

Vietnam Phoenix Fund Limited

**Interim Unaudited Report
and Condensed Financial Statements
for the six months ended
30 June 2018**

VIETNAM PHOENIX FUND LIMITED

<u>CONTENTS</u>	Page
General Information	2
Statement of Directors' Responsibilities in respect of the Condensed Financial Statements	4
Investment Manager's Report	5
Condensed Financial Statements:	
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	26
Statement of Cash Flows	27
Notes to the Condensed Financial Statements	28
Other Information	51
Supplemental Information	52

VIETNAM PHOENIX FUND LIMITED

GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Private Offering Memorandum of Vietnam Phoenix Fund Limited (the “POM”), dated March 2017, copies of which are available on request from State Street Fund Services (Ireland) Limited (the “Administrator”) or by contacting Duxton Asset Management Pte Ltd at VPF@duxtanam.com.

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

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

The Directors who held office during the period ended 30 June 2018 were:

Kevin A Phillip (independent)
Judd Kinne (independent)
Martin Adams (independent)

INVESTMENT MANAGER

The Company has appointed Duxton Asset Management Pte Ltd as Investment Manager (“Duxton” or the “Investment Manager”). Duxton is a specialist asset manager licensed by the Monetary Authority of Singapore. Duxton 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 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 by any fund in which the Company is invested.

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

LEGAL ADVISOR

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

VIETNAM PHOENIX FUND LIMITED

GENERAL INFORMATION (CONT/D)

COMPANY SECRETARY

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

REGISTERED OFFICE

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

DIVIDENDS

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

SHARES

The Company has an authorised share capital of US\$10,000,000 consisting of 2,000,000,000 shares of par value of US\$0.005 each as at period end 30 June 2018. 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 30 June 2018, only Class C shares of the Company are listed on the Irish Stock Exchange.

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.

AIFMD

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

VIETNAM PHOENIX FUND LIMITED

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

Each of the Directors, whose names and functions are listed on page 51 in the 'Other Information' section of this report confirm that, to the best of each person's knowledge and belief:

- The condensed financial statements are prepared in accordance with the international accounting standards applicable to the interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (i.e. IAS 34).
- The condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Investment Manager's Report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.
- The related party transactions are as disclosed in Note 12 of these condensed financial statements.

On behalf of the Board of Directors



Director Kevin Phillip

Date: 20 September 2018

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

I. CLASS A – Continuation Shares

NAV Update

The Net Asset Value (“NAV”)¹ for the Lead Series Class A Shares of the Company as of 30 June 2018 was USD 0.6681, down 7.36% from USD 0.7212 as of 31 December 2017.

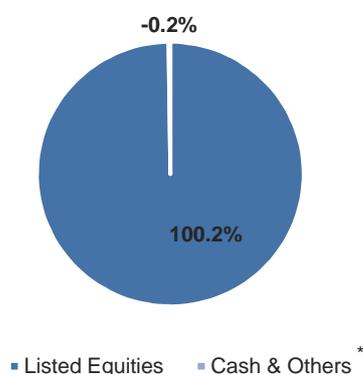
The NAV for the Series 3 Class A Shares of the Company as of 30 June 2018 was USD 0.9649, down 3.51% from USD 1.0000 as of 1 June 2018.

The Series 3 Class A Shares will be consolidated into the Lead Series on 1 January 2019 if there is a payment of performance fees for both series of shares for 2018.

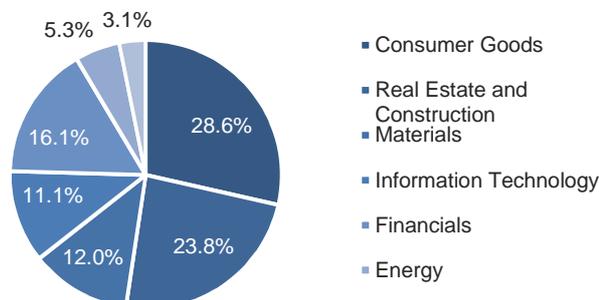
Class A Shares Exposure and Performance

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

Asset Class Breakdown



Sector Exposure



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

¹ NAV figures are based on the dealing net asset value as at 30 June 2018.

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Peer Group Analysis²

At the end of June 2018, in terms of NAV change, the Lead Series Class A Shares returned -7.36% and ranked fifth among the offshore funds peer group. JP Morgan's Vietnam Opportunities Fund was the best performer with -0.2% returns.

Over a 5-year period, the Lead Series Class A Shares' NAV increased 12.61% per annum, slightly above peer average of 12.07% per annum.

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

Fund Name	Fund Manager	Fund Type	AuM (USDmn)	NAV (USD) ³		NAV Change (annualised)			
				Jun 18		6M	1Y	3Y	5Y
Offshore Funds									
Vietnam Phoenix Fund Class A*	Duxton Asset Management	Open End	48	0.6681		-7.4%	2.8%	13.7%	12.6%
Vietnam Emerging Equity Fund	PXP Vietnam Asset Management	Open End	109	10.23		-7.5%	10.9%	17.3%	16.3%
Vietnam Equity UCITS Fund	Dragon Capital Asset Management	Open End	90	22.31		-3.3%	14.7%	21.7%	N.A
Forum One - VCG Partners Vietnam Fund	VinaWealth Fund Management JSC	Open End	66	14.36		-10.9%	5.0%	N.A	N.A
Vietnam Opportunities Fund	JP Morgan AM	Open End	314	17.89		-0.2%	24.2%	16.6%	14.9%
PYN Elite Fund	PYN Fund Management Ltd	Open End	489	347.03		-8.8%	-1.7%	8.9%	8.8%
Lumen Vietnam Fund	IFM AG	Open End	61	189.42		-7.5%	-1.2%	11.6%	11.8%
Vietnam Alpha Fund	APS AM	Open End	38	242.93		-9.7%	1.1%	12.4%	12.3%
Vietnam Equity Holdings	Saigon Asset Management	Open End	48	5.14		-10.2%	5.9%	8.3%	10.2%
Vietnam Enterprise Inv Ltd	Dragon Capital Asset Management	Closed End	1,494	6.81		-3.6%	21.7%	23.8%	19.2%
Vietnam Holding Ltd	Vietnam Holding Asset Management	Closed End	205	3.07		-1.7%	6.9%	13.6%	13.2%
Onshore Funds									
VCBF Blue Chip Fund	Vietcombank Fund Management	Open End	28	0.7860		-6.5%	1.5%	18.5%	N.A
VFM Blue Chip Investment Fund	VietFund Management	Open End	52	0.7647		-5.2%	17.5%	18.6%	15.6%
VFM Securities Investment Fund	VietFund Management	Open End	56	1.74		-2.2%	21.1%	19.2%	15.4%
Exchange Traded Funds									
VanEck Vectors Vietnam	VanEck	Offshore ETF	354	15.97		-10.7%	8.1%	-2.7%	-0.4%
DB x-trackers Vietnam	Deutsche Asset Management	Offshore ETF	317	31.71		-3.7%	32.2%	6.7%	7.0%
VFM VN30 ETF	VietFund Management	Onshore ETF	170	0.6922		-2.8%	25.2%	15.7%	N.A
Peer Funds Average						-6.0%	11.5%	14.0%	12.1%
VN-Index (USD)				0.04185		-3.4%	22.4%	15.3%	12.9%
VN30 Index (USD)				0.04128		-3.9%	22.5%	12.9%	10.1%
VN100 Index (USD)				0.03905		-4.5%	16.7%	14.2%	11.5%
VH-Index (USD)				0.00462		-10.3%	6.0%	5.7%	9.2%

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

² 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.

³ Source: Bloomberg 30/06/2018.

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Performance Analysis

The 10 largest holdings of the Class A Shares portfolio as of 30 June 2018 are listed below:

Class A Shares – Top 10 Holdings			
Rank	Security Name	Market Value (USD)	% of NAV
1	Vinamilk	8,448,056	17.4%
2	Hoa Phat Group	5,298,680	10.9%
3	FPT Corp	4,912,144	10.1%
4	Khang Dien House	3,318,108	6.8%
5	Mobile World Group	2,944,928	6.1%
6	Vinhomes	2,937,474	6.0%
7	Vietnam Enterprise Inv Ltd	2,763,798	5.7%
8	HD Bank	2,544,678	5.1%
9	Kinh Bac City Development	1,975,309	4.1%
10	PetroVietnam Power	1,597,665	3.3%
	Total	36,740,840	75.5%

* Numbers may not add up due to rounding

The Lead Series Class A Shares portfolio declined by 7.36% in the first half of 2018. The VNIndex of Ho Chi Minh Stock Exchange (“HOSE”) declined 3.44%⁴ in USD terms during the same period. The index’s outperformance could be mainly attributed to the performance of Vingroup (VIC, up 68.1%)⁴, which the Class A Shares portfolio does not hold.

Top 3 Gainers	Price Change	Contribution to NAV Return
Hoa Phat Group (HPG)	+14.7%	+ 1.5%
HD Bank (HDB)	+9.5%	+ 0.9%
Khang Dien House (KDH)	+13.1%	+ 0.9%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinamilk (VNM)	-17.8%	- 2.9%
FPT Corp (FPT)	-14.3%	- 0.8%
Cotecons (CTD)	-32.7%	- 0.8%

During the first half of the year, the Vietnamese stock market experienced high volatility, affected by global geopolitical developments and uncertainties. As the portfolio’s largest holding, Vinamilk’s 17.8%⁴ decline in share price over the first six months of 2018 had the most significant impact on the portfolio. VNM stock corrected and reversed gains made during the hype between November 2017 and January 2018 following Jardine’s 10% stake acquisition. FPT also lost 14.3%⁴ during the same period, despite strong business performance. The third laggard was Cotecons, the largest listed construction company in Vietnam, which

⁴ Source: Bloomberg 30/06/2018

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

lost 32.7%⁵ on the back of low liquidity and due to uncertainties over the company's corporate governance arrangements.

Meanwhile, Hoa Phat Group performed strongly in terms of both share price (+14.7%⁵) and fundamental business during the first half of the year, and was the largest contributor to the portfolio's return. HPG also benefitted as the best alternative in the steel sector as investor sentiment on its competitor Hoa Sen Group (HSG) turned sour. Our participation in HD Bank (HDB)'s IPO in late 2017 also contributed to the portfolio's return despite its share price correcting in recent months.

