

Vietnam Phoenix Fund Limited

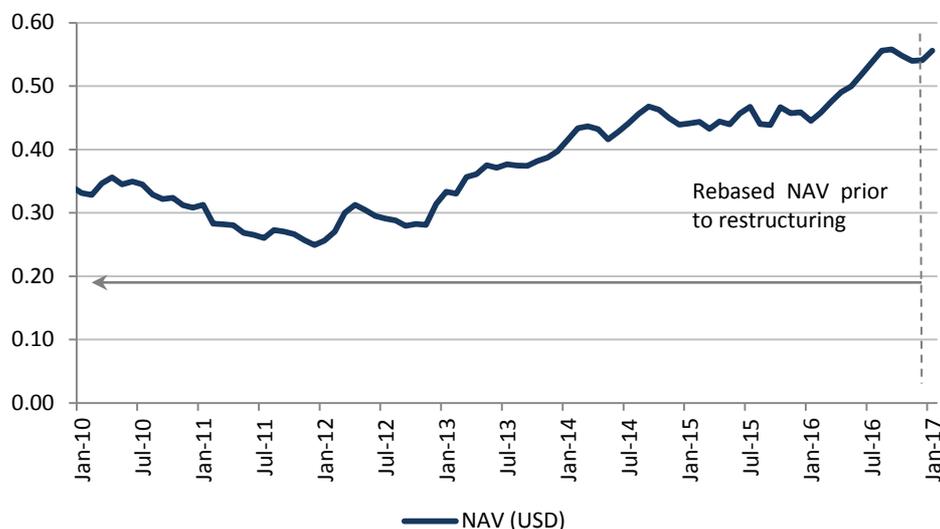
Monthly Factsheet

25th January 2017



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M*	6M*	YTD	1Y*	3Y*	5Y*	7Y*
As of 25 th Jan 2017								
VPF A	2.74	1.44	3.54	2.74	24.9	10.2	16.8	7.7
VNIndex	5.68	0.98	5.50	5.68	25.8	5.3	10.8	2.4
VHIndex	6.25	0.54	-0.27	6.25	8.1	1.9	5.4	-11.3

* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016

Top 3 Gainers

Price change Contribution to NAV return

Vietnam Dairy Products JSC	+ 2.7%	+ 0.65%
Vietnam Enterprise Inv Ltd	+ 3.2%	+ 0.56%
Vietcombank	+ 10.9%	+ 0.38%

Top 3 Losers

Price change Contribution to NAV return

Hoa Sen Group	- 2.4%	- 0.17%
Hoa Phat Group	- 2.0%	- 0.17%
VNDirect Securities	- 6.1%	- 0.04%

Net Assets: \$106.38 million
NAV/Share: \$0.5558
Shares Out: 191,377,519

Structure: Open-End Fund
Liquidity: Monthly

Identifiers

ISIN Code KYG9363R1056
 Bloomberg Ticker VTNPHXA KY
 Sedol BDHXL2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vietnam Dairy Products JSC	23.6
Vietnam Enterprise Inv Ltd	14.3
Hoa Phat Group	8.9
Hoa Sen Group	7.9
FPT Corp	7.2
Vietcombank	3.8
Vietnam Container Shipping	2.9
Thien Long Group Corp	2.9
Novaland Inv Group	2.8
Kinh Bac City Devt	2.8
Total	77.0

Sector Allocation (%)

Food Products	29.7
Real Estate Mgmt & Devt	15.1
Building Materials	10.8
Metals and Mining	10.5
Information Technology	8.5
Banks	6.5
Consumer Discretionary	4.6
Diversified Financials	4.3
Marine	3.4
Consumer Staples	3.4
Energy Equipment & Svcs	1.8
Chemicals	1.4
Total	100.0

Asset Breakdown (%)

Listed Equities	98.9
Cash and accruals	1.1
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 25th January 2016, the aggregate voting rights are 249,976,500.

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CLASS A – Continuation Shares

Fund Manager's Report

Following the restructuring of the Vietnam Phoenix Fund Limited as of 3rd January 2017, the share capital was split into 3 distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B) and 1 Private Equity share (Class C).

As of 31 December 2016 prior to the share split, the NAV/share of VPF was USD 0.8719. After the split was implemented, the initial NAV/share of Class A share was USD 0.5410 and Class C share was USD 0.3373, giving shareholders who opted for the Continuation option an equivalent starting NAV/share of **USD 0.8783**.

