

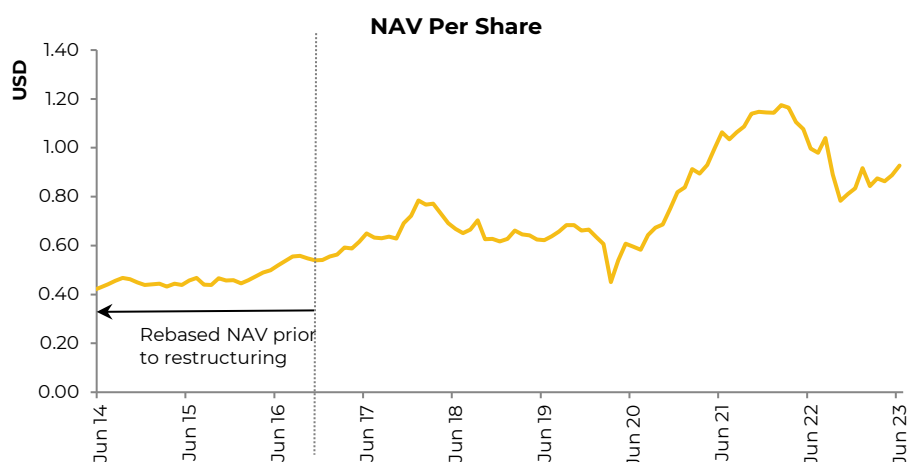
COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia) Pty Ltd	TOTAL NET ASSETS USD \$21.9 million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$0.9278	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 30 June 2023, the aggregate voting rights are **21,927,584**.

IDENTIFIERS	
ISIN CODE	KYG9363R1056
BLOOMBERG TICKER	VTNPHXA KY
SEDOL	BDHXLD2



TOP 10 HOLDINGS (%)	
FPT CORP	10.9
ASIA COMMERCIAL BANK	8.5
VIETCOMBANK	8.4
REE CORP	7.5
HOA PHAT GROUP	6.6
AIRPORTS CORPORATION	5.7
VINHOMES	5.5
MOBILE WORLD	5.0
MB BANK	5.0
SSI SECURITIES	4.2
TOTAL	67.3

USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	4.6%	6.1%	11.3%	11.3%	-6.9%	15.9%	6.8%	8.8%
VNIndex	3.8%	4.7%	11.5%	11.5%	-7.7%	10.1%	2.6%	7.7%

* 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
Hoa Phat Group (HPG)	+23.3%	+1.13%
Vietcombank (VCB)	+6.4%	+0.51%
MB Bank (MBB)	+8.6%	+0.49%
Top Laggards		
Airports Corporation of Vietnam (ACV)	-5.6%	-0.38%
Vietnam National Petroleum (PLX)	-0.4%	-0.01%

SECTOR ALLOCATION (%)	
FINANCIALS	30.8
INFRASTRUCTURE	12.3
REAL ESTATE	11.7
INFORMATION TECHNOLOGY	10.9
CONSUMERS	7.8
INDUSTRIALS	7.5
OTHERS*	19.0
TOTAL	100.0

*Includes Cash & Accruals

ASSET BREAKDOWN (%)	
LISTED EQUITIES	98.7
CASH AND ACCRUALS [^]	1.3
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 30 June 2023, the NAV per share of the Lead Series Class A shares increased by 4.6% MoM. The Ho Chi Minh Stock Exchange Index ("VN-Index") increased by 3.8% during the reporting month.

The main contributors were Hoa Phat Group (HPG, +23.3%), Vietcombank (VCB, +6.4%), and MB Bank (MBB, +8.6%). In contrast, the laggards were Airports Corporation of Vietnam (ACV, -5.6%), and Vietnam National Petroleum Group (PLX, -0.4%).

In terms of YTD performance, the NAV per share of Class A has increased by 11.3% while the VN-Index increased by 11.5%.

HPG Group ("HPG") share price rose by 23.3% during June. The share price was supported by HPG's sales recovery in May. In May 2023, HPG sold 622,181 tonnes of steel (down 13.6% YoY but up 15.3% MoM). Total sales were made up of 284,214 tonnes of construction steel (down 26.3% YoY but up 32.7% MoM), and 243,344 tonnes of hot rolled coil ("HRC") (up 19.1% YoY and up 1.6% MoM).¹ The MoM growth was largely attributed to new orders in export markets including Asia and the EU.

HPG produced 565,237 tonnes of steel in May 2023, down 27.5% YoY but up 23.7% MoM.¹ Given the expected recovery in steel demand, the company has started to build back its inventory level and restarted the operation of its second last blast furnace. HPG expects to resume the operation of its last blast furnace in July 2023.

