

# Vietnam Phoenix Fund Limited

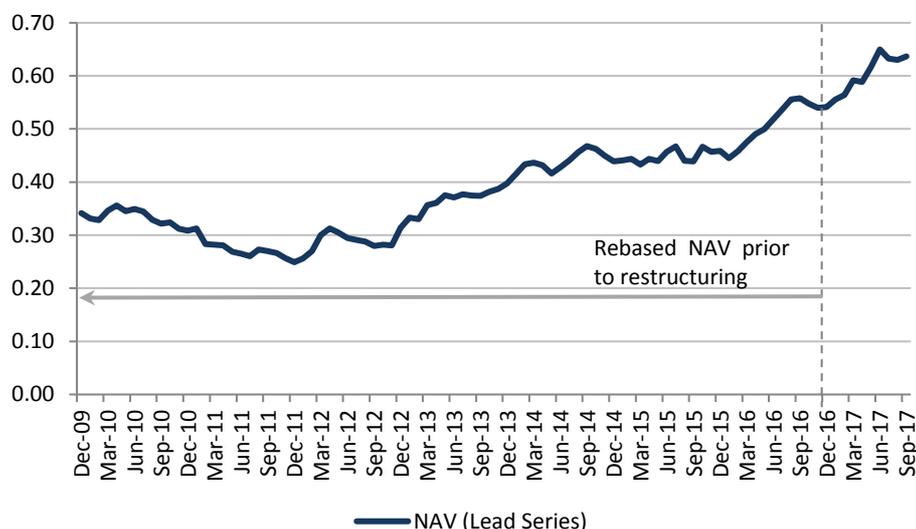
## Monthly Factsheet

29<sup>th</sup> September 2017



### CLASS A – Continuation Shares

NAV Performance (USD)



| USD (%)                       | Cumulative Return |       |       |       | Annualised Return |      |      |      |
|-------------------------------|-------------------|-------|-------|-------|-------------------|------|------|------|
|                               | 1M                | 3M    | 6M    | YTD   | 1Y*               | 3Y*  | 5Y*  | 7Y*  |
| <b>VPF A</b><br>(Lead Series) | 1.05              | -2.00 | 7.60  | 17.73 | 14.9              | 11.1 | 18.1 | 10.4 |
| <b>VNIndex</b>                | 2.73              | 3.51  | 11.33 | 21.16 | 15.1              | 7.8  | 13.4 | 6.1  |
| <b>VHIndex</b>                | 3.72              | 8.72  | 18.50 | 34.66 | 24.4              | 4.3  | 12.3 | -4.5 |

\* 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.

| Top 3 Gainers                     | Price Change | Contribution to NAV Return |
|-----------------------------------|--------------|----------------------------|
| Hoa Phat Group (HPG)              | + 11.0%      | + 0.78%                    |
| Mobile World Group (MWG)          | + 6.3%       | + 0.24%                    |
| Vietnam Enterprise Inv Ltd (VEIL) | + 3.6%       | + 0.22%                    |

| Top 3 Laggards         | Price Change | Contribution to NAV Return |
|------------------------|--------------|----------------------------|
| Hoa Sen Group (HSG)    | - 4.2%       | - 0.30%                    |
| Kinh Bac City (KBC)    | - 3.3%       | - 0.20%                    |
| Thien Long Group (TLG) | - 2.0%       | - 0.10%                    |

Total Net Assets: \$69.21 million

#### NAV/Share

Lead Series: \$0.6369

Series 1: \$0.9757

Series 2: \$1.0074

Structure: Open-End Fund

Liquidity: Monthly

#### Identifiers

|                  |              |
|------------------|--------------|
| ISIN Code        | KYG9363R1056 |
| Bloomberg Ticker | VTNPHXA KY   |
| Sedol            | BDHXLD2      |

#### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

#### Top 10 Holdings (%)

|                            |      |
|----------------------------|------|
| Vinamilk                   | 17.2 |
| FPT Corp                   | 14.4 |
| Hoa Phat Group             | 8.2  |
| Hoa Sen Group              | 7.4  |
| Kinh Bac City              | 6.2  |
| Vietnam Enterprise Inv Ltd | 6.2  |
| Mobile World               | 4.4  |
| Viconship                  | 4.4  |
| Khang Dien House           | 4.2  |
| Thien Long Group           | 4.0  |
| Total                      | 76.6 |

