

Vietnam Phoenix Fund Limited

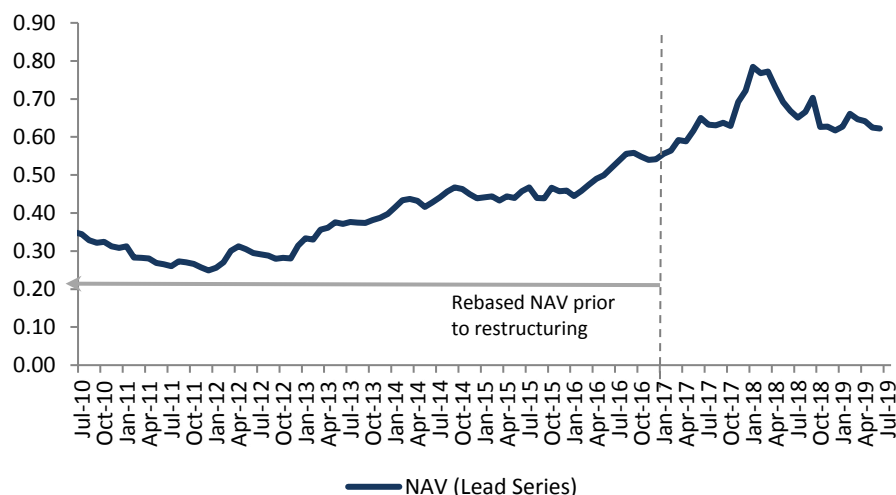
Monthly Factsheet

31st July 2019



CLASS A – Continuation Shares

NAV Performance (USD)



Total Net Assets: \$36.40 million

NAV/Share

Lead Series: \$0.6383
Series 3: \$0.9216
Series 4: \$1.0186
Structure: Open-End Fund
Liquidity: Monthly

Identifiers

ISIN Code: KYG9363R1056
 Bloomberg Ticker: VTNPHXA KY
 Sedol: BDHXLDD

Fund Manager: Benjamin Lim

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

FPT Corp	16.3
Vinamilk	15.3
Vinhomes	10.0
Hoa Phat Group	9.0
Khang Dien House	7.6
Mobile World	6.9
Kinh Bac City	5.8
Vietcombank	5.6
PV Power	4.8
REE Corp	4.1
Total	85.4

Sector Allocation (%)

Real Estate	27.8
Consumers	23.8
Information Technology	15.5
Financials	14.3
Building Materials	8.6
Energy Equip & Svcs	6.9
Others*	3.1
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	103.5
Cash and accruals^	-3.5
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 2019, the aggregate voting rights are **122,935,293**

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF A (Lead Series)	2.54	-0.56	1.79	3.40	-1.88	6.16	7.81	11.97
VNIndex	4.78	1.42	8.76	10.96	3.97	11.28	8.74	11.55
VHIndex	1.35	-2.60	1.35	0.22	-1.32	6.27	3.82	4.44

* 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
Vinhomes (VHM)	+ 11.2%	+ 0.94%
FPT Corp (FPT)	+6.4%	+ 0.93%
Mobile World (MWG)	+ 15.1%	+ 0.84%

Top 3 Laggards	Price Change	Contribution to NAV Return
Khang Dien House (KDH)	- 9.0%	- 0.79%
Hoa Phat Group (HPG)	-4.0%	- 0.40%
PV Power (POW)	- 7.2%	- 0.33%

CLASS A – Continuation Shares

All opinions expressed in the Fund Manager's report are those of the Fund Manager at the time of writing, and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock or the economic trends of the markets is not necessarily indicative of the future or likely performance.

Fund Manager's Report

For July 2019, VPF A's NAV rose by 2.54%. The top contributors to the portfolio's performance were Vinhomes JSC (VHM) [+11.2% MoM], FPT Corp (FPT) [+6.4% MoM] and Mobile World Investment Corporation (MWG) [+15.1% MoM] while the top detractors were Khang Dien House (KDH) [-9.0% MoM], Hoa Phat Group (HPG) [-4.0% MoM] and PetroVietnam Power (POW) [-7.2% MoM]. The VNIndex rose by 4.78% during the same period, with the index returns mainly contributed by stocks within Vin family (VinGroup [VIC], Vinhomes [VHM], Vincom Retail [VRE]) and some names within banking sector (Vietcombank [VCB], BIDV [BID])

