Vietnam Phoenix Fund Limited
Annual Report and Audited Financial Statements
for the year ended
31 December 2018

VIETNAM PHOENIX FUND LIMITED

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VIETNAM PHOENIX FUND LIMITED

GENERAL INFORMATION

The following information is derived from and should be read in conjunction with the full text and definitions section of the Private Offering Memorandum of Vietnam Phoenix Fund Limited (the "POM"), dated January 2018, copies of which are available on request from State Street Fund Services (Ireland) Limited (the "Administrator") or by contacting Duxton Asset Management Pte Ltd at VPF@duxtonam.com.

DWS Vietnam Fund Limited was incorporated in the Cayman Islands on 13 September 2006 under the Companies Law, Cap. 22 (Revised) of the Cayman Islands as an exempted company with limited liability. At the Annual General Meeting of DWS Vietnam Fund Limited held on 30 September 2016, shareholders resolved to change its name to Vietnam Phoenix Fund Limited (the "Company"). The Company was registered with the Cayman Islands Monetary Authority ("CIMA") with effect from 1 January 2017, pursuant to Section 4 (3) of the Mutual Funds Law (revised) of the Cayman Islands.

The investment objective of the Company is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all or their business in Vietnam.

The Directors who held office during the year ended 31 December 2018 were:

Kevin A Phillip (independent)
Judd Kinne (independent)
Martin Adams (independent)

INVESTMENT MANAGER

The Company has appointed Duxton Asset Management Pte Ltd as Investment Manager ("Duxton" or the "Investment Manager"). Duxton is a specialist asset manager licensed by the Monetary Authority of Singapore. Duxton is required to ensure that all investments made on behalf of the Company comply with all investment objectives, policies and restrictions of the Company. Ultimate discretion over the assets and affairs of the Company remains with the Board of Directors (the "Board" or the "Directors").

CUSTODIAN

The Company has appointed State Street Custodial Services (Ireland) Limited as custodian of its assets (the "Custodian"), pursuant to an agreement dated 15 November 2006. Assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local sub-custodian are held within the State Street sub-custodian network pursuant to the Custodian Agreement. The sub-custodian appointed by the Custodian in Vietnam is HSBC Bank (Vietnam) Limited. The Custodian and any sub-custodian appointed by the Custodian provide safe custody for the Company's assets. The Investment Manager ensures that adequate custody arrangements have been entered into in relation to any entity in which the Company is invested.

The Custodian (and any other sub-custodian duly appointed by the Custodian) holds all assets of the Company received by the Custodian in accordance with the terms of the Custodian Agreement. Under the Custodian Agreement, the Custodian acknowledges that investments of the Company may be made in markets where custodial and/or settlement systems are not fully developed, such as Vietnam, and that the assets of the Company and its subsidiaries which are traded in such markets are required to be held by local sub-custodians operating and established in such jurisdictions.

ADMINISTRATOR

The Company has appointed State Street Fund Services (Ireland) Limited to maintain the books and financial records of the Company as Administrator pursuant to an agreement dated 10 November 2006.

LEGAL ADVISOR

The Company has appointed Ogier as its legal advisor in relation to Cayman Islands Law.

GENERAL INFORMATION (CONT/D)

COMPANY SECRETARY
The Company has appointed DMS Corporate Services Ltd. as Company Secretary.

REGISTERED OFFICE
The registered office of the Company is DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

DIVIDENDS
It is not the current intention of the Company to pay dividends.

SHARES
The Company has an authorised share capital of US$10,000,000 consisting of 2,000,000,000 shares of par value of US$0.005 each as at year end 31 December 2018. The Company has two active share classes, Class A shares (Continuation Class) are open-ended while Class C shares (Private Equity Class) are closed-ended. As of 31 December 2018, only Class C shares of the Company are listed on the regulated market of the Irish Stock Exchange (with effect from 27 March 2018 the Irish Stock Exchange operates as "Euronext Dublin").

Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association (the "Articles"). Each share class has specific investment management fees and performance fees as well as different rights in relation to redemptions.

AIFMD
The Board has considered the implications of the European Union Directive on Alternative Investment Fund Managers 2011/61/EU ("AIFMD") and it is satisfied that because the Company's shares are not marketed in Europe, there is no significant impact on the Company as a consequence of AIFMD and therefore there is no impact on the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Company's financial statements (the "financial statements").

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with International Financial Reporting Standards (IFRS), and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Under the requirements of the Listing Rules issued by Euronext Dublin, the Directors are responsible for preparing a Management Report. In particular, in accordance with the Transparency Directive (2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007), the Directors are required to include in this report a fair review of the business, a description of the principal risks and uncertainties facing the Company and a responsibility statement relating to these and other matters. The Board considers that the information required to be included in their Management Report, is provided in the Investment Manager's Report on pages 7 to 26 and Notes 14 and 18 of the financial statements.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS and Article 4 of the International Accounting Standards (IAS) Regulation (1606/2002). They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

IFRS 10 'Consolidated Financial Statements' and its subsequent amendment relating to Investment Entities ("IE") has been applicable for periods commencing 1 January 2014. The Board has concluded that, under those requirements, the Company qualifies as an IE and is required to carry its IE subsidiaries at fair value through profit or loss instead of consolidating them. This revised accounting method was first applied in 2014.

Financial statements: risk management and internal control

The Board is responsible for establishing and maintaining for the Company, adequate internal control and risk management systems in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available, including the procedures for the production of audited annual financial statements. The Board has appointed the Administrator to maintain the books and records of the Company. From time to time, the Board, with the assistance of the Investment Manager, examines and evaluates the Administrator's financial accounting and reporting processes. The annual and unaudited semi-annual financial statements are produced by the Administrator and reviewed by the Investment Manager.

The audited annual and unaudited semi-annual financial statements are required to be approved by the Board and filed with Euronext Dublin and the Cayman Islands Monetary Authority.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONT/D)

Financial statements: risk management and internal control (cont/d)
During the period of these financial statements, the Board was responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's performance, qualification and independence. As part of its review procedures, the Directors receive presentations from relevant parties including consideration of developments in international accounting standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

The Administrator prepares valuations based on the fair value of the Investment Entity ("IE") subsidiaries for the Company at each valuation point.

Each valuation of the Company is reviewed in accordance with standard operating procedures of the Administrator. This includes substantial reliance on valuations of private equity investments carried out by Grant Thornton Vietnam as at 31 December 2018. The financial statements are prepared by the Administrator in accordance with IFRS and the Administrator uses various internal controls and checklists to ensure the financial statements include complete and appropriate disclosures required under IFRS and relevant legislation.

In addition, the valuation as prepared by the Administrator is reconciled by the Investment Manager to their own independent records for completeness and accuracy and further reviewed and approved by the Investment Manager.

Investment Valuations

The Supplement to the Private Offering Memorandum dated January 2017 issued by the Company, which provides details of the Class C Shares (the "Private Equity Shares") redesignated by the Company on 1 January, 2017, states, *inter alia*:

"<u>*Investment Objective*</u>
To realise the assets attributable to the Private Equity Shares (the "Private Equity Pool"), to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Private Equity Pool and returning cash to holders of Private Equity Shares promptly by means of pro rata redemptions of Private Equity Shares. "

and

"<u>*Redemptions*</u>
The Private Equity Pool will have a fixed life expiring on the earlier of the date on which the last Private Equity Shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders). Accordingly, any Private Equity Shares in issue on the final redemption date will be subject to mandatory pro rata redemption by the Company on that date."

Consistent with previous financial periods, the investments in Anova Corporation, Corbyns International Limited ("Corbyns"), Greenfeed Vietnam Corporation, NBB investment Corporation JSC, SSGA Construction Real Estate and VTC Online ("VTC") have been valued by the Company at 31 December 2018 in accordance with recommendations provided in a report to the Company by Grant Thornton Vietnam.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONT/D)

Investment Valuations (cont/d)
As these are all privately negotiated investments, there is a risk that the proceeds from realisation of these holdings could be significantly different from the fair values shown in the Statement of Financial Position as at 31 December 2018 and/ or significantly different from the prices originally paid by the Company. The valuation methodologies adopted by Grant Thornton Vietnam in their report do not consider the timeframes for realisation of these investments.

The Board draws shareholders' attention in particular to the fair value of the investments in Corbyns and VTC, as further disclosed in Note 15 to the Audited Financial Statements. Given the underlying operating issues, structures and nature of each of these holdings, there is a significant risk that the fair values of these holdings may not be realised by the 31 December 2020 mandatory redemption date of the Private Equity Shares.

Responsibility Statement, in accordance with the Transparency Regulations

Each of the Directors, whose names and functions are listed on pages 2 and 76 of this report confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and its Statement of Comprehensive Income for the year then ended;
- the Investment Manager's Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company. A description of the principal risks and uncertainties that the Company faces is provided in the Investment Manager's Report on pages 7 to 26 and Note 14 of the financial statements.

On behalf of the Board of Directors

Phillip

Director

Date: 29 April 2019

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

I. CLASS A – Continuation Shares

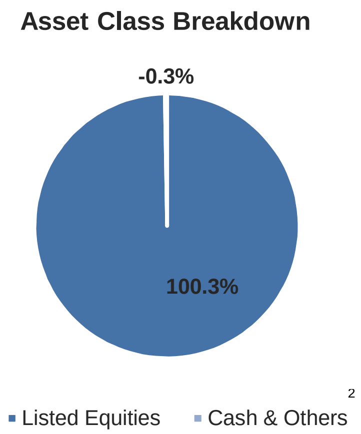
NAV Update

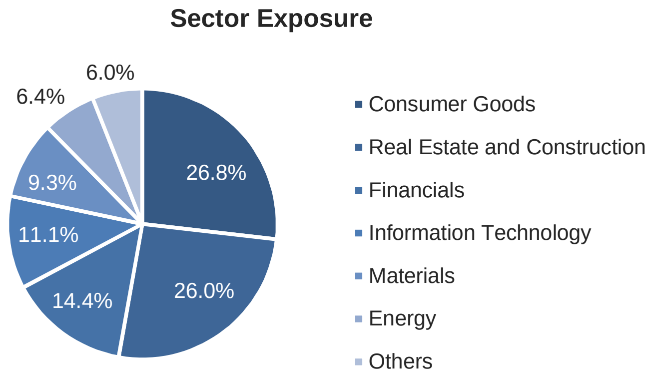
The Net Asset Value ("NAV")[1] for the Lead Series Class A Shares of the Company as of 31 December 2018 was USD 0.6173, down 14.41% from USD 0.7212 as of 31 December 2017.

The NAV for the Series 3 Class A Shares of the Company as of 31 December 2018 was USD 0.8915, down 10.85% from USD 1.0000 as of 1 June 2018.

Class A Shares Exposure and Performance

The asset class and sector exposures of the Class A Shares are summarized in the charts below and discussed in detail in the following sections.





[1] NAV figures are based on the dealing net asset value as at 31 December 2018.
[2] Includes accruals and liabilities, adjusted to account for pending redemptions.

Peer Group Analysis[3]

At the end of December 2018, in terms of NAV change, the Lead Series Class A Shares returned -14.41%.

Over a 5-year period, the Lead Series Class A Shares' NAV increased 9.3% per annum, slightly above peer average of 8.4% per annum.