During the first half of the year, the portfolio participated in a number of IPOs including Vinhomes (VHM), Yeah1 (YEG), PV Power (POW) and Techcombank (TCB). The IPO stocks' recent performance has not been as expected, as their listing took place during the general market correction. However, we remain confident regarding the long-term prospect of these companies, which we researched extensively during the IPO due diligence process.

The portfolio exited its positions in a number of stocks with limited fundamental upside (Nhon Trach 2 and GTN Foods) and corporate governance issues (Hoa Sen Group, Novaland and Vinh Hoan Corp).

The key philosophy of the Class A Shares portfolio is to seek long-term capital appreciation for investors. Therefore, the Class A Shares portfolio is well-diversified across the key driving industries of the Vietnamese economy. The section below provides an overview of the portfolio's top holding companies.

1. Vietnam Dairy Products JSC (VNM, -17.8%⁵)

Vietnam Dairy Products (Vinamilk) is Vietnam's leading dairy producer. The company has a very wide product portfolio, mainly in dairy products, milk formula and baby food. It is also the consumer products company with the largest distribution network 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 selling Vinamilk products. Its liquid milk business is the biggest segment in terms of both revenue and profit, followed by yoghurt, powdered milk and condensed milk. At the end of 2017, according to Euromonitor, Vinamilk retained its leading position in each segment with a 58% market share in drinking milk, 84% in yoghurt and 82% in condensed milk.

Vinamilk possesses a modern production line with 13 factories and 10 dairy farms around the country, containing nearly 24,000 cows. The cow herd however supplies only a small proportion of the input required (10%), with the remainder sourced from milk contracts with local dairy farmers and milk powder imports from Australia and New Zealand. In 2017, the company opened its first EU-certified organic dairy farm in Da Lat, Lam Dong province and continues to expand its local milk production capacity with plans to build three new dairy farms in Ha Noi's Ba Vi district with 8,000 cows.⁶ The company's vision is to increase its herd to 50-60,000 cows within the next four years in both Vietnam and Laos, gradually reducing the company's input supply dependence on imported sources.

At the time of writing this report, VNM's H1 2018 results have not been yet made available. For Q1 2018, VNM achieved VND 12.1tn in revenue (+0.6% YoY) and VND 2.7tn in net profit (-8.0% YoY).⁶

⁵ Source: Bloomberg 30/06/2018

⁶ Source: VNM announcements

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

VNM's domestic dairy revenue grew 3%⁷ YoY in Q1 2018, slower than during the same period last year due the long cold season in the North which dampened dairy consumption. However, as per management, Vinamilk's market share gained 0.5 percentage points⁷ during Q1 2018. Exports declined 12.4%⁷ YoY in Q1 2018 as the unstable political issues in the Middle East continued to affect Iraq, Vinamilk's largest export market, while other markets grew more than 15%⁷. Overall gross margins declined due to the consolidation of the sugar business, while dairy gross margins remained stable.⁷

During the AGM held in Q1 2018, two new board members were elected including a Jardine representative, Alain Xavier Cany, Chief Representative, Group Country Chairman of Jardine Matheson Limited (Vietnam). Meanwhile, both Fraser & Neave (F&N) and Jardine continued to increase their stake in VNM via open market purchases. Jardine increased their stake by 0.6% (8.5m shares) while F&N added 0.8% (11.8m) as of Jul 2018.⁸ We view this as continued confidence in VNM from their major shareholders.

We remain optimistic on the outlook of the company for 2018 as we view the underperformance for Q1 numbers as temporary and due mostly to weather factors. While the political situation in Iraq continued to weigh on exports, the company is in the process of expanding to new markets in Africa and Central America. The dairy industry in Vietnam is expected to grow as demographics; urbanisation and rising incomes continue to support dairy consumption. Jardine's entry as a significant shareholder is also expected to have positive effect for VNM as they could add value in various ways, given their retail experience in the region. Vinamilk's management has guided net sales to grow 8.5%⁷ YoY, in line with their five-year strategic business plan.

At the time of writing this report, Vinamilk traded at a 2018/19F P/E of 25.1/22.7x⁸.

2. Hoa Phat Group (HPG, +14.7%⁹)

Hoa Phat Group is Vietnam's largest steel producer with a 24% market share in construction steel and 26% in steel pipe industry in 2017¹⁰. The company sells its products nationwide, with steel production accounting for 86.1% of total revenue and 90.8% of its total net profit in 2017¹⁰. HPG's competitive advantage lies in its vertically integrated business model which allows the company increased control over production costs. HPG uses Blast Furnace technology, which requires significant investment, where the main input material is iron ore. This technology usually provides a cost advantage of around 5% over competitors, but could expand to 10-15% when iron ore price increases at a slower rate to steel scrap and billet prices.

In Q1 2018, HPG reported robust earnings with revenue and net profit after tax coming in at VND 13.0tn¹⁰ (+26.7% YoY) and VND 2.2tn¹⁰ (+14.3% YoY), respectively. HPG sold 542,000 tonnes (+10%) of construction steel and 148,200 tonnes (+17%) of steel pipes compared to Q1 2017.¹⁰ Average selling price for construction steel increased by 7%¹⁰ YTD in conjunction with elevated iron ore prices going into 2018.

HPG's Dung Quat steel complex began construction in June 2017 and is expected to be completed in two years. This project consists of two phases and costs more than VND 40trn. The first phase of the project will double HPG's current long steel capacity to 4mn tonnes and is expected to commence production between late 2018 to early 2019¹⁰. A new galvanised steel sheet line with capacity of 400,000 tonnes per year also came online at the end of 2017. This capacity is equivalent to nearly 20% of that of rival HSG, the largest

⁷ Source: VNM announcements

⁸ Source: Bloomberg 20/07/2018

⁹ Source: Bloomberg 30/06/2018

¹⁰ Source: HPG announcements

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

domestic galvanised steel sheet manufacturer and is expected to contribute positively to HPG's top line. HPG remains in a good position to reap the benefits of Vietnam's booming real estate market and the Vietnamese government's slate of infrastructure projects.

At the time of writing this report, HPG traded at a 2018/19F P/E of 8.5/6.5x¹¹.

3. FPT Corporation (FPT, -14.3%¹²)

FPT is Vietnam's leading Information and Communication Technology company with market-leading positions in its three main business segments: (1) Technology segment (25.3% of FY2017 revenue) with Software production, system integration and IT services; (2) Telecommunication segment (17.4% of FY2017 revenue) with broadband internet and digital content; (3) Retail and Distribution (54.9% of FY2017 revenue). FPT also offers educational services (2.4% of FY2017 revenue) through its subsidiary FPT University, providing vocational training and undergraduate programs specialising in information technology.

FPT's software development business has exposure to 21 countries with 25 service delivery centres, providing software solutions in domains such as government, public finance, banking, education, healthcare and transportation.

2017 witnessed FPT's transformation to depart from their legacy Retail & Distribution business. After expanding the number of retail outlets to 480, the company announced the divestment of its retail business (FPT Retail or FRT) from 85% to 47% ownership, in which a 35% stake was sold to funds managed by Dragon Capital, VinaCapital and Singapore's Temasek Holdings.¹³ A 52% stake in FPT's distribution business (FPT Trading) was also sold to Synnex Corp, the world's third largest distributor of IT and electronics products, reducing FPT's ownership to 48%.¹³ These divestments will allow FPT to focus on its core businesses and better allocate resources to the Technology and Telecoms segments.

Q1 2018 results came in strong as FPT recorded VND 4,751bn¹³ in sales grew (+21.7% pro forma) YoY and profit before tax (PBT) of VND 781bn¹³ (+34.2% pro forma) YoY. Software outsourcing sub-segment performed well with strong growth in revenue and PBT (+27.9%¹³ and +24.0%¹³ YoY, respectively). FPT's management has guided the company to focus on digital transformation targeting selected sectors such as banking and insurance to further expand. System Integration, Software Solutions and IT Services sub-segment also posted strong growth of 25.5%¹³ in revenue. The segment turned around in Q1 2018 to register VND 14bn¹³ PBT against VND -7bn¹³ in Q1 2017. Telecoms segment continued to grow, registering 14.9%¹³ and 15.0%¹³ growth in revenue and PBT respectively. Education and Investments segment saw the biggest increase in terms of percentage, turning in 28.4%¹³ growth in revenue and 125%¹³ growth in PBT. FPT has guided a 30%¹³ enrolment growth in the next few years. Retail and Distribution segment's PBT also grew by 53%¹³ in Q1 2018.

At the time of writing this report, FPT traded at a 2018/19F P/E of 11.5/9.9x¹¹.

4. Khang Dien House (KDH, +13.1%¹²)

KDH is one of the most proven landed property developer in Ho Chi Minh City (HCMC) with 15 years of experience. It is one of the earliest developers in District 9 in HCMC, an area with rapid infrastructure

¹¹ Source: Bloomberg 20/07/2018

¹² Source: Bloomberg 30/06/2018

¹³ Source: FPT announcements

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

developments. In 2015, KDH acquired a 57% stake in BCI to expand its land bank from nearly 90 hectares to 500 hectares, the additional land bank being in Binh Chanh District in the southwest part of HCMC. In 2018, KDH completed a share swap to purchase the rest of 43% stake in BCI.

KDH has been in the Class A Shares portfolio's top ten holdings since May 2017, and has been one of the top five holdings since January 2018 after we exercised our options to finance KDH's second acquisition of BCI by share swaps.

At the time of writing this report, KDH's H1 2018 earnings results have not been made available. In Q1 2018, total revenue declined 36%¹⁴ mainly due to timing delays related to revenue recognition. However, higher gross margin due to higher selling prices, lower spending on marketing activities given good progress with projects launched in 2017 as well as a lower financial expenses helped to mitigate the impact on net profit, which declined just 4%¹⁴.

For 2018 as a whole, we expect KDH's revenue to be driven by land bank transfers, Jamila project deliveries and some of Rosita project deliveries. We also expect gross margin to improve, as land bank transfers carry higher margins, and financial expenses to lower due to lower debt balance and reimbursements of early payments. Net profit is expected to see an increase of 50-60% YoY.

