



Vietnam Phoenix Fund Limited

Monthly Factsheet

30th November 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 30 Nov 2016)

Bloomberg DWS VIETKY Equity
 Launch Date 8th December 2006
 Fund Size USD 369 million
 Number of shares 423,750,000
NAV/Share USD 0.8698

Market Makers

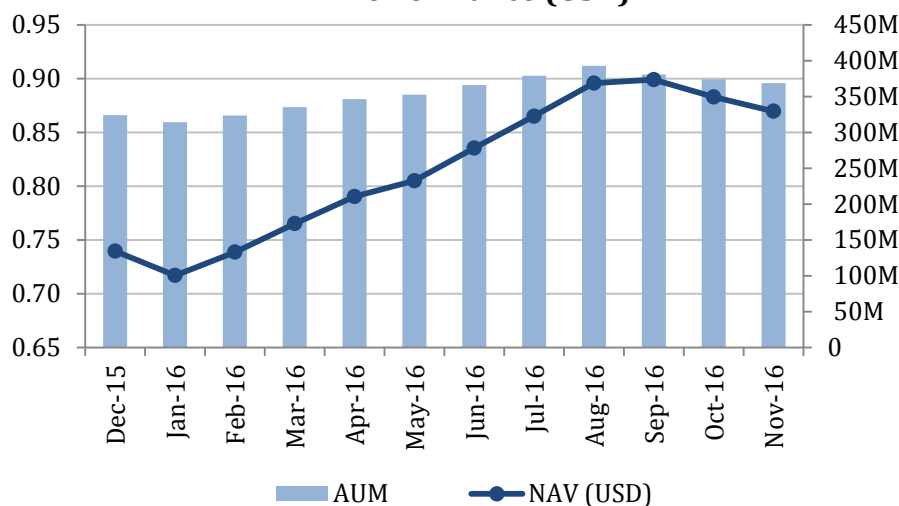
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Fund Performance

NAV Performance (USD)



NAV/share of Vietnam Phoenix Fund was USD 0.8698, down 1.49% in November.

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y	Since Launch
Fund*	-1.49	-2.91	8.04	17.59	18.10	11.71	16.03	-1.39

VNIndex	-4.02	-3.04	6.19	13.90	15.11	6.81	10.10	-3.83
VHIndex	-4.30	-5.82	-2.73	0.00	-0.56	4.83	4.33	-12.81

* Performance is based on NAV to NAV

Asset Class Performance	1M	3M	6M	12M
Listed Equities & Funds	-2.0%	-6.0%	16.4%	29.4%
Unlisted Equities	-0.9%	0.7%	3.8%	21.9%

Performance Overview & Commentary

Top 3 Gainers	Price change
Hoa Sen Group	+22.1%
Dat Xanh Real Estate Service	+19.3%
Mobile World Investment Corp	+11.1%

Top 3 Detractors	Price Change
Vietnam Dairy Products JSC	-3.7%
Kinh Bac City Development	-19.0%
Greenfeed	0.0% ⁺

* Based on weighted contribution to fund performance

⁺ Greenfeed was a detractor due to FX losses (depreciation of VND against USD). No changes in price as Greenfeed being a private equity investment is valued quarterly.

The listed portfolio declined by 2.0% in November while the VNIndex fell 4.0% (in USD terms, for the period from 28th October to 30th November 2016)¹. The Vietnamese stock market trended lower in November after the U.S presidential elections as both Vietnam ETFs suffered from redemptions. Investor sentiment became bearish in anticipation of the effect of President Elect Donald Trump's future policies.

Vietnam Dairy Products JSC (VNM) was the biggest detractor to the listed portfolio's performance with a price decline of 3.7%¹. During the month, the Vietnam ETFs redemptions negatively impacted Vinamilk since it constitutes more than 14% of the dB x-tracker and more than 7% of the Van Eck Vectors.¹ In addition, the State Capital Investment Corp, which owned 45% of the company, held a road show for the sale of its 9% stake, putting further selling pressure on the stock. The overall market pull-back and buying restrictions that limited each investor to a maximum 2.7% stake resulted in the auction being undersubscribed.

