

# Vietnam Phoenix Fund Limited

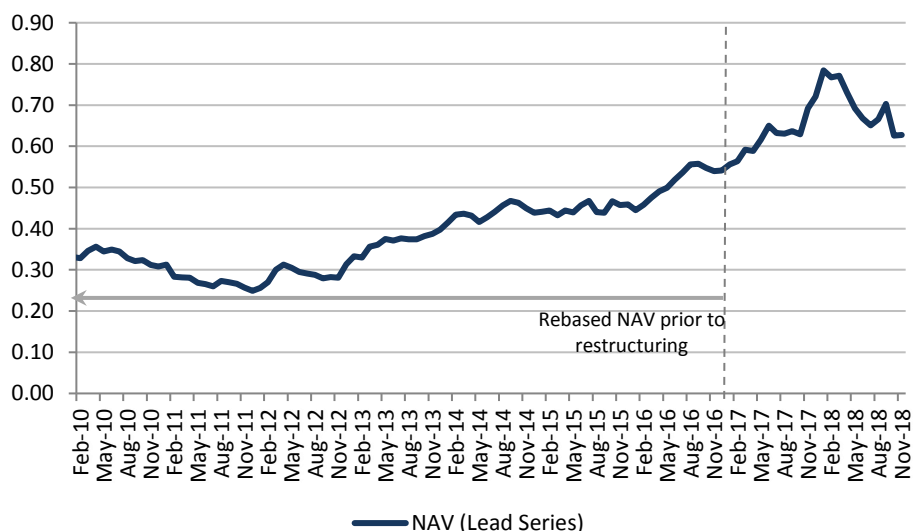
## Monthly Factsheet

30<sup>th</sup> November 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)	0.22	-5.75	-9.33	-12.98	-9.3	11.4	10.3	13.7
<b>VNIndex</b>	1.40	-6.50	-6.76	-8.33	-5.0	16.0	10.5	11.9
<b>VHIndex</b>	-0.44	-7.23	-10.91	-12.82	-11.1	7.8	7.8	6.5

\* 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)	+ 10.3%	+ 1.38%
Vinhomes JSC (VHM)	+ 17.2%	+ 1.05%
FPT Corp (FPT)	+ 2.3%	+ 0.29%

Top 3 Laggards	Price Change	Contribution to NAV Return
Hoa Phat Group JSC (HPG)	- 17.5%	- 1.99%
Khang Dien House (KDH)	-6.7%	- 0.55%
HDBank (HDB)	-8.5%	- 0.40%

**Total Net Assets: \$41.49 million**

#### NAV/Share

**Lead Series: \$0.6276**  
**Series 3: \$0.9063**  
**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	14.9%
FPT Corp	10.8%
Hoa Phat Group	9.6%
Khang Dien House	7.9%
Vinhomes	7.3%
Mobile World	6.8%
Vietnam Enterprise Inv Ltd	5.6%
Kinh Bac City	4.5%
HDBank	4.4%
PV Power	4.2%
<b>Total</b>	<b>76.0</b>

#### Sector Allocation (%)

Consumers	27.0%
Real Estate	25.1%
Financials	14.5%
Information Technology	10.8%
Building Materials	9.6%
Energy Equip & Svcs	6.0%
Others*	7.0%
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	98.69
Cash and accruals^	1.31
<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> November 2018, the aggregate voting rights are 159,410,660.

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## CLASS A – Continuation Shares

### Fund Manager's Report

The NAV per share of the Class A Shares (Lead Series) increased 0.2% in November, driven by Vinamilk (VNM, +10.3%), Vinhomes (VHM, +17.2%) and FPT Corp (FPT, +2.3%). Laggards include Hoa Phat Group (HPG, -17.5%), Khang Dien House (KDH, -6.7%) and HDBank (HDB, -8.5%).

The VNIndex returned 1.4% in USD terms, driven mainly by the blue chips. The domestic stock market continued to be affected by global geopolitical turbulence in November as investors focused on the potential outcome from the G20 meeting between President Trump and President Xi, Brexit development as well as the Fed FOMC meeting where interest rate hike is still expected in December<sup>1</sup>.

