM, +5.9%)

VHM is a leading real estate developer in Vietnam with the largest privately owned 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 9M 2020, VHM recorded revenue of VND 49,378 billion (+31.2% YoY) and NPAT of VND 17,208 billion (-0.8% YoY). 9M 2020 top-line was driven by the delivery of ~ 20,000 retail units, mainly from its three mega projects including Vinhomes Grand Park in Ho Chi Minh, Vinhomes Ocean Park, and Vinhomes Smart City in Hanoi. Ocean Park and Grand Park were the largest contributors to VHM's revenue in 9M 2020 contributing 29% and 25% of total revenue respectively, followed by Marina with 12% of total revenue, Smart City with 10% of total revenue and West Point with 9% of total revenue. Its bottom line was weaker than expected due to (1) lower contribution from higher margin bulk sales and; (2) the impact of non-recurring expenses of VND 925 billion in Q2 2020 due to a penalty payable to its partner GIC, for the delays in launching its Vinhomes Galaxy project. 9M 2020 results fulfilled 51% of its full-year revenue target and 55% 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 several projects in 2021 including Vinhomes Galaxy (2,000 high-rise units) in Hanoi, Vinhomes Dream City (800 low-rise units) in Hung Yen, 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.

VHM also announced plans that it would enter the industrial real estate development business. As per management, VHM is preparing for sale 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. 2,900ha. As of the end of 2020, the VinFast manufacturing Complex with net leasable area ("NLA") of 107 ha and Supplier Park with NLA of 8ha were already being leased by Vinfast (a subsidiary of VinGoup) and Vinfast's suppliers. The extended Supplier Park with NLA of 25ha is scheduled to be leased from 2021 and two other industrial parks in Ha Phong with total NLA of 350ha are planned to be leased from 2022.

We maintain a positive view on VHM, supported by several factors: (1) as the leader in the Vietnamese real estate development 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 to Vietnam, 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 31 December 2020, VHM traded on FY2020/21F P/Es of 11.1x/9.4x¹².

¹¹ Source: VHM's management

¹² Source: Bloomberg 31/12/2020

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5. Mobile World Investment Corporation (MWG, +6.1%)

Mobile World Investment Corporation (MWG) is one of the largest retailers in Vietnam with 3,894 stores nationwide as at the end of November 2020. MWG has dominant market shares in its main businesses: at the end of August 2020, Thegioididong (“TGDD”), its mobile phone retail chain had approximately 50% market share, and Dienmayxanh (“DMX”), its consumer electronic retail chain had approximately 40% market share. MWG launched its grocery store chain Bachhoaxanh (“BHX”) in 2018, which has grown significantly to become one of the core growth drivers for MWG.

By segment breakdown, in 11M 2020, DMX was the largest contributor to MWG’s revenue with 53.5% of total sales. With 1,274 stores as at the end of November 2020, DMX supplies 2,500-3,500 SKUs per store including all products from TGDD, brown goods (television sets, digital media players, computers, etc.) and white goods (air conditioners, refrigerators, stoves, etc). The second largest contributor was TGDD with 27.2% of total sales, selling mobile phones, tablets, laptops, accessories, wearables, etc. As at the end of November 2020, MWG operated 933 TGDD stores, covering all 63 provinces in Vietnam. BHX is the third largest contributor accounting for 19.3% of total sales. As at the end of November 2020, MWG was operating 1,687 BHX stores with 2,000-3,500 SKUs per store including fresh products and fast-moving consumer goods.

For 11M 2020, MWG recorded revenue of VND 99,304 billion (+6.7% YoY) and NPAT of VND 3,599 billion (+1.6% YoY). The results implied a strong recovery after disruptions in MWG’s operation in March and April 2020 due to the outbreak of the COVID-19 pandemic. The company had to close its TGDD mobile phone chain stores and DMX consumer electronics chain stores as a part of Vietnam’s implementation of lockdowns. These stores had to be shut down across the 5 largest cities (Hanoi, Ho Chi Minh, Da Nang, Hai Phong and Can Tho) from 28 March 2020, and nationwide from 1 to 22 April 2020 as they were classified as non-essential services. The top-line was driven by several factors including (1) a growth of 103% YoY in BHX’s revenue - MWG opened 749 new BHX stores during 11M 2020, expanding its store numbers by 80% YoY; and (2) a growth of 0.3% YoY in DMX’s revenue - 291 new DMX stores were in operation during 11M 2020, which included newly opened stores and those converted from TGDD stores. MWG converted 75 TGDD stores to DMX stores during 11M 2020, which saw TGDD’s revenue decrease by 12% YoY. The net profit margin narrowed from 3.8% in 11M 2019 to 3.6% in 11M 2020 due to (1) lower revenue contributions from TGDD and DMX which yield higher profit margins relative to BMX; and (2) the opening of new stores which have yet to record any profit. 11M 2020 results fulfilled 90% of its full-year sales target and 104% of its full-year NPAT target. For full-year 2020, MWG is targeting revenue of VND 110 trillion (+6.3% YoY) and NPAT of VND 3,450 billion (-10.1% YoY).

For full-year 2021, MWG’s management aims to reach VND 125 trillion (+13.6% YoY) of revenue and VND 4,750 billion (+37.7% YoY) of NPAT. They expect that TGDD and DMX will contribute 75% of MWG’s revenue while BHX will contribute 25% of MWG’s revenue. The company is targeting to increase the number of BHX stores by 48% to 2,500 stores by the end of 2021.

Although the risks associated with the COVID-19 pandemic (store closures and weaker discretionary spending) will persist through 2021, we still maintain our positive view on MWG as we expect the company to emerge in a stronger position after COVID-19 subsides. Due to its experienced management team and continued strong cash flows, MWG is expected to gain market share from smaller competitors and the network effect of having stores and online presence builds a strong position against competitive pressure.

As of 31 December 2020, MWG traded on FY2020/21F P/Es of 13.9x/10.8x¹³.

¹³ Source: Bloomberg 31/12/2020

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II. CLASS C – Private Equity Shares

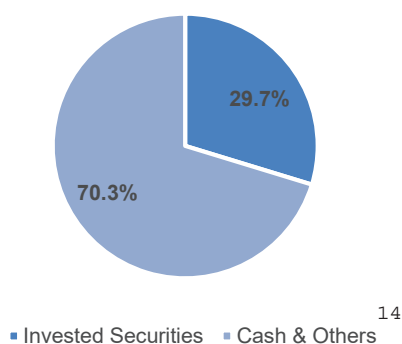
NAV Update

The NAV for the Class C Shares of the Company as of 31 December 2020 was USD 0.2391, down 2.49% from USD 0.2452 as of 31 December 2019.

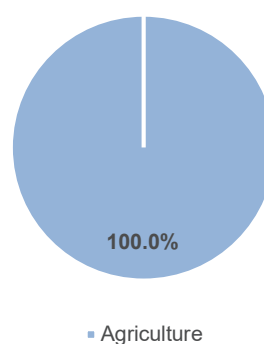
Class C Shares Exposure and Performance

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

Asset Class Breakdown



Sector Exposure



Performance Analysis

The Company held an EGM on 30 December 2020 to approve the extension of the final redemption date of the Class C Shares from 31 December 2020 to 31 March 2021.

As of 31 December 2020, the Company had announced five redemption exercises to return capital to Class C Share investors post the restructuring of the Company in January 2017.

The only security remaining in the Class C Shares portfolio as of 31 Dec 2020 was the Company's holding of Anova's convertible bonds. The position was valued at USD 7,798,115 based on the redemption agreement executed with the company. This constituted 29.7% of the Class C Share's NAV.

In January 2021, the Company successfully exited its final investment held in Anova's convertible bonds.

On 25 March 2021, the Company conducted the sixth and final redemption exercise to return capital to investors at the price per share of USD 0.2366.

¹⁴ Includes accruals and liabilities.

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S/No	Redemption Price	Redemption Date
1	USD 0.3222	Jul-18
2	USD 0.3375	May19
3	USD 0.2609	Sept-19
4	USD 0.2617	Oct-19
5	USD 0.2524	Jan-21
6	USD 0.2366	Mar-21

Based on the holdings held and exited since the restructuring of the Company in January 2017, the Class C Shares portfolio is estimated to have yielded a blended IRR of 9.9% and a ROI multiple of 1.6x, in USD terms.¹⁵

The following table, in order of realised value, summarizes the investment performance of the private equity holdings realised by the Company following the restructuring in January 2017.

Investee company	Realised value including dividends & interest (USD mn)	Investment amount (USD mn)	Realised returns IRR (%) ROI multiple (x) (USD)	Investment inception date	Investment exit date
Greenfeed	48.7	10.2	23.6% 4.8x	May-10	Nov-19
Anova	23.2	15.9	5.9% 1.4x	May-11	Jan-21
Corbyns	21.4	12.7	10.0% 1.7x	Feb-13	Jan-20
NBB Investment Corp	16.8	17.2	-0.4% 0.98x	Dec-10	Jun-19
An Phat Holdings	16.2	10.2	12.7% 1.6x	Dec-07	May-19
VTC Online	1.7	10.0	-20.1% 0.2x	Jul-12	Apr-20

The following table, in order of realised value, summarizes the investment performance of the illiquid listed holdings realised by the Company, which were transferred to be held by the Class C Shares portfolio following the restructuring of the Company in January 2017. As such, the investment performance of these holdings is measured relative to an inception date of 1 January 2017.

¹⁵ The investment performance for the Company's investment in SSG Group is not included as part of the analysis as it was an investment made prior to the restructuring of the Company under a sub-delegation agreement. The realized amount of USD 1.2mn from the Company's investment in SSG carries a negligible impact on the overall investment performance of the Class C shares portfolio.

