

Vietnam Phoenix Fund Limited

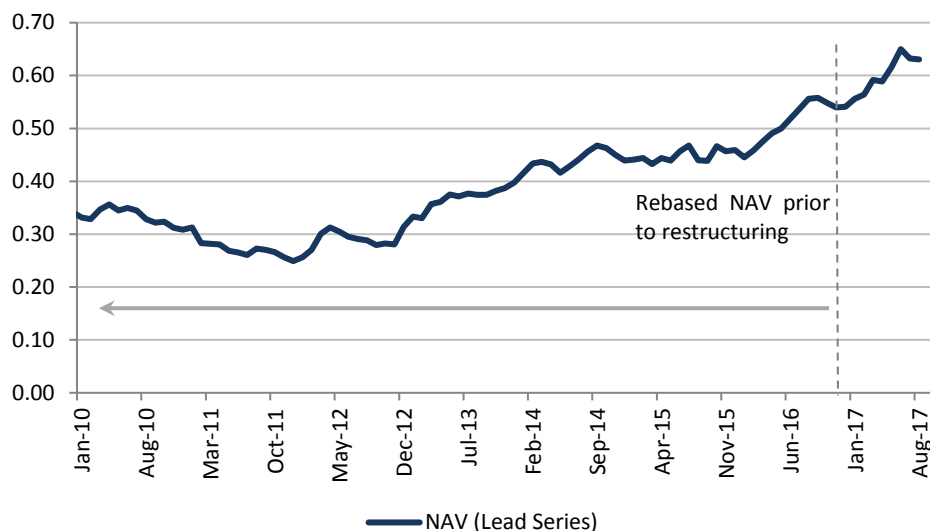
Monthly Factsheet

31st August 2017



CLASS A – Continuation Shares

NAV Performance (USD)



Total Net Assets: \$71.45 million

NAV/Share

Lead Series: \$0.6303

Series 1: \$0.9645

Series 2: \$0.9959

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code KYG9363R1056

Bloomberg Ticker VTNPHXA KY

Sedol BDHXL2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	16.8
FPT Corp	13.8
Hoa Phat Group	7.9
Hoa Sen Group	7.7
Kinh Bac City	6.2
Vietnam Enterprise Inv Ltd	6.0
Thien Long Group	4.6
Viconship	4.1
Khang Dien House	4.1
Mobile World	4.0
Total	75.2

Sector Allocation (%)

Consumer Products	26.0
Real Estate	16.9
Building Materials	15.6
Information Technology	13.8
Banks & Financials	8.6
Infrastructure	6.5
Agriculture	5.6
Others*	7.0
Total	100.0

*Includes Cash & Accruals, VEIL

Asset Breakdown (%)

Listed Equities	99.0
Cash and accruals^	1.0
Total	100.0

^Adjusted to include pending redemptions.

Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31st August 2017, the aggregate voting rights are 217,050,968.

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
VPF A (Lead Series)	-0.33	2.30	11.78	16.51	14.1	11.6	17.1	9.8
VNIndex	-0.14	6.00	10.38	17.95	13.9	4.7	12.6	5.7
VHIndex	2.70	10.39	19.95	29.83	20.9	3.6	9.2	-5.1

* 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
Hoa Phat Group (HPG)	+ 8.5%	+ 0.62%
Hoa Sen Group (HSG)	+ 6.6%	+ 0.46%
Mobile World Group (MWG)	+ 8.9%	+ 0.30%

Top 3 Laggards

	Price Change	Contribution to NAV Return
Novaland (NVL)	- 10.8%	- 0.45%
Vinamilk (VNM)	- 2.8%	- 0.26%
Thien Long Group (TLG)	- 5.6%	- 0.25%

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st August 2017



CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share of the Class A Shares decreased by 0.33% in August while the VNIndex declined 0.14% (in USD terms)¹. The VNIndex was buoyed by the performance of other large cap stocks such as Sabeco (SAB, +6.0%), Vin Group (VIC, +10.1%), Faros Construction (ROS, +21.3%) and Masan Group (MSN, +11.0%).

The biggest contributors to the portfolio's performance were steel manufacturers **Hoa Phat Group** (HPG) and **Hoa Sen Group** (HSG), which posted gains of 8.5% and 6.6% respectively¹. The stocks rose in tandem with iron ore and construction steel ASPs, which have rebounded since July.

