

Vietnam Phoenix Fund Limited

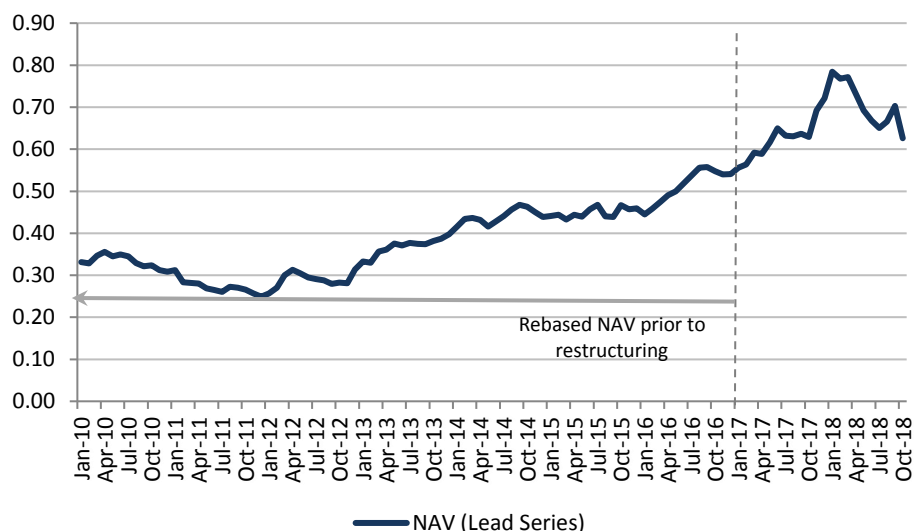
Monthly Factsheet

31st October 2018



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF A (Lead Series)	-10.90	-3.74	-14.34	-13.17	-0.4	10.5	10.5	13.1
VNIndex	-10.18	-4.63	-15.12	-9.60	6.3	12.9	10.7	10.1
VHIndex	-9.62	-1.01	-16.33	-12.43	-2.6	7.0	9.1	4.4

* 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
Yeah1 Group (YEG)	+ 25.7%	+ 0.50%
-	-	-
-	-	-

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinamilk (VNM)	- 15.4%	- 2.14%
Vinhomes JSC (VHM)	-21.7%	- 1.36%
FPT Corp (FPT)	-9.4%	-1.01%

Total Net Assets: \$42.59 million

NAV/Share

Lead Series: \$0.6262
Series 3: \$0.9043
Structure: Open-End Fund
Liquidity: Monthly

Identifiers

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

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	12.9
Hoa Phat Group	11.1
FPT Corp	10.7
Khang Dien House	8.1
Vietnam Enterprise Inv Ltd	6.5
Mobile World	6.5
Vinhomes	5.9
HDBank	4.6
Kinh Bac City	4.3
PV Power	3.7
Total	74.3

Sector Allocation (%)

Consumers	24.6
Real Estate	23.3
Financials	14.4
Building Materials	11.1
Information Technology	10.8
Energy Equip & Svcs	5.5
Others*	10.3
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	96.22
Cash and accruals^	3.78
Total	100.0

^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 31st October 2018, the aggregate voting rights are 160,279,510.

CLASS A – Continuation Shares

Fund Manager's Report

The NAV per share of the Class A Shares (Lead Series) decreased 10.9% in October. Laggards include VNM (-15.4%), VHM (-21.7%) and FPT (-9.4%), offset by the positive performance of Yeah1 (+25.7%).

The VNIndex ended the month with -10.2% MoM and -9.6% YTD in USD terms. The domestic stock market continued to be affected by global geopolitical turbulence and was tracking the US market as it entered the earning session with mixed results. Both foreign and domestic investors remained on "risk off" mode with average daily trading value at USD 197mn (-5.4% MoM).

Vinamilk reported weaker than expected 3Q18 results with net sales of VND 13.74tn (+3.3% YoY) and NPATMI of VND 2.56tn (-5.1% YoY). Excluding revenue from sugar, domestic dairy sales decreased slightly by 3.9% YoY in 3Q18 on continued weak demand, while overseas sales bounced back to increase by 16% YoY on recovered export sales and strong growth of subsidiary sales. While the Portfolio Manager has reduced the fund's exposure to VNM since June from 18.0% to 12.9% in October, we remain positive on the dairy industry's long-term growth, premised on Vietnam's underpenetrated dairy consumption per capita and Vinamilk's strong business franchise.

