

# Vietnam Phoenix Fund Limited

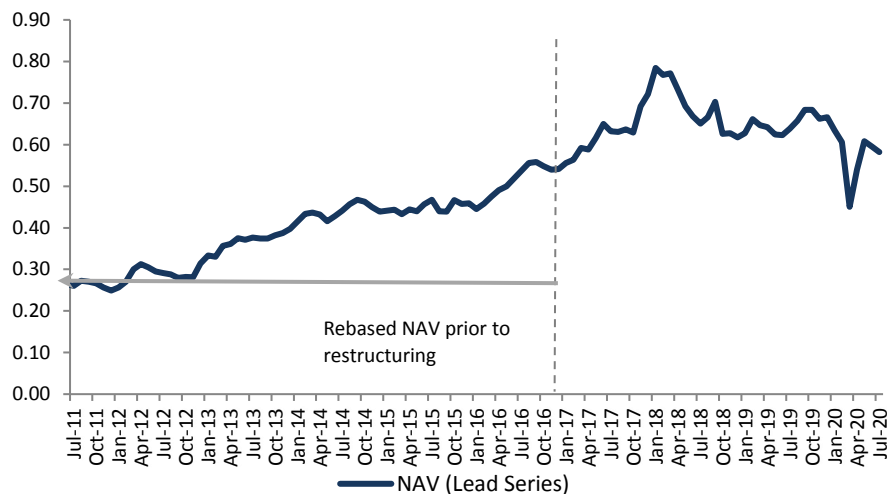
## Monthly Factsheet

30<sup>th</sup> July 2020



### CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
<b>VPF A (Lead Series)</b>	-2.2	8.0	-8.3	-12.6	-8.8	-2.7	4.6	6.5
<b>VNIndex</b>	-2.8	5.4	-14.3	-16.6	-19.0	0.1	4.0	5.8

\* 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 Gainers	Price Change	Contribution to NAV Return
REE Corp (REE)	5.9%	0.28%
Khang Dien House (KDH)	3.2%	0.15%
Vinhomes (VHM)	1.5%	0.14%

Top Laggards	Price Change	Contribution to NAV Return
Mobile World (MWG)	-8.0%	-0.50%
Vinamilk (VNM)	-3.3%	-0.50%
Kinh Bac City (KBC)	-7.2%	-0.45%

**Total Net Assets: \$27.96 million**

#### NAV/Share

**Lead Series: \$0.5823**

**Structure: Open-End Fund**

**Liquidity: Monthly**

#### Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXLD2

**Fund Manager: Sharon Seet**

#### Website:

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

#### Top 10 Holdings (%)

Vinamilk	15.7
FPT Corp	14.1
Hoa Phat Group	11.8
Vinhomes	9.1
Vietcombank	6.7
Kinh Bac City	6.1
Mobile World	6.0
REE Corp	5.1
Khang Dien House	4.7
PV Power	4.0
<b>Total</b>	<b>83.3</b>

#### Sector Allocation (%)

Real Estate	25.0
Consumers	21.7
Information Technology	14.1
Financials	13.4
Building Materials	12.3
Energy Equip & Svcs	6.4
Others*	7.1
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	<b>97.7</b>
Cash and accruals <sup>^</sup>	2.3
<b>Total</b>	<b>100.0</b>

<sup>^</sup>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 30<sup>th</sup> July 2020, the aggregate voting rights are **54,170,488**.

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30<sup>th</sup> July 2020



### 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

As of 30 July 2020, the NAV per share of Class A shares decreased 2.2% MoM. Main detractors were Mobile World (MWG) [-8.0%], Vinamilk (VNM) [-3.3%], and Kinh Bac City (KBC) [-7.2%]. In contrast, the main contributors were REE Corporation (REE) [+5.9%], Khang Dien House (KDH) [+3.2%], and Vinhomes (VHM) [+1.5%]. The VN-Index decreased 2.8% MoM as of 30 July 2020, likely due to concerns over the potential impact of the second wave of COVID-19 in Vietnam. During July 2020, the Fund initiated new positions in Military Commercial Bank (MBB) and Asia Commercial Bank (ACB), while exiting its entire position in Techcombank (TCB).

**Mobile World's (MWG)** share price decreased 8.0% MoM as of 30 July 2020. The decrease was likely due to concerns over the potential negative impact of COVID-19's second wave on MWG's business operations. For 1H 2020, MWG recorded net sales of VND 55,639 billion (+8% YoY) and NPAT of VND 2,027 billion (-4% YoY). 1H 2020 results fulfilled 51% of its full-year revenue target and 59% of its full-year NPAT target. For full-year 2020, MWG is targeting revenue of VND 110,000 billion (+8% YoY) and NPAT of VND 3,450 billion (-10% YoY). The increase in revenues for 1H 2020 was due to the strong growth in the grocery segment, which has yet to record any profit to-date. The decrease in bottom line was mainly due to a decrease in profit of the mobile phones and consumer electronics segment amidst store closures during the pandemic. The company's The Gioi Di Dong mobile phone chain stores and Dien May Xanh consumer electronics chain stores had to be shut across the 5 largest cities (Hanoi, Ho Chi Minh, Da Nang, Hai Phong, and Can Tho) from 28 March 2020, and nationwide from 1 to 22 April 2020 as they were classified as non-essential services<sup>1</sup>. We expect the pandemic to continue to have a negative impact on consumer income and the demand for discretionary goods (including mobile phones and consumer electronics). However, we maintain a positive view on MWG over the long-term as we expect MWG to emerge in a stronger position post COVID-19 due to its advantages in scale, financial position, and experienced management.

