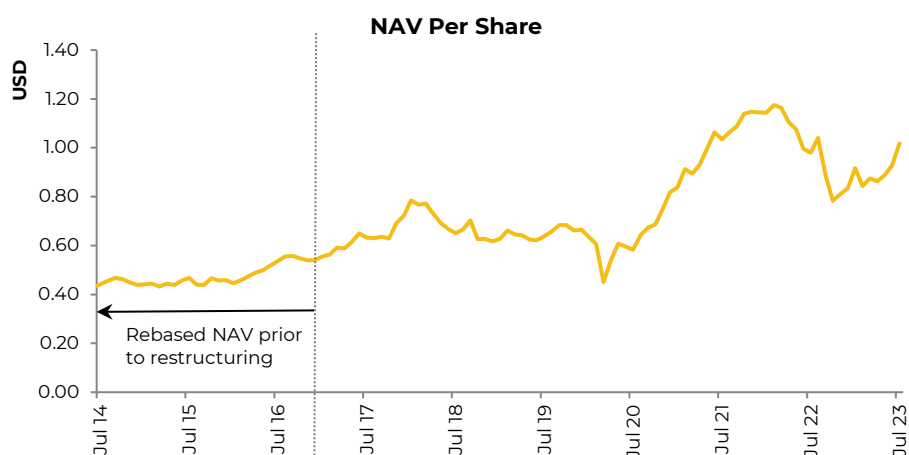


COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia) Pty Ltd	TOTAL NET ASSETS USD \$23.9 million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

## CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$1.0179	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 at 31 July 2023, the aggregate voting rights are <b>23,934,856</b> .			



USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	9.7%	17.9%	11.0%	22.1%	3.9%	20.5%	9.4%	9.7%
VNIndex	8.7%	15.4%	8.9%	21.1%	-0.1%	14.3%	4.7%	8.5%

\* 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)	+15.8%	+1.64%
Mobile World (MWG)	+24.0%	+1.24%
Vinhomes (VHM)	+14.5%	+0.77%

### IDENTIFIERS

ISIN CODE	KYC9363R1056
BLOOMBERG TICKER	VTNPHXA KY
SEDOL	BDHXL2

### TOP 10 HOLDINGS (%)

FPT CORP	11.6
VIETCOMBANK	8.4
ASIA COMMERCIAL BANK	8.2
REE CORP	7.1
HOA PHAT GROUP	6.6
VINHOMES	5.9
MOBILE WORLD	5.9
MB BANK	4.9
SSI SECURITIES	4.3
AIRPORTS CORPORATION	4.2
TOTAL	67.1

### SECTOR ALLOCATION (%)

FINANCIALS	31.6
REAL ESTATE	12.5
INFORMATION TECHNOLOGY	11.6
INFRASTRUCTURE	10.9
CONSUMERS	9.2
INDUSTRIALS	7.1
OTHERS*	17.0
TOTAL	100.0

\*Includes Cash & Accruals

### ASSET BREAKDOWN (%)

LISTED EQUITIES	99.1
CASH AND ACCRUALS^	0.9
TOTAL	100.0

^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

As of 31 July 2023, the NAV per share of the Lead Series Class A shares increased by 9.7% MoM. The Ho Chi Minh Stock Exchange Index ("VN-Index") increased by 8.7% during the reporting month.

The main contributors were FPT Corporation (FPT, +15.8%), Mobile World (MWG, +24.0%), and Vinhomes (VHM, +14.5%). No investee recorded a negative performance in July 2023.

In terms of YTD performance, the NAV per share of Class A has increased by 22.1% while the VN-Index increased by 21.1%.

**FPT Corporation's ("FPT")** share price rose by 15.8% in July 2023. The company's share price is supported by its solid operation results. For 1H 2023, FPT recorded revenue of VND 24.2 trillion (+21.9% YoY), EBT of VND 4.3 trillion (+19.3% YoY), and NPAT-MI of VND 3.0 trillion (+20.6% YoY). The main contributors to FPT's earnings growth were the IT segment and the education, investment, and others segment.

