

# Vietnam Phoenix Fund Limited

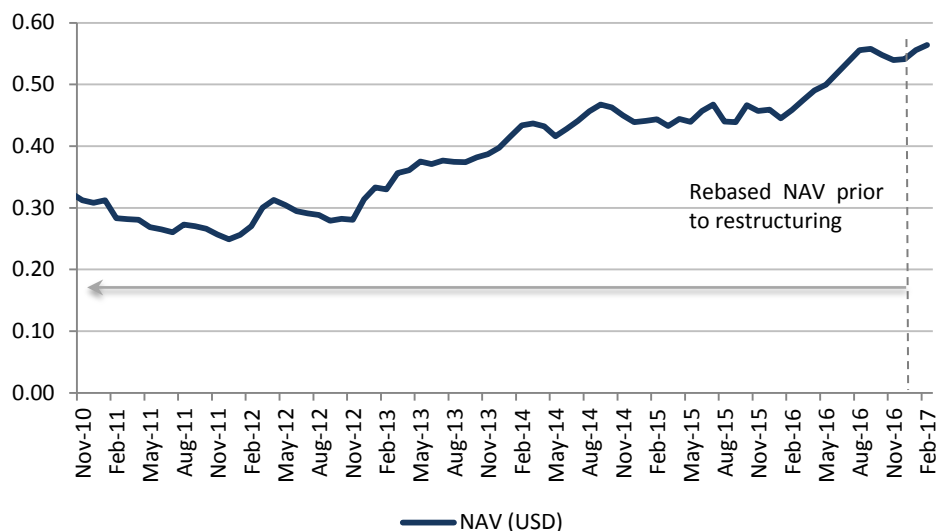
## Monthly Factsheet

28<sup>th</sup> February 2017



### CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M*	6M*	YTD	1Y*	3Y*	5Y*	7Y*
<b>VPF A</b>	1.46	4.48	1.44	4.23	23.0	9.1	15.9	8.0
<b>VNIndex</b>	1.10	6.38	3.14	6.85	24.4	3.9	8.9	2.6
<b>VHIndex</b>	1.87	7.02	0.79	8.24	7.9	-1.1	2.9	-10.9

\* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016

#### Top 3 Gainers

	Price Change	Contribution to NAV Return
Hoa Binh Construction	+ 39.3%	+ 0.73%
Vietnam Enterprise Inv Ltd	+ 5.2%	+ 0.54%
GTN Foods JSC	+ 20.8%	+ 0.45%

#### Top 3 Losers

	Price Change	Contribution to NAV Return
Hoa Phat Group	- 5.4%	- 0.56%
Vinh Hoan Corp	- 18.6%	- 0.34%
Hoa Sen Group	- 4.9%	- 0.30%

**Net Assets:** \$107.92 million  
**NAV/Share:** \$0.5639  
**Shares Out:** 191,377,519

**Structure:** Open-End Fund  
**Liquidity:** Monthly

#### Identifiers

ISIN Code KYG9363R1056  
 Bloomberg Ticker VTNPHXA KY  
 Sedol BDHXL2

#### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

#### Top 10 Holdings (%)

Vinamilk	23.2
Vietnam Enterprise Inv Ltd	12.0
Hoa Sen Group	7.3
FPT Corp	7.2
Hoa Phat Group	7.1
Vietcombank	3.5
GTN Foods	3.2
Kinh Bac City	3.1
Novaland	3.1
Thien Long Group	2.9
<b>Total</b>	<b>72.5</b>

#### Sector Allocation (%)

Food Products	29.6
Real Estate	18.6
Building Materials	10.5
Information Technology	8.7
Metals and Mining	7.1
Consumer Discretionary	6.4
Banks	6.2
Diversified Financials	3.9
Consumer Staples	3.6
Marine	3.3
Energy	2.1
<b>Total</b>	<b>100.0</b>

#### Asset Breakdown (%)

Listed Equities	95.6
Cash and accruals	4.4
<b>Total</b>	<b>100.0</b>

#### Voting Rights

The voting rights of Class A and Class C shares are proportional to the value of shares at the most recent valuation date. Class B shares have no voting rights. As of 28th February 2017, the aggregate voting rights are 252,797,908.

