

# Vietnam Phoenix Fund Limited

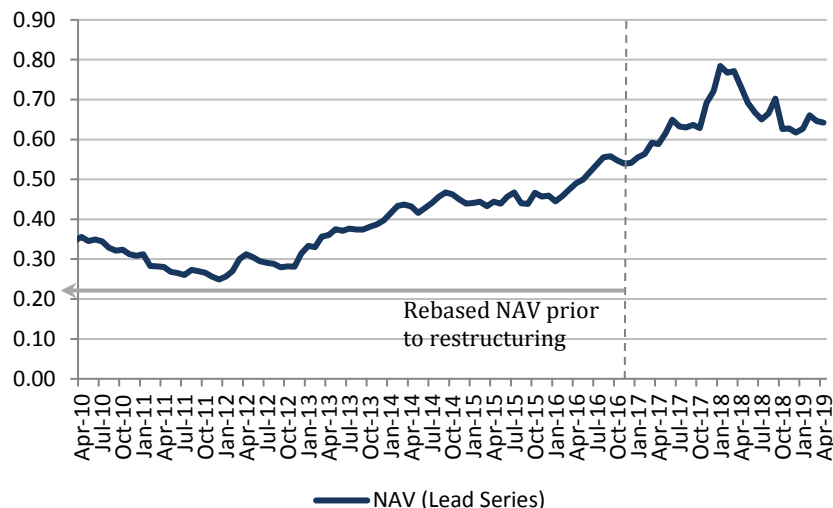
## Monthly Factsheet

30<sup>th</sup> April 2019



### CLASS A – Continuation Shares

NAV Performance (USD)



| USD (%)                       | Cumulative Return |      |      |      | Annualised Return |       |      |       |
|-------------------------------|-------------------|------|------|------|-------------------|-------|------|-------|
|                               | 1M                | 3M   | 6M   | YTD  | 1Y                | 3Y*   | 5Y*  | 7Y*   |
| <b>VPF A</b><br>(Lead Series) | -0.70             | 2.36 | 2.51 | 3.99 | -12.19            | 9.61  | 8.38 | 10.92 |
| <b>VNIndex</b>                | -0.38             | 7.23 | 7.48 | 9.41 | -8.77             | 16.20 | 8.94 | 9.20  |
| <b>VHIndex</b>                | -0.22             | 4.05 | 2.44 | 2.90 | -14.29            | 8.47  | 4.04 | 2.72  |

\* 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 |
|-----------------------------------|--------------|----------------------------|
| FPT Corp (FPT)                    | + 8.9%       | + 1.01%                    |
| Hoa Phat Group (HPG)              | +4.3%        | + 0.38%                    |
| Vietnam Enterprise Inv Ltd (VEIL) | + 3.5%       | + 0.12%                    |

| Top 3 Laggards                   | Price Change | Contribution to NAV Return |
|----------------------------------|--------------|----------------------------|
| Vinamilk (VNM)                   | - 3.7%       | - 0.66%                    |
| Coteccons Construction JSC (CTD) | - 15.8%      | - 0.32%                    |
| HD Bank (HDB)                    | - 6.3%       | - 0.30%                    |

**Total Net Assets: \$40.00 million**

#### NAV/Share

**Lead Series: \$0.6419**  
**Series 3: \$0.9268**  
**Structure: Open-End Fund**  
**Liquidity: Monthly**

#### Identifiers

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

**Fund Manager:** Benjamin Lim

#### Website:

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

#### Top 10 Holdings (%)

|                        |             |
|------------------------|-------------|
| Vinamilk               | 15.9        |
| FPT Corp               | 13.1        |
| Hoa Phat Group         | 10.2        |
| Vinhomes               | 9.0         |
| Khang Dien House       | 8.6         |
| Kinh Bac City          | 4.8         |
| Mobile World           | 4.8         |
| PV Power               | 4.4         |
| HD Bank                | 4.3         |
| Bank For Foreign Trade | 4.1         |
| <b>Total</b>           | <b>79.2</b> |

