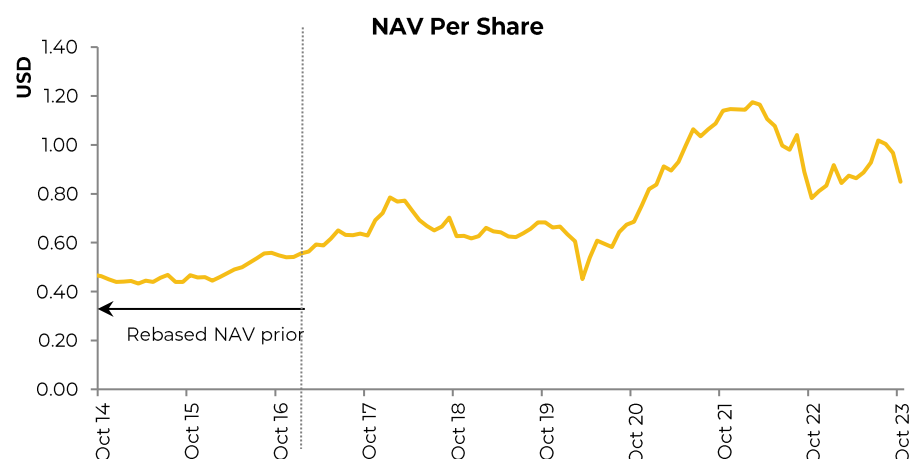


COMPANY SNAPSHOT	COMPANY NAME Vietnam Phoenix Fund Limited	INVESTMENT MANAGER Duxton Capital (Australia) Pty Ltd	TOTAL NET ASSETS USD \$18.7 million
	PORTFOLIO MANAGER Vu Thu Ha	WEBSITE www.vietnamphoenixfund.com	EMAIL vpf@duxtonam.com

## CLASS A – Continuation Shares

NAV/Share	LEAD SERIES \$0.8494	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 October, the aggregate voting rights are <b>18,654,202</b> .			

IDENTIFIERS	
ISIN CODE	KYC9363R1056
BLOOMBERG TICKER	VTNPHX KY
SEDOL	BDHXL2



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	-12.1%	-16.6%	-1.6%	1.9%	8.5%	7.4%	6.3%	6.6%
VNIndex	-11.7%	-18.9%	-6.4%	-1.8%	1.1%	1.6%	1.3%	4.6%

\* 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 Laggards	Price Change	Contribution to NAV Return
Mobile World (MWG)	-28.3%	-1.73%
FPT Corporation (FPT)	-10.6%	-1.21%
REE Corporation (REE)	-16.8%	-1.17%

### TOP 10 HOLDINGS (%)

FPT CORP	11.0
VIETCOMBANK	9.8
ASIA COMMERCIAL BANK	8.8
HOA PHAT GROUP	6.6
REE CORP	6.1
MB BANK	5.4
MOBILE WORLD	5.0
GEMADEPT CORP	4.8
PETROVIETNAM GAS	4.7
SSI SECURITIES CORP	4.6
TOTAL	66.8

### SECTOR ALLOCATION (%)

FINANCIALS	33.8
INFRASTRUCTURE	12.4
INFORMATION TECHNOLOGY	11.0
REAL ESTATE	10.6
CONSUMERS	8.7
CONSTRUCTION MATERIALS	6.6
OTHERS*	16.9
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 October 2023, 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 11.7% during the reporting month.

The main laggards were Mobile World (MWG, -28.3%), FPT Corporation (FPT, -10.6%), and REE Corporation (REE, -16.8%). No investment recorded positive performance during October 2023.

In terms of YTD performance, the NAV per share of Class A has increased by 1.9% while the VN-Index decreased by 1.8%.

**Mobile World's ("MWG")** share price performed poorly in October with a decrease of 28.3%. The decrease was likely due to the weaker-than-expected results for Q3 2023. This has led to concerns about the risk of being removed from the VN Diamond Index ETFs in the next index review in April 2024.

For Q3 2023, MWG posted a revenue of VND 30.3 trillion (-5.4% YoY) and NPAT-MI of VND 39 billion (-95.7% YoY). The decrease resulted from a slower-than-expected recovery in the sales of the Information and Communication Technology products segment, and a low optimisation of selling, general & administrative (SG&A) expenses.

For Q3 2023, the mobile phone store chain – The Gioi Di Dong (TGDD), and the consumer electronics store chain - Dien May Xanh (DMX) - posted a total revenue of VND 20.8 trillion (-13.4% YoY) and NPAT-MI of VND 371 billion (-78.4% YoY). In contrast, the grocery store chain – Bach Hoa Xanh (BHX) - continued to improve its operation results with a revenue of VND 8.6 trillion (+20.2% YoY) and a net loss narrowing by 69.8% YoY to VND 246 billion.

