

Vietnam Phoenix Fund Limited

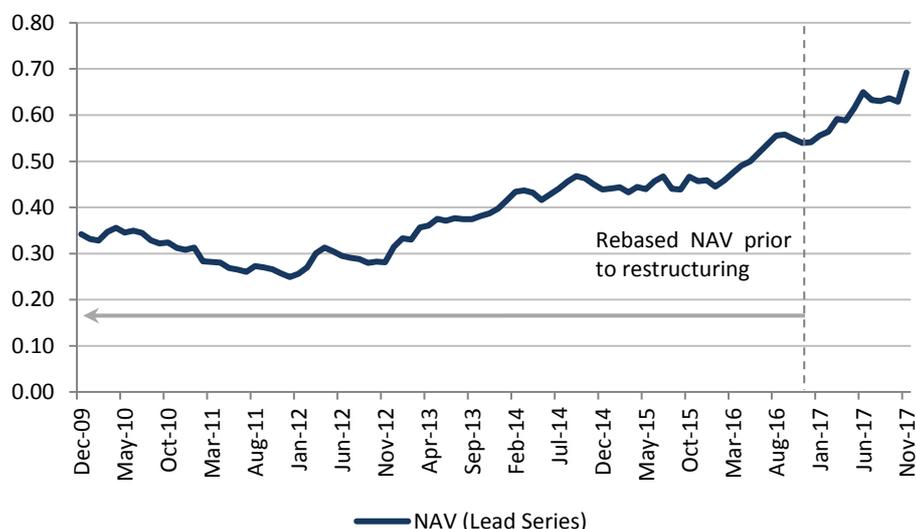
Monthly Factsheet

30th November 2017



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
VPF A <small>(Lead Series)</small>	10.05	9.82	12.35	27.95	29.0	15.7	19.9	12.3
VNIndex	13.46	21.40	28.69	43.18	42.6	16.3	18.2	8.8
VHIndex	9.07	10.50	21.98	43.47	41.9	7.2	15.6	-1.4

* 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)	+ 23.6%	+ 3.84%
FPT Corp (FPT)	+ 15.9%	+ 2.46%
Hoa Phat Group (HPG)	+ 11.4%	+ 0.89%

Top 3 Laggards	Price Change	Contribution to NAV Return
GTN Foods (GTN)	- 4.9%	- 0.14%
Coteccons Construction (CTD)	- 3.4%	- 0.05%
Thien Long Group (TLG)	- 1.0%	- 0.03%

Total Net Assets: \$69.12 million

NAV/Share

Lead Series: \$0.6922

Series 1: \$1.0597

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXLD2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	13.5
FPT Corp	12.1
Hoa Phat Group	8.5
Vietnam Enterprise Inv Ltd	6.2
Khang Dien House	5.9
Hoa Sen Group	5.9
Kinh Bac City	5.7
Mobile World	5.0
Viconship	3.7
Vinh Hoan Corp	3.6
Total	70.1

Sector Allocation (%)

Consumer Products	22.4
Real Estate	20.4
Building Materials	14.3
Information Technology	12.1
Infrastructure	6.7
Banks & Financials	6.4
Agriculture	6.1
Others*	11.6
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	94.6
Cash and accruals^	5.4
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 30th November 2017, the aggregate voting rights are 218,702,963.

CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share of the Class A Shares (lead series) increased by 10.05% in November while the VNIndex rose 13.46% (in USD terms)¹. The VNIndex continued to rally in November driven by the top large cap stocks such as Vinamilk (VNM, +23.6%), Vin Group (VIC, +27.4%), Sabeco (SAB, +15.2%) and Vietcombank (VCB, +17.2%)¹. News on the State Capital Investment Corporation's (SCIC) divestment plans as well as the listing of Vincom Retail (a Vin Group subsidiary) were positives for the overall stock market.

The biggest contributor to the portfolio's performance was **Vinamilk (VNM)**, whose share price surged 23.6% in November¹. This was after the SCIC held an auction for a 3.33% stake in the company, all of which was purchased by a company of the Hong Kong conglomerate Jardine at a premium price². Jardine also purchased shares via put-throughs on the market, bringing their total stake to 10% by 17 November and making them the third largest shareholder of Vinamilk, behind F&N (18.7%) and the SCIC (36%). Insights from Duxton's emerging market team suggest that this is a very positive development given Jardine's investment rigour and strategy. The price increase led us to rebalance our position in VNM although it is still overweight compared to the VNIndex.