The peer group used for comparison is derived from funds that have exposure to the Vietnamese market and whose information is publicly available.

Fund Name	Fund Manager	Fund Type	AUM USD mn	NAV (USD)[4]	NAV Change		
				Dec 18	1Y	3Y (annualised)	5Y (annualised)
Offshore Funds							
Vietnam Phoenix Fund Class A	**Duxton Asset Management**	**Open End**	**40.5**[5]	**0.6173**	**-14.4%**	**10.6%**	**9.3%**
Vietnam Emerging Equity Fund	PXP Vietnam	Open End	88.6	9.06	-18.1%	11.5%	10.9%
Vietnam Equity UCITS Fund	Dragon Capital	Open End	92.5	22.29	-3.4%	17.7%	N.A
Forum One - VCG Partners Vietnam Fu	VinaCapital	Open End	51.6	13.78	-14.5%	10.4%	N.A
Vietnam Opportunities Fund	JP Morgan AM	Open End	303.6	15.86	-11.5%	14.4%	10.2%
PYN Elite Fund	PYN Fund Management	Open End	439.1	326.39	-14.2%	10.7%	2.9%
Lumen Vietnam Fund	IFM AG	Open End	49.7	176.11	-14.0%	8.3%	9.0%
Vietnam Alpha Fund	APS AM	Open End	33.7	236.63	-12.1%	13.2%	9.7%
Vietnam Equity Holdings	Saigon AM	Open End	46.3	5.02	-12.3%	9.2%	7.4%
Vietnam Enterprise Inv Ltd	Dragon Capital	Closed End	1442.1	6.57	-7.0%	22.3%	16.4%
Vietnam Holding Ltd	Dynam Capital	Closed End	146.0	2.73	-12.7%	6.9%	9.3%
Onshore Funds							
VCBF Blue Chip Fund	Vietcombank Fund Mgmt	Open End	23.0	0.78	-7.5%	13.7%	N.A
VFM Blue Chip Investment Fund	VietFund Management	Open End	41.5	0.70	-13.6%	13.3%	11.7%
VFM Securities Investment Fund	VietFund Management	Open End	46.9	1.59	-10.6%	14.8%	12.0%
Exchange Traded Funds							
DB x-trackers Vietnam	Deutsche AM	Offshore ETF	249.9	29.24	-11.2%	9.3%	3.7%
VanEck Vectors Vietnam	VanEck	Offshore ETF	317.7	14.75	-16.8%	1.4%	-2.6%
VFM VN30 ETF	VietFund Management	Onshore ETF	179.5	0.62	-13.4%	13.1%	N.A
PEER FUNDS AVERAGE					**-12.0%**	**11.9%**	**8.4%**
VNIndex (USD)				0.03849	-11.2%	14.3%	10.0%
VN30 Index (USD)				0.03687	-14.2%	11.7%	6.7%
VN100 Index (USD)				0.03536	-13.5%	11.5%	8.0%
VHIndex (USD)				0.00449	-12.8%	8.0%	6.9%

[3] The peer group analysis was performed using the information received from multiple sources; mainly from the peer funds' published data. This universe of peers may not be complete due to insufficient data provided by other funds.
[4] Source: Fund website/Bloomberg 31/12/2018
[5] Lead Series - Includes historical performance of the Company prior to the restructuring as of 1 January 2017

Performance Analysis

The 10 largest holdings of the Class A Shares portfolio as of 31 December 2018 are listed below:

Class A Shares – Top 10 Holdings			
Rank	**Security Name**	**Market Value (USD)**	**% of NAV (Class A Shares only)**
1	Vinamilk	5,941,035	14.7%
2	FPT Corp	4,489,230	11.1%
3	Hoa Phat Group	3,773,461	9.3%
4	Khang Dien House	3,670,973	9.1%
5	Mobile World Group	2,966,038	7.3%
6	Vinhomes	2,879,672	7.1%
7	Vietnam Enterprise Inv Ltd	2,318,979	5.7%
8	PetroVietnam Power	1,896,961	4.7%
9	HD Bank	1,880,455	4.7%
10	Kinh Bac City Development	1,737,643	4.3%
	Total	**31,554,447**	**78.2%**

** Numbers subject to rounding*

The Lead Series Class A Shares portfolio declined by 14.41% in 2018. The VNIndex of Ho Chi Minh Stock Exchange ("HOSE") declined 11.19%[6] in USD terms during the same period. The index's outperformance could be mainly attributed to the performance of Vingroup (VIC, up 49.2%)[6], which the Class A Shares portfolio does not hold.

Top 3 Gainers	**Price Change**	**Contribution to NAV Return**
Khang Dien House (KDH)	+28.3%	+ 1.4%
No Va Land (NVL)	+14.1%*	+ 0.7%
Vinh Hoan Corp (VHC)	+3.3%*	+ 0.4%

Top 3 Laggards	**Price Change**	**Contribution to NAV Return**
Vinamilk (VNM)	-28.9%	- 4.4%
Vinhomes (VHM)	-20.0%	- 0.9%
Cotecons (CTD)	-27.0%	- 0.7%

**Based on exit price*

The Vietnamese stock market experienced high volatility, affected by global geopolitical developments and uncertainties. As the portfolio's largest holding, Vinamilk's (VNM) 28.9%[6] decline in share price over 2018 had the most significant impact on the portfolio. VNM saw sharp share price decline due to weaker-than-expected results in 1H2018 and faced lingering concerns over weaker consumption demand pertaining to VNM products. VinHomes' share price fell 20.0%[6] during 2018, partly due to concerns over generally slower approval over land use rights and over-supply in terms of new sale launches in 2019. The third laggard was Coteccons, the largest listed construction company

[6] Source: Bloomberg 31/12/2018

in Vietnam, lost 27.0%[7] due to concerns over possible slowdown of construction demand. The possible slowdown in construction demand is partly driven by concerns over prolonged delays in obtaining government approvals over land use rights.

Meanwhile, Kang Dien House's (KDH) performed strongly and registered +28.3%[7] in 2018 and was the largest contributor to the portfolio's return. We continue to like KDH's sensible procurement of landbank, broad product offerings to capture multiple segments in Vietnam and good execution capabilities.

The portfolio participated in a number of IPOs including Vinhomes (VHM), Yeah1 (YEG), PV Power (POW) and Techcombank (TCB) in 2018. The IPO stocks' recent performance has not been stellar, as their listing took place during the general market correction. However, we remain confident regarding the long-term prospects of these companies, which we researched extensively during the IPO due diligence process.

The portfolio exited its positions in a number of stocks with limited fundamental upside (Nhon Trach 2 and GTN Foods) and corporate governance issues (Hoa Sen Group, Novaland and Vinh Hoan Corp) in 2018.

The key objective of the Class A Shares portfolio is to seek long-term capital appreciation for investors. Therefore, the Class A Shares portfolio is well-diversified across the key driving industries of the Vietnamese economy. The section below provides an overview of the portfolio's top holding companies.

1. Vietnam Dairy Products JSC (VNM, -28.9%[7])

Vietnam Dairy Products (Vinamilk, VNM) is Vietnam's leading dairy producer. The company has a very wide product portfolio, mainly in dairy products, milk formula and baby food. It is also the consumer products company with the largest distribution network in Vietnam with nearly 251,000 retail points served directly by 202 distributors, 418 self-branded shops and over 3,250 supermarkets and convenience stores selling VNM's products. Its liquid milk business is the biggest segment in terms of both revenue and profit, followed by yoghurt, powdered milk and condensed milk. At the end of 2017, according to Euromonitor, VNM retained its dominant positions in each product segments with a 60% market share in drinking milk, >80% market share in yoghurt and c.80% in condensed milk.

VNM boasts of a modern production set up with 13 factories and 10 dairy farms around the country, containing nearly 25,000 cows. The current herd size, however still only supplies a relatively small proportion of VNM's input requirements (<30%), with the remainder sourced from milk contracts with local dairy farmers and milk powder imports from Australia and New Zealand. In 2017, the company opened its first EU-certified organic dairy farm in Da Lat, Lam Dong province and continues to expand its local milk production capacity with plans to build three new dairy farms in Ha Noi's Ba Vi district with 8,000 cows.[8] The company's vision is to increase its herd size to 40,000 - 50,000 cows by 2021, with farms across Vietnam and Laos, gradually reducing the company's input supply dependence on imported sources. At the same time, VNM has plans to expand to Cambodia, Laos and Myanmar (its regional footprint across "CLMV" group of countries). VNM released its FY2018 results showing net sales of VND 52,562 billion[8] (+3% YoY) and NPATMI of VND 10,206 billion[8] (-1% YoY). As per management, VNM has been gaining 0.5 ppt[8] of market share since Q1 2018.

[7] Source: Bloomberg 31/12/2018

[8] Source: VNM announcements

Exports grew only 2% YoY[9] in 2018 as the unstable political issues in the Middle East continued to affect Iraq, VNM's largest export market presently. This may change in the medium term as VNM is poised to increase its exports to China. Overall gross margins declined due to the consolidation of the sugar business, while dairy gross margins remained stable.[9]

Both Fraser & Neave (F&N) and Jardine Matheson continued to increase their stake in VNM via open market purchases throughout 2018.[11] We view this as continued confidence in VNM from their major shareholders.

We remain optimistic on the outlook of the company for 2019 as we view the weaker-than-expected earnings numbers for 1H2018 and Q3 numbers as temporary hiccups. While political situation in Iraq continued to weigh on export, the company is in the process of expanding to new markets in China, Africa and Central America. The dairy industry in Vietnam is expected to grow as demographics, urbanisation and rising incomes continue to support dairy consumption. Jardine's entry as a significant shareholder is also expected to have positive effect for VNM as they could add value in various ways, given their retail experience in the region. VNM's management has guided net sales to grow 8.5%[9] YoY, in-line with their five-year strategic business plan.

As of January 2019, VNM traded at a 2019/20F Price-to-Earnings ratio (P/E) of 24.1x/22.2x[10].

2. FPT Corporation (FPT, -10.8%[11])

FPT is Vietnam's leading Information and Communication Technology company. It enjoys dominant positions across all its main business segments: (1) Technology segment (made up 57%[12] of FY2018 revenue and 39%[12] of FY2018 Earnings before Tax (EBT) for FPT) with Software production, system integration and IT services and (2) Telecommunication segment (38.0%[12] of FY2018 revenue and 37.6%[12] of FY2018 EBT) with broadband internet and digital content; FPT also offer Retail & Distribution and Educational services.

After expanding the number of retail outlets to 480[12] or 18% share of retail market, in December 2017, FPT divested its retail business (FPT Retail or FRT) from 87% to 47% ownership, in which a 35% stake was sold to funds managed by Dragon Capital, VinaCapital and Singapore's Temasek Holdings.[11] A 52% stake in FPT's distribution business (FPT Trading) was also sold to Synnex Corp, the world's third largest distributor of IT and electronics products, reducing FPT's ownership to 48%[12]. In FY2018, these associates contributed 8.9% to FPT's EBT.

FPT's software development/outsourcing segment is a key export driver for the company - it has exposure to 21 countries with 25 service delivery centres, providing software solutions in domains such as government, public finance, banking, education, healthcare and transportation. In particular, FPT has managed to solidify its standing to Japanese clients (which contributed >50% of its software outsourcing segment's revenue for 2017.

