

# Vietnam Phoenix Fund Limited

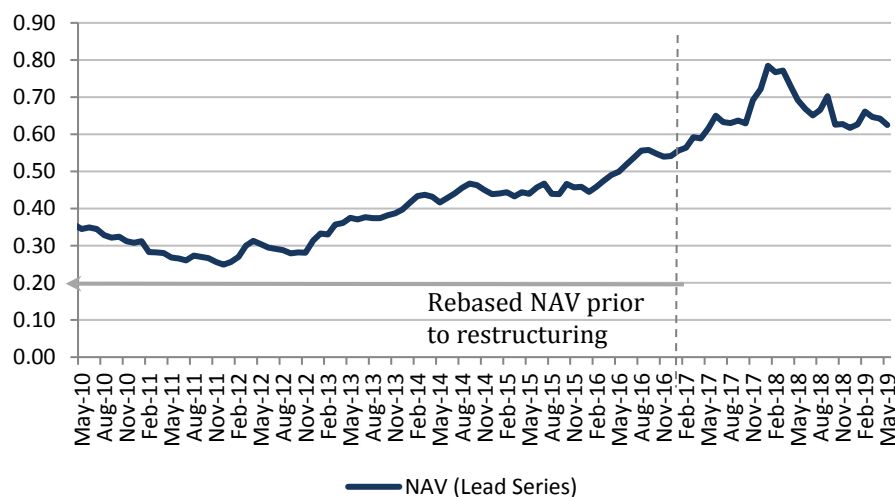
## Monthly Factsheet

31<sup>st</sup> May 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> (Lead Series)	-2.70	-5.52	-0.48	1.18	-9.77	7.95	8.60	10.89
<b>VNIndex</b>	-2.64	-1.49	3.20	6.52	-3.78	14.07	9.05	10.32
<b>VHIndex</b>	-3.46	-2.19	-0.67	-0.67	-11.51	6.81	4.44	3.27

\* 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
Mobile World (MWG)	+ 1.4%	+ 0.12%
PV Power (POW)	+3.0%	+ 0.11%
Vietnam National Petroleum Group (PLX)	+ 1.3%	+ 0.10%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinhomes JSC (VHM)	- 10.9%	- 1.02%
Hoa Phat Group (HPG)	-4.5%	- 0.51%
Yeah1 Group (YEG)	- 18.7%	- 0.18%

**Total Net Assets: \$38.86 million**

#### NAV/Share

**Lead Series: \$0.6246**  
**Series 3: \$0.9019**  
**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	16.5
FPT Corp	13.7
Hoa Phat Group	10.2
Khang Dien House	9.0
Vinhomes	8.4
Mobile World	5.1
Kinh Bac City	4.9
PV Power	4.7
HD Bank	4.4
Bank For Foreign Trade	4.2
<b>Total</b>	<b>81.1</b>

#### Sector Allocation (%)

Real Estate	27.6
Consumers	24.7
Financials	15.2
Information Technology	13.4
Building Materials	10.2
Energy Equip & Svcs	6.8
Others*	2.1
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	99.4
Cash and accruals^	0.6
<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 31<sup>st</sup> May 2019, the aggregate voting rights are **150,142,391**.

### 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

During May 2019, Class A Shares Portfolio fell by 2.7%. The laggards are Vinhomes JSC (VHM) [-10.9%], Hoa Phat Group (HPG) [-4.5%] and Yeah1 Group (YEG) [-18.7%], offset by the returns from Mobile World (MWG) [+1.4%], PetroVietnam Power (POW) [+3.0%] and Vietnam National Petroleum (PLX) [+1.3%]. VNIndex declined by 2.6% due to the decrease in price of VHM, GAS and financial sector.

