

# Vietnam Phoenix Fund Limited

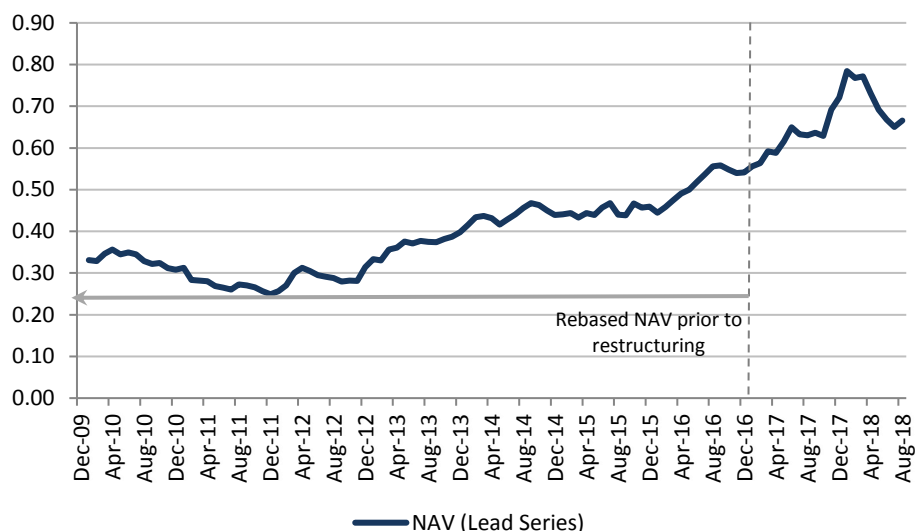
## Monthly Factsheet

31<sup>st</sup> August 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)	2.37	-3.80	-13.24	-7.67	5.6	15.1	12.3	13.7
<b>VNIndex</b>	3.43	-0.28	-13.83	-1.96	23.4	19.1	13.7	11.1
<b>VHIndex</b>	6.14	-3.97	-14.03	-6.02	5.9	12.3	10.8	4.7

\* 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
Hoa Phat Group JSC (HPG)	+ 7.0%	+ 0.73%
FPT Corp (FPT)	+ 3.3%	+ 0.58%
Khang Dien House Trading (KDH)	+ 6.3%	+ 0.43%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinamilk (VNM)	- 6.8%	- 1.18%
Vinhomes JSC (VHM)	-5.7%	- 0.36%
KIDO Frozen Foods JSC (KIDO)	- 21.5%	- 0.07%

**Total Net Assets: \$46.23 million**

#### NAV/Share

**Lead Series: \$0.6659**  
**Series 3: \$0.9616**  
**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	15.8
Hoa Phat Group	11.3
FPT Corp	10.8
Khang Dien House	7.3
Mobile World	6.7
Vietnam Enterprise Inv Ltd	6.4
Vinhomes	5.8
HDBank	5.1
Kinh Bac City	4.3
PV Power	3.6
<b>Total</b>	<b>77.1</b>

#### Sector Allocation (%)

Consumers	26.9
Real Estate	22.9
Financials	15.7
Building Materials	11.3
Information Technology	10.8
Energy Equip & Svcs	5.5
Others*	6.9
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	99.53
Cash and accruals^	0.47
<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 31<sup>st</sup> August 2018, the aggregate voting rights are 166,711,849.

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31<sup>st</sup> August 2018



### CLASS A – Continuation Shares

#### Fund Manager's Report

The NAV per share of the Class A Shares (Lead Series) increased 2.37% in August, driven by the performance of Hoa Phat Group (HPG, +7.0%), FPT Corp (FPT, +3.3%) and Khang Dien House (KDH, +6.3%). Laggards include Vinamilk (VNM, -6.8%) and Vinhomes (VHM, -5.7%).<sup>1</sup>

The VNIndex of the Ho Chi Minh Stock Exchange recovered 3.4% in August, in USD terms, driven by the utility, energy and banking sectors.<sup>1</sup> Market sentiment was supported by several sector news, including the government's renewed commitment to divest from non-core businesses<sup>2</sup> and a Moody's upgrade for the government long-term issuer and senior unsecured ratings<sup>3</sup>. Trading volume rebounded across the three bourses, from a nine-month low in July 2018.<sup>1</sup> Foreign outflows also weakened in August.<sup>1</sup>