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Investee company	Realised value including dividends & interests (USD mn)	Investment amount (USD mn)	Realised returns IRR (%) ROI multiple (x) (USD)	Investment final exit date
Khang Dien House	9.3	4.2	79.0% 2.2x	Aug-18
Ha Do Group	6.6	3.2	59.8% 2.0x	Sep-18
National Seed	3.1	2.4	22.1% 1.3x	Mar-18
Tien Phong Plastic	3.1	5.0	-25.5% 0.6x	Jul-19
Dinh Vu Port	1.4	2.0	-14.6% 0.7x	Jun-19
Can Don Hydro Power	1.3	0.9	43.1% 1.5x	Mar-18

Exits During the Year

The following exits were completed during the year and early 2021.

1. Anova Corporation

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.

In May 2011, the Company made a USD 8.7m investment in Anova via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Company invested another USD 1.7m, 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 2.2m via a second rights issue for Anova to expand the animal feed business. In June 2018, the Company invested a final USD 3.4m 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 was 16.4%. The maturity of the convertible bonds was extended to 15 January 2021 to facilitate the redemption by the company. As of 15 January 2021, the Company had received approximately USD 4.2m in dividends and interest from Anova.

The disposal of the Company's investment in Anova occurred later than expected, due to the outbreak of African Swine Fever initially, and subsequently due to the COVID-19 pandemic. A potential buyer for the Company's investment in Anova was secured in late 2019, with the expectation that the deal could be concluded by the end of 2020.

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However, in November 2020, the Investment Manager was informed by the buyer that they were experiencing delays in the transfer of funds from their investor for their purchase. In light of the uncertainty over the timing of the arrival of the purchase funds required to complete the transaction, the Investment Manager negotiated with Anova to buy out the Company's stake in Anova in place of the buyer.

Anova, together with the Sponsor, agreed to purchase the Company's stake in Anova for USD 20mn, which was the same aggregate sum negotiated with the previous potential buyer. The Sponsor, via companies he controls, purchased the Company's ordinary shares in Anova on 17 December 2020. Anova subsequently redeemed the Company's convertible bonds on 15 January 2021.

The Company received proceeds, net of capital gains tax and fees, of approximately USD 19.0m from the sale of shares and redemption of the convertible bonds. In aggregate (together with the USD 4.2m in dividends and interest received by the Company), the Company's investment in Anova is estimated to have yielded an IRR of 5.9% and a 1.4x return on investment in USD terms.

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, valued at USD 1.19mn as of 30 June 2020.

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.

As the initial investment cost was VND 12,679/share, the Company paid approximately USD 118k in capital gains tax in relation to this divestment. The Company completed the sale and received the proceeds, net of capital gains tax, on 17 August 2020.

3. VTC Online

In July 2012, the Company made a USD 10.0mn investment via subscription of ordinary shares, in VTC Online, an online games publisher in Vietnam. The Company owned 19.5% of VTC Online.

The Investment Manager met with company management on 20 February 2020 to discuss its proposal to VTC Corp on progressing the Company's exit. Separately, the Investment Manager also received offers for the Company's stake from two interested investors and decided to divest the Company's stake to one of the interested investors. The Investment Manager divested the Company's stake for USD 1.7mn, approximately 14.5% above the carrying value as at 30 March 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.

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Vietnam identified its first COVID-19 cases in early January 2020 but a wider outbreak only occurred 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.

During 2020, Vietnam saw its rate of GDP growth decelerate to a 10-year low, due to macroeconomic shocks largely induced by domestic restrictions and economic disruptions affecting its key trading partners. A slowdown was observed in most sectors, particularly in the services and tourism sectors, due to the implementation of domestic lockdowns and social distancing measures, coupled with the closure of international borders. However, as the effects of the pandemic have been observed to be relatively under good control in Vietnam, the country's economic indicators have recorded better performance than regional peers.

Vietnam's key economic indicators are discussed below.

		2020	2019	2018	2017	2016
Real GDP Growth	%	2.9	7	7.1	6.7	6.2
CPI	%	3.2	2.8	3.54	2.6	4.7
Export Growth	%	6.5	8.4	13.8	20.6	9
Import Growth	%	3.6	6.8	11.5	21.3	5.2
Trade Balance	USD bn	19.1	11.1	7.2	2.3	2.7
Registered FDI	USD bn	21.0	22.5	25.6	35.9	21
FX Reserves	USD bn	95	80	60	52	41
USDVND	VND	23,098	23,173	23,245	22,968	22,761

*Source: The General Statistic Office of Vietnam, Bloomberg, Trading Economics.

Highest level of GDP growth in the region – Vietnam's gross domestic product (GDP) grew by 2.91% YoY in 2020 – the highest GDP growth rate observed in Southeast Asia. However, this is the lowest level of GDP growth of Vietnam in the period 2011–2020 due to negative impact of the COVID-19 pandemic on the economy. The largest contributor to Vietnam's GDP in 2020 was the industrial and construction sector with a growth of 3.98%, contributing 53% to total GDP, followed by the services sector with a growth of 2.34%, contributing 33.58% to total GDP, and the agriculture, forestry, and fishery sector with a growth of 2.68%, contributing 13.5% to total GDP.

Lowest credit growth rate in 7 years – The Vietnamese economy recorded credit growth of 12.13% for full-year 2020, compared to growth of 13.65% for the same period in 2019. It was the lowest credit growth rate registered since 2013. The reduction in credit growth was largely due to: (1) an overall slowdown in the real estate market combined with tightening credit criteria for mortgages; (2) lower credit demand from corporates due to lower expected capital expenditure; and (3) overall weaker consumption demand. However, 2020 actual credit growth exceeded the State Bank of Vietnam ("SBV") estimates of 10% YoY. In a bid to support corporates and consumption amidst the COVID-19 pandemic, SBV reduced policy rates by 1.5-2% on four occasions. As a result, the borrowing rates for mortgages fell from 9-11% in 2018-2019 to 7-9% at the end of 2020.

Reduction in trade growth rates but expansion in trade surplus - The General Statistic Office of Vietnam estimated that Vietnam exported USD 281.5 billion (+6.5% YoY) and import USD 262.4 billion (+3.6% YoY) of goods for full-year 2020, generating a strong trade surplus of USD 19.1 billion (+80.2% YoY).

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Mobile phones and mobile phone components remained the largest exports with a total value of USD 50.9 billion (-1.0% YoY), followed by computers, electrical products and electrical components with a total value of USD 44.7 billion (+24.4% YoY), and textiles with a total value of USD 29.5 billion (-10.2% YoY). The US remained the largest destination for Vietnam with total value of USD 76.4 billion (+24.5% YoY), followed by China with total export value of USD 48.5 billion (+17.1% YoY), and EU with total value of USD 34.8 billion (-2.7% YoY).

On the import side, computers, electrical products, and electrical components remained the largest contributor to Vietnam's imports with a total value of USD 64.0 billion (+24.6% YoY), followed by machinery with a total value of USD 37.4 billion (+1.7% YoY), and mobile phones and mobile phone components with a total value of USD 16.6 billion (+13.3% YoY). China remained the largest import market for Vietnam with total value of USD 83.9 billion (+11.2% YoY), followed by South Korea with total value of USD 46.3 billion (-1.5% YoY), and ASEAN with total value of USD 30.0 billion (-6.9% YoY).

Slow-down in FDI – the travel restrictions and the implementation of lockdowns worldwide during COVID-19 negatively impacted foreign direct investment (“FDI”) flows to Vietnam. Potential foreign investors were barred from entering Vietnam, and local enterprises were restricted from conducting overseas marketing. As of 20 December 2020, Vietnam attracted USD 21.0 billion (-6.7% YoY) of total newly registered FDI and additional FDI from existing investors. The main contributor for the newly registered FDI in 2020 was Bac Lieu's LNG-to-power project with a total registered capital of USD 4.0 billion. Capital contribution and share purchases by foreign investors decreased by 51.7% YoY to USD 7.5 billion, though the decrease was also from a high base in 1H 2019, when Thai Beverage invested USD 3.85 billion into Sabeco. Disbursed FDI declined by 2.0% YoY to USD 20.0 billion. There have been delays in deal negotiations, due diligence and transaction closures.

Well managed CPI – For the full-year 2020, Vietnam's average consumer price index (“CPI”) rose 3.23% YoY, well within the government's full-year target of 4.0%. The main contributors to CPI's growth in 2020 were (1) an increase in food prices by 12.28% YoY, largely due to the hike in pork prices post African Swine Fever, which resulted in a tightening in the supply of pork; (2) an increase in medicines and medical equipment prices by 1.35% YoY; and (3) an increase in the prices of education service by 4.32% YoY. In contrast, the main detractors to CPI's growth in 2020 were (1) a decrease in gasoline prices by 23.03% YoY; (2) a decrease in the prices of tourist services by 6.24% YoY; (3) a decrease in air transportation prices by 34.7% YoY; and (4) a decrease in electricity prices during April 2020 to June 2020 as the government implemented economic support packages for citizens and manufacturers amid the COVID-19 pandemic.

Stable currency – the VND remained stable against the USD with the exchange rate USD/VND decreasing by only 0.03% at the end of 2020, despite the strengthening of the Chinese Yuan RMB (+6.6%) and most ASEAN currencies against the USD, such as Philippines Peso PHP (+5.2%), Singaporean Dollar SGD (+1.8%), Malaysian Ringgit MYR (+1.7%). Strong FX reserves and the expanded trade surplus enabled the Vietnamese government to stabilize its exchange rate. Vietnam's FX reserves increased from USD 80 billion at the end of 2019 to USD 95-96 billion as of the middle of November 2020 (equivalent to 4.2 months of Vietnam's export value) - its highest recorded level historically.

