

Vietnam Phoenix Fund Limited

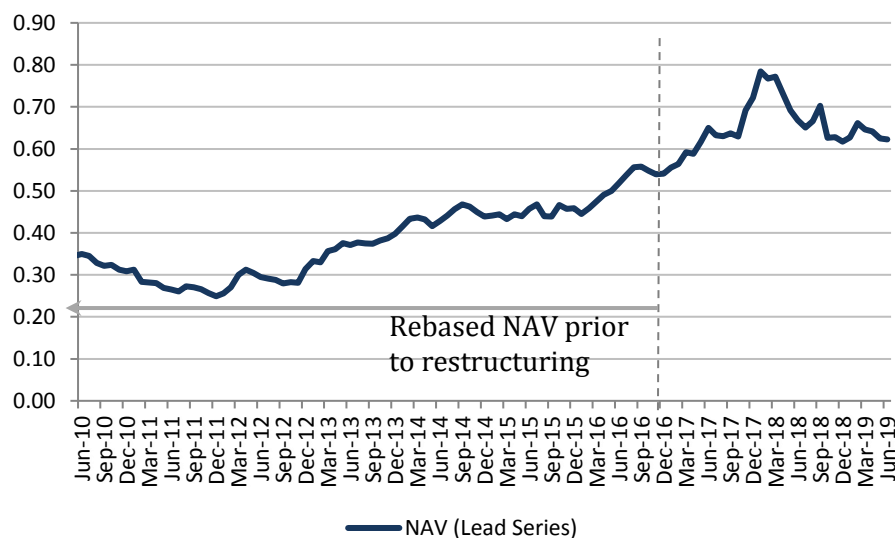
Monthly Factsheet

30th June 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)	-0.34	-3.70	0.84	0.84	-6.83	6.50	7.90	11.36
VNIndex	-0.59	-3.57	5.90	5.90	-2.60	12.87	8.50	10.53
VHIndex	-0.45	-4.10	-1.11	-1.11	-3.90	5.33	4.00	3.89

* 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)	+ 3.2%	+ 0.48%
Mobile World (MWG)	+7.8%	+ 0.41%
Khang Dien House (KDH)	+ 4.0%	+ 0.39%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinamilk (VNM)	- 5.0%	- 0.55%
Hoa Phat Group (HPG)	-4.8%	- 0.44%
Vinhomes (VHM)	- 3.3%	- 0.23%

Total Net Assets: \$38.02 million

NAV/Share

Lead Series: \$0.6225
Series 3: \$0.8987
Series 4: \$0.9965
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	16.9
FPT Corp	14.9
Hoa Phat Group	10.4
Khang Dien House	9.9
Vinhomes	8.7
Mobile World	5.8
Kinh Bac City	5.3
PV Power	5.1
HD Bank	4.8
Bank For Foreign Trade	4.8
Total	86.6

Sector Allocation (%)

Real Estate	27.5
Consumers	23.6
Financials	15.4
Information Technology	13.9
Building Materials	9.8
Energy Equip & Svcs	6.7
Others*	3.1
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	99.0
Cash and accruals^	1.0
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 30th June 2019, the aggregate voting rights are **124,521,264**.

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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

For June 2019, Class A Shares Portfolio fell 0.3%. The main contributors were FPT Corporation (FPT) [+3.2%], Mobile World Investment Corporation (MWG) [+7.8%], Khang Dien House (KDH) [+4.0%] while the laggards were Vinamilk (VNM) [-5.0%], Hoa Phat (HPG) [-4.8%] and Vinhomes JSC (VHM) [-3.3%]. VN Index decreased by 0.6% due to the decrease in share prices of large cap names such as PetroVietnam Gas JSC (GAS), VHM, VNM.

