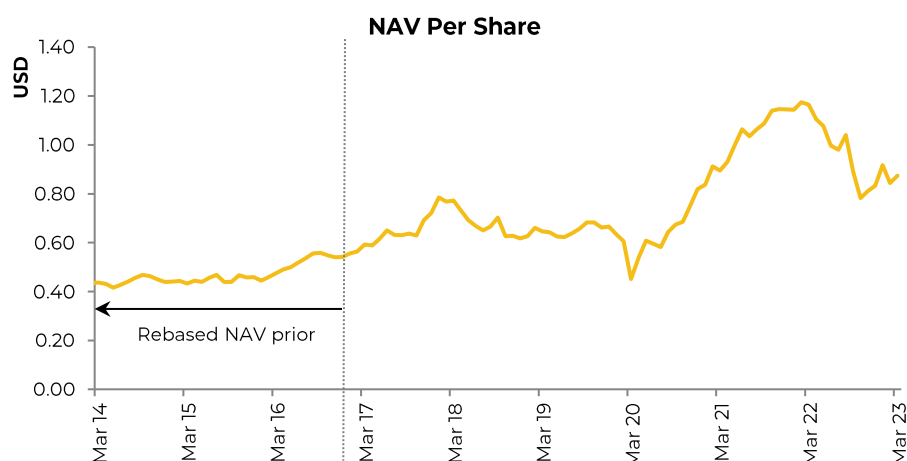


COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia) Pty Ltd	TOTAL NET ASSETS USD \$21.7 million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

## CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$0.8743	DEC21 SERIES \$0.7624	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 March 2023, the aggregate voting rights are <b>21,677,851</b> .				



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	3.6%	4.9%	-1.8%	4.9%	-25.3%	24.7%	2.5%	9.2%
VNIndex	5.3%	6.4%	-4.4%	6.4%	-30.6%	17.4%	-2.4%	8.8%

\* 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
Vinhomes (VHM)	+24.1%	+1.16%
Vietnam Prosperity JSC Bank (VPB)	+23.5%	+0.47%
SSI Securities (SSI)	+17.8%	+0.43%
Top Laggards		
Saigon Cargo Services (SCS)	-7.6%	-0.24%
Mobile World (MWG)	-3.6%	-0.11%
Airports Corporation of Vietnam (ACV)	-2.6%	-0.10%

### IDENTIFIERS

ISIN CODE	KYG9363R1056
BLOOMBERG TICKER	VTNPHX KY
SEDOL	BDHXL2

### TOP 10 HOLDINGS (%)

FPT CORP	11.1
VIETCOMBANK	8.6
ASIA COMMERCIAL BANK	8.5
REE CORP	7.7
AIRPORTS CORP	7.1
VINHOMES	5.5
HOA PHAT GROUP	4.9
MOBILE WORLD	4.5
MB BANK	4.5
PETROLIMEX	4.2
TOTAL	66.6

### SECTOR ALLOCATION (%)

FINANCIALS	29.7
INFRASTRUCTURE	14.2
REAL ESTATE	11.9
INFORMATION TECHNOLOGY	11.1
INDUSTRIALS	7.7
ENERGY	7.7
OTHERS*	17.7
TOTAL	100.0

\*Includes Cash & Accruals

### ASSET BREAKDOWN (%)

LISTED EQUITIES	97.3
CASH AND ACCRUALS^	2.7
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 March 2023, the NAV per share of the Lead Series Class A shares increased by 3.7% MoM. The Ho Chi Minh Stock Exchange Index ("VN-Index") increased by 5.3% during the reporting month.

The main contributors were Vinhomes (VHM, +24.1%), Vietnam Prosperity JSC Bank (VPB, +23.5%), and SSI Securities Corporation (SSI, +17.8%). In contrast, the main laggards were Saigon Cargo Services (SCS, -7.6%), Mobile World (MWG, -3.6%), and Airports Corporation of Vietnam (ACV, -2.6%).

In terms of YTD performance, the NAV per share of Class A has increased by 4.9% while the VN-Index increased by 6.4%.

**Vinhomes ("VHM")** share price increased by 24.1% during the reporting month. The rebound was likely due to VHM's stronger-than-expected results in Q1 2023 and improved sentiment towards the Vietnamese real estate sector after several supporting policies were released.

For Q1 2023, VHM recorded total revenue of VND 29.3 trillion (+228.3% YoY) and NPAT-MI of VND 11.9 trillion (+162.5% YoY). The strong growth was driven by (1) the delivery of retail low-rise units at the Empire project (Vinhomes Ocean Park 2) with total sales of VND 27.0 trillion; (2) the record of two bulk sales transactions at the Empire project and Crown project (Vinhomes Ocean Park 3); and (3) record profit distribution from business cooperation contract projects at Vinhomes Star City and Vinhomes The Harmony.

During March and April 2023, in a bid to support real estate sector recovery, the government issued several decrees to ease legal bottlenecks and restructure bond payments for real estate developers. One of the decrees allows bond issuers to negotiate with bond holders to extend the bond payment terms or swap the bond payment to substitute assets. This is expected to help real estate developers manage their short-term liquidity requirements.

