

# Vietnam Phoenix Fund Limited

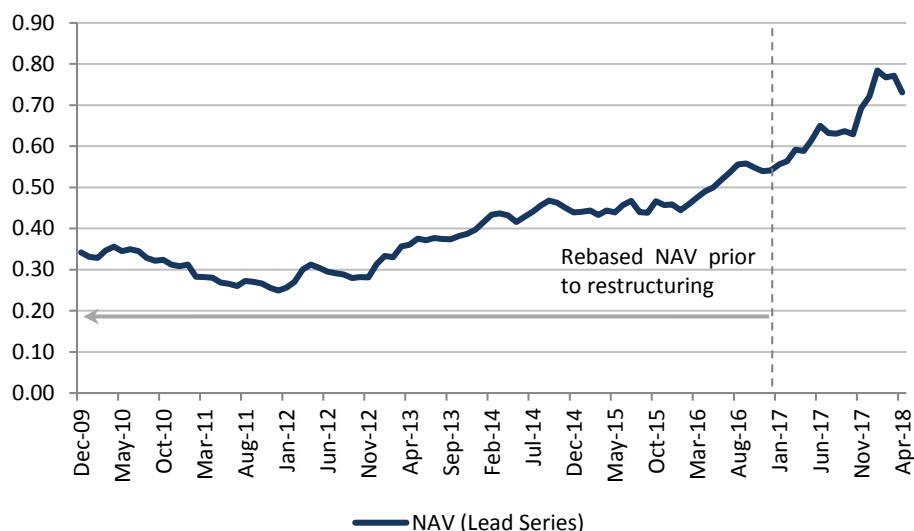
## Monthly Factsheet

30<sup>th</sup> April 2018



### CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
<b>VPF A</b> (Lead Series)	-5.27	-6.81	16.22	1.36	24.2	18.3	15.3	14.8
<b>VNIndex</b>	-9.84	-5.58	25.26	6.51	46.1	21.0	15.3	10.2
<b>VHIndex</b>	-6.91	-2.71	16.41	4.66	36.8	12.1	14.1	4.1

\* 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
Kinh Bac City (KBC)	+ 1.9%	+ 0.18%
Khang Dien House (KDH)	+ 0.6%	+ 0.13%
PVN Nhon Trach 2 (NT2)	+ 0.5%	+ 0.07%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinamilk (VNM)	- 10.6%	- 1.67%
Hoa Phat Group (HPG)	-11.5%	- 1.13%
PV Power (POW)	- 16.1%	- 0.49%

**Total Net Assets: \$62.50 million**

#### NAV/Share

**Lead Series: \$0.7310**

**Structure: Open-End Fund**

**Liquidity: Monthly**

#### Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXLD2

#### Website:

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

#### Top 10 Holdings (%)

Vinamilk	18.3
FPT Corp	11.8
Hoa Phat Group	10.6
Khang Dien House	8.4
Vietnam Enterprise Inv Ltd	6.1
HD Bank	5.4
Mobile World	5.0
Kinh Bac City	4.3
PV Power	3.3
Refrigeration Electrical	3.0
<b>Total</b>	<b>76.2</b>

#### Sector Allocation (%)

Consumer Products	25.9
Real Estate	19.4
Banks & Financials	14.7
Information Technology	11.8
Building Materials	10.6
Energy Equip & Svcs	4.8
Agriculture	3.0
Others*	9.8
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	96.4
Cash and accruals^	3.6
<b>Total</b>	<b>100.0</b>

^Adjusted to include pending redemptions.

#### Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 30th April 2018, the aggregate voting rights are 204,791,739.

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

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## CLASS A – Continuation Shares

### Fund Manager's Report

The NAV per share of the Class A Shares (Lead Series) decreased by 5.27% in April. The VNIndex fell 9.84% (in USD terms)<sup>1</sup> in the same period, marking its worst monthly performance since May 2011. The market had broken through the psychological barrier of 1,200 points early in the month before reversing sharply in the following trading sessions. 11 out of 12 sectors posted declines, with the exception of real estate. Banking stocks fared the worst with VCB, BID and VPB declining 15.5%, 18.0% and 17.9% MoM<sup>1</sup>. Other large cap stocks across several sectors also witnessed large declines, notably PLX (-25.0%), GAS (-11.9%), MSN (-16.2.0%) and SAB (-10.9%)<sup>1</sup>.

The Class A Shares portfolio outperformed the VNIndex in April thanks to selective stock picking and focus in key sectors. This month's performance affirms the Fund Manager's strategy of holding stocks with lower betas and strong fundamentals, which are more resilient to market downturns, and avoiding overvalued stocks.

The biggest contributor to the portfolio's performance was **Kinh Bac City (KBC)**, whose share price increased 1.9% during the period<sup>1</sup>. KBC's business is recovering with Q1-2018 revenue and net profit growth of 49.6% and 27.4% YoY, respectively<sup>2</sup>. The growth in revenue was derived mainly from the sale of 45 ha of industrial land in Q1, compared to 42 ha booked for the whole year of 2017<sup>2</sup>. KBC also held its AGM in April, setting revenue and net profit targets of VND 2,600 bn (+53.4% YoY) and VND 800 bn (+29.3% YoY)<sup>2</sup>.