**Vinhomes JSC (VHM)** declined by 10.9% in May 2019. Partially, this was due to the weak results for 1Q 2019. For 1Q 2019, VHM posted net sales of VND 5,853 billion (-44.4% YoY) and NPAT of VND 2,687 billion (-32.6% YoY). For FY2019, VHM set a sale target of VND 72.3 trillion (+89.3% YoY) and NPAT of VND 20.6 trillion (+39.4% YoY). This means VHM only fulfilled 8.1% of its sales target and 13.0 % of its NPAT target due to timing of project deliveries as most of projects will be handed over in 2H 2019. In 2019, Vinhomes plans to hand over 8 projects in 2019 including Vinhomes Green Bay, Vinhomes The Harmony, Vinhomes Metropolis, Vinhomes Sky Lake, Vinhomes Smart City, Vinhomes Ocean Park Hanoi, Vinhomes Central Park and Vinhomes Imperia<sup>1</sup>. In May 2019, VHM also announced that they will launch wholesale and project sales at its mega projects such as Vinhome Ocean Park and Vinhome Smart City. We see this might be the good way to diversify Vinhomes's products. We view VHM as the leader of real estate sector with total land bank of 164 million m<sup>2</sup> (20 times higher than its competitors<sup>2</sup>) and thanks to this position and scale, once the land use right and construction license approval process is improved, VHM's revenue contribution from projects should be boosted sooner than its competitors.

**Hoa Phat Group (HPG)** decreased by 4.5% in May 2019. This is partially due to concerns over decreasing profit margin. For 1Q 2019, HPG showed net sales of VND 14,963 billion (+14.1% YoY) and NPAT of VND 1,810 billion (-18.5% YoY). The sales volume rose by 28.7% YoY but the lower selling price and the higher iron ore price affected its profit margin<sup>3</sup>. For FY2019, Hoa Phat calls for revenue target of VND 70,000 billion (+23.7% YoY) and NPAT target of VND 6,700 billion (-22.1% YoY). HPG fulfilled 21.4% of its sale target and 27.0% of its NPAT target in 1Q 2019. We still view HPG will continue to benefit from the increasing construction demand for real estate and infrastructure in Vietnam as the dominant player domestically.

**Mobile World (MWG)** rose by 1.4% in May 2019. For 4M 2019, MWG recorded strong results showing net revenue of VND 34,122 billion (+14.9% YoY) and NPAT of VND 1,424 billion (+36.3% YoY). This enables MWG to fulfill 31% of its full year revenue target and 40% of its full year NPAT target. The strong growth mainly came from Dien May Xanh (consumer electronics) segment with revenue growth of 23.7% YoY and the Bach Hoa Xanh (groceries) segment with revenue growth of 160% YoY<sup>4</sup>. However, The Gioi Di Dong (mobile phone) segment witnessed a decrease of 7.0% YoY in revenue<sup>4</sup>. By the end of April 2019, MWG operated 2,324 stores (+7.6% YoY) including 1,021 The Gioi Di Dong stores (+12.5% YoY), 791 Dien May Xanh stores (-33.4% YoY) and 512 Bach Hoa Xanh stores (+690.1 % YoY)<sup>4</sup>. We see the transforming pure mobile phone retails stores into consumer electronics stores has been effective as improving net profit margin from 3.5% in 4M2018 to 4.2% in 4M2019 and the growth in electronics segments (Dien May Xanh) and Foods and Fast Moving Consumer Good (FMCG) segment would be key driver for MWG, net off the decrease in mobile segment.

1 Source: VHM Management

2 Source: SSI report

3 Source: HPG Management

4 Source: MWG Management

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### 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>	-0.95	0.30	8.47	-0.83	0.9	2.2	5.1	8.3

\* 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 0.95% in May.

The Fund Manager is close to firming up the deal structure and selling price of the Fund's stake to **Greenfeed's** Sponsor, with the share purchase agreement currently being negotiated. The Fund Manager expects the deal to be completed by Q4 2019. Meanwhile, African Swine Fever ("ASF") continues to spread in Vietnam. 55 out of the nation's 63 provinces are now infected, with the latest detection in Saigon.<sup>5</sup> Efforts by the government to control the disease has not been effective, partly due to a lack of any vaccination against the disease.

