

Vietnam Phoenix Fund Limited

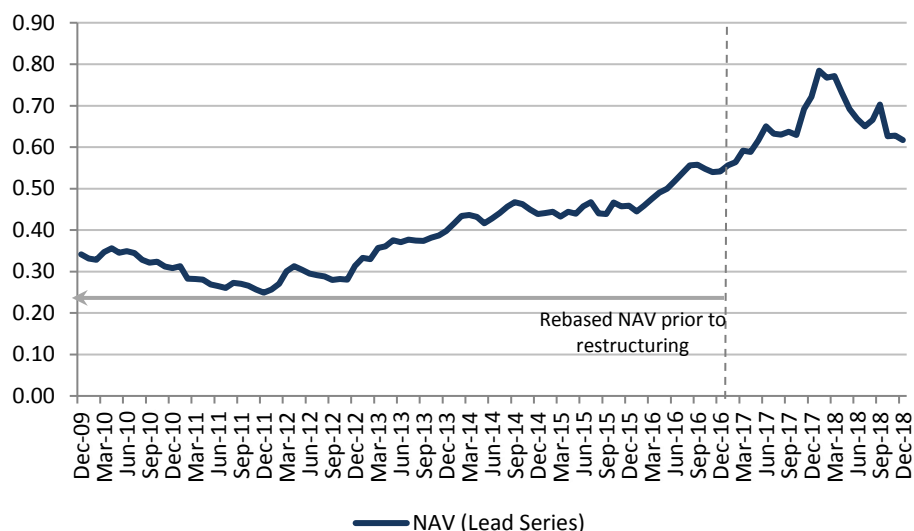
Monthly Factsheet

31st December 2018



CLASS A – Continuation Shares

NAV Performance (USD)



Total Net Assets: \$40.45 million

NAV/Share

Lead Series: \$0.6173
Series 3: \$0.8915
Structure: Open-End Fund
Liquidity: Monthly

Identifiers

ISIN Code KYG9363R1056
 Bloomberg Ticker VTNPHXA KY
 Sedol BDHXL2

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	14.7
FPT Corp	11.1
Hoa Phat Group	9.3
Khang Dien House	9.1
Mobile World	7.3
Vinhomes	7.1
Vietnam Enterprise Inv Ltd	5.7
PV Power	4.7
HDBank	4.6
Kinh Bac City	4.3
Total	77.9

Sector Allocation (%)

Consumers	26.8
Real Estate	26.0
Financials	14.4
Information Technology	11.1
Building Materials	9.3
Energy Equip & Svcs	6.4
Others*	6.0
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	99.84
Cash and accruals [^]	0.16
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 December 2018, the aggregate voting rights are 169,425,049.

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF A (Lead Series)	-1.64	-12.17	-7.60	-14.41	-14.4	10.6	9.3	13.9
VNIndex	-3.12	-11.76	-8.03	-11.19	-11.2	14.3	10.0	12.7
VHIndex	0.00	-10.02	-2.81	-12.82	-12.8	8.0	6.9	7.0

* 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
Khang Dien House (KDH)	+ 9.8%	+ 0.83%
PV Power (POW)	+ 8.1%	+ 0.37%
Mobile World (MWG)	+ 3.0%	+ 0.24%

Top 3 Laggards

	Price Change	Contribution to NAV Return
Vinamilk (VNM)	- 5.5%	- 0.75%
Hoa Phat Group JSC (HPG)	- 6.8%	- 0.61%
Vinhomes (VHM)	- 5.7%	- 0.38%

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CLASS A – Continuation Shares

Fund Manager's Report

In December 2018, Class A Shares portfolio outperformed the VNIndex and posted return of -1.6%. Laggards include Vinamilk (VNM, -5.5%), Hoa Phat Group (HPG, -6.8%) and VinHomes (VHM, -5.7%), offset by the positive performance of Khang Dien House (KDH, +9.8%), PV Power (POW, +8.1%) and Mobile World Group (MWG, +3.0%). The VNIndex was down -3.1% in USD terms due to negative performance by large cap names.

Vinamilk was tracking the VNIndex for most of December but declined additional 2.6% on the last day of 2018 on lower than average volume. Further to November's update on potential export opportunities of dairy products to China, VNM had established an International Sales Department on 1 December 2018¹. We remain positive on the dairy industry's long-term growth, premised on VNM's strong business franchise and the potential of overseas expansion.