For full-year 2018, FPT recorded sales of VND 23,214 billion (-47% YoY)[12] and EBT of VND 3,852 billion (-9% YoY)[12] as FPT sold majority stakes in FRT and FPT trading in December 2017. Like for like comparison, sales grew 17% YoY and EBT grew 30% YoY. Key earnings growth driver came from software outsourcing segment with strong growth of 35% YoY[12] on top and 27% YoY[12] in EBT.

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[9] Source: VNM announcements
[10] Source: Bloomberg 31/01/2019
[11] Source: Bloomberg 31/12/2018
[12] Source: FPT announcements

The Telecom segment of FPT also performed well with a growth of 17% YoY[13] on top and 26% YoY[13] in EBT. FPT experienced strong growth in oversea market as this market contributed VND 9,097 billion (+26% YoY)[13] and VND 1,472 billion (+27% YoY)[13] to FPT's sale and EBT respectively. After divestments, we view FPT as a pure technology and telecoms player with strong medium and long-term growth prospects while the valuation is relatively cheap.

As of January 2019, FPT traded at FY2019/20F P/E of 9.7x/8.3x[15].

3. Hoa Phat Group (HPG, -7.5%[16])

Hoa Phat Group is Vietnam's largest steel producer with a 23.8% market share in construction steel and 27.5% in steel pipe industry in 2018.[14] The company sells its products nationwide, with steel production accounting for 86.1% of total revenue and 90.8% of its total net profit in 2018.[14] HPG's competitive advantage lies in its vertically integrated business model which allows the company increased control over production costs, as well a comprehensive distribution network.

For full-year of 2018, HPG delivered net sales of VND 55,836 billion (+21.0% YoY)[14] and NPATMI of VND 8,573 billion (+7.1% YoY)[14]. HPG sold 2.4 million tonnes (+9.0% YoY)[15] of construction steel and 654,000 tonnes (+9.0% YoY)[14] 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 2018.

HPG's Dung Quat steel complex began construction in June-2017 and is expected to start production facilities in phases over the next two to three years. The Dung Quat project can be divided mainly into two phases and is expected to cost more than VND40trillion. The first phase was largely completed by late-2018 and already commenced production in the same period. This first phase of the Dung Quat project doubles HPG's long steel capacity to 4 million tonnes[14]. A new galvanised steel sheet line with capacity of 400,000 tonnes per year also came online at the end of 2017. This capacity is equivalent to nearly 20% of that of rival HSG, the largest domestic galvanised steel sheet manufacturer and is expected to contribute positively to HPG's top-line. HPG remains in a good position to reap the benefits of Vietnam's real estate market's long term growth and the Vietnamese government's slate of infrastructure projects.

As of January 2019, HPG traded at a 2019/20F P/E of 5.5x/4.2x[15].

4. Khang Dien House (KDH, +28.3%[16])

KDH is a proven and well established landed property developer in Ho Chi Minh City (HCMC) with 15 years of experience. It is one of the earliest developers in District 9 in HCMC, an area with rapid infrastructure developments. In 2015, KDH acquired a 57% stake in Binh Chanh Construction JSC (BCI) to expand its land bank from nearly 90 hectares to 500 hectares, the additional land bank being in Binh Chanh District in the southwest part of HCMC. In 2018, KDH completed a share swap to purchase the rest of 43% stake in BCI.

KDH has been in the Class A Shares portfolio's top ten holdings since May 2017, and has been one of the top five holdings since January 2018 after we exercised our options to participate in KDH's subsequent full purchase of BCI via share swaps.

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[13] Source: FPT announcements

[14] Source: HPG announcements

[15] Source: Bloomberg 31/01/2019

[16] Source: Bloomberg 31/12/2018

For full-year 2018, KDH posted net sales of VND 2,917 billion (-5% YoY)[17] and NPATMI of VND 806 billion (+61% YoY)[17]. For Q4 only, the earnings tripled YoY to reach VND 405 billion[17], driven by scheduled deliveries at the Jamila Project (100% pre-sold) and land bank transfers. 2018 revenue was contributed by deliveries of Jamila, Lucasta, Rosita and transfers of undisclosed non-core land plots. The gross margin was expanded by land bank transfers as they carry higher margin while financial income and full BCI control further drove up earnings. Net financial income boomed to VND 110 billion in 2018 vs a net financial loss of VND (53) billion in 2017[17], mainly came from divesting its associates (Espace Big C An Lac and EB New City).

Post-2018, KDH's land bank is more than sufficient for development plans between 2019 to 2021. With projects such as Nha Pho Phu Tho, Binh Trung, Sapphire and BCI's projects Hermosa, Phong Phu 2, Corona City and Tan Tao. The clearing of the BCI land bank will require time. Compensation negotiations with the fragmented pool of land owners will typically take an extended period of time (no fixed time frame), as is to be expected of sizeable land plots. Once completed, BCI's legacy land plots can be an important driver as KDH's main source of revenue and earnings growth over the medium term. We are confident in KDH management's approach and execution track record to deliver this expected earnings growth.

At the end of Jan 2019, KDH's traded at 2019/20F P/E of 13.8x/9.1x[18].

5. Mobile World Investment Corp (MWG, -0.6%[19])

MWG owns the leading mobile phone and consumer electronics chain in Vietnam with market shares of >40% and >35%, respectively. The mobile phone business, which sells mobile phones, tablets, laptops, accessories and value-added services with more than 1,000 stores nationwide, has been a great success story since 2004. MWG has plans to capture 50% market share in mobile phones and 45% market share in consumer electronics by 2020 onwards.

In 2018, in a move to expand its retail business, MWG launched Bach Hoa Xanh, a minimart/food-store chain specialising in fresh foods and daily basic needs. After having set a target for 1,000 store openings for the year, management monitored new store operational progress and decided to shift priority to store quality and selective location instead of simply expanding footprint. MWG has found a standardized format for its grocery chain and reduced store opening target to 500. By the end of November 2018, Bach Hoa Xanh had 404 stores in operation and the average monthly sales per store reached over VND 1.1 billion (for the stores opened before 1/11/2018), higher than the break even point of VND 0.95 billion[20].

For full-year 2018, Mobile World's revenue rose by 30% YoY to VND 86,516 billion[20] and NPATMI rose by 31% YoY to VND 2,879 billion[20] thanks to the considerable strength of the consumer electronics segment. By the end of November 2018, total store count increased to an estimated 2,200 stores, up c.14% YoY[20]. 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 also to leverage on the existing locations of mobile phone outlets to expand produce offerings in the consumer electronics category. For full-year 2019, the company target a net sale of VND 108,468 billion (+25% YoY) and NPAT of VND 3,517 billion (+22% YoY)[20].

[17] Source: KDH announcements
[18] Source: Bloomberg 31/01/2019
[19] Source: Bloomberg 31/12/2018
[20] Source: MWG announcements

At the end of Jan 2019, MWG was trading at 2019/20F P/E of 10.5/9.11x[21], which we believe represents attractive valuation for a retailer with such growth ambitions and sound execution track record. MWG stock's foreign ownership has been at the 49% limit for several years. The stock typically trades among foreigners with a premium of 30-40%.

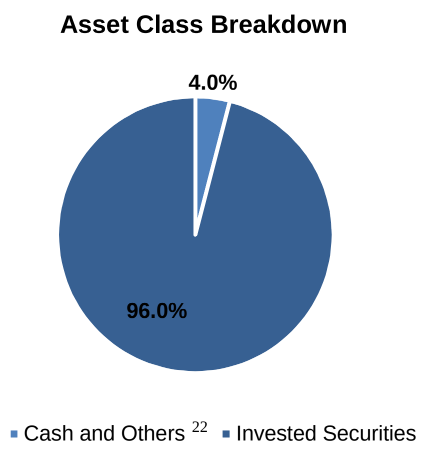
II. CLASS C – Private Equity Shares

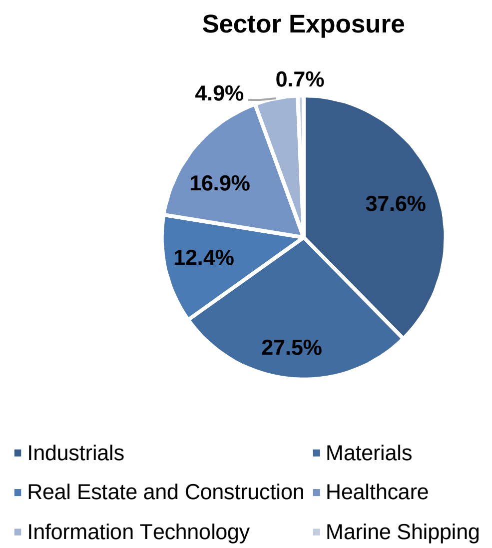
NAV Update

The NAV for the Class C Shares of the Company as of 31 December 2018 was USD 0.3382, up 3.14% from USD 0.3279 as of 31 December 2017.

Class C Shares Exposure and Performance

The asset class and sector exposure of the Class C Shares are summarized in the charts below and discussed in detail in the following sections.





[21] Source: Bloomberg 31/01/2019

[22] Includes accruals and liabilities

Performance Analysis

The objective of the Class C shares is to realise the assets in the portfolio, to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to Class C Shareholders promptly by means of pro rata redemptions of the Class C Shares. As such, no new private equity investments will be made except possibly for follow-on investments into existing positions if approved by the Board of Directors.

The 5 largest holdings of the Class C Shares portfolio as of 31 December 2018 are listed below:

Top 5 Holdings			
Rank	**Security Name**	**Market Value (USD)**	**% of NAV**
1	GreenFeed	46,593,770	36.1%
2	Corbyns International	22,909,199	17.8%
3	Anova Corp	20,875,655	16.2%
4	NBB Investment Corp	13,868,308	10.8%
5	AnPhat Plastic and Green Env	8,110,904	6.3%
	Total	**112,357,836**	**87.2%**

The Class C Shares portfolio returned 3.14% in 2018, predominantly due to a general upward revision in valuation of Greenfeed and Anova Corporation as both companies benefitted from the recovery of pork prices in H2 2018. However, this was partially offset by the decrease in market values of the listed equities as the domestic stock market continued to be affected by global geopolitical turbulence.
The Company's Private Equity ("PE") investments are re-valued on a semi-annual basis based on valuations prepared by Grant Thornton Vietnam, with updates on exit progress from the Investment Manager. Notable movements were observed in the valuations of Greenfeed, Anova and VTC Online in December 2018 compared to the valuations in Dec 2017. The valuation of the Company's position in Greenfeed and Anova increased 16.7% and 36.8% respectively as 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 valuation of the Company's position in VTC Online decreased by 32.1% due to a decrease in the estimated recoverable amount from the put option. Apart from Greenfeed, Anova and VTC Online, there were minimal movements in the valuations of the other PE investments.

1. GreenFeed Vietnam Corporation

In May 2010, the Company made a USD 9.5mn investment in GreenFeed Vietnam Corporation (GFVN), a leading producer of animal feed. The investment was made via USD 4.0mn in secondary shares and USD 5.5mn in a convertible instrument, for a fully diluted 17.2% stake in the company. In June 2014, the Company invested USD 0.7mn to purchase additional secondary shares and converted the existing convertible instrument into shares. This increased the Company's fully diluted stake in GFVN to 17.9%. Since the initial investment through to the end of 2018, the Company has received approximately USD 15.0mn in dividends from Greenfeed.

