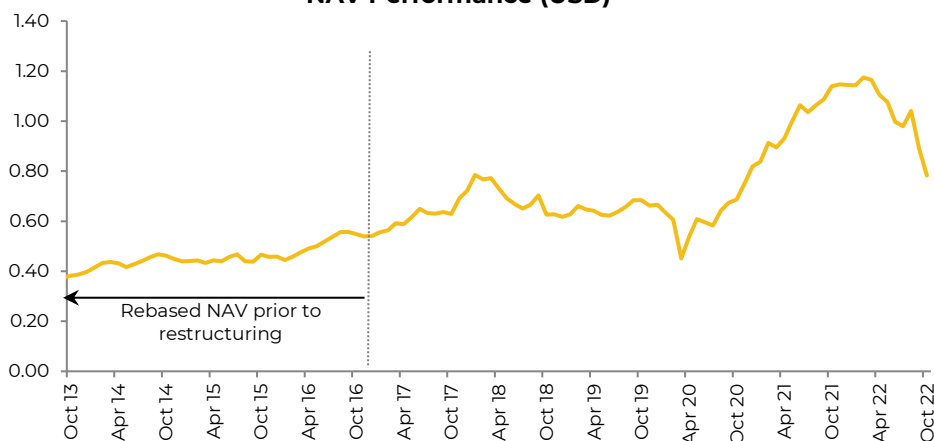


<b>COMPANY SNAPSHOT</b>	<b>COMPANY NAME</b> Vietnam Phoenix Fund Limited	<b>INVESTMENT MANAGER</b> Duxton Capital (Australia)	<b>TOTAL NET ASSETS</b> USD \$20.7 million
	<b>PORTFOLIO MANAGER</b> Vu Thu Ha	<b>WEBSITE</b> www.vietnamphoenixfund.com	<b>EMAIL</b> vpf@duxtonam.com

## CLASS A – Continuation Shares

<b>NAV/Share</b>	<b>LEAD SERIES</b> \$0.7830	<b>DEC21 SERIES</b> \$0.6827	<b>STRUCTURE</b> Open-End Fund	<b>LIQUIDITY</b> Monthly
The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31 October 2022, the aggregate voting rights are <b>20,680,143</b> .				

### NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	-12.1%	-20.1%	-29.2%	-31.6%	-31.3%	4.6%	4.5%	7.8%
VNIndex	-12.8%	-19.9%	-30.4%	-36.9%	-34.8%	-1.3%	2.4%	6.2%

\* 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
Vinamilk (VNM)	8.6%	0.13%
Top Laggards		
Mobile World (MWG)	-19.4%	-1.81%
Hoa Phat Group (HPG)	-26.2%	-1.59%
Kinh Bac City (KBC)	-39.7%	-1.53%

### IDENTIFIERS

<b>ISIN CODE</b>	KYC9363R1056
<b>BLOOMBERG TICKER</b>	VTNPHXA KY
<b>SEDOL</b>	BDHXL2

### TOP 10 HOLDINGS (%)

FPT CORP	12.0
REE CORP	10.1
ASIA COMMERCIAL BANK	8.0
VIETCOMBANK	7.7
MB BANK	7.5
AIRPORTS CORP	6.7
MOBILE WORLD	6.3
VINHOMES	5.4
PETROVIETNAM GAS	3.9
HOA PHAT GROUP	3.8
<b>TOTAL</b>	<b>71.4</b>

### SECTOR ALLOCATION (%)

FINANCIALS	29.3
INFRASTRUCTURE	13.9
INFORMATION TECHNOLOGY	12.0
REAL ESTATE	11.5
INDUSTRIALS	10.1
CONSUMERS	9.6
OTHERS*	13.5
<b>TOTAL</b>	<b>100.0</b>

\*Includes Cash & Accruals

### ASSET BREAKDOWN (%)

LISTED EQUITIES	97.6
CASH AND ACCRUALS <sup>^</sup>	2.4
<b>TOTAL</b>	<b>100.0</b>

<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 October 2022, the NAV per share of the Lead Series Class A shares decreased by 12.1% MoM. The Ho Chi Minh Stock Exchange Index ("VN-Index") decreased by 12.8% MoM during the reporting period.

The main laggards were Mobile World (MWG, -19.4%), Hoa Phat Group (HPG, -26.2%), and Kinh Bac City (KBC, -39.7%). Vinamilk (VNM) was the only investment that recorded positive performance during the month with a return of 8.6%.

In terms of YTD performance, the NAV per share of Class A has decreased by 31.6%. In comparison, the VN-Index has decreased 36.9%.

