

Vietnam Phoenix Fund Limited

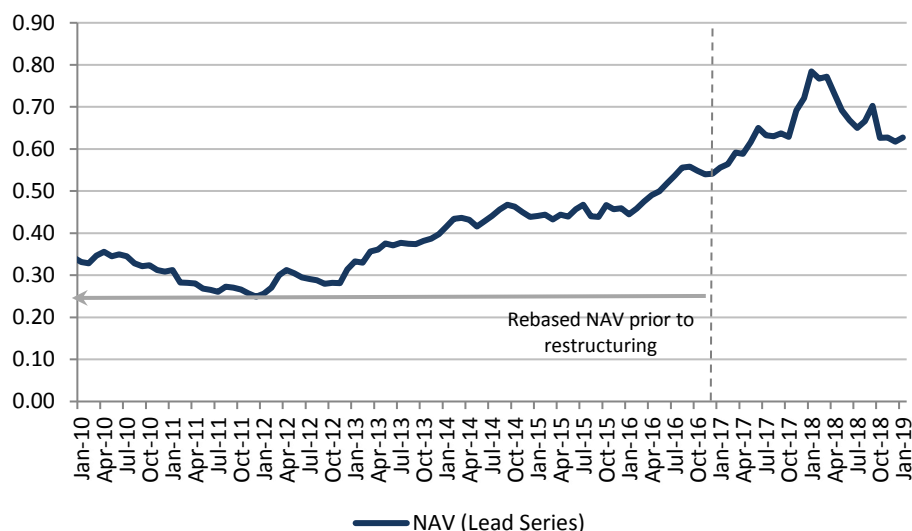
Monthly Factsheet

31st January 2019



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF A (Lead Series)	1.59	0.14	-3.60	1.59	-20.1	12.3	8.7	13.7
VNIndex	2.03	0.23	-4.41	2.03	-19.7	17.0	8.2	11.4
VHIndex	-1.11	-1.55	-2.63	-1.11	-19.9	8.7	4.7	6.4

* 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

Vinamilk (VNM)	+ 12.5%	+ 1.82%
Mobile World (MWG)	- 4.6%	+ 0.71%
Vinhomes (VHM)	+ 9.0%	+ 0.64%

Top 3 Laggards

Price Change Contribution to NAV Return

Hoa Phat Group JSC (HPG)	- 10.5%	- 0.98%
Khang Dien House (KDH)	- 8.8%	- 0.80%
Coteccons Construction (CTD)	- 15.8%	- 0.35%

Total Net Assets: \$41.00 million

NAV/Share

Lead Series: \$0.6271
 Series 3: \$0.9056
 Structure: Open-End Fund
 Liquidity: Monthly

Identifiers

ISIN Code KYG9363R1056
 Bloomberg Ticker VTNPHXA KY
 Sedol BDHXLD2

Fund Manager: Benjamin Lim

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	16.2
FPT Corp	11.2
Hoa Phat Group	8.2
Khang Dien House	8.2
Vinhomes	7.7
PV Power	4.8
HDBank	4.6
Mobile World	4.5
Kinh Bac City	4.5
Vietnam Enterprise Inv Ltd	4.5
Total	74.4

Sector Allocation (%)

Real Estate	26.3
Consumers	26.0
Financials	14.3
Information Technology	11.4
Building Materials	8.4
Energy Equip & Svcs	6.6
Others*	7.0
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	97.73
Cash and accruals^	2.27
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 January 2019, the aggregate voting rights are 169,864,910.

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CLASS A – Continuation Shares

All opinions expressed in the Fund Manager's report are those of the Fund Manager at the time of writing, and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock or the economic trends of the markets is not necessarily indicative of the future or likely performance.

Fund Manager's Report

In January 2019, Class A Shares portfolio posted return of 1.6% driven by VNM (+12.5%), MWG (-4.6%) and VHM (+9.0%). The laggards this month are HPG (-10.5%), KDH (-8.8%) and CTD (-15.8%). The VNIndex returned 2.0% in USD terms. VPF A finalized the sale of 54,000 MWG shares at VND 120,000/ share OTC in Jan 2019. The sale was agreed upon in Nov 2018 and the shares were sold at 44.6% premium to 31 Jan 2019 closing price. This OTC trade contributed to the absolute returns to the fund despite the share price decreasing by 4.6% in Jan 2019.

