

Vietnam Phoenix Fund Limited

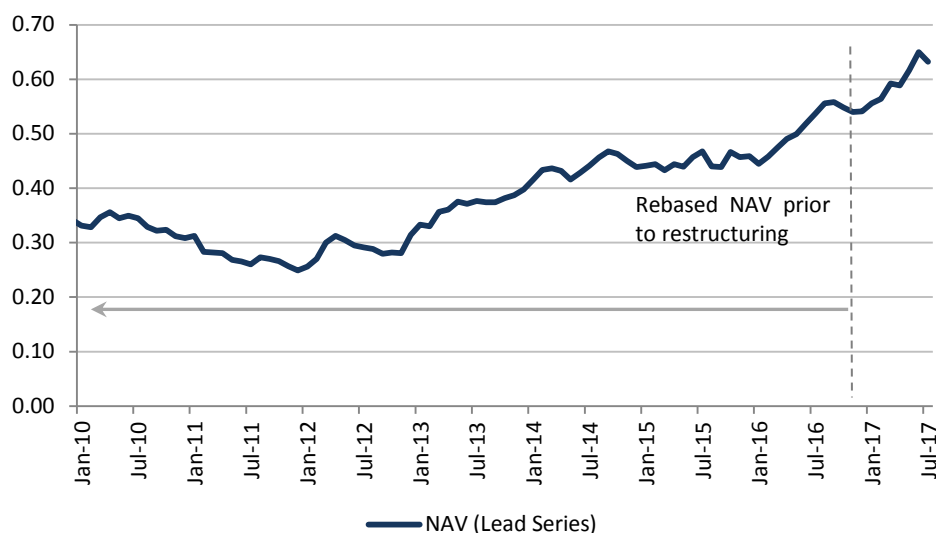
Monthly Factsheet

31st July 2017



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
VPF A (Lead Series)	-2.69	7.46	13.78	16.89	18.5	13.0	16.9	9.2
VNIndex	0.91	9.18	11.76	18.12	17.9	7.1	11.7	4.2
VHIndex	2.06	12.94	18.98	26.42	18.7	6.1	6.0	-8.1

* 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)	+ 0.9%	+ 0.55%
FPT Corp (FPT)	+ 3.2%	+ 0.34%
Viet Capital Securities (VCI)	+ 27.1%	+ 0.23%

Top 3 Laggards

Price Change Contribution to NAV Return

Hoa Sen Group (HSG)	- 13.6%	- 0.87%
Kinh Bac City (KBC)	- 13.1%	- 0.58%
Vinamilk (VNM)	- 3.2%	- 0.53%

Total Net Assets: \$74.43 million

NAV/Share

Lead Series: \$0.6324

Series 1: \$0.9685

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code KYG9363R1056

Bloomberg Ticker VTNPHXA KY

Sedol BDHXL2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	19.5
FPT Corp	13.1
Hoa Phat Group	9.1
Vietnam Enterprise Inv Ltd	7.4
Hoa Sen Group	6.5
Thien Long Group	4.7
Novaland	4.7
Kinh Bac City	4.6
Khang Dien House	4.1
Viconship	4.1
Total	77.8

Sector Allocation (%)

Food Products	22.0
Real Estate	15.7
Information Technology	13.1
Metals and Mining	9.1
Consumer Discretionary	7.0
Building Materials	6.8
Diversified Financials	5.9
Consumer Staples	5.2
Banks	4.1
Others*	11.1
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	102.9
Cash and accruals^	-2.9
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 July 2017, the aggregate voting rights are 220,363,311.

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CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share of the Class A Shares decreased by 2.69% in July while the VNIndex rose 0.91% (in USD terms)¹.

Steel sheet producer **Hoa Sen Group** (HSG) was the biggest detractor the portfolio's performance with a price decrease of 13.6%¹ following Q3-2017 earnings release, which showed a robust revenue growth of 57% YoY but margin contraction due to higher input cost and interest expenses². Note also that the company has not booked its income from the sale of Hoa Sen-Gemadep port, which we think will be done in Q4-FY2017. Since May 2017 the portfolio has been reducing its exposure to HSG by 30%, from 9.1% of NAV to 6.5% of NAV at the end of July 2017.