#### Sector Allocation (%)

|                        |              |
|------------------------|--------------|
| Real Estate            | 27.6         |
| Consumers              | 24.1         |
| Financials             | 14.4         |
| Information Technology | 13.1         |
| Building Materials     | 10.2         |
| Energy Equip & Svcs    | 6.4          |
| Others*                | 4.2          |
| <b>Total</b>           | <b>100.0</b> |

\*Includes Cash & Accruals

#### Asset Breakdown (%)

|                    |              |
|--------------------|--------------|
| Listed Equities    | 99.6         |
| Cash and accruals^ | 0.4          |
| <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> April 2019, the aggregate voting rights are **169,418,831**.

### 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 Apr 2019, Class A Shares Portfolio declined by 0.7%. The laggards are Vinamilk (VNM) [-3.7%], Coteccon (CTD) [-15.8%] and HD Bank (HDB) [-6.3%], offset by the returns from FPT Corporation (FPT) [+8.9%], Hoa Phat Group (HPG) [+4.3%] and Vietnam Enterprise Inv Ltd (VEIL) [+3.5%]. VNIndex dipped by 0.4%, largely due to decline in prices of large caps such as VNM, VIC, SAB and the banking sector.

**Vinamilk (VNM)** decreased by 3.7% in April 2019. This is partially due to concerns over increasing competitive pressures and other players eyeing Vietnam's market. During the month of Apr 2019, Coca-Cola Vietnam announced the launch of a new UHT Milk product line and cooperation with Fonterra (New Zealand). It will introduce UHT milk products under the Nutriboost brand, including Nutriboost Kids, Nutriboost To-Go and Nutriboost Beauty<sup>1</sup>. In terms of financial results, VNM announced positive results for 1Q 2019 showing net sales of VND 13,189 billion (+8.8%YoY) and NPATMI of VND 2,791 billion (+3.3%YoY). According to VNM's CEO, top line growth was driven by the rebound in domestic dairy sales and VNM's market share gain. During said quarter, VNM's market share expanded by 0.6-0.7 ppt. However, the higher input powder milk negatively affected profit margin slightly<sup>2</sup>. For FY2019, the company had set a target sales of VND 56 trillion (+6.4% YoY) and NPATMI of VND 10.5 trillion (+2.5% YoY). We see the entry of Coca-Cola and its new dairy products reaffirming the growth potential of Vietnam dairy market and we believe VNM is well placed to compete and continue to grow market share thanks to their distribution scale and expansion of their own milk farms.

**Coteccon (CTD)** fell by 15.8% in April 2019 as the proposal of fully acquiring Ricons (CTD currently owns 14.9% stake of Ricons) via share swap faced objection by its largest shareholder - Kutsco (Kutsco currently holds 17.8% stake in CTD). For FY2018, Ricons posted net sales of VND 9,306 billion (+41.8% YoY) and NPATMI of VND 431 billion (+50.1% YoY), contributing VND 64 billion or 4% into CTD's NPATMI. We understand that Ricons is the way for CTD to approach small to mid-sized projects (under VND 500 billion total contract value) while big-size projects (above VND500 billion) are witnessing a delay due to slower land-use approval process by the regulators. For 1Q 2019, CTD's revenue dipped 1.4% YoY to VND 4,249 billion and NPATMI fell by 35.0% to VND 189 billion. The main reason came from the delay in major projects including Vinhomes projects<sup>3</sup>. However, we see some positive signals from the authorities in boosting the land use rights and constructions licenses approval process in 2Q 2019. For example, Ho Chi Minh City authorities announced that it will allow 124 delayed projects to be implemented in the near-term<sup>4</sup>. Moreover, there is still reasonable revenue visibility for CTD from its order backlog of VND 25 trillion (+10% YoY) by the end of FY2018<sup>3</sup>.