IT conglomerate **FPT Corp (FPT)** share price rose 15.9% in November¹ after the SCIC announced the company was included in its divestment sales plan for December. The SCIC is looking to sell a 5.96% stake in FPT via public auction and is aiming to complete the transaction in December². Other companies in the list include Tien Phong Plastic, Binh Minh Plastic, Domesco and Vinaconex. Apart from the divestment news, FPT continued to exhibit double digit growth in its 10M2017 revenue and profit indicators. Consolidated revenue grew 10% YoY, while profit before tax was up 14% YoY, driven by the Technology and Telecoms segment².

Hoa Phat Group (HPG) rose 11.4% in November¹, driven by higher iron ore and steel scrap prices. In December, HPG announced a VND 1 trillion investment to build a high quality post-tensioning steel factory in the Dung Quat economic zone. This factory will be located next to its Hoa Phat Dung Quat iron and steel production complex and is aimed at reducing reliance on imported steel. This will result in significant savings in transportation and inventory costs, while reducing lead time².

Detractors to the portfolio this month were **GTN Foods (GTN)**, **Thien Long Group (TLG)** and **Coteccons Construction (CTD)**.

GTN's share price declined 4.9% in November¹. The company's 9M2017 results saw higher revenues (+119% YoY) and NPAT (+164% YoY), however this contribution was mainly from the consolidation of Vilico². On a standalone basis, revenue from Vilico only increased 2%. Vilico's dairy segment recorded a 14% YoY growth in revenue, however this was offset by a 54% YoY decline in revenue for its pig farming segment². This was due to depressed pork prices, which has been on the decline since China started reducing pig imports. On the other hand, revenues from the GTN's tea business (Vinatea) grew 81% YoY thanks to higher export sales². However due to the restructuring post-acquisition, which takes longer than we expected, Vinatea has yet contribute to GTN's bottom line.

During the month of November, the Fund Manager initiated a position in Coteccons Construction (CTD), the leading construction and real estate company in Vietnam.

¹ Source: Bloomberg, 30/11/17

² Source: Company announcements

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
VPF C	3.25	2.74	-2.27	3.04	3.9	7.6	14.8	8.9

* 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 3.25% in November.

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.

NBB Investment Corp (NBB) was the biggest contributor to the portfolio's performance with a share price increase of 27.2%³ in November. NBB's share price rose after Ho Chi Minh City Infrastructure Investment JSC (CII), a major shareholder, continued to increase its stake in NBB from 30.1% to 31.0%⁴.

Tien Phong Plastic JSC (NTP) also contributed positively to the portfolio's performance with a share price increase of 16.9%³ in November following an announcement by the State Capital Investment Corporation (SCIC) that it is planning to divest its stake in NTP⁴. The SCIC is currently the largest shareholder in the company with a 37.1% stake and its divestment is expected to attract the interest of strategic investors.

The Investment Manager continues to work towards achieving liquidity for each of the unlisted investments in the Private Equity asset pool. In 2017, the liquidation plans for Greenfeed and Anova took a setback as both companies were negatively impacted by a slowdown in the Vietnam feed industry. This was due to falling prices of pork, caused by China's temporary ban on pig imports from Vietnam. Although China relaxed the ban in the middle of 2017, the pork prices has recovered but not to the previous levels before the ban. With the expected recovery of the pork and feed industry in H1 2018, the performance of Greenfeed and Anova should start to improve. The Manager is actively working with the management of Greenfeed to sell the Fund's stake in the company to a strategic investor in the next 12-18 months. For Anova, the Investment Manager expects to exit the Fund's position upon listing of the Company by the end-2018/beg-2019 or a trade sale prior to that.

The Fund holds large and strategic positions in NBB and An Phat, and both companies have performed well in 2017. The Manager is working closely with the management of both companies to execute the strategic plans and will sell the Fund's positions in NBB and An Phat in the next 12-18 months. Meanwhile, Corbyns will undergo a restructuring within the next 12-18 months, which will provide an opportunity for the Fund to exit. VTC Online has also undergone a restructuring and cost rationalization exercise over the past year, and the Manager is actively working towards a liquidation plan. In addition, the Manager has engaged a securities firm to sell the smaller illiquid listed investments.

Starting from February 2018, the Manager will hold quarterly calls with investors to provide updates on the Class C portfolio.

