

Vietnam Phoenix Fund Limited

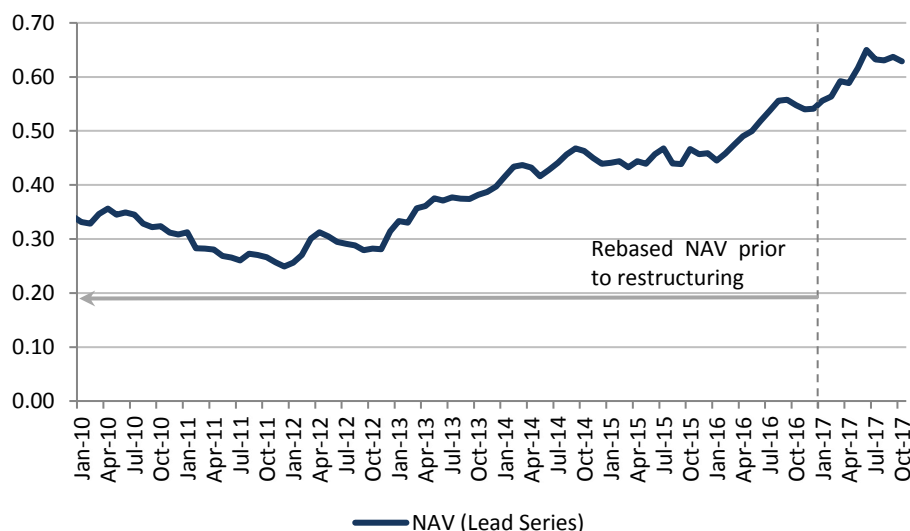
Monthly Factsheet

31st October 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)	-1.24	-0.54	6.88	16.27	15.5	11.0	17.5	10.0
VNIndex	4.15	6.84	16.65	26.20	20.6	9.3	14.6	6.8
VHIndex	-2.32	4.04	17.51	31.53	24.5	3.8	12.8	-3.1

* 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
FPT Corp (FPT)	+ 3.4%	+ 0.47%
Mobile World (MWG)	+ 10.5%	+ 0.45%
PVN Nhon Trach 2 (NT2)	+ 12.8%	+ 0.39%

Top 3 Laggards	Price Change	Contribution to NAV Return
Hoa Sen Group (HSG)	- 19.1%	- 1.32%
Kinh Bac City (KBC)	- 12.0%	- 0.71%
Viconship (VSC)	- 11.7%	- 0.48%

Total Net Assets: \$65.21 million

NAV/Share

Lead Series: \$0.6290

Series 1: \$0.9616

Series 2: \$0.9930

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXLD2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	17.0
FPT Corp	15.6
Hoa Phat Group	8.2
Vietnam Enterprise Inv Ltd	6.2
Hoa Sen Group	6.2
Kinh Bac City	5.7
Khang Dien House	5.6
Mobile World	5.2
Thien Long Group	4.2
Viconship	4.0
Total	77.9

Sector Allocation (%)

Consumer Products	27.0
Real Estate	18.0
Information Technology	15.6
Building Materials	14.4
Banks & Financials	8.1
Infrastructure	7.0
Agriculture	6.3
Others*	3.6
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	102.6
Cash and accruals^	-2.6
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 October 2017, the aggregate voting rights are 210,067,857.

CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share of the Class A Shares (lead series) decreased by 1.24% in October while the VNIndex rose 4.15% (in USD terms)¹. The VNIndex hit a 10-year high in October driven mainly by large cap stocks such as Faros Construction (ROS, +86.7%), Vin Group (VIC, +14.2%), Sabeco (SAB, +9.9%) and Vietcombank (VCB, +10.1%)¹. However, other Vietnamese market indices such as the VN Mid-Cap, VN Small-Cap and the VHIndex which do not include ROS, posted declines in October. The Fund is currently not exposed to the first three mentioned stocks and is underweight banking stocks.

