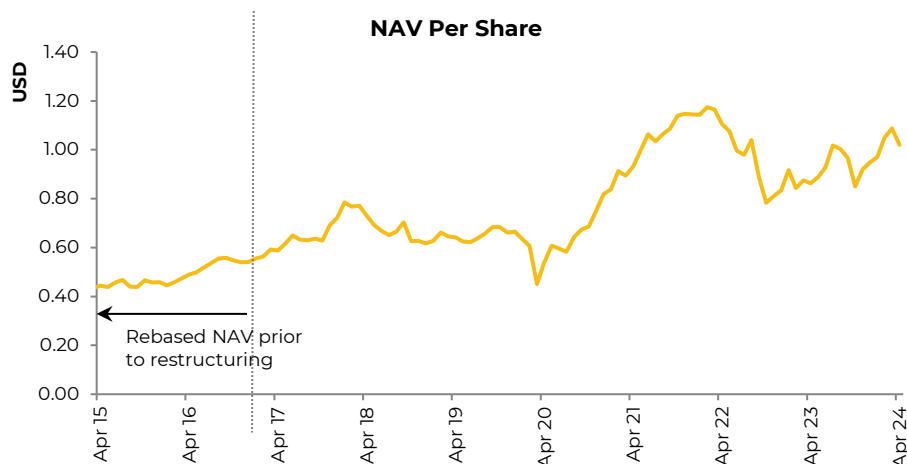


COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia) Pty Ltd	TOTAL NET ASSETS USD \$20.3 million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

## CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$1.0198	STRUCTURE Open-End Fund	LIQUIDITY Monthly
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The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As at 26 April 2024, the aggregate voting rights are **20,325,628**.



USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y	7Y*
VPF A (Lead Series)	-6.1%	5.0%	20.1%	7.6%	18.1%	3.1%	9.7%	8.2%
VNIndex	-8.3%	0.1%	14.0%	2.5%	6.7%	-3.9%	2.5%	6.1%

\* 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 Gainers	Price Change	Contribution to NAV Return
FPT Corporation (FPT)	+5.2%	+0.27%
Mobile World (MWG)	+7.6%	+0.26%
Gemadept (GMD)	+5.2%	+0.13%
Top Laggards	Price Change	Contribution to NAV Return
MB Bank (MBB)	-12.7%	-0.87%
SSI Securities (SSI)	-10.1%	-0.67%
Kinh Bac City (KBC)	-18.4%	-0.66%

### IDENTIFIERS

ISIN CODE	KYG9363R1056
BLOOMBERG TICKER	VTNPHXA KY
SEDOL	BDHXLD2

### TOP 10 HOLDINGS (%)

FPT CORP	11.2
VIETCOMBANK	9.1
ASIA COMMERCIAL BANK	8.0
HOA PHAT GROUP	7.7
REE CORP	5.9
MBB BANK	5.8
SSI SECURITIES CORP	5.6
MOBILE WORLD	5.6
GEMADEPT	5.5
KHANG DIEN HOUSE	4.4
TOTAL	68.8

### SECTOR ALLOCATION (%)

FINANCIALS	37.9
REAL ESTATE	13.5
INFORMATION TECHNOLOGY	11.2
INFRASTRUCTURE	10.1
CONSUMERS	8.9
CONSTRUCTION MATERIALS	7.7
OTHERS*	10.7
TOTAL	100.0

\*Includes Cash & Accruals

### ASSET BREAKDOWN (%)

LISTED EQUITIES	96.9
CASH AND ACCRUALS <sup>^</sup>	3.1
TOTAL	100.0

<sup>^</sup>Adjusted to include pending redemptions.

## CLASS A – Continuation Shares

*All opinions expressed in the Investment Manager's report are those of the Investment 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.*

### INVESTMENT MANAGER'S REPORT

#### Portfolio Overview and Commentary

During the period from 28 March 2024 to 26 April, the NAV per share of the Lead Series Class A shares decreased by 6.1%. The Ho Chi Minh Stock Exchange Index ("VN-Index") decreased by 8.3% during the reporting period.

The main contributors to the net positive outperformance of 2.2% compared to the VN-Index was the share price gains of FPT Corporation (FPT, +5.2%), MobileWorld (MWG, +7.6%), and Gemadept (GMD, +5.3%). In contrast, the main laggards were MBB Bank (MBB, -12.7%), SSI Securities (SSI, -10.1%), and Kinh Bac City (KBC, -18.4%).