GFVN is the fourth largest feed miller in Vietnam[23], competing against large foreign companies including Charoen Pokphand of Thailand and Cargill of US. The top five animal feed players collectively account for approximately 60% of total market share. Given the highly fragmented nature of the market, GFVN is gearing up to capture a larger share in the next few years. As of end-December 2018, GFVN has reached an annual capacity of 2mn[23] tonnes of feed.

[23] Source : http://www.greenfeed.com.vn/en/about-us/

For Q3 2018, net sales decreased 3.8% YoY as Vietnam's pig industry was still recovering from a downturn. However, the situation in Vietnam has improved significantly from April 18 onwards as pork prices have increased from VND 30,000/kg – VND 35,000/kg in Q1 2018 to approximately VND49,000/kg[24] in Dec 2018. The increase in pig prices has a positive effect on feed prices as indicated by an improvement in gross margins and profit YoY for Greenfeed's feed business in Q3'18.

In January 2019, GFVN has conducted a review and assessment of the conditions of animal feed factories, pig breeding facilities in Bình Thuận Province and organised training courses for officials and employees working directly in these farms. Management also updated that the company has completed qualified slaughter and pork processing facilities in accordance with Office International des Epizooties (OIE) regulations. It is expected that GreenFeed will commence pork production with pig breeding cooperatives in Bình Thuận province on an area of 140 ha, providing 10,000 sows and 30,000 pigs per year to the market.[25] The Investment Manager believes the performance of Greenfeed to continue to improve if pork prices can be sustained at these levels throughout 2019.

There is currently no trading market for shares in GFVN. As of 31 December 2018, the valuation of the Company's position in GFVN was valued at USD 46.7mn. GFVN's valuation is exposed to risks tied to the overall development of the swine industry in Vietnam, as well as the execution of the company's business and expansion plans. The final realisable value depends on the successful execution of the exit strategy undertaken by the Investment Manager.

2. Corbyns International Limited

In February 2013, the Company invested USD 12.2mn via a convertible loan in Corbyns International Limited ("Corbyns"), which owns 81.79% of Vietnam Industrial Investments ("VII"). Listed on the ASX, VII is a leading steel manufacturer, primarily manufacturing wire rods and rebars used in construction and infrastructure projects. In September 2017, the Company committed an additional USD 2.5mn, of which USD 450k was drawn down for the restructuring of VII. The maturity of the convertible loan is 30 September 2019. Security for the loan is Corbyn's 81.79% stake in VII. One of the conditions for the additional funds was for VII to be delisted from ASX by 30 April 2019, and failure to do so would constitute an event of default for Corbyns. The Company has engaged legal counsel to advise on how best to protect its investment moving forward, and how it can enforce its security over the VII shares. The Company indirectly owns up to 33.2% of Corbyns. To date, Corbyns has paid USD 6.4mn of interest to the Company.

VII is amongst the top steel manufacturers in Vietnam with production capacity of up to 50,000 tonnes per month. VII's key brands are well recognized in the marketplace and they remain the leading brand in their own product segments. VII maintains a robust distribution platform that includes 30 tier 1 distributors and 100 tier 2 distributors across all regions of Vietnam - they are particularly strong in Northern Vietnam.

VII's 2018FY results were affected when the Vietnamese government introduced a "safeguard tax" of 23.3% on imported billets which increased the tax from 10% previously to 33.3%. 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 of the production by NTC. As part of the transaction, NTC was to assume the debt of VND180 billion due to

[24] Source: https://thepigsite.com/news/2019/01/genesus-global-market-report-southeast-asia-december-2018
[25] Source: https://vietnamnews.vn/economy/484179/greedfeed-aims-for-safe-pork.html#pctqC7jIe9uJy74c.97

VII by the previous supplier. VII updated on 14 November 2018 that NTC has made significant progress in bringing the billet plant to production. Construction of the rolling mill by NTC is expected to complete by the end of the year, with commissioning and production targeted to commence in Q1 2019.

For its 2018FY results, VII recorded revenue of AUD 561 mn (+46.2% YoY) and net loss of AUD 1.4 mn compared to a net profit of AUD 2.4 mn in 2017. As discussed in note 15 to the financial statements, the auditors of VII issued a qualified opinion for VII's 2018FY 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 the NTC, including an assessment of the probability of default and loss given default, in respect of the loan, advances and receivables.

There is currently no trading market for the convertible loan. As of 31 December 2018, the Company's position in Corbyns was valued at USD 22.9mn. This valuation conclusion is subject to Corbyn's ability to realise its investment in VII for at least this amount, which we note is less than both VII's net asset value and trading price as at Dec 2018. Corbyn's valuation is exposed to risks tied to the overall development of the steel industry in Vietnam, as well as the execution of the company's business and expansion plans. A key risk to the final realisable value would be the inability for Corbyns to restructure successfully within the stipulated timelines.

3. Anova Corporation

In May 2011, the Company made a USD 8.7mn investment in Anova Corporation ("Anova") via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Company invested USD 1.7mn, exercising its pre-emptive right to subscribe to ordinary shares via a rights issue for Anova to acquire an animal feed company. In September 2015, the Company invested USD 2.2mn via a second rights issue for Anova to expand the animal feed business. The synergies available between feed, feed additives and animal health products will create opportunities over the next few years for Anova to gain market share and penetrate new markets. In June 2018, the Company invested USD 3.4mn via a third rights issue for Anova to expand its position in the farm-feed-food value chain. The Company's total fully diluted stake in Anova is 16.3%. To date, the Company has received approximately USD 3.6mn of dividends and interest from Anova.

Anova is the leading manufacturer of veterinary health products in Vietnam as well as the leading importer and distributor of raw materials for the animal health and feed sectors. Anova maintains a market share of 17% in the manufacturing and sale of finished veterinary products with the next closest competitor, Vemedim, at 12% of the total market.[26]

Anova's management recently 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. Similar to Greenfeed, Anova has seen an improvement in profitability after pig prices in Vietnam increased from April 2018 onwards. For its unaudited 2018FY results, Anova showed revenue of VND 4,665 bn (+11.9% YoY) and NPATMI of VND 161 bn (+75.5% YoY).

[26] Source: Anova management

Meanwhile, China's sow inventory decreased 5 million (~15%) YoY in Dec 2018[27], likely due to increased liquidation from the African Swine Fever (ASF). We believe this will eventually lead to increase in pork prices as supply reduce and global demand is expected to increase against strong global economy in 2019. The outbreak of ASF may also benefit sales of Anova's veterinary health products.

There is currently no trading market for the convertible bonds or ordinary shares. As of 31 December 2018, the Company's position in Anova was valued at USD 20.9mn (+36.8% YoY). Similar to Greenfeed, Anova's valuation is exposed to risks tied to the overall development of the swine industry in Vietnam, as well as the execution of the company's business and expansion plans. The final realisable value depends on the successful execution of the exit strategy undertaken by the Investment Manager.

4. NBB Investment Corporation JSC

In December 2010, the Company invested USD 10.7mn in redeemable convertible preference shares ("RCPS") issued in a private placement by NBB Investment Corporation JSC (NBB). In August 2013, the Company invested USD 1.2mn in NBB's rights issue to subscribe to additional ordinary listed shares. In October and November 2013, the Company received the first instalment of USD 1.48mn from NBB as compensation for financial underperformance. In December 2013, the Company's RCPS were converted into ordinary listed shares. In July 2014, the Company invested USD 1.2mn in NBB via a rights issue. In December 2014, the Company received USD 0.5mn from NBB for financial underperformance. In September 2015, the Company invested USD 2.4mn in convertible bonds. In May 2016, the Company received USD 0.5mn from NBB for financial underperformance. In August 2017, the Company invested USD 1.7mn in NBB via a rights issue. The Company's fully diluted stake in NBB is 14.7% and is currently held in listed shares and convertible bonds. To date, the Company has received approximately USD 4.1mn of dividends and interest from NBB.

Listed on the HOSE, NBB is an investment holding company focused on developing Grade C residential property that is typically priced at USD 700-1,000/sqm. NBB is a play on fundamental trends such as rising urbanization and a growing middle class that are stimulating demand for affordable housing in Vietnam, particularly in Ho Chi Minh City. The company's large, low-cost land bank and a pipeline of projects, leave it well-positioned to become a direct beneficiary of these trends. In 2017, CII, a major shareholder in NBB, had increased its stake to over 30%.

For 2018 FY, NBB showed net sales of VND 1,139 bn (+7.6% YoY) and NPATMI of VND 153 bn (+13.4% YoY). The increase in net profits is due to higher profits from transfer of land use rights.

The Fund Manager has sold all of the Company's ordinary share for NBB in Mar 2019 and has commenced conversion of its convertible bonds to shares in January 2019. The fully diluted shareholding in NBB is 2.89% as of 15th Apr 2019.

As of 31 December 2018, the Company's position in NBB was valued at USD 13.9mn.

5. An Phat Plastics and Green Environment JSC

At the end of 2007, the Company made a USD 2.0mn equity investment in An Phat Plastics and Green Environment JSC ("An Phat"). In April 2009, the Company made a follow-on investment of USD 2.8mn via a convertible bond to fund An Phat's expansion plans.

[27] Source: https://www.genesus.com/jim-long-pork-commentary-jan-21st-2019/

An Phat is the largest plastic recycler in North Vietnam. The recycled plastic is manufactured into bio-degradable plastic bags and re-usable plastic bags for both the domestic and international markets.

When An Phat was listed on the Hanoi stock exchange in 2010, the Company exited its equity portion by selling the shares in the open market. In December 2012, the convertible bond of An Phat was partially redeemed and the balance was favourably restructured into ordinary listed shares of An Phat. In September 2014, the Company invested USD 1.4mn in An Phat via a rights issue. In November 2016, An Phat was delisted from Hanoi stock exchange and listed on the HOSE. In May 2018, the Company invested a further USD 4.0mn in An Phat via a rights issue. The Company currently owns 7.65% of An Phat. To date, the Company has invested USD 10.2mn in An Phat and realised USD 6.2mn. The Company's current position was valued at USD 10.5mn based on stock price as of 30 June 2018.

An Phat reported weaker than expected 9M18 results of revenue +122% YoY and net profit -19% YoY. The surge in revenues was driven by plastic resin trading activities while the fall in net profits was due to a delay in signing an offtake contract with a domestic resin manufacturer.
As a result, An Phat had to import resins from other sources denominated in USD, while distributing in the domestic market mostly in VND in the first 9 months of 2018. Management has updated that the agreement has since been signed, purchase of resin from the domestic manufacturer will commence.

Management also guided 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.

The Fund Manager has sold 61.8% of the Company's shareholding as at 14 April 2019.

As of 31 December 2018, the Company's position in An Phat was valued at USD 8.1mn.

6. VTC Online

In July 2012, the Company made a USD 10.0mn investment via subscription of ordinary shares in VTC Online, an online games publisher in Vietnam. The Company owns 19.5% of VTC Online.

For 2018FY, VTC Online recorded net profit of VND 5.15bn compared to a net loss of VND 58.23bn in 2017.