The biggest contributor to the portfolio's performance was IT conglomerate **FPT Corp** (FPT), which posted a share price gain of 3.4% in October¹. The company continued to exhibit strong growth in the first 9 months of 2017 with revenue and PBT increasing 9.4% and 14.7% YoY². Profit from Software Outsourcing segment grew 25% YoY during the period thanks to strong sales growth and margin improvements from higher utilisation and pricing rates². The Telecoms segment also performed well, with revenue growing 14% YoY driven by increased subscriber base, and profit growing 9% YoY due to lower depreciation expenses².

Mobile World Group's (MWG) share price rose 10.5% in October¹ after reporting strong 9M2017 results. Revenue and NPAT rose 55% YoY and 34% YoY, respectively. Strong revenue contribution came from the opening of 275 new DienmayXANH (consumer electronics) stores during the period, bringing total DMX store count to 531 by the end of September². Online sales also grew strongly, up 80% YoY during the period. The grocery chain (BachhoaXANH) also performed well with 217 stores, up from only 110 as of H1 2017, bringing the business to near breakeven point².

PetroVietnam Nhon Trach 2 (NT2) rose 12.8% in October¹ thanks to better than expected 9M2017 results. This is the result of the company's good strategy in the competitive generation market. In addition, NT2 is expected to have a better last quarter of 2017 after a new decision was released during the month to halts the competitive generation market and prioritise output from gas thermal plants².

Last month the Fund participated in **Khang Dien House** (KDH)'s rights issue (2 per 5 ratio) at a subscription price of VND 15,000, a discount of 42% to the closing price in October.

Detractors to the portfolio this month were **Hoa Sen Group** (HSG), **Kinh Bac City** (KBC) and **Viconship** (VSC).

HSG took many investors by surprise in October after the company posted disappointing 4Q2017 earnings results (fiscal year ending 30 Sep). The stock tumbled 19.1% during the month¹, the largest decline in one month for 2017. While revenue grew almost 40% YoY during the quarter, supported by an increase of 26% in volume and 13% in ASP, net profit plunged 55% due to margin contractions and increases in interest expenses². Given the recovery of both steel input and output prices and HSG's active input inventory management, there had been expectations for a margin expansion during the quarter, which did not materialise. The booking of the sale of the Gemadept/Hoa Sen port which was expected to occur in the fourth quarter was also delayed.

Similarly, KBC also ended the month of October with a price decrease of 12.0%¹. Despite a recovery in the third quarter, 9M2017 revenue declined 35.5% YoY due to settlement delay in the second quarter of the year. However, a one off financial gain from the sale of a stake in the Lotus Hotel project in Q2 helped smooth out earnings, with 9M2017 profit after tax rising 4.3%². Despite execution and timing issues which have hindered the company's performance in 2017, we believe the long-term prospects remain bright on the back of new FDI contracts, the development of its related residential business and more profits from non-core divestments.

¹ Source: Bloomberg, 31/10/17

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	-1.24	-0.73	-4.20	-0.20	-0.9	5.5	14.0	7.7

* 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 1.24% in October.

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.

An Phat Plastic and Green Environment JSC (AAA) was a detractor to the portfolio's performance, with a decrease in share price of 11.5%³ in October due to news that Phase 3 of the warrant conversion is set for Dec 2017. Nevertheless, the company's performance remains strong with the expansion into the Japanese market as well as increase in sales volume to the US market since commencement of Factory 7 in June 2017. In 3Q 2017, net sales and NPATMI of the company increased by 98.2% and 34.5% YoY respectively⁴.

Net Assets: \$144.88 million
NAV/Share: \$0.3419
Shares Out: 423,750,000

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPFXC 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	33.9
Corbyns International	13.7
Anova Corp	12.4
NBB Investment Corp	8.4
VTC Online	6.2
Total	74.6

Sector Allocation (%)

Agriculture	35.8
Real Estate Mgmt & Devt	16.9
Building Materials	13.7
Pharmaceuticals	12.4
Information Technology	6.2
Others*	15.0
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Invested Securities	97.1
Cash and accruals	2.9
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 October 2017, the aggregate voting rights are 210,067,857.