We expect HPG's sale volume to recover in 2H 2023 due to: (1) domestic demand improving due to boosting public investment disbursement; (2) HRC demand from the Chinese market continuing to bounce back post China's full reopening. We also expect HPG's profit margin to expand in 2H 2023, due to lower input material costs (iron ore prices decreased 17.2% YoY and 8.5% QoQ in Q2 2023), coupled with higher utilization of its blast furnaces.

¹. Source: Vietnam Steel Association

Vietcombank (“VCB”) share price increased by 6.4% during the reporting month. The increase was likely due to investors’ positive expectations over its potential private placement. The bank is planning to issue 5% of its current outstanding shares to raise equity capital in 2024.

VCB posted a PBT of VND 11.2 trillion (+12.8% YoY). The growth was driven by numerous factors including (1) an increase of 18.6% YoY in net interest income; (2) an increase of 120.7% YoY in other income; and (3) a decrease of 11.1% YoY in provision expenses. As of the end of Q1 2023, VCB’s credit growth reached 2.45% YTD, while customer deposits rose by 3.1% YTD.

Despite expectations of weaker growth in 2023, as a result of a slowdown in the global and domestic economy, we believe VCB will continue to maintain a leading position in the Vietnamese banking sector. This is supported by VCB’s better-than-peer asset quality coupled with its low funding cost competitive advantage. As at the end of Q1 2023, VCB’s non-performing loan ratio reached 0.85%. This represented the lowest NPL ratio compared to VCB’s local peers. VCB’s loan coverage ratio reached 321%, the highest level among Vietnamese banks. We expect the bank’s prudent balance sheet management and aggressive loan provisioning to continue to support its bottom-line growth and potentially outperform earnings expectations.

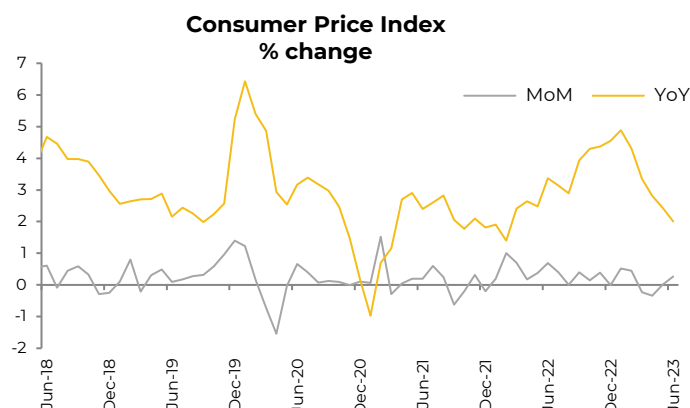
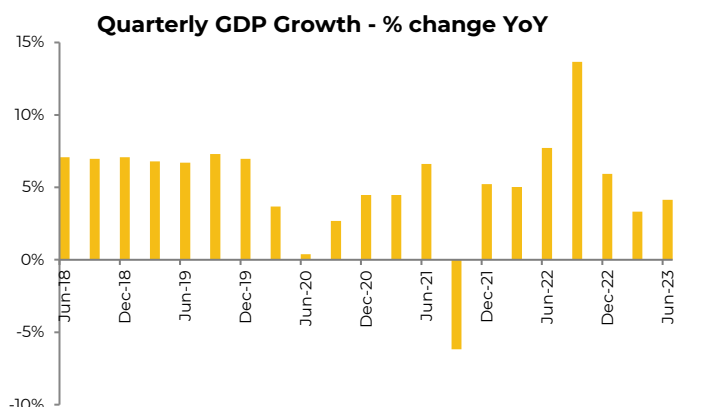
Airport Corporation of Vietnam (“ACV”) share price decreased by 5.6% in June. The decrease was likely due to the delay in the construction process of Long Thanh Airport. Long Thanh Airport – phase 1 operation is expected to commence in late 2026 or early 2027, instead of 2025.

For Q1 2023, ACV recorded net sales of VND 4.1 trillion (+142.2% YoY) and NPAT-MI of VND 1.6 trillion (+86.8% YoY). The top-line was mainly driven by an increase of 72.2% YoY in total passengers, of which, ACV’s airports serviced 7.1 million international passengers (+14.7x YoY), and 20.6 million domestic passengers (+31.7% YoY).² Whilst the international traffic was still 32.5% below the pre-covid level (Q1 2019) due to a lack of Chinese tourists, the domestic traffic surpassed the pre-covid level by 19.4%.²

We believe ACV will perform strongly over the next few years, supported by: (1) a strengthening domestic air travel market; (2) Vietnam’s key passenger markets, including China, Japan, and Taiwan, returning to Vietnam as travel restrictions continue to ease and visa policy is relaxed; (3) the expectation that ACV’s operating margin will expand due to increasing utilization of its airports and growing numbers of international passengers who bring higher profit margins. Over the long term, the operation of Tan Son Nhat Terminal 3, and Long Thanh Airport – phase 1, from 2025 and 2026 respectively, will likely be the key growth drivers for ACV.