The sales process for the Fund's stake in **Anova** is progressing smoothly. Anova's management has recently met with several interested investors during a roadshow conducted by the investment bank hired by the Fund Manager to help coordinate the sales process. The Fund Manager has, to date, received interest from more than 5 potential investors. The Fund Manager will continue to reach out to interested investors and is expecting to conduct initial investor selection by August 19.

On **Corbyns**, the Sponsor, via his financial advisor, has updated the Fund Manager that he is currently negotiating with several replacement lenders for the Fund's loan. The Fund Manager continues to actively pursue other exit options for the Fund's exposure to Corbyns, including appointing an investment bank to market our convertible bonds, as well as engaging a receiver on the potential sale of the collateral to our loan in a default situation.

**Net Assets:** \$111.27 million  
**NAV/Share:** \$0.3354  
**Shares Out:** 331,796,257

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPFXC KY  
Sedol B1FHXT2

**Fund Manager:** Sharon Seet

#### Website:

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

#### Market Makers

Jefferies International  
Michele White <JCEF> GO  
[mwhite@jefferies.com](mailto:mwhite@jefferies.com)

Numis Securities  
Dave Cumming <NUMI> GO  
[d.cumming@numis.com](mailto:d.cumming@numis.com)

FinnCap  
Johnny Hewitson <JMFC> GO  
[jhewitson@finncap.com](mailto:jhewitson@finncap.com)

#### Top 10 Holdings (%)

Greenfeed	41.5
Corbyns International	20.6
Anova Corp	18.6
VTC Online	5.4
NBB Investment Corp	2.2
SSG Group	1.3
Tien Phong Plastic	0.4
Dinh Vu Port Investment	0.1
<b>Total</b>	<b>90.1</b>

#### Asset Breakdown (%)

Invested Securities	90.1
Cash and accruals	9.9
<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 31<sup>st</sup> May 2019, the aggregate voting rights are **150,142,391**.

<sup>5</sup> Source: <https://saigoneer.com/saigon-health/16703-saigon-becomes-55th-vietnam-locality-infected-with-african-swine-fever>

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### CLASS C – Private Equity Shares

On **VTC Online**, the Fund Manager is currently working with legal counsel on communicating with VTC Online and the Sponsor on advancing the Fund's legal entitlements vis-à-vis the exit option the Fund exercised in late 2018. Should there be any extended delays in the legal process, the Fund Manager will consider other options including sale of the Fund's stake at a lower valuation, with the advice of the Fund's legal counsel.

On **An Phat**, the Fund Manager has fully exited the Fund's position on 15 May 2019 at an IRR of 12.7% (USD terms) and 1.59x of total investment.

On **NBB**, the Fund received the converted shares during the middle of May 19 and fully exited its position in NBB on 7 June 19.

The Fund has conducted two redemption exercises to return capital to investors post restructuring of the Fund in January 2017. 10% of June 2018's NAV and 13% of March 2019's NAV were distributed on July 2018 and May 2019 respectively. The Fund Manager will continue to work towards realising the assets attributed to the Class C shares, in line with the Fund's investment objective to achieve a balance between maximizing value and returning cash to shareholders.

