

# Vietnam Phoenix Fund Limited

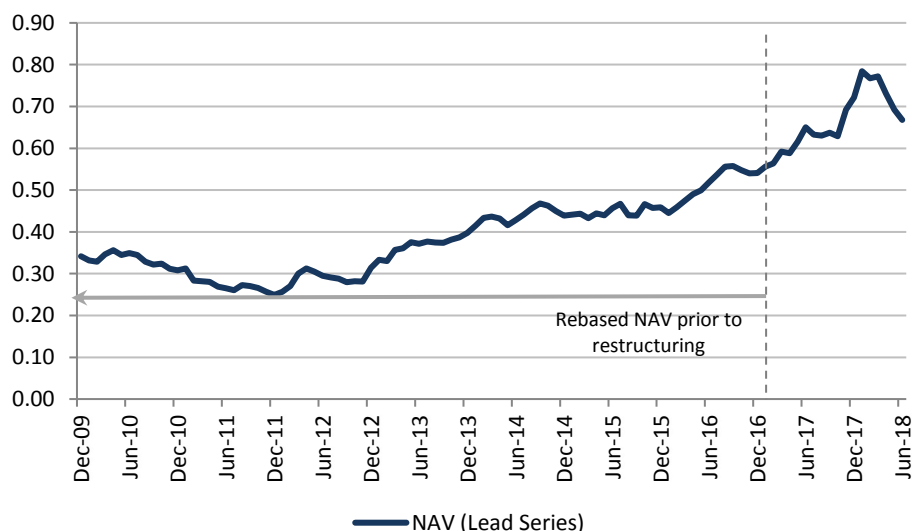
## Monthly Factsheet

30<sup>th</sup> June 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)	-3.48	-13.42	-7.36	-7.36	2.8	13.7	12.6	14.2
<b>VNIndex</b>	-1.78	-18.26	-3.44	-3.44	22.4	15.3	12.9	10.3
<b>VHIndex</b>	-8.33	-20.21	-10.29	-10.29	6.0	5.7	9.2	3.5

\* 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)	+ 3.5%	+ 0.68%
Mobile World (MWG)	+ 7.3%	+ 0.36%
Bank for Foreign Trade JSC (VCB)	+ 7.2%	+ 0.17%

Top 3 Laggards	Price Change	Contribution to NAV Return
FPT Corp (FPT)	- 9.78%	- 1.10%
Hoa Phat Group JSC (HPG)	-4.17%	- 0.52%
Khang Dien House (KDH)	- 6.49%	- 0.50%

**Total Net Assets: \$48.57 million**

#### NAV/Share

**Lead Series: \$0.6681**  
**Series 3: \$0.9649**  
**Structure: Open-End Fund**  
**Liquidity: Monthly**

#### Identifiers

ISIN Code: KYG9363R1056  
 Bloomberg Ticker: VTNPX KY  
 Sedol: BDHXLD2

#### Website:

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

#### Top 10 Holdings (%)

Vinamilk	18.0
Hoa Phat Group	11.3
FPT Corp	10.5
Khang Dien House	7.1
Mobile World	6.3
Vinhomes	6.3
Vietnam Enterprise Inv Ltd	5.9
HDBank	5.4
Kinh Bac City	4.2
PV Power	3.4
<b>Total</b>	<b>78.4</b>

#### Sector Allocation (%)

Consumer Products	26.9
Real Estate	22.4
Banks & Financials	15.1
Building Materials	11.3
Information Technology	10.5
Energy Equip & Svcs	5.0
Others*	8.8
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	98.96
Cash and accruals^	1.04
<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 30<sup>th</sup> June 2018, the aggregate voting rights are 185,103,322.

# Vietnam Phoenix Fund Limited

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30<sup>th</sup> June 2018



### CLASS A – Continuation Shares

#### Fund Manager's Report

In June 2018, Class A Shares portfolio declined 3.5%. Laggards include FPT (-9.78%), HPG (-4.17%) and KDH (-6.49%), offset by the positive performance of VNM (+3.53%), MWG (+7.34%) and VCB (+7.21%)<sup>1</sup>.

The VNIndex recovered 7% during the first trading days of the month, but declined thereafter to end the month with -1.8% return (in USD terms)<sup>1</sup>. The domestic stock market was affected by global geopolitical developments, including the US Fed rate hike acceleration, the Trump-Kim trade war, and the Chinese yuan devaluation. These dampened both domestic and foreign investor sentiment, despite a robust domestic economy that shows the highest PMI<sup>2</sup> and GDP growth since 2011<sup>3</sup>.

**FPT** poor share price performance in June might have been indirectly affected by the trade tension as technology sector remains as one of the main point of contention between the US and China. Meanwhile, the company reported strong business results for 5M2018 with pro-forma revenue and net profit growth of 21% and 34% respectively, driven by the Software business with a new contract signed in Japan.<sup>4</sup> The Software segment is expected to contribute further to FPT's earnings with a strengthening USD, since its revenue is USD-nominated while costs are mostly in VND.