Kinh Bac City Development (KBC) share price decreased 19.0%¹ in November. The stock fell for a second consecutive month, especially after the U.S. elections results, despite releasing strong third quarter financial results. Net revenue came in at VND 453.6 billion, down 14.4% YoY mainly due to lower land lease revenue.² However, gross margin increased significantly to 68.2% thanks to lower land costs from the Quang Chau Industrial Park. Net income (VND 208 billion) increased 94.8% YoY.²

On the other hand, **Hoa Sen Group (HSG)** share price increased 22.1%¹. In November the company released its consolidated FY2016 results with revenue of VND 17.9 trillion (up 2.6% YoY) and net profit of VND 1.5 trillion (up 130% YoY). These excellent results exceeded management targets by 25% and 127% for revenue and net profit, respectively.²

Current Positioning

Top 5 Onshore Listed Holdings	% of NAV
Vinamilk	16.5
Hoa Phat Group	5.4
Hoa Sen Group	4.5
FPT Corp	4.4
Bank For Foreign Trade JSC	2.2

Top 5 Other Holdings	% of NAV
Greenfeed	16.1
Vietnam Enterprise Investment Fund	10.1
Corbyns International	5.3
Anova Corp	4.1
NBB Investment Corporation	2.5

Asset Class Exposure	% of NAV
Listed Equities & Funds	65.9
Unlisted Equities	30.8
Cash & Accruals	3.3
Total	100.0

Currency Exposure	% of NAV
USD	6.6
VND	83.4
GBP	10.0
Total Net Assets	100.0

¹ Source: Bloomberg

² Source: Company Announcements

Material Event Disclosure

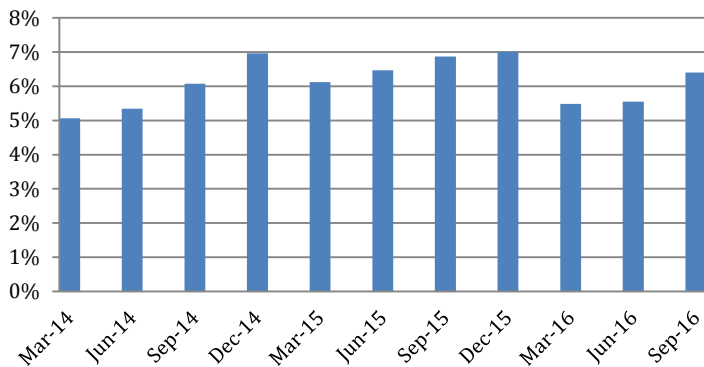
On December 8th 2016, the Board of Directors issued an announcement to the Irish Stock Exchange regarding the publication of a circular containing the final details of the Restructuring Proposal and convening an Extraordinary General Meeting which will be held on Thursday, 22 December 2016 commencing at 9.00 a.m. (Cayman Islands time). Shareholders are invited to access the circular via the link below.

<http://www.ise.ie/app/announcementDetails.aspx?ID=13061285>.

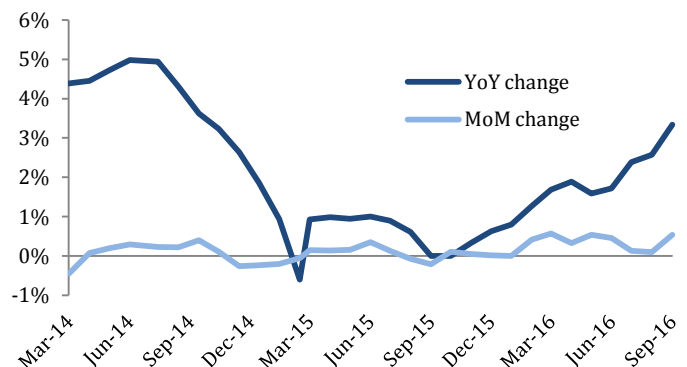
Investors are invited to contact the Board of Directors or the Fund manager with any queries.