For the first 8 months of the year, HPG produced more than 1.4 million tons of construction steel, up 32% compared to the same period last year². HPG's steel exports also increased more than 9 times over the same period. Management expects HPG to experience better momentum in the upcoming months as the wet season subsides, improving conditions for construction works. Regarding the Dung Quat Steel complex, HPG has completed its sourcing and negotiation agreements for contractors, as well as all its legal procedures for the project implementation². Phase 1 of the project is expected to be complete by February 2019 and will provide an additional 2 million tons of long steel capacity per year.

HSG's share price recovered in August after falling more than 13% last month due to weak third quarter earnings (FY end Sep). The Portfolio Manager took this opportunity to increase exposure to HSG. We expect the company's performance in the fourth quarter to be strong thanks to improving margins on the back of rising Hot Rolled Coil (HRC) prices and the booking of income from its one-off sale of the Hoa Sen-Gemadep port.

Mobile World Group's (MWG) share price rallied 8.9% in August¹ after management announced their plan to acquire more than 25% of Tran Anh Digital World (TAG), a leading consumer electronics retail chain in Ha Noi². Part of the company's M&A plans also includes acquiring a pharmaceutical store chain, however details on the target company have not yet been revealed. The announcement has raised investor sentiment on the stock and the company's expansion capability.

Detractors to the portfolio this month include **Novaland** (NVL), **Vinamilk** (VNM) and **Thien Long Group** (TLG).

NVL's share price declined 10.8% in August¹ after posting disappointing H1-2017 results with declines in both revenue (-33% YoY) and net profit (-46% YoY)². This was mainly due to fewer handovers, reduced gross margin and lower financial income from project revaluation. However, pre-sales improved with 4,500 units sold (+29% YoY) while market share in the condominium and landed property segment increased to 25%. NVL's project pipelines remain strong for the coming quarters.

VNM ended the month of August with a price decrease of 2.8%¹. The State Capital Investment Corporation (SCIC) who is the largest shareholder of Vinamilk (40%) recently announced its plan to sell 3.33% of its stake at VND 154,000.³ This represents a 3.7% increase from VNM's closing price at the end of August.

TLG's share price posted a decline of 5.6% in August¹, despite strong H1-2017 earnings with revenue growth of 20% YoY and net profit growth of 17% YoY². Note that the stock's trading liquidity is low; hence even a small trading volume could create stock price volatility. The early back-to-school season bolstered the company's earnings, despite a slight decline in gross margin due to higher plastic prices. During the month, management announced a plan to issue 750,000 ESOP shares equivalent to 1.51% of outstanding shares².

¹ Source: Bloomberg, 31/8/17

² Source: Company announcements

³ Source: State Capital Investment Corporation

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st August 2017



CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
VPF C	-0.23	-4.87	-1.04	0.29	-1.8	6.2	13.6	7.5

* 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 of the Class C Shares decreased by 0.23% in August.

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 30th June 2017. Unlisted investments will be re-valued every six months, or sooner in case of a significant event.

Dinh Vu Port Investment and Development (DVP) was the biggest detractor to the portfolio's performance and ended the month of August with a share price decrease of 6.7%.⁴ DVP is the second largest port in Haiphong with total capacity of 450,000 TEU per year. In H1 2017, net revenue and NPATMI increased by 3.7% and 3.2% respectively⁵.

In Aug 2017, Class C has also completed the subscription of new rights issue of **NBB Investment Corp (NBB)** at par value. In H2 2017, NBB expects to deliver all units of City Gate Towers to customers and recognise all revenue from sales of City Gate Towers. As of end June 2017, NBB has recognised about 10% of the total revenue from sales of apartments for City Gate Towers.⁵

Net Assets: \$145.62 million
NAV/Share: \$0.3436
Shares Out: 423,750,000

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPHXC KY
Sedol B1FHXT2

Website:

www.vietnamphoenixfund.com

Market Makers

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Top 5 Holdings (%)

Greenfeed	33.7
Corbyns International	13.6
Anova Corp	12.3
NBB Investment Corp	8.7
Anphat Plastic	6.5
Total	74.9

Sector Allocation (%)

Agriculture	36.0
Real Estate Mgmt & Devt	16.9
Building Materials	13.6
Pharmaceuticals	12.3
Information Technology	6.2
Others*	15.0
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Invested Securities	97.2
Cash and accruals	2.8
Total	100.0

Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31st August 2017, the aggregate voting rights are 217,050,968.