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28<sup>th</sup> February 2017



### CLASS A – Continuation Shares

#### Fund Manager's Report

The NAV increased by 1.46% in February while the VNIndex rose 1.10% (in USD terms)<sup>1</sup> to a nine-year high this month. The Vietnamese stock market was upbeat after returning from the Tet holiday season, with high volumes and value traded in both large cap and small cap stocks.

**Hoa Binh Construction (HBC)** was the biggest contributor to the portfolio's performance with a price increase of 39.3%<sup>1</sup>. The stock rallied after it announced a strategic partnership with Japan's Kajima Corporation on 24<sup>th</sup> February. This partnership will potentially bring in engineering and technological expertise to HBC's construction business and opportunities to improve the management efficiency in HBC's real estate projects. HBC also inked several new construction contracts totalling more than VND 3 trillion. It also won the tender to construct and install equipment for a new wing in the international terminal of HCMC's Tan Son Nhat International Airport.

Dragon Capital's **Vietnam Enterprise Investments Limited (VEIL)** also contributed to the continuation portfolio's performance with a price increase of 5.2%<sup>1</sup>.

**GTN Foods JSC (GTN)** share price climbed 20.8% in February on speculation that the stock would be included as a component in one of the Vietnam ETFs at the next review. We note that as of mid March, the share price has given up this gain. The company released preliminary FY 2016 results with lower top and bottom line numbers due to the restructuring activities during the year. For FY 2017, the core drivers will be from the integration and growth of its Vinatea and Vilico businesses, while it continues to scale down on its fertiliser, agriculture products and plastics businesses.

Steel stocks **Hoa Phat Group (HPG)** and **Hoa Sen Group (HSG)** underperformed with price declines of 5.4% and 4.9%, respectively<sup>1</sup>. HPG share price declined given the global iron ore price fluctuations as well as management's initial business plan for FY 2017, which seemed conservative with top line growth of 14.2% YoY and net profit decline of 24% YoY.<sup>2</sup> These targets were subsequently modified upward at HPG's AGM in March, forecasting a 16% and 30% increase in construction steel and steel pipe respectively for FY 2017. We think the recent iron ore rally based on expectations about Chinese steel supply/demand balance might not be sustainable, given the large amount of stockpiled inventory. That said, it might be difficult for the Vietnamese steel producers to maintain the same levels of margin they achieved in 2016.

**Vinh Hoan Corp (VHC)** share price fell in February, negatively impacting the performance of the Continuation portfolio. The company released its 2016 full year results with revenue growth of 12.5% and net profit growth of 83.3%.<sup>2</sup> As the U.S. is VHC's largest export market (nearly 45% of revenue in 2016), there was much uncertainty regarding U.S. trade policy once President Trump took office. This had a negative impact on stock price performance for exporters such as VHC. For 2017, VHC has set targets of 15% growth in export value, driven by both its U.S. and China markets and its capacity expansion of 20%. At the end of February 2017, VHC traded at an attractive 2017E P/E of 7x.

<sup>1</sup> Source: Bloomberg

<sup>2</sup> Source: Company Announcements

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

28<sup>th</sup> February 2017



### CLASS B – Realisation Shares

#### Fund Manager's Report

##### Realisation Progress

As of end February, the share class had sold almost all of its assets, equal to roughly 98% of the starting portfolio as of 1<sup>st</sup> January 2017. The proceeds of the sale were distributed in two tranches. The first compulsory redemption of 116,186,241 Realisation Shares (equivalent to 50% of the total number of Realisation Shares issued on 1<sup>st</sup> January 2017) was paid out on 17<sup>th</sup> February 2017. **A second compulsory redemption of 111,538,791 Realisation Shares (equivalent to 48% of the Realisation Shares issued on 1<sup>st</sup> January 2017) was paid out on 10<sup>th</sup> March 2017.**

For example, an investor who held 10,000 Realisation Shares on 25<sup>th</sup> January 2017 (worth \$5,422 or \$0.5422/share) would have received two cash payments totalling **\$5,313** for the redemptions of 1) 5,000 shares at \$0.5422/share on 17/02/2017 and 2) 4,800 shares at \$0.5422/share on 10/03/2017. The remaining 200 shares are valued at **\$170.46** as of 28/02/2017. The total value is hence \$5,483, an increase of 1.1% over January's value of \$5,422.

The final redemption date of this share class is 30<sup>th</sup> June 2017; however we expect all assets to be distributed before mid-April 2017.