FPT Corporation (FPT) share price increased by 3.2% during June 2019. For 5M2019, FPT recorded net sales of VND 9,961 billion (+20.2% YoY) and NPATMI of VND 1,151 billion (+22.9% YoY). Outsourcing segment (or export technology segment) still maintained its key contributor role with net sales of VND 3,983 billion (+38.8% YoY) and PBT of VND 609 billion (+38.1% YoY). Systems Integration, software solutions and IT services segment (domestic technology segment) posted robust growth of 121.4% YoY in PBT to VND 93 billion while the revenue dipped by 4.8% to VND 1,488 billion. However, the telecoms segment witnessed lower growth showing net sale of VND 3,827 billion (+17.6% YoY) and EBT of VND 528 billion (+8.5% YoY) due to lowering of broadband average revenue per user (ARPU) to capture more market share in the tier 2 and rural areas. The education and investment segment showed strong growth with net sales of VND 523 billion (+8.1% YoY) and EBT of VND 238 billion (+21.4% YoY)¹. We view strong growth prospects for FPT thanks to its competitive labor cost and strengthening track record helped by oversea acquisition. For FY2019-2021 period, FPT target to grow at CAGR of 17.8% in revenue and 20.1% in EBT. Of which, technology segment is expected to grow by 40-45% per year and contribute 45% EBT by 2021¹.

Vinamilk (VNM) share price fell by 5.0% in June 2019. In June 2019, VNM announced that they bought 95.8 million shares or 38.34% stake of GTNfoods JSC (GTN - Hose). Since VNM registered to buy in March 2019, GTN price rose by 53%². We believe that VNM's share price dipped slightly due to concerns over the premium paid for the stake in GTN. GTN indirectly owns a 37% stake of Moc Chau Milk JSC- a small dairy player with market share of 2.9% for overall and 4% for liquid milk. Moc Chau Milk is well-know dairy brand in the North Vietnam and they own a large cow herd of around 22,000 heads in Moc Chau highlands with favourable for cow raising³. We expect the acquisition of GTN would improve VNM's own milk farms capacity and strengthen VNM's position in the North market. The gradual increase of proportion of internally-sourced inputs will also help VNM's profit margin.

Hoa Phat (HPG) share price decreased by 4.8% in June 2019. In said month, HPG issued 606.8 million shares to pay 30% stock dividend. HPG's share price fell under the concerns over squeezing profit margin due to lower selling price but higher input price⁴. The iron ore price rose 30% YoY in 1H 2019 while in June 2019, HPG announced to reduce their selling price by 2.3% to VND 12.6 million per ton (-6.7% YoY). In 1H-2019, HPG sold 1,34 million tons (+22.9% YoY). It enables HPG reach 25% market share, maintaining its top 1 position. Of which, Hoa Phat exported 123,479 tons, up 35% YoY. During 1H 2019, Vietnam steel manufacturers supplied 11.6 million tons (+9.8% YoY), of which export volume rose by 6% YoY to 2.5 million tons⁵.

1 Source: FPT Management

2 Source: <http://s.cafef.vn/vnm-309775/vinamilk-mua-thanh-cong-hon-90-trieu-co-phieu-gtn-trong-dot-chao-mua-cong-khai.chn>

3 Source: GTN Management

4 Source: HSC report

5. Source: HPG Management

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF C	-22.27	-22.76	-22.92	-22.92	-19.1	-7.2	-0.7	5.0

* 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.

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 2019.

Fund Manager's Report

The NAV per share of the Class C Shares decreased 22.27% in June.

The valuation for the Fund's position in **Greenfeed** decreased 14.6% in June compared to the valuations in Dec 2018. This is mainly due to the outbreak of African Swine Fever (ASF) which saw Vietnam cull up to 2.5mn⁶ pigs since the beginning of 2019, out of an estimated pig population of 30mn⁷. This reduction in swine population has and continues to negatively impact the demand for pig feed in 2019. Greenfeed's management updated that they expect their business environment to remain challenging for the second half of 2019 as pork prices continue to fall due to negative market sentiment with regards to pork consumption. Management estimated a 30% decrease in overall feed consumption in Vietnam as culling is expected to continue in a bid to curb the outbreak of ASF.

Management also updated that the company is considering to shut down one of its livestock farms as production costs have increased significantly from increased efforts to prevent ASF from spreading to their farms.

The Fund Manager is progressing to firm up the deal structure and selling price of the Fund's stake to Greenfeed's Sponsor. The Sponsor remains committed to buy back the Fund's stake in Greenfeed.

