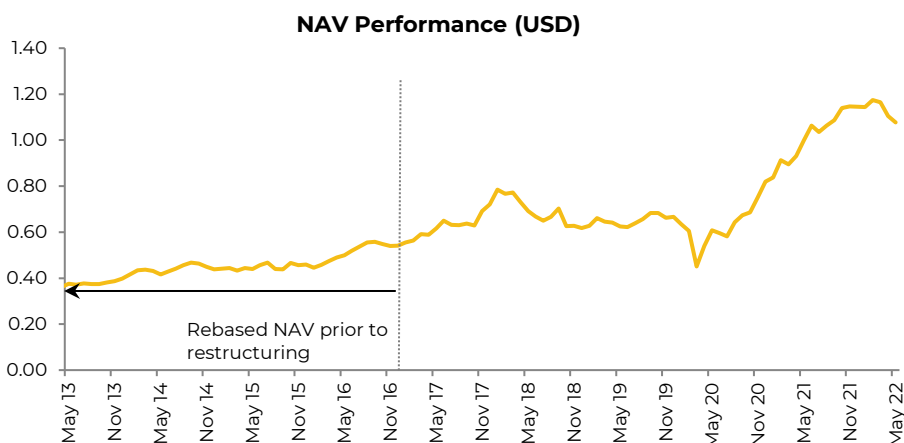


COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia)	TOTAL NET ASSETS \$31.7million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

## CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$1.0767	DEC21 SERIES \$0.9388	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 of s31 May 2022, the aggregate voting rights are **31,717,329**.



USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	-2.6%	-8.3%	-6.1%	-6.0%	7.8%	19.9%	11.8%	13.8%
VNIndex	-6.3%	-14.6%	-14.3%	-15.1%	-3.2%	10.8%	11.4%	11.4%

\* 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
REE Corporation (REE)	+9.8%	2.13%
Vinhomes JSC (VHM)	+7.1%	0.67%
FPT Corporation (FPT)	+4.7%	0.41%
Top Laggards		
Hoa Phat Group (HPG)	-19.9%	-1.31%
Dat Xanh Real Estate Service (DXS)	-24.7%	-0.80%
MB Bank (MBB)	-6.9%	-0.62%

### IDENTIFIERS

ISIN CODE	KYC9363R1056
BLOOMBERG TICKER	VTNPHXA KY
SEDOL	BDHXL2

### TOP 10 HOLDINGS (%)

FPT CORP	12.7
REE CORP	10.8
MOBILE WORLD	9.0
VINHOMES JSC	8.7
MB BANK	7.8
VIETCOMBANK	6.5
ASIA COMMERCIAL BANK	6.0
AIRPORTS CORP	5.6
HOA PHAT GROUP	5.4
PETROLIMEX	3.5
TOTAL	76.0

### SECTOR ALLOCATION (%)

REAL ESTATE	27.3
FINANCIALS	25.3
INFORMATION TECHNOLOGY	12.7
CONSUMERS	12.0
ENERGY EQUIP & SVCS	6.2
INFRASTRUCTURE	5.6
OTHERS*	10.9
TOTAL	100.0

\*Includes Cash & Accruals

### ASSET BREAKDOWN (%)

LISTED EQUITIES	98.9
CASH AND ACCRUALS <sup>^</sup>	1.1
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

As of 31 May 2022, the NAV per share of the Lead Series Class A shares decreased 2.6%. The VN-Index decreased 6.3% MoM during the reporting month.

The main contributors were REE Corporation (REE, +9.8%), Vinhomes (VHM, +7.1%), and FPT Corporation (FPT, +4.7%). In contrast, the main detractors were Hoa Phat Group (HPG, -19.9%), Dat Xanh Real Estate Service (DXS, -24.7%), and MB Bank (MBB, -6.9%)

In terms of YTD performance, the NAV per share of Class A has decreased 6.0%, while the VN-Index has decreased 15.1%.

