

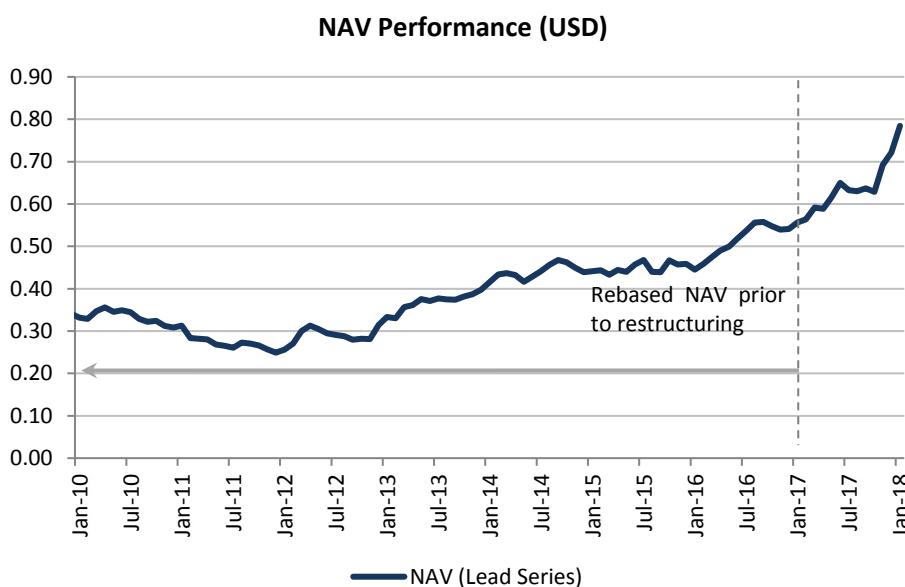
Vietnam Phoenix Fund Limited

Monthly Factsheet

31st January 2018



CLASS A – Continuation Shares



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF A <small>(Lead Series)</small>	8.76	24.71	24.04	8.76	41.1	21.4	18.8	14.2
VNIndex	12.81	32.67	41.75	12.81	58.4	21.8	16.2	9.3
VHIndex	7.57	19.65	24.49	7.57	48.1	11.3	13.0	0.2

* 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)	+ 33.0%	+ 2.98%
HD Bank (HDB)	+ 45.6%	+ 1.91%
Khang Dien House (KDH)	+ 25.9%	+ 1.36%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinamilk (VNM)	- 2.4%	- 0.40%
Coteccons Construction (CTD)	- 11.3%	- 0.26%
Mobile World (MWG)	- 4.2%	- 0.20%

Investor Conference Minutes

The Fund Manager organised a conference call on Tuesday, 27th February 2018 to provide an update on the Fund's performance and strategy. Minutes of the call are available for download on the Fund website.

Total Net Assets: \$75.65 million

NAV/Share

Lead Series: \$0.7844

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXLD2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	15.5
FPT Corp	12.5
Hoa Phat Group	11.9
Vietnam Enterprise Inv Ltd	7.0
Khang Dien House	6.6
HD Bank	6.1
Kinh Bac City	4.8
Mobile World	4.6
Novaland	3.7
Hoa Sen Group	3.6
Total	76.3

Sector Allocation (%)

Consumer Products	22.3
Real Estate	19.9
Building Materials	15.5
Banks & Financials	14.0
Information Technology	12.5
Infrastructure	4.8
Agriculture	3.8
Others*	7.2
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	93.3
Cash and accruals^	6.7
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 January 2018, the aggregate voting rights are 219,256,994.

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CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share of the Class A Shares (Lead Series) increased by 8.76% in January while the VNIndex rose 12.81% (in USD terms)¹. Large cap stocks were the outperformers, especially the banking sector with several banks' share prices recording high double digit percentage gains. The Class A Shares portfolio underperformed due to its underweight exposure in the Financials sector.

The biggest contributor to the portfolio's performance was **Hoa Phat Group** (HPG), whose share price increased 33.0% in January¹, supported by the release of strong earnings results for FY2017. HPG reported robust earnings with revenue and NPAT growth of 38.7% YoY and 21.4% YoY, respectively². HPG's volume of construction steel sold increased 21% YoY, while steel pipe sales volume increased 18% YoY². HPG has also begun handing over the Mandarin Garden 2 project to customers and has booked 20% of the revenue, while the remaining 80% will be booked in FY2018². As such, the company surpassed its 2017 revenue and net profit targets by 17% and 33%, respectively.

HD Bank (HDB) was another outperformer in the portfolio, after a successful listing of its shares on the Ho Chi Minh Stock Exchange on the 5th of January. The stock closed the month at VND 46,600¹, a gain of 45.6% over its IPO price of VND 32,000. HDB is one of the leading SME/retail banks in Vietnam with a consumer finance arm. At the end of the month, HDB had a market cap of USD 2 bn and is ranked among the top 20 components in the VNIndex¹.