**Vinamilk** recovered from last month's sell-off and recorded 10.3% return in November. The company announced that it was the sole winner in bidding for a school milk program in Hanoi<sup>2</sup> – we view this as a positive as this will help to build brand familiarity and loyalty for consumers from a young age. The total contract value of the program spanning over two years (2019-2020) is VND 3.8tn (USD 163mn). Separately, VNM also announced that the Chinese government completed a draft decree that will allow VNM, GTNfoods (GTN) and TH True Milk to export to China<sup>3</sup>. This decree is expected to be signed into effect by April 2019. Per VNM, this decree will only allow Vietnam to export dairy products to China but not vice versa. VNM is expected to benefit from this as one of its strategic shareholder (Jardine Matheson) could possibly help to distribute VNM products via the Dairy Farm/Yonghui retail chains in China. We continue to remain positive on Vinamilk's strong business franchise.

**Vinhomes** recovered strongly to register +17.2% returns for November as concerns on the troubled Van Think Phat's Saigon Ba Son project located in the same vicinity of Vinhomes Golden River project faded. Investors seemed to focus on the successful launch of VinCity Ocean Park in October as VHM pre-sold 86.1% of the project in the first phase. VHM plan to launch the first phase for VinCity Grand Park and VinCity Sportia in mid-December and expectations were high following the successful launch of VinCity Ocean Park.

**Hoa Phat Group** was the main laggard, falling 17.5% in November. HPG released 3Q18 results that showed decent growth: net sales of VND 41,450bn (+24.0% YoY) and NPAT of VND 6,834 bn (+21.7% YoY). HPG benefitted from the increased in ASP for steel products due to Vietnam's imposed tariffs on steel products from China and also a broad crackdown in China on steel production<sup>4</sup>. However, HPG's decision to anchor steel selling price amid increasing coking coal prices raised concerns of possible margin compression in the near term. On the operational front, management stated the Dung Quat Steel Complex is on track to commence operate next year. The 600,000-ton rolling line is expected to contribute 200,000 tons of construction steel by end-2018 on top of HPG's current maximum capacity of 2.2 million tons. The two Basic Oxygen Furnaces (BOF) in Phase 1 (equivalent to 1 million tons of rebars and 1 million tons of high-quality wire rod steels) are scheduled to launch operation in February and May 2019, respectively, which will double HPG's designed capacity to 4.0 million tons by mid-2019<sup>5</sup>. We view HPG's decision to anchor steel selling price as a positive move so that production from Dung Quat Steel Complex can remain competitive and enjoy further market share gains.

1 Source: <https://www.bloomberg.com/news/articles/2018-12-07/fed-still-on-track-for-hike-as-jobs-data-deepen-2019-rate-debate>

2 Source: <https://vietnamnews.vn/bizhub/480994/vinamilk-wins-bidding-for-ha-nois-school-milk-programme.html#bQYcg7FQJGWhhTlt.97>

3 Source: <https://vietnamnews.vn/economy/480870/vinamilk-vingroup-boost-markets.html>

4 Source: <https://af.reuters.com/article/commoditiesNews/idAFL4N1U81GZ>

5 Source: Viet Capital Securities (VCSC)

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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>	0.19	-2.12	-6.95	-5.70	-12.4	2.4	4.9	9.7

\* 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.

#### Fund Manager's Report

The NAV per share of the Class C Shares increased by 0.19% in November.

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.

**NBB Investment Corp (NBB)** was the biggest contributor to the portfolio's performance with an increase in share price of 4.4% in November. During 3Q18, revenues decreased 75% YoY while net profits increased 196% YoY. The decrease in revenues was due to no project completion or handover during the quarter while the increase in net profits is due to higher profits from transfer of land use rights<sup>6</sup>. As NBB shares have been trading at a low daily volume on the market, the Fund Manager is working on several exit options including selling to a block buyer.

**Tien Phong Plastic (NTP)** was the biggest detractor to the portfolio's performance with a decrease in share price of 8.7% in November due to underperforming 3Q18 results. Excluding one-off gains in 3Q17, both revenue and net profits in 3Q18 declined 11% YoY. On the exit plans, due to low trading volume of NTP shares on the market, the Fund Manager has been actively searching for a block buyer through the securities brokers. There was one enquiry recently but the potential buyer did not put in a firm bid.

On **Anova**, their management recently updated that its recent acquisition of VinaSugar II is integrating smoothly and that the company's strategy of expanding into the food sector is on track, enabling Anova to position itself as a major player in the farm-feed-food value chain in Vietnam. In addition, the recovery of the pig industry in 2H18 bodes well for the company's feed business as feed prices and volumes have increased steadily compared to a year ago. On the back of Anova's recovering feed business and strengthening position in the farm-feed-food value chain in Vietnam, the Fund Manager is working towards an exit of the Fund's investment in Anova over the next 12-15 months.