Vinamilk released FY 2018 results of revenue VND 52,562bn (+3.0% YoY) and PATMI USD VND 10,206bn (-0.7% YoY). As per management, VNM has gained 0.5 ppt of market share since Q1 2018. Domestic sales recovered in Q4 2018, increasing approximately 1% YoY. This provided some relief to the share price since VNM reported decreasing domestic sales for most of 2018. Exports grew only 2.3% YoY in 2018 as the unstable political issues in the Middle East continued to affect Iraq, VNM's largest export market presently.¹ The dairy industry in Vietnam is expected to continue to grow as demographics, urbanisation and rising incomes continue to support dairy consumption. We remain positive on the dairy industry's long-term growth, premised on VNM's strong business franchise and the potential of overseas expansion.

Mobile World released FY 2018 results of revenue VND 86,516bn (+30.4% YoY) and PATMI of VND 2,879bn (+30.5% YoY). Details for different segments are not available at the point of writing. We note that total store count increased to 2,187 stores, up 9.51% YoY for 2018. In a move to boost efficiency and asset turnover, MWG converted a portion of "pure" mobile phone retail stores into consumer electronics stores. This is to reduce the number of inefficient retail stores that only sells mobile phones, and to leverage on the existing locations of mobile phone outlets to expand product offerings in the consumer electronics category². Moreover, MWG announced that they achieved the EBITDA break-even for Bach Hoa Xanh by the end of FY2018 and target to achieve the net earnings break-even by the end of FY2019. For full-year 2019, the company is targeting net sale growth of 25% YoY (VND 108,468bn) and PATMI growth of 22% YoY (VND 3,517bn).

Hoa Phat Group's share price declined further in January as concerns over HPG's construction steel average selling price (ASP) continue to weigh on the share price. For FY 2018, HPG delivered net sales of VND 55,836bn (+21.0% YoY) and NPATMI of VND 8,573bn (+7.1% YoY). HPG sold 2.4 million tonnes (+9% YoY) of construction steel and 654,000 tonnes (+9% YoY) of steel pipes. Galvanized steel sheet also recorded 140,000 tonnes in the first year of operation. The price of construction steel has fallen from highs of end 1Q 2018 (VND 13.7mn/ ton) to VND 13.3mn/ ton by beginning of 4Q 2018³. There may be further price pressure in 2019. However, we believe that HPG will continue to benefit from the increased construction demand for real estate and infrastructure in Vietnam as the dominant player domestically.

1 Source: <https://e.vnexpress.net/news/business/companies/vinamilk-to-open-plant-in-myanmar-its-2nd-in-southeast-asia-3875106.html>

2 Source: MWG Management

3 Source: Viet Capital Securities (VCSC)

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CLASS C – Private Equity Shares

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	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF C	-0.09	9.49	7.07	-0.09	-0.3	6.5	5.3	11.1

* 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.

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. The Investment Manager is mandated to realize the assets of the Private Equity pool prior to 31 December 2020, and to seek a balance between maximizing value and returning cash to shareholders promptly.

Fund Manager's Report

The NAV per share of the Class C Shares decreased by 0.1% in January.

On **Anova**, the company's management 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. The management also updated that IPO will likely take place post 2020 as the company requires longer time frame to position the company for IPO, particularly to integrate its recent acquisitions and develop its expansion plans. As such, in order to meet the Fund's exit timeline, the Fund Manager is looking to undertake a pre-IPO trade sale of its shareholdings. The Fund Manager has approached several investment banks to sound out interested parties. A formal sales process is expected to commence in April after release of Anova's audited consolidated financial statements for FY 2018.

An Phat was the biggest detractor to the portfolio's performance with a decrease in share price of 1.4% in January. The company released unaudited FY 2018 results of revenue VND 8,012bn (+96.9% YoY) and PATMI VND 180bn (-19.3% YoY). For full year 2019, the company has set revenue target of VND 7,900bn⁴ and NPAT of VND 510bn⁴ 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. 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: \$128.87 million
NAV/Share: \$0.3379
Shares Out: 381,375,002

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPHC KY
Sedol B1FHXT2

Fund Manager: Sharon Seet

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	10.4
An Phat Plastic	6.2
VTC Online	4.7
Tien Phong Plastic	2.4
SSG Group	1.2
Dinh Vu Port Investment	0.6
Total	95.6

Asset Breakdown (%)

Invested Securities	95.6
Cash and accruals	4.4
Total	100.0

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 January 2019, the aggregate voting rights are 169,864,910.