We expect the Vietnamese real estate market to face a tougher year in 2023 due to rising financial costs and the continued erosion of consumer and creditor sentiment. In view of these challenging market conditions, the launch of three new VHM projects, including Vinhomes Co Loa (385 hectares in Dong Anh, Hanoi), Vinhomes Vu Yen (865 hectares in Thuy Nguyen, Hai Phong), and Vinhomes Golden Avenue (116 hectares in Mong Cai, Quang Ninh), may be delayed. The sales from VHM's current projects (the Empire and the Crown) are also expected to slow down.

Despite these short-term headwinds, we maintain our positive view on VHM. Over the long term, we expect VHM to better mitigate the impact of credit constraints compared to its peers and to continue to grow modestly. 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 sustainable track record in project sales and developments; (3) VHM's strong balance sheet, with a lower leverage ratio compared to the sector average; (4) VHM's strong pre-sales, with a total contract value of VND 92.7 trillion (+63% YoY),<sup>1</sup> placing the company in a better-than-peer position to manage its debt obligations; and (5) VHM's proven capital raising capacity.

1. Source: VHM's 1Q2023 Earnings Presentation

**Vietnam Prosperity Bank (“VPB”)** share price increased by 23.5% during March 2023. The strong increase was likely due to investor expectations of VPB’s capital strengthening through its private placement. On 27 March 2023, VPB signed an agreement with Japan’s Sumitomo Mitsui Banking Corporation (SMBC) to issue a 15% equity stake through a private placement. The private placement is estimated to raise VND 35.9 trillion (~USD 1.5 billion) for VPB’s equity capital, at a price equivalent to VND 30,160 per share. This represents a 41.9% premium to VPB’s closing price on 27 March 2023. Following the private placement, VPB’s capital adequacy ratio (“CAR”) is estimated to increase from 14.9% as at the end of FY2022, to ~18.0%, the highest CAR among Vietnamese banks.<sup>2</sup>

In FY2022, VPB recorded NPAT of VND 16.9 trillion (+47.5% YoY). The strong earnings growth was driven by (1) an increase of 19.4% YoY in net interest income to VND 41.0 trillion. VPB’s consolidated loan book expanded by 23.4% YoY in 2022 whereas its consolidated net interest margin narrowed from 7.64% in 2021, to 7.50% in 2022; and (2) an increase of 46.1% YoY in net fee income to VND 5.8 trillion. The bank fee income was supported by a 140% YoY increase in card fee income, a 57% YoY increase in bancassurance fee income, and a 101% YoY increase in fees from other services, including settlement services, letters of credit, and letters of guarantee.

For FY2023, VPB is targeting a profit before tax of VND 24.0 trillion (+13.1% YoY). The bank is providing guidance of (1) growth of 33.0% in its credit balance, (2) growth of 41.0% YoY in its deposits and valuable papers; as well as (3) an increase in non-performing loan ratio from 2.19% to close to 3.0%.

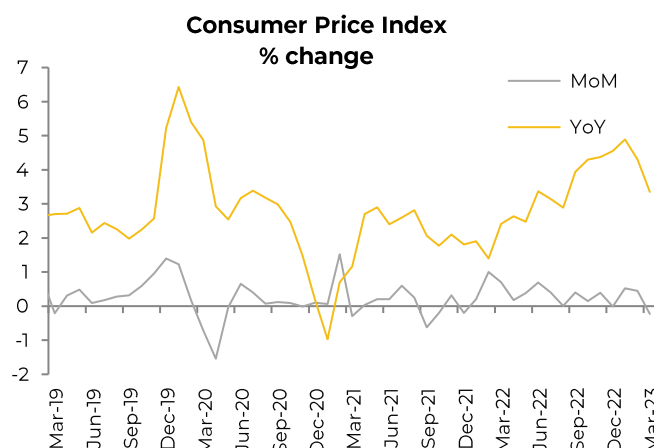
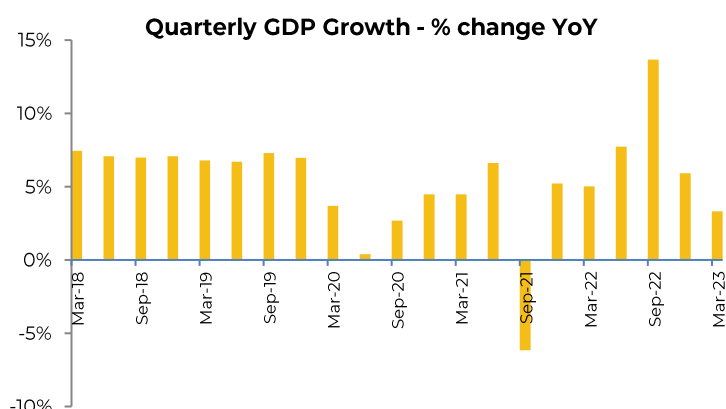
In 2023, we expect VPB to record weaker growth as a result of increasing credit costs from unfavorable economic conditions and VPB’s large exposure to corporate bonds and real estate. However, we expect the capital injection to enable the bank to maintain its sustainable growth over the long term, particularly during the current challenging economic environment which has been caused by a slowing economy and the tightening of corporate bond markets and the real estate sector.