Post 2018, KDH's land bank is more than sufficient for developments between 2019 to 2021, with projects such as Nha Pho Phu Tho, Binh Trung, Sapphire and BCI's projects Hermosa, Phong Phu 2, Corona City and Tan Tao. The clearing of the BCI land bank, where compensations have been scattered so far, BCI will take some time but once done, BCI will be KDH's main source of growth. We are confident in KDH management's approach and execution track record to deliver this expected earnings growth.

At the end of June 2018, KDH's traded at 2018/19F P/E of 15.7/14.3x¹⁵.

5. Mobile World Investment Corp (MWG, -11.7%¹⁶)

MWG owns the leading mobile phone and consumer electronics chain in Vietnam with market shares of 45% and 35%, respectively. The mobile phone business, which sells mobile phones, tablets, laptops, accessories and value-added services with more than 1,000 stores nationwide, has been a great success story since 2004. In 2010, the company launched Dien May Xanh for its consumer electronics business, which acquired its competitor Tran Anh in 2017 and currently has more than 700 stores nationwide. Mobile World also has the strongest online sales platform in Vietnam, vuvui.com.

In 2018, in a move to expand its retail business, MWG started piloting Bach Hoa Xanh, a minimart/food-store chain specialising in fresh foods and daily basic needs. After having set a target for 1,000 store openings for the year, management monitored new store operational progress and decided to shift priority to store quality and selective location instead of simply expanding footprint, reducing store opening targets to 500. Since the review, Mobile World reached a milestone in June when its green grocery's average revenue per store recorded VND 870m¹⁷, more than the breakeven point of VND 800m.

In 5M 2018, Mobile World's revenue grew 43%¹⁷ YoY thanks to the considerable strength of the consumer electronics segment. Net profit grew 43.9%, making net profit margin 3.5%. Total store count increased by

¹⁴ Source: KDH announcements

¹⁵ Source: Bloomberg 20/07/2018

¹⁶ Source: Bloomberg 30/06/2018

¹⁷ Source: MWG announcements

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

46.4% YoY to reach 2,163 stores.¹⁸ A number of mobile phone stores were converted into consumer electronics stores, as the mobile phone segment comes towards a maturity stage.

At the end of June 2018, MWG was trading at 2018F P/E of 13x¹⁹, which is quite attractive for a retailer. MWG stock's foreign ownership has been at the 49% limit for several years. The stock typically trades among foreigners with a premium of 7-15%.

II. CLASS C – Private Equity Shares

NAV Update

The NAV for the Class C Shares of the Company as of 30 June 2018 was USD 0.3222, down 1.74% from USD 0.3279 as of 31 December 2017.

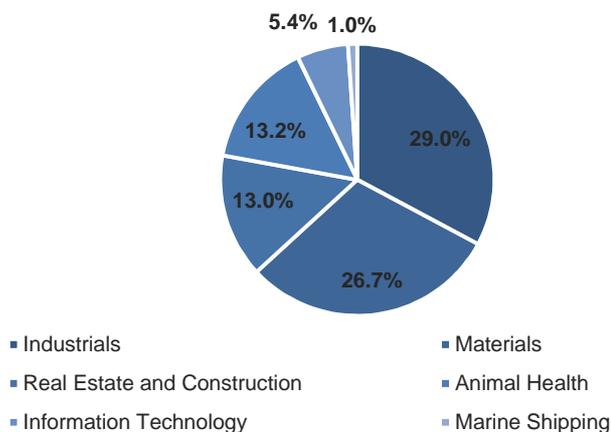
Class C Shares Exposure and Performance

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

Asset Class Breakdown



Sector Exposure



¹⁸ Source: MWG announcements

¹⁹ Source: Bloomberg 30/06/2018

²⁰ Includes accruals and liabilities

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Performance Analysis

The objective of the Class C shares is to realise the assets in the portfolio, to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to Class C Shareholders promptly by means of pro rata redemptions of the Class C Shares. As such, no new private equity investments will be made except for follow-on investments.

The 5 largest holdings of the Class C Shares portfolio as of 30 June 2018 are listed below:

Top 5 Holdings			
Rank	Security Name	Market Value (USD)	% of NAV
1	GreenFeed	39,552,908	29.0%
2	Corbyns International	22,445,919	16.4%
3	Anova Corp	18,034,812	13.2%
4	NBB Investment Corp	13,499,409	9.9%
5	AnPhat Plastic and Green Env	10,535,729	7.7%
	Total	104,068,777	75.8%

The Class C Shares portfolio returned -1.74% during the first six months of 2018.

The decrease was predominantly due to a general downtrend in the Vietnam stock markets in the month of June which impacted the market values of listed investments in the portfolio such as An Phat Plastic, NBB, Thien Phong Plastic (NTP), Dinh Vu Port (DVP), Ha Do Group (HDG) and Khang Dien House (KDH). In particular, the share prices of An Phat, NBB and NTP fell 22.5%²¹, 5.5%²¹ and 32.5%²¹ respectively in H1 2018. However, this decrease was offset by the sale of a significant amount of HDG and KDH shares during the March to May period, which coincided with the peak of the Vietnam stock market in H1 2018. During the March to May period, shares of HDG were sold at a volume-weighted average price (VWAP) price of VND 46,200, which was 33.9%²¹ higher than the price as at end-June, while shares of KDH were sold at a VWAP price of VND 38,700, which was 24.5%²¹ higher than the price as at end June.

The Company's Private Equity ("PE") investments are re-valued on a semi-annual basis based on valuations provided by Grant Thornton Vietnam ("GT"). Notable movements were observed in the valuations of Anova and VTC Online in June 2018 compared to the valuations in December 2017. The valuation of the Company's position in Anova increased by 18% as the Company invested USD 3.4mn to subscribe to Anova's rights issue for the expansion of its position in the farm-feed-food value chain. Meanwhile, the valuation of the Company's position in VTC Online decreased by 18% due to a decrease in the recoverable amount from the put option. Apart from Anova and VTC Online, there were minimal movements in the valuations of the other PE investments.

²¹ Source: Bloomberg 30/06/2018

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GreenFeed Vietnam Corporation

In May 2010, the Company made a USD 9.5mn investment in GreenFeed Vietnam Corporation (GFVN), a leading producer of animal feed. The investment was made via USD 4.0mn in secondary shares and USD 5.5mn in a convertible instrument, for a fully diluted 17.2% stake in the company. In June 2014, the Company invested USD 0.7mn to purchase additional secondary shares and converted the existing convertible instrument into shares. This increased the Company's fully diluted stake in GFVN to 17.9%. To date, the Company has received approximately USD 15.0mn in dividends from Greenfeed.

GFVN is the fourth largest animal feed player in Vietnam²², competing against large foreign companies including Charoen Pokphand of Thailand and Cargill of US. GFVN is among the top five animal feed players who collectively account for approximately 60% of total market share. Given the highly fragmented nature of the market, GFVN is gearing up to capture a larger share in the next few years. As of end-December 2017, GFVN has reached an annual capacity of 1.8mn tonnes of feed.

For 4M 2018, net sales decreased 15.4% YoY as Vietnam's pig industry was still in a downturn and pork prices were still low. However, the situation in Vietnam has improved significantly from April 18 onwards as pork prices have increased from VND 30,000/kg – VND 35,000/kg in Q1 2018 to more than VND40,000/kg in Q2 2018. If pig prices can be sustained at these levels throughout the remaining months of the year, the Investment Manager expects the performance of Greenfeed to improve.

There is currently no trading market for shares in GFVN. As of 30 June 2018, the valuation of the Company's position in GFVN was valued at USD 39.6mn.

2. Corbyns International Limited

In February 2013, the Company invested USD 12.2mn via a convertible loan in Corbyns International Limited ("Corbyns"), which owns Vietnam Industrial Investments ("VII"). Listed on the ASX, VII is a leading steel manufacturer, primarily manufacturing wire rods and rebars used in construction and infrastructure projects. In September 2017, the Company committed an additional USD 2.5mn for the restructuring of VII that is expected to be completed in the next 12-18 months. The Company indirectly owns up to 33.2% of Corbyns. To date, Corbyns has paid USD 5.4mn of interest to the Company.

This investment is a special situation opportunity which resulted in favourable terms for the Company. Corbyns is amongst the top five steel manufacturers in Vietnam which together control more than 50% of the market. VII's key brands are well recognized in the marketplace and they remain the leading brand in their own product segments. VII maintains a robust distribution platform that includes 30 tier 1 distributors and 100 tier 2 distributors across all regions of Vietnam; they are however, particularly strong in Northern Vietnam.

There is currently no trading market for the convertible loan. As of 30 June 2018, the Company's position in Corbyns was valued at USD 22.5mn.

3. Anova Corporation

In May 2011, the Company made a USD 8.7mn investment in Anova Corporation ("Anova") via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Company invested

²² Source: <https://enterpriseasia.org/area/projects/greenfeed-vietnam-corporation/>

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

USD 1.7mn, exercising 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 USD 2.2mn via a second rights issue for Anova to expand the animal feed business. The synergies available between feed, feed additives and animal health products will create opportunities over the next few years for Anova to gain market share and penetrate new markets. In June 2018, the Company invested USD 3.4mn via a third rights issue for Anova to expand its position in the farm-feed-food value chain. The Company's total fully diluted stake in Anova is 16.3%. To date, the Company has received approximately USD 3.6mn of dividends and interest from Anova.

Anova is 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 market²³.

For 4M 2018, net sales were up 2.1% YoY but net income decreased 15.9% YoY as feed prices were still weak amidst rising raw material prices. Anova plans to further diversify its business and improve its profits by expanding downstream in the food value chain. Similar to Greenfeed, Anova expects a better performance for the remaining months of the year as the Vietnam pig industry continues its recovery.

There is currently no trading market for the convertible bonds or ordinary shares. As of 30 June 2018, the Company's position in Anova was valued at USD 18.0mn.

4. NBB Investment Corporation JSC

In December 2010, the Company invested USD 10.7mn in redeemable convertible preference shares ("RCPS") issued in a private placement by NBB Investment Corporation JSC (NBB). In August 2013, the Company invested USD 1.2mn in NBB's rights issue to subscribe to additional ordinary listed shares. In October and November 2013, the Company received the first instalment of USD 1.48mn from NBB as compensation for financial underperformance. In December 2013, the Company's RCPS were converted into ordinary listed shares. In July 2014, the Company invested USD 1.2mn in NBB via a rights issue. In December 2014, the Company received USD 0.5mn from NBB for financial underperformance. In September 2015, the Company invested USD 2.4mn in convertible bonds. In May 2016, the Company received USD 0.5mn from NBB for financial underperformance. In August 2017, the Company invested USD 1.7mn in NBB via a rights issue. The Company's fully diluted stake in NBB is 14.7% and is currently held in listed shares and convertible bonds. To date, the Company has received approximately USD 4.1mn of dividends and interest from NBB.