#### Sector Allocation (%)

|                        |       |
|------------------------|-------|
| Consumer Products      | 26.3  |
| Real Estate            | 16.1  |
| Building Materials     | 15.6  |
| Information Technology | 14.4  |
| Banks & Financials     | 8.0   |
| Infrastructure         | 6.8   |
| Agriculture            | 6.6   |
| Others*                | 6.2   |
| Total                  | 100.0 |

\*includes Cash & Accruals, VEIL

#### Asset Breakdown (%)

|                    |       |
|--------------------|-------|
| Listed Equities    | 100.2 |
| Cash and accruals^ | -0.2  |
| 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 29th September 2017, the aggregate voting rights are 215,913,351.

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29<sup>th</sup> September 2017



## CLASS A – Continuation Shares

### Fund Manager's Report

The NAV per share of the Class A Shares (lead series) increased by 1.05% in September while the VNIndex rose 2.73% (in USD terms)<sup>1</sup>. The VNIndex continued trending higher with strong momentum from August, hitting an all-time high since February 2008. The stock market was driven by companies such as PV Gas (GAS, +12.0%), Habeco (BHN, +50.9%), Sabeco (SAB, +3.6%) and Viglacera (VGC, +24.6%)<sup>3</sup>.

The biggest contributor to the portfolio's performance was steel manufacturer **Hoa Phat Group** (HPG), which posted a gain of 11.0%<sup>1</sup> thanks to expectations of upbeat third quarter results. HPG's share price continued its rally from the trough in March (up 55.8%). According to management, the company's construction steel sales volume for 9M2017 rose 32% YoY to nearly 1.6 million tons, achieving 80% of the full year target, while ASP was up 18% YTD<sup>2</sup>. Steel pipe volume also increased 28%, thanks to the tariff on Chinese imports. Exports also accelerated as a percentage of revenue. We estimate that the new Dung Quat Steel Complex will come online from Q3-2018. This facility will double production capacity and ease the load on HPG's factories which are currently running near full capacity. FY2018 revenue will therefore be driven by the company's existing capacity, feed business and contributions from real estate.

**Mobile World Group's** (MWG) share price rose 6.3% in September<sup>1</sup> after reporting strong 8M2017 results. Revenue and NPAT rose 56% YoY and 30% YoY, respectively, driven by aggressive store openings and growth in online sales<sup>2</sup>. As of end September 2017, MWG's mobile phone and consumer electronics store count totalled 1,055 and 527, respectively.

Detractors to the portfolio this month include **Hoa Sen Group** (HSG) and **Kinh Bac City** (KBC).

HSG, the portfolio's other steel stock, moved in the opposite direction vs. HPG, declining 4.2%<sup>1</sup> in September. The stock has yet to regain momentum after reporting weak third quarter earnings (FY end Sep) two months ago. However, we believe there are short-term upside catalysts for HSG driven by the booking of the Hoa Sen-Gemadep port in HSG's Q4 FY2017 results, and the recovery of Hot Rolled Coil (HRC) prices.

KBC ended the month of September with a price decrease of 3.3%<sup>1</sup>. The stock price continued its bearish trend since the company reported weak H1-2017 results which saw revenue falling 56.5% YoY. The decline was due to delays in the land handover progress which resulted in decreased land lease revenue<sup>2</sup>. However, profit after tax declined by only 1.6% thanks to a one-off income from the sale of the Diamond Rice project. After a visit to management in September, we remain optimistic that the company will achieve its 2017 target, and that 2018 prospects remain bright on the back of new FDI contracts, the development of its related residential business and more profits from non-core divestments. KBC is a long-term growth story consistent with Vietnam's FDI attractiveness.

<sup>1</sup> Source: Bloomberg, 29/9/17

<sup>2</sup> Source: Company announcements

<sup>3</sup> Source: State Capital Investment Corporation

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

29<sup>th</sup> September 2017



### CLASS C – Private Equity Shares

| USD (%)      | Cumulative Return |      |       |      | Annualised Return |     |      |     |
|--------------|-------------------|------|-------|------|-------------------|-----|------|-----|
|              | 1M                | 3M   | 6M    | YTD  | 1Y*               | 3Y* | 5Y*  | 7Y* |
| <b>VPF C</b> | 0.76              | 0.79 | -0.92 | 1.05 | -1.4              | 5.6 | 14.5 | 8.0 |

\* 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 0.76% in September.