Economic Indicators

Quarterly GDP Growth - % change YoY



Consumer Price Index - % change

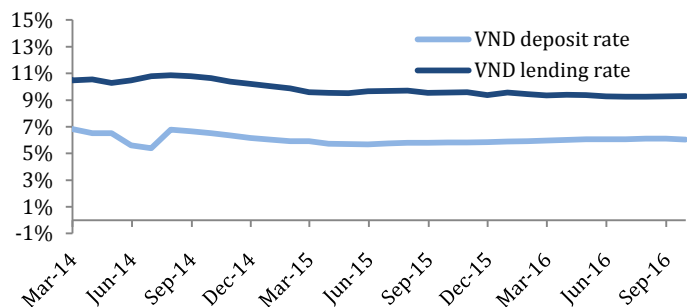


Economic Indicators

	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 outcome of the U.S. presidential elections has slightly affected the country's trade activities and the Dong's value.

Nikkei's Purchasing Manager Index (PMI) rose to 54.0 in November from 51.7 in October, while the Industrial Production Index increased by 7.3% YoY in November, of which the manufacturing and processing sectors surged 11.0% YoY⁴.

The Consumer Price Index (CPI) rose 0.48% MoM and 4.52% YoY in November, attributed to a pickup of 1.63% MoM in transportation prices and 0.9% MoM in healthcare fees⁴. Domestic consumption grew 9.5% YoY and 7.6% YoY in terms of nominal retail sales and real retail sales, respectively⁴.

The country posted a trade deficit of USD 400 million in November, reducing the YTD trade surplus to USD 2.85 billion⁴. Both exports and imports achieved growth of 7.5% YoY and 3.5% YoY in November, respectively, thanks to stronger global and domestic demand at the end of the year⁴.

Disbursed Foreign Direct Investment (FDI) increased by 8.3% YoY, reaching USD 14.3 billion in November⁴. Meanwhile, registered FDI declined 10.4% YoY to USD 18.1 billion. The manufacturing and processing sectors remained the most attractive, with total registered FDI of USD 13.4 billion⁴.

According to the State Bank of Vietnam (SBV), credit growth settled at 14.6% as of 28th November 2016. It will need to achieve a growth of at least 4% in December to satisfy the target of 18-20% this year, which is attainable as the year-end usually is a high credit season.

As of this year, the State Capital Investment Corporation (SCIC) has received VND 14.7 trillion after divesting its full stakes in 830 state-owned enterprises (SOEs) and partial stakes in 79 other SOEs⁵.

Stock Market Update

The VNIndex on the Ho Chi Minh Stock Exchange decreased 3.1% (USD terms)⁶ in November, closing at 665.07. The average daily trading volume witnessed a decline of 6.1%, while the average daily trading value rose by 1.5%⁶. There was heavy selling pressure from foreign investors due to a strengthening U.S. dollar after the U.S. presidential elections. The lack of supportive factors and uncertainties from important global events weighed on stock performance this month. At the end of November, the Vietnamese stock market traded at a 15.7x trailing P/E valuation, still below an average of 19.6x for other emerging markets including Indonesia, Philippines, India and Thailand⁶.

Outlook

The U.S.'s unwillingness to ratify the Trans Pacific Partnership (TPP) will likely weaken registered FDI growth and impact future exports. Despite this, there are still advantages from the other Free Trade Agreements (FTAs) and Bilateral Trade Agreement (BTAs) that Vietnam has with other countries. Coupled with the ongoing improvements in investment environment and infrastructure, the country's registered FDI is expected to be supported and exports to maintain a sufficient growth of high single digit next year. Although the Dong has depreciated against the U.S. dollar by 1.5% this month, it is outperforming other regional currencies. High foreign reserves and the ample inflow of overseas remittance ahead of the Lunar New Year should slow down the pace of depreciation in the coming months.

⁴ Source: The General Statistics Office of Vietnam

⁵ Source: SSI Securities Services

⁶ Source: Bloomberg



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Disclaimer

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