

# Vietnam Phoenix Fund Limited

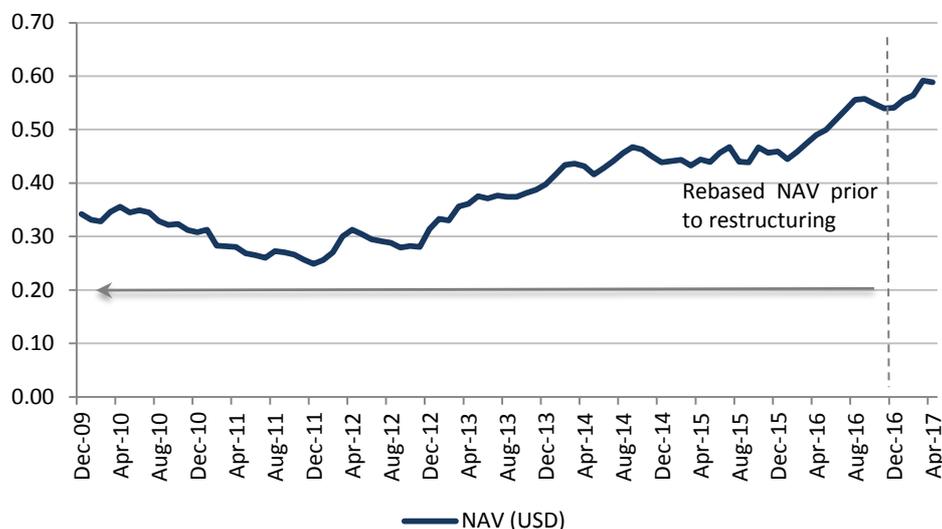
## Monthly Factsheet

28<sup>th</sup> April 2017



### CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M*	YTD	1Y*	3Y*	5Y*	7Y*
<b>VPF A</b>	-0.57	5.88	7.41	8.79	20.0	10.9	13.5	7.5
<b>VNIndex</b>	-0.60	2.37	3.37	8.18	17.7	4.8	6.8	1.4
<b>VHIndex</b>	-1.50	5.35	5.91	11.93	8.8	1.3	0.6	-11.8

\* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016. Past performance is not an indicator of future performance.

#### Top 3 Gainers

Price Change Contribution to NAV Return

Vinamilk (VNM)	+ 3.3%	+ 0.67%
Dat Xanh Group (DXG)	+ 5.1%	+ 0.12%
Novaland (NVL)	+ 2.2%	+ 0.07%

#### Top 3 Losers

Price Change Contribution to NAV Return

Hoa Binh Construction (HBC)	- 8.0%	- 0.23%
Hoa Phat Group (HPG)	- 3.8%	- 0.23%
Hoa Sen Group (HSG)	- 2.3%	- 0.17%

**Net Assets:** \$111.16 million  
**NAV/Share:** \$0.5885  
**Shares Out:** 188,868,309

**Structure:** Open-End Fund  
**Liquidity:** Monthly

#### Identifiers

ISIN Code KYG9363R1056  
 Bloomberg Ticker VTNPHXA KY  
 Sedol BDHXL2

#### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

#### Top 10 Holdings (%)

Vinamilk	22.1
Vietnam Enterprise Inv Ltd	10.0
FPT Corp	8.3
Hoa Sen Group	8.3
Hoa Phat Group	6.3
Vietcombank	3.8
Novaland	3.7
Kinh Bac City	3.6
Thien Long Group	3.4
GTN Foods	3.3
<b>Total</b>	<b>72.9</b>

#### Sector Allocation (%)

Food Products	24.0
Real Estate	18.6
Building Materials	10.0
Information Technology	8.3
Metals and Mining	6.3
Consumer Discretionary	5.6
Banks	5.5
Consumer Staples	3.8
Marine	3.1
Others	14.8
<b>Total</b>	<b>100.0</b>

#### Asset Breakdown (%)

Listed Equities	100.5
Cash and accruals <sup>^</sup>	-0.5
<b>Total</b>	<b>100.0</b>

<sup>^</sup>Adjusted to include pending redemptions

#### Voting Rights

The voting rights of Class A and Class C shares are proportional to the value of shares at the most recent valuation date. Class B shares have no voting rights. As of 28th April 2017, the aggregate voting rights are 262,385,375.