**REE Corporation's (REE)** share price rose by 9.8% during the month. The increase was likely due to investor expectations of strong growth in its power segment. REE is expected to benefit from the La Niña weather event (typically resulting in above average rainfall) conditions in Vietnam from April to August 2022<sup>1</sup> as the company owns the largest private hydropower portfolio in Vietnam. Further, due to the higher input costs for thermal power plants, including gas and coal prices, the average selling price for electricity in the competitive generation market rose by 44% YoY.<sup>2</sup>

For Q1 2022, REE posted total revenue of VND 2,045 billion (+73% YoY) and NPAT-MI of VND 693 billion (+67% YoY). The main contributor to the increase was REE's power segment. In Q1 2022, REE recorded a revenue of VND 1,439 billion (+287% YoY) and NPAT-MI of VND 477 billion (+122% YoY) from its power segment. The strong growth was driven by several factors including (1) higher volume and selling prices for hydropower plants due to heavy rainfall and weak competition from thermal power plants, that are facing higher inputs prices; (2) earnings contribution from Vinh Son Song Hinh Hydropower as it is consolidated into REE's results from Q2 2021; and (3) earnings contribution from REE's three new wind plants with a total capacity of 102 MW, which came into operation in November 2021.

As hydropower plants are 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 market. 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.<sup>2</sup> The expansion and diversification of REE's power portfolio is expected to enable the company to further strengthen its position in the 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.

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1. Source: <https://thitruongbiz.vn/hien-tuong-la-nina-se-keo-dai-tu-nay-den-dau-mua-dong-tai-viet-nam-6400.html>  
 2. Source: Duxton's research  
 3. Source: REE's management

**Hoa Phat Group's (HPG)** share price decreased 19.9% MoM in May 2022. The decrease was likely due to investors' concerns over decreasing steel prices. In May 2022, HPG cut its construction steel selling prices by 7% MoM.<sup>3</sup> However, HPG recorded a recovery in sales volume with a growth of 5% YoY and 8% MoM in May 2022 after a drop of 31% YoY and 42% MoM in April 2022.

In the short and medium-term, we expect HPG to be challenged by industry headwinds including weaker global demand and higher input material prices. For full-year 2022, the company's management is guiding a growth of 7% YoY in FY2022 net sales but a decrease of 13-27% YoY in FY2022 NPAT due to concerns on margin squeezing due to these headwinds.

Over the long term however, as the dominant steel manufacturer domestically, we expect HPG to benefit from strong demand in the infrastructure and construction sectors in Vietnam, supported by robust public investment and a recovering real estate sector.

**Dat Xanh Real Estate Services' (DXS)** share price decreased 24.7% MoM in May 2022, likely due to weaker than expected performance in Q1 2022. DXS recorded revenue of VND 863 billion (-17% YoY) and NPAT-MI of VND 124 billion (-39% YoY). The strong decrease was mainly due to (1) lower property transactions as the market was inactive over the Tet holiday period, coupled with supply shortage in the southern market; (2) EBIT margin decrease from 43% in Q1 2021 to 34% in Q1 2022 due to lower revenue contribution from the full-services brokerage business which has a higher EBIT margin than DXS' traditional brokerage business.