**Vinamilk's (VNM)** share price decreased 3.3% MoM as of 30 July 2020. The decrease was likely due to concerns over the potential negative impact of COVID-19's second wave on VNM's business operations. For 1H 2020, VNM recorded net sales of VND 29,648 billion (+7% YoY) and NPAT of VND 5,861 billion (+3% YoY). The company's results were positive despite the negative impact of COVID-19 on VNM's direct account channels (schools, food & beverage shops, hotels, and airlines) - these channels contributed around 5% of VNM's revenue in 2019<sup>2</sup>. 1H 2020's revenues line was driven by a 2% increase in domestic sales and a 7% increase in export sales. Gross profit margin (GPM) narrowed from 47.4% in 1H 2019 to 46.4% in 1H 2020 due to an increase in its key raw material costs (powdered milk). 1H 2020 results fulfilled 49% of its full-year revenue target and 55% of its full-year NPAT target. VNM set a revenue target at VND 59.6 trillion (+6% YoY) and NPAT target at VND 10.69 trillion (+1% YoY) for 2020. We expect VNM to maintain its growth during the pandemic as consumption of its key products (liquid milk, powdered milk, and yogurt) is expected to remain stable

**REE Corporation's (REE)** share price rose 5.9% MoM as of 30 July 2020. For 1H 2020, REE recorded net sales of VND 2,470 billion (+6% YoY) and NPAT-MI of 630 billion (-20% YoY). These results fulfilled 42% of its full-year revenue target and 39% of its full-year NPAT-MI target. REE is targeting revenues of VND 6,000 billion (+23% YoY) and NPAT-MI of VND 1,620 billion (-1% YoY) for 2020. The weaker than expected performance in 1H 2020 was due to (1) a decrease by 55% YoY to VND 165 billion in NPAT from the power segment due to a decline in rainfall at REE's hydropower plants, coupled with an increase in maintenance cost and coal expenses at REE's coal thermal power plant; (2) a decrease of 36% YoY to VND 77 billion in NPAT from the mechanical and electrical engineering segment due to a reduction in overall contract values and profit margins of projects as the industry seemed to experienced stiff competition. In contrast, NPAT from the office leasing segment increased by 29% YoY to VND 252 billion during 1H 2020 due to the contribution of REE's new building- Etown 5. NPAT from the water utility segment also increased by 29% YoY to VND 124 billion due to higher end demand. We expect REE's profitability to recover in 2H 2020, supported by: (1) a recovery in earnings from the thermal power plant as we do not expect any significant maintenance expense in 2H 2020; (2) a higher contribution from hydropower plants due to rainy season; (3) a higher contribution from E-town5 as the building saw full occupation from Q2 2020 onwards.

1. Source: MWG's management
2. Source: VNM's management

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> July 2020



### CLASS C – Private Equity Shares

USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
<b>VPF C</b>	0.0	0.2	-2.4	-2.6	-8.4	-11.5	-4.1	0.1

\* 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 0.04% in July 2020.

The sales process for **Anova** continues to progress well. The Fund Manager is firming up the deal structure with the buyer, with details of the Share Purchase Agreement (SPA) currently being finalized. The SPA is expected to be executed by the end of August 2020, with the deal expected to conclude in October 2020.

On **SSGA**, the Fund's stake in the company was divested for VND 25,000/ share, translating to USD 1.19mn. As the initial investment cost was VND 12,679/ share, approximately USD 118k was paid in capital gains tax for the divestment. The Fund received a 10% deposit on 29<sup>th</sup> Jul 2020, and the remaining proceeds, net of capital gains tax, were received on 17<sup>th</sup> Aug 2020.

The Fund has conducted five redemption exercises to return capital to investors post restructuring of the Fund in January 2017.

S/No	Redemption Tranche	NAV/ share	Remarks
1	10%	USD 0.3222	June 2018's NAV
2	13%	USD 0.3375	March 2019's NAV
3	8%	USD 0.2609	Aug 2019's NAV
4	38%	USD 0.2617	Sept 2019's NAV
5	42%	USD 0.2524	Nov 2019's NAV