**Net Assets: \$3.96 million**  
**NAV/Share: \$0.8523**  
**Shares Out: 4,647,449**

##### Identifiers

ISIN Code KYG9363R1130  
Bloomberg Ticker VTNPHXB KY

##### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

##### Asset Class Exposure (%)

Listed Equities	52.8
Cash	47.2
Total	100.0

##### Voting Rights

Class B shares have no voting rights.

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

28<sup>th</sup> February 2017



### CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M*	6M*	YTD	1Y*	3Y*	5Y*	7Y*
As of 28 <sup>th</sup> Feb 2017	1M	3M*	6M*	YTD	1Y*	3Y*	5Y*	7Y*
<b>VPF C</b>	0.89	1.61	-1.35	1.36	19.6	8.1	15.2	7.6

\* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016

### Fund Manager's Report

The NAV of the Class C Share increased by 0.9% in February.

The unlisted investments within the pool were last valued by Grant Thornton Vietnam Ltd as of 31 December 2016. Unlisted investments will be re-valued every six months, or sooner in case of a significant event. As such, the valuation of unlisted investments remained static, subject only to currency translation impacts. In February the Vietnam Dong weakened by 0.8%.

**NBB Investment Corp** (NBB) was the biggest contributor to the fund's performance with a price increase of 17.7%. NBB declared cash dividends of VND 1,800/share for 2014 and 2015 with an ex-dividend date of 28th February 2017. The share price increased following the announcement.

**An Phat Plastic and Green Environment JSC** (AAA) also contributed to the fund's performance with a price increase of 14.2% owing to the strong financial performance for FY 2016, whereby revenue and net profits increased 32.8% and 254.8% YoY respectively. Furthermore, AAA held its AGM during the month and mentioned that it is planning to build new plants for expansion into new plastic product markets including bio-degradable bags and plastic laminations.

**Net Assets:** \$144.87 million  
**NAV/Share:** \$0.3419  
**Shares Out:** 423,750,000

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPXC KY  
Sedol B1FHXT2

#### Website:

[www.vietnamphoenixfund.com](http://www.vietnamphoenixfund.com)

#### Market Makers

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#### Top 5 Holdings (%)

Greenfeed	38.3
Anova Corp	13.6
Corbyns International	13.6
NBB Investment Corp	7.3
VTC Online	6.2
<b>Total</b>	<b>79.0</b>

#### Sector Allocation (%)

Agriculture	40.8
Real Estate Mgmt & Devt	14.9
Pharmaceuticals	13.9
Building Materials	13.8
Information Technology	6.3
Others	10.3
<b>Total</b>	<b>100.0</b>

#### Asset Breakdown (%)

Invested Securities	98.2
Cash and accruals	1.8
<b>Total</b>	<b>100.0</b>

#### Voting Rights

The voting rights of Class A and Class C shares are proportional to the value of shares at the most recent valuation date. Class B shares have no voting rights. As of 28th February 2017, the aggregate voting rights are 252,797,908.

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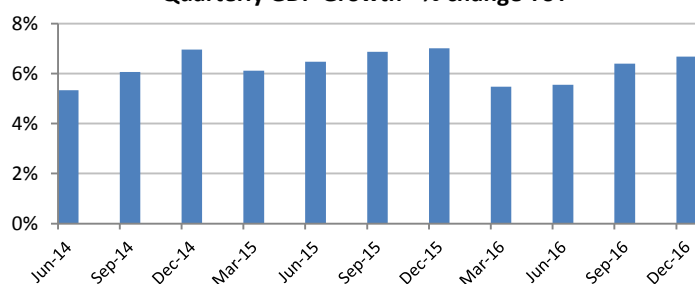
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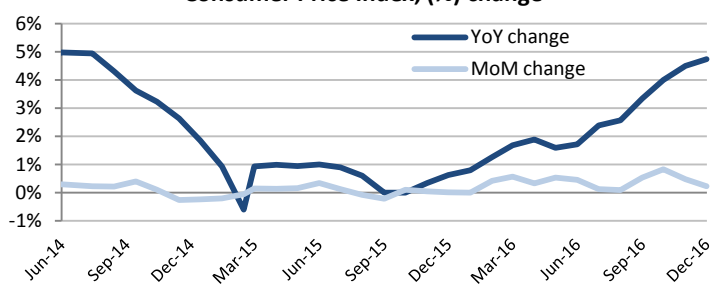


