



Vietnam Phoenix Fund Limited

Monthly Factsheet

28th October 2016

Investment Policy

The primary investment objective of Vietnam Phoenix Fund Limited is to seek long-term capital appreciation of its assets. It invests in a diversified portfolio of Vietnamese-related securities (onshore and offshore), including equities, closed end fund vehicles and private equity securities.

Fund Information

(as of 28 Oct 2016)

Bloomberg DWS VIETKY Equity
 Launch Date 8th December 2006
 Fund Size USD 374 million
 Number of shares 423,750,000
NAV/Share USD 0.8830

Market Makers

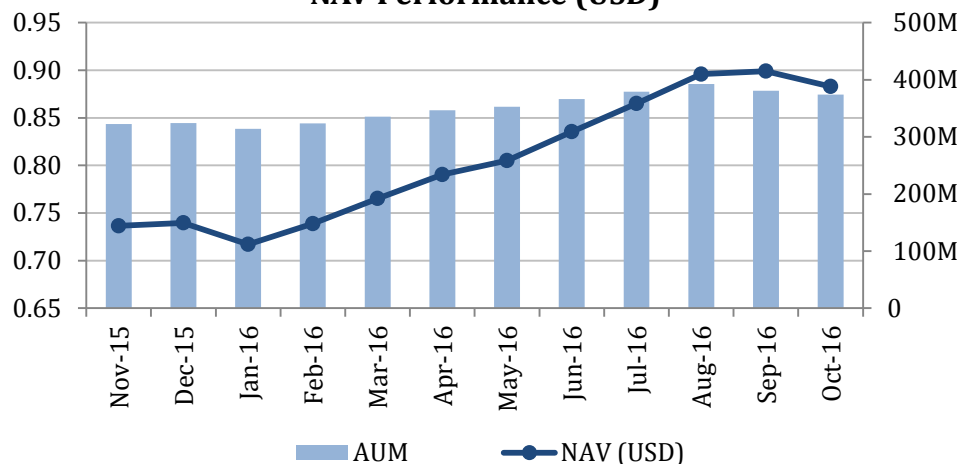
Jefferies International
 <JCEF> GO
 Michele White
mwhite@jefferies.com
 +44 207 898 7127

Numis Securities
 <NUMI> GO
 Dave Cumming
d.cumming@numis.com
 +44 207 260 1376

FinnCap
 <JMFC> GO
 Johnny Hewitson
jhewitson@finncap.com
 +44 207 220 0558

Fund Performance

NAV Performance (USD)



NAV/share of Vietnam Phoenix Fund was USD 0.8830, down 1.79% in October.

| USD (%) | Cumulative Return | | | | Annualised Return | | | |
|---------|-------------------|------|-------|-------|-------------------|-------|-------|--------------|
| | 1M | 3M | 6M | YTD | 1Y | 3Y | 5Y | Since Launch |
| Fund* | -1.79 | 2.07 | 11.72 | 19.37 | 17.42 | 12.81 | 15.54 | -1.25 |

| | | | | | | | | |
|---------|-------|-------|-------|-------|-------|------|------|--------|
| VNIndex | -0.62 | 4.48 | 13.86 | 18.68 | 12.39 | 9.03 | 8.82 | -3.46 |
| VHIndex | -2.36 | -0.80 | 2.76 | 4.49 | 1.09 | 8.41 | 2.18 | -12.52 |

* Performance is based on NAV to NAV

| Asset Class Performance | 1M | 3M | 6M | 12M |
|-------------------------|-------|------|-------|-------|
| Listed Equities & Funds | -3.3% | 2.9% | 22.5% | 28.6% |
| Unlisted Equities | -0.3% | 0.8% | 6.4% | 22.0% |

Performance Overview & Commentary

| Top 3 Gainers | Price change |
|-------------------------------|--------------|
| Vietnam Dairy Products JSC | +2.4% |
| Mobile World Investment Corp | +6.7% |
| Development Investment Const. | +3.9% |

| Top 3 Losers | Price Change |
|------------------------------|--------------|
| Hoa Phat Group JSC | -10.7% |
| Vietnam Enterprise Inv. Fund | -3.6% |
| FPT Corp | -6.5% |

* Based on weighted contribution to fund performance

The portfolio declined by 1.8% in October while the VNIndex fell 0.6% (in USD terms)¹. The Vietnamese stock market trended lower in October after Q3 results failed to maintain investor confidence and led to some profit taking. This was also the first time since January 2016 that the stock market incurred a MoM decline.

Hoa Phat Group (HPG) was the biggest detractor to the portfolio's performance with a price decline of 10.7%¹. The stock has performed exceptionally well this year, prompting investors to take some profits. However, news on the U.S Department of Commerce initiating a lawsuit against the dumping of Chinese steel products disguised as Vietnamese export product may have spooked investors, aggravating the sell-off³. This is despite the fact that the lawsuit and companies involved are entirely unrelated to HPG and its products. Nonetheless, the lawsuit should not have any significant impact on HPG's business and fundamentals.