Vietnam stock market

The Vietnamese stock market was the best performing stock market in ASEAN in 2020 – For the full-year 2020, the VN Index increased 15.2% in USD terms, and was the best performing stock market in ASEAN, followed by the Malaysian stock market (FBMKLCI Index) with an increase of 4.2% in USD terms. The factors that contributed to the better-than-peer performance of the Vietnamese stock market likely included the following (1) a relatively well managed COVID-19 pandemic response enabled local

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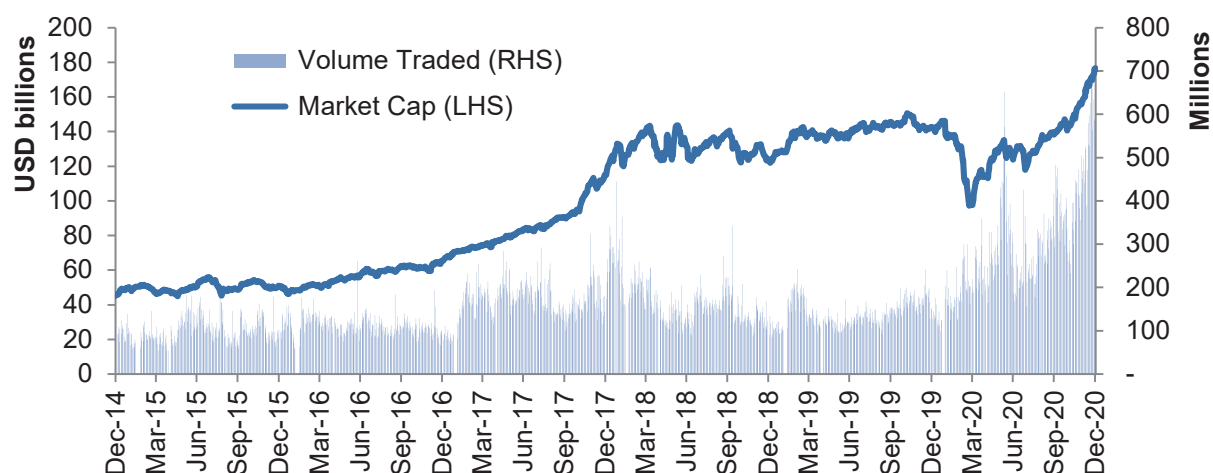
companies to operate normally without disruptions caused by the lockdown or social distancing measures; (2) stable domestic politics and currency, partly maintained by the interest from foreign investors; and (3) strong inflows from domestic retail investors.

The Vietnamese stock market experienced a strong correction in 1Q 2020, in line with the global stock markets, due to investor fears over the spread of COVID-19. The Vietnamese stock market recovered gradually in 2Q 2020 and 3Q 2020, and increased strongly in 4Q 2020 due to large inflows from local retail investors. For the full-year 2020, the stock market's average daily trading value reached USD 267 million, up 79% YoY, in particular, this figure reached USD 621 million in December 2020, up 53% MoM and 343% YoY. Main contributors to the VN Index's return during 2020 were Hoa Phat Group (HPG) [+116.4%, contributing 2.40% to the VN Index return], Vietnam Rubber Group (GVR) [+152.7%, contributing 2.13% to the VN Index return] and Vietnam JS Commercial Bank (CTG) [+68.3%, contributing 1.65% to the VN Index return]. In contrast, the main detractors to the VN Index's return during 2020 were VinGroup JSC (VIC) [-5.6%, -0.87% relative to the VN Index], Sabeco (SAB) [-11.7%, -0.55% relative to the VN Index] and Vietjet Aviation JSC (VJC) [-14.2%, -0.44% relative to the VN Index].

		Mkt Cap (USD bn)	2020 index change (USD)	2020 Forward P/E	PEG	Div Yield	ROE
Vietnam	VN INDEX	177	+15.2%	20.4	3.8	1.5%	16.6%
Thailand	SET	536	-8.2%	27.8	6.7	3.5%	11.6%
Indonesia	JCI	492	-6.3%	26.4	3.7	0.6%	14.3%
Singapore	FSSTI	385	-10.2%	15.6	3.6	3.0%	6.4%
Malaysia	FBMKLCI	262	+4.2%	20.9	11.9	3.2%	22.2%
Philippines	PCOMP	188	-3.7%	25.2	15.6	1.7%	7.5%

Source: Bloomberg 31/12/2020

VNIndex Market Cap and Volume



Source: Bloomberg

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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 effective management teams with solid track records and sound corporate governance.

In terms of the macroeconomic environment, while we expect the COVID-19 pandemic to continue to impact global economic growth including that of Vietnam, we remain optimistic that Vietnam will remain as one of the fastest growing economies in the region due to (1) an expanding middle class, fueling consumption growth and urbanisation trends; (2) Vietnam being a long-term beneficiary of adjustments in global supply chains; (3) implementation of the new free trade agreement with Europe (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; (4) stable domestic politics and currency.

We expect Vietnam's stock market to remain robust over the medium-term due to the following factors: (1) positive outlook of the Vietnam economy; (2) recovery in the business outlook of local corporates on the back of a well-managed COVID-19 situation; (3) continued inflows from domestic retail investors, with new account openings peaking in 4Q 2020 and interest rates expected to remain low; (4) as of December 2020, Vietnam's weight in the MSCI Frontier Market 100 Index increased from 12.5% to 30.6% – this is expected to boost interest from foreign investors going forward.

The VPF A 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, FPT, the portfolio's largest holding, is one of the dominant players in Vietnam's 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 the Asia Pacific. We expect FPT to benefit from the continued growth in IT spend due to structural shifts in corporate and government adopting more technology.

HPG, the portfolio's second largest holding, 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 of 33% as at the end 2020. We expect HPG to benefit from the continued broad-based increase in steel demand across Vietnam, driven by ongoing urbanization and infrastructure investment. HPG's valuation remains undemanding in our view – it trades on a 2021E forward P/E of 9.5x.

Another of the portfolio's large holding is VNM. VNM is recognized as one of the most well-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.

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 over the long run.

During 2020, the Company initiated new positions in Military Commercial Bank (MBB) and Asia Commercial Bank (ACB), two leading commercial banks in Vietnam (beside Bank of Foreign Trade JSC – Vietcombank) with high asset quality.

List of holdings as of 31 December 2020			
Share Class	Security Name	Ticker	Value (USD)
Class A			34,587,275
	FPT CORP	FPT VN	4,863,401
	HOA PHAT GROUP JSC	HPG VN	4,520,973
	VIETNAM DAIRY PRODUCTS JSC	VNM VN	3,819,060
	VINHOMES JSC	VHM VN	3,338,438
	MOBILE WORLD INVESTMENT CORP	MWG VN	2,682,548
	KINH BAC CITY DEVELOPMENT SH	KBC VN	2,470,381
	BANK FOR FOREIGN TRADE JSC	VCB VN	2,369,615
	REFRIGERATION ELECTRICAL ENG	REE VN	2,163,086
	MILITARY COMMERCIAL JOINT	MBB VN	1,604,246
	AIRPORTS CORP OF VIETNAM JSC	ACV VN	1,315,932
	KHANG DIEN HOUSE TRADING AND	KDH VN	1,314,979
	SSI SECURITIES CORP	SSI VN	1,284,515
	VIETNAM NATIONAL PETROLEUM G	PLX VN	887,036
	ASIA COMMERCIAL BANK	ACB VN	777,110
	PETROVIETNAM POWER CORP	POW VN	760,056
	SAIGON CARGO SERVICE CORP	SCS VM	415,899
Cash and others			374,153
Total before Redemptions			34,961,428
Redemptions for 31 December 2020			675,551
Total after Redemption			34,285,877

Private Equity

The Vietnam Phoenix Fund Class C portfolio has a fixed life expiring no later than 31 March 2021.

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

As part of the winding up process, the Investment Manager expects to return the bulk of the cash to Class C Shareholders by means of pro rata redemptions of the Class C Shares after the divestment of Anova.

List of holdings as of 31 December 2020			
Share Class	Security Name	Ticker	Value (USD)
Class C			7,798,115
	ANOVA CORPORATION - CB	NA	7,798,115
Cash and others			18,443,644
Total			26,241,759

V. Risks in 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:

Weakening flows from local retail investors – in 4Q 2020, Vietnamese stock market witnessed a strong increase due to large flow from local retail investors. The decreasing interest rates have made investing in the stock market more attractive than other financial assets. However, these flows are unlikely to be sustainable once interest rates start to increase as the borrowing demand rebounds. As a result, the stock price performance of some investee companies are likely to be impacted should there be a widespread withdraw of retail money from the stock market.

New 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 effective vaccination programme has yet to be implemented globally. The first and second waves of COVID-19 were well managed in Vietnam. However, due to the worsening COVID -19 situation in the region with new COVID-19 strain, the recovery of the economy will be hindered if Vietnam fails to contain the spread. The COVID-19 pandemic has also caused significant disruptions to supply chains around the world, and this will likely continue to have a negative impact on the Vietnamese economy and trade flows, with the manufacturing sector being particularly negatively impacted. The tourism and the services sectors are also expected to continue to falter should foreigner restrictions persist, and domestic lockdowns and social distancing measures be newly implemented with the second wave.

Weakened economies globally and disruption in global trade – the global economic environment started experiencing instability in 2019 due to the trade disputes between the US and China. The outbreak of the COVID-19 pandemic substantially increased the pressure on major economies, especially the US, to protect their domestic companies, on the back of declines in consumer spending and investment activity. A widespread adoption of “beggar-thy-neighbour” approaches 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.