## CLASS A – Continuation Shares

### Fund Manager's Report

The NAV per share decreased by 0.57% in April while the VNIndex fell 0.60% (in USD terms)<sup>1</sup>.

**Vinamilk (VNM)** was the biggest contributor to the portfolio's performance with a price increase of 3.3%<sup>1</sup>. The share price reacted positively to the release of its first quarter earnings which saw revenue and NPAT increasing 17% and 36% YoY, respectively. This was driven mainly by increased domestic sales volume (+17% YoY) and a slight increase in selling prices. Gross profit margins were maintained compared to last year (Q1 2017: 48.3% vs. Q1 2016: 48.6%) despite slightly higher input prices thanks to improvements in production controls<sup>2</sup>. Looking forward, NPAT growth is likely to slow down once the effect of higher input prices kick in. However, this could be offset by increases in ASP and higher than expected volume growth for subsequent quarters. The Fund reduced its exposure in VNM to 22.1% of NAV in April.

Real estate developer **Dat Xanh Group (DXG)** share price posted a strong gain of 5.1% in April, marking its fourth consecutive month of gains<sup>1</sup>. The company released impressive first quarter results for 2017 with revenue up 86% compared to the same period last year. Its brokerage segment grew 174% YoY, while its real estate development segment grew 58% YoY as it continued to recognise revenue for its Luxcity project. Meanwhile, NPATMI increased more than five-fold. DXG's outlook for FY2017 is optimistic thanks to the strong demand in the mid-range segment in HCMC. However, we are concerned that real estate prices are starting to show some signs of overheating, increasing 70-100% or even 1.5-2x in certain areas in the city between 2016-17, driven by anticipated infrastructure development such as the outlying and HCMC-Long Thanh highways, Metro line 1, and various projects around Mai Chi Tho street in District 2.

On the other hand, **Hoa Binh Construction (HBC)** was the biggest detractor to the portfolio's performance with a share price decline of 8.0%<sup>1</sup>. The stock pulled back after climbing for four consecutive months. During its AGM in April, the company gave guidance on its Q1 2017 results with revenue growth of 85% YoY and NPATMI growth of 258% YoY. During our meeting with the company, HBC's management confirmed that the equity raising plan has been put on hold while bond financing will be utilised instead, which would increase HBC's gearing even further. Despite the favourable outlook of the company's growth prospects, we remain cautious over its cash flow management, especially on its large outstanding receivables and slow collection progress.

Steel producers **Hoa Phat Group (HPG)** and **Hoa Sen Group (HSG)** were the next worst performers with share price declines of 3.8% and 2.3% respectively<sup>1</sup>. HPG released strong first quarter earnings with revenue and NPAT up 44% and 90% compared to Q1 2016. Sales volume for construction steel grew 27.9% YoY – much higher than the Vietnam Steel Association peer group (3.3% YoY)<sup>3</sup>. Average selling price increased 12.4% to USD 482/ton compared to Q4 2016, managing to keep up with iron ore input prices (MBIO62DA) which increased 18.4% during the same period. HSG whose financial year ends in September, reported H1 2017 results with revenue and NPATMI increasing 44.3% and 41.2% respectively. This was driven by strong volume growth in its steel sheet (+25% YoY), steel pipe (+6% YoY) and plastic pipe (32% YoY) segments. However overall gross margin declined from 21% to 18.4% as its low input cost inventory was depleted.