**Net Assets:** \$117.92 million  
**NAV/Share:** \$0.3092  
**Shares Out:** 381,375,002

#### 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	33.0
Corbyns International	18.6
Anova Corp	15.1
NBB Investment Corp	11.1
An Phat Plastic	6.9
VTC Online	6.1
Tien Phong Plastic	2.7
SSG Group	1.4
Dinh Vu Port Investment	0.8
Ha Do JSC	0.1
<b>Total</b>	<b>95.8</b>

#### Asset Breakdown (%)

Invested Securities	95.8
Cash and accruals	4.2
<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> November 2018, the aggregate voting rights are 159,410,660.

<sup>6</sup> Source: Vietstock

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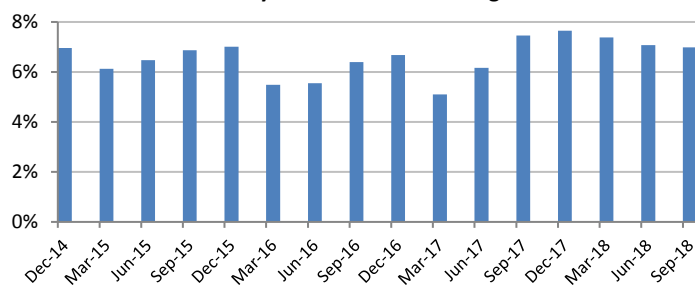
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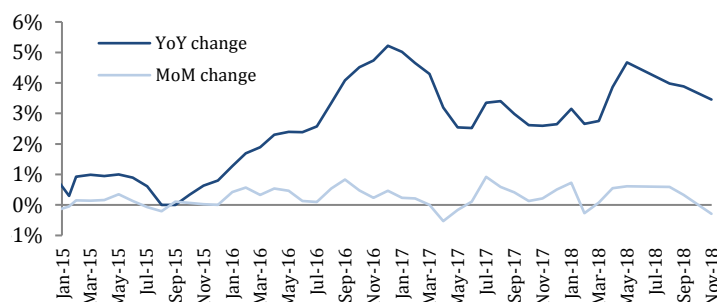


### Market Update

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	480	19.4	2.8	2.1%	24.3%
Thailand	SET	508	18.6	2.7	2.8%	17.3%
Singapore	FSSTI	400	12.8	1.9	4.0%	11.6%
Malaysia	FBMKLCI	253	19.8	3.5	3.1%	24.8%
Philippines	PCOMP	176	18.0	1.7	1.6%	13.3%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>128</b>	<b>17.6</b>	<b>1.0</b>	<b>1.4%</b>	<b>21.7%</b>

In the first eleven months of 2018, Vietnam's Industrial Production Index (IIP) maintained a high growth rate against the same period of 2017 (10.1% YoY). This was mainly attributable to manufacturing and processing industry which grew 12.2% YoY. The production and distribution of electricity was the second largest contributor, growing 9.6% YoY.

The Nikkei Purchasing Manager's Index (PMI) increased from 53.9 in October to 56.5 in November.

The Consumer Price Index (CPI) decreased by 0.3% MoM in November, mainly due to decline in gas and gasoline price. YTD inflation was at 3.24%. The target of keeping 2018's inflation under 4%<sup>7</sup> set by the National Assembly remained achievable.

The first eleven months of 2018 recorded high trade surplus of USD 6.8bn, as exports grew faster than imports (+14.4% vs. +12.4% YoY). Mobile phones and spare parts remain the largest export product category (USD 46.1bn), while chemical and iron & steel saw the strongest YoY growth (49.0% and 47.3% respectively). Meanwhile, Vietnam's largest import category – electronics and computers – was USD 38.7bn, up 13.6% YoY. The U.S was still Vietnam's largest export market with a trade surplus of USD 31.9bn, while China was the largest import market (USD 59.7bn).

The total registered Foreign Direct Investment (FDI) YTD was estimated at USD 23.2bn (excluding foreigners' stake acquisition), down by 16.5% YoY. However, FDI disbursement reached USD 16.5bn, (+3.1% YoY). The manufacturing sector continued to lead FDI flows, representing 47.1% of total FDI, followed by the real estate sector with 33.0%.

We continue to believe a resilient macro-economic performance and sound outlook will translate into a performing Vietnamese stock market for the long term despite global geopolitical turbulence such as the US-China trade tensions and uncertainties from the Brexit development.

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

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30<sup>th</sup> November 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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