In terms of YTD performance, the NAV per share of Class A has increased by 7.6% while the VN-Index has increased by 2.5%.

**FPT Corporation's ("FPT")** share price rose by 5.2% in the reporting period. Positive share price performance was supported by investor's upbeat view of FPT's partnership with Nvidia for a new "AI factory" in Vietnam.

On 23 April 2024, FPT signed a comprehensive partnership agreement with Nvidia, a world-leading manufacturer of chips used in AI processing. Per the agreement, FPT will invest USD 200 million to build its first AI factory, using Nvidia graphics processing units (GPUs) and software to boost AI research in Vietnam. The factory aims to develop AI applications and solutions for generative AI and autonomous driving. Nvidia will provide processing chips, and software to the factory and support FPT to develop an AI hub within Vietnam through collaboration in technology, business development, and training.

For Q1 2024, FPT posted total revenue of VND 14.1 trillion (+20.6% YoY), PBT of VND 2.5 trillion (+19.5% YoY), and NPAT-MI of VND 2.2 trillion (+19.4% YoY). The main contributor to FPT's earnings growth was its technology sector with total sales of VND 8.5 trillion (+23.8% YoY) and PBT of VND 1.2 trillion (+27.5% YoY). FPT's overseas markets maintained their solid growth, while the domestic market witnessed a recovery. The global IT services segment recorded revenue of VND 7.0 trillion (+28.8% YoY) and PBT of VND 1.1 trillion (+25.5% YoY). This strong growth came from increasing investment in IT services from Japan and APAC with each recording revenue growth of 33.5% YoY and 32.9% YoY, respectively.<sup>1</sup> The domestic IT services segment posted a recovery of 4.6% YoY in revenue to VND 1.5 trillion and 130.1% YoY in PBT to VND 41 billion, mainly attributed to higher demand from governmental bodies.

We anticipate that several factors will assist FPT in maintaining its resilient growth. These include (1) its dynamic partnerships and M&A activities with global IT companies, are expected to expand its position in global markets rapidly; (2) FPT's market position as a relatively affordable IT service provider compared with international players we expect to allow FPT to gain market share as clients seek to optimize their IT expenditures; (3) as the dominant provider in the domestic market, FPT stands to benefit from an accelerating disbursement of public sector IT budgets.

Over the longer term, we expect FPT's digital transformation services to be a key growth driver for the company. This is due to accelerating demand for cloud services, big data, artificial intelligence, and other digital transformation projects in both domestic and international markets. On the other hand, FPT expanding its education segment enables the company to secure its human resources amidst the limited availability of skilled engineers, particularly for semiconductor projects.

<sup>1</sup> Source: FPT's 3M 2024 Investor Report

**MBB Bank's ("MBB")** share price decreased by 12.7% during the reporting period. The decrease was likely due to the bank's weaker-than-expected results for Q1 2024, coupled with the market's poor sentiment.

MBB posted total Q1 2024 PBT of VND 5.8 trillion (-11.0% YoY). The decrease resulted from a significant drop in net interest margin (NIM) and an increase in provision expenses. In Q1 2024, MBB's net interest income declined by 11.4% YoY to VND 9.1 trillion. This was due to (1) credit growth was only 0.4% YTD and 23.6% YoY, while deposits dropped by 4.7% YTD but rose by 18.6% YoY; (2) MBB's NIM decreased by 170 bps YoY and 30 bps QoQ due to higher non-performing assets, pricing competition amongst banks and weak borrowing demand; (3) profit taking from high yield government bonds with reinvestment into lower yield government bonds. In addition, provision expenses rose by 46.4% YoY in Q1 2024. The write-offs to gross loans were 1.28% in Q1 2024 vs 1.08% in Q1 2023. The non-performing-loan ratio also increased by 73 bps to 2.49% in Q1 2024. This was mainly due to overdue loans related to Credit Information Companies (CIC) reclassification.<sup>2</sup>

In contrast, MBB's non-net interest income rose by 73.5% YoY to VND 3.0 trillion, driven by (1) net fee income rose by 42.0% YoY to VND 945 billion, mainly from payment and settlement fees; (2) the gains from government bond trading and FX trading rose by 587% YoY to VND 1.1 trillion and 24.5% YoY to VND 461 billion, respectively. However, bancassurance fees remained weak with a decrease of 8.9% YoY.