² Source: ACV’s management

Macroeconomic Overview and Commentary



GDP rebounded- Vietnam’s Gross Domestic Product (“GDP”) grew by 4.14% YoY in Q2 2023, accelerating from a 3.3% YoY growth in Q1 2023. The services sector remained the main contributor to GDP growth in Q2 2023 with a growth of 6.1% YoY, contributing 64.2% of total GDP growth. The sector was driven by an increase of 9.0% YoY in wholesale and retail, and an increase of 7.7% YoY in logistics. The manufacturing sector posted a growth of 2.5% YoY, contributing 22.4% of GDP’s total growth. However, demand weakness from both export markets and local markets continued to impact its performance as the manufacturing sector decreased by 0.3% QoQ. The agriculture, forestry, and fishery sector continued to recover since China’s full reopening. The sector grew by 3.2% YoY, contributing 8.1% of total GDP growth.

For 1H 2023, Vietnam’s GDP growth reached 3.72%. Failing to reach the government’s full-year GDP growth target of 6.5%. However, we expect a stronger pace of GDP growth in 2H 2023, which is supported by several factors including: (1) the State Bank of Vietnam (“SBV”) is likely to continue to relax its monetary policy with another rate cut in 2H 2023. SBV reduced its policy rates three times in 1H 2023 with a total cut of 175 bps; (2) a cut of 2% of the tax rate on goods and services from 10% to 8% for 2H 2023; (3) a potential reduction of 50% in the vehicle registration fees from July 2023; (4) a strong improvement in the disbursement of public investment with numerous key projects launched, including Ring Road 3 in Ho Chi Minh City, Ring Road 4 in Hanoi, and the passenger terminal of Long Thanh Airport.

CPI remained low – Vietnam’s consumer price index (“CPI”) increased by 0.27% MoM and 2.00% YoY in June 2023. The MoM increase mainly came from (1) an increase of 0.57% MoM in foodstuffs as pork prices rose by approximately 7.0% in June 2023; (2) an increase of 0.34% MoM in entertainment and tourism prices. For 1H 2023, the average CPI rose by 3.29% YoY, well below the government target of 4.50%.

PMI showed a recovery signal – the business confidence of Vietnam’s manufacturers resumed slightly as the Nikkei Vietnam manufacturing purchasing manager index (“PMI”) bounced back from 45.3 in May to 46.2 in June. However, June PMI remained low due to a decrease in new orders from both domestic and international clients. The operation of some manufacturers in the north was also impacted by an electricity shortage in June.

FDI remained resilient – Vietnam attracted USD 1.9 billion (-7.4% YoY) of newly registered FDI and additional FDI from existing investors in June 2023. For 1H 2023, this figure came to USD 9.4 billion (-19.9% YoY), of which, newly registered FDI rose by 31.4% YoY to USD 6.5 billion, while the additional FDI decreased by 57.0% YoY to USD 2.9 billion. Singaporean investors were the largest contributor to Vietnam’s FDI in 1H 2023 with a total FDI of approximately USD 3.0 billion (-274.5% YoY), followed by Japanese investors with a total FDI of USD 2.1 billion (+2.1x YoY), and Chinese investors with a total FDI of USD 1.95 billion (+53.5% YoY). Disbursed FDI dipped by 0.4% YoY to USD 10.0 billion.

Trade continued to decrease – According to Vietnam’s General Statistic Office, in June 2023 Vietnam exported USD 29.30 billion (-10.3% YoY) and imported USD 26.7 billion (-18.2% YoY) worth of goods. For 1H 2023, Vietnam generated a trade surplus of USD 12.8 billion (+16.3x YoY) by exporting USD 164.7 billion (-11.5% YoY) and importing USD 151.8 billion (-18.1%) worth of goods. Vietnam’s key trading markets continued to witness demand weakness as Vietnam’s net trading surplus decreased by 24.9% YoY in the US market, and 9.8% YoY in the EU market. Vietnam’s net trading deficit declined by 30.9% YoY in the China market and 30.9% in the Korean market.

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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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