Similar to Greenfeed, the valuation for **Anova** was negatively affected by the outbreak of ASF. The valuation for the Fund's position in Anova decreased 10.7% in June compared to Dec 2018. The sales process for the Fund's stake in Anova continues to progress. Several potential investors have met with Anova's management and a high proportion of them expressed keen interest in the company. The Fund Manager expects non-binding bids to be submitted by end of August 19, followed by an initial selection of investors who will move on to advanced due diligence.

Net Assets: \$86.51 million
NAV/Share: \$0.2607
Shares Out: 331,796,257

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPXCY
Sedol B1FHXT2

Fund Manager: Sharon Seet

Website:

www.vietnamphoenixfund.com

Market Makers

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Top 10 Holdings (%)

Greenfeed	45.9
Anova Corp	21.5
Corbyns International	18.8
VTC Online	4.2
SSG Group	1.5
Tien Phong Plastic	0.5
Total	92.4

Asset Breakdown (%)

Invested Securities	92.4
Cash and accruals	7.6
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 30th June 2019, the aggregate voting rights are **124,521,264**.

6 Source: <https://www.channelnewsasia.com/news/asia/vietnam-culls-2-5-million-pigs-to-halt-african-swine-fever-11638068>

7 Source: <https://www.reuters.com/article/us-vietnam-swinefever/vietnam-culls-2-million-pigs-urges-whole-nation-to-fight-swine-fever-idUSKCN1T10P7>

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CLASS C – Private Equity Shares

The valuation of **Corbyns** decreased 29.0% in June compared to the valuations in Dec 2018. A discount to the valuation was applied as the independent valuer has now considered various exit scenarios as the repayment date to the Fund's Convertible Bond (CB) is nearing.

Corbyns has failed to meet its obligations under the Convertible Bond Agreement to delist Vietnam Industrial Investment (VII) from the Australian Securities Exchange. However, in view that the Sponsor is making progress in negotiating with a replacement lender to our CB, a further forbearance period was granted to Corbyns.

The Fund Manager continues to actively pursue other exit options for the Fund's exposure to Corbyns, including potentially engaging a receiver to conduct a sale of the collateral to our loan.

Valuation for **VTC Online** decreased 39.5% in June compared to Dec 2018. The independent valuer applied a discount to the valuation of VTC Online as they have now included various exit scenarios, including a potential sale of our position in VTC Online at a lower valuation. The Fund Manager continues to work with its legal counsel on communications with VTC Online and VTC, in a bid to enforce their legal obligations to the Fund. The Fund has recently sent appeal letters to various ministries, including to the Prime Minister of Vietnam.

The Fund Manager has fully exited the Fund's position in **Dinh Vu Port (DVP)** and **Tien Phong Plastic (NTP)** on 27 June and 16 July 2019 respectively.

The NAV of the Fund was also negatively affected as the Fund has taken into account provision on the estimated amount of Capital Gain Tax (CGT) expected to be due upon divestment of Greenfeed and Anova.

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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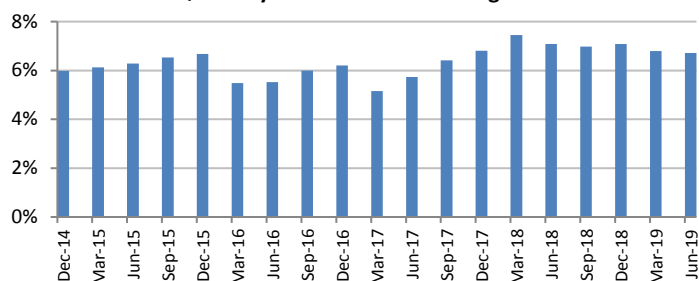
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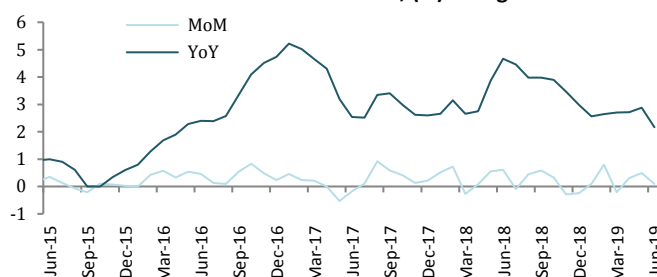