Listed on the HOSE, NBB is an investment holding company focused on developing Grade C residential property that is typically priced at USD 700-1,000/sqm. NBB is a play on fundamental trends such as rising urbanization and a growing middle class that are stimulating demand for affordable housing in Vietnam, particularly in Ho Chi Minh City. The company's large, low-cost land bank and a pipeline of projects, leave it well-positioned to become a direct beneficiary of these trends. In 2017, CII, a major shareholder in NBB, had increased its stake to over 30%.

For 3M 2018, net sales increased by 40.75% YoY as the company recognised further revenues from its City Gate Towers project as more units were delivered to customers. However, during the period, the share price of NBB fell by approximately 32% after a fire incident occurred in a building managed by a subsidiary,

²³ Anova management

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Hung Thanh, but the share price has since bottomed out and is slowly recovering. As of H1 2018, NBB's share price had fallen by 5.5% as compared to the end of 2017.

As of 30 June 2018, the Company's position in NBB was valued at USD 13.9mn.

5. An Phat Plastics and Green Environment JSC

At the end of 2007, the Company made a USD 2.0mn equity investment in An Phat Plastics and Green Environment JSC ("An Phat"). In April 2009, the Company made a follow-on investment of USD 2.8mn via a convertible bond to fund An Phat's expansion plans.

An Phat is the largest plastic recycler in North Vietnam. The recycled plastic is manufactured into biodegradable plastic bags and re-usable plastic bags for both the domestic and international markets.

An Phat was listed on the Hanoi stock exchange in 2010, the Company exited its equity portion by selling the shares in the open market. In December 2012, the convertible bond of An Phat was partially redeemed and the balance was favourably restructured into ordinary listed shares of An Phat. In September 2014, the Company invested USD 1.4mn in An Phat via a rights issue. In November 2016, An Phat was delisted from Hanoi stock exchange and listed on the HOSE. In May 2018, the Company invested a further USD 4.0mn in An Phat via a rights issue. The Company currently owns 7.65% of An Phat. To date, the Company has invested USD 10.2mn in An Phat and realised USD 6.2mn. The Company's current position was valued at USD 10.5mn based on stock price as of 30 June 2018.

For 3M 2018, net sales increased by 78.1% YoY as Factory 6 & 7 ran at full capacity. However, net income decreased by 26.4% YoY as gross margins fell from 14% to 11.4%. As of H1 2018, An Phat's share price had fallen by 22.5% as compared to the end of 2017.

As of 30 June 2018, the Company's position in An Phat was valued at USD 10.5mn.

6. 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 owns 19.5% of VTC Online.

For 3M 2018, net sales decreased 92.3% YoY due to loss of social games and closure of ineffective services such as the education business, which faced difficulties under new government directions. The company is currently focused on the launch of a new gaming franchise, Lineage 2, which is expected to launch by end July 2018.

There is currently no trading market for the ordinary shares. As of 30 June 2018, the Company's position in VTC Online was valued at USD 7.3mn.

III. Market Overview

GDP growth remained stable despite global turbulence – Vietnam's GDP registered the highest growth over six months since 2011 at 7.08%²⁴, surpassing 5.73% growth in the same period for 2017. All three main sectors of the economy²⁵ expanded with Industry & Construction sector growing 9.1%²⁵, contributing

²⁴ Source: General Statistics Office of Vietnam

²⁵ Agriculture, Industry & Construction and Services sectors

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

the largest proportion to the overall increase. Within the Industry & Construction sector, manufacturing subsector registered strongest growth in 7 years at 13.0%²⁶. In contrast, the mining sub-sector continued to witness decline registering growth of -1.3%²⁶ against -8.2%²⁶ in H1 2017. The Service sector grew 6.9%²⁶, the most since 2011 thanks to an increased in Wholesale and Retail trade.

The Agriculture, Forestry and Fishery sector rose 3.9%²⁶ against 2.7%²⁶ in H1 2017 as the sector continue to display a clear recovery trend since 2016.

Inflation eased due to Medicine & healthcare and Education sectors – The country's CPI grew 3.3% YoY during H1 2018 against 4.2% YoY in H1 2017²⁷. Medicine and healthcare prices (+19.5% in H1 2018 YoY against +47.9% in H1 2017 YoY), and Education prices (+6.3% in H1 2018 YoY against +10.0% in H1 2017 YoY) were the main factors for the deceleration in inflation. Meanwhile, Food and foodstuff prices increased 1.5% YoY against -0.5% in H1 2017 YoY due to the recovery in pork prices. Total estimated retail sales of consumer goods and services in H1 2018 rose 10.7% over the previous year (10.1% in H1 2017); if excluding the price factor, the growth rate was 8.3%, higher than H1 2017's growth rate of 7.9%.²⁸ Such growth in a low inflationary environment is reflective of high consumer confidence and strong purchasing power in the economy.

Stable credit growth on targeted sectors – In the first half of 2018, credit growth reached 6.35%²⁸ against 7.54%²⁸ registered in H1 2017. In spite of pressure on increasing interest rates, interest rates for most of terms declined by 0.66% - 1.52%²⁸ p.a as compared to end 2017 due to abundant liquidity.

Credit growth target for 2018 remained at 17%²⁹. The State Bank of Vietnam ("SBV") has directed credit institutions to develop and implement their credit plans to focus on priority sectors such as agriculture, exports, supporting industries and hi-tech businesses with stricter controls in potentially risky sectors such as real estate. The SBV has also reaffirmed their commitment to manage monetary policy in a consistent and flexible manner to ensure liquidity of the banking industry and to control inflation within the set target.

Trade performance remains strong – Vietnam recorded a trade surplus of USD 2.7bn²⁸ in H1 2018, compared to a deficit of USD 2.7bn²⁸ in H1 2017. Export of goods in the first six months of 2018 increased 16.0%²⁸ from the same period in 2017. The export hiked was mainly attributed to increase in export of Machinery (30.6%²⁸) and Transport and equipment (20.5%²⁸). At the same time, labour-intensive manufacturing exports such as garments and textiles continued to post 13.8%²⁸ growth. Import of goods in the first half of 2018 increased by 10.0%²⁸ from the same period last year, driven by an increased in import of petrol (38.8%²⁸), likely due to the increased in oil price. Despite US trade restriction policies, Vietnam continued to move towards globalization as trade numbers strengthen. On March 8, Vietnam was among the 11 countries totalling 13.4% of global GDP to sign the CPTPP free-trade agreement.²⁹ We expect imports and exports to maintain stable growth for H2 2018, driven by FTAs, FDI inflows and strong domestic demand.

Foreign investment inflows remained robust - For the first six months of 2018, total FDI via newly registered projects, capital adjustments, capital contributions and share purchases in Vietnam was USD 20.3bn²⁹, an increase of 5.7% as compared to the same period in 2017. Total disbursed capital as of 20 June 2018 was USD 8.4bn²⁹, an increase of 8.4% as compared to the same period in 2017. The processing and manufacturing sector accounts for the highest proportion making up 57.1%²⁹ of the total investment capital

²⁶ Agriculture, Industry & Construction and Services sectors

²⁷ Source: General Statistics Office of Vietnam

²⁸ Source: State Bank of Vietnam

²⁹ Source: WorldBank

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

(SBV). The Republic of Korea (ROK) ranks first, accounting for 18.6%³⁰ of the total investment capital. Some of the largest FDI projects in the first six months of 2018 includes the smart city project located in Hai Boi and Vinh Ngoc communes, Dong Anh district, Hanoi, with the total investment capital of USD 4.1bn and a polypropylene (PP) factory and a liquefied petroleum gas (LPG) underground storage facility in Ba Ria-Vung Tau totalling USD 1.2bn. Vietnam's competitive fundamentals, improvements in regulations and business environment and deep trade integration continues to make it a good destination for a long-term FDI. Going forward, there are expectations that the Government will encourage FDI into more environmentally friendly and high-tech projects to facilitate sustainable growth.

US Dollar inflows continue to remain stable, supported by strong foreign inflows from FDI disbursements. The move to accumulate reserves in 2017 has allowed the SBV the means to defend the currency when required.

Vietnam Economic Indicators

		2015	2016	2017	2018F*
Real GDP Growth	%	6.7	6.2	6.7	6.5
CPI	%	0.9	4.7	2.6	4.0
Export Growth	%	8.1	9.0	20.6	15.0
Import Growth	%	12.0	5.2	21.3	13.5
Trade Balance	\$bn	-3.5	2.7	2.3	2.0
Registered FDI	\$bn	15.6	21.0	35.9	-
FX Reserve	\$bn	31.0	41.0	52.0	62.0
USDVND		22,540	22,761	22,968	22,700

*Source: Duxton estimates

Still the best stock market performance among Emerging Market and ASEAN peers, even during the downturn – The Vietnamese stock markets recorded losses of 3.4% (VNIndex) and 10.3% (VHIndex) in USD terms during the first six months of 2018.³¹ This is a dominant outperformance compared to emerging market peers including Thailand, Philippines, Indonesia and China.³¹ High volatility was observed, with the VNIndex reaching an all time high on April 9 before correcting to end the half year period with a loss. The correction came after December-February, where we observed strong foreign retail investor inflows into the country's stock markets similar to 2007. The correction was kicked off by global developments and uncertainties, especially regarding the US-China trade tensions, the US Fed rate hike, and the USD strengthening. Meanwhile, on the fundamental side, the Vietnamese economy and Vietnamese company earnings continued to show robust performance during the first half of the year.

Despite the correction, average daily traded value over the six-month period of this year continued to grow with USD 222mn trading, up 54.3% YoY and 40.1% from H2 2017. We note the decline of liquidity in Q2 2018 compared to Q1 2018 during the correction. Foreign inflows into the stock markets continued to outperform its peers, with USD 1.5bn coming in in H1-2018, mainly driven by the IPOs of Vinhomes (VHM), Yeah1! (YEG) and a private placement by Novaland (NVL). This is excluding foreign inflows from the pre-IPO of Techcombank (TCB), PVOil (OIL) and PV Power (POW). Meanwhile, Thailand, Indonesia and the Philippines registered a net foreign outflows, according to Bloomberg.