**Saigon Cargo Services (“SCS”)** share price decreased by 7.6% YoY in March 2023. This is likely attributed to SCS posting poor operational results in Q1 2023 with total revenue of VND 162.0 billion (-34.1% YoY) and NPAT-MI of VND 113.2 billion (-39.6% YoY). The decrease was mainly contributed by a decline of 45.0% YoY in total international cargo volumes in Q1 2023. Weakening global demand has strongly impacted Vietnam’s imports and exports, particularly on international air cargo flows. In contrast, domestic cargo volumes rose by 18.1% YoY in Q1 2023, supported by China reopening its borders.

We expect the headwinds facing SCS from global trade weakness to persist in the short term. However, we expect SCS to maintain its solid growth in the coming years by improving its market share over their competitors at their Tan Son Nhat Airport operations. We also expect SCS to improve its profit margins due to higher economic scales and adept cost control. Its market share in Tan Son Nhat Airport expanded from 33% at the end of 2021 to 35% as at the end 2022.<sup>3</sup> SCS expects a new major client to come in Q3 2023 and occupy approximately 4,500 tonnes per month, equivalent to ~24% of its current capacity of 19,000 tonnes per month.<sup>3</sup> SCS’s cargo terminal expansion project is expected to be completed in 1H 2023. Once complete, this will add approximately 15% to SCS’s current capacity. The expansion we expect will enable SCS to continue to gain market share in Tan Son Nhat Airport as its terminal reached full capacity in 2022.

<sup>2</sup> Source: Duxton’s estimates  
<sup>3</sup> Source: SCS’s management

## Macroeconomic Overview and Commentary



**Weaker-than-expected GDP growth** – Vietnam’s gross Domestic Products (“GDP”) growth decreased from 5.9% YoY in Q4 2022 to 3.3% YoY in Q1 2023 as a result of slowdowns in manufacturing, trade, and consumption. The contributors to GDP growth were the services sector with an increase of 6.8% YoY, contributing 95.9% to GDP growth, and the agriculture, forestry, and fishery sector with an increase of 2.5% YoY, contributing 8.9% to GDP growth. China’s reopening was one of the key drivers for the growth in Vietnam’s hospitality and agriculture exports. In contrast, the manufacturing sector decreased by 0.4% YoY, contributing -4.8% to GDP growth. This is the first time Vietnam’s manufacturing sector has recorded negative growth since 2011. Manufacturing output was strongly impacted by demand weakness from both external and internal markets.

**CPI decreased** – Vietnam’s consumer price index (“CPI”) decreased by 0.23% MoM but has increased by 3.35% YoY in March 2023. The main contributors to CPI slowdown were a 0.4% decrease in petrol prices and a 1.0% decrease in food prices. Domestic consumption continued to decrease after the TET holiday period. For Q1 2023, Vietnam’s average CPI rose by 4.2% YoY. We expect inflation pressure to remain high due to a potential rise in electricity prices.

**PMI dropped back to under 50** – The Nikkei Vietnam manufacturing purchasing manager index (“PMI”) decreased 51.2 in February to 47.7 in March. Manufacturers’ output, new orders, and employment all declined amid demand weakness while the inventory levels remain unchanged.

**FDI remained slow** – Vietnam attracted USD 4.2 billion (-41.9% YoY) of newly registered FDI and additional FDI from existing investors in Q1 2023. The weak result was partly due to (1) the lack of large-scale expansion of existing projects. In comparison, Vietnam Singapore Industrial Park, Samsung and Goertek registered ~ USD 2.2 billion of additional FDI in Q1 2022; and (2) investors’ concerns regarding the potential implementation of a Global Minimum Tax Rate from 2024. If implemented, this would result in a minimum corporate tax rate of 15% applied to multinational corporations with annual revenue of more than EUR 750 million in at least two of the most recent four years. Disbursed FDI decreased by 2.7% YoY to USD 4.3 billion.

**Trade decreased** – According to Vietnam’s Customs, in March 2023, Vietnam exported USD 29.7 billion (-14.4% YoY) and imported USD 28.3 billion (-13.3% YoY) worth of goods. For Q1 2023, Vietnam exported USD 79.3 billion (-11.0% YoY) and imported USD 74.5 billion (-15.0% YoY), generating a trade surplus of USD 4.9 billion (+229.7% YoY). Vietnam’s key trading market witnessed soft demand. The US, the largest export market for Vietnam, witnessed a decrease of 20.9% YoY in total exports. Vietnam’s exports to China and the EU also decreased by 10.8% and 10.1% respectively. On the import side, China, the largest import source for Vietnam, witnessed a decrease of 14.4% YoY in total imports. Vietnam’s imports from South Korea and ASEAN also decreased by 27.1% YoY and 14.6% YoY in respectively.

#### 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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