<sup>1</sup> Source: Bloomberg

<sup>2</sup> Source: VNM Company Announcements, 11/5/17

<sup>3</sup> Source: Vietnam Steel Association, 21/4/17

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### CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M*	YTD	1Y*	3Y*	5Y*	7Y*
<b>VPF C</b>	2.15	3.66	2.86	4.17	14.9	9.3	12.5	6.8

\* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016. Past performance is not an indicator of future performance.

#### Fund Manager's Report

The NAV per share increased by 2.15% in April.

The Private Equity asset pool contains unlisted investments and other illiquid listed investments. The unlisted investments within the pool were last valued by Grant Thornton Vietnam Ltd as of 31 December 2016. Unlisted investments will be re-valued every six months, or sooner in case of a significant event.

**Greenfeed** was the biggest contributor to the fund's performance as the company distributed \$2.7 million in dividends to the fund. Greenfeed had declared dividends for FY2016 in April 2017.

**NBB Investment Corp** (NBB) also contributed to the fund's performance with a share price increase of 10.3% after Ho Chi Minh City Infrastructure Investment JSC (CII), a major shareholder, increased its stake in NBB from 24.05% to 29.78%.

**An Phat Plastic and Green Environment JSC** (AAA) posted a 5.3% gain in its share price in April. The company has built on its strong performance in FY2016 with the release of good results in the first quarter of FY2017. Revenue and net profit increased 72.1% and 152.4% respectively YoY, underpinned by increasing exports to the Japanese market.

<b>Net Assets:</b>	<b>\$151.22 million</b>
<b>NAV/Share:</b>	<b>\$0.3569</b>
<b>Shares Out:</b>	<b>423,750,000</b>

#### Identifiers

ISIN Code	KYG2886W1078
Bloomberg Ticker	VTNPHXC KY
Sedol	B1FHXT2

#### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

#### Market Makers

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Numis Securities	
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FinnCap	
Johnny Hewitson	<JMFC> GO
<a href="mailto:jhewitson@finncap.com">jhewitson@finncap.com</a>	

#### Top 5 Holdings (%)

Greenfeed	38.6
Anova Corp	13.1
Corbyns International	13.0
NBB Investment Corp	7.7
VTC Online	5.9
Total	78.3

#### Sector Allocation (%)

Agriculture	40.5
Real Estate Mgmt & Devt	14.4
Pharmaceuticals	13.1
Building Materials	13.0
Information Technology	5.9
Others	13.2
Total	100.0

#### Asset Breakdown (%)

Invested Securities	96.9
Cash and accruals	3.1
Total	100.0

#### Voting Rights

The voting rights of Class A and Class C shares are proportional to the value of shares at the most recent valuation date. Class B shares have no voting rights. As of 28th April 2017, the aggregate voting rights are 262,385,375.

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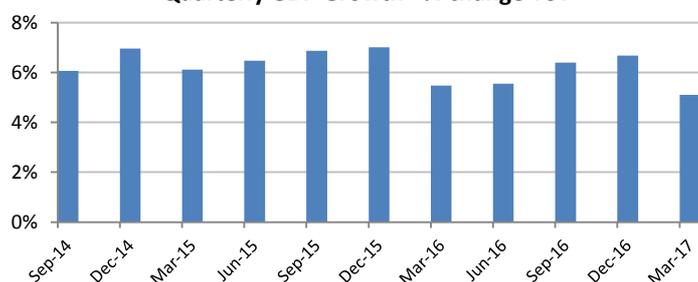
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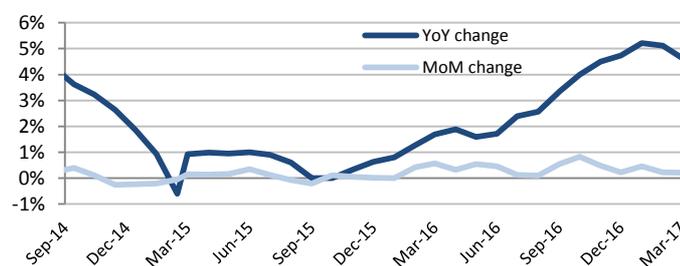