Khang Dien House (KDH) stock price increased 25.9% in January¹. The stock price surged after KDH received shareholder approval to acquire the remaining 42.69% stake in Binh Chanh Construction (BCI) through a stock swap². KDH had previously accumulated 57.31% stake of BCI in 2015 with the aim of capitalising on BCI's large land bank. Meanwhile, KDH also released preliminary annual results for FY2017, with revenue decreasing 16.5% YoY but net income rising 36.4% YoY². Despite the decline in top line, the company was able to achieve its profit target thanks to the handover of its real estate projects – Melosa Garden, Venica, Lucasta, including several of BCI's projects².

Detractors to the portfolio this month were **Vinamilk** (VNM), **Coteccons Construction** (CTD) and **Mobile World** (MWG).

VNM declined 2.4% in January¹, paring two consecutive months of double digit percentage gains in November and December last year. For FY2017, VNM achieved VND 51,041 bn in sales and VND 10,278 bn in net profit², equivalent to growth rates of 9.1% YoY and 9.8% YoY, respectively. This result was attributed to a strong growth in domestic sales (+13% YoY) and stable gross profit margin. Despite higher input milk powder costs, tweaks to Vinamilk's product mix (focusing on high margin categories such as powdered milk and yoghurt) helped to offset the additional costs². Meanwhile, export sales (14.6% of FY2017 revenue) declined 14% YoY² due to unstable political issues in the Middle East which affected its Iraqi distributor. G&A expenses climbed 20% YoY, due to a special one-off cash bonus to reward staff for achieving management targets for the year². During the year, Vinamilk continued to outperform against its peers, increasing its market share in the dairy market to 58% vs 56% in 2016².

Both CTD (-11.3%) and MWG (-4.2%)¹ stock prices declined in January. CTD's share price logged its largest MoM decline in one year after missing its FY2017 profit target due to low gross margins in its fourth quarter². Despite this, the company still managed to record positive growth in its top (+31% YoY) and bottom line (+16% YoY) figures for FY2017².

The portfolio is currently overweight a number of consumer stocks compared to the VNIndex, as well as the real estate and the materials sectors. We see long-term value and outperformance of these sectors and stocks, given Vietnam's consumption growth story. Meanwhile, the portfolio keeps an underweight exposure to the financials sector, with only a few rigorously selected financial stocks, which has helped us outperform the VNIndex in several past years, especially during downturn cycles. Given the banking sector's current valuation and urgent need for recapitalisation, we view some banks as risky investments despite strong credit growth demand in the country.

¹ Source: Bloomberg, 31/01/18

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	3.35	-0.88	-1.60	3.35	-1.6	6.9	10.1	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.

Fund Manager's Report

The NAV per share of the Class C Shares increased by 3.35% in January.

The Private Equity asset pool contains unlisted investments and other illiquid listed investments. Unlisted investments will be re-valued every six months, or sooner in case of a significant event. The unlisted investments within the pool were last valued by Grant Thornton Vietnam Ltd in December 2017.

NBB Investment Corp (NBB) was the biggest contributor to the portfolio's performance with a share price increase of 22.5%³ in January. 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 32% to 34%⁴. Furthermore, NBB's FY2017 results showed higher profits compared to FY2016 due to revenue booking from the Citygate Towers project.

Binh Chanh Construction (BCI) also contributed positively to the portfolio's performance. BCI's share price increased 27.5%³ in January after the merger between BCI and KDH, a major shareholder, was approved during the EGM held in early January. Post-merger, BCI shares will be swapped with KDH shares.

During the conference call on 27th February 2018, the Fund Manager mentioned that the investment in **Corbyns** has been restructured. To elaborate further, the loan maturity has now been extended, the terms of the loan going forward have been modified to a slightly lower coupon, and the returns will be guaranteed at a lower IRR amount from the restructuring onwards, having locked in prior returns at the date of the restructuring. Since the initial investment, Corbyns has paid approximately USD 5.4 million of interest to the Fund, representing 43.9% of the initial investment cost.

Net Assets: **\$143.59 million**
NAV/Share: **\$0.3389**
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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Numis Securities	<NUMI> GO
Dave Cumming	d.cumming@numis.com
FinnCap	<JMFC> GO
Johnny Hewitson	jhewitson@finncap.com

Top 10 Holdings (%)

Greenfeed	27.9
Corbyns International	15.5
NBB Investment Corp	11.3
Anova Corp	10.7
Anphat Plastic	6.3
VTC Online	6.2
Binh Chanh Construction	5.6
Ha Do JSC	4.6
Tien Phong Plastic	3.6
National Seed JSC	2.1
Total	93.8

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 January 2018, the aggregate voting rights are 219,256,994.