³ Source: Bloomberg, 31/10/17

⁴ Source: Company announcements

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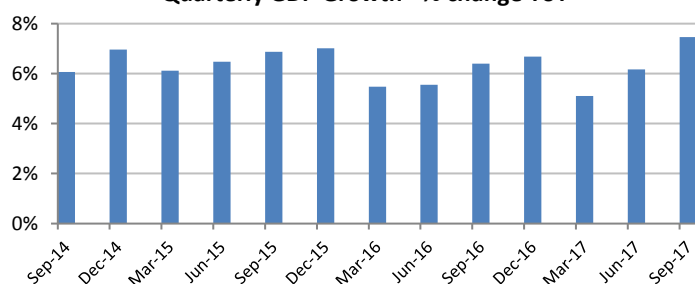
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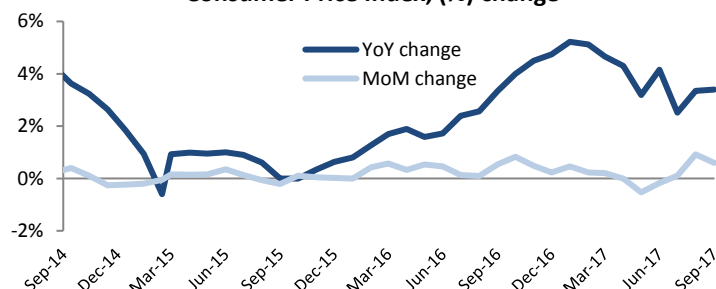


Economic Indicators & Market Update

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	6.7
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	498	15.7	1.4	2.0%	18.4%
Thailand	SET	509	15.4	1.8	2.8%	10.1%
Singapore	FSSTI	438	14.3	1.5	3.2%	10.0%
Malaysia	FBMKLCI	249	15.3	3.7	3.3%	10.1%
Philippines	PCOMP	201	18.5	1.6	1.4%	11.6%
Vietnam	VNINDEX	96	15.4	1.3	2.5%	16.4%

Market Review

The VNIndex rose 4.15% MoM⁶ (USD terms) in October. As mentioned in the earlier section, the VNIndex reached its highest level in 10 years, driven mostly by large cap stocks. The most notable large cap stock was Faros Construction (ROS), whose share price nearly doubled, contributing 52% of the VNIndex gains for October.

Vietnam's Industrial Production Index increased 17% YoY in Oct 2017, thanks to the manufacturing and processing industry which grew 22.3% YoY⁵. In particular were the Computer, electronic and optical products segment which grew almost 70% YoY and the rubber & plastics segment which grew 23% YoY⁵.

The Consumer Price Index (CPI) increased 0.41% MoM in October, bringing YTD inflation to 2.25%⁵. The increase was mainly from the healthcare group with a 2.1% MoM increase due to upward price adjustments of healthcare fees this month⁵.

Foreign investment inflows remained robust with registered FDI reaching USD 28.2bn (+37% YoY)⁵ in the first 10 months of 2017, of which nearly 50% flowed to the manufacturing and processing sector, followed by energy (20%), real estate (7%) and mining (5%)⁵. Disbursed FDI continued to stay on track, increasing 11.8% YoY to USD 14.2 bn⁵.

On the Banking Sector, credit growth accelerated to an estimated 12.7% in 10M2017⁷, higher than that of 11.8% of the same period last year. At this point, it seems that the government's targeted credit growth of 21% for 2017 is far out of reach. However, the last quarter of the year is always the busiest in terms of credit conditions. Besides, GDP has been growing strongly without the need for high double-digit credit growth.

Given the ongoing economic expansion since the third quarter, there is a good chance the Vietnamese economy will achieve the Prime Minister's target of 6.7% for the year. Macroeconomic conditions remain favourable, with rising consumer expenditure, resilient export growth, strong FDI inflows and easy access to credit. The stock market continues to present abundant opportunities for investors with many upcoming IPOs and State divestments from good companies.

⁵ Source: The General Statistics Office of Vietnam

⁶ Source: Bloomberg, 31/10/17

⁷ Source: State Bank of Vietnam

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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

8 Eu Tong Sen Street, The Central, #23-89 Singapore 059818

T: + 65 6511 0362

F: + 65 6220 7956

E: vpf@duxtonam.com