### Economic Indicators & Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Indicators

	unit	2014	2015	2016	2017F*
Real GDP Growth	%	6.0	6.7	6.2	6.5
Nominal GDP	\$bn	186	200	212	226
CPI	%	1.8	0.9	4.7	5.0
Export Growth	%	13.5	7.9	8.6	9.8
Import Growth	%	12.1	12.0	4.6	8.6
Trade Balance	\$bn	1.9	-3.5	2.7	1.4
FX Reserve	\$bn	34.2	31.0	41.0	42.0
USDVND		21,390	22,540	22,761	23,400

\*Source: Viet Capital Securities

Mkt Cap (USD bn) 2017 Forward P/E PEG Div Yield ROE

		Mkt Cap (USD bn)	2017 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	467	14.1	1.1	2.0%	18.3%
Thailand	SET	439	13.5	1.3	3.0%	10.4%
Singapore	FSSTI	372	13.8	2.1	3.4%	9.9%
Malaysia	FBMKLCI	249	15.8	2.7	3.1%	10.2%
Philippines	PCOMP	188	17.0	1.5	1.6%	11.7%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>78</b>	<b>12.3</b>	<b>1.0</b>	<b>2.5%</b>	<b>15.0%</b>

### Market Review

The VNIndex on the Ho Chi Minh Stock Exchange decreased by 0.6% (USD terms)<sup>5</sup> and closed at 717.73 at the end of April. Both average daily trading volume and value decreased 9.1% and 1.9%, respectively, during the month<sup>5</sup>. The stock market traded with volatility this month due to geopolitical issues such as the US and North Korea missile tensions, first round of the French presidential elections and announcement of UK snap elections in June.

FDI inflows remained strong in April with as many as 734 newly registered projects being granted investment certificates. Among the 83 nations and territories investing in Vietnam, South Korea was the largest investor followed by Japan and Singapore.

Nikkei's Purchasing Manager Index (PMI) was 54.1 in April, down slightly from 54.6 in March. Rising exports were the key highlight from the latest Vietnam Manufacturing PMI survey as firms displayed good ability to expand into global markets. The Industrial Production rose 7.4% YoY<sup>4</sup> in April, backed by a 11% rise in the manufacturing and processing sector. However, the index only rose 5.1% in 4M2017 vs 7.6% last year, due to a 9.7% decline in the mining sector.

The Consumer Price Index (CPI) was flat MoM but rose 4.3% YoY and 4.8% YTD<sup>4</sup>. Medicine & healthcare prices inched up while food & food stuff (mainly pork) and transportation declined, helping to keep average CPI lower, from 4.96% YoY in 3M2017 to 4.8% YoY in 4M2017<sup>4</sup>. Retail and service sales reached VND 956tn in 4M2017, representing a nominal and real growth of 9.6% YoY and 6.7% YoY respectively<sup>4</sup>.

Credit growth increased 4.99% YTD in April vs 2.81% YTD in March 2017, the highest growth rate over the last 6 years<sup>4</sup>. This could be explained by the government's target to evenly distribute credit growth throughout the year, instead of a deluge of credit in the last month of the year.

The country's trade balance recorded a deficit of USD 0.8bn in April, in which exports and imports totalled USD 16.7bn (-3.2% YoY) and USD 17.5bn (-4.6% YoY) respectively<sup>4</sup>. The U.S. remained the largest export market while China remained the largest import market of Vietnam.

In light of the first quarter GDP growth, we are somewhat concerned that the room for growth stimulation is limited given accelerating inflation and the government's budget constraints. However, PM Phuc's team shows no intention of revising the GDP growth target of 6.7% for 2016, citing a revived tourism sector, a recovery of mobile phone exports thanks to Samsung Galaxy S8 launch and a pilot run for the mega Formosa Ha Tinh Steel furnace.

4 Source: The General Statistics Office of Vietnam

5 Source: Bloomberg

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28<sup>th</sup> April 2017



### About Duxton Asset Management Pte Ltd

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

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