FPT Corporation (FPT) also underperformed this month with a share price decline of 6.5%¹. The stock sold off aggressively along with the market and other blue chips in the first half of the month, declining as much as 3.2% in a day. For the first nine months of 2016, FPT's consolidated revenue came in at VND 28,468 billion, decreasing slightly by 3% year-over-year (YoY)².

Vietnam Dairy Products JSC (VNM) share price increased 2.4% in October¹. The stock moved higher after a series of positive events in October such as an expected timeframe that the State Capital Investment Corporation of Vietnam (SCIC) will divest from Vinamilk and strong Q3 financial results.

Current Positioning

| Top 5 Onshore Listed Holdings | % of NAV |
|-------------------------------|----------|
| Vinamilk | 16.7 |
| Hoa Phat Group | 5.2 |
| FPT Group | 4.5 |
| Hoa Sen Group | 3.7 |
| Bank For Foreign Trade JSC | 2.2 |

| Top 5 Other Holdings | % of NAV |
|------------------------------------|----------|
| Greenfeed | 16.1 |
| Vietnam Enterprise Investment Fund | 9.9 |
| Corbyns International | 5.2 |
| Anova Corp | 4.1 |
| NBB Investment Corporation | 2.5 |

| Asset Class Exposure | % of NAV |
|-------------------------|--------------|
| Listed Equities & Funds | 63.7 |
| Unlisted Equities | 30.8 |
| Cash & Accruals | 5.5 |
| Total | 100.0 |

| Currency Exposure | % of NAV |
|-------------------------|--------------|
| USD | 7.7 |
| VND | 82.4 |
| GBP | 9.9 |
| Total Net Assets | 100.0 |

1 Source: Bloomberg

2 Source: Company Announcements

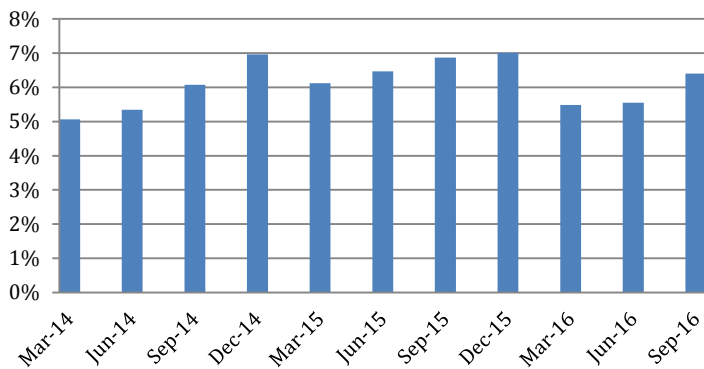
3 Source: HSC Research

Material Event Disclosure

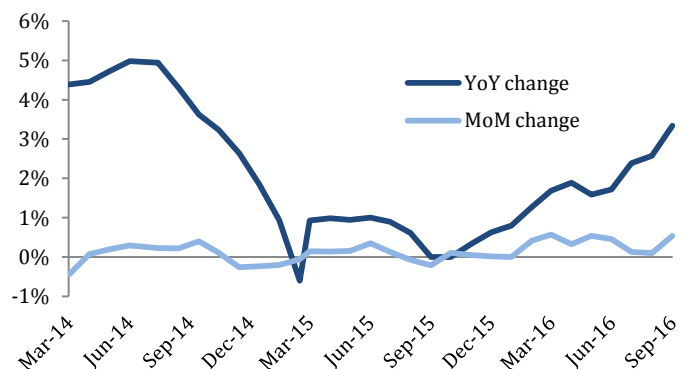
At the Annual General Meeting of 30 September 2016, shareholders voted to approve the Restructuring Proposal, and to authorise and direct the Directors to take such steps necessary to implement such restructuring. The Fund, with its advisers, is now preparing the required documentation. The Directors expect to send a circular to Shareholders in November 2016 containing the final details of the Restructuring Proposal and convening an Extraordinary General Meeting in December.