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Independent Auditors' Report to the Board of Directors

Opinion

We have audited the financial statements of Vietnam Phoenix Fund Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in net assets attributable to the holders of redeemable participating shares and cash flows for the year ended December 31, 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year ended 31 December 2020, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Statement of Directors' Responsibilities in respect of the Financial Statements, Investment Manager's Report, Other Information (Unaudited) and Supplemental Unaudited Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Independent Auditors' Report to the Board of Directors (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

12 May 2021

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31/12/2020 USD	31/12/2019 USD
Income			
Net gain/(loss) on investments at fair value through profit or loss	2(g), 3	7,560,636	(22,199,903)
Total income/(loss)		7,560,636	(22,199,903)
Operating expenses	4	(2,257,150)	(2,528,022)
Gain/(Loss) for the year		5,303,486	(24,727,925)
Taxation			
Deferred taxation	10	1,025,631	(1,025,631)
Increase/(Decrease) in net assets attributable to holders of redeemable participating shares resulting from operations		6,329,117	(25,753,556)
		Class A Shares	Class C Shares
		31/12/2020	31/12/2020
Earnings/(Loss) per Share			
Basic		13.55c	(0.09)c
Diluted		13.55c	(0.09)c
Weighted average shares outstanding			
Basic		47,431,298	116,392,812
Diluted		47,431,298	116,392,812
		Class A Shares	Class C Shares
		31/12/2019	31/12/2019
Earnings/(Loss) per Share			
Basic		4.82c	(9.16)c
Diluted		4.82c	(9.16)c
Weighted average shares outstanding			
Basic		58,587,703	310,475,616
Diluted		58,587,703	310,475,616

On behalf of the Board of Directors



Director

Kevin Phillip

12 May 2021

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

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	31/12/2020	31/12/2019
		USD	USD
Assets			
Cash and cash equivalents	6	6,442,224	24,350,673
Financial assets at fair value through profit or loss	13,14	55,658,938	58,432,832
Total assets		62,101,162	82,783,505
Liabilities			
Accounts payable	7	(1,573,526)	(279,516)
Deferred tax	10	-	(1,025,631)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(1,573,526)	(1,305,147)
Net assets attributable to holders of redeemable participating shares		60,527,636	81,478,358

On behalf of the Board of Directors



Director

Kevin Phillip

12 May 2021

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 YEAR ENDED 31 DECEMBER 2020

	Notes	31/12/2020	31/12/2019
		USD	USD
Net assets attributable to holders of redeemable participating shares at beginning of the year		81,478,358	169,439,749
Proceeds from issuance of share subscriptions during the year	8	-	21,055
Payments on share redemptions during the year	8	(27,279,839)	(62,228,890)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares resulting from operations		6,329,117	(25,753,556)
Net assets attributable to holders of redeemable participating shares at end of the year		60,527,636	81,478,358

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

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	31/12/2020 USD	31/12/2019 USD
Cash flows from operating activities		
Gain for the year	6,329,117	(25,753,556)
<i>Adjustment for non-cash items:</i>		
Decrease in financial assets at fair value through profit or loss	2,773,894	111,007,075
<i>Changes in operating assets and liabilities</i>		
(Decrease)/increase in accounts payable	(407,172)	1,031,723
Net cash from operating activities	8,695,839	86,285,242
Cash flows from financing activities		
Share subscriptions during the year	-	21,055
Share redemptions during the year	(26,604,288)	(62,228,890)
Net cash used in financing activities	(26,604,288)	(62,207,835)
Net (decrease)/increase in cash and cash equivalents	(17,908,449)	24,077,407
Cash and cash equivalents at the beginning of the year	24,350,673	273,266
Cash and cash equivalents at the end of the year	6,442,224	24,350,673
Cash flows from operating activities include:		
Interest received	236,355	899,188
Dividends received	730,752	1,157,224
Taxation paid	(11,638)	(16,838)

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Incorporation and principal activity

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 Suite 5B201, 2nd Floor, One Nexus Way, Camana Bay, Grand Cayman KY1-1108, Cayman Islands.

The investment objective of the Vietnam Phoenix Fund Class A Shares (“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 of 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 Vietnam Phoenix Fund Class C Shares (“VPF C”) portfolio is to realise the assets of its portfolio 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 had 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 held an EGM on 30 December 2020 to approve the sole resolution to extend the final redemption date of the Class C shares from 31 December 2020 to 31 March 2021. The resolution was duly passed.

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 three 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. Lionel Hill Limited
2. Beira Limited
3. Prime Limited

Of the three SPEs in operation, Lionel Hill Limited and Beira Limited were active at year ended 31 December 2020. Prime Limited was liquidated and a certificate of dissolution was received from the Cayman Islands Registrar of Companies, effective 26 April 2021.

As at 31 December 2020 and 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”) 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 was delegated to State Street Fund Services (Ireland) Limited (the “Administrator”). With effect from 31 March 2021, State Street Fund Services (Ireland) Limited ceased to act as Administrator to the Company and was replaced as Administrator by Apex Fund Services Limited, effective 1 April 2021. The Investment Manager appoints all members of the boards of directors of the three SPEs listed above. Class C shares of the Company were listed on Euronext Dublin.

2 Significant accounting policies

Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies adopted by the Company are set out below.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

2 Significant accounting policies (cont/d)

Statement of Compliance (cont/d)

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

Following the restructuring of the Company in January 2017, and the creation of two share classes, all shares in the Company are classified as redeemable participating shares. Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. A redeemable participating share can be put back to the Company at any time for cash or, with the approval of the Directors, for assets equal to a proportionate share of the Company's net asset value. A redeemable participating share is carried at the redemption amount that is payable at the Statement of Financial Position date if the shareholder exercises the right to put the share back to the Company.

a) Functional and presentation currency

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. All amounts have been rounded to nearest US Dollar.

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

b) Going concern

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

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. The Investment Manager continues to monitor the impact of the COVID-19 pandemic on the Company's portfolio and will be actively taking investment decisions where necessary. Operationally, the COVID-19 pandemic 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, and considers the going concern basis still appropriate to the Company.

Class C shares had 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). At an EGM of the Company held on 30 December 2020, it was resolved to extend the final redemption date of the Class C shares from 31 December 2020 to 31 March 2021, and the going concern basis is therefore no longer appropriate for this share class. The Investment Manager believes that the amount the Company anticipates to receive and settle on the respective assets and liabilities for Class C will represent fair value and amortised cost had Class C been a going concern. On 25 March 2021, the Company conducted the Class C final redemption exercise to return capital to investors and Euronext Dublin agreed to delist the Company with effect from 25 March 2021.

c) 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 year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

2 Significant accounting policies (cont/d)

c) Accounting estimates and judgments (cont/d)

The fair value of the SPEs are based on the fair value of the underlying investments they hold. As at 31 December 2020, there is no estimate involved in arriving at the fair value of investments as all underlying investments in VPF A portfolio are listed equities and the only security remaining in VPF C portfolio is the Company's holding of Anova's convertible bond, the valuation of which is based on the redemption agreement executed with the Company. The fair value of the SPEs factors in a reduction for a deferred tax provision on the underlying investments where considered necessary. The deferred tax provision as at year end 31 December 2020, reflected as part of the valuation of the subsidiaries, was USD Nil (2019: USD 1,025,631).

d) New accounting standards, amendments and interpretations

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

Amendments to IFRS 3: Definition of a Business, was issued in October 2018 and is effective for accounting periods beginning on or after 1 January 2020. The amendment to the definition of a business in IFRS 3 Business Combinations is to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Earlier application is permitted and must be disclosed. Since the amendment applies prospectively to transactions or other events that occur on or after the date of first application, the Company is not affected by these amendments on transition.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, in September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates ("IBOR") reform on financial reporting and is effective for accounting periods beginning on or after 1 January 2020. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

Amendments to IAS 1 and IAS 8: Definition of Material, in October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition and is effective for accounting periods beginning on or after 1 January 2020. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments must be applied prospectively. Early application is permitted and must be disclosed. The amendments to the definition of material is not expected to have a significant impact on an Company's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

2 Significant accounting policies (cont/d)

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

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2020 (cont/d)

The IASB issued the Conceptual Framework in March 2018 and is effective for annual periods beginning on or after 1 January 2020. The revised Conceptual Framework for Financial Reporting (the “Conceptual Framework”) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The Conceptual Framework has not had a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

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 2023. 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’. This new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

e) Consolidation

To determine the appropriate accounting treatment as set out under IFRS 10, “Consolidated Financial Statements” the Company has determined that it meets the definition of an investment entity (“IE”) as it meets the required criteria as follows:

- (i) It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) It has committed to its shareholders that its business purpose is to invest funds solely for returns from capital appreciation investment income or both; and
- (iii) It measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, the Company has concluded that it has all the following typical characteristics of an IE, namely:

- (i) It has more than one investment;
- (ii) It has multiple shareholders;
- (iii) The majority of its shareholders are not related parties; and
- (iv) It has ownership interests in the form of equity.

As the SPEs do not provide management services or strategic advice and all activities are managed through the parent company level, the Company has concluded that all its subsidiaries through which the Company holds its investment portfolio are also investment entities and should be accounted for at fair value through profit or loss.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

2 Significant accounting policies (cont/d)

f) Financial Instruments

(i) Classification

IFRS 10 Investment Entity Amendment requires subsidiaries to be accounted for at fair value through profit or loss in accordance with IFRS 9.

Associates are entities over whose financial and operating policies the Company has the ability to exercise significant influence. Investments in associated undertakings are initially recorded at cost and subsequently carried at fair value through profit and loss.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Purchases of financial assets are recognised and derecognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(iii) Measurement

Financial instruments are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed through operating expenses in the profit or loss immediately while on other financial instruments such costs are amortised. Subsequent to initial recognition, except for financial instruments carried at amortised cost, all other financial instruments are fair valued through profit or loss.

(iv) Fair value measurement principles

An underlying investment in a security held through IE subsidiaries, which are quoted, listed or normally dealt on a securities market or on another regulated market that is active will normally be valued at the official close of business last traded price on the principal market for such security. Where such security is listed or dealt in on more than one securities market the Administrator will value the security in the principal market, or in the absence of a principal market in the most advantageous active market to which the entity has immediate access. The value of any investment which is not listed or dealt in an active securities market shall be the value using an average of available broker prices, provided the variance between broker prices is not significant, the Net Asset Value (“NAV”) as provided by a reputable administrator, or using an alternative estimation technique to measure fair value where no broker prices are available, if this is considered the best estimate of fair value at the year end. The fair value of the SPEs is based on the fair value of the underlying investments they hold with a reduction for a deferred tax provision if applicable, the calculation of which is based on the underlying investments, as described in Note 2(p). The valuation technique adopted for the Level 3 security is disclosed in Note 14.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

2 Significant accounting policies (cont/d)

f) Financial Instruments (cont/d)

(vi) Cash and cash equivalents

Cash comprises current deposits with banks. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are carried at amortised cost which approximates its fair value.

(vii) Impairment of financial assets

The impairment model applied under IFRS 9 is the 'expected credit loss' (ECL) model. This impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not investments in equity instruments.