The allocation of assets to the Class A shares is exactly the same as the Class B shares, with an additional 1% upfront redemption fee charged to the Realisation Portfolio and credited to the Continuation Portfolio, which enhanced the initial NAV of the Continuation Shares. The initial NAV of the Continuation Portfolio was **USD 103,543,405**.

The investment objective of the Class A shares is to seek long-term capital appreciation by investing in a diversified portfolio of Vietnamese related securities. The Class A shares are now open-end with monthly liquidity. For more information, please contact Duxton Asset Management.

Class A Share Performance Review

The NAV increased by 2.7% in January while the VNIndex rose 5.7% (in USD terms)¹ to a nine-year high this month. The Vietnamese stock market was mainly driven by banking stocks (up 11.1% on average), Sabeco (SAB, up 13.2%) and Faros Construction (ROS, +12.9%). However, we think the enthusiasm over the latter two is unjustified given their fundamentals and valuation. We have been underweighting the banking sector for many years (note that the banking sector was down 5.6% in 2016), which has been one of the main factors of our historical outperformance.

Vietnam Dairy Products JSC (VNM) was the biggest contributor to the portfolio's performance with a price increase of 2.7%¹. The stock price recovered in January after declining for the last 2 consecutive months. VNM released strong preliminary results for FY2016 with net sales growing 16.8% YoY, completing 103.7% of its sales target for the year². Gross margin in 2016 was 47.7%, significantly higher than 39.2% in 2015 due to increased sales volume in the domestic market, as well as low powdered milk input prices which remained depressed during the first half of the year.

Dragon Capital's **Vietnam Enterprise Investments Limited (VEIL)** also contributed to the continuation portfolio's performance with a price increase of 3.2%¹.

Vietcombank (VCB) is one of the few stocks in the banking sector that we favour. VCB delivered an impressive performance in January, rising 10.9%¹ and mirroring other banking stocks in the market. News on interest rate hikes by the U.S Federal Reserve had a positive impact on investor sentiment towards the financial sector. The Prime Minister of Vietnam also plans to raise foreign ownership limits on banks and expand the securities market to attract foreign investors. On top of that, VCB released preliminary results for FY2016 with profit before tax growing 23.4% YoY, surpassing management's target by 9.5%². Credit growth came in at 18.9% YoY, thanks to strong growth in individual loans (+48.8%) and Small-Medium Enterprise (SME) loans (+39%). Deposit growth came in at 19.6% YoY, surpassing management target of 15% growth.

Another performer in the portfolio was **Hoa Binh Construction (HBC)**, up 11.8%). We have tripled our investment in HBC over the past 1.5 years. HBC's revenue in 2016 increased 112% compared to 2015 while net income increased 6.8x, thanks to the strong recovery of the real estate sector and the signing of several construction contracts with large real estate developers. We believe these contracts will ensure HBC's income for many years to come.

Steel stocks **Hoa Sen Group (HSG)** and **Hoa Phat Group (HPG)** underperformed with price declines of 2.4% and 2.0% respectively¹. Both stocks pulled-back in January after an impressive performance in 2016. The Lunar New Year (Tet) in January resulted in lower consumption and production of steel as the market closed for the holidays. HPG also released its preliminary results for 2016, recording net revenues of VND 33,283 billion, up 21.2% YoY and fulfilling 119% of management's target. Profit after tax reached VND 6,602 billion, up 99% YoY and fulfilling 206% of the full year target.

¹ Source: Bloomberg

² Source: Company Announcements

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CLASS B – Realisation Shares

Fund Manager's Report

Following the restructuring of the Vietnam Phoenix Fund Limited as of 3rd January 2017, the share capital was split into 3 distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B) and 1 Private Equity share (Class C).

As of 31 December 2016 prior to the share split, the NAV/share of VPF was USD 0.8719. After the split was implemented, the initial NAV/share of Class B share was USD 0.5292 and Class C share was USD 0.3373, giving shareholders who opted for the Realisation option an equivalent starting NAV/share of **USD 0.8665**.

The allocation of assets to the Class B shares is exactly the same as the Class A shares, less a 1% redemption fee applied at the creation of the portfolio. The initial NAV of the Realisation Portfolio was **USD 122,973,044**. The Investment Manager is to realise all assets in an orderly manner over a period of up to six months and return cash to Realisation Shareholders promptly.