Hoa Phat Group's share price declined further in December due to weak seasonal demand and lower steel prices. Investors were concerned as HPG's construction steel average selling price (ASP) continue to decline from the peak of VND13.6mn per ton in June 18 to VND 12.0mn per ton in mid-December.² We believe HPG's selling price cuts are part of their strategy to gain market share. The stock price was also under pressure as PENM III, one of the funds under Private Equity New Market (PENM) Partners began to reduce their position. During a recent investor meeting held on 4 December 18, the company announced an estimated revenue of VND 50,000bn and NPAT of VND 8,100bn for the first 11 months in 2018. With this result, HPG has achieved the target set for full year 2018 of VND 55,000bn in revenue and NPAT of VND 8,050bn. We believe that HPG will continue to benefit from the increased in demand for road infrastructure construction and real estate in Vietnam.

Khang Dien House recovered from last month's sell-off to record 9.8% returns in December as investors looked passed the 9M18 results announced in November. KDH had released 9M results showing a net sales drop of 44.9% YoY to VND 1,337bn, fulfilling just 38.2% of the full year target due to a lower than expected bookings as only a handful of units from historical projects were handed over. NPATMI increased by 8% YoY to VND 404bn, fulfilling 50.5% of the full year target, mainly driven by one-off gain of VND 157bn from divestment in its associate companies and financial investments.² We remain positive on KDH's long term growth with the company's sound execution track record and wider product offerings of both high-end and mid-tier segment projects.

¹ Source: Viet Capital Securities (VCSC)

² Source: Ho Chi Minh City Securities Corporation (HSC)

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF C	9.38	7.13	4.97	3.14	3.1	5.4	6.2	11.6

* 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 9.4% in December.

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 2018.

In line with the recovery of Vietnam's pig industry in 2H 2018, the valuations for **Greenfeed** and **Anova** in December increased 17.8% and 15.8% respectively compared to the valuation in June. Both companies have showed improved profitability and margins compared to a year ago but gains were limited as feed volumes were still low due to the lag between the recovery of pig prices and the number of pigs in the market.

Meanwhile, the valuations for the Fund's position in **Corbyns** increased 2.1% in December compared to June due to a higher maturity amount resulting from additional drawdown of \$450,000 in Sep 2018 for the purpose of the restructuring of the company.

For **VTC Online**, the valuation of the Fund's position in December decreased by 17.1% compared to June due to a lower amount of recoverable value.

On the exits for Greenfeed, Anova, Corbyns and VTC Online, the Fund Manager is actively working with all management teams to achieve an exit over the next several months.

There was a negligible change in the valuation of the Fund's convertible bonds in **NBB Investment Corp (NBB)**. In early January, NBB announced plans to conduct a share buyback of up to 10% of outstanding shares. The Fund Manager intends to participate in NBB's forthcoming share buyback as part of its exit plan for this investment.

On **An Phat**, company management updated that FY19 revenue and net profits are expected to increase 13% YoY and 55% YoY respectively underpinned by the ramp-up of the company's new product lines (i.e. industrial packaging, engineering plastics) and improved margins for its resin trading business. Management also mentioned that the US-China trade war presents opportunities for the company to boost its exports to the US market. Accordingly, the Fund Manager believes that the improved outlook for An Phat in FY19 will lead to a re-rating of its business in the near term.

Net Assets: \$128.99 million
NAV/Share: \$0.3382
Shares Out: 381,375,002

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPFXC KY
Sedol B1FHXT2

Website:

www.vietnamphoenixfund.com

Market Makers

Jefferies International
Michele White <JCEF> GO
mwhite@jefferies.com

Numis Securities
Dave Cumming <NUMI> GO
d.cumming@numis.com

FinnCap
Johnny Hewitson <JMFC> GO
jhewitson@finncap.com

Top 10 Holdings (%)

Greenfeed	36.1
Corbyns International	17.8
Anova Corp	16.2
NBB Investment Corp	10.8
An Phat Plastic	6.3
VTC Online	4.7
Tien Phong Plastic	2.4
SSG Group	1.2
Dinh Vu Port Investment	0.7
Total	96.2

Asset Breakdown (%)