As the financial assets are carried at fair value through profit or loss, ECL provision on credit losses are not applicable on the Company's financial assets.

g) Net gains and losses on investments at fair value through profit or loss

Gains and losses arising from investments at fair value through profit or loss are included in the Statement of Comprehensive Income. The net gain from investments at fair value through profit or loss include all realised and unrealised fair value changes, foreign exchange differences and interest and dividend income received, calculated as described in Note 2(i) and 2(j). The net gain from investments at fair value through profit or loss is analysed in Note 3.

h) Translation of foreign currencies

Transactions in foreign currencies are translated into US Dollars, the functional currency, at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are then subsequently translated to US Dollars at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value.

i) Interest Income

Interest income is recognised in gains and losses arising from investments at fair value through profit or loss as it accrues, using the original effective interest rates of the instrument calculated at the later of the acquisition or origination date. Interest income includes the amortisation of any discount or premium, or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

j) Dividend income

Dividend income relating to equity investments is recognised in gains and losses arising from investments at fair value through profit or loss on the ex-dividend date in the Statement of Comprehensive Income. In some cases, the Company may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Company recognises the dividend income through the Statement of Comprehensive Income for the amount of the equivalent cash dividend alternative with the corresponding debit in financial assets at fair value through profit or loss in the Statement of Financial Position.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

2 Significant accounting policies (cont/d)

k) Expenses

All expenses, including investment management fees, administration fees and custodian fees are recognised in profit or loss on an accruals basis.

l) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

m) Share Capital

Costs directly associated with the issuance of original share capital in excess of par value of the Company were charged to the share premium account.

n) Redeemable shares

The redeemable shares are classified as financial liabilities at amortised cost and are measured at the present value of the redemption amounts.

o) Earnings per share

Earnings Per Share (“EPS”) is calculated by dividing the profit/(loss) for the financial year attributable to the relevant Shareholders by the weighted average number of shares outstanding in the financial year and are presented in the Statement of Comprehensive Income.

p) Taxation

Current tax is provided against the Company’s taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as ‘non-reclaimable withholding tax’ in the profit or loss.

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.

q) Segmental Reporting

The Company operates a single operating segment under IFRS 8 with all decisions on allocating resources and reviewing performance of the Company being managed as a single segment. Note 15 provides a detailed description of the presentation of segment information.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

3 Net gain/(loss) on investments at fair value through profit or loss	31/12/2020	31/12/2019
	USD	USD
Dividend income*	662,466	1,108,017
Interest income	236,907	458,498
Realised (loss)/gain on investments	(5,402,967)	14,344,401
Net unrealised gain/(loss) on investments	11,978,369	(38,139,753)
Net foreign exchange gain/(loss)	20,445	(53,213)
Other income**	65,416	82,147
	7,560,636	(22,199,903)

*Dividend income is net of withholding tax.

**Other income comprises the redemption fees applicable to Class A shares redemptions.

4 Operating expenses	Notes	31/12/2020	31/12/2019
		USD	USD
Investment Manager			
Investment Management fee	11	(588,137)	(1,033,949)
Performance fee	11	(738,457)	(209)
		(1,326,594)	(1,034,158)
Custodian			
Custodian fees	9	(70,293)	(179,856)
Administrator			
Administration fees	9	(69,187)	(156,440)
Transfer Agency fees		(6,000)	(6,000)
		(75,187)	(162,440)
Other expenses			
Directors' fees	5,11	(150,000)	(150,000)
Directors' Insurance		(25,642)	(27,557)
Professional fees		(324,580)	(366,049)
Audit fee*		(73,103)	(60,000)
Facilitation fee		-	(150,000)
Other expenses		(211,751)	(397,962)
		(785,076)	(1,151,568)
Total Operating Expenses		(2,257,150)	(2,528,022)

*The audit fee relates solely to the provision of audit services.

5 Directors' Remuneration

The Board determines the fees payable to each Director. The maximum remuneration is USD 75,000 per Director per annum. Directors' fees paid by the Company for the year ended 31 December 2020 were USD 150,000 (31 December 2019: USD 150,000).

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

6 Cash and cash equivalents	31/12/2020	31/12/2019
	USD	USD
Cash and bank balances	6,442,224	24,350,673
	6,442,224	24,350,673

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

Cash located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local sub-custodian were 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.

7 Accounts payable	31/12/2020	31/12/2019
	USD	USD
Redemption proceeds payable	(675,551)	-
Accrued Investment Management fee*	(55,619)	(127,358)
Accrued performance fee*	(738,457)	(209)
Accrued other fees	(103,899)	(151,949)
	(1,573,526)	(279,516)

*Refer to Note 11 for details.

8 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. Class C shares of the Company were listed on Euronext Dublin.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

8 Share capital (cont/d)

Redeemable Participating Shares (cont/d)

Share transactions during the year ended 31 December 2020:

	Class A shares	Class C shares
	31/12/2020	31/12/2020
Shares in issue at beginning of year	52,610,257	189,256,596
Shares issued during the year	-	-
Shares redeemed during the year	(10,749,106)	(79,487,764)
Shares in issue at end of year	41,861,151	109,768,832
Net Asset Value for holders of shares	USD 34,285,877	USD 26,241,759
Net Asset Value per share	USD 0.8190	USD 0.2391

Share transactions during the year ended 31 December 2019:

	Class A shares	Class C shares
	31/12/2019	31/12/2019
Shares in issue at beginning of year	65,473,195	381,375,002
Shares issued during the year	21,055	-
Shares redeemed during the year	(12,883,993)	(192,118,406)
Shares in issue at end of year	52,610,257	189,256,596
Net Asset Value for holders of shares	USD 35,074,386	USD 46,403,972
Net Asset Value per share	USD 0.6667	USD 0.2452

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.

9 Significant Agreements

Custodian

The Company 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 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.

The Custodian fee payable to the Custodian for the year ended 31 December 2020 was USD 70,293 (31 December 2019: USD 179,856) of which USD 5,782 was outstanding at the year end (31 December 2019: USD 22,712).

Administrator

The Company 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.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

9 Significant Agreements (cont/d)

Administrator (cont/d)

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. The Administration fee payable to the Administrator for the year ended 31 December 2020 was USD 69,187 (31 December 2019: USD 156,440) of which USD 6,200 was outstanding at the year end (31 December 2019: USD 16,471).

Note 18 provides details of the change of Administrator after the financial year end 31 December 2020.

Investment Manager

The Company appointed 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, 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: 0.50% of the NAV of the Class C shares.

For the year ended 31 December 2020, the Investment Manager earned an investment management fee of USD 588,137 (31 December 2019: USD 1,033,949) of which USD 55,619 was outstanding at the year end (31 December 2019: USD 127,358).

Performance Fees

A performance fee is payable to the Investment Manager. The crystalized performance fee payable to the Investment Manager for the year ended 31 December 2020 in respect of Class A shares was USD 738,457 (31 December 2019: USD 209) of which USD 738,457 was outstanding at the year end (31 December 2019: USD 209).

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 2020.

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.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

9 Significant Agreements (cont/d)

Performance Fees (cont/d)

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.

10 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/(loss) 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

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/(loss) 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 investment.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

10 Taxation (cont/d)

Deferred Tax

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

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.

11 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 31 December 2020.

Transactions with entities with significant influence;

For the year ended 31 December 2020, the Investment Manager earned an investment management fee of USD 588,137 (31 December 2019: USD 1,033,949) of which USD 55,619 was outstanding at the year end (31 December 2019: USD 127,358). In addition, for that year Duxton also earned a crystalized performance fee of USD 738,457 (31 December 2019: USD 209) of which USD 738,457 was outstanding at the year end (31 December 2019: USD 209).

Duxton and its employees did not hold any share capital of the Company at year end 31 December 2020 (31 December 2019: Duxton and its employees held Class A shares which amounted to 0.44% of the share capital of the Company).

Transactions with key management personnel;

The total remuneration earned by the Directors during the year was USD 150,000 (2019: USD 150,000).

Transactions with subsidiaries;

In accordance with the POM and the Articles, 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.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

12 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.

Interest in unconsolidated IE subsidiary entities

At 31 December 2020, the Company had three subsidiary entities as defined under IFRS 10. See Note 1 for details. These three 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 one investment in an associated company held by one of its SPEs. This associated company interest forms part of the SPEs fair value that is reflected in the financial assets at fair value through profit or loss in the Company’s Statement of Financial Position. The Investment Manager is represented on the board of directors of this associated company and has therefore determined that the Company holds significant influence over this associated company.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

12 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 31 December 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%	19,861,060	35.68	19,861,060
Beira Limited	Wholly owned subsidiary	100%	35,797,878	64.32	35,797,878
Total			55,658,938	100.00%	55,658,938

Of the three SPEs in operation and listed in Note 1, Lionel Hill Limited and Beira Limited were active at year ended 31 December 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 subsidiary 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 YEAR ENDED 31 DECEMBER 2020 (CONT/D)

12 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 YEAR ENDED 31 DECEMBER 2020 (CONT'D)

12 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 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	Convertible bond	7,798,115	16.40%	14.01%	7,798,115
Total		7,798,115		14.01%	7,798,115

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 YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments

This note describes the risks associated with the financial assets and liabilities of the Company and also the risks of the underlying portfolio of investments owned by the Company's wholly owned IE subsidiaries.

General Risk Management Process

As an investment group, the risk management of financial instruments is fundamental to the management of the Company's business. The Company's risk management process is managed by the Investment Manager.

As defined in IFRS 7, "Financial Instruments: Disclosures", risk can be separated into the following components: market risk, credit risk and liquidity risk. Each type of risk is disclosed in turn and qualitative and quantitative analyses are provided where relevant to give shareholders an understanding of the risk management methods used by the Investment Manager.

However, each risk control in place is not always limited to the mitigation of one single, particular risk. Hence, shareholders should place the role of each risk control in the broader context of the overall risk management of the Company.

The total concentration of risk is through the unconsolidated subsidiaries and their underlying investments.

(a) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and market price risk.

(i) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk which are addressed separately), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.