In September 2018, the Investment Manager submitted a demand to exercise its put option to VTC Online with a request to repurchase its shares. The value of VPF's investment in VTC Online has been determined based on the put option's trigger event of "No IPO/ Listing within 3 years from Closing Date". The Investment Manager has engaged a legal advisor to help actively pursue the Fund's legal entitlements due from VTC Corp and VTC Online. While no formal legal action has commenced, negotiations between the Investment Manager and VTC Corp as well as VTC Online are ongoing.

There is currently no trading market for the ordinary shares. As of 31 December 2018, the Company's position in VTC Online was valued at USD 6.1mn. As discussed in note 15 to the financial statements, it is noted that audited financial statements for 2017 and 2018 are unavailable. The valuation from Grant Thornton took into account the terms of repurchase price calculation, the conditions tagged along with the put option, and the funding currently available to VTC Online. The value of VPF C's investment in VTC Online is subject to the company's ability to realise the value of the 18 Tam Trunh building, in which VTC Online owns 60%, at the value as appraised in March 2018, as well as changes in cash and short-term receivable position.

III. Market Overview

GDP growth remained stable despite global turbulence – Vietnam's GDP increased by 7.1% YoY in 2018[28], surpassing 6.8% growth in the same period for 2017 and the government's initial target of 6.7%. All three main sectors of the economy expanded with Industry & Construction sector growing 8.9%[30], contributing the largest proportion to the overall increase. Within the Industry & Construction sector, Manufacturing subsector registered strong growth of 13.0%[30]. In contrast, the Mining sub-sector continued to witness decline registering growth of -3.1%[30] YoY. The Service sector grew 7.0%[30]. Within the Service sector, Wholesale and retail sales increased 8.5% YoY[30] while Financial, banking and insurance activities increased by 8.2%[30]. The Agriculture, Forestry and Fishery sector grew 3.8% YoY[30] as the sector continue to display a clear recovery trend since 2016.

Inflation largely within expectations – Average CPI levels increased 3.5% YoY, lower than the target of 4% set by the government.[30] Milder increases in 2018 for medicine and healthcare services' prices (+10.8% in 2018 YoY against +42.3% YoY in 2017), as well as education services' prices (+6.3% in 2018 YoY against +9.1% YoY in 2017) slowed the acceleration of inflation than compared to 2017. Total estimated retail sales of consumer goods and services in 2018 rose 11.7% against the same period last year; if excluding the price factor, the growth rate was 9.4%[30] Such growth in a low inflationary environment reflected high consumer confidence and stronger purchasing power in the economy.

Stable credit growth –Credit growth reached 13.3%[29] in 2018 against 17.0%[29] registered in 2017. The State Bank of Vietnam ("SBV") pledged to accelerate the implementation of the Restructuring of Credit Institutions Systems in association with the non-performing loans (NPL) resolution 2020 set by the Government, focusing on effective handling of poor credit institutions and to maintain the local socio-economic stability by strengthening inspection, supervision and strict control of the operations of the system of credit institutions and supporting the restructuring of credit institutions in association with NPL resolution.The SBV will continue to direct credit institutions to develop and implement their credit plans to focus on priority sectors such as agriculture, exports, supporting industries and hi-tech businesses with stricter controls in potentially risky sectors such as real estate. The SBV has also reaffirmed their commitment to manage monetary policy in a consistent and flexible manner to ensure liquidity of the banking industry and to control inflation within the set target.

Trade performance remains strong – Vietnam recorded a trade surplus of USD 7.2bn[30] in 2018, compared to USD 2.7bn[30] in 2017. Export of goods in 2018 increased 13.8%[30] from the same period in 2017. The export hiked was mainly attributed to increase in export of Machinery (28.0%[30]) and Phones and their parts (10.5%[30]). At the same time, labour-intensive manufacturing exports such as garments and textiles continued to post 16.6%[30]growth. Import of goods in 2018 increased by 11.5%[30] from the same period last year, driven by an increased in import of plastic (20.0%[30]) and Fabrics (13.5%[30]), likely due to an overall increase in consumption as the economy expand. Despite US trade restriction policies, we believe that international trade and investment activities should flourish for Vietnam under trade deals such as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the European Union-Vietnam Free Trade Agreement (EVFTA). We expect imports and exports to maintain stable growth in 2019, driven by FTAs, FDI inflows and strong domestic demand.

[28] Source: General Statistics Office of Vietnam
[29] Source: The State Bank of Vietnam (SBV)
[30] Source: General Statistics Office of Vietnam

Foreign investment inflows remained robust - Total FDI via newly registered projects, capital adjustments, capital contributions and share purchases in Vietnam was USD 25.6bn[30], showing a decrease of 13.9% from same year-ago period. Total disbursed capital was USD 19.1bn[30], an increase of 9.1%[30] as compared to 2017. The manufacturing sector continued to lead FDI flows, representing 55.4%[30] of total registered FDI value, followed by the real estate sector with 42.0%[30]. Japan ranks first, accounting for USD 6.6bn[30] of the total investment capital. Vietnam's competitive fundamentals, improvements in regulations and business environment and deep trade integration continues to make it a good destination for a long-term FDI. Going forward, there are expectations that the Government will encourage FDI into more environmentally friendly and high-tech projects to drive sustainable economic growth.

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

Vietnamese Markets still offer attractive valuations – The Vietnamese stock markets recorded losses of 11.2% (VNIndex) and 12.8% (VHIndex) in USD terms in 2018.[31] High volatility was observed, with the VNIndex reaching an all time high on April 9 before correcting to end of the year period with a loss. The correction was kicked off by global developments and uncertainties, especially regarding the US-China trade tensions, the US Fed rate hike, and the USD strengthening. Meanwhile, on the fundamental side, the Vietnamese economy and Vietnamese company earnings continued to show robust performance throughout the year.

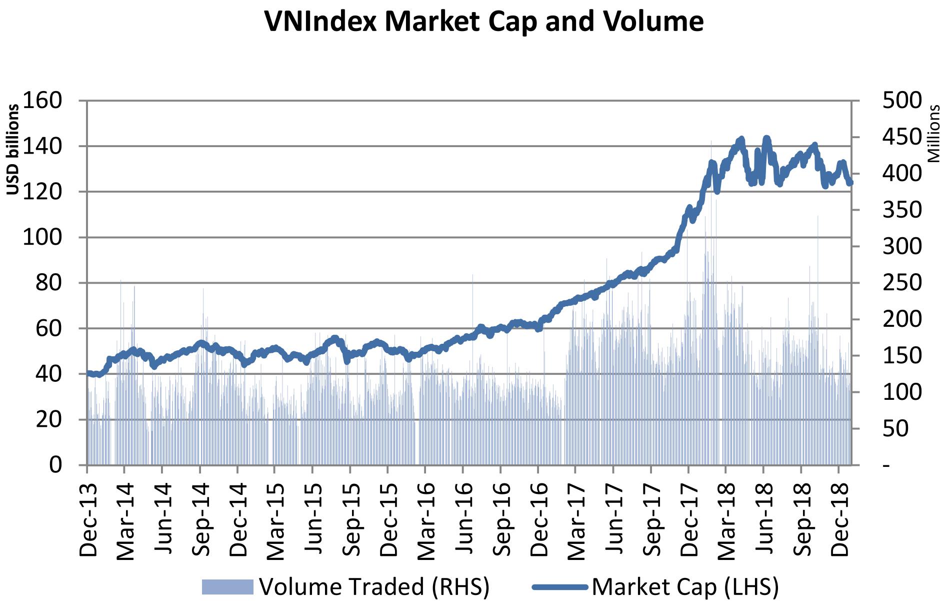
The Vietnam market continues to be attractive as it offers one of the lowest PEG rates of 0.7[31] among regional peers. Moreover, valuation appears to be reasonable on a ROE basis with one of the highest multiple in the region. Despite the uncertainty in the market, volume remains healthy at daily average of USD 169mn[31], -0.2% YoY, providing liquidity to the market.

At its peak in April this year, the index traded at a trailing P/E of 22.1x. It has since corrected down to 2019E P/E of 17.9x, on the back of ROE of 21.8% and dividend yield of 1.3%.[31]

		Mkt Cap (USD bn)	2019 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	488	19.9	4.9	2.0%	24.5%
Thailand	SET	493	18.1	2.2	2.9%	17.3%
Singapore	FSSTI	398	12.9	3.1	3.4%	13.1%
Malaysia	FBMKLCI	259	20.0	2.0	3.0%	25.2%
Philippines	PCOMP	178	18.0	1.6	1.6%	13.3%
Vietnam	VNINDEX	124	17.9	0.7	1.3%	21.8%

Source: Bloomberg 31/12/2018, Market cap weighted average

[30] Source: General Statistics Office of Vietnam
[31] Source: Bloomberg 31/12/2018



IV. Outlook and Strategy

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 only 14% in 2019 vs 17-18% in 2018.[32]

Listed Equities

The Class A Shares portfolio's objective is to seek long-term capital appreciation for investors. The Investment Manager's selection process continues to focus on identifying companies with sustainable growth potential, solid economic moat, effective management with good track record and sound corporate governance. This rigorous and prudent approach has been proven to drive the Company's long-term outperformance and ability to weather multiple downturn cycles well.

After a significant run-up in 1Q-2018, the Vietnamese stock market corrected sharply on the back of geopolitical developments. The ongoing trade tensions between US and China caused uncertainty over near-term trade outlook and trade volumes. This is partially due to concerns that trade networks could shift permanently and global supply chains might become more "regionalised" or even "localised". These uncertainties will weigh negatively on an export-oriented economy and FDI destination like Vietnam's in the near-term. However, over the long-term, Vietnam could still stand out as a beneficiary as supply chains are re-routed as the consideration of a China+1 strategy becomes more important for multi-national corporates and investors.

Foreign flows into the stock market in 2019 may still be somewhat affected by these above-mentioned uncertainties but we reiterate our view that the Vietnamese market will remain attractive in the long-term, given that: 1) more investment opportunities will likely be created by the government's divestments of its non-core assets, and 2) the country's continuous restructuring which will help to meet MSCI's criteria to upgrade from frontier market to emerging market.

[32] Source: General Statistics Office of Vietnam

Given the strong long-term economic footing, we believe that the correction of the stock market, which has lowered valuations to a relatively less demanding level, may present a relatively more attractive stock market for investors in the Vietnamese market in 2019.

Private Equity

The investment objective for the Class C Shares portfolio is to realise the assets in an orderly manner that seeks to achieve a balance between maximising the value of the portfolio and returning cash to shareholders promptly by means of pro-rata redemptions of the Class C Shares. The Investment Manager is working towards achieving liquidity for each investment in the portfolio. As the portfolio comprises of meaningful stakes in leading companies in their respective industries in Vietnam, the Investment Manager believes there will be interest shown by financial investors as well as strategic investors.