We expect the company's credit growth to accelerate from Q2 2024, as credit demand increases alongside with Vietnam's economic recovery. We expect pressures on provision expenses from overdue loans related to CIC reclassification to remain in Q2 2024 before subsiding in 2H 2024. Over the long term, we maintain a positive outlook on MBB. The bank remains in a leading position among private Vietnamese banks in terms of scale, efficiency, and returns on capital. MBB is currently the largest private bank in Vietnam by total assets and the second most profitable bank across the whole industry.

**SSI Securities' ("SSI")** share price decreased by 10.1% in the reporting period, likely due to overall weak market sentiment.

In Q1 2024, SSI posted total PBT of VND 943 billion (+52.6% YoY). Strong YoY earnings growth resulted from several factors including: (1) total operating income rising by 32.5% YoY to VND 2.0 trillion, contributed to by a 32.3% increase in trading gains to VND 910 billion, a 74.9% YoY increase in brokerage revenue to VND 447 billion, and a 32.0% increase in margin lending revenue to VND 449 billion; (2) SSI recorded a 7.3% decrease in financial expenses to VND 391 billion. Q1 2024 results fulfilled 24.8% of the company's full-year revenue target and 27.8% of its full-year PBT target. For FY 2024, SSI is aiming for total revenue of VND 8.1 trillion (+11.4% YoY) and PBT of VND 3.4 trillion (+19.3% YoY).

We believe SSI to be one of the largest beneficiaries of the improvement of Vietnam's stock market, given its leading position in Vietnam's brokerage sector, its balance between retail and institutional, and its capability to raise capital. We expect SSI to maintain its growth in the medium term with multiple supporting factors. These include (1) the Vietnamese stock market is recovering along with the country's macroeconomic turnaround; (2) a low interest rate environment continues to encourage domestic flows; (3) a potential upgrade from frontier market to emerging market under FTSE classification by 2025; (4) SSI's funding costs are expected to reduce further thanks to its several capital raises through purchase rights issuance in 2024, private issuances and stock dividends in 2025.

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<sup>2</sup> Source: MBB's management

## Macroeconomic Overview and Commentary

As noted, the VN Index declined by 8.3% in April 2024. This represented the largest decline in performance since October 2023. Several factors contributed to the correction, including:

- Investors' concerns on accelerating tension in the Middle East, likely lead to hikes in oil prices and the prolongation of high inflation. Oil prices rose by 5% MoM in April 2024.
- Weak market sentiment resulting from changes in the Vietnamese government's leadership relating to the anti-corruption campaign. Key events from the anti-corruption campaign which have contributed to poor market sentiment include:
  - The President of Vietnam, Vo Van Thuong, resigned on 20 March 2024. He was reported to have violated Party regulations.
  - The National Assembly Chairman, Vuong Dinh Hue resigned on 26 April 2024 due to his violation of Party regulations. His assistant, Pham Thai Ha was arrested on 22 April 2024 on charges of power abuse related to the investigation into a bribery case.
  - In addition, on 11 April 2024, Truong My Lan, the chairwoman of Van Thinh Phat Group- one of Vietnam's largest real estate groups, was sentenced to death at her first trial as she was found guilty of embezzlement, bribes, and violating credit institutions' lending regulations. Originally arrested in October 2022, Lan is accused of illegally controlling Saigon Commercial Bank ("SCB") (Lan owned a 91.5% stake in SCB through 27 legal entities and individuals) from 2012 to 2022, using thousands of "ghost companies" to obtain 2,500 loans that resulted in losses of USD 27 billion to the bank as of 17 October 2022 (USD 19.3 billion of principal loans and USD 7.7 billion of related interest fees).<sup>3</sup>
- The depreciation of the Vietnamese Dong has also squeezed market flows. This depreciation is attributed to:
  - As of 30 April 2024, DXY Index rose by 1.7% MTD and 4.8% YTD;
  - Increasing USD demand to import gold amidst gold price hikes. Local gold prices rose by 7.0% MoM and 17.0% YTD in April 2024;
  - Rising USD outflows from FDI companies as they distribute earnings to their home countries post-financial year;
  - Increasing VND inflows from the State Bank of Vietnam ("SBV") injections to SCB. When Lan was arrested in October 2022, customers of SCB lined up to withdraw their savings and SBV put SCB under special control. SBV has continuously injected cash into SCB to rescue the bank from bankruptcy. In the period from October 2022 to March 2024, SBV provided SCB with USD 23.7 billion of credit, equivalent to 5.5% of Vietnam's 2023 GDP.<sup>4</sup>