Class B Share Performance Review

The NAV of the Class B Shares increased by 2.5% in January.

Realisation Progress

In January, the share class sold assets equal to roughly 50% of the starting portfolio's value. **The Board has declared a mandatory realisation of 50% of each shareholder's position and will payout the proceeds on 17th February 2017.**

Additional redemptions will be made each month until all assets have been realised and paid to shareholders.

The final redemption date of this share class is 30th June 2017; however we expect all assets to be distributed in the next 2 months.

Net Assets: \$125.99 million
NAV/Share: \$0.5422
Shares Out: 232,372,481

Identifiers

ISIN Code KYG9363R1130
Bloomberg Ticker VTNPHXB KY

Website:

www.vietnamphoenixfund.com

Asset Class Exposure (%)

Listed Equities	49.2
Cash	50.8
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 25th January 2016, the aggregate voting rights are 249,976,500.

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CLASS C – Private Equity Shares

USD (%) As of 25 th Jan 2017	Cumulative Return				Annualised Return			
	1M	3M*	6M*	YTD	1Y*	3Y*	5Y*	7Y*
VPF C	2.08	0.80	2.88	2.08	24.1	10.0	16.6	7.6

* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016

Fund Manager's Report

Following the restructuring of the Vietnam Phoenix Fund Limited as of 3rd January 2017, the share capital was split into 3 distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B) and 1 Private Equity share (Class C).

An existing shareholder of the Fund will receive 1 Private Equity share regardless of whichever option chosen during the restructuring. The initial NAV of the Private Equity Portfolio was **USD 145,880,640** equating to a NAV/share of **USD 0.3443**.

The Private Equity Portfolio contains the Company's unlisted and other illiquid investments at the effective date of the restructuring, together with sufficient cash and other liquid assets to meet the Private Equity Portfolio's estimated operating expenses for up to two years.

The realisation of the Private Equity Pool's investments is to be effected in an orderly manner that seeks to achieve a balance between maximising value and returning cash to Private Equity Shareholders promptly. The Private Equity Portfolio will not be permitted to make new investments, but may make follow-on investments to protect the value of existing investments.

This share class remains closed end and is listed on the Irish Stock Exchange. Investors wishing to transact their shares need to approach one of the market makers. As of end January, the Class C shares are trading at a discount to NAV.

Class C Share Performance Review

The NAV of the Class C Share increased by 2.1% in January.

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. As such, the valuation of unlisted securities remained static, subject only to currency translation impacts. In January the Vietnam Dong strengthened by 0.8%.

An Phat Plastic and Green Environment JSC (AAA) was the biggest detractor to the private equity portfolio's performance with a price decline of 6.4%¹. This is primarily due to an additional listing of 5,065,000 shares as a result of exercise of warrants from the bond with warrants issued by An Phat in Q4 2015. However, the Company performed well in 2016, with a significant increase in revenue and net profit by 32.8% and 254.8% YoY respectively from higher sales volume as the Company expands into the Japanese market.

Net Assets:	\$145.88 million
NAV/Share:	\$0.3443
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	39.0
Anova Corp	13.8
Corbyns International	13.7
NBB Investment Corp	7.0
VTC Online	6.3
Total	79.8

Sector Allocation (%)

Agriculture	41.7
Pharmaceuticals	14.2
Building Materials	14.0
Real Estate Mgmt & Devt	13.5
Information Technology	6.4
Others	10.2
Total	100.0

Asset Breakdown (%)

Unlisted Securities	84.8
Illiquid Listed Equities	12.9
Cash and accruals	2.3
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 25th January 2016, the aggregate voting rights are 249,976,500.

