

# Vietnam Phoenix Fund Limited

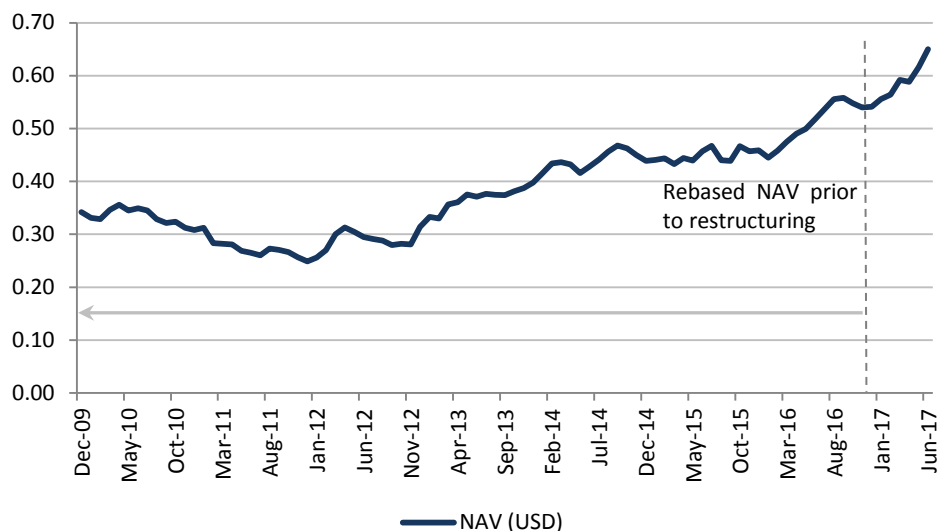
## Monthly Factsheet

30<sup>th</sup> June 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>	5.49	9.80	20.13	20.13	25.4	14.9	17.1	9.3
<b>VNIndex</b>	5.20	7.55	17.05	17.05	20.6	8.0	11.1	3.7
<b>VHIndex</b>	5.31	9.00	23.86	23.86	14.7	6.1	5.1	-8.8

\* 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 3 Gainers

Price Change Contribution to NAV Return

Vinamilk (VNM)	+ 5.3%	+ 0.82%
FPT Corp (FPT)	+ 9.0%	+ 0.76%
Thien Long Group (TLG)	+ 25.0%	+ 0.65%

#### Top 3 Laggards

Price Change Contribution to NAV Return

Hoa Sen Group (HSG)	- 1.2%	- 0.12%
Khang Dien House (KDH)	0.0%	0.00%
Viet Capital Securities (VCI)	0.0%	0.00%

**Net Assets:** \$85.34 million  
**NAV/Share:** \$0.6499  
**Shares Out:** 131,320,466

**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	18.8
FPT Corp	11.9
Hoa Sen Group	7.2
Hoa Phat Group	7.0
Vietnam Enterprise Inv Ltd	6.8
Kinh Bac City	4.9
Novaland	4.4
Thien Long Group	4.3
Viconship	4.2
Vietcombank	4.1
<b>Total</b>	<b>73.7</b>

#### Sector Allocation (%)

Food Products	21.5
Real Estate	15.6
Information Technology	12.4
Building Materials	8.4
Metals and Mining	7.4
Consumer Discretionary	6.7
Diversified Financials	5.7
Consumer Staples	4.8
Banks	4.2
Others	13.4
<b>Total</b>	<b>100.0</b>

#### Asset Breakdown (%)

Listed Equities	100.4
Cash and accruals <sup>^</sup>	-0.4
<b>Total</b>	<b>100.0</b>

<sup>^</sup>Adjusted to include pending redemptions

#### 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. As of 30th June 2017, the aggregate voting rights are 230,903,296.

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> June 2017



### CLASS A – Continuation Shares

#### Fund Manager's Report

The NAV per share increased by 5.49% in June while the VNIndex rose 5.20% (in USD terms)<sup>1</sup>.

**Vinamilk (VNM)** was the biggest contributor to the portfolio's performance with a price increase of 5.3%<sup>1</sup>. VNM along with other consumer stocks such as Sabeco, Kido Group and GTN Foods outperformed the market. The company recently signed a memorandum with a Chinese company to export its products to China, potentially opening up another import/export market<sup>2</sup>. It is also expanding its local milk production capacity with plans to build 3 new dairy farms in Ha Noi's Ba Vi district with 8,000 cows. VNM's second largest shareholder Fraser & Neave (F&N) also stated its intention to increase its stake in the company when the State Capital Investment Corp (SCIC) carries out future divestments.

IT conglomerate **FPT Corp (FPT)** share price posted a gain of 9.0% in June<sup>1</sup>. The company continued to exhibit strong growth in the first 5 months of 2017 with revenue and NPAT increasing 12% and 10% YoY. Its Technology and Telecom business segments accounted for more than 75% of profit before tax and grew by 31% and 21% YoY respectively. FPT's share also reacted positively after news reported that the company is selling its distribution business (FPT Trading) to Synnex Corp, a Fortune 500 corporation<sup>3</sup>. FPT's distribution segment has been underperforming ever since giant foreign mobile phone producers such as Apple, Samsung and Nokia started appointing their own distributors. This divestment would allow FPT to focus their attention on its core businesses and better allocate resources to its Technology and Telecoms segment.