In Q4 2018, the Vietnamese pig industry took a positive turn as retail pork prices climbed above VND 49,000/kg from VND 30,000 – 35,000/kg in Q1 2018. In line with the recovery of the industry, valuations conducted by Grant Thornton reflected an increase of 17.8% and 15.8% in valuation for both Greenfeed and Anova respectively. The Investment Manager is currently working closely with the management of both companies to work towards an exit strategy for the Company. Meanwhile, the restructuring of Corbyns is ongoing and more updates will be provided as it progresses. For VTC Online, the Investment Manager is working closely with its legal advisor to actively pursue its legal entitlements from the Company and Sponsor. The launch of formal litigation is being considered, should the Company or Sponsor continue to be unwilling to meet its legal obligations to the Fund. 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. The Investment Manager believes that the improved outlook for An Phat in FY19 will lead to a re-rating of its business. For NBB, the company has announced that they are conducting share buy-back of up to 10% outstanding shares at limit price of VND 22,000/ share. The Investment Manager intends to take part in the company's share buy-back program and has commenced conversion of its convertible bonds to shares in January 2019.

With regards to the illiquid listed investments, during 2018, the Investment Manager has successfully sold shares of Can Don Hydropower, National Seed, Khang Dien House and Ha Do Group. Following the sale of these shares, the Company made a redemption of a pro rata share of 10% of each investors' Class C shares on 23 July 2018.

V. Risks in 2019

Whilst the Investment Manager is fully aware of the inherent risks of investing in an emerging market such as Vietnam, additional attention should be drawn to the following uncertainties and principal risks which could adversely impact the Company's performance over the next 6-12 month period:

US Dollar strengthening – the US Dollar (USD) has been strengthening against the Chinese Yuan and many other emerging market currencies as a result of the US Fed fund rate hike and global trade tensions, among other factors. The Vietnamese Dong (VND) depreciated 2.1% against the USD in 2018, while the Philippines Peso (PHP) , Indonesian Rupiah (IDR) and the Chinese Yuan (CNY) depreciated 5.3%, 7.4% and 5.7% respectively. Meanwhile, other non-Asian emerging market currencies have performed worse, with the Argentine Peso (ARS) down 50.7%, the Turkish Lira

(TRY) and the Brazilian Real (BRL) depreciated 38.8% and 17.2% respectively. If the USD continues to strengthen in future, it might soon bring about an inflationary effect through imports.
However, we believe the VND will remain relatively resilient from sharp depreciation against the USD partly due to the Vietnamese government's management of its foreign currency reserves (USD 60bn covering more than 12 weeks of imports[33], as a result of strong FDI and FII flows over the past 6 years) and the government's intention to manage and support the VND to provide a "conducive" environment for FDI and trade participants.

Inflation and interest rates – Higher food commodity prices including pork, and the implementation of an environmental tax on gasoline from January 2019 may put pressure on the Government's target for inflation of below 4%. If higher food, gasoline and other consumables' prices increase faster than expected, which may cause inflation to rise above the government's targeted 4%, we may see the State Bank of Vietnam continue to put tighter limits on credit growth within the economy. However, we do believe that the Vietnamese government can employ other means to offset possible price increases in said previously mentioned areas, such as through limiting education costs and health care goods and services' costs increases.

Long-term effects of global trade tensions on Vietnam and short-term market reactions – It is still uncertain how trade tensions between US and China will affect the Vietnam economy. Several scenarios could crystallise for these trade tensions, including: (1) China may switch its export market from the US to other countries, intensifying competition for Vietnam on other markets; (2) the US may apply tariffs on Vietnamese goods either to target Chinese goods in transit from Vietnam (as observed from the steel products in previous years) or simply given that Vietnam has posted a USD 33.3bn trade surplus with the US in 10M2018, 6th globally, behind Japan and Ireland[34]; (3) Vietnam might be able to replace China in some categories of products exported to the US; (4) Vietnam might benefit from a gradual shift of manufacturing activities and supply chain facilities to diversify from China over the longer term (this strategy for manufacturing players is not a new one but may gain greater momentum in the near-term, depending on how the trade tensions are resolved). These trade-related risks will be monitored closely and we will adjust our positions accordingly.

[33] Source: General Statistics Office of Vietnam
[34] Source: https://www.census.gov/foreign-trade/statistics/highlights/toppartners.html#def

List of holdings as of Dec 31, 2018			
Share Class	**Security Name**	**Ticker**	**Value (USD)**
Class A			**40,416,800**
	BANK FOR FOREIGN TRADE JSC	VCB VN	1,288,657
	COTECCONS CONSTRUCTION JSC	CTD VN	900,539
	FPT CORP	FPT VN	4,489,230
	HDBANK	HDB VN	1,880,455
	HO CHI MINH CITY SECURITIES	HCM VN	865,472
	HOA PHAT GROUP JSC	HPG VN	3,773,461
	KHANG DIEN HOUSE TRADING AND INVESTMENT JSC	KDH VN	3,670,973
	KIDO FROZEN FOODS JSC	KDF VN	84,975
	KINH BAC CITY DEVELOPMENT SH	KBC VN	1,737,643
	MOBILE WORLD INVESTMENT CORP	MWG VN	2,966,038
	PETROVIETNAM POWER CORP	POW VN	1,896,961
	REFRIGERATION ELECTRICAL ENGINEERING CORP	REE VN	1,354,442
	SAIGON SECURITIES INC	SSI VN	832,869
	THIEN LONG GROUP CORP	TLG VN	907,624
	VIET CAPITAL SECURITIES JSC	VCI VN	677,328
	VIETNAM DAIRY PRODUCTS JSC	VNM VN	5,891,935
	VIETNAM ENTERPRISE INV LTD-C	VEIL LN	2,318,979
	VIETNAM NATIONAL PETROLEUM GROUP	PLX VN	685,493
	VIETNAM TECHNOLOGICAL & COMMERCIAL JOINT STOCK BANK	TCB VN	300,905
	VINHOMES JSC	VHM VN	2,879,672
	YEAH1 GROUP CORP	YEG VN	1,013,149
Cash and others			**29,478**
Total			**40,446,278**

VIETNAM PHOENIX FUND LIMITED

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

List of holdings as of December 31, 2018			
Share Class	**Security Name**	**Ticker**	**Value (USD)**
Class C			**123,209,819**
	AN PHAT PLASTIC AND GREEN EN	AAA VN	8,110,904
	ANOVA CORPORATION - CB	NA	11,132,541
	ANOVA CORPORATION - ordinary shares	NA	9,743,114
	Corbyns International Limited (VIETNAM)	NA	22,909,199
	DINH VU PORT INVESTMENT & DE	DVP VN	839,547
	GREENFEED - ordinary shares	NA	46,593,770
	NBB INVESTMENT CORP	NBB VN	10,290,149
	NBB INVESTMENT CORP - CB	NA	2,984,393
	S.S.G Group Joint Stock Company	NA	1,485,622
	TIEN PHONG PLASTIC JSC	NTP VN	3,060,955
	VTC Online	NA	6,059,625
Cash and others			**5,783,652**
Total			**128,993,471**

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Independent Auditors' Report to the Board of Directors

Qualified Opinion

We have audited the financial statements of Vietnam Phoenix Fund Limited (the "Company"), which comprise the statement of financial position as at 31 December 2018 and 2017, the statements of comprehensive income, changes in net assets attributable to holders of redeemable participating shares and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Qualified Opinion

The Company's subsidiary Hephaestus Limited has an investment in Corbyns International Limited ("Corbyns") which is carried in the Company's statement of financial position at US$22,909,199 and US$22,315,851 as at 31 December 2018 and 2017 respectively. Corbyns owns 81.79% of the ordinary shares in Vietnam Industrial Investments Limited ("VII"). On 29 March 2019 Ernst & Young (Perth) ("EY") the auditors of VII, issued their audit report in respect of their audit of the financial statements of VII for the year ended 31 December 2018.

The audit report issued by EY in respect of their audit of VII for the year ended 31 December 2018 was qualified, on the basis that EY have been unable to obtain sufficient appropriate audit evidence to assess whether a local investment and development company can achieve planned production levels at its steel making facilities and deliver the forecast production at the expected price, and to assess the potential impact of the VII group's exposure to the local investment development company, including an assessment of the probability of the default and loss given default, in respect of loans and receivables. Consequently the auditors' of VII were unable to determine the extent of the required impairment charges, if any in respect of the VII group's loan, advances and receivables of AU$62.642million and AU$48.338million at 31 December 2018 and 1 January 2018 respectively. The loans and receivables represent 109.7% and 85.2% of the net asset value of the VII consolidated statement of financial position as at 31 December 2018 and 1 January 2018 respectively. The investment of the Company in Corbyns is a convertible bond. Due to the qualified opinion issued by the VII auditors' we are unable to obtain sufficient appropriate audit evidence to assess the recoverability of the Company's investment in Corbyns and consequently the carrying amount within the Company's statement of financial position of US$22,909,199 and US$22,315,851 as at 31 December 2018 and 2017 respectively, and the related unrealized gain of US$593,348 and US$2,634,024 within the statement of comprehensive income for the years ended 31 December 2018 and 31 December 2017 respectively.

Independent Auditors' Report to the Board of Directors (continued)

The Company's subsidiary Prime Limited has an investment in VTC Online Joint Stock Company ("VTC") which is carried in the Company's statement of financial position at US$6,059,625 as at 31 December 2018. The Company owns 19.5% of the ordinary shares in VTC with an option to sell the shares back to VTC.

As discussed in note 15 to the financial statements, pursuant to the Share Purchase Agreement dated 22 June 2012 (the "SPA"), on 20 September 2018 the Company exercised the put option by sending notice of repurchase to VTC. The repurchase price is based on the terms of the SPA. There is currently no trading market for the shares of VTC. As of 31 December 2018, the Company's position in VTC Online was valued at US$6.1million. The valuation took into account the terms of the repurchase price calculation, the conditions tagged along with the put option, and the funding available to VTC Online. Pursuant to the VTC annual meeting minutes, it is noted that the audited financial statements of VTC for the year ended 31 December 2017 cannot be issued until the conclusion of investigating body about social games which are considered gambling in nature. Due to various uncertainties discussed above and the lack of audited financial statements regarding the assets and liabilities held by VTC we are unable to obtain sufficient appropriate audit evidence to assess the recoverability of the Company's investment in VTC and consequently the carrying amount within the Company's statement of financial position of US$6,059,625 as at 31 December 2018, and the related unrealized loss of US$2,884,097 within the statement of comprehensive income for the year ended 31 December 2018.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to note 15 to the financial statements, which discusses the recoverability of the investment in Corbyns as at and for the year ended 31 December 2017. In respect of this matter the previously issued auditors' report dated 27 April 2018, in respect of the financial statements as at and for the year ended 31 December 2017, is not to be relied on. This report dated 29 April 2019 is replacing the report dated 27 April 2018. Our opinion as at 31 December 2018 is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our qualified opinion thereon, and we do not provide a separate qualified opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of financial instruments (US$169,439,907) (2017: S$209,598,752)

Independent Auditors' Report to the Board of Directors (continued)

Refer to page 36 to 41 (accounting policy) and pages 56 to 73 (financial disclosures)

Description of the key audit matter

The Company's investment portfolio is the key driver of capital and revenue performance. Accordingly, we identified the following matters that were of most significance in the audit of the financial statements, the risk of:

- Incorrect valuation of the investment portfolio, in particular for the private equity investments held. No quoted market price is available for the private equity investments. Unquoted investments are measured at fair value. Their valuation, given the judgmental nature of the matters that require consideration by the investment manager carry a significant risk.

