

COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia)	TOTAL NET ASSETS \$27.3 million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$0.9800	DEC21 SERIES \$0.8545	STRUCTURE Open-End Fund	LIQUIDITY Monthly
The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31 July 2022, the aggregate voting rights are 27,274,945 .				

IDENTIFIERS	
ISIN CODE	KYC9363R1056
BLOOMBERG TICKER	VTNPHXA KY
SEDOL	BDHXLD2

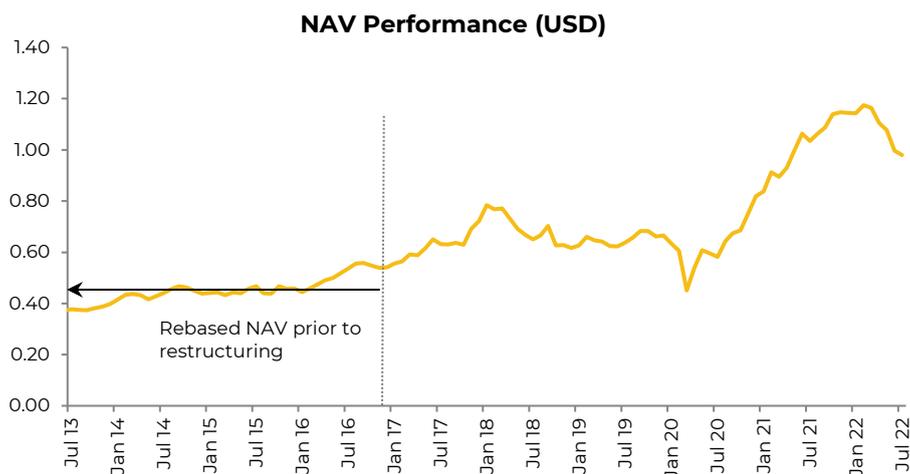
TOP 10 HOLDINGS (%)	
FPT CORP	12.5
REE CORP	8.8
MB BANK	8.5
MOBILE WORLD	8.0
ASIA COMMERCIAL BANK	6.8
AIRPORTS CORP	6.6
VINHOMES	6.6
VIETCOMBANK	6.1
HOA PHAT GROUP	5.1
PETROLIMEX	3.8
TOTAL	72.8

SECTOR ALLOCATION (%)	
FINANCIALS	27.4
REAL ESTATES	15.8
INFORMATION TECHNOLOGY	12.5
INFRASTRUCTURE	11.2
CONSUMERS	10.4
INDUSTRIALS	8.8
OTHERS*	13.9
TOTAL	100.0

*Includes Cash & Accruals

ASSET BREAKDOWN (%)	
LISTED EQUITIES	98.0
CASH AND ACCRUALS [^]	2.0
TOTAL	100.0

[^]Adjusted to include pending redemptions.



USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	-1.7%	-11.3%	-14.3%	-14.4%	-5.3%	15.4%	9.2%	11.3%
VNIndex	0.5%	-13.2%	-20.8%	-21.3%	-9.5%	6.6%	8.4%	8.9%

* 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
Airports Corporation of Vietnam (ACV)	+10.1%	0.58%
Kinh Bac City (KBC)	+15.3%	0.48%
SSI Securities (SSI)	+13.6%	0.46%
Top Laggards		
Mobile World (MWG)	-14.7%	-1.39%
REE Corporation (REE)	-12.8%	-1.30%
FPT Corporation (FPT)	-3.1%	-0.43%

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

As of 31 July 2022, the NAV per share of the Lead Series Class A shares decreased by 1.7% MoM. The VN-Index increased by 0.5% MoM during the month.

Underperformance in July was largely due to the following factors: (1) decreasing share prices of the Fund's top holdings (2) the Fund's relative underweight in the banking sector, which saw a strong recovery during the month and contributed 1.5% to the VN-Index's return; (3) the Fund had no exposure to Saigon Beer Alcohol Beverage (SAB) which share price rose by 16.1% over July, contributing 0.3% to the VN-Index's return.

