

Vietnam Phoenix Fund Limited

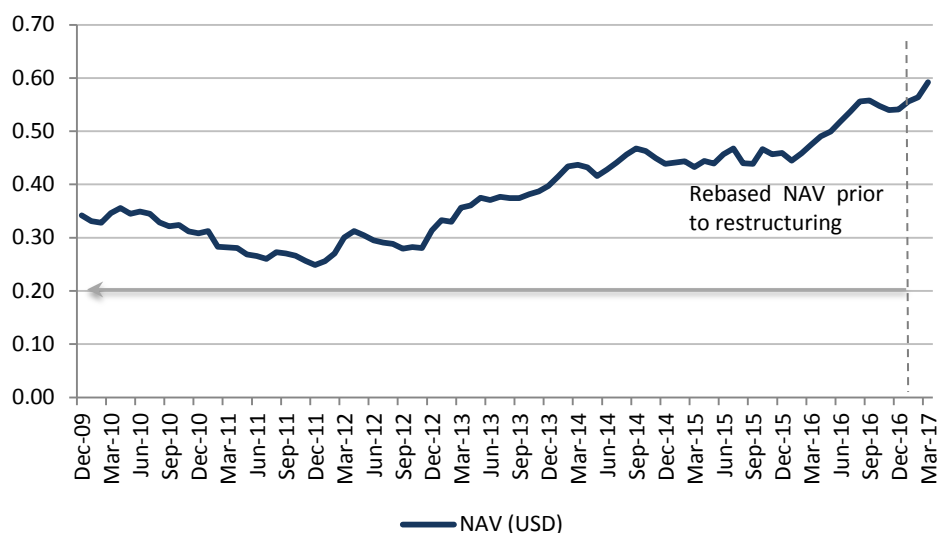
Monthly Factsheet

31st March 2017



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M*	YTD	1Y*	3Y*	5Y*	7Y*
VPF A	4.97	9.41	6.10	9.41	24.6	10.7	14.5	8.0
VNIndex	1.86	8.84	3.35	8.84	26.3	4.2	8.5	2.8
VHIndex	4.99	13.64	4.99	13.64	12.7	-1.9	2.9	-10.1

* 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
Vinamilk (VNM)	+ 9.1%	+ 2.11%
Hoa Phat Group (HPG)	+ 14.6%	+ 0.85%
Hoa Binh Construction (HBC)	+ 21.2%	+ 0.53%

Top 3 Losers

	Price Change	Contribution to NAV Return
GTN Foods (GTN)	- 25.0%	- 0.77%
Viconship (VSC)	- 2.7%	- 0.07%
Vietcombank (VCB)	- 1.3%	- 0.05%

Net Assets: \$113.29 million
NAV/Share: \$0.5919
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

Top 10 Holdings (%)

Vinamilk	24.0
Vietnam Enterprise Inv Ltd	10.7
Hoa Sen Group	7.3
FPT Corp	7.1
Hoa Phat Group	6.1
Vietcombank	3.3
Kinh Bac City	3.1
Novaland	3.0
Thien Long Group	2.9
Hoa Binh Construction	2.9
Total	70.4

Sector Allocation (%)

Food Products	30.6
Real Estate	18.8
Building Materials	11.0
Information Technology	8.4
Metals and Mining	7.7
Banks	5.9
Consumer Discretionary	5.6
Consumer Staples	3.4
Diversified Financials	3.4
Marine	3.1
Energy	2.1
Total	100.0

Asset Breakdown (%)

Listed Equities	93.8
Cash and accruals	6.2
Total	100.0

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 31st March 2017, the aggregate voting rights are 261,334,603.

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st March 2017



CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share increased by 4.97% in March while the VNIndex rose 1.86% (in USD terms)¹ to a nine-year record high. The Vietnamese stock market trended higher due to the performance of Index heavyweight – Vinamilk and several banking stocks.