We have addressed the key audit matters as follows:

- We documented the processes in place to record investment transactions and to value the portfolio, including assessing the design and implementation of controls relevant to the valuation, completeness and existence of investments;
- We agreed all year end prices for listed equities to an independent source;
- For a sample of unlisted private equity and convertible debt investments we engaged a KPMG valuation specialist to assist us in critically assessing and challenging management's fair value determination and significant assumptions applied by the Company
- For all other private equity and convertible debt investments, we challenged the appropriateness of the valuation basis applied and the underlying assumptions, such as discount factors, and the choice of benchmark for earnings multiples. In addition we compared key underlying financial data inputs to external sources, investee company audited accounts and unaudited management information, as applicable.
- In addition, we considered the appropriateness of the disclosures relating to unquoted investments, having regard for the requirements of IFRS.

Based on our assessment of information obtained from our procedures, except for the effects of the matter described in the basis for qualified opinion section of our report we concluded that judgments relating to the valuation of investments were reasonable.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Investment Manager's Report for the year ended 31 December 2018 and the Supplemental Unaudited Information to the Financial Statements but does not include the financial statements and our auditors' report thereon.

Independent Auditors' Report to the Board of Directors (continued)

Our qualified opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our qualified opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our qualified opinion.

Independent Auditors' Report to the Board of Directors (continued)

- Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Claire Griffin.

KPMG

29 April 2019

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31/12/2018 US$	31/12/2017 US$
Income			
Net gain on investments at fair value through profit or loss	2(f), 3	320,124	31,166,115
Total income		**320,124**	**31,166,115**
Operating expenses	4	(3,179,682)	(10,488,764)
(Loss)/profit for the year		**(2,859,558)**	**20,677,351**
(Decrease)/increase in net assets attributable to holders of redeemable participating shares resulting from operations		**(2,859,558)**	**20,677,351**

	Class A Shares 31/12/2018	Class C Shares 31/12/2018
(Loss)/earnings per Share		
Basic	(8.59)c	0.92c
Diluted	(8.59)c	0.92c
Weighted average shares outstanding		
Basic	76,295,406	402,562,501
Diluted	76,295,406	402,562,501

	Class A Shares 31/12/2017	Class B Shares 31/12/2017	Class C Shares 31/12/2017
Earnings/(Loss) per Share			
Basic	17.24c	3.20c	(1.47)c
Diluted	17.24c	3.20c	(1.47)c
Weighted average shares outstanding			
Basic	141,217,357	80,555,793	423,750,000
Diluted	141,217,357	80,555,793	423,750,000

On behalf of the Board of Directors

Phillip

Director

29 April 2019

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	31/12/2018	31/12/2017
		US$	**US$**
Assets			
Cash and cash equivalents	6	273,266	3,594,570
Financial assets at fair value through profit or loss	15	169,439,907	209,598,752
Total assets		169,713,173	213,193,322
Liabilities			
Accounts payable	7	(273,424)	(3,585,522)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(273,424)	(3,585,522)
Net assets attributable to holders of redeemable participating shares		**169,439,749**	**209,607,800**

On behalf of the Board of Directors

Phillip

Director

29 April 2019

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE YEAR ENDED 31 DECEMBER 2018

	31/12/2018	31/12/2017
	US$	US$
Net assets attributable to holders of redeemable participating shares at beginning of the year	209,607,800	371,697,555
Proceeds from issuance of share subscriptions during the year	309,021	207,805
Payments on share redemptions during the year	(37,617,514)	(182,974,911)
(Decrease)/increase in net assets attributable to holders of redeemable participating shares resulting from operations	(2,859,558)	20,677,351
Net assets attributable to holders of redeemable participating shares at end of the year	**169,439,749**	**209,607,800**

The accompanying notes form an integral part of these financial statements.

VIETNAM PHOENIX FUND LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	31/12/2018 US$	31/12/2017 US$
Cash flows from operating activities		
(Loss)/profit for the year	(2,859,558)	20,677,351
Adjustment for non-cash items:		
Decrease in financial assets at fair value through profit or loss	40,158,845	164,281,708
Changes in operating assets and liabilities		
Decrease in accounts receivable	-	1,049,199
(Decrease) in accounts payable	(3,312,098)	(1,117,329)
Net cash from operating activities	33,987,189	184,890,929
Cash flows from financing activities		
Share subscriptions during the year	309,021	207,805
Share redemptions during the year	(37,617,514)	(182,742,176)
Net cash used in financing activities	(37,308,493)	(182,534,371)
Net (decrease)/increase in cash and cash equivalents	(3,321,304)	2,356,558
Cash and cash equivalents at the beginning of the year	3,594,570	1,238,012
Cash and cash equivalents at the end of the year	273,266	3,594,570
Cashflows from operating activities include:		
Interest received	1,439,649	1,377,502
Dividend received	3,795,914	6,425,078
Taxation paid	(11,771)	(18,070)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Incorporation and principal activity

The Vietnam Phoenix Fund Limited (the "Company"), previously known as DWS Vietnam Fund Limited, is an exempted company with limited liability formed under the laws of the Cayman Islands on 13 September 2006. The registered office of the Company is located at DMS House, 20 Genesis Close, P.O. Box 1344, Grand Cayman KY1-1108, Cayman Islands.

The investment objective of the Class A shares portfolio is to seek long-term capital appreciation by investing directly or indirectly in a diversified portfolio of securities of companies that do some or all or their business in Vietnam.

For the Class A shares portfolio, the Company seeks to achieve its investment objective through investing primarily in securities of listed entities, including Vietnamese-listed companies, overseas companies. Such entities include listed fund vehicles. The Company may also invest in securities issued by governmental agencies.

The investment objective of the Class C shares portfolio is to realise the assets attributable to Class C, to be effected in an orderly manner that seeks to achieve a balance between maximising the value of the Class C portfolio and returning cash to holders of Class C shares promptly by means of pro rata redemptions of Class C shares. Class C shares will have a fixed life expiring on the earlier of the date on which the last private equity shares are redeemed and 31 December 2020 (unless extended by an ordinary resolution passed at a separate general meeting of Private Equity Shareholders).

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose entities ("SPEs") incorporated outside of Vietnam. The Company has seven wholly-owned SPEs, incorporated as exempted companies with limited liability in the Cayman Islands having the purpose of acting as trading conduits of the Company. These SPEs are:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Siglap Limited
6. Kallang Limited
7. Hephaestus Limited

As at the financial year end 31 December 2018 all of these SPEs were in operation. As at the financial year end 31 December 2017, Company had eight wholly-owned SPEs. The SPE Greystanes Limited was de-registered on 20 Nov 2018.

As at 31 December 2018 and 2017, the Company and its SPEs (the "Group") had no employees. The investment activities of the Company are managed by Duxton Asset Management Pte Ltd ("Duxton" or the "Investment Manager") and the administration of the Company is delegated to State Street Fund Services (Ireland) Limited (the "Administrator"). The Investment Manager appoints all members of the boards of directors of the seven SPEs listed above. Class C shares of the Company are listed on Euronext Dublin.

2 Significant accounting policies

Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant accounting policies adopted by the Company are set out below.

2 Significant accounting policies (cont/d)

Statement of Compliance (cont/d)

The accounting policies, presentation and methods of calculation applied by the Company in these financial statements are consistent with those applied by the Company in its financial statements for the year ended 31 December 2017.

This is the first set of the Company's annual financial statements in which IFRS 9 "Financial Instruments" have been applied.

Before the restructuring of the Company, effective 1 January 2017, as detailed in Note 8, the shares constituted the only class of shares in the Company. All Shares had the same rights, whether in regard to voting, return of share capital and otherwise. Because all the shares were in a single share class, it was a requirement that they be presented as equity in accordance with IAS 32 "Financial Instruments: Presentation". The standard requires entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity.

Following the restructuring of the Company, and the creation of three share classes, all shares in the Company are classified as redeemable participating shares. Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. A redeemable participating share can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. A redeemable participating share is carried at the redemption amount that is payable at the Statement of Financial Position date if the shareholder exercises the right to put the share back to the Company.

a) Functional and presentation currency

The financial statements are presented in US Dollars. The functional currency of the Company is the US Dollar, reflecting the fact that all subscriptions received were denominated in US Dollars. All amounts have been rounded to nearest US Dollar.

The accounting policies have been applied consistently by the Company to both periods presented in the financial statements.

Going Concern:

The financial statements have been prepared on a going concern basis.

b) Accounting estimates and judgments

The preparation of the financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

The fair value of the subsidiaries is based on the fair value of the underlying investments they hold with estimation being involved in arriving at the fair value of certain of those underlying investments. Fair value estimates are made at the reporting date, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision. Note 15 details the fair value hierarchy and supporting information. The fair value of subsidiaries factors in a reduction for a deferred tax provision on the underlying investments where considered necessary. The deferred tax provision as at year end 31 December 2018, reflected as part of the valuation of the subsidiaries, was US$ Nil (2017: US$ Nil).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2 Significant accounting policies (cont/d)

b) Accounting estimates and judgments (cont/d)

IFRS 9 "Financial Instruments" ("IFRS 9") replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial instruments, including derecognition and impairment of such financial instruments. The Directors have determined that in order for the financial statements to give a true and fair view, the Company classifies financial instruments as measured at amortised cost or at fair value through profit or loss. Therefore financial instrument classification remains consistent with the policies of the most recent annual audited financial statements.

c) New accounting standards, amendments and interpretations

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018

IFRS 9

IFRS 9 became effective for periods beginning on or after 1 January 2018. IFRS 9 largely retains the existing requirements of IAS 39 for the recognition, classification and measurement of financial instruments. However, as it specifically relates to financial assets, the following categories included in IAS 39; held to maturity, loans and receivables and available for sale, are no longer available under IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

The Directors have determined that in order for the financial statements to give a true and fair view, the Company classifies financial instruments as measured at amortised cost or at fair value through profit or loss, as permitted by IFRS 9 'Financial Instruments'. Therefore there is no change to classifications when compared to the most recent annual audited financial statements and the adoption of IFRS 9 has not had a significant impact on the Company's net assets attributable to holder of redeemable participating shares.

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

(i) Classification

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
			US$	**US$**
Financial assets at FVTPL	Designated as at FVTPL	Mandatorily at FVTPL	209,598,752	209,598,752
Cash and cash equivalents	Amortised cost	Amortised cost	3,594,570	3,594,570
Total Financial Assets			213,193,322	213,193,322

2 Significant accounting policies (cont/d)

c) New accounting standards, amendments and interpretations (cont/d)

IFRS 9 (cont/d)

(i) Classification (cont/d)

Financial liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			US$	US$
Redemption proceed payable	Amortised cost	Amortised cost	-	-
Other payables	Amortised cost	Amortised cost	3,585,522	3,585,522
Total Financial liabilities			3,585,522	3,585,522

(ii) Impairment of financial assets
IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. As the financial assets are carried at fair value through profit or loss, ECL provision on credit losses are not applicable on the fund’s financial assets.