Invested Securities	96.2
Cash and accruals	3.8
Total	100.0

Voting Rights

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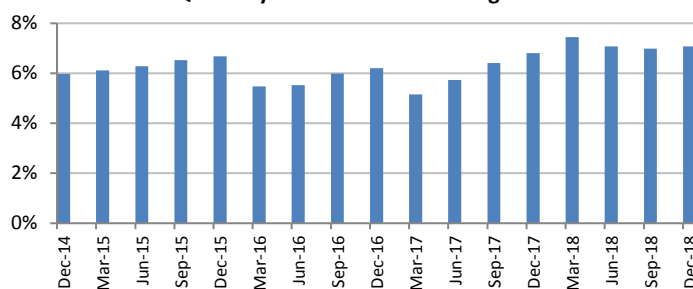
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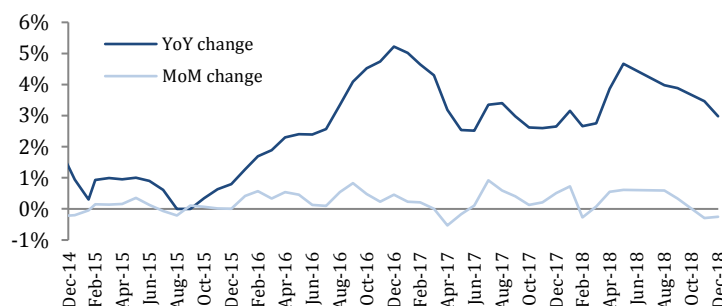


Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Economic Indicators

		2015	2016	2017	2018
Real GDP Growth	%	6.7	6.2	6.7	7.08
CPI	%	0.9	4.7	2.6	3.54
Export Growth	%	8.1	9.0	20.6	13.8
Import Growth	%	12.0	5.2	21.3	11.5
Trade Balance	\$bn	-3.5	2.7	2.3	7.2
Registered FDI	\$bn	15.6	21.0	35.9	25.6
FX Reserve	\$bn	31.0	41.0	52.0	60.0
USDVND		22,540	22,761	22,968	23,245

		Mkt Cap (USD bn)	2019 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	488	19.8	2.7	2.0%	24.5%
Thailand	SET	493	18.1	2.6	2.9%	17.3%
Singapore	FSSTI	398	13.0	2.9	2.5%	13.1%
Malaysia	FBMKLCI	259	20.0	2.4	3.0%	25.5%
Philippines	PCOMP	178	18.0	1.6	1.6%	13.3%
Vietnam	VNINDEX	124	18.0	1.0	1.8%	21.8%

Vietnam's GDP increased by 7.1% YoY in 2018 – its highest growth since 2011. Industry and construction sector increased the most at 8.9% YoY, contributing 48.6% to the GDP. Service sector grew by 7.0% YoY, contributing 42.7% and agriculture, forestry and fishery sector increased 3.8%, contributing 8.7% to the general growth. The Index for Industrial Production (IIP) expanded 10.2% in 2018 versus 9.4% in 2017, and 7.5% in 2016.

On the trade front, Vietnam recorded USD 7.2bn trade surplus in 2018, up 166.7% YoY. The total trade value of Vietnam is estimated to have climbed 12.6% YoY to USD 482.2bn in the period, including USD 244.7bn from exports, up 13.8% YoY, and USD 237.5bn from imports, up 11.5% YoY. 29 product categories achieved export value of exceeding USD 1bn (accounting for 91.7% Vietnam's export value). Particularly, mobile phones and spare parts (USD50 billion, 10.5% YoY), textile and garment (USD30.4 billion, 16.6% YoY), electronics and computers (USD29.4 billion, 13.4% YoY), machines and spare parts (USD16.5 billion, 28% YoY), and footwear (USD16.3 billion, 11% YoY). The U.S was still Vietnam's largest export partner with a trade surplus of USD34.7 billion, while China was the largest import market (USD65.8 billion).

Vietnam Dec CPI increased 3.0% YoY mainly lifted by foodstuff and transportation costs. During 2018, Vietnam's CPI reading was 3.5% on average, well below the target of 4% approved by the National Assembly (NA).

Total registered FDI was estimated at USD 25.6bn (excluding foreigners' stake acquisition), down by 13.9% YoY while FDI disbursement reached USD19.1 billion, up 9.1% YoY. The manufacturing sector continued to lead FDI flows, representing 55.4% of total registered FDI value, followed by the real estate sector with 42.0%.

The Vietnam's economy was able to achieve the target set for GDP (6.7%)³ and inflation (below 4%)³ in 2018 despite global geopolitical turbulence such as the US-China trade tensions, interest rate hikes from Fed and uncertainties from the Brexit development. The Vietnamese Government has set a GDP growth rate target of 6.8%⁴ and inflation rate of below 4%⁴ for 2019. We continue to believe that resilient macro-economic performance and sound outlook will translate into a performing Vietnamese stock market for the long term.

3 Source: <https://vietnamnews.vn/politics-laws/420468/govt-targets-67-2018-gdp-growth.html#eUv4azm88xsiPJ0S.97>

4 Source: <http://www.hanoitimes.vn/economy/2018/11/81e0cefb/vietnam-s-national-assembly-targets-6-6-6-8-2019-gdp-growth/>

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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

8 Eu Tong Sen Street, The Central, #23-89 Singapore 059818

T: + 65 6511 0362

F: + 65 6220 7956