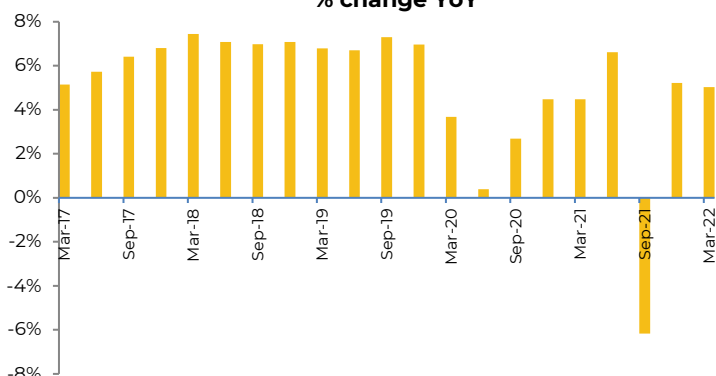
We maintain a positive view on DXS. Over the long-term, we expect DXS's strong brand, reputation, and nationwide distribution networks to enable the company to more effectively expand into the faster-growing tier 2 and tier 3 provinces compared to its competitors. DXS also has a stronger business franchise relative to competitors in terms of its ability to provide full-service brokerage where others are unable to. DXS also benefits from the ability to obtain exclusive distribution rights for projects on the back of its scale and leading market position. DXS is expected to be a key beneficiary of the structural long-term growth of Vietnam's real estate market.

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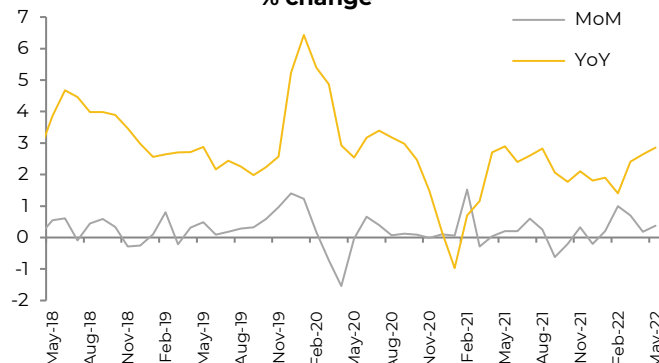
4. Source: HPG's management  
5. Source: DXS' management

Macroeconomic Overview and Commentary

Quarterly GDP Growth % change YoY



Consumer Price Index % change



**CPI remained high** – Vietnam’s consumer price index (CPI) increased by 0.38% MoM and 2.86% YoY in May 2022. For 5M2022, Vietnam’s average CPI rose 2.25% YoY. The 5M 2022 figure is higher than the 5M 2021 figure of 1.29%, but lower than the 5M figure in the period 2017-2020. Rising gasoline and gas prices continue to be the main contributor to the increased CPI in 5M 2022.

**Recovered PMI** – The Nikkei Vietnam manufacturing purchasing manager index (PMI) rose from 51.7 in April to 54.7 in May 2022, the highest level since April 2021. New manufacturing orders and new employment continued to increase over the last couple months. However, volatile input prices and supply constraints have challenged manufacturers.

**Disbursed FDI remained strong** – As of 20 May 2022, Vietnam YTD has attracted USD 9.7 billion (-23.3% YoY) of newly registered FDI and additional FDI from existing investors. The decrease was mainly due to the high base last year. Q1 2021 recorded the FDI registration of 2 major projects including the Long An I & II LNG to Power project, with a total registered capital of USD 3.1 billion, and the O Mon II Thermal Power project, with a total registered capital of USD 1.3 billion. While newly registered FDI decreased, disbursed FDI rose by 7.8% YoY to USD 7.7 billion.

**Increased trading surplus** – According to Vietnam Customs, in 5M2022, Vietnam exported USD 153.3 billion (+16.7% YoY) and imported USD 152.9 billion (+15.3% YoY), generating a trading surplus of USD 434 million compared to a trading deficit of USD 476 million in 5M 2021. The US remained the largest export destination market with a total export value of USD 45.9 billion (+22.4% YoY), followed by China with a total export value of USD 22.0 billion (+8.3% YoY), and the EU with total export value of USD 19.5 billion (+21.1% YoY). On the import side, despite the lockdowns, China remained the largest import source market with total import value of USD 49.6 billion (+13% YoY), followed by South Korea with a total import value of USD 27.8 billion (+32% YoY), and ASEAN with total import value of USD 20.3 billion (+14% 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.

**Contact Information**

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