**Khang Dien House (KDH)** share price increased 0.6% during the period<sup>1</sup>. KDH released Q1-2018 results with revenue and net profit down 36% and 4% YoY, respectively<sup>2</sup>. The negative growth was due to delayed bookings in revenue this quarter<sup>2</sup>. However, gross margin improved significantly to 44.5% versus 37.2% in Q1-2017, driven by the handovers of Phong Phu 4 and Lucasta projects, which earn higher ASP<sup>2</sup>. Apart from improvements in gross margin, lower financial expenses also helped KDH's bottom line<sup>2</sup>. KDH's long term prospects remain positive, given the recent share swap to purchase the remaining 43% of BCI (Binh Chanh Construction), allowing KDH to access BCI's sizable land bank for future projects<sup>2</sup>.

Detractors to the portfolio this month were **Vinamilk (VNM)**, **Hoa Phat Group (HPG)** and **PetroVietnam Power (POW)**. VNM and HPG declined along with the broad market. VNM reported mixed Q1-2018 results with flat revenue growth, while net profit declined 8% YoY<sup>2</sup>. Amid an overall dairy market weakness, VNM's market share widened by 0.5 ppts<sup>2</sup>. Gross margins decline due to the consolidation of the newly acquired sugar business, which has thinner margins, while dairy margins remained stable<sup>2</sup>. One-off financial expenses from the merger of Lam Son Dairy also affected net profit<sup>2</sup>. HPG declined for a second straight month after hitting an all-time high in February. Nonetheless, the company's fundamentals remain solid with upward trending steel prices and strong volume growth driven by many infrastructure and real estate construction projects. HPG remains as the market leader in Vietnam for construction steel and steel pipe<sup>2</sup>.

As of end April, the Class A Shares fully exited its position in **PetroVietnam Nhon Trach 2 (NT2)** and **GTN Foods (GTN)**. The Fund still has an indirect exposure to NT2 via its investment in parent company PetroVietnam Power (POW).

<sup>1</sup> Source: Bloomberg, 30/04/18

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

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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>	1.27	-0.91	-1.78	2.41	-5.9	6.3	8.1	9.6

\* 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 NAV per share of the Class C Shares increased by 1.27% in April.

The Private Equity asset pool contains unlisted investments and other illiquid listed investments. Unlisted investments will be re-valued every six months, or sooner in case of a significant event. The unlisted investments within the pool were last valued by Grant Thornton Vietnam Ltd in December 2017.

**Greenfeed** was the biggest contributor to the portfolio's performance as the company distributed \$1.9 million in dividends to the fund. Greenfeed had declared dividends for FY2017 in April 2018.

**NBB Investment Corp** (NBB) also contributed to the portfolio's performance as its share price increased 2.1% in April<sup>3</sup>, and is slowly recovering after a fire incident at a building managed by its subsidiary in the previous month.

**Tien Phong Plastic** (NTP) was the biggest detractor to the portfolio's performance with a decrease in share price of 8.1% in April<sup>3</sup>, mainly due to weaker financial performance in the first quarter of the year. Revenues fell 18.4% YoY and net profits fell 56.9% YoY<sup>4</sup>.

During April, the Fund Manager continued to sell down positions in listed securities, such as shares of **Khang Dien House** (KDH) and **Ha Do Group** (HDG).

The Fund intends to exercise its 1-for-1 rights subscription to **Anphat Plastic** (AAA) at the discounted price of VND 14,000 per share in May 2018.

The Fund Manager continues to expect the Fund to be in a position to announce a first redemption of Class C Shares in or around June 2018.

**Net Assets:** \$142.30 million  
**NAV/Share:** \$0.3358  
**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 10 Holdings (%)

Greenfeed	29.4
Corbyns International	15.7
Anova Corp	10.7
NBB Investment Corp	9.6
VTC Online	6.3
Anphat Plastic	5.2
Khang Dien House	4.3
Ha Do JSC	3.4
Tien Phong Plastic	3.1
Dinh Vu Port	1.1
<b>Total</b>	<b>88.8</b>

#### Asset Breakdown (%)

Invested Securities	89.9
Cash and accruals	10.1
<b>Total</b>	<b>100.0</b>

#### Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 30th April 2018, the aggregate voting rights are 204,791,739