³⁰ Source: WorldBank

³¹ Source: Bloomberg 30/06/2018

VIETNAM PHOENIX FUND LIMITED

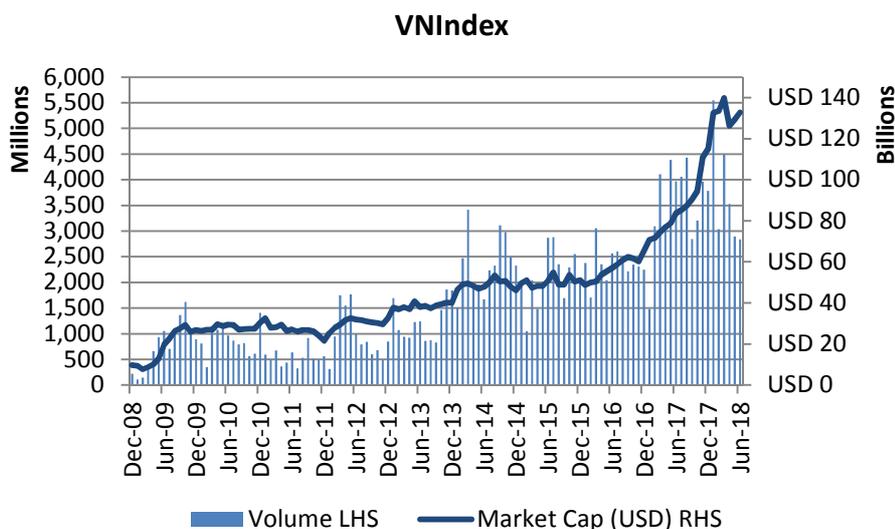
INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

In terms of sectors, Banks & Financials contributed the most during the upturn in Q1 this year. Vingroup (VIC) and PetroVietnam Gas (GAS) also contributed positively during Q1, as the former was fuelled by the IPOs of its strongest business Vinhomes, and the latter rallied with the global oil price and the strong demand for electricity from gas-thermal plants due to manufacturing growth. However, when things start to go south, these same stocks were also the most vulnerable, together with Faros Construction (ROS) and Masan Group (MSN).

At its peak in April this year, the index traded at a trailing P/E of 22.1x. It has since corrected down to 2018E P/E of 19.4x, on the back of 2018F EPS growth of 16-18%, ROE of 22.0% and dividend yield of 1.6%.³²

		Mkt Cap (USD bn)	H1-2018 index change (USD)	2017 P/E	2018 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	528	-13.13%	23.8	18.4	2.1	2.3%	25.8%
Thailand	SET	557	-10.31%	18.2	19.2	1.6	3.0%	17.2%
Singapore	FSSTI	447	-4.14%	11.1	13.1	1.4	3.8%	12.59%
Malaysia	FBMKLCI	277	-5.17%	16.3	19.8	4.2	3.2%	23.6%
Philippines	PCOMP	214	-21.26%	23.1	18.1	3.4	1.6%	13.3%
Vietnam	VNINDEX	123	-3.44%	19.2	19.4	0.8	1.6%	22.0%

Source: Bloomberg 30/06/2018



IV. Outlook and Strategy

Listed Equities

The Class A Shares portfolio's objective is to seek long-term capital appreciation for investors. The Investment Manager's selection process continues to focus on identifying companies with sustainable growth potential, solid economic moat, effective management with good track record and sound corporate

³² Source: Bloomberg 30/06/2018

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

governance. This rigorous and prudent approach has been proven to drive the Company's long-term outperformance and ability to weather multiple downturn cycles well.

After having run ahead of their fundamentals in December last year and January this year, the Vietnamese stock market corrected on the back of global geopolitical developments, despite the Vietnamese economy displaying resilience and sustainable growth. The market continues to be affected by uncertainties such as the looming US-China trade tensions, and its effect on emerging markets and the Vietnamese economy in general. It is uncertain whether Vietnam could be affected negatively by the trade tensions, or come out as a winner. However, albeit being global price takers, the majority of our companies in the portfolio derive their earnings predominantly from the domestic economy, and are therefore exposed mainly to the global price fluctuation effect.

Foreign flows into the stock market over the next few months may be affected by these uncertainties especially if retail speculators continue to sit on the fence to wait for clear signals. However, we believe that the Vietnamese market will remain attractive in the long-term as: 1) more investment opportunities are created by the government's divestments of its non-core assets and 2) the country's continuous restructuring to satisfy the MSCI's criteria to upgrade from frontier market to emerging market.

Given the strong long-term economic footing, we believe that the correction, which has lowered valuations to reasonable levels, creates an opportunity for investors to invest in the Vietnamese market.

Private Equity

The investment objective for the Class C Shares portfolio is to realise the assets in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to shareholders promptly by means of pro-rata redemptions of the Class C Shares. The Investment Manager is working towards achieving liquidity for each investment in the portfolio. As the portfolio comprises meaningful stakes in leading companies in their respective industries in Vietnam, the Investment Manager believes there will be interest shown by financial investors as well as strategic investors.

In Q2 2018, the Vietnamese pig industry took a positive turn as retail pork prices climbed above VND 40,000/kg from VND 30,000 – 35,000/kg in Q1 2018. With the expectation that the performance of Greenfeed and Anova should start to improve in H2 2018, the Investment Manager is currently working closely with the management of both companies to work towards an exit strategy for the Company. Meanwhile, the restructuring of Corbyns is ongoing and more updates will be provided as it progresses. For VTC Online, the Investment Manager is still working with management in realising an exit for the Company. The Company still holds large and strategic positions in NBB and An Phat and both companies have underperformed in H1 2018 as the Vietnam stock market was in a downtrend during June 2018. Nevertheless, the share price of An Phat is expected to improve once its new factory is operational and the Investment Manager intends to sell the Company's position in An Phat gradually once the target price is reached. As for NBB, the share price is slowly recovering after the fire incident and the Investment Manager intends to sell the Company's position in the next 12 months.

With regards to the illiquid listed investments, during H1 2018, the Investment Manager focused on the liquidation of these investments as shares of Can Don Hydropower and National Seed were fully liquidated while shares of HDG and KDH were partially liquidated. Following the sale of these shares, the Company was in a position to make a redemption of a pro rata share of 10% of each investors' Class C shares in July 2018. The Investment Manager expects the remaining shares of the illiquid listed investments to be sold down in 2H 2018 subject to availability of liquidity in the market.

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

V. Risks in the second half of 2018

Whilst the Investment Manager is fully aware of the inherent risks of investing in an emerging market such as Vietnam, additional attention should be drawn to the following uncertainties and principal risks which could adversely impact the Company's performance over the next 6-12 month period:

USD strengthening – the US Dollar has been strengthening against the Chinese Yuan and many other emerging market currencies as a result from the US Fed fund rate hike and global trade tensions. The Vietnamese Dong depreciated 1.1% against the USD in H1 2018, while the Philippines Peso, Indonesian Rupiah, Chinese Yuan and the Thai Baht depreciated 6.8%, 5.6%, 1.8% and 1.7% respectively. Meanwhile, other non-Asian emerging market currencies have performed worse, with the Argentine Peso down 55.3%, the Turkish Lira and the Brazilian Real depreciated 20.9% and 17.2% respectively. If the USD continues to strengthen going forward, it might soon bring about an inflationary effect through imports, and negatively affect foreign in-flows. However, we believe the Vietnamese Dong is relatively stronger than many other emerging market currencies, thanks partly to Vietnam's record FX reserves of USD 64bn covering more than 12 weeks of imports³³, as a result of strong FDI and FII flows over the past 6 years, and the government's intention to support the local currency with these reserves. In addition, the Vietnamese government has the ability to control inflation, through the administering of food, education and health care goods and services costs.

Long-term effects of global trade tensions on Vietnam and short-term market reactions – It is still uncertain how the US/China trade tensions will affect the Vietnam economy. However, investors, especially retail domestic, seem to be concerned about its effects on the Vietnamese economy and companies. Several scenarios could crystallise, including: 1) China may switch its export market from the US to other countries including Vietnam; 2) the US may apply tariffs on Vietnamese goods aiming at Chinese goods in transit from Vietnam (as observed from the steel products in previous years); 3) Vietnam might be able to replace China in some categories of products exported to the US; 4) Vietnam might benefit from a shift of manufacturing activities from China over the longer term. These trade-related risks will be monitored closely and we will adjust our positions accordingly.

³³ Source: General Statistics Office of Vietnam

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

List of holdings as of June 30, 2018			
Share Class	Security Name	Ticker	Value (USD)
Class A			47,085,495
	BANK FOR FOREIGN TRADE JSC	VCB VN	1,411,440
	COTECCONS CONSTRUCTION JSC	CTD VN	866,599
	FPT CORP	FPT VN	4,912,144
	HDBANK	HDB VN	2,544,678
	HO CHI MINH CITY SECURITIES	HCM VN	1,063,822
	HOA PHAT GROUP JSC	HPG VN	5,298,680
	KHANG DIEN HOUSE TRADING	KDH VN	3,318,108
	KIDO FROZEN FOODS JSC	KDF VN	166,932
	KINH BAC CITY DEVELOPMENT SH	KBC VN	1,975,309
	MOBILE WORLD INVESTMENT CORP	MWG VN	2,944,928
	PETROVIETNAM POWER CORP	POW VN	1,597,665
	REFRIGERATION ELECTRICAL ENG	REE VN	1,417,265
	SAIGON SECURITIES INC	SSI VN	899,861
	THIEN LONG GROUP CORP	TLG VN	1,067,813
	VIET CAPITAL SECURITIES JSC	VCI VN	898,360
	VIETNAM DAIRY PRODUCTS JSC	VNM VN	8,448,056
	VIETNAM ENTERPRISE INV LTD-C	VEIL LN	2,763,798
	VIETNAM NATIONAL PETROLEUM G	PLX VN	803,624
	VIETNAM TECHNOLOGICAL & COMM	TCB VN	359,475
	VINHOMES JSC	VHM VN	2,937,474
	YEAH1 GROUP CORP	YEG VN	1,389,464
Cash and others			1,482,713
Total before Redemptions			48,568,208
Redemptions for 30th June 2018			(1,580,155)
Total after Redemption			46,988,053