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

**Ha Do JSC's** (HDG) share price rallied by 9.94%<sup>4</sup> in September after the Ministry of Defence, a major shareholder of HDG, reduced its stake from 9.94% to 8.93%<sup>5</sup>. HDG operates as a property developer and owns land banks in Hanoi, Ho Chi Minh and Nha Trang. The key revenue drivers in 2017 for HDG are deliveries of 115 low-rise units of Centrosa Garden, Ha Do Villas and Ha Do Park Side to customers.

**An Phat Plastic and Green Environment JSC** (AAA) also contributed to the portfolio's performance, with an increase in share price of 5.71%<sup>4</sup> in September. The company continues to receive positive outlook from investors following regulators' approval to increase the foreign ownership limit from 32% to 51% as well as strong performance in H1 2017. In H1-2017, total net sales and NPATMI of the company has increased by 68.2% and 71.0% YoY respectively<sup>5</sup>.

**Tien Phong Plastic JSC** (NTP) ended September with a share price increase of 6.72%<sup>4</sup> following an announcement from Thai Nawaplastic Industries (Saraburi) Co. Ltd, a major shareholder of the company, that it is divesting all 21.27 million of NTP's shares (23.84% stake) via the open market<sup>5</sup>, clearing the market's perceived overhang from the Thai shareholder.

**Net Assets:** \$146.72 million  
**NAV/Share:** \$0.3462  
**Shares Out:** 423,750,000

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPXK KY  
Sedol B1FHXT2

#### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

#### Market Makers

Jefferies International  
Michele White <JCEF> GO  
[mwhite@jefferies.com](mailto:mwhite@jefferies.com)

Numis Securities  
Dave Cumming <NUMI> GO  
[d.cumming@numis.com](mailto:d.cumming@numis.com)

FinnCap  
Johnny Hewitson <JMFC> GO  
[jhewitson@finncap.com](mailto:jhewitson@finncap.com)

#### Top 5 Holdings (%)

|                       |             |
|-----------------------|-------------|
| Greenfeed             | 33.4        |
| Corbyns International | 13.5        |
| Anova Corp            | 12.2        |
| NBB Investment Corp   | 8.5         |
| Anphat Plastic        | 6.7         |
| <b>Total</b>          | <b>74.3</b> |

#### Sector Allocation (%)

|                         |              |
|-------------------------|--------------|
| Agriculture             | 35.5         |
| Real Estate Mgmt & Devt | 17.1         |
| Building Materials      | 13.5         |
| Pharmaceuticals         | 12.2         |
| Information Technology  | 6.1          |
| Others*                 | 15.6         |
| <b>Total</b>            | <b>100.0</b> |

\*Includes Cash & Accruals

#### Asset Breakdown (%)

|                     |              |
|---------------------|--------------|
| Invested Securities | 97.0         |
| Cash and accruals   | 3.0          |
| <b>Total</b>        | <b>100.0</b> |

#### Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 29th September 2017, the aggregate voting rights are 215,913,351.

<sup>4</sup> Source: Bloomberg, 29/9/17

<sup>5</sup> Source: Company announcements

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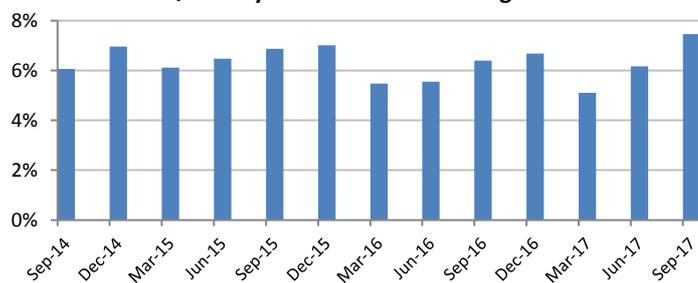
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29<sup>th</sup> September 2017