Objectives, policies and processes for managing market price risk

The Company undertakes to manage market price risk among the different asset classes by pre-setting monthly asset allocation targets. The monthly asset allocation targets are based on the Investment Manager's projections of the market price risks of the individual financial instruments that the Company holds. In pre-setting allocations, the Investment Manager aims to achieve an optimal weightage of the Company's financial instruments to minimize market price risk, though there is no guarantee this may be achieved.

- Price fluctuations of individual quoted securities and their impact on the Company's estimated profits and losses are estimated and internally published on a daily basis. The Investment Manager adheres to a buy and sell discipline based on the securities' buy and sell target prices, which are determined based on fundamental factors of the underlying investments. In managing price fluctuations of small capitalization, less liquid securities, the Investment Manager may use internal investment guidelines setting typical thresholds in terms of market capitalization, average daily trading value, foreign ownership ratio, and other factors.
- Fluctuations in the valuation of unquoted securities and their impact on the Company's estimated profits and losses are estimated and communicated to shareholders on a quarterly basis. Note the Investment Manager's decision to make any private equity investments taking a long-term view, typically more than 3 years. Therefore, quarterly fluctuations in the valuation of the private equity investments are only for the purpose of client and financial reporting, and not for the purpose of short-term investment decision making.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)

(i) Market price risk (cont/d)

Objectives, policies and processes for managing market price risk (cont/d)

For listed equities, the Investment Manager reviews the monthly valuation report provided by the Administrator. Both parties obtain pricing of the securities independently; the Administrator uses Reuters while the Investment Manager uses Bloomberg. The Investment Manager will review and flag if there are any discrepancies. The Administrator will then investigate and confirm final valuations in accordance with the Company's pricing policy.

Investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange or futures exchange (if any) are valued in accordance with the last sale price of the investments sold on the relevant exchange on the day on which the determination is made or, if that is not a trading day, on the last preceding trading day. Interests in open-ended collective investment schemes (if any) are valued at the last bid price published by the managers thereof.

The unlisted private equity portfolio held just one remaining position as at year end 31 December 2020, the Anova convertible bond, valued at USD 7,798,115, based on the redemption agreement executed with the Company.

The Company is exposed to inflation risk.

The asset class exposure as at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020		31 December 2019	
	USD	%Total Assets	USD	%Total Assets
Asset Class Exposure:				
<i>Financial assets and liabilities at fair value through profit or loss:*</i>				
Listed Equities	34,587,275	55.70%	32,018,528	38.69%
Unlisted Equities	-	-	12,105,099	14.62%
Convertible Bonds	7,798,115	12.56%	10,483,162	12.66%
Cash and cash equivalents	13,049,971	21.01%	3,565,470	4.31%
Other assets	223,577	0.36%	260,573	0.31%
Net financial assets and liabilities at fair value through profit or loss	55,658,938	89.63%	58,432,832	70.59%
Financial assets at amortised cost				
Cash and cash equivalents	6,442,224	10.37%	24,350,673	29.41%
Total Assets	62,101,162	100.00%	82,783,505	100.00%

*The exposures noted are those arising in the Company's subsidiaries that have been measured at fair value through profit or loss.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)

(i) Market price risk (cont/d)

Objectives, policies and processes for managing market price risk (cont/d)

The Investment Manager estimates the reasonably possible market price fluctuations for equity investments being a 10% sensitivity on an individual investment basis, barring black swan events.

The Investment Manager is of the opinion that a +/- 10% price change in presenting the sensitivity analysis is a reasonably possible change across all diverse asset classes. Over the last 5 years, the annualized volatility of the VNIndex of the Ho Chi Minh Stock Exchange, calculated using monthly returns, was 11.14%, 12.94%, 22.61%, 9.25% and 39.92%, in calendar years from 2016 to 2020, respectively. It should be noted that stock markets witnessed higher volatility in 2020 due to macroeconomic shocks primarily caused by the COVID-19 pandemic. However, other factors such as the increase in the number of retail investors, and foreign investor outflows due to adjustments in asset allocation decisions have also contributed to market volatility.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening in the individual equity market prices of 10% at 31 December 2020 and 2019.

The analysis assumes that all other variables, in particular interest and foreign currency rates remain constant.

<i>Effect in USD:</i>	2020	2019
	USD	USD
Net impact on profit or loss and net assets	3,458,728	4,412,363
 <i>Effect in % of net assets:</i>		
Net impact on profit or loss and net assets	5.71%	5.42%

The industry sector breakdown (for listed and unlisted equities) as at 31 December 2020 is detailed below.

Sector	31 December 2020		31 December 2019	
	Class A	Class C	Class A	Class C
Materials	13%	-	8%	-
Consumer Staples	18%	-	23%	-
Real Estate Developers and Construction				
Services	26%	-	26%	6%
Information Technology	14%	-	12%	6%
Financials	17%	-	12%	-
Consumer Discretionary	7%	-	13%	-
Energy	5%	-	6%	-
Agriculture	-	100%	-	88%
Total	100%	100%	100%	100%

(ii) Currency risk

Currency risk is defined in IFRS 7 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. For the purposes of IFRS 7, currency risk is ordinarily defined to include monetary items only, such that it therefore excludes non-monetary foreign currency financial instruments.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)

(ii) Currency risk (cont/d)

However, as the Company fair values all its non-monetary financial instruments, all such assets have been included hereunder for the purpose of currency risk exposure analysis. Under the Company's investment objective, there is no explicit intention of performance returns through currency gains and the Company does not seek to speculate in currencies as one of its investment objectives. The Investment Manager has also taken the view not to actively hedge the VND against the USD, the two main currencies held by the Company, as VND is often required for investments into Vietnamese-related securities that require payment in the local currency. Therefore, the Investment Manager sees no circumstances where it may deem it necessary to hedge the exposure to currency risk. A currency risk policy is therefore not in place in the management of the Company.

As such, the two main currencies held by the Company are the USD (the functional currency of the Company) and the VND (which is required for investments into Vietnam that require payment in the local currency). However, on occasion, the Company may hold financial instruments denominated in a currency other than the USD or VND as a consequence of buying securities that are listed on a non-Vietnamese exchange and which are thus denominated in a currency other than USD or VND. When selling these offshore equities which are denominated in the offshore country's base the Company may from time to time hold cash that is denominated in a currency other than USD and VND. Under such circumstances, the Investment Manager, on a best effort's basis, will either buy other offshore equities denominated in the offshore country's base currency or repatriate the amount held in the offshore country's base currency into either USD or VND as soon as possible. There are internal controls in place to ensure that the Company adheres to this policy. The Investment Manager has also taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in local currency.

In summary, the Company's exposure to currency risk is continually monitored by the Investment Manager and hedging against such a risk will be entirely at the Investment Manager's discretion.

The table below sets out the Company's exposure to currency risk. There is no currency risk attached to the other assets and liabilities in the Company's financial statements as these are held in the Company's functional currency.

	31 December 2020			31 December 2019		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
	USD	USD	USD	USD	USD	USD
Monetary:						
USD	18,372,568	(1,573,526)	16,799,042	24,605,623	(1,455,147)	23,150,476
VND	9,141,319	-	9,141,319	14,204,255	-	14,204,255
Non-						
Monetary:						
VND	34,587,275	-	34,587,275	44,123,627	-	44,123,627
Total	<u>62,101,162</u>	<u>(1,573,526)</u>	<u>60,527,636</u>	<u>82,933,505</u>	<u>(1,455,147)</u>	<u>81,478,358</u>

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)

(ii) Currency risk (cont/d)

The Investment Manager estimates that a reasonably possible strengthening of the USD in relation to the other currencies is 5%. The movement in the primary currency exchange rates to USD for the financial year, is detailed in the supplemental unaudited information to the financial statements.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening of the USD in relation to the other currencies by 5% at 31 December 2020 and 2019. This analysis assumes that all other variables, in particular interest rates, remain constant:

	2020	2019
<i>Effect in USD:</i>	USD	USD
Net impact on profit or loss and net assets	2,082,314	2,777,518
<i>Effect in % of net assets:</i>	3.44%	3.41%

(iii) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates. The Company is exposed to interest rate risk through the fixed income portion of its assets. The management of such risks is described below.

The following table details the Company's exposure to interest rate risk at year end. It includes the Company's financial assets and trading liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

31 December 2020:

	Maturity Date less than 1 year USD	Maturity Date 1 to 5 years USD	Maturity Date over 5 years USD	Non-Interest Bearing USD	Total Carrying Value USD
<i>Financial assets and liabilities at fair value through profit or loss:</i>					
Equities	-	-	-	34,587,275	34,587,275
Bonds	7,798,115	-	-	-	7,798,115
Cash and cash equivalents	13,049,971	-	-	-	13,049,971
Other Assets	-	-	-	223,577	223,577
Net financial assets at fair value through profit or loss	20,848,086	-	-	34,810,852	55,658,938
<i>Financial assets and liabilities at amortised cost</i>					
Cash and cash equivalents	6,442,224	-	-	-	6,442,224
Other Liabilities	-	-	-	(1,573,526)	(1,573,526)
Net financial assets and liabilities at amortised cost	6,442,224	-	-	(1,573,526)	4,868,698
Total Net Assets	27,290,310	-	-	33,237,326	60,527,636

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)

(iii) Interest rate risk (cont/d)

31 December 2019:

	Maturity Date less than 1 year USD	Maturity Date 1 to 5 years USD	Maturity Date over 5 years USD	Non-Interest Bearing USD	Total Carrying Value USD
<i>Financial assets and liabilities at fair value through profit or loss:</i>					
Equities	-	-	-	44,123,627	44,123,627
Bonds	10,483,162	-	-	-	10,483,162
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	14,048,632	-	-	44,384,200	58,432,832
<i>Financial assets and liabilities at amortised cost:</i>					
Cash and cash equivalents	24,350,673	-	-	-	24,350,673
Deferred Tax	-	-	-	(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	38,399,305	-	-	43,079,053	81,478,358

VND-denominated bond portfolio

As at 31 December 2020 the VND denominated bond portfolio comprised of an unlisted convertible bond issued by Anova (31 December 2019: Anova) which is not rated by Standard & Poor's or any other credit rating agency. The associated risks and sensitivities are detailed in Note 14 and are therefore not included in the sensitivity analysis below.