Vinhomes's stock price declined for most of October against a volatile market. The stock price was negatively affected by news that the HCMC People Committee had requested for documents pertaining to Van Thinh Phat's Saigon Ba Son project to support the investigation by the Ministry of Public Security on the possible wrongdoings at Dong A Bank¹. While the scope of investigation was not related to VHM, it still raised concerns among investors as the Saigon BA Son project is located in the same vicinity of Vinhomes Golden River project. Meanwhile, VHM recorded 9M 2018 results with net revenue of VND 22.4tn (+86% YoY) and NPATMI of VND11.9tn (+395% YoY), mainly driven by delivery of pre-sold units in the Golden River, Green Bay and Central Park developments, coupled with higher profit sharing from business cooperation contracts (BCC) with Vingroup (VIC) and residential developments of other VIC subsidiaries, including The Harmony, Imperia and Dragon Bay. The long awaited VinCity Ocean Park in Hanoi was also successfully launched in October with VinCity Sportia and VinCity Grand Park scheduled for launch at the end of the year.

Yeah1 Group's share price increased +25.7% in October as it released a strong set of 3Q18 unaudited results with net sales of VND 1,035bn (+110.7% YoY) and NPATMI of VND 112.8bn (+238.7% YoY). With this, the company has achieved 65% of its net sales and 76% of its NPAT targets for the full year as approved at the AGM. YEG is the leading player in Vietnam's digital media and advertising market and is one of the fastest growing new media companies in Asia. We expect YEG to continue its growth over the next few years, driven by a combination of the rapid organic growth from advertising expenditure and the increasing share of digital advertising.

The US-China trade war seemed to have an impact on the wider Asian region as most export-oriented countries reported lower PMIs. South Korea declined to 51.0 in October from 51.3 in September while Taiwan slipped even further to 48.7 in October from 50.8 in September. Indonesia also edged down to 50.5 from 50.7 in September. Meanwhile, Vietnam bucked the trend, rebounding from a 10-month low of 51.5 in September to reach 53.9 as all five sub-components moved higher. We continue to believe a resilient macro-economic performance and sound outlook will benefit the Vietnamese stock market for the rest of the year.

¹ Source: SSI Securities

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF C	-2.25	-2.22	-8.10	-5.89	-9.7	1.7	5.1	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 decreased by 2.25% in October. 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 detractor to the portfolio's performance with a decrease in share price of 16.6% in October 2018. The decrease was due to poor sentiment in the Vietnam stock market, which fell 10% during the month, and the company's underperforming 3Q18 results. Although revenue increased 122% YoY, net profit declined 19% YoY. The surge in revenues was driven by plastic resin trading activities while the fall in net profits was due to a delay in signing an offtake contract with a domestic resin manufacturer. As a result of this delay in contract signing, the company suffered exchange rate risk from the imports of resin (which are denominated in USD) as the VND depreciated against the USD in 3Q18.

Looking ahead, An Phat is confident on its key packaging segment as the US market is a new growth driver, and on its new business ventures (i.e. engineering plastics, industrial packaging, high-tech building materials) which will go into commercial operation in early 2019. Additionally, with An Phat bringing in state-of-the-art robots and with plans to double its workforce next year,² the Company would also be better positioned to take advantage of potential opportunities arising from the US tariffs on China's plastic packaging materials. Accordingly, the Investment Manager believes that earnings improvements will follow and there will be a positive re-rating of An Phat's business going forward.