**FPT Corporation (FPT)** returned by 8.9% for the month of April 2019. For 1Q 2019, FPT posted strong results showing net sales of VND 5,666 billion (+19.3% YoY) and NPATMI of VND 626 billion (+23.0% YoY). This helped the company achieve 21% its own sales target and 22% its own EBT target. The main driver was the software outsourcing segment which posted revenue of VND 2,303 billion (+37.5% YoY) and EBT of VND 329 billion (+39.6% YoY). FPT witnessed a robust growth across export market such as Japan (+27% YoY), US (+79% YoY), EU (+31% YoY) and APAC (+36% YoY). We view strong growth prospects for FPT thanks to its competitive labor cost and strengthening track record helped by oversea acquisitions.

1 Source: <https://en.cocacolavietnam.com/press-center/press-releases/coca-cola-launches-new-range-of-nutriboost-uh-milk-products>

2 Source: VNM Management

3 Source: CTD Management

4 Source: <https://english.thesaigontimes.vn/67297/124-suspended-construction-projects-get-going-again.html>

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> April 2019



### CLASS C – Private Equity Shares

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| USD (%)      | Cumulative Return |      |      |      | Annualised Return |     |     |     |
|--------------|-------------------|------|------|------|-------------------|-----|-----|-----|
|              | 1M                | 3M   | 6M   | YTD  | 1Y                | 3Y* | 5Y* | 7Y* |
| <b>VPF C</b> | 0.33              | 0.21 | 9.72 | 0.12 | 0.8               | 3.1 | 4.5 | 8.1 |

\* 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 Fund has announced on the Irish Stock Exchange (ISE), a redemption of thirteen percent of the Private Equity Shares outstanding as at 23 May 2019 (5pm Dublin time). Redemptions will be allocated pro rata to each registered shareholder's total Private Equity shares. The redemption price will be based on the net asset value of the Private Equity shares as at 31 March 2019 (USD 0.3375 per share).

The NAV per share of the Class C Shares increased 0.33% in April.

**Greenfeed's** management highlighted that 2019 will be a challenging year for the company as African Swine Fever (ASF) continues to spread in Vietnam. As of 12 May, the disease has spread to 29 provinces with the latest detection in Dong Nai Province, the nation's largest pig producing region.<sup>5</sup>

Pork prices recovered slightly to an average of VND 35k in the northern provinces and VND 40k in the southern province in early May.<sup>6</sup>

Negotiations on the Fund's exit are at an advanced stage.

**Anova** reported audited results for FY 18 with revenue of VND 4,643bn (+11.4% YoY) and net profit after tax minus minority interest (NPATMI) of VND 193.4bn (111.4%).

The management has conveyed that ASF may benefit their vaccination businesses as farmers are starting to step up their disinfection efforts for their farms.

Following the publications of Anova's audited financial statements, the Fund has engaged an Investment Bank to run a formal sales process to source buyers for the Fund's stake in Anova. The Fund Manager expects to be able to sell the position once the sales campaign is completed.

**Net Assets:** \$129.14 million

**NAV/Share:** \$0.3386

**Shares Out:** 381,375,002

#### Identifiers

|                  |              |
|------------------|--------------|
| ISIN Code        | KYG2886W1078 |
| Bloomberg Ticker | VTNPHXC KY   |
| Sedol            | B1FHXT2      |

**Fund Manager:** Sharon Seet

#### Website:

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

#### Market Makers

|  |           |
|--|-----------|
| Jefferies International  |           |
| Michele White  | <JCEF> GO |
| <a href="mailto:mwhite@jefferies.com">mwhite@jefferies.com</a>   |           |
| Numis Securities   |           |
| Dave Cumming   | <NUMI> GO |
| <a href="mailto:d.cumming@numis.com">d.cumming@numis.com</a>     |           |
| FinnCap  |           |
| Johnny Hewitson  | <JMFC> GO |
| <a href="mailto:jhewitson@finncap.com">jhewitson@finncap.com</a> |           |

#### Top 10 Holdings (%)

|                         |      |
|-------------------------|------|
| Greenfeed               | 35.9 |
| Corbyns International   | 17.7 |
| Anova Corp              | 16.1 |
| VTC Online              | 4.7  |
| An Phat Bioplastic      | 3.1  |
| NBB Investment Corp     | 2.4  |
| Tien Phong Plastic      | 1.4  |
| SSG Group               | 1.1  |
| Dinh Vu Port Investment | 0.2  |
| Total                   | 82.6 |

#### Asset Breakdown (%)

|                     |       |
|---------------------|-------|
| Invested Securities | 82.6  |
| Cash and accruals   | 17.4  |
| 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 30<sup>th</sup> April 2019, the aggregate voting rights are **169,418,831**.