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

List of holdings as of June 30, 2018			
Share Class	Security Name	Ticker	Value (USD)
Class C			121,107,691
	AN PHAT PLASTIC AND GREEN EN	AAA VN	10,535,729
	ANOVA CORPORATION - CB	NA	9,686,700
	ANOVA CORPORATION - ordinary shares	NA	8,348,112
	CORBYNS INTERNATIONAL LIMITED (VIETNAM)	NA	22,445,919
	DINH VU PORT INVESTMENT & DE	DVP VN	1,363,764
	GREENFEED - ordinary shares	NA	39,552,908
	HA DO JSC	HDG VN	2,443,227
	KHANG DIEN HOUSE TRADING AND	KDH VN	722,407
	NBB INVESTMENT CORP	NBB VN	10,516,224
	NBB INVESTMENT CORP - CB	NA	2,983,185
	S.S.G GROUP JSC	NA	1,686,990
	TIEN PHONG PLASTIC JSC	NTP VN	3,512,454
	VTC Online	NA	7,310,072
Cash and others			15,413,410
Total after Redemption			136,521,101

Duxton Asset Management Pte Ltd
June 2018

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	30/06/2018 US\$	30/06/2017 US\$
Income			
Net (loss)/gain on investments at fair value through profit or loss		(3,766,823)	28,137,870
Total (expense)/income		(3,766,823)	28,137,870
Operating expenses	3	(1,807,787)	(7,627,319)
(Loss)/profit for the period		(5,574,610)	20,510,551
(Decrease)/increase in net assets attributable to holders of redeemable participating shares resulting from operations		(5,574,610)	20,510,551

	Class A Shares 30/06/2018	Class C Shares 30/06/2018
(Loss) per Share		
Basic	(3.72)	(0.57)
Diluted	(3.72)	(0.57)

Weighted average shares outstanding		
Basic	84,580,102	423,750,000
Diluted	84,580,102	423,750,000

	Class A Shares 30/06/2017	Class B Shares 30/06/2017	Class C Shares 30/06/2017
Earnings per Share			
Basic	10.00	3.20	0.09
Diluted	10.00	3.20	0.09

Weighted average shares outstanding			
Basic	175,682,357	80,555,793	423,750,000
Diluted	175,682,357	80,555,793	423,750,000

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

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	30/06/2018	31/12/2017
		US\$	US\$
Assets			
Cash and cash equivalents	5	1,957,477	3,594,570
Financial assets at fair value through profit or loss	14	183,413,134	209,598,752
Total assets		<u>185,370,611</u>	<u>213,193,322</u>
Liabilities			
Accounts payable	7	(281,302)	(3,585,522)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(281,302)</u>	<u>(3,585,522)</u>
Net assets attributable to holders of redeemable participating shares		<u>185,089,309</u>	<u>209,607,800</u>

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

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE SIX MONTHS ENDED 30 JUNE 2018

	30/06/2018	30/06/2017
	US\$	US\$
Net assets attributable to holders of redeemable participating shares at beginning of the period	209,607,800	371,697,555
Proceeds from issuance of share subscriptions during the period	100,000	-
Payments on share redemptions during the period	(19,043,881)	(170,271,208)
Decrease in net assets attributable to holders of redeemable participating shares resulting from operations	(5,574,610)	20,510,551
Net assets attributable to holders of redeemable participating shares at end of the period	185,089,309	221,936,898

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

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	30/06/2018 US\$	30/06/2017 US\$
Cash flows from operating activities			
(Loss)/profit for the period		(5,574,610)	20,510,551
<i>Adjustment for non-cash items:</i>			
Decrease in financial assets at fair value through profit or loss		26,185,618	158,871,824
<i>Changes in operating assets and liabilities</i>			
Increase in accounts receivable	6	-	(1,826,047)
Decrease in accounts payable	7	(3,304,220)	(799,166)
Total cash generated by operating activities		17,306,788	176,757,162
Cash flows from financing activities			
Share redemptions during the period		(19,043,881)	(161,310,733)
Share subscriptions during the period		100,000	-
Total cash outflow from financing activities		(18,943,881)	(161,310,733)
Net (decrease)/increase in cash and cash equivalents		(1,637,093)	15,446,429
Cash and cash equivalents at the beginning of the period		3,594,570	1,238,012
Cash and cash equivalents at the end of the period		<u>1,957,477</u>	<u>16,684,441</u>
Cashflows from operating activities include:			
Interest received		436,992	1,168,080
Dividend received		3,127,419	4,275,170
Taxation paid		(11,771)	(17,793)

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

1 Incorporation and principal activity

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

The investment objective of the Class A shares 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.

The investment objective of the Class C shares portfolio is to realise the assets attributable to Class C, to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Class C portfolio and returning cash to holders of Class C shares promptly by means of pro rata redemptions of Class C shares.

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

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 eight 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 have the following names:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Greystanes Limited
6. Siglap Limited
7. Kallang Limited
8. Hephaestus Limited

As at the period end all of these SPEs were in operation.

As at 30 June 2018 and 31 December 2017, the Company and its SPEs (the “Group”) had no employees. The investment activities of the Company are managed by Duxton Asset Management Pte Ltd (“Duxton” or the “Investment Manager”) and the administration of the Company is delegated to State Street Fund Services (Ireland) Limited (the “Administrator”). The Investment Manager appoints all members of the boards of directors of the eight SPEs listed above. Class C shares of the Company are listed on the Irish Stock Exchange (“ISE”).

2 Significant accounting policies

Statement of Compliance

These condensed interim unaudited financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34, “Interim Financial Reporting” issued by the Financial Reporting Council, which are adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. They have also been prepared in accordance with the reporting requirement of the Irish Stock Exchange for closed – ended Funds.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

2 Significant accounting policies (contd)

Statement of Compliance (cont/d)

The condensed interim financial statements do not contain all of the information and disclosures required in the full annual audited financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies, presentation and methods of calculation applied by the Company in these condensed interim unaudited financial statements are consistent with those applied by the Company in its financial statements for the year ended 31 December 2017.

a) Basis of preparation

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

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

Going Concern:

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

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.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at year ended 31 December 2017.

IFRS 9 "Financial Instruments" ("IFRS 9") replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial instruments, including derecognition and impairment of such financial instruments. The Directors have determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9 since all financial instruments are managed on a fair value basis. Therefore financial instrument classification remains consistent with the policies of the most recent annual audited financial statements.

b) New accounting standards, amendments and interpretations

New standards, amendments and interpretations issued and effective for the financial period beginning 1 January 2018

IFRS 9 became effective for periods beginning on or after 1 January 2018. IFRS 9 largely retains the existing requirements of IAS 39 for the recognition, classification and measurement of financial instruments. However, as it specifically relates to financial assets, the following categories included in IAS 39; held to maturity, loans and receivables and available for sale, are no longer available under IFRS 9.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

2 Significant accounting policies (contd)

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

New standards, amendments and interpretations issued and effective for the financial period beginning 1 January 2018 (cont/d)

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

The Directors have determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9 'Financial Instruments' since all financial instruments are managed on a fair value basis. Therefore there is no change to classifications when compared to prior years.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and became effective for periods beginning on or after 1 January 2018. It establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard does not have 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 2018 and not early adopted

IFRS 16 "Leases" was issued in January 2016 and will become effective for period beginning on or after 1 January 2019. The new standard is not expected to have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

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

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

3 Operating expenses	Notes	30/06/2018	30/06/2017
		US\$	US\$
Investment Manager			
Investment Management fee	12	(1,181,552)	(1,912,390)
Investment Advisory fee	12	-	(1,268,066)
Performance fee	12	(111,401)	(3,787,010)
		(1,292,953)	(6,967,466)
Custodian			
Custodian fees	10	(141,716)	(198,274)
		(141,716)	(198,274)
Administrator			
Administration fees		(122,152)	(166,007)
Transfer Agency fees		(3,000)	(3,000)
		(125,152)	(169,007)
Other expenses			
Directors' fees	4,12	(74,996)	(95,155)
Directors' Insurance		-	(14,875)
Professional fees		(5,320)	-
Audit fee		(33,778)	(21,328)
Miscellaneous expenses		(133,872)	(161,214)
		(247,966)	(292,572)
Total Operating Expenses		(1,807,787)	(7,627,319)

4 Directors' Remuneration

The Board determines the fees payable to each Director. At the Annual General Meeting of the Company held on 31 December 2015, a special resolution was passed to amend the Articles, to change the maximum remuneration from US\$75,000 in aggregate for the Board to US\$75,000 per Director per annum. Directors' fees paid by the Company for the period ended 30 June 2018 were US\$75,000 (30 June 2017: US\$95,155).

5 Cash and cash equivalents	30/06/2018	31/12/2017
	US\$	US\$
Cash and bank balances	1,957,477	3,594,570
	1,957,477	3,594,570

All cash and bank balances are held with State Street Custodial Services (Ireland) Limited, whose parent State Street Corporation has a Standard & Poor's short-term credit rating of A-1 (31 December 2017: A-1) and the sub-custodian HSBC Bank (Vietnam) Limited whose parent HSBC Holdings plc had a Standard & Poor's short-term rating of A-1+ as at 30 June 2018 (31 December 2017: A-1+).

6 Accounts receivable

There were no receivables as at period ended 30 June 2018 and as at the financial year ended 31 December 2017.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

7 Accounts payable	30/06/2018	31/12/2017
	US\$	US\$
Redemption proceeds payable	-	(232,735)
Accrued Investment Management Fee**	(174,649)	(266,224)
Accrued Performance Fee**	-	(2,943,424)
Accrued Other Fees	(106,653)	(143,139)
	(281,302)	(3,585,522)
	(281,302)	(3,585,522)

**Refer to Note 12 for details.

8 **Share capital**

Redeemable Participating Shares

On incorporation of the Company on 13 September 2006, the authorised share capital was US\$500,000,000 made up of 500,000,000 shares of a par value of US\$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 US\$10,000,000 made up of 1,000,000,000 shares of a par value of US\$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 US\$486,931,392 made up of 486,931,392 shares of US\$1.00 each, to US\$4,869,314 made up of 486,931,392 shares of US\$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 US\$10,000,000 made up of 2,000,000,000 shares of a par value of US\$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), 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 B Shares had no voting rights nor any right to attend a general meeting of the Company. All Realisation Shares were redeemed in the period from 1 January to 21 April 2017.