During the month, **Hoa Phat Group's** share price increased as the first rolling line at its Dung Quat Steel Complex prepares to come online in late-August 2018. The first of the two Basic Oxygen Furnaces in Phase 1 is scheduled to launch operation in Q1-2019 and the second BOF will be launched in Q2-2019, which will double HPG's current designed capacity to 4 million tons/year of construction steel by mid-2019.<sup>4</sup> **FPT Corp's** businesses also continued to show robust performance with pro-forma 8M2018 revenue and profit before tax up 19% and 32% YoY, respectively.<sup>4</sup>

Meanwhile, **Vinamilk's** share price continued to decline since the company released weak H1-2018 earnings results, as reported in last month's factsheet. We met up with the management recently and understand that H1 weakness was mainly due to an overall weak dairy consumption in Vietnam during the period. According to AC Nielsen, dairy consumption in Vietnam declined 6% YoY in H1-2018, of which rural areas showed a stronger decline than urban areas. Rural income was affected by the pork price crisis last year, coupled with higher fuel prices and education fees. Despite decreased consumption, Vinamilk still managed to increase its market share by 0.7% to reach 59.3%, amidst fierce competition in the powder milk segment.<sup>4</sup> The company also maintained its dairy gross margins compared to the same period last year. Despite the temporary weakness, we remain confident in Vinamilk's long-term prospects, driven by Vietnam's accelerating urbanisation and progressive increased in dairy consumption per capita, the company's strong business franchise and quality management.

<sup>1</sup> Source: Bloomberg, 31/08/18

<sup>2</sup> Source: Vietnam's Deputy Prime Minister at the Vietnam M&A Forum 2018 on 8<sup>th</sup> August 2018

<sup>3</sup> Source: Moody's

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

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31<sup>st</sup> August 2018



### CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
<b>VPF C</b>	0.10	-4.94	-7.90	-3.66	-8.1	4.5	6.0	9.1

\* 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.

### Fund Manager's Report

The NAV per share of the Class C Shares increased by 0.10% in August.

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 June 2018.

**An Phat Plastic** (AAA) was the biggest contributor to the portfolio's performance with an increase in share price of 3.8%<sup>5</sup> in August 2018. The increase was mainly due to good Q2 2018 financial performance as revenues and net income grew 172% and 22% respectively YoY after Factory 6 and 7 ran at full capacity.<sup>6</sup>

**Tien Phong Plastic** (NTP) also contributed to the portfolio's performance with an increase in share price of 6.6%<sup>5</sup> in August 2018. The increase was mainly due to better Q2 2018 financial performance as revenues and net income grew 20% and 1% respectively YoY.<sup>6</sup>

**NBB Investment Corp** (NBB) was the biggest detractor to the portfolio's performance as its share price decreased 3.1%<sup>5</sup> in August 2018 mainly due to weaker performance in Q2 2018 as revenues fell 67% YoY. Revenues were lower in Q2 2018 compared to Q2 2017 as no projects were completed.<sup>6</sup>

On **Greenfeed** and **Anova**, the pork prices in Vietnam for the last few months have remained stable in the region of VND 50,000/kg<sup>7</sup>, which is positive for the animal feed industry and the performance of both companies in the second half of 2018.

**Net Assets:** \$120.49 million  
**NAV/Share:** \$0.3159  
**Shares Out:** 381,375,002

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPFXC KY  
Sedol B1FHXT2

#### Website:

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

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FinnCap  
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#### Top 10 Holdings (%)

Greenfeed	32.3
Corbyns International	18.6
Anova Corp	14.7
NBB Investment Corp	10.8
An Phat Plastic	8.1
VTC Online	6.0
Tien Phong Plastic	3.0
SSG Group	1.3
Dinh Vu Port Investment	1.1
Ha Do JSC	0.1
<b>Total</b>	<b>96.0</b>

#### Asset Breakdown (%)

Invested Securities	96.2
Cash and accruals	3.8
<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 31<sup>st</sup> August 2018, the aggregate voting rights are 166,711,849.