Furthermore, the ratio SG&A to sales expanded from 17.7% in Q3 2022 to 18.7% in Q3 2023 due to an aggressive promotion campaign for ICT products and fresh grocery products coupled with increasing logistic costs.

For 9M 2023, MWG posted a net revenue of VND 86.9 trillion (-15.5% YoY) and NPAT-MI of VND 78 billion (-97.8% YoY). This generated a trailing 12-month price-to-earnings (P/E) ratio of 79.2x as of 31 October 2023. A high P/E ratio led to potential removal from the VN Diamond Index ETFs as MWG's P/E is likely higher than 3 times the average P/E of Diamond Index's stocks. If MWG is excluded, VN Diamond Index ETFs are expected to liquidate their entire holding of 60 million MWG shares.<sup>1</sup>

Over the short term, we expect the challenging environment for TGDD and DMX to remain due to depressed demand and tougher competition. However, BHX seems to be on track to reach the net project break-even 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 while improving operational efficiency.

<sup>1</sup> Source: Ho Chi Minh Stock Exchange

**FPT Corporation's ("FPT")** share price decreased by 10.6% in the reporting month. The share price was mainly impacted by the market's weak sentiment. FPT just announced its acquisition of a 100% stake in Cardinal Peak, a 20-year-old product engineering services company based in Colorado (US). The company has a team of 100-plus engineers who have developed more than 200 commercialised products specialised in hardware, embedded software, IoT, cloud, and mobile product development.<sup>2</sup> Cardinal Peak has a diversified client portfolio with more than 300 companies in the automotive, healthcare, robotics, consumer electronics, streaming media, security and safety, and aerospace industries.<sup>2</sup>

The acquisition is a part of FPT's investment commitment of USD 100 million into the US market by the end of 2023. FPT is aiming to double its product engineering services revenue in the US in the next two years. While Cardinal Peak is unlikely to contribute significantly to FPT's earnings in the coming years due to the amortisation of the investment, we expect the acquisition to strengthen FPT's position in the US market by leveraging Cardinal Peak's customer base and expertise.

We believe that FPT is likely to maintain its resilient growth due to several factors including: (1) a strong order backlog of VND 20.7 trillion (+23.2% YoY) as of September 2023, to supply global IT services; (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 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.

**REE Corporation's (REE)** share price decreased by 16.8% in November. The decrease was likely due to the market's poor sentiment coupled with a delay in the launch of E-town 6, a new office building located in Tan Binh District, Ho Chi Minh City.

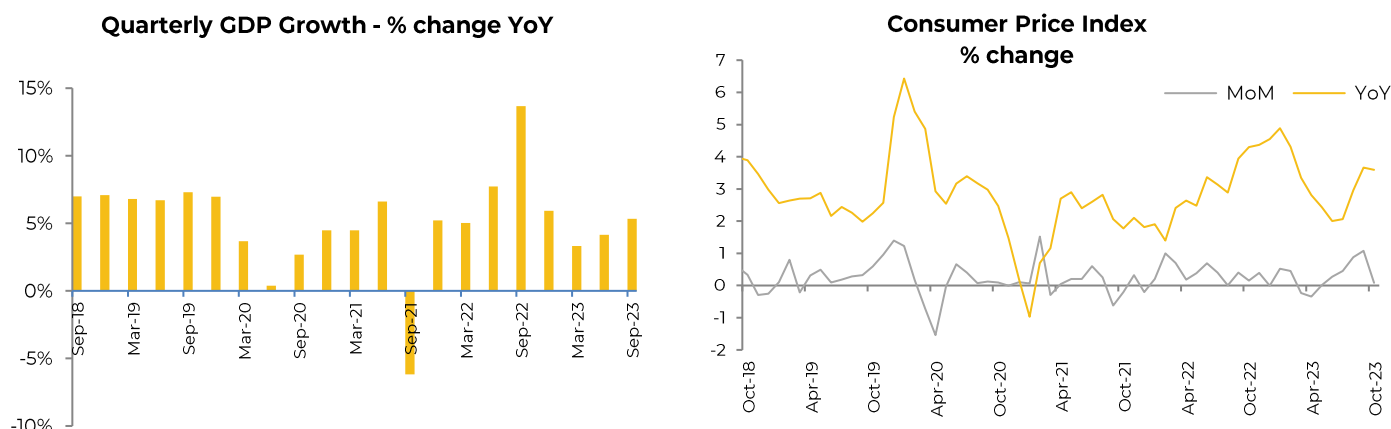
For Q3 2023, REE posted a revenue of VND 1,962 billion (-12.2% YoY) and NPAT-MI of VND 450 billion (-34.0% YoY). The main laggards are (1) the power segment with a decrease of 25.1% YoY and 48.3% YoY in revenue and NPAT-MI respectively as a lower generation volume from hydropower plants during El Nino, and (2) the office leasing segment with an increase of 1.9% YoY in revenue but a decrease of 19.9% YoY in NPAT-MI from lower utilisation during the economy's downturn.