### Economic Indicators & Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Indicators

	unit	2014	2015	2016	2017F*
Real GDP Growth	%	6.0	6.7	6.2	6.5
Nominal GDP	\$bn	185.9	199.5	211.9	225.7
CPI	%	1.8	0.9	4.7	5.0
Export Growth	%	13.5	7.9	8.6	9.8
Import Growth	%	12.1	12.0	4.6	8.6
Trade Balance	\$bn	1.9	-3.5	2.7	1.4
FX Reserve	\$bn	34.2	31.0	41.0	42.0
USDVND		21,390	22,540	22,761	23,400

\*Source: Viet Capital Securities

Mkt Cap (USD bn) 2017 Forward P/E Div Yield ROE

		Mkt Cap (USD bn)	2017 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	441	13.8	1.3	2.1%	18.1%
Thailand	SET	439	13.4	1.4	3.1%	10.6%
Singapore	FSSTI	354	13.6	2.7	3.5%	9.8%
Malaysia	FBMKLCI	231	15.3	2.7	3.2%	10.1%
Philippines	PCOMP	174	15.7	1.4	1.7%	11.8%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>72</b>	<b>12.1</b>	<b>1.0</b>	<b>2.7%</b>	<b>14.3%</b>

### Market Review

Vietnam Nikkei's Purchasing Manager Index (PMI) reached 54.2 in February from 51.9 in January, fuelled by a faster rate of new orders and output as firms build up their stocks at a record pace. The Industrial Production Index increased by 15.2% YoY in February, backed by a 22.4% YoY growth in the manufacturing sector<sup>4</sup>. However, a decline in crude oil volume slowed the Industrial Production Index growth for 2M2017, as compared to the same period last year.

The Consumer Price Index (CPI) rose 0.2% MoM, 5.0% YoY and 0.7% YTD<sup>4</sup>. 7 out of 11 groups had increased, in which housing and construction materials recorded the largest increase of 0.77% MoM, followed by transportation – 0.56% MoM and medicine and health care – 0.22% MoM. Retail sale of goods and services rose 8.7% YoY and 5.6% YoY, the lowest rate in 4 years, in nominal and real terms respectively and reached VND 640 trillion in the first two months of 2017.<sup>4</sup>

The country's trade balance recorded a deficit of USD 1.2 bn in Feb 2017, with USD 13 bn (+15.4% YoY) in exports and USD 14.2 bn (+19.6% YoY) in imports<sup>4</sup>. The US was the largest export market, while China remained the largest import market of Vietnam. Vietnam's trade deficit and the outcome of the upcoming US Federal Reserve meeting may have put some pressure on the Dong's value.

Registered Foreign Direct Investment (FDI) reached USD 3.4 billion in February, up 21.5% YoY<sup>4</sup>, driven by the manufacturing, real estate and retail sectors<sup>3</sup>. Meanwhile, disbursed FDI totalled at USD 1.6 billion, rising 3.3% YoY<sup>4</sup>.

The VNIndex on the Ho Chi Minh Stock Exchange increased by 1.1% (USD terms)<sup>5</sup> in February, closing at a nine-year high of 710.79. Both average daily trading volume and value increased 86.4% and 65.9%, respectively, during the month<sup>5</sup>. Real estate stocks drove the market as Vin Group announced a big project in the affordable housing segment, lifting sentiment for most real estate stocks and for the market as a whole. Positive corporate earnings results released throughout the month were also a contributor. Foreign investors were net buyers for the second consecutive month, while Thailand, Indonesia and the Philippines witnessed capital outflows in anticipation of the U.S. Fed rate hike.

Vietnam stands to benefit from the WTO's Trade Facilitation Agreement which took effect at the end of Feb 2017. This agreement would reduce customs procedures and taxes for emerging countries such as Vietnam, providing some leverage to export activities. In addition, other drivers such as the Trump administration's policies towards bilateral trade, the SBV's foreign exchange policies and sustainable increases in disbursed FDI will have a positive impact on Vietnam's economy. In contrast, the decision of the US Federal Reserve to increase interest rates during the next meeting may cause the Dong to depreciate further.

<sup>4</sup> Source: The General Statistics Office of Vietnam

<sup>5</sup> Source: Bloomberg

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

28<sup>th</sup> February 2017



### 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.

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