Similarly, industrial park (IP) operator **Kinh Bac City** (KBC) dragged down the portfolio's performance with a price decrease of 13.1%¹ after the market reacted strongly to the company's earnings release. H1-2017 revenue declined 56.6% YoY² on the back of core business showed sluggishness as the company is still working on land clearing for the major contracts they signed last year. The decline in core profit was offset by gain from the sale of KBC's Lotus project in Ha Noi. We expect the company to book core revenue towards the end of the year, as well as income from the sale of the remaining 2 hectares in the Phuc Ninh residential project.

Vinamilk (VNM) ended the month of July with a price decrease of 3.2%¹, despite having reported decent H1-2017 results with positive top and bottom line growth. Revenue increased 11.5% YoY to VND 25.4tn², driven mainly by domestic volume growth and market share expansion; however export revenue declined due to poor market conditions in Iraq, VNM's largest export market. Gross profit margin was stable at 48.7% H1-2017 vs 48.6% in H1-2016 thanks to increased contribution from higher margin products such as powdered milk and yoghurt.² NPAT came in at VND 5,856bn, an increase of 17.8% YoY.² At the end of July 2017, VNM traded at 2017/18F P/E of 22.9x/21.0x, respectively.¹

Positive contributors to the portfolio this month include **Hoa Phat Group** (HPG), IT conglomerate **FPT Corp** (FPT) and **Viet Capital Securities** (VCI).

FPT's share price posted a gain of 3.2% in July¹, in light of strong H1 earnings driven by its software and telecom businesses. FPT also finally announced its long awaited divestment plan for its Retail business from 85% to 45%, which is well perceived by the market. The company plans to list FPT Retail on the Ho Chi Minh stock exchange in 2018.³

In June 2017, the Fund Manager participated in VCI's IPO and the company listed on the Ho Chi Minh Stock exchange on the 7th of July. At the end of July, VCI stock price increased 27.1% to VND 61,000¹.

¹ Source: Bloomberg, 31/7/17

² Source: Company announcements

³ Source: FPT Company News, 31/7/17

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
VPF C	0.26	-3.50	0.03	0.53	1.9	7.5	13.5	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 of the Class C Shares increased by 0.26% in July.

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.

National Seed JSC (NSC) was the biggest contributor to the portfolio's performance with a share price increase of 13.3%⁴ in July 2017. In H1-2017, revenue and NPATMI increased by 9.1% YoY and 19.9% YoY respectively. The share price also reacted positively after news that the IFC invested approximately USD10.2m in PAN Farm JSC, the 75.1% shareholder of NSC, to expand the seed business⁵.

Binh Chanh Construction Investment (BCI) also positively impacted the portfolio's performance with a share price increase of 12.3%⁴ in July 2017. In H1-2017, revenue and NPATMI increased by 112.5% YoY and 65.4% YoY respectively due to delivery of completed projects to buyers⁵.

Net Assets: \$145.94 million
NAV/Share: \$0.3444
Shares Out: 423,750,000

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPHXC KY
Sedol B1FHXT2

Website:

www.vietnamphoenixfund.com

Market Makers

Jefferies International
Michele White <JCEF> GO
mwhite@jefferies.com

Numis Securities
Dave Cumming <NUMI> GO
d.cumming@numis.com

FinnCap
Johnny Hewitson <JMFC> GO
jhewitson@finncap.com

Top 5 Holdings (%)

Greenfeed	33.6
Corbyns International	13.6
Anova Corp	12.3
NBB Investment Corp	7.6
Anphat Plastic	6.5
Total	73.6

Sector Allocation (%)

Agriculture	35.9
Real Estate Mgmt & Devt	15.7
Building Materials	13.6
Pharmaceuticals	12.3
Information Technology	6.1
Others*	16.4
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Invested Securities	95.9
Cash and accruals	4.1
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 July 2017, the aggregate voting rights are 220,363,311.