Vinamilk (VNM) was the biggest contributor to the portfolio's performance with a price increase of 9.1%¹. The share price reacted positively to the recent decline in milk powder prices as it has allowed the company to lock in lower input prices for the second half of 2017. The company has also embarked on an aggressive 5-year strategic plan to increase its local and regional market presence. These include capturing greater market share in its frozen products segment, CAPEX spending on production capacity, investing in regional markets through M&A or partnerships. In March, the company opened the country's first European-standard certified organic dairy farm in Lam Dong province. It also acquired the remaining 49% of its Cambodian joint venture, Angkor Dairy Products for USD 10 million. These announcements affirm the company's long term prospects and its ability to follow through on their targets and goals. The State Capital Investment Corporation of Vietnam (SCIC) reiterated its intention to divest its entire stake in Vinamilk by 2017, however it remains uncertain as to whether they will be able to follow through on this.

Steel producer **Hoa Phat Group (HPG)** share price posted a strong gain of 14.6% in March after declining 5.4% last month¹. As mentioned in last month's factsheet, we anticipated that the rally in iron ore prices was unsustainable. As of mid April, the Iron Ore 62% Qingdao Index (MBIO62DA) has declined by almost 30% from February highs. Apart from potentially lower input prices, HPG also reported strong first quarter results with a 27.9% growth in construction steel sales volume, higher than the 3.3% growth of the Vietnam Steel Association peer group. The company is also on track to expand its production capacity with the Dung Quat Steel Complex expected to begin operating in 2019, doubling HPG's capacity to 4 million tons/year for long steel. This month the company also paid out a 50% stock dividend.

Hoa Binh Construction (HBC) continued its positive streak in March with a price increase of 21.2%, with a YTD performance of 88.8%¹. The company has set an ambitious business plan for FY2017 with revenue of VND 15 trillion (+39% YoY) and after tax profit of VND 757 billion (+32% YoY). This is on top of very impressive financial results for FY2016 which saw revenue doubling and after tax profit increasing six-fold. Within the first 2 months of 2017, HBC has already secured over VND 6 trillion in contracts – equivalent to a third of the bid value in 2016. The company is also seeking approval for a 10% cash dividend and 35% stock dividend distribution, along with a capital raising plan to issue up to 35 million shares to strategic investors. HBC is also looking to raise its foreign ownership limit from the current 49%. Despite the large YTD increase in share price and possible dilution, the company's earnings are forecast to grow by more than 32%. This gives HBC a 2017 forward P/E ratio of 10.1x which is still attractive.

GTN Foods JSC (GTN) share price declined 25.0% this month after spiking more than 30% in the weeks straddling end of February and middle of March. This share price spike was due to ETF rebalancing, and speculation that it would be added or included to both the VanEck Vectors Vietnam ETF and the DB x-trackers FTSE Vietnam UCITS ETF. Once it became clear that the ETFs would not be adding GTN, the share price fell back to its prior level. However, our investment in GTN remains at a substantial premium to our investment cost and the Fund Manager has capitalised on this opportunity to increase its position. The company released audited FY2016 results with lower top and bottom line numbers compared to FY2015 due to the restructuring activities during the year. For FY2017, the company targets revenue to double to VND 3,950 billion with the core drivers from the integration and growth of its Vinatea and Vilico businesses.

¹ Source: Bloomberg

² Source: Company Announcements

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st March 2017



CLASS B – Realisation Shares

Fund Manager's Report

The NAV per share declined by 15.8% in March, spread over the remaining 2% of Realisation Shares issued on 1st January 2017. The monthly performance of the Class B shares; inclusive of past distributions declined by 0.5%.

Having distributed 98% of the original assets in the Pool, the Class B shares held only one listed security, GTN Foods JSC (GTN VN) and some cash. Thus the decline in NAV/share is entirely due to the performance of this single security. In the weeks straddling the February month end, the share price of GTN spiked up over 30% before falling back to its prior level. Our shares in GTN, which had been acquired in a placement a year earlier, were still subject to lock-up during this spike, and we were unable to sell at the peak. Details on the performance of GTN can be found in the previous section for Class A shares (Page 2).

Realisation Progress

As of end March, the share class had sold all of its assets. 98% of the proceeds of the sale were distributed in two tranches as mentioned in last month's factsheet.

A third and final compulsory redemption of all remaining 4,647,449 Realisation shares (equivalent to 2% of the Realisation Shares issued on 1st January 2017) was announced on 30th March 2017. The redemption price will be based on the net asset value of each Realisation Share as at 31st March 2017. The value date for payment of the final compulsory redemption of Realisation Shares is expected to be 21st April 2017.