³ Source: Bloomberg, 30/11/17

⁴ Source: Company announcements

Net Assets: \$149.92 million
NAV/Share: \$0.3530
Shares Out: 423,750,000

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPFXC KY
Sedol B1FHXT2

Website:

www.vietnamphoenixfund.com

Market Makers

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Top 5 Holdings (%)

Greenfeed	32.8
Corbyns International	13.2
Anova Corp	12.0
NBB Investment Corp	9.7
Anphat Plastic	6.2
Total	73.9

Sector Allocation (%)

Agriculture	34.8
Real Estate Mgmt & Devt	18.5
Building Materials	13.2
Pharmaceuticals	12.0
Information Technology	6.0
Others*	15.5
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Invested Securities	97.2
Cash and accruals	2.8
Total	100.0

Voting Rights

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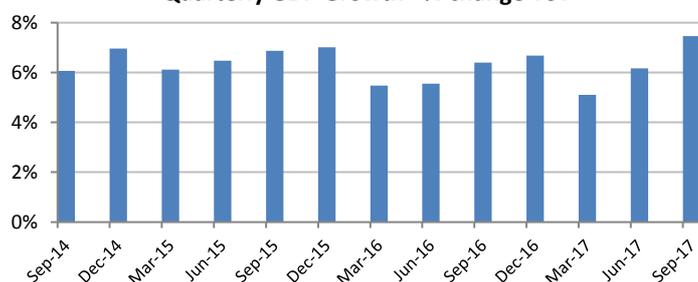
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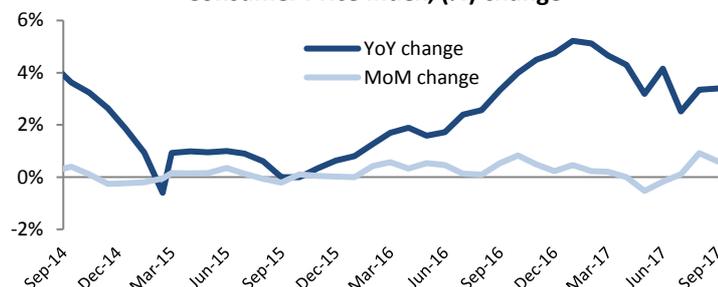


Economic Indicators & Market Update

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	6.7
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	494	15.6	1.4	2.0%	17.9%
Thailand	SET	521	15.3	1.7	2.7%	10.1%
Singapore	FSSTI	446	14.4	1.7	3.2%	10.0%
Malaysia	FBMKLSE	253	15.0	3.7	3.3%	9.9%
Philippines	PCOMP	199	18.2	1.5	1.5%	11.6%
Vietnam	VNINDEX	108	16.6	1.3	2.1%	15.5%

Market Review

The VNIndex rose 13.46% MoM⁶ (USD terms) in November. The market continued to rally, bolstered by the APEC Economic Leaders summit event held in Da Nang this year and the announcement of state divestments by the SCIC. The successful auction of index heavyweight Vinamilk at a 24% premium to the starting bid price, along with the SCIC's divestment plans for FPT, DRC, BMP and NTP created positive market sentiment.

Vietnam's Industrial Production Index increased 17.2% YoY in Nov 2017, thanks to the manufacturing and processing industry which grew 24.3% YoY⁵. The computer, electronic and optical products segment continued witnessing strong growth of 56.9% YoY, while the pharmaceutical and medicinal products segment grew 32.9% YoY⁵. Consumption was also robust with retail sales increasing 11.8% YoY in November.

The Consumer Price Index (CPI) increased 0.13% MoM in November, bringing YTD inflation to just 2.38%⁵. The increase was mainly from the transportation basket with a 0.68% MoM increase following two price hikes within the month. Pharmaceuticals and healthcare services rose 0.2% while textiles, hats and footwear rose 0.15%⁵.

Foreign investment inflows remained robust with registered FDI reaching USD 33.1bn (+53% YoY)⁵ in the first 11 months of 2017. Most of the contribution came from the registration of Nghi Son 2 and Nam Dinh 1 power mega-projects earlier this year, and the approval of the BOT Van Phong 1 thermal power plant with registered capital of USD2.6 billion⁵. Disbursed FDI continued to stay on track, increasing 11.9% YoY to USD 16.0 bn⁵.

On the Banking Sector, credit growth accelerated to an estimated 15.3% in 11M2017⁷, higher than that of 14.6% of the same period last year. It is unlikely that the economy will achieve the government's target of 21% and will probably settle between the SBV's expected range of 18-19% for 2017. Meanwhile, deposit growth is lagging behind last year's growth, with 13.5% in 11M2017⁷, slower than 16.6% growth in 11M2016.

In December, the Asian Development Bank revised Vietnam's GDP growth upwards from 6.3% to 6.7% for 2017⁸, in line with the government's target for the year. This will be driven by both the manufacturing and the tourism sectors, which will likely have a boost during the last quarter of the year.

⁵ Source: The General Statistics Office of Vietnam

⁶ Source: Bloomberg, 30/11/17

⁷ Source: State Bank of Vietnam

⁸ Source: [Asian Development Bank](#)

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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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