The investment objectives of the Company are outlined in Note 1. The Company strives to invest its capital to purchase and sell investments that meet the Company's investment objectives while maintaining sufficient liquidity.

Subject to the approval of the Irish Stock Exchange, the Company may hold treasury shares through one of its eight wholly-owned SPEs as listed in Note 1, by way of a re-purchase of any issued shares. The Investment Manager has the sole discretion to direct the purchase or sale of such treasury shares of the Company where, in its discretion, it considers that there is a significant difference between the NAV per share and the trading price per share, but subject to certain conditions as detailed in the Private Offering Memorandum ("POM").

As at 30 June 2018, the Company did not hold any treasury shares as part of its investment portfolio (31 December 2017: Nil).

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

8 Share capital (cont/d)

Redeemable Participating Shares (cont/d)

Share transactions during the period ended 30 June 2018:

	Class A shares	Class C shares
	30/06/2018	30/06/2018
Shares in issue at beginning of period	97,870,204	423,750,000
Shares issued during the period	389,824	-
Shares redeemed during the period	(25,604,151)	-
Shares in issue at end of period	72,655,877	423,750,000
Net Asset Value for holders of shares	US\$48,568,208	US\$136,521,101
Net Asset Value per share	US\$0.6685	US\$0.3222

Share transactions during the period ended 30 June 2017:

	Class A shares	Class C shares
	30/06/2017	30/06/2017
Shares in issue at beginning of period	191,377,519	423,750,000
Shares issued during the period	-	-
Shares redeemed during the period	(73,983,787)	-
Shares in issue at end of period	117,393,732	423,750,000
Net Asset Value for holders of shares	US\$76,379,267	US\$145,557,631
Net Asset Value per share	US\$0.6506	US\$0.3435

The Board's policy is 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 Share premium

	30/06/2018	31/12/2017
	US\$	US\$
Balance at start of period/year	-	437,516,980
Balance at end of period/year	-	-

10 Significant Agreements

Custodian

The Company appointed State Street Custodial Services (Ireland) Limited as 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 is also entitled to be reimbursed by the Company for all transaction costs attributable to the Company and incurred by the Custodian from time to time and any appropriately incurred third party fees and expenses, including fees of any sub-custodian appointed by the Custodian at market rates.

Administrator

The Company appointed State Street Fund Services (Ireland) Limited as Administrator to the Company, pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly net assets. The current rates for the Administration fee are 9 basis points per annum for the first US\$100 million net assets, 8 basis points per annum for net assets between US\$100 and

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

10 Significant Agreements (cont/d)

US\$300 million and 6 basis points per annum for net assets in excess of US\$300 million subject to a minimum monthly charge of US\$8,000 per SPE and a maximum fee of 12 bps per annum of the NAV of the Company.

Investment Manager

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: for 2017, 1.50% per annum of the Class C shares NAV as at valuation date 1 January 2017, 1.00% of the Class C shares NAV for 2018 and 0.50% of the Class C shares NAV for periods after 31 December 2018.

A performance fee is payable to the Investment Manager. The crystallized performance fee payable to Investment Manager for the period from 1 January 2018 to 30 June 2018 was US\$111,401 (30 June 2017: US\$1,015,691) of which US\$ Nil was outstanding at the period end (31 December 2017: US\$2,943,424).

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

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

Class A shares: performance fee will be equal to 15% of the appreciation in the NAV of the share class above the High Water Mark (“HWM”) but only if such appreciation exceeds the Hurdle Rate of 8% per annum, and in each case 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 of each Class C share as at 1 January 2017 (the “Initial Subscription Date”), (the “Initial NAV”) has been paid.
- b) Then, 100 % to the shareholders until they have received an 8% annualised compounded return on the total NAV per share of Class C shares as at the Initial Subscription Date, adjusted for any distributions paid to Class C shareholders after the Initial Subscription date (the “Preferred Return”).
- c) Then, 100% to the Investment Manager until it has received an amount equal to the Relevant Percentage (as defined below) of the aggregate of the Preferred Return and this catch-up provision; and
- d) Thereafter, the Relevant Percentage to the Investment Manager and the balance to the holders of the Class C shares.

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

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

11 Taxation

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

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

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

Dividends

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

The Company receives dividends net of all taxes.

Interest

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

Disposals

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

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

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

Deferred Tax

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.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

11 Taxation (cont/d)

Deferred Tax (cont/d)

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

The deferred tax position as at 30 June 2018 was US\$Nil (31 December 2017: US\$Nil). The movement is reflected in the Statement of Comprehensive Income.

12 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 period ended 30 June 2018.

Transactions with entities with significant influence;

For the period from 1 January 2018 to 30 June 2018, the Investment Manager earned an investment management fee of US\$1,181,552 (30 June 2017: US\$1,912,390) of which US\$174,649 was outstanding at the period end (31 December 2017: US\$266,224). In addition, for that period Duxton also earned a crystalized performance fee of US\$111,401 (30 June 2017: US\$1,015,691) of which US\$ Nil was outstanding at the period end (31 December 2017: US\$2,943,424).

A redemption fee from the Realisation Pool (Class B shares) was not applicable for the financial period ended 30 June 2018. Duxton earned a redemption fee from the Realisation Pool of US\$1,268,066 for the financial period ended 30 June 2017.

Transactions with key management personnel;

The total fees earned by the independent Directors during the period were US\$75,000 (30 June 2017: US\$75,000).

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 as listed in Note 1 are managed by the Investment Manager.

13 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 Investment Entity ("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 SPEs as listed in Note 1.
- b) Structured entities interests held via SPEs.
- c) Associated companies interests held via the SPEs.

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interest in unconsolidated IE SPEs

At 30 June 2018, the Company had eight subsidiary entities as defined under IFRS 10 which are unconsolidated. These are noted as financial assets at fair value in the Statement of Financial Position. See Note 1 for details.

Interests in non-subsidiary unconsolidated structured entities

The Board has concluded that it has no directly held unconsolidated structured entities. However the Company holds structured entities via its SPEs. These structured entity interests form part of the SPE's fair value that is reflected in the financial assets at fair value in the Company's Statement of Financial Position.

Interests in associated companies

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 30 June 2018:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (US\$)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US\$)
Epsom Limited	Wholly owned subsidiary	100%	39,552,908	21.56%	39,552,908
Lionel Hill Limited	Wholly owned subsidiary	100%	18,283,649	9.97%	18,283,649
Beira Limited	Wholly owned subsidiary	100%	47,482,178	25.89%	47,482,178
Prime Limited	Wholly owned subsidiary	100%	7,310,076	3.99%	7,310,076
Greystanes Limited	Wholly owned subsidiary	100%	1,063,822	0.58%	1,063,822
Siglap Limited	Wholly owned subsidiary	100%	20,142,958	10.98%	20,142,958
Hephaestus Limited	Wholly owned subsidiary	100%	24,946,910	13.60%	24,946,910
Kallang Limited	Wholly owned subsidiary	100%	24,630,633	13.43%	24,630,633
Total			183,413,134	100.00%	183,413,134

Of the eight SPEs in operation and listed in Note 1, all were active at period ended 30 June 2018 and at year end 31 December 2017 (with the exception of Tewkesbury Limited and Teignmouth Limited as at 31 December 2017). Consequently, these two SPEs were not included in the table as at 31 December 2017 below. 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 SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 31 December 2017:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (US\$)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US\$)
Epsom Limited	Wholly owned subsidiary	100%	40,045,841	19.10%	40,045,841
Lionel Hill Limited	Wholly owned subsidiary	100%	15,436,667	7.36%	15,436,667
Beira Limited	Wholly owned subsidiary	100%	67,565,908	32.24%	67,565,908
Prime Limited	Wholly owned subsidiary	100%	8,988,659	4.29%	8,988,659
Greystanes Limited	Wholly owned subsidiary	100%	3,830,972	1.83%	3,830,972
Siglap Limited	Wholly owned subsidiary	100%	24,735,461	11.80%	24,735,461
Hephaestus Limited	Wholly owned subsidiary	100%	24,817,593	11.84%	24,817,593
Kallang Limited	Wholly owned subsidiary	100%	24,177,651	11.54%	24,177,651
Total			209,598,752	100.00%	209,598,752

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 30 June 2018.

Structured Entity	Strategy	Company's holding in Fair Value (US\$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US\$)
Vietnam Enterprise Investments Limited	Listed Equity	2,763,798	0.23%	1.51%	2,763,798
Total		2,763,798		1.51%	2,763,798

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 31 December 2017.

The tables below details the interests in structured entities held by the Company through the SPEs, detailed in Note 1.

Structured Entity	Fund Strategy	Company's holding in Fair Value (US\$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US\$)
Vietnam Enterprise Investments Limited	Primarily listed equity with OTC equity	4,348,539	0.33%	2.07%	4,348,539
Total		4,348,539		2.07%	4,348,539

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interests in associated companies as at 30 June 2018.

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

Associated Company	Nature	Company's holding in Fair Value (US\$)	% 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 (US\$)
Anova Corporation	Common stock	8,348,112	7.77%	4.55%	8,348,112
Anova Corporation	Long term bond	9,686,700	8.64%	5.28%	9,686,700
Corbyns International Limited	Convertible loan	22,445,919	33.20%	12.24%	22,445,919
Total		40,480,731		22.07%	40,480,731

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

13 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2017.

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

Associated Company	Nature	Company's holding in Fair Value (US\$)	% 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 (US\$)
Anova Corporation	Common stock	5,794,404	6.33%	2.76%	5,794,404
Anova Corporation	Long term bond	9,504,866	10.08%	4.53%	9,504,866
Corbyns International Limited	Convertible loan	22,315,851	33.20%	10.65%	22,315,851
Total		37,615,121		17.94%	37,615,121

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

14 Financial Instruments

The Company's financial risk management objectives and policies continue to be consistent with those disclosed in the Company's audited financial statements as at and for the year ended 31 December 2017.

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 wholly owned subsidiaries.