The main detractors to performance were Mobile World (MWG, -14.7%), REE Corporation (REE, -12.8%), and FPT Corporation (FPT, -3.1%). In contrast, the main contributors were Airports Corporation of Vietnam (ACV, +10.1%), Kinh Bac City (KBC, +15.3%), and SSI Securities (SSI, +13.6%)

In terms of YTD performance, the NAV per share of Class A has decreased by 14.4%. This compares to the VN-Index which has decreased by 21.3%.

Mobile World's ("MWG") share price declined by 14.7% during July 2022. The decrease was likely due to weaker than expected results in Q2, 2022. MWG recorded net sales of VND 34,338 billion (+8.5% YoY) and NPAT-MI of VND 1,130 billion (-6.9% YoY). Mobile phone and electronic segments were the main contributors to MWG's top-line growth with total revenue of VND 26,985 billion (+11.3% YoY). These segments' growth was driven by: (1) a 58% YoY growth in online sales; (2) a higher contribution from super-mini Dien May Xanh stores (electronic stores); and (3) contributions from the new TopZone store chain (Apple Authorised Reseller and Apple Premium Reseller stores). The first TopZone store was opened in October 2021 and as at the end of June 2022 the total store count has reached 50.¹

In contrast, MWG's grocery segment was the main laggard as its revenue decreased 8.9% YoY to VND 6,762 billion. The weak performance was due to: (1) last year's high base as grocery stocks boomed amid social distancing restrictions; and (2) its comprehensive restructure, where since starting April 2022, 251 underperforming grocery stores have been closed, and almost 1,500 stores have been revamped.²

The restructuring of the grocery stores chain will impact MWG's profit in Q3 2022 due to the one-off expenses and trade disruptions during layout changing. However, we expect a turnaround for MWG's grocery segment from Q4 2022 onwards due to expected improved sales per store. At revamped locations to date, sales per store have improved by 15%.² We retain our positive long-term view on MWG. Due to its experienced management team and continued strong cash flows, we expect MWG to capture the market share from smaller competitors over time, allowing it to build a durable franchise of stores combined with a strong online presence that can further withstand competitive pressure.

1. Source: https://mwg.vn/uploads/eng/2022/7/monthly-report--6m22_final.pdf
2. Source: MWG's management

REE Corporation's ("REE") share price decreased by 12.8% during July 2022. The decrease was likely due to investors' concerns over potential increases in competition in the Vietnam electricity generation market in 2H 2022. Increased concerns are likely due to expectations of decreasing input prices for thermal power plants. For Q2 2022, REE posted a strong result with growth of 25.4% YoY in revenue and 55.7% YoY in NPAT-MI. The main contributor was REE's power segment which recorded growth of 35.5% YoY in revenue and 109.2% YoY in NPAT-MI. This was driven by: (1) robust earnings from the hydropower portfolio, thanks to favourable hydrography and higher selling prices for electricity in the competitive generation market; and (2) solid contributions from three new wind plants which started operations from October 2021.³

With hydropower plants being the most competitive power plants domestically, we expect REE to structurally benefit from the growth and transition of Vietnam's power generation market to a more competitive and open structure. The company plans to expand its total power generation capacity by 100 MW (~10% of its current capacity) per year from 2022 to 2026 with the operation of new solar rooftop projects. The expansion and diversification of REE's power portfolio is expected to enable the company to further strengthen its position in the Vietnam electricity market over the long-term.

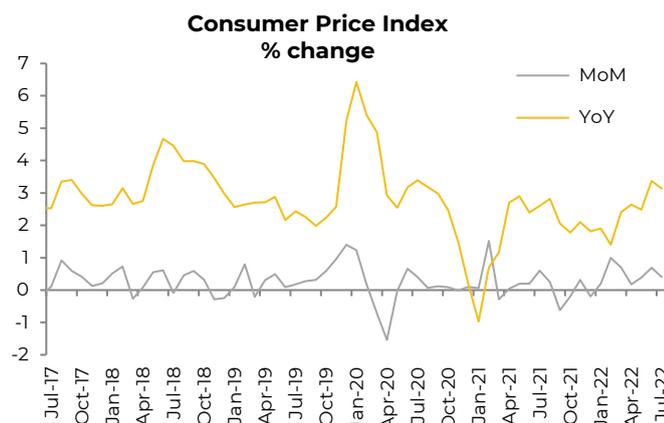
We also expect REE's office leasing segment to become another key growth driver over the long-term. REE's office portfolio is expected to expand by around 25% from mid-2023 onwards, with the launch of E-Town 6, a new office building located in Tan Binh District, Ho Chi Minh city.