⁴ Source: Bloomberg, 31/7/17

⁵ Source: Company announcements

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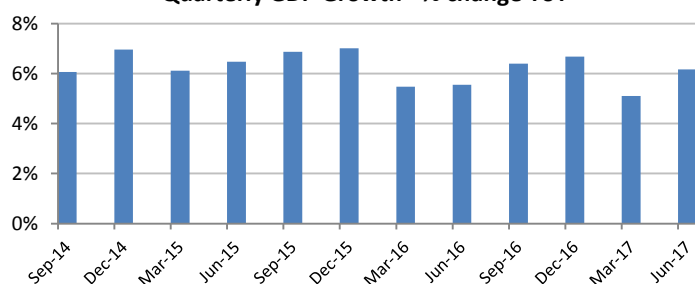
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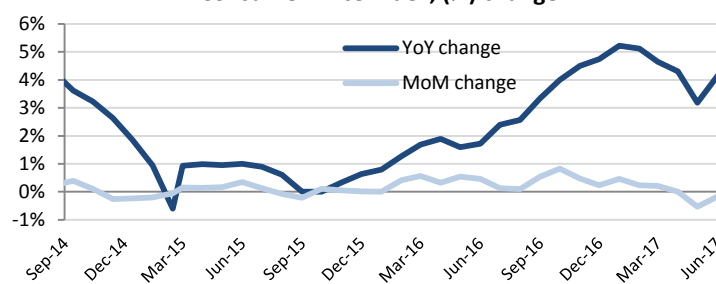


Economic Indicators & Market Update

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	475	14.5	1.1	2.1%	18.9%
Thailand	SET	464	14.0	1.3	3.0%	10.1%
Singapore	FSSTI	381	13.9	1.8	3.4%	9.9%
Malaysia	FBMKLCI	248	15.5	3.8	3.2%	10.4%
Philippines	PCOMP	187	17.2	1.6	1.6%	11.7%
Vietnam	VNINDEX	84	12.7	1.3	2.5%	14.8%

Market Review

The VNIndex rose 0.9% MoM⁷ (USD terms) in July, driven by the performance of many large cap stocks on the back of upbeat earnings results (GAS, FPT, VIC), positive news on State divestment plans (SAB) and private placement rumours (BID)⁶. Average daily trading volume increased 7.0% MoM while average trading value declined 5.3% MoM⁷ in July 2017, respectively. Foreigners remained net buyers for a seventh consecutive month.

On the macro front, Nikkei's Purchasing Manager's Index (PMI) decreased to 51.7 points in July from 52.5 points in June. Note that the PMI is a forward-looking indicator, which is published at the beginning of the month to reflect managers' sentiment for the coming month. The Industrial Production Index (IIP) rose 8.1% YoY in July, compared to 7.8% YoY in June⁶.

Foreign investment inflows remained robust with registered FDI reaching USD 21.9bn (+52% YoY) in the first 7 months of 2017⁶, of which 49% flowed to manufacturing and processing sector, followed by utilities (24%), mining (6%) and as well as the property sector (5%)⁶. Disbursed FDI continued to stay on track, increasing 6% YoY to USD 9.05 bn. ⁶

Credit growth stood at 9.3% YTD in 7M2017⁶, surpassing the 8.8% growth during the same period last year. Despite the strong credit growth, the State Bank of Vietnam reduced its discount and refinancing policy rates by 25 bps to 4.25% and 6.25%, respectively, to boost economic growth further. Meanwhile, progress has been made on refining the banking sector with the Prime Minister issuing Decision No. 1058/QD-TTg on Jul 19th 2017. Highlights from the decision include plans to recapitalize the various state-owned commercial banks by 2020 in order to comply with Basel II standards, classification of joint stock commercial banks by bank strength, relaxation of Foreign Ownership Limits for credit institutions, and an increase in the VAMC's charter capital to VND 10 trillion by 2020.

Our concerns about rising inflation during the previous months have been eased as inflation remains moderate. This gives the State Bank capacity to maintain a loose monetary policy to boost economic growth. The Government thereby firmly maintained their GDP growth target of 6.7% in 2017. While we don't think this target is easy to achieve, we remain positive on companies' business prospects for the remainder of the year, given strong capital inflows and strong consumer confidence.

⁶ Source: The General Statistics Office of Vietnam

⁷ Source: Bloomberg, 31/7/17

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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.

Contact Information

40 Duxton Hill, Singapore 089618

T: + 65 6511 0362

F: + 65 6220 7956

E: vpf@duxtonam.com