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. The fair value hierarchy has the following levels:

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

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

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

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

14 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 30 June 2018:

Financial assets and liabilities at fair value through profit or loss	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
Collective Investment Schemes	2,763,798	-	-	2,763,798
Listed Equities	72,655,229	-	-	72,655,229
Unlisted Equities	-	-	56,850,030	56,850,030
Long Term Bonds	-	-	12,669,885	12,669,885
Convertible Loan	-	-	22,445,919	22,445,919
Total	75,419,027	-	91,965,834	167,384,861
Cash and cash equivalents	13,872,169	-	-	13,872,169
Other assets	-	2,156,104	-	2,156,104
Other liabilities	-	-	-	-
Deferred tax	-	-	-	-
Net financial assets at fair value through profit or loss	89,291,196	2,156,104	91,965,834	183,413,134
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	1,957,477	-	-	1,957,477
Other assets	-	-	-	-
Other liabilities	-	(281,302)	-	(281,302)
Net financial assets/(liabilities) at amortised cost	1,957,477	(281,302)	-	1,676,175
Total net assets	91,248,673	1,874,802	91,965,834	185,089,309

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

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

14 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2017:

Financial assets and liabilities at fair value through profit or loss	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
Collective Investment Schemes	4,348,539	-	-	4,348,539
Listed Equities	106,211,470	-	-	106,211,470
Unlisted Equities	-	-	56,324,157	56,324,157
Long Term Bonds	-	-	12,575,424	12,575,424
Convertible Loan	-	-	22,315,851	22,315,851
Total	110,560,009	-	91,215,432	201,775,441
Cash and cash equivalents	5,867,609	-	-	5,867,609
Other assets	-	1,955,702	-	1,955,702
Other liabilities	-	-	-	-
Deferred tax	-	-	-	-
Net financial assets at fair value through profit or loss	116,427,618	1,955,702	91,215,432	209,598,752
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	3,594,570	-	-	3,594,570
Other assets	-	-	-	-
Other liabilities	-	(3,585,522)	-	(3,585,522)
Net financial assets at amortised cost	3,594,570	(3,585,522)	-	9,048
Total net assets	120,022,188	(1,629,820)	91,215,432	209,607,800

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 period ended 30 June 2018 and during the year ended 31 December 2017.

Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the period ended 30 June 2018:

	Listed &Unlisted Equities US\$	Long Term Bonds US\$	Convertible Loan US\$	Total US\$
Opening Balance	56,324,157	12,575,424	22,315,851	91,215,432
Realised losses	-	-	-	-
Unrealised (losses)/gains	(2,860,703)	94,461	130,068	(2,636,174)
Purchases	3,386,576	-	-	3,386,576
Sales	-	-	-	-
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	56,850,030	12,669,885	22,445,919	91,965,834

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

14 Financial Instruments (cont/d)

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 2017:

	Listed &Unlisted Equities US\$	Long Term Bonds US\$	Convertible Loan US\$	Total US\$
Opening Balance	75,418,416	15,124,492	19,681,827	110,224,735
Realised losses	-	-	-	-
Unrealised gains/(losses)	(19,094,259)	(2,549,068)	2,634,024	(19,009,303)
Purchases	-	-	-	-
Sales	-	-	-	-
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	56,324,157	12,575,424	22,315,851	91,215,432

As at 30 June 2018, the Company held investments in six (Dec 2017: six) private companies in the form of a combination of illiquid common stock, rights issues, convertible bonds and a convertible loan which are categorized as Level 3 investments under IFRS 13. The companies listed hereunder are valued in accordance with Article 101(d)(v) of the Articles on the basis of 30 June 2018 valuations provided by Grant Thornton Vietnam (“GT”) as at 30 June 2018, which are based on information relating to these companies provided by the Investment Manager and approved by the Board.

The unobservable inputs and valuation methodologies applied by GT are consistent with those applied in the valuation for year end 31 December 2017.

Sensitivity Analysis of Unlisted Positions

Sensitivity analysis of unlisted positions

Anova Corporation	– Convertible Bond & Equity Position
Corbyns International Limited	– Convertible Loan
GreenFeed Vietnam Corporation	– Equity Position
NBB Investment Corporation	– Convertible Bond
S.S.G. Group Joint Stock Company	– Equity Position
VTC Online Joint Stock Company	– Equity Position

Valuation of Equity Positions

In undertaking the valuation of equity investments, the market approach has been applied, specifically the comparable company analysis; and also the income approach, specifically the discounted cash flow method. In the market approach, a basket of listed comparable companies were selected and the median of their multiples calculated. This median multiple was then used to calculate the equity value of each investment. In the discounted cash flow method, the key unobservable inputs are the discount rate and the growth rate.

The range of assumptions used for the base case valuations are as follows:

30 June 2018:

- Discount rate: 11.55% to 11.67%
- Growth rate: 2%
- EV/EBITDA multiple: 10.92x to 11.44x

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

14 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

Valuation of Equity Positions (cont/d)

31 December 2017:

- Discount rate: 11.81% to 11.95%
- Growth rate: 2%
- EV/EBITDA multiple: 11.11x to 11.39x

In the sensitivity analysis, to calculate the equity value in the best/worst case scenarios, the following variances to the input variables have been applied where applicable to each position:

30 June 2018:

- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/- 5%

31 December 2017:

- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/- 5%

Bond and Convertible Bond Positions Valuation

The convertible bond carries with it a straight loan and an equity conversion option. As such valuation of convertible bond includes valuation of a straight bond and valuation of the option.

- The value of straight bond component is based on discounted cash flow method, where cash flows include principal and coupons, assumed to be paid at maturity date and discounted to present value at the current market lending rate. The key unobservable input is the discount rate.
- Value of equity conversion option component is determined using option pricing model - the Black-Scholes model. The key unobservable input is the volatility of the underlying stock price.
- For the purpose of input into Option pricing model, valuation of the underlying equity is also performed, i.e. equity value of the company, using market approach and discounted cash flow method, based on financial forecasts of the underlying business.

The range of assumptions used for the base case valuations are as follows:

30 June 2018:

- Volatility: 33.33% to 40.40% - Sensitivity: +/-10%

31 December 2017:

- Volatility: 33.14% to 35.50% - Sensitivity: +/-10%

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

14 Financial Instruments (cont/d)

Fair Value Information and Hierarchy (cont/d)

Summary of valuation methodologies

The valuation methodologies for each Level 3 holding as at 30 June 2018 and 31 December 2017 are set out hereunder:

Greenfeed: income approach and market approach for equity.

Anova: income approach and market approach for equity and Black-Scholes model for the convertible bond.

VTC Online: value from exercising the put option to sell the shares back to the company.

Corbyns International Ltd: amount to be received at maturity date.

NBB Investment Corp: market floating price for equity and Black-Scholes model for the convertible bond.

SSG Group: income approach to value SSG's investment in subsidiaries & associates, and market approach for equity.

Valuation conclusion

Based on the information and financial data provided, market information, as well as the analysis, risks and disclaimer presented and discussed in GT's valuation report, the estimated value range of each Level 3 investment as at 30 June 2018 is presented hereunder:

Level 3 Security	Market Value as at 30 June 2018 US\$	Minimum value US\$	Average value US\$	Maximum value US\$
GreenFeed Vietnam Corporation	39,552,908	37,665,152	39,619,347	41,588,507
Anova Corporation (equity)	8,348,112	7,982,393	8,362,135	8,745,152
Anova Corporation (convertible bond)	9,686,700	9,392,634	9,702,971	10,030,748
VTC Online JSC	7,310,072	7,322,351	7,322,351	7,322,351
Corbyns International Ltd.	22,445,919	22,445,919	22,445,919	22,445,919
NBB Investment Corporation	2,983,185	2,988,196	2,988,196	2,988,196
SSGA Construction Real Estate	1,638,938	1,519,663	1,641,691	1,763,719

31 December 2017:

Level 3 Security	Market Value as at 31 December 2017 US\$	Minimum value US\$	Average value US\$	Maximum value US\$
GreenFeed Vietnam Corporation	40,045,841	38,141,072	40,000,044	41,872,081
Anova Corporation (equity)	5,794,404	5,436,545	5,787,777	6,141,451
Anova Corporation (convertible bond)	9,504,866	9,070,012	9,493,996	9,965,100
VTC Online JSC	8,943,722	8,933,494	8,933,494	8,933,494
Corbyns International Ltd.	22,315,851	22,315,851	22,315,851	22,315,851
NBB Investment Corporation	3,070,558	3,067,047	3,067,047	3,067,047
SSGA Construction Real Estate	1,540,190	1,435,556	1,538,429	1,641,301

VIETNAM PHOENIX FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONT/D)

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. Duxton has been given authority 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.

However, the allocation of resources is based on an analysis of future market expectations by the Investment Manager rather than the past performance of the asset classes. The Investment Manager can further delegate the investment management responsibility for an amount of cash to a Segregated Fund Manager, if required. No Segregated Fund Manager was appointed during the period ended 30 June 2018.

The investments are allocated across five separate asset types namely collective investment schemes, 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 30 June 2018 or 31 December 2017.

17 Significant events during the period

There have been no significant events to disclose for the period ended 30 June 2018.

18 Significant events after the period end

On 16 July 2018, Vietnam Phoenix Fund Class C shares announced on Irish Stock Exchange (ISE), a redemption of a pro rata share of 10 per cent. The redemption price was based on the net asset value of Vietnam Phoenix Fund Class C as at 30 June 2018 (USD 0.322 per share).

19 Approval of the financial statements

The financial statements were approved by the Board on 20 September 2018.

VIETNAM PHOENIX FUND LIMITED

OTHER INFORMATION

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Judd Kinne (independent)
Martin Adams (independent)
All Directors are non-executive and independent.

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Administrator, Registrar and Transfer Agent

State Street Fund Services (Ireland) Limited,
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VIETNAM PHOENIX FUND LIMITED

SUPPLEMENTAL INFORMATION TO THE CONDENSED FINANCIAL STATEMENTS

Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

Exchange rates

The period end exchange rates to USD are as follows:

		30/06/2018	31/12/2017	30/06/2017
EUR	Euro	0.8565	0.8328	0.8768
GBP	British Pound	0.7574	0.7392	0.7699
VND	Vietnamese Dong	22,958.5000	22,709.0000	22,731.0000