Vinhomes JSC (VHM) rose by 11.2% during July 2019. The price was supported by improved results for 2Q 2019. 1H2019 results showed net sales of VND 20,917 billion (+309% YoY) and NPATMI of VND 7,243 billion (+75% YoY). The top line increase was driven by sales from Ocean Park's low-rise units and handover of completed units at Greenbay, Golden River, Metropolis and Central Park¹. Gross-profit margin broadened from 31.2% to 44.4% thanks to higher contribution of wholesale transactions which produced higher gross-profit margin (over 50%)¹. On June 22nd, 2019 Vinhomes Grand Park's kicked off. Launching Grand Park was not only of importance to VHM, but in our opinion, it also sends a positive signal for the real estate sector in Ho Chi Minh City after an extended period of tightened land-use rights approvals and construction license approvals. With a total land bank of 164 million sqm (3.2x the next largest developer), VHM is the leader of real estate sector in Vietnam². Thanks to this position and scale, we expect VHM market leading position can yield relative more significant benefits from the recovery in the real estate sector.

FPT Corp's (FPT) share price increased by 6.4% in July 2019. FPT posted strong results for 7M2019 showing net sales of VND 14,742 billion (+21% YoY), PBT of VND 2,538 billion (+27% YoY) and NPAT of VND 2,114 billion (+27% YoY). This enables FPT to fulfill 55% its full-year sales target and 57% its full-year PBT target. For full-year 2019, FPT target to reach sales of VND 26,660 billion (+15% YoY) and PBT of VND 4,460 billion (+16% YoY). The growth was led by the Technology segment with a revenue of VND 8,218 billion (+27% YoY) and PBT of VND 1,036 billion (+43% YoY), followed by the Telecom segment with a revenue of VND 5,809 billion (+18% YoY) and PBT of VND 972 billion (+13% YoY) and the Education segment with a revenue of VND 715 billion (+5% YoY) and PBT of VND 530 billion (+29% YoY). Robust growth came through from the US market with geographic region showing growth of 85% YoY in revenue to VND 1,427 billion. We expect strong growth prospects for FPT to continue in 2H2019 thanks to its competitive labour cost base and strengthening track record helped by overseas acquisition. For FY2019-2021 period, FPT is targeting to achieve CAGR of 18% in revenue and 20% in PBT. Of which, technology segment is expected to grow by 40-45% per year and contribute 45% to total PBT by 2021³. Based on 7M2019 results, we have the confidence that FPT is keeping on track with its plan.

Khang Dien House's (KDH) share price declined by 9.0% in said period. This is partially due to lackluster results reported so far in 1H2019. For 1H2019, KDH posted sales of VND 1,250 billion (+35% YoY) and NPAT of VND 215 billion (-9% YoY). This helped the company to meet 42% its own full-year sales target, but only 24% its full-year NPAT target. For full-year 2019, KDH's sales target still stands at VND 3,000 billion (+3% YoY) and NPAT target VND 900 billion (+11% YoY). On top of slower-than-expected property launches, YTD earnings trailed its internal expectations due to lower financial income⁴. We expect that a bounce back in sales from new launches in 2H2019 will help to drive earnings growth. For 1H2019, KDH achieved VND 1.3 trillion of pre-sales agreements (these sales will be recognised when these properties are completed and handed over to buyers)⁴. Management expects that pre-sale agreements will total up to VND 4.8 trillion (+45% YoY) by the end of FY2019 once the remaining 50% of units from the Safira project, the first 50% of Lovera Vista project, Phu Huu Project and Merita project are successfully sold⁴.

1. Source: VHM Management

2. Source: <https://vietnamnews.vn/economy/519766/city-leader-urges-resumption-of-delayed-projects.html#xhBHPq8DxKRYSc65i.97>

3. Source: FPT Management

4. Source: KDH Management

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF C	0.04	-22.98	-22.82	-22.89	-17.4	-8.3	-1.2	5.2

* 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.

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 June 2019.

Fund Manager's Report

The NAV per share of the Class C Shares increased 0.04% in July due to fluctuation in USDVND exchange rate.