**Mobile World's ("MWG")** share price decreased by 19.4% during October 2022. The decrease was likely due to its weak operating performance for the month. MWG recorded total sales of VND 10.9 trillion (-10.5% YoY) and NPAT of VND 356 billion (-37.3% YoY) in October 2022. The drop in YoY performance was attributed to several factors including (1) a high base in October 2021, as the demand for mobile phones and electronics had bounced back strongly immediately after the relaxation of social distancing measures in October 2021; (2) the limited supply of Apple's new products due to the disruption in Foxconn operations in China; and (3) weak demand in outskirts areas, which account for 70% of MWG's grocery stores.<sup>1</sup> This is likely due to workers' incomes reducing, particularly in export oriented factories in nearby areas.

The above headwinds are expected to remain in Q4 2022 and 1H 2023. Due to this, MWG plans to prioritize profitability optimization over store expansion. We expect MWG's healthy cashflows, coupled with an experienced management team to mitigate the impacts of consumption weaknesses while capturing market share in both online and offline markets.

**Hoa Phat Group's ("HPG")** share price decreased 26.2% MoM. The decrease was due to weak performance in Q3 2022. For the quarter, HPG recorded total revenue of VND 34,103 billion (-11.8% YoY) and a net loss of VND 1,774 billion. This is in comparison to a net profit of VND 10,352 billion in the same period last year. The decline in profitability was caused by several factors including (1) weaker YoY demand leading to lower sales volume and a strong decrease in average selling prices. HPG sold 1.98 million tonnes of steel in Q3 2022, down 3% QoQ and 2% YoY. Average selling prices over this period decreased by 3.1% YoY in construction steels and decreased by 27% YoY in hot rolled coil; (2) HPG's interest expenses rose by 13.6% QoQ and 138.5% YoY in Q3 2022; and (3) an unrealized foreign exchange currency losses due to an appreciation of the United States dollar. As of September 2022, HPG has around USD 1.2 billion in outstanding USD-denominated loans. Excluding foreign exchange losses, HPG recorded a core loss of VND 625 billion in Q3 2022 compared to a core profit of VND 10,051 billion in Q3 2021.

For 9M 2022, HPG recorded total revenue of VND 115.6 trillion (+10.1% YoY) and NPAT-MI of VND 10.5 trillion (-61.3% YoY). The drop in bottom-line profitability was mainly due to lower average selling prices, coupled with higher raw material costs.

We expect the weaknesses in demand for HPG's products to continue in the short term due to the slowdown of the real estate market. In the longer term, if demand weakness persists, this could lead HPG shutting down several of its blast furnaces to reduce operating costs. However, we expect the company's margins to improve from Q4 2022 onwards due to (1) lower input material costs as the iron ore price decreased 30% in last quarter (2) stronger average selling prices; and (3) a higher utilization rate after the closure of some of its blast furnaces. The cost of shutting down blast furnaces is likely significantly less than the loss of running all its factories at reduced capacities

1. Source: MWG's management

**Vinamilk's ("VNM")** share price increased 8.6% MoM. VNM's share price was likely supported by an improvement in the company's operational results in Q3 2022. VNM recorded net sales of VND 16.1 trillion (-0.7% YoY but +8.0% QoQ) and NPAT-MI of VND 2.3 trillion (-21.4% YoY but +10% QoQ). The QoQ growth was mainly due to (1) a 10% QoQ recovery in domestic sales to VND 13.8 trillion as a result of higher trade promotion since May 2022;<sup>2</sup> and (2) a 7% QoQ increase in sales contributions from VNM's overseas subsidiaries to VND 1.1 trillion. Whilst these segments recorded growth, VNM's export sales decreased by 16% QoQ to VND 1.2 trillion, largely due to weaker demand in the Middle East. VNM's gross margins declined slightly from 40.6% in Q2, to 39.5% in Q3 due to higher raw milk powder prices.