The IT segment posted sales of VND 14.2 trillion (+25.1% YoY) and EBT of VND 2.0 trillion (+26.3% YoY). Global IT remained the key driver with sales of VND 11.2 trillion (+30.2% YoY) and EBT of VND 1.8 trillion (+34.6% YoY). All international markets witnessed a strong demand of which the APAC market posted the strongest growth with an increase of 42.5% YoY to VND 2.9 trillion in sales, followed by the Japanese market with a growth of 39.1% YoY to VND 4.2 trillion, the European market with a growth of 15.6% YoY to VND 809 billion, and the US market with a growth of 15.2% YoY to VND 3.2 trillion.<sup>1</sup>

The education, investment, and other segment posted sales of VND 2.3 trillion (+63.5% YoY), and EBT of VND 820 billion (+35.8% YoY). However, the telecommunication segment grew at a much slower pace with sales of VND 7.7 trillion (+8.6% YoY), and EBT of VND 1.5 trillion (+4.8% YoY).

We believe FPT is likely to maintain its resilient growth due to several factors including: (1) a strong order backlog of VND 15.0 trillion (+28.6% YoY) as of June 2023, to supply global IT services;<sup>1</sup> (2) as a provider of IT services at a "budget" price range, FPT is expected to benefit from tightening in IT spending as clients potentially shift to FPT as a cheaper price service provider; (3) as the dominant provider in the domestic market, FPT is expected to benefit from an accelerating disbursement of the public sector IT budget in 2023-2024. Over the long term, we expect FPT's digital transformation services to be a key growth driver for the company due to the accelerating demand for cloud services, big data, artificial intelligence, and other digital transformation projects from corporate clients both domestically and internationally. Vietnam's government has targeted an increase in the digital economy's share of GDP from 5% in 2019 to 20% in 2025.

<sup>1</sup> Source: FPT's Earning Report 1H 2023

**Mobile World's ("MWG")** share price rose by 24.0% in the reporting month. The increase was likely due to the continuous improvement in the operation performance of its grocery store chain – Bach Hoa Xanh (BHX).

For 1H 2023, MWG posted sales of VND 56.57 trillion (-20.1% YoY) and NPAT-MI of VND 39 billion (-98% YoY). The weak results were due to a poor performance of the mobile phone stores chain – The Gioi Di Dong (TGDD) and the consumer electronics stores chain – Dien May Xanh (DMX). In 1H 2023, TGDD & DMX recorded a total revenue of VND 41.5 trillion (-27.2% YoY) and NPAT-MI of VND 942 billion (-77.2% YoY).<sup>2</sup> The average net profit margin of these segments shrank to 2.3% from 7.2% in the same period last year due to the company's massive discount on the selling price of ICT (information and communication technology) products to reduce inventories.

In contrast, the BHX segment recorded a growth of 7% YoY in net sales to VND 13.7 trillion and net loss narrowed from VND 1.4 trillion in 1H 2022 to VND 659 billion in 1H 2023.<sup>2</sup> The improvement resulted from rising traffic per store after the completion of its comprehensive restructuring in August 2022.

Over the short term, we expect the challenging environment for TGDD and DMX to remain due to depressed demand and tougher competition. However, BHX is expected to improve steadily to reach the net profit breakeven point by the end of 2023. Over the long term, due to MWG's dominant market shares, healthy cashflows, and experienced management team, we retain our positive outlook for MWG. We expect the company to mitigate the impacts of the market's headwinds better than its peers, capturing market share in both online and offline markets.

**Vinhomes' ("VHM")** share price rose by 14.5% in July 2023. VHM's share price was supported by its stronger-than-expected operation results in Q2 2023. VHM posted net sales of VND 32.8 trillion (+7.3x YoY) and NPAT-MI of VND 9.7 trillion (+14.5x YoY). The strong result was primarily contributed by delivering retail low-rise units at the Empire project (Vinhomes Ocean Park 2).

For 1H 2023, VHM recorded net sales of VND 62.1 trillion (+4.6x YoY) and NPAT-MI of VND 21.6 trillion (+4.1x YoY). The main contributors were the delivery of 5,400 units at the Empire project and bulk sales transactions at the Empire project and the Crown project (Vinhomes Ocean Park 3).<sup>3</sup>