² Source: The Economist

Net Assets: \$117.71 million
NAV/Share: \$0.3086
Shares Out: 381,375,002

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPFXC KY
Sedol B1FHXT2

Website:

www.vietnamphoenixfund.com

Market Makers

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Top 10 Holdings (%)

Greenfeed	33.1
Corbyns International	18.6
Anova Corp	15.1
NBB Investment Corp	10.7
An Phat Plastic	6.8
VTC Online	6.1
Tien Phong Plastic	2.9
SSG Group	1.4
Dinh Vu Port Investment	1.0
Ha Do JSC	0.1
Total	95.8

Asset Breakdown (%)

Invested Securities	95.8
Cash and accruals	4.2
Total	100.0

Voting Rights

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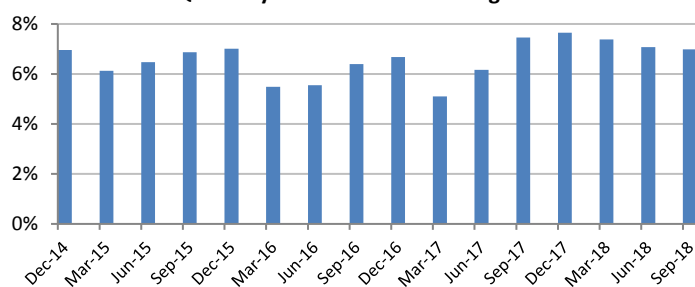
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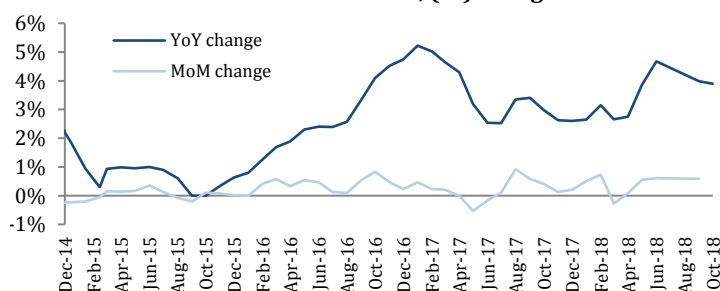


Market Update

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	6.8
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	23,400

*Source: Duxton estimates

		Mkt Cap (USD bn)	2018 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	435	18.6	2.4	2.1%	24.8%
Thailand	SET	509	18.6	2.4	2.7%	17.0%
Singapore	FSSTI	379	12.5	1.8	4.0%	11.6%
Malaysia	FBMKLCI	256	19.4	4.6	3.1%	24.8%
Philippines	PCOMP	168	17.7	1.9	1.6%	13.4%
Vietnam	VNINDEX	126	16.4	1.0	1.5%	21.7%

The VNIndex of the Ho Chi Minh Stock Exchange was near 12 months low, ending the month with -10.2% in USD terms against a backdrop of volatile global stock market.

In the first ten months of 2018, Vietnam's Industrial Production Index (IIP) maintained a high growth rate against the same period of 2017 (10.4% YoY vs. 9.6% YoY). This was mainly attributed to manufacturing and processing industry which grew 12.7% YoY. Electricity generation and distribution sector was the second largest contributor, growing 9.6% YoY.

The Nikkei Purchasing Manager's Index (PMI) increased from 51.3 in September to 53.9 in October bucking most of its peers' negative performance.

Consumer Price Index (CPI) increased 0.3% MoM in October, bringing YTD inflation was at 3.5%. This was the lowest month-on-month increase in the past three years. The target of keeping 2018's inflation under 4%³ set by the National Assembly remained achievable.

The first ten months of 2018 recorded all time high trade surplus of USD 6.42bn as exports grew more robustly than imports (+14.2% vs. +11.8% YoY). Mobile phones and their parts remain the largest export product category (USD 40.7bn), while iron and steel saw the strongest YoY growth (49.1%). Meanwhile, Vietnam's largest import category – electronics and computers – grew 13.2% YoY. The U.S was still Vietnam's largest export market with a trade surplus of USD 28.4bn, while China was the largest import market (USD 52.9bn).

The total registered Foreign Direct Investment (FDI) was estimated to be USD 21.5bn in the first ten months of 2018 (excluding foreigners' stake acquisition), down by 8.5% YoY.⁴ However, FDI disbursement reached USD 15.1bn, up 6.3% YoY.⁴ The manufacturing sector continued to lead FDI flows, representing 45.6% of total FDI, followed by the real estate sector with 34%.⁴

3 Source: <https://vietnamnews.vn/economy/468799/october-cpi-up-033-lowest-rise-in-3-years.html#SkMBD48trb3jQ0t8.97>

4 Source: Foreign Investment Agency (FIA) (of VN's Ministry of Planning and Investment)

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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.

Contact Information

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