Economic Indicators

Quarterly GDP Growth - % change YoY



Consumer Price Index - % change

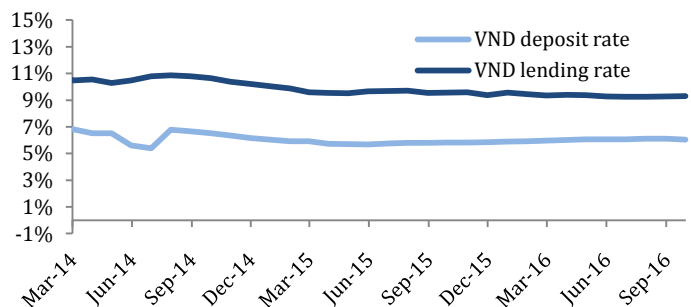


Economic Indicators

| | unit | 2013 | 2014 | 2015 | 2016F* |
|-----------------|------|--------|--------|--------|--------|
| Real GDP Growth | % | 5.4 | 6.0 | 6.7 | 6.0 |
| Nominal GDP | \$bn | 169.5 | 185.9 | 199.5 | 203.0 |
| CPI | % | 6.0 | 1.8 | 0.9 | 2.6 |
| Export Growth | % | 15.4 | 13.5 | 7.9 | 8.3 |
| Import Growth | % | 16.1 | 12.1 | 12.0 | 9.3 |
| Trade Balance | \$bn | 0.0 | 1.9 | -3.5 | 3.5 |
| FX Reserve | \$bn | 32.1 | 34.2 | 31.0 | 40.0 |
| USDVND | | 21,250 | 21,390 | 22,540 | 22,310 |

*Source: Economic Intelligence Unit, VNexpress

Average Lending and Deposit Rates



Market Update

Economic Update

The strengthening of the manufacturing sector contributed significantly to the growth of the Vietnamese economy. Nikkei's Purchasing Manager Index (PMI) slowed to 51.7 in October from 52.9 in September, while the Industrial Production Index stood at 7.2% YoY in October, of which manufacturing improved by 10.7% YoY⁴.

The Consumer Price Index (CPI) increased 0.8% MoM and 4.1% YoY in October on the back of higher prices of healthcare as well as transportation baskets due to the upward adjustment of healthcare fees and increases in petroleum prices this month⁴. However, growth of domestic consumption slowed, standing at 9.3% YoY and 7.4% YoY in terms of nominal retail sales and real retail sales, respectively⁴.

The country incurred a trade deficit of USD 200 million in October after 3 consecutive months of surpluses⁴. Both exports and imports had higher growth of 7.2% YoY and 2.1% YoY in October, respectively. This growth was mainly attributed to stronger domestic demand and the continued recovery of commodity prices⁴. Disbursed Foreign Direct Investment (FDI) reached USD 12.7 billion in the first ten months of 2016, increasing by 7.6% YoY⁴. Meanwhile, registered FDI fell by 8.7% YoY to USD 17.6 billion, of which the manufacturing and processing sector attracted the largest amount of FDI with total of USD 12.8 billion⁴.

Based on the announcement at the Government's regular press conference in October, credit saw a modest increase of 11.8% in the first ten months of 2016. The government has also equitized 4,460 SOEs and collected approximately VND 47 trillion through divestments from core business and non-core business⁵. The State Capital Investment Corporation (SCIC) plans to sell its stake in 10 large companies, of which the divestment from Vinamilk is expected to be carried out in December this year⁵.

Over the next few months, we expect the size and depth of the Vietnamese stock market to improve significantly thanks to upcoming listings on the Ho Chi Minh Stock Exchange, namely Sabeco, Novaland, Vietjet Air and an important portion of Vinamilk's shares being sold by the SCIC. Other companies such as Habeco, PV Oil and Airports of Vietnam will also list on the OTC market – UpCom, paving the way for more listings on the main board in the future. These listings being quality stocks will boost trading liquidity among existing Vietnam funds and also attract more funds looking to access Vietnam's consumption story.

Stock Market Update

The VNIndex on the Ho Chi Minh Stock Exchange decreased 0.6% (USD terms)⁶ in the same period, closing at 682.25. Average daily trading volume increased by 5.8%, while average daily trading value slowed by 14.9%⁶. The Vietnamese stock market declined for the first time since January 2016 on a monthly basis, triggered by third quarter results which failed to maintain investor conviction and prompted some profit taking. Vinamilk and HCMC Infrastructure Investment topped the foreign net-buy list⁷. At the end of October, the Vietnamese stock market traded at a 16.2x trailing P/E valuation, still below an average of 21.3x for other emerging markets including Indonesia, Philippines, India and Thailand⁶.

Outlook

The uncertainties of the Trans Pacific Partnership (TPP) ratification following the U.S. Presidential elections might have a negative impact on foreign investor expectations toward Vietnam's investment potential and can lead to weaker registered FDI growth in the final months of the year. However, we think trade and investment flows between the U.S. and Vietnam will very much depend on Trump's trade and foreign policies and the degree to which he will honour his promises to penalising trade partners such as China and other countries. In addition, Vietnam's other upcoming FTAs, including EVFTA (Europe – Vietnam) and ACFTA (ASEAN – China) will provide critical support for foreign inflows into Vietnam.

⁴ Source: The General Statistics Office of Vietnam
⁶ Source: Bloomberg

⁵ Source: SSI Securities Services
⁷ Source: Viet Capital Securities



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Disclaimer

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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. Duxton Asset Management has since been appointed the Investment Manager of Vietnam Phoenix Fund Limited.