Cash and cash equivalents

At 31 December 2020, if the market interest rates had increased by 1% with all other variables remaining constant, the net assets attributable to holders of redeemable participating shares would have increased by USD 194,922 (31 December 2019: USD 279,161). As market interest rates at year-end were less than 1%, a decrease of a full 1% on cash and bank balances is theoretically not possible.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk. In relation to the Company, it can arise from receivables due from another party, placing deposits with other entities, purchases of debt securities and entering into derivative contracts. As at year end 31 December 2020 and 31 December 2019, there were no derivative contracts held by the Company.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

b) Credit Risk (cont/d)

Counterparty Risk

For counterparty risk, the Investment Manager requires that any use of brokers be approved by its Chief Investment Officer and Chief Operating Officer. Documents reviewed when considering whether a broker will be admitted as an approved broker include (i) latest audited accounts or annual report of the entity where the Investment Manager or its clients will have exposure to the broker as a counterparty, (ii) brief profile of the company (e.g. main activities, geographic/markets coverage), (iii) copy of corporate structure including shareholdings (where broker is to be used as a counterparty) and (iv) letter of undertaking from parent company, if applicable. Upon approval, operations will inform the dealer and Investment Manager accordingly, including the limits allocated to the brokers.

Issuer Risk

Issuer risk is associated with transacting in exchange traded debt securities and is monitored by use of credit ratings. For funds investing in debt securities, the investment objectives provide details of the credit rating restrictions imposed on that fund.

In managing credit risk, the Investment Manager observes the following investment restrictions and requirements, as set out in the POM:

(a) No more than 20 per cent of the share class portfolio of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or issue of any member state, its regional or local authorities or an OECD member state;

(b) No more than 40 per cent of the share class portfolio of the Company may be invested in another single fund and the Investment Manager will undertake to monitor the underlying investments to ensure that, in aggregate, the investment restrictions set out above are complied with. No more than 20 per cent, in aggregate, of the value of the share class portfolio of the Company will be invested in other funds whose principal investment objectives include investing in other funds.

In addressing issuer risk, financial institutions outside of Vietnam must have a minimum short-term credit rating of Prime-1 (Moody) / A-1 (Standard & Poor) / F-1 (Fitch Ratings). Such deposit instruments may include money-market funds or fixed income instruments with a term of less than 3 months provided that the instrument has a credit rating of 'A' or above. For the purpose of this paragraph, a credit rating of 'A' refers to the credit rating allotted by Standard & Poor's. For instruments with no credit ratings available, the Company monitors the credit risk and credit spreads on a regular basis.

Note 13(a)(iii) and Note 14 provide further details on the risks and sensitivities associated with the listed and unlisted fixed income instruments respectively.

As at 31 December 2020, all of the assets (other than its assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local custodian, pursuant to the Custodian Agreement) of the Company are held by the Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited. The Company monitors its risk by monitoring the credit rating and financial positions of the Custodian and by monitoring the credit rating of its sub-custodian, HSBC Bank (Vietnam) Limited.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

b) Credit Risk (cont/d)

Issuer Risk (cont/d)

The carrying amounts of financial assets set out in the table below best represent the maximum credit risk exposure at the date of the Statement of Financial Position. Other assets included in the table below consist of amounts due to the Company for unsettled trades, are current in nature and are expected to be recovered in the short term.

No collateral was received by the Company in respect of investments in debt securities, for the years ended 31 December 2020 and 31 December 2019.

	31 December 2020	31 December 2019
	USD	USD
Investment in Debt Instruments	7,798,115	10,483,162
Cash & Cash Equivalents	19,492,195	27,916,143
Interest & Other Receivables	278,577	410,573
	<u>27,568,887</u>	<u>38,809,878</u>

(c) Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company holds sufficient cash at all times to meet its obligations to cover operating expenses. To prevent significant exposure to financial liabilities in an underlying holding, the Company is not permitted to acquire an interest in an investment which exposes the Company to unlimited liability.

As at year end 31 December 2020 and 31 December 2019, there was no net exposure arising through the Company's holdings in its subsidiaries as current assets in the subsidiaries exceed current liabilities.

The Investment Manager's policy of managing the liquidity of the Company's investments is as follows:

The Class A Shares are redeemable monthly at the option of the shareholders. The majority of Class A Shares portfolio are liquid listed securities. Any Class A Share redemption notice must be received at least 30 business days prior to the relevant redemption date and the payment date is generally within 20 days of the relevant redemption date. Therefore, the Investment Manager has approximately 50 days to liquidate assets to satisfy any redemption requests, which the Investment Manager expects to be sufficient under normal market conditions. The Company could limit the ability of the shareholder to redeem from Class A if required.

Only the Class C portfolio holds illiquid Level 3 assets. As this share class is closed to share redemptions (other than those declared by the Company), no liquidity issues arise for this share class with regard to redemptions.

Risk management controls for Financial Instruments

The following paragraphs describe the risk controls taken to manage the risk levels of each of the financial instruments stated below:

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(c) Liquidity Risk (cont/d)

1. Cash & Cash Equivalents

The Company's investments in Vietnam are in securities that are denominated in VND. Therefore, a significant cash portion of the Company is held in VND.

The VND is held in bank accounts with HSBC Bank (Vietnam) Limited, as sub-custodian. The Investment Manager has taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in the local currency.

The Company may hold up to 100 per cent of its assets in cash at any time at the sole discretion of the Investment Manager.

2. Equities

a. Listed Equities

Listed equities are exposed to market price risks. The Investment Manager has adopted a prudent approach in building Company exposure to the broader Vietnamese markets to minimise such risks. The Company's exposure to market price risk at 31 December 2020 is equivalent to the fair values of underlying investments held by subsidiaries. The value of listed equities as at 31 December 2020 was USD 34,587,275 (55.84% of NAV), 31 December 2019: USD 32,018,528 (39.30% of NAV).

To manage risk in the listed equities portion of the portfolio, the Company observes the condition that no more than 20 per cent of the gross assets of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or instrumentality of any member state, its regional or local authorities or an OECD member state.

No more than 25 per cent of outstanding market capitalisation/shares of any issuer may be owned by the Company.

b. Unlisted Equities

In the "unlisted equities" portion of the Company's investment portfolio held by subsidiaries, the Company was exposed to liquidity risk. The Company endeavored to minimise liquidity risk by only investing in unlisted companies with profitable track record that have plans to list on a stock exchange (either domestically or regionally) within a 2-3 year time frame. However, there was no guarantee that a stock exchange will provide liquidity for the Company's investment in unlisted companies.

On completion of the sale of its VPF C portfolio, the Company will only hold investments in unlisted equities through its VPF A portfolio, with the prior approval of the Board.

The value of unlisted equities held by subsidiaries as at 31 December 2020 was Nil, 31 December 2019 was USD 12,105,099 (14.86% of NAV). The Investment Manager's 'unlisted investments' team sought to mitigate risk by conducting the appropriate due diligence on the unlisted companies the Company invested in.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(c) Liquidity Risk (cont/d)

2. Equities (cont/d)

b. Unlisted Equities (cont/d)

This included on-site due diligence at the offices of the unlisted companies it invested in together with interview of the management. In some instances, external research parties may have been hired to conduct due diligence on the unlisted companies.

As the Company was likely to be a minority shareholder in any unlisted company in which it invested, the Company endeavored in appropriate situations to obtain suitable minority shareholder protection by way of a shareholders' agreement and/or observer rights on boards, where possible. However, the Company may not have succeeded in obtaining such protection and even where the Company obtained such shareholders' agreement or board representation, they may only have offered limited protection.

No more than 25 per cent of outstanding market capitalisation / shares of any issuer may be owned by the Company.

Note 12 details the Company's interests in associated companies. These associated companies are entities over whose financial and operating policies the Company has the ability to exercise significant influence.

3. Other Liabilities

Other liabilities comprise expense accruals, all of which are payable within one month of transaction date. To manage the associated liquidity risk, the Investment Manager regularly monitors the level of these short term liabilities and maintains a cash balance sufficient to meet these liabilities as their settlement dates fall due.

The table below analyses the Company's non-derivative financial liabilities into the relevant maturity grouping based on the remaining period at 31 December 2020 and 31 December 2019 to the contractual maturity date. Accounts payable are detailed in Note 7.

31 December 2020	Within 1 month USD	Between 1 month and 1 year USD	Total USD
Accounts payable	(1,573,526)	-	(1,573,526)
Shareholders' equity	-	(60,527,636)	(60,527,636)
Total			(62,101,162)

31 December 2019	Within 1 month USD	Between 1 month and 1 year USD	Total USD
Accounts payable	(279,516)	-	(279,516)
Deferred Tax	(1,025,631)		(1,025,631)
Shareholders' equity	-	(81,478,358)	(81,478,358)
Total			(82,783,505)

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(d) Operational Risk

‘Operational risk’ is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company’s activities with financial instruments, either internally within the Company or externally at the Company’s service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

The Company’s objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board. This responsibility supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Documentation of controls and procedures;
- Requirements for:
 - the appropriate segregation of duties between various functions, roles and responsibilities;
 - the reconciliation and monitoring of transactions; and
 - the periodic assessment of operational risk
- The adequacy of controls and procedures to address the risk identified;
- Compliance with regulatory and other legal requirements;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance if this is effective.

The Board’s assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular and ad hoc discussions with the service providers and a review of the service providers’ Service Organisation Controls (SOC) reports on internal controls.

Substantially all the assets of the Company are held by the custodian. The bankruptcy or insolvency of the Custodian may cause the Company’s rights with respect to the securities held by the Custodian to be limited. The Investment Manager monitors the credit ratings and capital activity of the Custodian through the review of the SOC report on the internal controls annually.