**Net Assets:** \$26.21 million  
**NAV/Share:** \$0.2388  
**Shares Out:** 109,768,831

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPFXC KY  
Sedol B1FHXT2

**Fund Manager:** Sharon Seet

#### 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 10 Holdings (%)

Anova Corp 75.6  
SSG Group 4.6  
**Total 80.2**

#### Asset Breakdown (%)

Invested Securities 80.2  
Cash and accruals 19.8  
**Total 100.0**

#### Voting Rights

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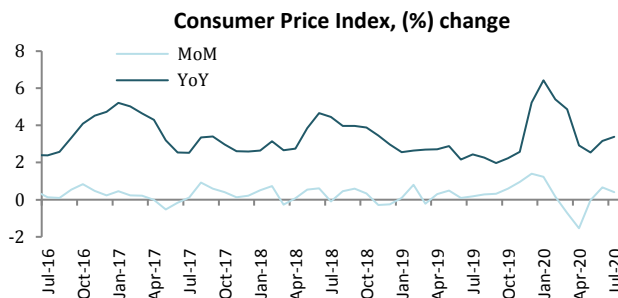
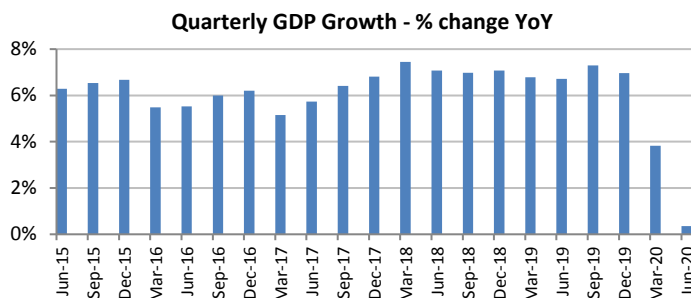
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## Monthly Factsheet

30<sup>th</sup> July 2020



### Market Update



### Vietnam Economic Indicators

		2016	2017	2018	2019
Real GDP Growth	%	6.2	6.7	7.1	7.0
CPI	%	4.7	2.6	3.5	2.8
Export Growth	%	9.0	20.6	13.8	8.4
Import Growth	%	5.2	21.3	11.5	6.5
Trade Balance	\$bn	2.7	2.3	7.2	11.1
Registered FDI	\$bn	21.0	35.9	25.6	22.5
FX Reserve	\$bn	41.0	52.0	60.0	80.0
USDVND	VND	22,761	22,968	23,245	23,173

		Mkt Cap (USD bn)	2020 Forward P/E	PEG	Div Yield	ROE
Thailand	SET	452	27.2	3.5	3.5%	14.0%
Indonesia	JCI	410	24.4	4.9	0.4%	19.1%
Singapore	FSSTI	326	13.9	5.5	4.3%	7.8%
Malaysia	FBMKLCI	245	25.8	N/A	2.3%	17.9%
Philippines	PCOMP	151	20.8	7.4	2.1%	12.3%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>122</b>	<b>17.0</b>	<b>3.5</b>	<b>N/A</b>	<b>18.5%</b>

On the macroeconomic front, July 2020's numbers reflected the impact of the second wave of COVID-19.

**CPI remained high** – Vietnam's consumer price index (CPI) for July 2020 rose 0.4% MoM. The increase in July CPI was mainly due to increases in gasoline, gas and diesel prices by 9.02%, 1.13%, and 8.2% respectively. For 7M 2020, the average CPI rose 4.07% YoY, mainly due to an increase in pork prices caused by tight pork supply amidst African Swine Fever.

**PMI dipped below 50** – the Nikkei Vietnam manufacturing purchasing manager index (PMI) decreased 3.5 points in July 2020 to 47.6, reflecting manufacturers' concerns over the demand of goods caused by the pandemic.

**Slowdown in FDI disbursements** – as of 20 July 2020, Vietnam attracted USD 14.2 billion (+21.3% YoY) of total newly registered foreign direct investment (FDI) and additional FDI from existing investors. However, the capital contribution and share purchases by foreign investors decreased by 45.6% YoY to USD 4.6 billion. Disbursed FDI declined by 4.1% YoY to USD 10.1 billion.

**Trade surplus increased** - The General Statistic Office of Vietnam estimated Vietnam to export USD 145.79 billion (+0.2% YoY) and import USD 139.33 billion (-2.9% YoY) for 7M 2020, generating a trade surplus of USD 6.46 billion. Mobile phones and mobile phone components remained the largest contributor to Vietnam's exports with a total export value of USD 25.7 billion (-6.6% YoY), followed by computers, electrical products and electrical components with a total export value of USD 23.1 billion (+24.3% YoY), and textiles with a total export value of USD 16.2 billion (-12.1% YoY). On the import side, computers, electrical products and electrical components remained the largest contributor to Vietnam's imports with a total import value of USD 32.6 billion (+14.0% YoY), followed by machinery with a total import value of USD 19.9 billion (-4% YoY) and mobile phones and mobile phone components with a total import value of USD 7.1 billion (-2.4% YoY).

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> July 2020



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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. Following the resignation of Deutsche Asset Management (Asia) Limited Duxton Asset Management Pte Ltd was appointed the Investment Manager of Vietnam Phoenix Fund Limited. On 1 May 2020 Duxton Asset Management Pte Ltd resigned as Investment Manager and Duxton Capital (Australia) Pty Ltd was appointed.

### Contact Information

7 Pomona Road, Stirling SA 5152

E: [vpf@duxtonam.com](mailto:vpf@duxtonam.com)