Airports Corporation of Vietnam's ("ACV") share price rose 10.1% during July 2022. The increase was supported by a strong recovery in the company's operational performance in Q2 2022. ACV posted quarterly revenues of VND 3,429 billion (+125% YoY) and NPAT-MI of VND 2,375 billion (+863% YoY). These results were driven by: (1) growth of 138% YoY in domestic passenger volume to 25.9 million passengers. Domestic travel in Vietnam has rebounded to the pre COVID-19 levels with Q2 2022 domestic passenger volumes increasing by 31% in comparison to Q2 2019; (2) international passenger volumes have recovered from their low base last year to 2.0 million passengers (+1500% YoY); (3) ACV recorded an unrealised forex gain of VND 1,476 billion in Q2 2022 due to its outstanding Japanese currency loan of JPY 68.7 billion. Excluding its unrealised forex gain, ACV's core PBT was VND 1,464 billion in Q2 2022 compared to a VND 136 billion loss in Q2 2021.

We expect ACV to continue to recover in 2H 2022 and 2023 due to: (1) the return of international passengers, particularly Chinese tourists, once Chinese travel restrictions are eased. Chinese travelers accounted for 32% of Vietnam's total international air passenger volume in 2019⁴ and (2) the expectations of Vietnam's domestic air traffic to remain robust.

³ Source: REE's management

⁴ Source: http://itdr.org.vn/en/so_lieu/international-visitors-to-viet-nam-in-december-and-12-months-of-2019/



Slow-down inflation – Vietnam’s consumer price index (“CPI”) increased by 0.4% MoM and 3.1% YoY in July 2022. On a month-on-month basis, the main contributor to the CPI growth was an increase of 1.6% in food prices. This included pork prices rising by 4.3%, white poultry prices rising by 1.9%, and egg prices rising by 3.1%. However, the CPI growth rate was lower than the previous month mainly due to a decrease of 8.7% MoM in gasoline prices. For 7M 2022, Vietnam’s average CPI rose 2.5% YoY, well below the government’s full-year target of 4% YoY.

Decreasing PMI – the Nikkei Vietnam manufacturing purchasing manager index (“PMI”) strongly decreased from 54.0 in June 2022, to 51.2 in July 2022. Weaker demand in export markets has caused the slow-down in new orders, production and the recruitment of Vietnamese manufacturers. However, the logistics process has improved.

Highest disbursed FDI over the last 5 years – as of 20 July 2022, Vietnam YTD has attracted USD 13.0 billion (-11.7% YoY) of newly registered FDI and additional FDI from existing investors. Manufacturing remained the most attractive sector to foreign investors, contributing 69.5% of total newly registered FDI and additional FDI. This is followed by the real estate sector with a contribution of 17.4%. While newly registered FDI decreased, disbursed FDI rose by 10.2% YoY to USD 11.6 billion. This is the highest disbursement FDI in the first 7-month period since 2017.

Trade remained strong – According to Vietnam Customs, in 7M 2022, Vietnam exported USD 217.3 billion (+16.6% YoY) and imported USD 216.3 billion (+14.0% YoY), generating a trading surplus of USD 1.1 billion. This contrasts with a trading deficit of USD 2.2 billion in 7M 2021. Mobile phones and mobile phone components remained the largest contributor with a total export value of USD 33.9 billion (+13.9% YoY). This is followed by computers and electronics which account for a total export value of USD 31.7 billion (+14.8% YoY). In terms of imports, computers and electronics were the largest contributor with total import value of USD 50.1 billion (+25.2% YoY), followed by machinery with total export value of USD 26.6 billion (-1.8% YoY).

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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.

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