Market Update

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
Indonesia	JCI	514	20.0	1.7	2.3%	20.3%
Thailand	SET	577	20.8	2.6	2.6%	15.1%
Singapore	FSSTI	427	13.8	6.5	3.4%	9.6%
Malaysia	FBMKLCI	258	21.2	5.6	3.1%	19.4%
Philippines	PCOMP	197	18.6	8.9	1.5%	13.2%
Vietnam	VNINDEX	137	20.1	1.3	1.5%	22.4%

In terms of macroeconomic front, Vietnam's gross domestic product (GDP) growth reached 6.76% in 1H 2019. Industrial and construction sectors were still main drivers for GDP growth as it grew by 8.93% and contributed to 51.8% GDP. The second largest contributor to GDP growth was the services sector with 42.2% and it grew 6.69% in 1H 2019. The agriculture, forestry and fishery sectors rose 2.39% and contributed 6.0% to above-mentioned GDP growth numbers. According to General Statistics Office (GSO)'s Director, GDP growth was fuelled by a stable macro - economy, impressive rice exports, declining unemployment rate and robust economic production⁷.

Vietnam's consumer price index (CPI) rose 2.64% in 1H 2019- the lowest pace recorded over the past three years. For June 2019 only, CPI fell 0.09% MoM but rose 2.16% YoY. The hike in electricity price and longer Tet holiday were the main upside contributors for CPI while the decrease in pork price due to African Swine Fever and a fall of 3.55% in gasoline price were the main downside contributors for CPI.

By the end of June 20th 2019, total new registered Foreign Direct Investment (FDI) and additional FDI was recorded at USD 10.3 billion (-36.3% YoY). The main reason came from high base last year as in June 2018, there were 3 megaprojects including Smart City in Hanoi (USD 4.14 billion); Ba Ria Vung Tau Complex (USD 1.2 billion) and Laguna Lang Co project in Hue (US\$ 1.12 billion)⁸. However, total FDI disbursement was USD 9.1 billion (+8.1% YoY). Capital contribution and share purchase by foreign investors was USD 8.1 billion (+98.1% YoY) in the same period. Hongkong was the biggest foreign investor in Vietnam in 1H 2019 with total investment of USD 5.3 billion (including share purchase of Vietnam Beverage Limited of USD 3.8 billion), followed by South Korea with USD 2.7 billion and China with USD 2.3 billion. The manufacturing sector is still the most attractive sector for foreign investors, accounting for 71.2% of total FDI, followed by real estate with 7.2% of total FDI.

GSO estimated that in 6M 2019, Vietnam recorded trade deficit of USD 34 million. Exports rose by 7.3% to USD 122.72 billion while imports rose by 10.5% to USD 122.76 billion. As the biggest export destination market of Vietnam, export value to US grew to USD 27.5 billion (+27.4% YoY). The second biggest export market for Vietnam, the EU, saw exports of USD 20.6 billion (-0.4% YoY). On the import side, China remained the biggest import market of Vietnam with import value of USD 16.8 billion (+1.0% YoY), followed by ASEAN with USD 13.1 billion (+6.7% YoY). On June 30th 2019, Vietnam and EU signed free trade agreement (FTA). It will eliminate 99% of tariffs and Vietnamese government expect it will boost Vietnam exports to EU by 20% in 2020. The Vietnamese also estimates that the landmark agreement will boost Vietnam's GDP by 2.18-3.25% annually by 2023 and by 4.57%-5.30% annually between 2024-2028⁹.

7. Sources <https://vietnamnews.vn/economy/522033/gdp-climbs-676-per-cent-in-six-months.html#2XIZQ9wQTBYEo1qJ.97>

8. Source: <https://congthuong.vn/fdi-6-thang-tang-manh-dong-von-gop-mua-co-phan-121532.html>

9. Source: <https://www.reuters.com/article/us-eu-vietnam-trade/vietnam-eu-sign-landmark-free-trade-deal-idUSKCN1TV0CJ>

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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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