⁴ Source: <http://cafef.vn/aaa-xuat-khau-ky-luc-9100-tan-san-pham-ngay-trong-thang-dau-nam-2019-20190213114434734.chn>

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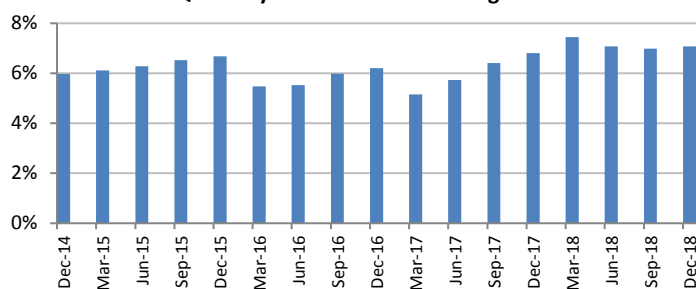
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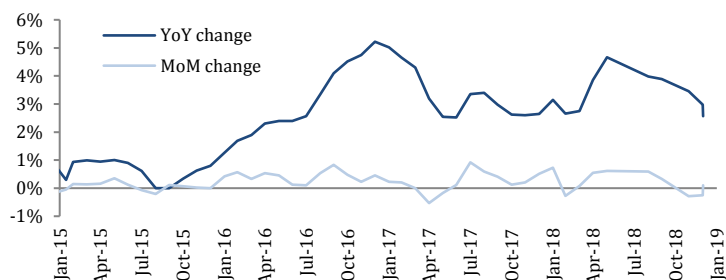


Market Update

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	534	21.0	2.2	1.9%	24.1%
Thailand	SET	535	19.3	2.1	2.8%	17.2%
Singapore	FSSTI	417	13.4	3.2	3.3%	13.2%
Malaysia	FBMKLCI	261	20.2	6.0	3.0%	24.6%
Philippines	PCOMP	191	19.1	1.7	1.5%	13.2%
Vietnam	VNINDEX	129	18.4	0.7	1.3%	23.5%

Vietnam's Index of Industry Production (IIP) increased 7.9% YoY for Jan 2019. Manufacturing subsector continued to register strong growth of 10.1% YoY. These indicators pointed to a positive start to 2019.

Vietnam Jan-2019 CPI increased 2.6% YoY mainly lifted by food items and education costs. Total registered FDI was estimated at USD 1.14bn, up 27.4% YoY while FDI disbursement reached USD1.55 bn, up 9.2% YoY. The manufacturing sector continued to attract Foreign Direct Investments (FDI) inflows, representing 62.4% of total registered FDI value, followed by the technology sector with 9.7% of the total.

Vietnam has started to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), effective 14 Jan 2019 and is expected to phase out most export duties over a 5 to 15 years period, with exceptions for key commodities such as coal, crude oil and other types of ore.⁵ Export duties are expected to be reduced, to average tariff rates of 19.1% in 2019, 17.4% in 2020, 15.7% in 2021, and 14.1% in 2022.⁵ For import duties, Vietnam has committed to eliminate nearly 100% of its previous tariff schedules progressively over a period of 11 years. Export duties are expected to reduce to average rates of 9.1% in 2019, 7.7% in 2020, 6.3% in 2021, and 4.8% in 2022.⁵ We believe the effective implementation of CPTPP will aid the Vietnamese economy in terms of increasing both exports and imports as well as attracting FDI into the country.

The Vietnamese Government is targeting GDP growth of 6.6% - 6.8% in 2019 and average inflation of 4%. More importantly, the reliance on credit for growth has reduced, with credit growth estimated at 14% in 2019 vs 17 - 18% in 2018.

⁵ Source: <https://www.vir.com.vn/fresh-tariff-cuts-set-to-encourage-more-trade-65584.html>

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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