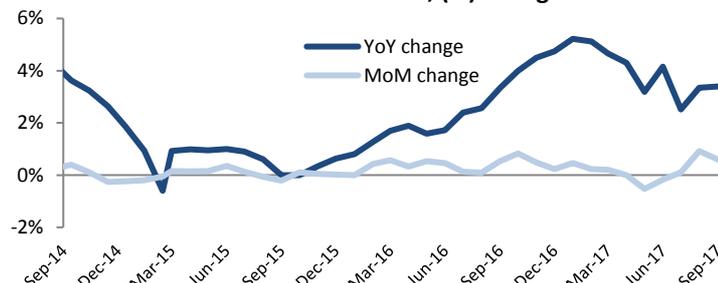


### Economic Indicators & Market Update

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            | 482              | 15.6             | 1.3        | 2.1%        | 18.2%        |
| Thailand       | SET            | 493              | 15.4             | 1.4        | 2.8%        | 10.3%        |
| Singapore      | FSSTI          | 421              | 13.9             | 1.5        | 3.3%        | 9.9%         |
| Malaysia       | FBMKLCI        | 252              | 15.5             | 3.1        | 3.2%        | 10.0%        |
| Philippines    | PCOMP          | 195              | 18.1             | 1.5        | 1.5%        | 11.6%        |
| <b>Vietnam</b> | <b>VNINDEX</b> | <b>91</b>        | <b>14.5</b>      | <b>1.3</b> | <b>2.4%</b> | <b>15.8%</b> |

### Market Review

The VNIndex rose 2.73% MoM<sup>7</sup> (USD terms) in September. Vietnam's GDP rose 7.46% YoY in Q3 2017, higher than that of 6.40% YoY in the same period of last year and bringing the 9M2017 GDP's growth rate to 6.4% YoY<sup>6</sup>, of which Agriculture, Forestry & Fishing sector increased 2.8% YoY, Industry & Construction sector increased 7.2% YoY and Services sector increased 7.3% YoY<sup>6</sup>. Reasons for the high growth can be explained by gains from the low-base level in Q3 2016, due to the impact of Samsung's Galaxy Note 7 recall, while more mega-projects such as the Formosa Steel project were also put into operation in Q3 2017.

The Nikkei Purchasing Manager's Index (PMI) increased to 53.3 in September from 51.8 in August, signalling a strengthening of business conditions. The upsurge in PMI was attributed to faster rises in output, new orders, and employment. Similar to the rise in PMI, Vietnam's Industrial Production Index increased 13.2% YoY<sup>6</sup> in September, thanks to the manufacturing and processing industry growing 19.5% YoY<sup>6</sup>. In contrast, the mining industry declined 6% YoY<sup>6</sup>.

The Consumer Price Index (CPI) increased 0.59% MoM in September, bringing YTD inflation to 1.83%<sup>6</sup>. The increase was driven by the education group (+5% MoM) coupled with traffic group (+1.51% MoM)<sup>6</sup>. Price of education and traffic groups increased because of the upward adjustments in tuition fees and price of petroleum.

On the Banking Sector, credit growth accelerated to an estimated 12.9% in 8M2017<sup>6</sup>, higher than that of 11.7% of the same period last year. Banking system liquidity remains ample, with average lending to deposit ratio (LDR) across the banking system amounting to 87.2%, a reduction from July's equivalent of 88.7%. The current average ratio of short-term capital used for medium and long-term loans is estimated at 33.4%, which is higher than H1-2017's equivalent of 32.7%, but slightly lower than the 34.5% figure reported at the end of 2016.

Vietnam's economy exhibited strong growth in the third quarter, improving the possibility of achieving the Prime Minister's target of 6.7%. In order to achieve this, the fourth quarter will need to grow in excess of 7.3% YoY. This is possible, given that the Vietnamese economy usually exhibits its strongest performance in the last quarter of the year. GDP growth drivers include rising consumer expenditure, strong export growth, greater FDI inflows and easy access to credit.

6 Source: The General Statistics Office of Vietnam

7 Source: Bloomberg, 29/9/17

8 Source: State Bank of Vietnam

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

29<sup>th</sup> September 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.

### 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](mailto:vpf@duxtonam.com)