For 9M 2023, REE posted a revenue of VND 6,505 billion (+3.2% YoY) and NPAT-MI of VND 1,684 (-14.6% YoY). The main earnings contributor was the power segment with a revenue of VND 3,564 billion (-6.4% YoY) and NPAT-MI of VND 931 billion (-21.3% YoY), followed by the office leasing segment with a revenue of VND 801 billion (+3.6% YoY) and NPAT-MI of VND 411 billion (flat YoY), and the water segment with a revenue of VND 59 billion (+0.9% YoY) and NPAT-MI of VND 262 billion (+15.6%). We do note that the water segment's earnings are mainly from REE's associates.

In the long term, with hydropower electricity being the most competitive form of power generation domestically, we expect REE to benefit structurally from the growth and transition of Vietnam's power generation market to a more competitive and open market. REE plans to expand its total power generation capacity by 100 MW (approximately 10% of its current capacity) per year until 2024, with the construction and operation of new solar rooftop power plants and wind power plants. The expansion and diversification of REE's power portfolio are expected to further strengthen the company's position in Vietnam's electricity market. Additionally, we expect REE's office leasing segment to become another key growth driver for the company over the long term. REE's office portfolio capacity is expected to be expanded by approximately 25% from the launch of E-Town 6 in early 2024.

<sup>2</sup> Source: Cardinal Peak

## Macroeconomic Overview and Commentary



**Potential pressure from increasing utility prices on CPI** – Vietnam’s consumer price index (“CPI”) increased by 0.08% MoM and 3.59% YoY in October 2023. Raising tuition fees for the new school year 2023/2024 remained the main reason for hikes in CPI. For 10M 2023, the average CPI rose by 3.2% YoY. However, we expect higher pressure from increasing electricity prices on CPI in the coming months. The electricity price was raised by 4.5% from 9 November 2023.

**PMI remained weak** – the Vietnam Manufacturing Purchasing Index dipped from 49.7 in September to 49.6 in October. Despite new orders continuing to bounce back, manufacturers remained conservative and reduced their output. On the bright side, their recruitment was stable.

**FDI was boosted by major projects in Quang Ninh** – For October 2023 alone, Vietnam attracted USD 5.2 billion (+61.2% YoY and +165.2% MoM) of newly registered FDI and additional FDI from existing investors. The main contributors were two major projects registered in Quang Ninh province including the photovoltaic cell complex project of Jinko Solar Hai Ha Vietnam with a total investment of USD 1.5 billion and the optoelectronics production factory of Lite-on Technology Corporation with a total investment of USD 690 million. In 10M 2023, Vietnam attracted USD 20.6 billion (+10.4% YoY) of newly registered FDI and additional FDI from existing investors. Disbursed FDI increased by 3.2% YoY to USD 18.0 billion.

**Trade bounced back slowly** – according to Vietnam Customs, in October 2023, Vietnam exported USD 32.3 billion (+6.2% YoY and +5.1% MoM) and imported USD 29.5 billion (+5.8% YoY and +3.6% MoM) worth of goods. For 10M 2023, Vietnam exported USD 291.5 billion (-6.9% YoY) and imported USD 266.9 billion (-12.0% YoY), generating a trading surplus of USD 24.6 billion (+156.4% YoY).

Computer, electronics, and components remained the largest contributor to Vietnam’s exports with a total export value of USD 46.5 billion (-0.3% YoY), followed by mobile phone and mobile phone components with a total export value of USD 44.1 billion (-12.4% YoY), and machinery with a total export value of USD 35.4 billion (-7.4% YoY). On the import side, computers, electronics, and components also were the largest contributors with a total import value of USD 71.3 billion (+1.2% YoY), followed by machinery with a total import value of USD 33.9 billion (-10.3% YoY), and fabric with a total import value of USD 10.7 billion (-14.4% 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.

#### Contact Information

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