³ Source: Bloomberg, 31/1/18

⁴ Source: Company announcements

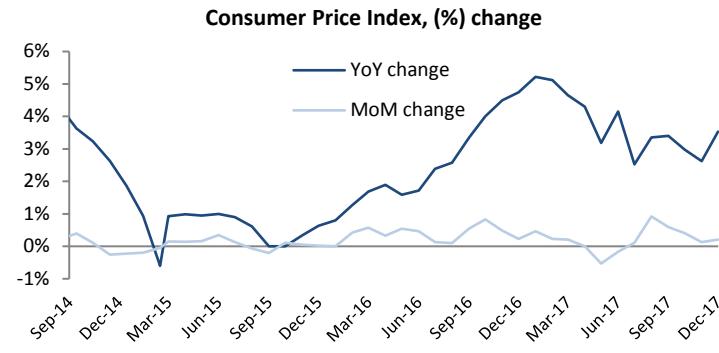
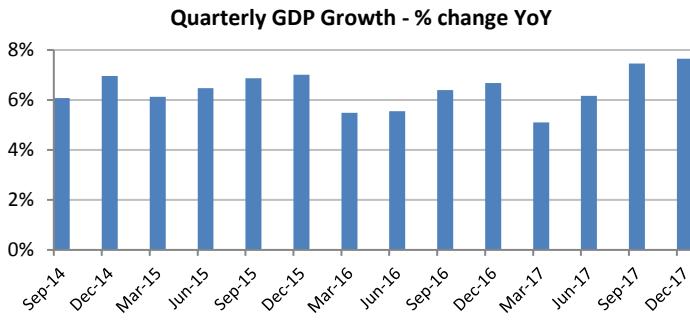
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Market Update



Vietnam Economic Indicators

	2015	2016	2017	2018F*
Real GDP Growth	%	6.7	6.2	6.7
CPI	%	0.9	4.7	2.6
Export Growth	%	8.1	9.0	20.6
Import Growth	%	12.0	5.2	21.3
Trade Balance	\$bn	-3.5	2.7	2.3
Registered FDI	\$bn	15.6	21.0	35.9
FX Reserve	\$bn	31.0	41.0	52.0
USDVND		22,540	22,761	22,968
				22,700

*Source: Duxton estimates

	Mkt Cap (USD bn)	2018 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	551	15.3	1.6	1.9%
Thailand	SET	583	14.9	1.9	2.8%
Singapore	FSSTI	454	13.0	1.8	3.6%
Malaysia	FBMKLCI	291	15.5	3.1	3.2%
Philippines	PCOMP	207	17.1	1.6	1.5%
Vietnam	VNINDEX	133	16.1	0.8	1.6%
					16.6%

The VNIndex rose 12.81% MoM⁶ (USD terms) in January. The market kicked off 2018 on a high note, led mainly by large cap stocks such as GAS (+22.9% MoM), HPG (+33% MoM) and VJC (+32.2% MoM)⁶. The stock markets witnessed a small pull-back due a proposal to tighten margin lending regulations and a two-day trading halt due to technical issues. However, investors were not deterred, bringing in a surge in trading value during the month. The banking sector was the best performer this month with banks such as VCB, BID, VPB and MBB all recording high double digit percentage gains. Trading on the Ho Chi Minh Stock Exchange was halted for two days due to technical issues. However this did not dampen investors' sentiment, with the market continuing to climb after reopening on the back of a trading value surge.

In January, Vietnam's Industrial Production Index increased 20.9% over the same period in 2017, thanks to the manufacturing and processing industry which grew 23.8% YoY⁵, contributing 17.5 percentage points to the overall growth rate. The mining and quarrying segment grew 10.5% YoY from a low base in 2017 that was plagued by storms and a longer-than-expected rainy season which reduced utilisation of coal-fired power plants and thus demand for coal⁵.

The Consumer Price Index (CPI) increased 0.51% MoM and 2.65% YoY⁵ in January. The prices of medication, medical and health services basket continued to trend higher, while the postal and communicational services baskets declined for the month. Prices of the food and catering basket reversed last month's decline, increasing 0.44% MoM⁵ in January.

On the Banking Sector, The State Bank of Vietnam (SBV) has set a target of 17% credit growth for 2018⁷. This year's lending will focus on the Government's priority sectors such as agriculture, exports, supporting industries, small- and medium-sized enterprises and high tech firms, while limiting lending to risky sectors such as real estate, securities and consumer credit⁷.

Although Vietnam will find it challenging to replicate 2017's excellent GDP performance in 2018, the Vietnamese government is determined to strive for it. The government's Resolution 1/NQ-CP dated 1 January 2018 outlined several key targets for 2018, including GDP growth of 6.7% and average inflation of 4%. This will be supported by strong FDI inflows into the manufacturing sector, greater global demand for Vietnamese exports and healthy foreign reserves to keep the exchange rate stable against the U.S Dollar.

5 Source: The General Statistics Office of Vietnam

6 Source: Bloomberg, 31/01/18

7 Source: State Bank of Vietnam

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About Duxton Asset Management Pte Ltd

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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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