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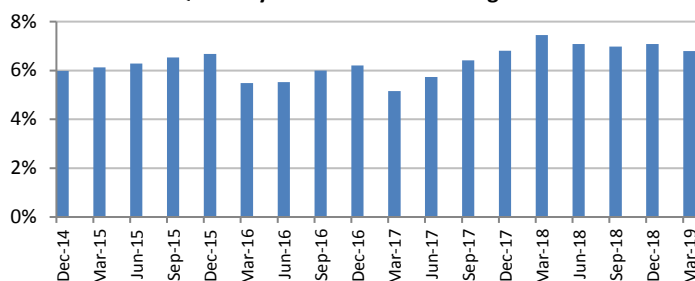
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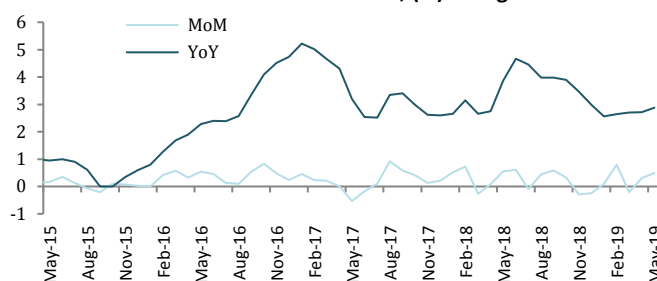


### Market Update

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

PEG

Div Yield

ROE

		Mkt Cap (USD bn)	2019 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	497	19.7	1.7	1.5%	20.6%
Thailand	SET	523	19.1	2.4	4.0%	15.0%
Singapore	FSSTI	400	13.2	3.0	2.7%	9.6%
Malaysia	FBMKLCI	251	20.6	5.6	2.8%	19.6%
Philippines	PCOMP	193	18.8	8.9	1.7%	13.2%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>138</b>	<b>20.9</b>	<b>1.4</b>	<b>2.7%</b>	<b>22.5%</b>

In terms of macroeconomic front, Vietnam Consumer Price Index (CPI) rose 2.74% in 5M 2019 and for May 2019 only, CPI rose 0.49% MoM and 2.88% YoY. The increase in gasoline and electricity price is still putting the pressure on CPI as transport sector witnessed highest increase of 2.64% MoM, followed by housing and construction materials with an increase of 1.28% MoM<sup>6</sup>.

Index of Industrial Production (IIP) grew 9.4% YoY in 5M2019 and 10.0% YoY in May 2019 only. The growth driver is manufacturing with a growth of 10.9% YoY and production and distribution of electricity with a growth of 10.3% YoY.

By the end of May 20<sup>th</sup> 2019, total new registered Foreign Direct Investment (FDI) was recorded at USD 9.1 billion (+27.1% YoY) while total FDI disbursement was USD 7.3 billion (+7.8% YoY). Moreover, the capital contribution and share purchase by foreign investors was USD 7.6 billion (+180% YoY) in the same period. China continued to be biggest foreign investor in Vietnam with total investment of USD 1.6 billion, followed by Korea with 1.0 billion and Singapore with USD 0.8 billion. The manufacturing is still the most attractive sector for foreign investors, accounting for 73.5% of total FDI, followed by real estate with 11.5% of total FDI.

According to General Statistic Office, Vietnam recorded trade deficit of USD 548 million in 5M2019. In said period, exports rose to USD 100.74 billion (+6.7% YoY) while imports rose to USD 101.28 billion (+10.3% YoY). US was the biggest export market of Vietnam with exports value of USD 22.6 billion (+28% YoY), followed by EU with USD 17.3 billion (+1.9% YoY) and China with USD 13.4 billion (-2.6% YoY). In the contrast, China was the biggest import market of Vietnam with imports value of USD 29.6 billion (+18.9% YoY), followed by Korea with USD 19.2 billion (+1.1% YoY) and ASEAN with USD 13.9 billion (+9.3% YoY). Mobile phones and mobile components still made up the biggest export segment with exports value of USD 19.9 billion (+3% YoY) while in import side, computers and computer components made up the biggest import segment with import value of USD 19.8 billion (+17% YoY).

6. Source: <http://www.hanoitimes.vn/economy/2019/05/81e0d774/vietnam-consumer-prices-up-0-49-m-m-in-may/>

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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

E: [vpf@duxtonam.com](mailto:vpf@duxtonam.com)