⁴ Source: Bloomberg, 31/8/17

⁵ Source: Company announcements

Vietnam Phoenix Fund Limited

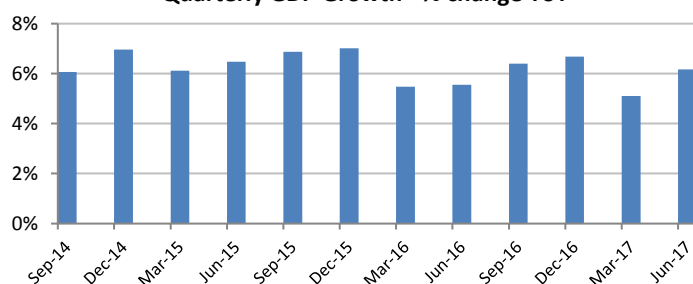
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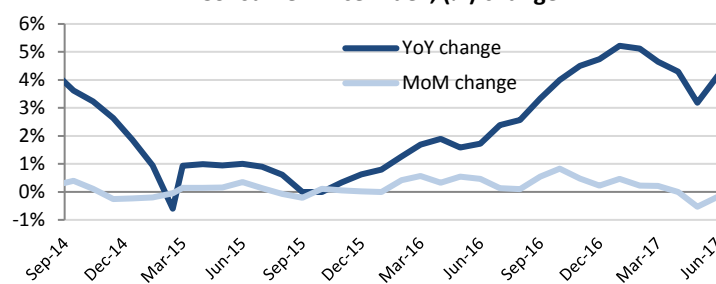


Economic Indicators & Market Update

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	6.3
Nominal GDP	\$bn	186	200	212	225
CPI	%	1.8	0.9	4.7	5.0
Export Growth	%	13.5	7.9	8.6	10.0
Import Growth	%	12.1	12.0	4.6	9.0
Trade Balance	\$bn	1.9	-3.5	2.7	1.0
FX Reserve	\$bn	34.2	31.0	41.0	41.0
USDVND		21,390	22,540	22,761	23,000

*Source: Duxton estimates

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	490	14.7	1.4	2.1%	18.7%
Thailand	SET	489	14.8	1.4	2.9%	10.0%
Singapore	FSSTI	381	13.6	1.6	3.4%	9.9%
Malaysia	FBMKLCI	256	15.7	3.8	3.2%	10.0%
Philippines	PCOMP	190	17.3	1.6	1.6%	11.8%
Vietnam	VNINDEX	89	12.8	1.3	2.4%	15.2%

Market Review

The VNIndex fell 0.14% MoM⁷ (USD terms) in August. The market was affected by rumours that former BIDV chairman had been arrested in connection to a \$400 million graft case, as well as escalating tensions between the U.S and North Korea. Average daily trading volume decreased 9.1% MoM while average trading value declined 1.9% MoM⁷, respectively.

On the macro front, Nikkei's Purchasing Manager's Index (PMI) improved slightly to 51.8 points in August from 51.7 points in July. Similar to the increase in PMI, Vietnam's Industrial Production Index rose 8.4% YoY in August and 6.7% YoY in 8M2017⁶, driven by the manufacturing energy industries. Meanwhile the mining industry continued to show negative YoY growth.

The Consumer Price Index (CPI) increased 0.92% MoM in August, bringing YTD inflation to 1.23%⁶. The increase was driven by 2.86% MoM rise in the price of medicine and health care group, coupled with 2.13% MoM increase in the price of transportation⁶.

Foreign investment inflows remained robust with registered FDI reaching USD 23.4bn (+45% YoY) in the first 8 months of 2017⁶, of which 50% flowed to the manufacturing and processing sector, followed by utilities (23%), mining (5.5%) and as well as the property sector (5%)⁶. Disbursed FDI continued to stay on track, increasing 5.1% YoY to USD 10.3 bn.⁶

Credit growth accelerated to an estimated 11.5% in 8M2017⁶, higher than that of 10.2% of the same period last year. This growth is on track to achieving the Central Bank's target of 18% for 2017. In August, the Prime Minister called for credit growth to increase to 21% this year in order to help achieve the country's GDP growth target.

Vietnam's economy in the fourth quarter will likely be driven by consumer spending, thanks to a robust growth in salary and easier access to credit. The Government is also making progress concerning the divestment of State-Owned Enterprises, having issued a detailed timeline for the 2017-2020 period.⁸ Notable names for this year include tobacco company Vinataba, VICEM, HUD Corp and VEAM, which would provide the Vietnam stock markets a strong boost towards the end of the year.

⁶ Source: The General Statistics Office of Vietnam

⁷ Source: Bloomberg, 31/8/17

⁸ Source: [Vietnam News](#)

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st August 2017



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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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