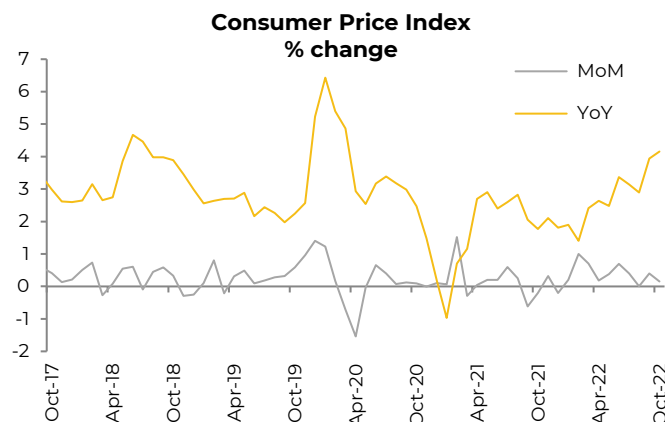
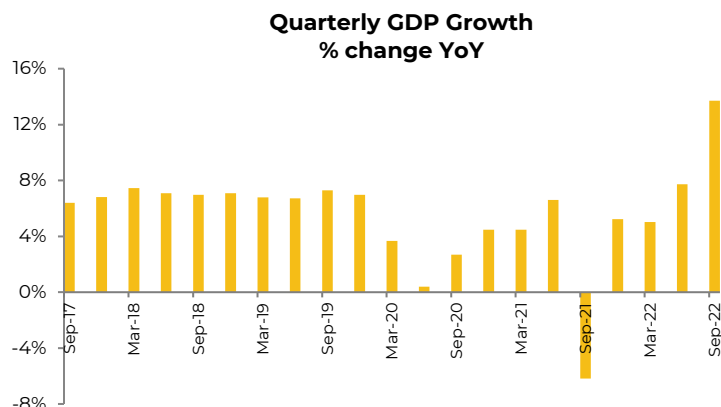
For 9M 2022, VNM recorded total revenue of VND 44.9 trillion (-0.5% YoY) and NPAT-MI of VND 6.6 trillion (-20.3% YoY). The weaker performance was mainly attributed to declines in demand, coupled with higher input costs for raw milk powder.

We see a positive outlook for VNM in the short-term, which is supported by (1) domestic sales continuing to improve due to new product launches and marketing initiatives in 9M 2022; and (2) lower raw milk powder prices than 9M 2022. For the long-term, with one of the strongest balance sheets in the industry, we expect VNM to mitigate better-than-peer consumption weaknesses while gaining market shares from smaller players.

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<sup>2</sup> Source: VNM's management

**Macroeconomic Overview and Commentary**



**Inflation remained well-managed** – Vietnam’s consumer price index (“CPI”) rose by 0.15% MoM and 4.3% YoY. The main contributors to the growth in monthly CPI growth was an increase of 2.4% MoM in education prices and 0.7% MoM in housing and construction material prices. In contrast, there was a decrease of 2.2% MoM in transportation prices. For 10M 2022, Vietnam’s average CPI has risen by 2.89% YoY, well below the government target of 4%.

**PMI decreased slightly** – The Nikkei Vietnam manufacturing purchasing manager index (“PMI”) continued to decrease slightly from 52.5 in September to 50.6 in October. The decrease was due to a slowdown in new orders, particularly those for export markets due to decreasing demand from consumers. However, raw material prices were more stable, and logistics improved.

**Newly registered FDI bounced back** – As of 20 October 2022, Vietnam YTD has attracted USD 18.7 billion (-7.2% YoY) of newly registered FDI and additional FDI from existing investors. For October 2022 alone, newly registered FDI and additional FDI from existing investors reached USD 3.2 billion, up by 175% YoY. The disbursed FDI increased by 15.2% YoY to USD 17.5 billion. This is the highest disbursement FDI in the first 10 months period since 2017.

**Trade’s growth slowed down** – According to Vietnam’s Customs, in October 2022, Vietnam exported USD 30.4 billion (+5.2% YoY, +1.9% MoM) and imported USD 27.9 billion (+6.8% YoY, -1.7% MoM). For 10M 2022, Vietnam exported USD 312.9 billion (+16.0% YoY) and imported USD 303.3 billion (+12.5% YoY), generating a trading surplus of USD 9.6 billion (+10.8% YoY). The US remained the largest export market for Vietnam with total export value of USD 93.4 billion (+21.7% YoY). China was the largest import source for Vietnam with total import value of USD 100.0 billion (+12.0% YoY).

**Vietnam Dong depreciated** – As at the end of October 2022, the USD/VND exchange rate has increased by 8.8% YTD and 4.1% MoM. During the month, seeking to respond to market demand and defend its foreign reserves, Vietnam’s state bank adjusted the foreign exchange rate trading band from ±3% to ±5%. However, the Vietnam Dong remained relatively stable in comparison to other currencies in the region. For example, as the Japanese Yen has depreciated by 29% against the USD YTD (-29% YTD), Chinese Yuan (-15% YTD), Thai Baht (-14% YTD), Philippine Peso (-14% YTD), and Malaysian Ringgit (-13% YTD).

**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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