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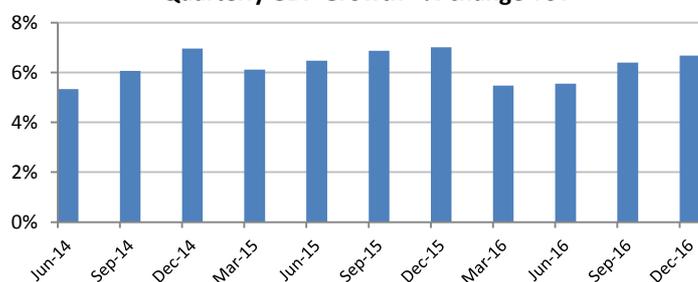
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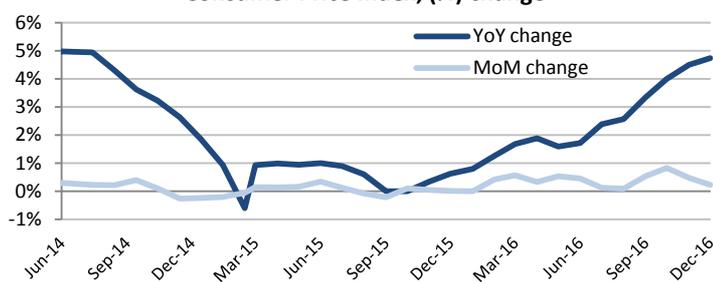


Economic Indicators & Market Update

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	185.9	199.5	211.9	225.7
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 Div Yield ROE

		Mkt Cap (USD bn)	2017 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	433	13.6	1.3	2.1%	18.0%
Thailand	SET	442	13.2	1.4	3.1%	10.6%
Singapore	FSSTI	344	13.5	2.7	3.6%	9.8%
Malaysia	FBMKLCI	230	15.1	2.7	3.2%	10.2%
Philippines	PCOMP	177	15.7	1.4	1.8%	11.8%
Vietnam	VNINDEX	71	13.0	1.0	2.7%	14.5%

Economy

The manufacturing sector continued to expand in January thanks to strong demand.

Nikkei's Purchasing Manager Index (PMI) slowed to 51.9 in January from 52.4 in December, mainly due to the slower pace of growth for both output and new orders compared to last month. Meanwhile, the Industrial Production Index inched up only 0.7% YoY in January, lower than the same period compared to last year. The Lunar New Year holiday was in January this year compared to February last year, causing the slowdown in production⁴.

The Consumer Price Index (CPI) rose 0.46% MoM in January and the headline inflation recorded at 5.22% YoY, mainly driven by the healthcare sector (1.01% MoM) and transportation sector (3.21% MoM) as fuel prices increased strongly before the Lunar New Year holiday⁴. Meanwhile, domestic consumption stood at 9.9% YoY and 6.7% YoY in term of nominal and real retail sales, lower than the same period last year due to higher inflation in this month⁴.

The country recorded a monthly trade deficit of USD 100 million in the first month of 2017⁴. Both exports and imports achieved higher growth of 7.6% YoY and 15.8% YoY in January, respectively thanks to the resilience of global demand and expansion in production⁴.

Registered Foreign Direct Investment (FDI) reached USD 1.6 billion in January, up 9.5% YoY⁴, fuelled by big investment projects from Singapore³. Meanwhile, disbursed FDI totalled at USD 850 million, rising 6.3% YoY⁴.

Stock Market

The VNIndex on the Ho Chi Minh Stock Exchange increased by 5.7% (USD terms)⁵ in January, closing at 697.28. Both average daily trading volume and value saw a decline of 14.5% and 8.4%, respectively, during the month⁵. Drivers include the positive news on energy stocks, the rally on Brent crude oil price, the plan of increasing bank FOLs, together with the issue of Circular 41 on a new CAR calculation resulted in strong momentum for the market in January.

Outlook

In 2017, we continue to expect positive sentiment to dominate the markets and support growth in Vietnam. In addition to the resurgence of the mining and agriculture sectors from 2016's low base, we expect the strengthening of the middle income class via wage and asset price growth as well as aggressive public spending to be the main drivers of the domestic economy in 2017. Trade will continue to be an important contributor as well, given the various existing and upcoming free trade agreements. In addition, we expect the deepening of the Vietnamese stock market to provide many attractive opportunities to investors in multiple sectors, especially consumer, industrials and energy.

4 Source: The General Statistics Office of Vietnam

5 Source: Bloomberg

Vietnam Phoenix Fund Limited

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About Duxton Asset Management Pte Ltd

Duxton Asset Management is a boutique asset manager with a dual focus: Agriculture and Asian Emerging Markets. A carve-out from one of the world's foremost financial institutions, Duxton is regulated by the Monetary Authority of Singapore as a holder of a Capital Markets Services License to conduct the regulated activity of fund management for accredited investors and institutional investors. Duxton's assets under management or advice as of December 2016 are approximately USD 620 million.

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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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