Stationary and office supplies manufacturer, **Thien Long Group (TLG)**'s share price surged 25% in June.<sup>1</sup> The company performed well in the first quarter of 2017, with net revenue and NPAT increasing 25.1% and 12.6% YoY respectively<sup>4</sup>. However, TLG's stock trades with very low liquidity and any buy/sell transactions would result in a disproportionate movement in share price. TLG plans to build a new factory to double its current production capacity by 2019 and also invest in R&D to provide self sufficiency for pen tips which it currently imports. At its recent AGM, shareholders voted to increase TLG's foreign ownership limit (FOL) to 100% in order to facilitate the company for future long term investment and partnerships with foreign investors. The company also declared a 30% stock dividend and cash dividend of VND 1,500/share to be paid out in July.

Steel sheet producer **Hoa Sen Group (HSG)** was the biggest detractor to the portfolio's performance with a price decrease of 1.2%<sup>1</sup>. The stock retreated on profit taking pressure after having increased 18.7% in May. Vietnam's demand for steel continues to be strong, driven by the real estate market and infrastructure projects, some of which receive strong government support. HSG also remains resilient against competition from Chinese steel imports despite foreign attempts to price smaller Vietnamese producers out of the market. Thanks to HSG's strong distribution network and economies of scale, the company's average selling price for steel is still lower than Chinese imported steel.

During the month, the Fund Manager subscribed to Viet Capital Securities JSC's (VCI) IPO. VCI is the number 1 investment bank in Vietnam and the leading brokerage house in foreign flows with over 30% market share in 2016 and ranked third behind SSI and HSC in terms of overall brokerage. VCI listed on the Ho Chi Minh Stock exchange on the 7<sup>th</sup> of July and traded at its ceiling price of VND 57,600.<sup>5</sup>

1 Source: Bloomberg, 30/6/17

2 Source: VNM Company Announcements, 17/5/17

3 Source: VietnamNet News, 16/6/17

4 Source: TLG Company News, 28/4/17

5 Source: VCI Company News, 7/7/17

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### CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y*	3Y*	5Y*	7Y*
<b>VPF C</b>	-4.90	-1.69	0.26	0.26	5.3	8.4	13.1	6.6

\* 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.

#### Fund Manager's Report

*The Private Equity asset pool contains unlisted investments and other illiquid listed investments. The unlisted investments within the pool are valued by Grant Thornton Vietnam Ltd and will be re-valued every six months.*

The NAV per share decreased by 4.90% following a re-valuation of the unlisted investments by Grant Thornton Vietnam in June. However, the YTD performance of the Class C shares as a whole, increased by 0.26% in H1 2017.

**Greenfeed** was the biggest detractor to the portfolio's performance with a decrease in valuation of 16.1% from December 2016, mainly due to a slowdown in the Vietnam feed industry in H1 2017. This is due to falling prices of pork, caused by China's temporary ban on pig imports from Vietnam. Nevertheless, the industry expects pork prices to recover from Q4 2017 onwards as China relaxes the ban. However, this slowdown in the feed industry is positive for large feed players such as Greenfeed as it has accelerated the consolidation of the animal feed market in Vietnam. Smaller feed players that have been affected by the slowdown are beginning to drop out.

**Anova Corp** also negatively impacted the portfolio's performance with a decrease in valuation of 9.3% from December 2016. Similar to Greenfeed, Anova is exposed to the temporary slowdown in the Vietnam feed industry. However, it has been affected to a lesser extent as the company has other business segments (i.e. animal health) to cushion the impact.

On the other hand, **An Phat Plastic and Green Environment JSC** (AAA) contributed positively to the portfolio's performance with a share price increase of 13.3% from May 2017. AAA's share price is buoyed by the positive news in May that the company received approval from regulators to increase the foreign ownership limit from 32% to 51%, and strong performance in the first quarter of FY2017, underpinned by increasing exports to the Japanese market.

**Net Assets:** \$145.56 million  
**NAV/Share:** \$0.3435  
**Shares Out:** 423,750,000

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPFXC KY  
Sedol B1FHXT2

#### Website:

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

#### Market Makers

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#### Top 5 Holdings (%)

Greenfeed	33.7
Corbyns International	13.6
Anova Corp	12.3
NBB Investment Corp	7.9
Anphat Plastic	6.8
Total	74.4

#### Sector Allocation (%)

Agriculture	35.7
Real Estate Mgmt & Devt	15.6
Building Materials	13.6
Pharmaceuticals	12.3
Information Technology	6.2
Others	16.6
Total	100.0