The Fund Manager is firming up the deal structure with **Greenfeed's** Sponsor with the Share Purchase Agreement (SPA) being negotiated. The Fund Manager targets to have a binding SPA in place in the near future.

For 5M 2019, net sales increased 13.5% YoY while the company registered profit of VND 49.6bn compared to losses of VND 30.3bn for the same period last year. Management has guided that the business environment is expected to remain challenging for the second half of 2019 as negative consumer sentiment due to African Swine Fever (ASF) continues to weigh on pork consumption. Further, Greenfeed is expected to increase its general and administration expenditure in H2 2019 as the company is required to step up its effort to prevent ASF from further spreading within their farms.

The sales process for **Anova** has been progressing well. The Fund Manager expects non-binding bids to be submitted by the end of September, which will be followed by an initial selection of investors who will move on to an advanced due diligence stage.

For 1H 2019, Anova updated that net sales were down 10.6% YoY due to Vietnam's pig industry being affected by ASF. Net profit for 1H2019 decreased 80.9% YoY to VND 10.4bn. Anova's management remains confident for H2 2019 as they conveyed that ASF may benefit their vaccination businesses as farmers are starting to step up their disinfection efforts for their farms. Management also updated that they are on track to position itself as a major player in the farm-feed-food value chain in Vietnam.

Net Assets: \$86.52 million
NAV/Share: \$0.2608
Shares Out: 331,796,257

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPXCY
Sedol B1FHXT2

Fund Manager: Sharon Seet

Website:

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Market Makers

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Top 10 Holdings (%)

Greenfeed	46.1
Anova Corp	21.6
Corbyns International	18.8
VTC Online	4.2
SSG Group	1.5
Total	92.2

Asset Breakdown (%)

Invested Securities	92.2
Cash and accruals	7.8
Total	100.0

Voting Rights

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CLASS C – Private Equity Shares

On **Corbyns**, the Sponsor, via his financial advisor, has updated that he is currently negotiating with several replacement lenders for the Fund's loan. One of the potential replacement lenders has conducted a site visit during the first week of September to all facilities including VII's strategic billet supplier, Nam Thuan Company (NTC).

The Fund manager is simultaneously pursuing other exit options, including appointing a receiver to sell VII's shares in the event a replacement lender cannot be sourced within the stipulated time frame. The Fund Manager does not rule out extending the maturity of the convertible loan if the above-mentioned replacement lender remains committed.

On **VTC Online**, the Fund Manager met with the major shareholders of VTC Online in August 2019 and negotiated a potential proposal which would allow VTC Online to sell the 18 Tam Trinh building to return capital to the Fund. The Fund Manager is expected to receive an update on the acceptance of the proposal by VTC's board by the end of September 2019. The Fund Manager is also concurrently conducting a valuation exercise to appraise the updated value of the 18 Tam Trinh building.

The Fund Manager has fully exited the Fund's position in **Tien Phong Plastic (NTP)** on 16 July 2019.

The Fund has conducted two redemption exercises to return capital to investors post restructuring of the Fund in January 2017. 10% of June 2018's NAV and 13% of March 2019's NAV were distributed on July 2018 and May 2019 respectively.

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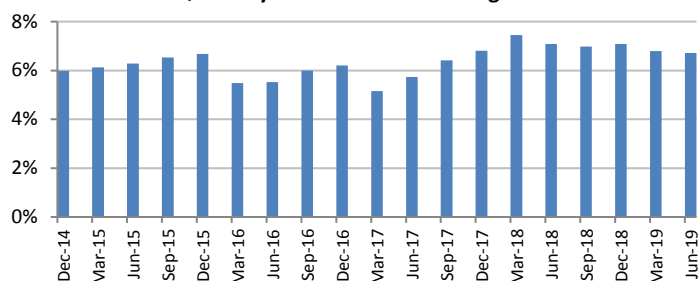
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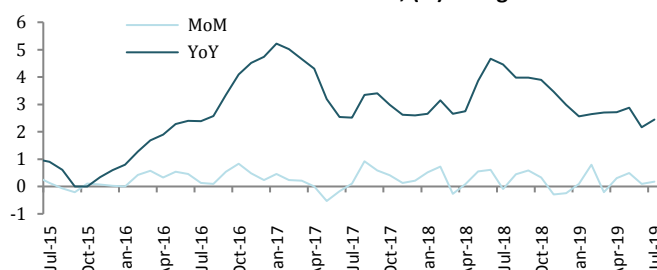


Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Economic Indicators

		2016	2017	2018	2019F
Real GDP Growth	%	6.2	6.7	7.08	6.80
CPI	%	4.7	2.6	3.54	3.50
Export Growth	%	9.0	20.6	13.8	8.8
Import Growth	%	5.2	21.3	11.5	11.7
Trade Balance	\$bn	2.7	2.3	7.2	0.62
Registered FDI	\$bn	21.0	35.9	25.6	20.0
FX Reserve	\$bn	41.0	52.0	60.0	60.0
USDVND	VND	22,761	22,968	23,245	23,942

		Mkt Cap (USD bn)	2019 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	524	20.2	1.7	0.6%	25.2%
Thailand	SET	571	20.8	2.3	2.7%	15.2%
Singapore	FSSTI	418	13.6	5.3	2.7%	9.6%
Malaysia	FBMKLCI	253	20.9	4.8	2.9%	17.1%
Philippines	PCOMP	198	18.3	7.5	1.4%	13.2%
Vietnam	VNINDEX	144	20.6	1.5	1.9%	22.3%

On the macroeconomics front, Vietnam Consumer Price Index (CPI) rose 2.61% in 7M2019 – the slowest pace of increase for a seven-month period seen over the past three years. For July 2019 only, CPI rose 0.18% MoM and 2.44% YoY. Higher food prices, especially with the bounce back of pork price, represented the main factor behind July's CPI reading. Food and Catering services increased by 0.33% MoM⁵. Moreover, health insurance cost rose by 6.67% MoM due to an increase of 7% in basic wage since July 1st, 2019⁶.

Index of Industrial Production (IIP) grew by 9.4% YoY over period of 7M2019 and for July 2019 only, CPI grew by 9.7% YoY. Manufacturing sector still maintained its role as the main GDP growth driver, producing growth of 10.7% YoY, followed by Production & Distribution of electricity with a growth of 10.0% YoY during 7M2019.

Since the beginning of the year till July 20th, 2019, total new registered Foreign Direct Investment (FDI) and additional FDI reached USD 11.7 billion (-35.6% YoY, due to high base achieved last year). In June 2018, there were 3 megaprojects including the smart city project located in Hai Boi and Vinh Ngoc communes, Dong Anh district, Hanoi (USD 4.14 billion), a polypropylene (PP) factory and a liquefied petroleum gas (LPG) underground storage facility in Ba Ria-Vung Tau (USD 1.2 billion) and international integrated resort - Laguana Lang Co project in Hue (USD 1.12 billion)⁷. Total FDI disbursement was USD 10.6 billion (+7.1% YoY) over the said period. Moreover, capital contribution and share purchase by foreign investors was recorded at USD 8.5 billion (+77.8% YoY).

According to General Department of Customs, over the first seven months of 2019, Vietnam recorded a trade surplus of approx. USD 1.7 billion. Of which, exports rose by 7.8% YoY to USD 145.48 billion while imports rose by 8.6% YoY to USD 143.78 billion. The US maintained its position as the largest export destination for Vietnam. Exports to US from Vietnam witnessed strong growth of 27.3% YoY to USD 33.0 billion. On the other hand, China remained its position as the largest import source for Vietnam; total imports from China reached USD 42.5 billion (+18.4% YoY). Mobile phones and mobile components still made up the biggest export segment with USD 27.5 billion (+3.8% YoY) in terms of imports, computers and computer components made up the biggest import segment with USD 28.6 billion (+20.7% YoY). A few segments (such as stones production [+209.4% YoY] and furniture production [+39.8% YoY]) witnessed robust growth in export value partly thanks to trade war tension and higher tariffs put in place on Chinese exports by US.

5. Source: <https://vietnamnews.vn/economy/523370/july-cpi-slightly-increases.html#iYSjgdTrLVifVO6.97>

6. Source: <https://vietnamnews.vn/society/522082/basic-salary-for-civil-servants-increases-as-of-july-1.html#whgYgDysAKYTmmHF.97>

7. Source: <https://www.sbv.gov.vn/webcenter/portal/en/links/cm100?dDocName=SBV343590>

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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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