**Mobile World** reached a milestone in June when its green grocery's average revenue per store recorded VND 870m, more than the breakeven point of VND 800m.<sup>4</sup> The management attributed the improvement to the relocation of its grocery stores to more convenient and attractive locations. The grocery business continues to be the earning driver this year, while the mobile and electronics businesses stabilises towards maturity.

**Techcombank's** listing debut on the June 4<sup>th</sup> was immediately affected by the market downturn. The IPO was priced and took place during the market's hype in April. Despite high demand for the stock from foreign investors, at listing this month, there was no foreign ownership allowance left. Retail investors alone dictate the stock's performance. The stock was down 28.4% in June<sup>1</sup>.

At the time of writing this report, the market continued to correct another 6.8% since end June, in USD terms.<sup>1</sup> The Chinese Yuan has declined 4.0% since the beginning of June, leading to the depreciation of regional currencies (Indonesian rupiah -3.6%, Thai baht, Singapore dollar and Malaysian ringgit -3.4%, Philippines peso -1.8%).<sup>1</sup> The Vietnam dong outperformed regional currencies, with -1.1%.<sup>1</sup> The resilient Vietnamese currency is backed by continued FDI inflows (\$8.4bn YTD)<sup>3</sup>, financial deals (\$2.3bn for all of Techcombank, Vinhomes, Yeah1 IPOs)<sup>5</sup>, and a robust FX reserves of \$64bn covering more than 3 months of imports<sup>3</sup>. The current performance of the Vietnam market is highly correlated to global developments and market volatility is expected to persist with the uncertainties. However, given the strong economic footing, we continue to believe in the long-term fundamentals of our portfolio companies, while carefully applying our sell discipline to protect the portfolio.

1 Source: Bloomberg, 30/06/18

2 Source: Nikkei

3 Source: General Statistics Office of Vietnam

4 Source: Company data/announcements

5 Source: Ho Chi Minh Stock Exchange

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> June 2018



### CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
<b>VPF C</b>	-3.04	-2.83	-1.74	-1.74	-6.2	3.9	6.6	9.8

\* 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.

#### Fund Manager's Report

The NAV per share of the Class C Shares decreased by 3.04% in June.

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. In June 2018, Grant Thornton Vietnam had performed the semi-annual valuation on the unlisted investments.

The valuation of the Fund's position in **Greenfeed** decreased by 0.15% in June 18 compared to December 17 as the feed industry in Vietnam remained weak due to low pork prices and high raw material prices particularly in the first quarter of 2018, but with some improvement in the second quarter.<sup>6</sup> For **Anova**, the valuation of the Fund's position in the company increased by 18.4% in June 18 as the Fund invested USD 3.4 million to subscribe to Anova's rights issue for the company to further expand its position in the farm-feed-food value chain. Excluding the rights subscription, the valuation of the Fund's position in Anova decreased by 3.7% in June 18 due to weakness in the Vietnam pig industry in Q1'18. Nevertheless, pig prices in Vietnam have increased from VND 30,000-35,000/kg in Q1'18 to more than VND 40,000/kg<sup>6</sup> in Q2'18, which is positive for the Vietnam pig industry as a whole. If pig prices can be sustained throughout the remaining months of the year, the Fund Manager expects the performance of Greenfeed and Anova to improve.

The valuation of the Fund's position in **Corbyns** increased by 0.6% in June 18 compared to December'17 due to the accrual of interests. The restructuring of its subsidiary, VII, is ongoing, and updates will be provided as it progresses.<sup>7</sup> Meanwhile, the valuations for **VTC Online** decreased by 17.4% due to a decrease in the recoverable amount from the put option.

Other detractors to the portfolio include **An Phat Plastic** and **Tien Phong Plastic** which fell 6.4% and 13.2% respectively due to poor sentiment in the Vietnam stock market during the month of June.

With the ongoing liquidation of the Fund's illiquid listed investments since March 18, the Fund is now in a position to make a 10% mandatory redemption of the Class C shares outstanding as at 23 July 2018. The redemptions will be allocated in a pro rata proportion of each registered shareholder's total shareholding. The redemption price will be based on the NAV of the Class C Shares as at 30 June 2018 and the value date of payment shall be 30 July 2018. For further details, shareholders may refer to the official announcement of this mandatory redemption posted on the ISE website.

**Net Assets:** \$136.52 million  
**NAV/Share:** \$0.3222  
**Shares Out:** 423,750,000

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPXCY  
Sedol B1FHXT2

#### Website:

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

#### Market Makers

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#### Top 10 Holdings (%)

Greenfeed	29.0
Corbyns International	16.4
Anova Corp	13.2
NBB Investment Corp	9.9
Anphat Plastic	7.7
VTC Online	5.4
Tien Phong Plastic	2.6
Ha Do JSC	1.8
SSG Group	1.2
Dinh Vu Port Investment	1.0
<b>Total</b>	<b>88.2</b>

#### Asset Breakdown (%)

Invested Securities	88.7
Cash and accruals	11.3
<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 30<sup>th</sup> June 2018, the aggregate voting rights are 185,103,322.