<sup>3</sup> Source: Bloomberg, 30/4/18

<sup>4</sup> Source: Company announcements

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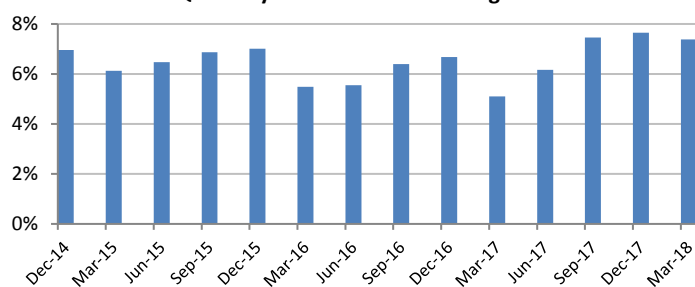
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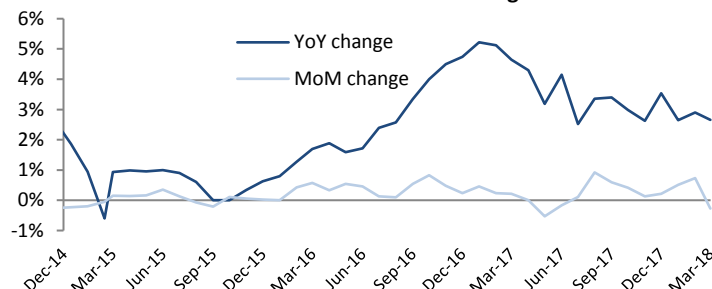


### Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index - % change



Vietnam Economic Indicators

		2015	2016	2017	2018F*
Real GDP Growth	%	6.7	6.2	6.7	6.5
CPI	%	0.9	4.7	2.6	4.0
Export Growth	%	8.1	9.0	20.6	15.0
Import Growth	%	12.0	5.2	21.3	13.5
Trade Balance	\$bn	-3.5	2.7	2.3	2.0
Registered FDI	\$bn	15.6	21.0	35.9	-
FX Reserve	\$bn	31.0	41.0	52.0	62.0
USDVND		22,540	22,761	22,968	22,700

\*Source: Duxton estimates

Data from Bloomberg		Mkt Cap (USD bn)	2018 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	481	18.8	2.1	2.2%	22.2%
Thailand	SET	565	21.6	1.8	2.6%	17.3%
Singapore	FSSTI	452	14.4	1.9	3.0%	13.8%
Malaysia	FBMKLIC	289	19.6	3.5	3.1%	23.1%
Philippines	PCOMP	187	18.8	3.6	1.5%	13.0%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>126</b>	<b>21.2</b>	<b>0.8</b>	<b>1.4%</b>	<b>22.6%</b>

The VNIndex declined 9.84% MoM<sup>6</sup> (USD terms) in April, driven by heavy selling pressure by both domestic and foreign investors. Several factors played a role in the market sell-off. First, higher US treasury yields and a stronger US dollar led investors to trim holdings in emerging market equities. Second, high profile IPOs such as Techcombank and Vinhomes have driven investors to divest from current holdings to raise capital. Large cap stocks ROS (-36.2%) and PLX (-25.0%)<sup>6</sup> suffered large declines, while banking stocks VCB (-15.5%) and BID (-18.0%)<sup>6</sup> also took a beating.

The VNIndex, which as of 9<sup>th</sup> April was the best performing index among the region's indices at 22% YTD, had given up most of its gains at the end of the month with a YTD performance of 6.5% (USD terms)<sup>6</sup>. Nonetheless, it is still ahead compared to Asian emerging peers such as the Thai SET (4.7% YTD), the Philippines PCOMP (-11.6% YTD) and Indonesia's JCI (-7.9% YTD)<sup>6</sup>.

Vietnam's Industrial Production Index in the first four months of 2018 increased 11.4%<sup>5</sup> over the same period last year, thanks to the largest contribution from the manufacturing and processing industry, which grew 14.0% YoY<sup>5</sup>. Electricity generation and distribution sector was the second largest contributor, growing 9.7% YoY<sup>5</sup>. The Nikkei Purchasing Manager's Index (PMI) increased to 52.7 in April thanks to an increase in new orders and output<sup>5</sup>.

The Consumer Price Index (CPI) increased 0.08% MoM, bringing YTD inflation to 1.05%<sup>5</sup>. Rising crude oil prices led to an upward adjustment of domestic pump prices, pushing the CPI of the transportation group up 1.18% MoM<sup>5</sup>. However, CPI in the food basket declined 0.33% MoM due to lower poultry and seafood prices<sup>5</sup>.

Credit growth picked up significantly in April to reach 5.0% YTD<sup>7</sup>, as the State Bank steered to spread out credit growth over the course of the year rather than in the final months. The structure of credit was also shifted to safer and more productive sectors of the economy, such as agriculture and exports, while growth in riskier sectors such as real estate were closely controlled<sup>7</sup>.

Despite the Vietnam stock market's lacklustre performance in April, the economy is still performing well as seen in its positive macroeconomic indicators. The correction in the Vietnam stock market has brought P/E ratios down to more attractive levels, presenting a good buying opportunity for investors.

<sup>5</sup> Source: The General Statistics Office of Vietnam

<sup>6</sup> Source: Bloomberg, 30/04/18

<sup>7</sup> Source: State Bank of Vietnam

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> April 2018



### 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 570 million worth of assets under management and advice as of March 2018.

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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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