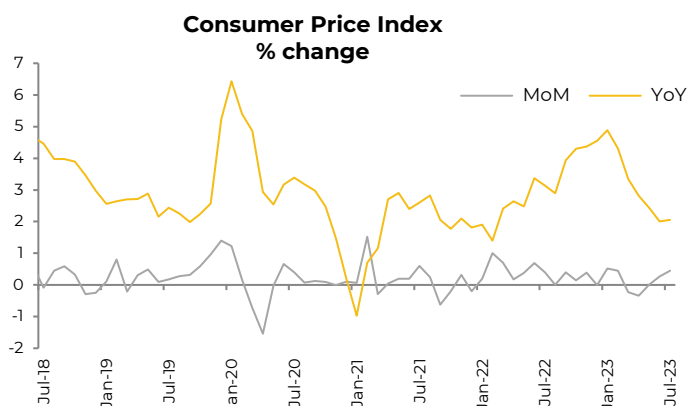
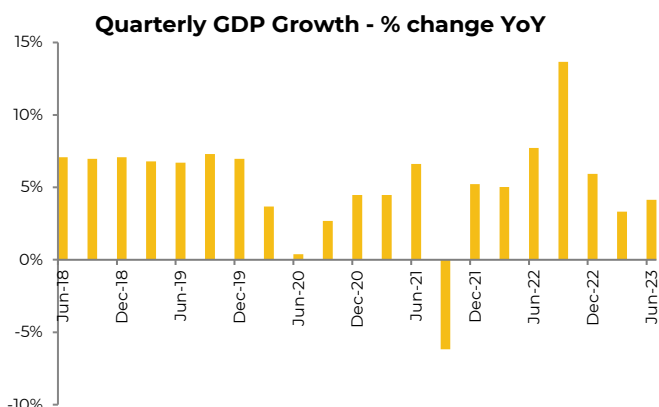
In Q2 2023, Vinhomes launched 2 new projects including (1) Vinhomes Grand Park – Glory Heights project with 3,200 high-rise units located in Ho Chi Minh City; and (2) Vinhomes Sky Park – a mixed-use integrated residential and commercial project with 400 high-rise units located in Bac Giang City. The company expects to launch Vinhomes Golden Avenue in early August. This is a mixed-use integrated residential and commercial project with a total of 2,200 low-rise units located in Mong Cai city.

We retain our positive view on VHM in the long term. Given the continual success in launching new projects during a quiet real estate market, VHM has proven its sustainable track record in project sales and development. We expect VHM to continue to take the lead and be a key contributor to stimulating the domestic real estate market. These expectations are driven by: (1) VHM's large land bank of 168 million square meters, which is more than three times the land bank of Vietnam's next largest developer; (2) VHM's strong balance sheet with a lower leverage ratio compared to the sector average; (3) VHM's strong pre-sales, with a total contract value of VND 89.1 trillion (-31% YoY)<sup>3</sup> placing the company in a better-than-peer position to manage its debt obligations; and (4) VHM's proven capital raising capacity.

<sup>2</sup> Source: MWG's YTD June 2023 Investor Report, Duxton's estimate.

<sup>3</sup> Source: VHM's 2Q 2023 Earnings Report.

**Macroeconomic Overview and Commentary**



**CPI remained low** – Vietnam’s consumer price index (“CPI”) increased by 0.45% MoM and 2.06% YoY in July 2023. The MoM increase was contributed by an increase of 0.63% in foodstuff prices as the domestic rice price follows the increasing trend of export rice prices and 0.51% in housing and construction material prices. For 7M 2023, the average CPI rose by 3.12% YoY, well below the government target of 4.5%.

**PMI improved** – the business environment of Vietnam’s manufacturing sector remained weak as the Nikkei Vietnam manufacturing purchasing manager index (“PMI”) was under 50. However, the PMI increased from 46.2 in June to 48.7 in July. This implies a slowdown in the decrease in new orders, manufacturing outputs, and employment.

**FDI remained resilient** – Vietnam attracted USD 2.7 billion (+123% YoY) of newly registered FDI and additional FDI from existing investors in July 2023. In 7M 2023, Vietnam’s newly registered FDI and additional FDI decreased slightly by 6.6% YoY to USD 12.1 billion. The decrease was primarily attributed to a decrease of 42.5% YoY in the additional FDI. However, the newly registered FDI rose by 75.5% YoY. Disbursed FDI surged by 0.1% YoY to USD 11.6 billion in 7M 2023.

**Trade show recovery signal** – According to Vietnamese Customs, in July 2023, Vietnam exported USD 30.1 billion (-1.8% YoY but +2.1% MoM) and imported USD 27.0 billion (-11.6% YoY but +2.4% MoM) worth of goods. The reporting month witnessed a recovery in key export products, including mobile phones and mobile phone components with an increase of 11.0% MoM, machinery with an increase of 10.2% MoM, and textile with an increase of 6.8% MoM. In 7M 2023, Vietnam exported USD 195.4 billion (-10.1% YoY) and imported USD 178.9 billion (-17.3% YoY), generating a trading surplus of USD 16.5 billion (+15.2x 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.

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