Based on the final redemption proceeds, the Class B shareholder will have received YTD total distributions of USD 0.5457 per share, equal to 103.1% of the share NAV at 1st January 2017, less the 1% redemption fees as shown in the table below.

	Date	NAV/Share (A)	Percentage Redeemed (B)	Value (A x B)
Initial NAV	3/1/17	0.5292		-
1 st redemption	17/2/17	0.5422	50%	0.2711
2 nd redemption	10/3/17	0.5422	48%	0.2603
3 rd redemption	21/4/17	0.7177	2%	0.0144
TOTAL				0.5457

Net Assets: \$3.34 million
NAV/Share: \$0.7177
Shares Out: 4,647,449

Identifiers

ISIN Code KYG9363R1130
Bloomberg Ticker VTNPHXB KY

Website:

www.vietnamphoenixfund.com

Asset Class Exposure (%)

Listed Equities	0.0
Cash	100.0
Total	100.0

Voting Rights

Class B shares have no voting rights.

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st March 2017



CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M*	YTD	1Y*	3Y*	5Y*	7Y*
VPF C	0.63	1.98	-1.10	1.98	16.2	8.1	12.9	6.9

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

Fund Manager's Report

The NAV per share increased by 0.6% in March.

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 March the Vietnam Dong strengthened by 0.04%.

NBB Investment Corp (NBB) was the biggest detractor to the fund's performance with a price decline of 9.7%. NBB's share price fell after the company announced a proposed rights issue. The share price has recovered slightly post 31st March 2017.

Tien Phong Plastic JSC (NTP) was a contributor to the fund's performance with an increase of 10.6% owing to good performance for FY 2016 whereby revenue grew 22.4% YoY and net profit grew of 8.6% YoY. NTP is the market leader for plastic pipes in North of Vietnam and has benefited from growth in the real estate market.

Net Assets: \$148.04 million
NAV/Share: \$0.3494
Shares Out: 423,750,000

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPXC KY
Sedol B1FHXT2

Website:

www.vietnamphoenixfund.com

Market Makers

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Top 5 Holdings (%)

Greenfeed	39.4
Anova Corp	13.3
Corbyns International	13.3
NBB Investment Corp	7.4
VTC Online	6.0
Total	79.4

Sector Allocation (%)

Agriculture	41.9
Real Estate Mgmt & Devt	14.5
Pharmaceuticals	13.6
Building Materials	13.5
Information Technology	6.1
Others	10.4
Total	100.0

Asset Breakdown (%)

Invested Securities	98.3
Cash and accruals	1.7
Total	100.0

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 31st March 2017, the aggregate voting rights are 261,334,603.

*Note: This value was subsequently revised and the NAV per share of the ordinary shares as at 31st December 2016 restated. This revised valuation also resulted in a restatement of the initial NAV determination for the Class C shares from their date of issue on 1st January 2017, as well as the month end NAVs at 25th January 2017 and 28th February 2017. For more information, please refer to the link below.