#### Asset Breakdown (%)

Invested Securities	96.0
Cash and accruals	4.0
Total	100.0

#### Voting Rights

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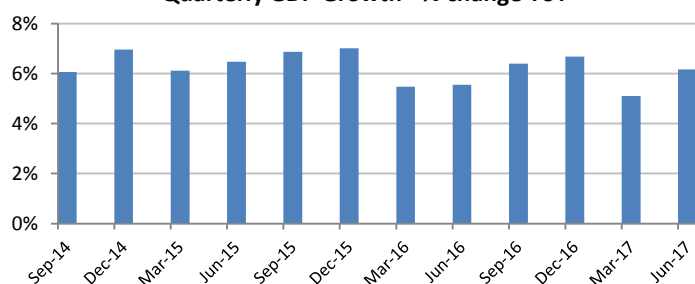
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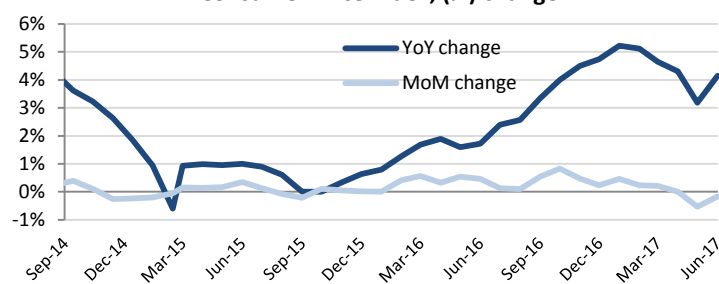


### Economic Indicators & Market Update

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	186	200	212	226
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
Indonesia	JCI	478	14.6	1.0	2.1%	18.9%
Thailand	SET	459	14.0	1.4	3.0%	10.2%
Singapore	FSSTI	371	13.6	1.9	3.4%	9.8%
Malaysia	FBMKLCI	247	15.3	4.2	3.2%	10.3%
Philippines	PCOMP	189	17.3	1.6	1.6%	11.7%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>84</b>	<b>13.5</b>	<b>1.3</b>	<b>2.3%</b>	<b>14.8%</b>

### Market Review

The VNIndex rose 5.2% MoM<sup>7</sup> (USD terms) in June, thanks to renewed investor confidence after Vietnam recorded strong GDP growth for the second quarter of the year. Both average daily trading volume and value decreased 14% MoM and 19% MoM in June respectively<sup>7</sup>.

Vietnam's GDP rose 6.17%<sup>6</sup> in Q2 2017, bringing GDP growth in the 1H2017 to 5.73%, higher than 5.65% growth in the same period last year. The economy was driven by the services sector (+6.5%), industry & construction sector combined (+5.8%) as well as agricultural sector (+2.7%) which had recovered after an adverse impact from salinity and drought issues. However, GDP growth still fell short of the 6.7% target for the year due to an 8.2% decline in the mining sector.

Nikkei's Purchasing Manager's Index (PMI) increased to 52.5 in June from the 14 month low of 51.6 in May, thanks to a solid rise in new orders and production. Staffing levels continued to expand while sentiment dipped to 4-year low. In addition, Vietnam's Industrial Production Index (IIP) moved in the same direction with PMI, rising 8.6% YoY<sup>6</sup> in June, also supported by a strong growth of manufacturing (+13.2% YoY)<sup>6</sup>.

The Consumer Price Index (CPI) increased 2.5% YoY<sup>6</sup> in June, contributed by the medicine and health care sector (+46.1% YoY<sup>6</sup>), education sector (+11.3% YoY<sup>6</sup>) and housing & construction materials sector (+3.4% YoY<sup>6</sup>), while food and foodstuff sector declined (-3.1% YoY<sup>6</sup>). Prices in the medicine and health care sector increased significantly due to an upward adjustment by the Ministry of Public Health.

Foreign investment inflows remained robust with registered FDI growing 54.8% YoY<sup>6</sup> in 1H2017, of which 14% flowed into property sector. The hike in registered FDI was driven by the approval of 2 thermo-power projects totalling USD 4.8bn. Disbursed FDI continued to stay on track, increasing 6.5% YoY<sup>6</sup> in 1H2017.

The country recorded a trade deficit of USD 2.7bn in 1H2017, in which import and exports grew at a strong rate of 24.1% and 18.9% YoY respectively<sup>6</sup>. This double digit growth is a significant improvement in performance compared to the past few months which has seen only high single digit growth.

The National Financial Supervisory Commission (NFSC) projected that Vietnam's economy may rise 6.5-6.7% in 2017, on the back of growing momentum from the industrial manufacturing industry and improvements in domestic production. The second half of the year will also have several high profile IPOs such as VPBank (completed in July 2017), Techcombank, PV Oil and Binh Son Refinery, providing a good catalyst for the stock market.

<sup>6</sup> Source: The General Statistics Office of Vietnam

<sup>7</sup> Source: Bloomberg, 30/6/17

# Vietnam Phoenix Fund Limited

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30<sup>th</sup> June 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. The Duxton Group has approximately USD 620 million worth of assets under management and advice as of March 2017.

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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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