<sup>5</sup> Source: Bloomberg, 31/08/18

<sup>6</sup> Source: Company data or announcements

<sup>7</sup> Source: <http://www.thepigsite.com/swinews/45304/genesus-global-market-report-south-east-asia/>

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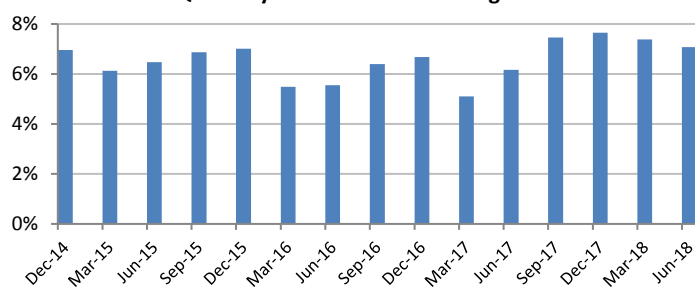
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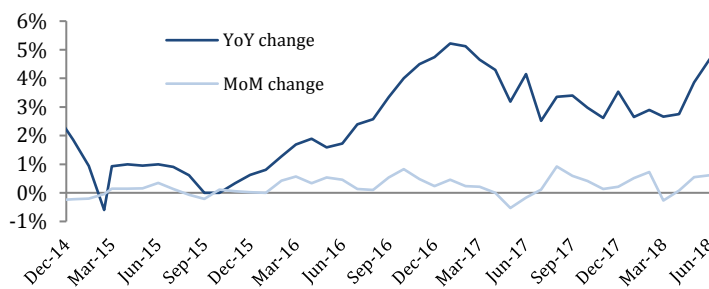


### Market Update

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	466	18.7	2.4	2.2%	24.9%
Thailand	SET	517	20.2	2.3	2.7%	17.1%
Singapore	FSSTI	415	13.4	1.4	3.7%	12.5%
Malaysia	FBMKLIC	275	20.4	4.3	3.0%	23.8%
Philippines	PCOMP	180	19.2	3.7	1.5%	13.3%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>131</b>	<b>18.3x</b>	<b>1.0</b>	<b>1.4%</b>	<b>21.8%</b>

The VNIndex of the Ho Chi Minh Stock Exchange recovered 3.4% in August, in USD terms, driven by the utility, energy and banking sectors.<sup>8</sup> Market sentiment was supported by several sector news, including the government's renewed commitment to divest from non-core businesses<sup>9</sup> and a Moody's upgrade for the government long-term issuer and senior unsecured ratings<sup>10</sup>. Trading volume rebounded across the three bourses, from a nine-month low in July 2018.<sup>8</sup> Foreign outflows also weakened in August.<sup>8</sup>

Vietnam's Industrial Production Index in the first eight months increased 11.2% over the same period last year (8M2017: 8.2%) thanks to the largest contribution from the manufacturing and processing industry, which grew 13.3% YoY.<sup>11</sup> Electricity generation and distribution sector was the second largest contributor, growing 10.4% YoY.<sup>11</sup> The Nikkei Purchasing Manager's Index (PMI) continued to expand in August, albeit at a slower pace of 53.7<sup>12</sup>.

The overall Consumer Price Index (CPI) increased 3.98% YoY in August, while core inflation increased just 1.54%.<sup>11</sup>

The first eight months of 2018 recorded the highest eight-month trade surplus of USD 4.69bn, as exports grew more robustly than imports (+1.7% vs. +12.4% YoY).<sup>11</sup> Mobile phones and spare parts remain the largest export product category, while iron and steel saw the strongest YoY growth.<sup>11</sup> Meanwhile, Vietnam's largest import category – electronics and computers – grew 15.5% YoY.<sup>11</sup> The U.S was still Vietnam's largest export market with a trade surplus of USD 22.2bn, while China was the largest import market. The total registered Foreign Direct Investment (FDI) was estimated at USD 19.1bn, down by 4% YoY.<sup>11</sup> However, FDI disbursement grew 9.2% YoY<sup>11</sup>. The manufacturing sector continued to lead FDI flows, representing 42.8% of total FDI, followed by the real estate sector with 37.1%.<sup>11</sup>

We continue to believe a resilient macro-economic performance and sound outlook will translate into a performing Vietnamese stock market for the rest of the year, despite negative sentiment coming from US-China trade tensions. Over the longer term, Vietnam might very well be a benefiter of these changes in the global trade picture as manufacturing activities continue to shift southwards from China.

<sup>8</sup> Source: Bloomberg, 31/08/18

<sup>9</sup> Source: Vietnam's Deputy Prime Minister at the Vietnam M&A Forum 2018 on 8<sup>th</sup> August 2018

<sup>10</sup> Source: Moody's

<sup>11</sup> Source: General Statistics Office of Vietnam

<sup>12</sup> Source: Nikkei

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31<sup>st</sup> August 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 846 million worth of assets under management and advice as of Jul 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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