<http://www.ise.ie/app/announcementDetails.aspx?ID=13183139>

Vietnam Phoenix Fund Limited

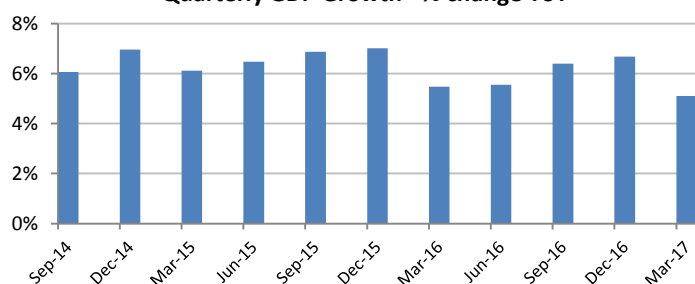
Monthly Factsheet

31st March 2017

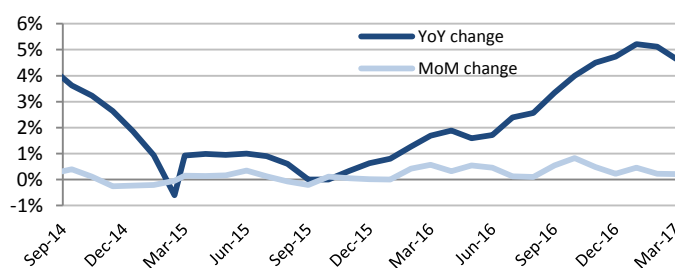


Economic Indicators & Market Update

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 PEG Div Yield ROE

		Mkt Cap (USD bn)	2017 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	463	12.8	1.0	2.2%	17.9%
Thailand	SET	452	13.9	1.4	3.0%	10.4%
Singapore	FSSTI	363	13.6	2.4	3.5%	9.8%
Malaysia	FBMKLCI	237	15.4	2.2	3.2%	10.2%
Philippines	PCOMP	185	16.6	1.4	1.7%	11.7%
Vietnam	VNINDEX	76	12.3	1.0	2.6%	14.9%

Market Review

Vietnam's first quarter GDP results for 2017 were disappointing, with a growth of only 5.10% YoY⁴. This was the slowest pace in 3 years, mainly due to a contraction in output of industrial and construction sectors. However, first quarter GDP is not reflective of the full year results.

Nikkei's Purchasing Managers' Index (PMI) reached 54.6 in March, up from 54.2 in Feb 2017, backed by a strong increase in new orders. The Industrial Production Index slowed to 4.1% YoY⁴ 1Q2017 vs 6.3% in 1Q2016, impacted by negative growth from mining and a slowdown in the manufacturing sector.

Vietnam's CPI rose 0.21% MoM and 4.65% YoY in March⁴. The hike was supported by education, transportation and housing/construction costs increasing 10.17%, 14.57% and 5.30% YoY respectively⁴. Core inflation remained flat in March and increased only 1.6% YoY. Retail sales increased a slower rate of 6.2% YoY in 1Q2017⁴ vs 7.9% YoY in 1Q2016, mainly due to higher inflation.

The country's trade balance recorded a deficit of USD 1.1bn, in which exports and imports reached USD 16.3bn (+24.4% YoY) and USD 17.4bn (+14.9%) in March. Vietnam's trade balance recorded a deficit of USD 1.9bn in 1Q2017⁴.

In 1Q2017, registered FDI was USD 2.9bn (+6.5% YoY) and disbursed FDI was estimated at USD 3.6bn (+3.4% YoY)⁴. The rapid increase of FDI in Vietnam was due to the approval of several large scale projects in March, such as Samsung Display project with additional investment of USD 2.5bn. The processing and manufacturing sector remained the most attractive area to foreign investors with total investment of USD 6.5bn.

The SBV has directed commercial banks to boost lending since the beginning of 2017, with credit rising by 3.14% in 1Q2017, the fastest rate over 6 years. Credit and money supply increased 4.03% YTD and 3.52% YTD in 1Q2017 respectively.

The VNIndex on the Ho Chi Minh Stock Exchange increased by 1.9% (USD terms)⁵ and closed at 722.31 at the end of March. Both average daily trading volume and value increased 7.9% and 14.5%, respectively, during the month⁵. A recovery in Vinamilk's share price and several banking stocks helped lift the index to a nine year record high.

Although GDP exhibited disappointing growth in 1Q2017, it is expected to increase 6.5% in FY2017 due to a recovery of the agricultural sector, continued expansion of manufacturing and resilient service sectors. We expect the rapid credit growth to have an impact on GDP much later this year and remain confident on the country's outlook. Foreign investors brought in USD 165 million in 1Q2017, the most within the first quarter over the past 4 years, reflecting Vietnam's attractiveness and opportunities as mentioned in previous reports.

⁴ Source: The General Statistics Office of Vietnam

⁵ Source: Bloomberg

Vietnam Phoenix Fund Limited

Monthly Factsheet

31st March 2017



About Duxton Asset Management Pte Ltd

Duxton Asset Management is a boutique asset manager with a dual focus: Agriculture and Asian Emerging Markets. A carve-out from one of the world's foremost financial institutions, Duxton is regulated by the Monetary Authority of Singapore as a holder of a Capital Markets Services License to conduct the regulated activity of fund management for accredited investors and institutional investors. Duxton's assets under management or advice as of March 2017 are approximately USD 530 million.

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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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