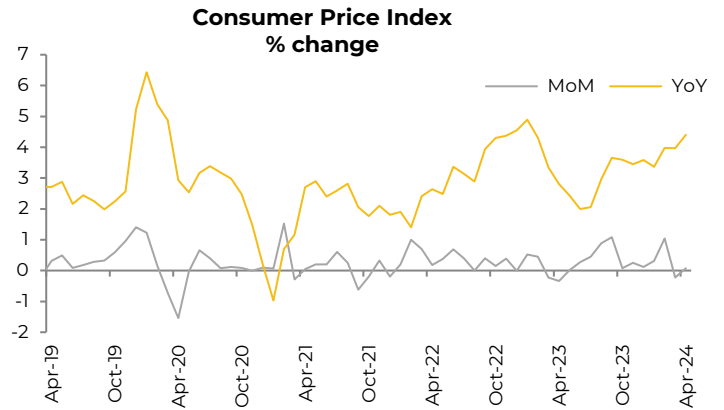
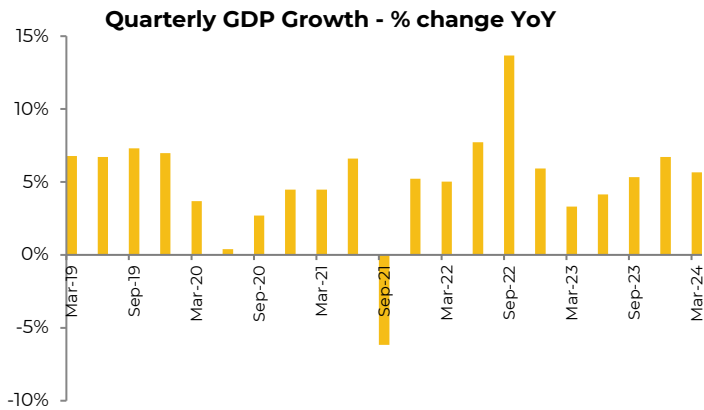
We view that the above concerns are likely to remain in the short term and any acceleration of them will disturb equity markets.

We have seen several interventions from SBV to stabilize the Vietnamese currency. Measures have included issuing treasury bills, selling USD, and holding gold auctions in April. Despite these efforts, the pressure on the FX market is expected to continue until US Federal Reserve cuts rates; unless if SBV raises its policy interest rate. However, a significant rate increase by SBV is unlikely due to a weak credit demand.

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3. Source: Vnexpress

4. Source: Reuters



**Fuel price hikes pulled up CPI** – Vietnam’s consumer price index (“CPI”) rose by 0.07% MoM and 4.4% YoY in April 2024. The increases were primarily attributed to a 4.8% hike in gasoline prices and a 2.0% hike in diesel prices. In addition, medicine and healthcare service prices also rose by 0.92%. In contrast, education service prices decreased by 2.9% MoM as some provinces adjusted their tuition fees to the 2021-2022 level.

**PMI improved** – The Vietnam Manufacturing Purchasing Index increased from 49.9 in March to 50.3 in April. The new orders and outputs bounced back as a preparation for a new season. However, the employment index was weak in PMI. This is likely due to the release of temporary workers after the Tet holiday period.

**Foreign Direct Investment remained strong** – Vietnam attracted USD 8.3 billion (+44.7% YoY) of newly registered and additional FDI from existing investors in 4M 2024. Singapore remained the largest FDI investor of Vietnam recording total FDI of USD 2.6 billion (+51.8% YoY), followed by Hong Kong (China) with total FDI of USD 1.2 billion (+114.3% YoY), and Japan with total FDI of USD 877 million (+126.5% YoY). In 4M 2024, Disbursed FDI rose by 7.4% YoY to USD 6.3 billion.

**Trade recovered strongly** – According to the Vietnam General Statistics Office, in April 2024, Vietnam exported USD 30.9 billion (+11.0% YoY) and imported USD 30.3 billion (+20.0% YoY) worth of goods. For 4M 2024, Vietnam exported USD 123.6 billion (+15.4% YoY) and imported USD 115.2 billion (+15.7% YoY) worth of goods, generating a trading surplus of USD 8.4 billion (+11.2% YoY). Vietnam’s exports witnessed recovery in key trading markets, including the US which recorded total exports of USD 34.1 billion (+19.1% YoY), the EU with a total export of USD 16.4 billion (+15.0% YoY), and South Korea with a total export of USD 8.4 billion (+10.2% YoY).

**About Duxton Capital (Australia) Pty 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. 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**

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