COVID-19 pandemic

Since the start of January 2020, global financial markets have been monitoring and reacting to the spread of the COVID-19 virus. The weakening of economic activity as a result of this global pandemic and the related market reaction may have an impact on certain assets in the Company. 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 continues to monitor the Company’s operating arrangements.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

13 Financial instruments (cont/d)

General Risk Management Process (cont/d)

Other general risk management procedures

The Company will not:

- (a) Acquire an interest in an investment which exposes the Company to unlimited liability;
- (b) Make any investments on margin unless to meet the requirements of settlement; or
- (c) Undertake any short-selling;

14 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 YEAR ENDED 31 DECEMBER 2020 (CONT/D)

14 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 31 December 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	34,587,275	-	-	34,587,275
Convertible Bonds	-	-	7,798,115	7,798,115
Total	34,587,275	-	7,798,115	42,385,390
Cash and cash equivalents	13,049,971	-	-	13,049,971
Other assets	-	223,577	-	223,577
Net financial assets at fair value through profit or loss	47,637,246	223,577	7,798,115	55,658,938
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	6,442,224	-	-	6,442,224
Other liabilities	-	(1,573,526)	-	(1,573,526)
Net financial assets at amortised cost	6,442,224	(1,573,526)	-	4,868,698
Total net assets	54,079,470	(1,349,949)	7,798,115	60,527,636

As at 31 December 2020, the Company's subsidiary Lionel Hill Limited holds the convertible bond in Anova which is carried in the Company's Statement of Financial Position at USD 7,798,115 and is categorised as Level 3 within the Fair Value hierarchy.

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
Deferred tax	-	(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 YEAR ENDED 31 DECEMBER 2020 (CONT/D)

14 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 years ended 31 December 2020 and 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 year ended 31 December 2020:

	Listed &Unlisted Equities USD	Convertible Bonds USD	Total USD
Opening Fair Value	12,105,099	10,483,162	22,588,261
Realised losses	(5,018,469)	-	(5,018,469)
Unrealised gains/(losses)	7,092,522	(2,685,047)	4,407,475
Purchases	-	-	-
Sales	(14,179,152)	-	(14,179,152)
Transfers out of Level 3	-	-	-
Transfers into Level 3	-	-	-
Closing Fair Value	-	7,798,115	7,798,115

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 Fair Value	63,882,131	14,116,934	22,909,199	100,908,264
Realised gains/(losses)	10,111,651	(87,753)	2,350,000	12,373,898
Unrealised losses	(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 Fair Value	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/(loss) on investments at fair value through profit or loss.

As at 31 December 2020, the Company held an investment in a private company in the form of a convertible bond which is categorized as a Level 3 investment under IFRS 13.

The Company's subsidiary Lionel Hill Limited held the convertible bond in Anova which is carried in the Company's Statement of Financial Position at USD 7,798,115 as at 31 December 2020. The right to redeem this remaining VPF C portfolio investment was exercised on 16 December 2020. As at financial year end 31 December 2020 the Board approved the valuation, based on the final redemption proceeds due and payable on the 15 January 2021.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

14 Fair Value Information and Hierarchy (cont/d)

The VPF C redemption of the Anova convertible bond was completed on 15 January 2021, with the Company receiving the consideration sum of USD 7,809,666, net of capital gains tax and interest receivable.

As the 31 December 2020 valuation of the Level 3 security is based on the expected amount to be realised on the sale of this security, a sensitivity analysis or a valuation range is therefore not applicable to this investment for these financial statements.

Level 3 Security	Fair Value as at 31 December 2020 USD
Anova (convertible bond)	7,798,115

As at 31 December 2019, the Company held investments in three 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. The companies listed hereunder were valued in accordance with the Company's Articles (Article 101(d)(v)) on the basis of 31 December 2019 valuations provided by Grant Thornton Vietnam ("GT"), which are based on information relating to these companies provided by the Investment Manager and approved by the Board.

Based on the information and financial data provided, market information, as well as the analysis, risks and disclaimer provided by GT, the estimated value range of each Level 3 investment as at 31 December 2019 is presented below:

Level 3 Security	Fair Value as at 31 December 2019 USD	Minimum value USD	Average value USD	Maximum value USD
Anova (equity)	9,338,544	8,858,702	9,369,910	9,881,118
Anova (convertible bond)	10,483,162	9,941,600	10,515,299	11,088,997
VTC Online	1,510,411	n/a	n/a	n/a
SSG Group	1,256,144	1,170,266	1,256,122	1,341,979

15 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 delegation. 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.

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.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

15 Segmental Reporting (cont/d)

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 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.

16 Commitments

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

17 Significant events during the year

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 continues to monitor the Company's operating arrangements.

The Company's SPE's, Kallang Limited, Epsom Limited, Siglap Limited and Hephaestus Limited were liquidated in 2020 and a certificate of dissolution was received from the Cayman Islands Registrar of Companies in respect of each of these SPE's.

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 (Euronext Dublin) by the Board. Links to the announcements can also be found on the Company's website www.vietnamphoenixfund.com.

The Company fully exited its VPF C portfolio positions in VTC Online, SSG Group and the Company's equity stake in Anova in 2020.

The address of the registered office and Company Secretary of the Company was changed to Suite 5B201, 2nd Floor, One Nexus Way, Camana Bay, Grand Cayman KY1-1108, Cayman Islands, effective 16 November 2020.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT/D)

18 Significant events after the year end

While COVID-19 has been relatively well managed within Vietnam, there remains a risk of outbreaks of varying degrees within the country. Outbreaks may lead to lockdowns, travel restriction and disruption in business operations, as well as many other negative outcomes. The Investment Manager continues to monitor the COVID-19 situation closely but is positive on Vietnam's successful response and management of the disease.

The VPF C redemption of the Anova convertible bond was completed on 15 January 2021, with the Company receiving the consideration sum of USD 7,809,666, net of capital gains tax and interest receivable.

The Company Secretary changed its name from DMS Corporate Services Ltd. to Waystone Governance Ltd., effective 8 February 2021.

On 25 March 2021, the Company conducted the Class C final redemption exercise to return capital to investors at the price per share of USD 0.2366.

On 25 March 2021, the Company was delisted from Euronext Dublin.

With effect from 31 March 2021, State Street Fund Services (Ireland) Limited ceased to act as Administrator to the Company and was replaced as Administrator by Apex Fund Services Limited, effective 1 April 2021.

The Company's SPE, Prime Limited was liquidated and a certificate of dissolution was received from the Cayman Islands Registrar of Companies, effective 26 April 2021.

The Company has commenced the process of liquidation of the SPE, Lionel Hill Limited and will request a certificate of dissolution from the Cayman Islands Registrar of Companies on completion of the liquidation.

19 Approval of the financial statements

The financial statements were approved by the Board on 12 May 2021.

VIETNAM PHOENIX FUND LIMITED

OTHER INFORMATION (Unaudited)

Registered Office

DMS House, (until 15 November 2020)
20 Genesis Close,
P.O. Box 1344,
Grand Cayman KY1-1108,
Cayman Islands

Suite 5B201, (from 16 November 2020)
2nd Floor, One Nexus Way,
Camana Bay,
Grand Cayman KY1-1108,
Cayman Islands

Directors

Martin M Adams
Judd C Kinne
Kevin A Phillip

All Directors are non-executive and independent

Investment Manager

Duxton Asset Management Pte Ltd. (until 31 March 2020),
8 Cross Street,
#19-106 Manulife Tower
Singapore 048424

Duxton Capital (Australia) Pty Ltd. (from 1 April 2020),
7 Pomona Road,
Stirling SA 5152,
Australia

Custodian

State Street Custodial Services (Ireland) Limited,
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland

Sub-Custodian

HSBC Bank (Vietnam) Limited,
New World Hotel Building,
75 Pham Hong Thai,
District 1,
Ho Chi Minh City,
Vietnam

Auditors

KPMG
P.O. Box 493
SIX Cricket Square
Grand Cayman, KY1 - 1106
Cayman Islands

Administrator, Registrar and Transfer Agent

State Street Fund Services (Ireland) Limited,
(until 31 March 2021)
78 Sir John Rogerson's Quay,
Dublin 2,
Ireland

Apex Fund Services Limited, (from 1 April 2021)
Vallis Building, 4th Floor,
58 Par-La-Ville Road,
Hamilton HM11,
Bermuda

Irish Listing Agent and Irish Paying Agent

Matheson, (until 25 March 2021)
70 Sir John Rogerson's Quay,
Dublin 2,
Ireland

Dealing Enquiries

Duxton Capital (Australia) Pty Ltd.,
7 Pomona Road,
Stirling SA 5152,
Australia

Company Secretary

DMS Corporate Services Ltd., (until 7 February 2021)
DMS House,
20 Genesis Close,
P.O. Box 1344,
Grand Cayman KY1-1108,
Cayman Islands

Waystone Governance Ltd. (from 8 February 2021)
Suite 5B201,
2nd Floor, One Nexus Way,
Camana Bay,
Grand Cayman KY1-1108,
Cayman Islands

Legal Advisor to the Company on Cayman Islands Law

Ogier,
89 Nexus Way,
Camana Bay,
Grand Cayman, KY1-9009
Cayman Islands

Legal Advisor to the Company on Irish Law

Matheson,
70 Sir John Rogerson's Quay,
Dublin 2,
Ireland

VIETNAM PHOENIX FUND LIMITED

SUPPLEMENTAL UNAUDITED INFORMATION TO THE FINANCIAL STATEMENTS

Reconciliation to dealing NAV (unaudited)	31/12/2020	31/12/2019
	USD	USD
NAV per IFRS financial statements	60,527,636	81,478,358
Adjustments:		
Capital redemptions with trade date 31 December 2020, settlement date January 2021 (Class A shares)	675,551	-
Performance fee under-accrued	738,457	-
NAV per dealing NAV	<u>61,941,644</u>	<u>81,478,358</u>

Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

Exchange rates

The year end exchange rates to USD are as follows:

		31/12/2020	31/12/2019
EUR	Euro	0.8173	0.8909
GBP	British Pound	0.7316	0.7549
VND	Vietnamese Dong	23,082.5000	23,172.5000