<sup>5</sup> Source: Bloomberg

<sup>6</sup> Source: <https://vietnammoi.vn/gia-heo-hoi-hom-nay-7-5-mien-nam-tiep-tuc-xuong-gia-20190507011843839.htm>

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30<sup>th</sup> April 2019



### CLASS C – Private Equity Shares

**Corbyns** reported audited results for FY 18 with revenue of AUD 561mn (+46.2% YoY) and net loss of AUD 1.4mn (vs net profit of AUD 2.4mn for 2017). Vietnam Industrial Investments Limited (VII)'s 2018FY results continue to be affected by the Vietnamese government's introduction of "safeguard tax" on imported billets in 2016<sup>7</sup>. The tax made it uncompetitive to import billets and resulted in increased prices for local billets. As a measure to reduce production costs, the company approached Nam Thuan Company (NTC) with a proposal that NTC acquire the assets of VII's previous billet supplier. VII would then assist NTC in bringing the local steel mill back into operation and would enter into a supply arrangement to offtake all the production by NTC. As part of the transaction, NTC was to assume the debt of VND 180bn due to VII by the previous supplier.

The auditors of VII have issued a qualified opinion for VII's 2018 FY audited report as they have been unable to obtain sufficient appropriate audit evidence to assess whether NTC can achieve planned production levels at its steel making facility and deliver the forecast production at the expected price, and to assess the potential impact of the Group's exposure to NTC, including an assessment of the probability of default and loss given default, in respect of the loan, advances and receivables.

Management has since updated that the development of the NTC facilities are progressing according to plan, including fulfilment of the first instalment of VND 60bn plus accrued interest due to SSESteel (subsidiary of VII).

The Fund Manager is currently pursuing multiple exit options including marketing of the Fund's Convertible Bond.

<sup>7</sup> Source: <https://en.vietnamplus.vn/vietnam-maintains-tariffs-on-imported-steel/141320.vnp>

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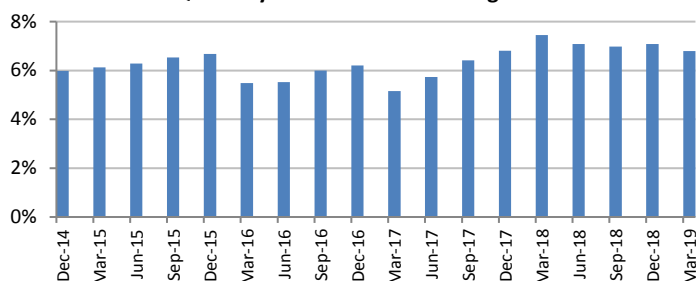
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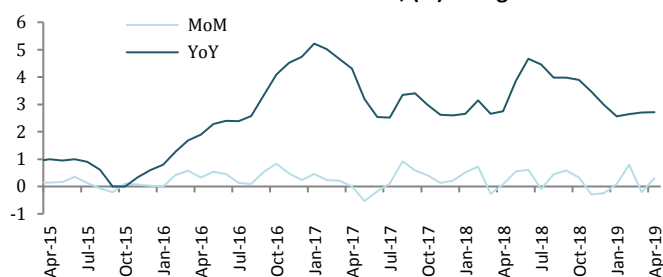


### Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Economic Indicators

|                 |      | 2016   | 2017   | 2018   | 2019F  |
|-----------------|------|--------|--------|--------|--------|
| Real GDP Growth | %    | 6.2    | 6.7    | 7.08   | 6.80   |
| CPI             | %    | 4.7    | 2.6    | 3.54   | 3.50   |
| Export Growth   | %    | 9.0    | 20.6   | 13.8   | 8.8    |
| Import Growth   | %    | 5.2    | 21.3   | 11.5   | 11.7   |
| Trade Balance   | \$bn | 2.7    | 2.3    | 7.2    | 0.62   |
| Registered FDI  | \$bn | 21.0   | 35.9   | 25.6   | 20.0   |
| FX Reserve      | \$bn | 41.0   | 52.0   | 60.0   | 60.0   |
| USDVND          | VND  | 22,761 | 22,968 | 23,245 | 23,942 |

Mkt Cap

(USD bn)

2019

Forward P/E

EG

Div Yield

ROE

|                |                | Mkt Cap (USD bn) | 2019 Forward P/E | EG         | Div Yield   | ROE          |
|----------------|----------------|------------------|------------------|------------|-------------|--------------|
| Indonesia      | JCI            | 517              | 20.8             | 1.8        | 2.0%        | 20.7%        |
| Thailand       | SET            | 535              | 20.1             | 2.5        | 2.7%        | 15.5%        |
| Singapore      | FSSTI          | 432              | 13.9             | 3.0        | 3.4%        | 9.7%         |
| Malaysia       | FBMKLCI        | 254              | 20.0             | 3.4        | 3.1%        | 19.9%        |
| Philippines    | PCOMP          | 193              | 18.9             | 3.7        | 1.5%        | 13.2%        |
| <b>Vietnam</b> | <b>VNINDEX</b> | <b>138</b>       | <b>21.4</b>      | <b>1.4</b> | <b>3.0%</b> | <b>23.1%</b> |

On the macroeconomic front, Vietnam Consumer Price Index (CPI) rose 2.71% in 4M2019, mainly driven by food items and education cost. For April 2019 only, CPI rose 0.31% MoM and 2.93% YoY. The increase in oil and gasoline coupled with the hike of 8.36% in electricity price induced pressure on CPI<sup>8</sup>. Index of Industrial Production (IIP) growth for 4M2019 kept constant of 9.2% YoY, equaling the Q1 figure but lower than 4M2018 record of 10.7%.

Initial estimate (as of 20<sup>th</sup> April 2019) of total new registered Foreign Direct Investment (FDI) stood at USD 7.5 billion (+28.6% YoY) while total FDI disbursement was USD 5.7 billion (+7.5% YoY). The manufacturing sector maintained its leading position as the driver of FDI - accounting for 74% of total FDI, followed by real estate sector with 9.9% of total FDI. China was the biggest foreign investor in Vietnam with an investment of USD 1.3 billion during said period. Moreover, during the first four months of 2019, the capital contribution and share purchases by foreign investors reached USD 7.1 billion (+220% YoY).

General Statistic Office reported that Vietnam recorded a trade surplus of USD 711 million in 4M2019 vs USD 3.7 billion in 4M2018. Of which, exports rose by 5.8% YoY to USD 78.8 billion while imports rose by 10.4% YoY to USD 78.1 billion. Mobile phones and mobile phone components exports slipped by 0.2% YoY to USD 16 billion (making up 20.4% total exports) while computers, electronics and garment exports rose by 12.6% YoY to USD 9.6 billion and 9.8% YoY to USD 9.4 billion in respectively. Garment, footwear and wood have been supposed to enjoy benefits from new FTAs and CPTPP commitments<sup>9</sup>. US was still the biggest export market and witnessed strong growth of 28.4% YoY to USD 17.8 billion while China was the biggest import market and witnessed a growth of 18.8% YoY to USD 22.3 billion.

VNIndex slipped 0.4% during April 2019. The largest laggards were VNM, VIC, SAB and the banking sector, offset by gains from resources sector (GAS, PLX) due to an increase in oil price.

8. Source: <https://vietnamnews.vn/economy/518947/fuel-price-hikes-create-pressure-but-cpi-under-control.html#FeLI4wUWw3cbrp.97>

9. Source: [http://vccinews.com/news\\_detail.asp?news\\_id=36785](http://vccinews.com/news_detail.asp?news_id=36785)

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

30<sup>th</sup> April 2019



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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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