<sup>6</sup> Source: <http://www.greenfeed.com.vn/vi/dien-bien-gia-san-pham-chan-nuoi-thang-062018/>

<sup>7</sup> Source: Company Announcement

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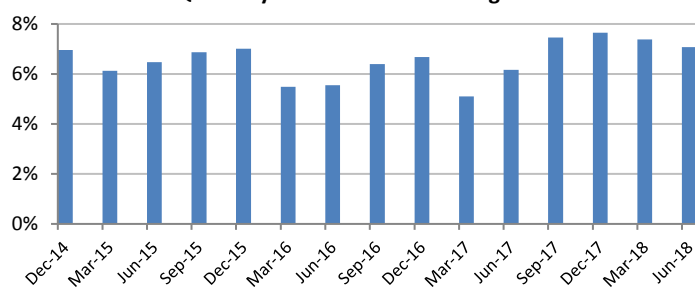
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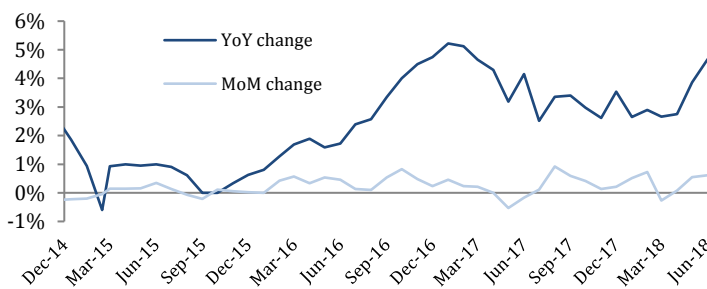


### Market Update

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	58.0
USDVND	22,540	22,761	22,968	22,800

\*Source: Duxton estimates

Data from Bloomberg		Mkt Cap (USD bn)	2018 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	463	18.4	2.1	2.3%	25.8%
Thailand	SET	495	19.2	1.6	3.0%	17.2%
Singapore	FSSTI	404	13.1	1.4	3.8%	12.59%
Malaysia	FBMKLIC	263	19.8	4.2	3.2%	23.6%
Philippines	PCOMP	171	18.1	3.4	1.6%	13.3%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>123</b>	<b>19.4</b>	<b>0.8</b>	<b>1.6%</b>	<b>22.0%</b>

The VNIndex declined 1.8% MoM<sup>8</sup> (USD terms) in June against a backdrop of falling trading volume. The global trade tension and a stronger US dollar continue to weight on the market as investors reduced holdings in emerging market equities. Aside from the property sector rising 2.2% thanks to VIC's gain (12.1%) and utilities and consumer staples roughly unchanged, all other sectors fell.<sup>9</sup> Bank and financial sectors saw the largest decline of 8.3%, led by FPT (-9.8%) and securities stocks, such as HCM (-11.1%), SSI (-10.9%), VND (-9.6%) and VCI (-7.3%).<sup>9</sup>

The VNIndex continued to correct in June, wiping off all gains from the start of the year (YTD -3.4% as of June 30<sup>th</sup>).<sup>8</sup> Despite the correction, it remained the best performing Asian emerging index as peers such as the Philippines PCOMP (-21.3% YTD), Indonesia's JCI (-13.1% YTD) and Thailand's SET (-10.3%) continued to register bigger declines.<sup>8</sup>

Vietnam's Gross Domestic Product growth reached 7.08%<sup>10</sup> in H1'18, the highest since 2011. Industrial Production Index in H1'18 increased 12.3% over the same period last year, thanks to the largest contribution from the manufacturing and processing industry, which grew 15.5% YoY.<sup>10</sup> Electricity generation and distribution sector was the second largest contributor, growing 10.0% YoY.<sup>10</sup> The Nikkei Purchasing Manager's Index (PMI) increased to 55.7<sup>11</sup> in June, signalling a faster pace of expansion in the manufacturing sector.

The Consumer Price Index (CPI) increased 0.61% MoM, bringing YTD inflation to 2.22%.<sup>10</sup> Rising poultry prices led to an upward adjustment of domestic food prices, pushing up the CPI of the food basket by 1.08% MoM.<sup>10</sup> CPI in the housing and construction material also increased by 0.65% MoM.<sup>10</sup>

Credit growth picked up significantly in June to reach 7.3 % YTD<sup>9</sup> as the State Bank steered to spread out credit growth over the course of the year rather than in the final months.

Despite the Vietnam stock market's lacklustre performance in June, the economy has continued to grow as seen in its positive macroeconomic indicators. The correction in the Vietnam stock market has brought P/E ratios down to relatively attractive valuation level of 16.1x 2018E P/E on the back of a 16-18% EPS growth and 14.5% ROE, presenting a good buying opportunity for investors.<sup>8</sup>

<sup>8</sup> Source: Bloomberg, 30/06/18

<sup>9</sup> Source: Saigon Securities Inc.

<sup>10</sup> Source: General Statistics Office of Vietnam

<sup>11</sup> Source: Nikkei

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> June 2018



### 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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