(iii) Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have not resulted in a requirement to restate comparative periods as there is no change to classifications when compared to the most recent annual audited financial statements, as detailed in the table above.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted

There are no standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

d) Consolidation
To determine the appropriate accounting treatment as set out under IFRS 10, “Consolidated Financial Statements” the Company has determined that it meets the definition of an investment entity (“IE”) as it meets the required criteria as follows:

(i) It has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
(ii) It has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation investment income or both; and
(iii) It measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, the Company has concluded that it has all the following typical characteristics of an investment entity, namely:

(i) It has more than one investment;
(ii) It has multiple investors;
(iii) The majority of its investors are not related parties; and
(iv) It has ownership interests in the form of equity.

As the subsidiaries do not provide management services or strategic advice and all activities are managed through the parent company level, the Company has concluded that all its subsidiaries through which the Company holds its investment portfolio are also investment entities and should be accounted for at fair value through profit or loss.

2 Significant accounting policies (cont/d)

e) Financial Instruments

(i) Classification

IFRS 10 Investment Entity Amendment requires subsidiaries to be accounted for at fair value through profit or loss in accordance with IFRS 9.

Associates are entities over whose financial and operating policies the Company has the ability to exercise significant influence. Investments in associated undertakings are initially recorded at cost and subsequently carried at fair value through profit and loss.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised and derecognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(iii) Measurement

Financial instruments are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed through operating expenses in the profit or loss immediately while on other financial instruments such costs are amortised. Subsequent to initial recognition, except for financial instruments carried at amortised cost, all other financial instruments are fair valued through profit or loss.

(iv) Fair value measurement principles

The underlying investments held through Investment Entity (“IE”) subsidiaries, which are quoted, listed or normally dealt on a securities market or on another regulated market that is active will normally be valued at the official close of business last traded price on the principal market for such security. Where such security is listed or dealt in on more than one securities market the Administrator will value the security in the principal market, or in the absence of a principal market in the most advantageous active market to which the entity has immediate access. The value of any investment which is not listed or dealt in an active securities market shall be the value using an average of available broker prices, provided the variance between broker prices is not significant, the Net Asset Value (“NAV”) as provided by a reputable administrator, or using an alternative estimation technique to measure fair value where no broker prices are available, if this is considered the best estimate of fair value at the year end. The fair value of the subsidiaries is based on the fair value of the underlying investments they hold with a reduction for a deferred tax provision if applicable, the calculation of which is based on the underlying investments, as described in Note 2(n).

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(vi) Cash and cash equivalents

Cash comprises current deposits with banks. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are carried at amortised cost which approximates its fair value.

2 Significant accounting policies (cont/d)

f) Net gains and losses on investments at fair value through profit or loss

Gains and losses arising from investments at fair value through profit or loss are included in the Statement of Comprehensive Income. The net gain from investments at fair value through profit or loss include all realised and unrealised fair value changes, foreign exchange differences and interest and dividend income received, calculated as described in Note 2(h) and 2(i). The net gain from investments at fair value through profit or loss is analysed in Note 3.

g) Translation of foreign currencies

Transactions in foreign currencies are translated into US Dollars, the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are then subsequently translated to US Dollars at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value.

h) Interest Income

Interest income is recognised in gains and losses arising from investments at fair value through profit or loss as it accrues, using the original effective interest rates of the instrument calculated at the later of the acquisition or origination date. Interest income includes the amortisation of any discount or premium, or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

i) Dividend income

Dividend income relating to equity investments is recognised in gains and losses arising from investments at fair value through profit or loss on the ex-dividend date in the Statement of Comprehensive Income. In some cases, the Company may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Company recognises the dividend income through the Statement of Comprehensive Income for the amount of the equivalent cash dividend alternative with the corresponding debit in financial assets at fair value through profit or loss in the Statement of Financial Position.

j) Expenses

All expenses, including investment management fees, administration fees and custodian fees are recognised in profit or loss on an accruals basis.

k) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

l) Share Capital

Costs directly associated with the issuance of original share capital in excess of par value of the Company were charged to the share premium account.

2 Significant accounting policies (cont/d)

m) Redeemable shares

The redeemable shares are classified as financial liabilities at amortised cost and are measured at the present value of the redemption amounts.

n) Taxation

Current tax is provided against the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as 'non-reclaimable withholding tax' in the profit or loss.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) Segmental Reporting

The Company operates a single operating segment under IFRS 8 with all decisions on allocating resources and reviewing performance of the Company being managed as a single segment. Note 16 provides a detailed description of the presentation of segment information.

3 Net gain on investments at fair value through profit or loss

	31/12/2018	31/12/2017
	US$	US$
Dividend income*	3,776,953	6,420,451
Interest income	1,439,372	1,460,113
Realised gain on investments	19,328,537	69,190,928
Net unrealised (loss) on investments	(24,379,551)	(45,564,078)
Net foreign exchange loss	(99,943)	(358,785)
Other income**	254,756	17,486
	320,124	31,166,115

*Dividend income is net of withholding tax.

**Other income is inclusive of US$227,388 redemption fees applicable to Class A shares redemptions for year ended 31 December 2018. For year ended 31 December 2017, the redemption fee applicable to Class A shares redemptions was US$588,653.

4 Operating expenses

	Notes	31/12/2018 US$	31/12/2017 US$
Investment Manager			
Investment Management fee	12	(2,118,578)	(4,819,357)
Performance fee	12	(111,401)	(4,397,222)
		(2,229,979)	(9,216,579)
Custodian			
Custodian fees	10	(246,578)	(348,686)
Administrator			
Administration fees	10	(221,235)	(295,301)
Transfer Agency fees		(6,000)	(5,999)
		(227,235)	(301,300)
Other expenses			
Directors' fees	5,12	(150,000)	(150,000)
Directors' Insurance		(26,212)	(27,271)
Professional fees		(47,912)	(194,376)
Audit fee*		(69,098)	(69,150)
Miscellaneous expenses		(182,668)	(181,402)
		(475,890)	(622,199)
Total Operating Expenses		(3,179,682)	(10,488,764)

*The audit fee relates solely to the provision of audit services.

5 Directors' Remuneration

The Board determines the fees payable to each Director. The maximum remuneration is US$ 75,000 per Director per annum. Directors' fees paid by the Company for the year ended 31 December 2018 were US$150,000 (31 December 2017: US$150,000).

6 Cash and cash equivalents

	31/12/2018 US$	31/12/2017 US$
Cash and bank balances	273,266	3,594,570
	273,266	3,594,570

All cash and bank balances are held with State Street Custodial Services (Ireland) Limited whose parent State Street Corporation has a Standard & Poor's short-term credit rating of A (31 December 2017: A) and the sub-custodian HSBC Bank (Vietnam) Limited which had a Standard & Poor's short-term rating of AA- as at 31 December 2018 (31 December 2017: AA-).

7 Accounts payable

	31/12/2018 US$	31/12/2017 US$
Redemption proceeds payable	-	(232,735)
Accrued Investment Management Fee**	(158,205)	(266,224)
Accrued Performance Fee**	-	(2,943,424)
Accrued Other Fees	(115,219)	(143,139)
	(273,424)	(3,585,522)

**Refer to Note 12 for details.

8 Share capital

Redeemable Participating Shares

On incorporation of the Company on 13 September 2006, the authorised share capital was US$500,000,000 made up of 500,000,000 shares of a par value of US$1.00 each, having the rights set out in the Articles. By virtue of an Ordinary Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the authorised share capital was amended to US$10,000,000 made up of 1,000,000,000 shares of a par value of US$0.01 each. Consequently, and by virtue of a Special Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the issued share capital of the Company was reduced from US$486,931,392 made up of 486,931,392 shares of US$1.00 each, to US$4,869,314 made up of 486,931,392 shares of US$0.01 each.

Following the restructuring of the share capital, which became effective on 1 January 2017, the Company's authorised share capital was amended to US$10,000,000 made up of 2,000,000,000 shares of a par value of US$0.005 each. The Directors initially designated three distinct share classes. For every share owned previously, shareholders who opted for the "Continuation Option" received 1 Continuation share (Class A) and 1 Private Equity Share (Class C), while shareholders who opted for the "Realisation Option" received 1 Realisation share (Class B) and 1 Private Equity share (Class C).

Class A shares are open-ended while Class C shares are closed-ended. Class A shares and Class C shares have the same rights in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association. Class C shares of the Company are listed on Euronext Dublin. Class B Shares shall have no voting rights nor any right to attend a general meeting of the Company. All Realisation Shares were redeemed in the period from 1 January to 21 April 2017.

The investment objectives of the Company are disclosed in Note 1. The Company strives to invest its capital to purchase investments that meet the Company's investment objective while maintaining sufficient liquidity.

Subject to the approval of Euronext Dublin, the Company may hold treasury shares through one of its seven wholly-owned special purpose vehicles as listed in Note 1, by way of a re-purchase of any issued shares. The Investment Manager has the sole discretion to direct the purchase or sale of such treasury shares of the Company where, in its discretion, it considers that there is a significant difference between the NAV per share and the trading price per share, but subject to certain conditions as detailed in the Private Offering Memorandum ("POM").

As at 31 December 2018, the Company did not hold any treasury shares as part of its investment portfolio (31 December 2017: Nil).

Share transactions during the year ended 31 December 2018:

	Class A shares 31/12/2018	**Class C shares 31/12/2018**
Shares in issue at beginning of year	97,870,204	423,750,000
Shares issued during the year	389,824	-
Shares redeemed during the year	(32,786,833)	(42,374,998)
Shares in issue at end of year	65,473,195	381,375,002
Net Asset Value for holders of shares	US$40,446,278	US$128,993,471
Net Asset Value per share	US$0.6178	US$0.3382

8 Share capital (cont/d)

Redeemable Participating Shares (cont/d)

Share transactions during the year ended 31 December 2017:

	Class A shares 31/12/2017	Class B shares 31/12/2017	Class C shares 31/12/2017
Shares in issue at beginning of year	-	-	-
Capital restructuring 1 January 2017	191,377,519	232,372,481	423,750,000
Shares issued during the year	207,805	-	-
Shares redeemed during the year	(93,715,120)	(232,372,481)	-
Shares in issue at end of year	97,870,204	-	423,750,000
Net Asset Value for holders of shares	US$70,651,997	US$-	US$138,955,803
Net Asset Value per share	US$0.7219	US$-	US$0.3279

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to be able to meet liabilities as they fall due. The Board monitors the return on capital, which the Company defines as results from operating activities divided by total shareholders' equity.

9 Share premium

	31/12/2018 US$	31/12/2017 US$
Balance at start of year	-	437,516,980
Balance at end of year	-	-

10 Significant Agreements

Custodian

State Street Custodial Services (Ireland) Limited acts as Custodian to the Company, pursuant to the Custodian Agreement dated 10 November 2006.

The Custodian fees are charged based on the NAV of the Company (not to exceed 18 basis points per annum) on a monthly basis in arrears as defined in the POM. The Custodian will also be entitled to be reimbursed by the Company for all transaction costs attributable to the Company and incurred by the Custodian from time to time and any appropriately incurred third party fees and expenses, including fees of any sub-custodian appointed by the Custodian at market rates.

The Custodian fee payable to the Custodian for the year ended 31 December 2018 was US$246,578 (31 December 2017: US$348,686) of which US$17,046 was outstanding at the year end (31 December 2017: US$24,084).

Administrator

The Company appointed State Street Fund Services (Ireland) Limited as Administrator to the Company pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly net assets. The current rates for the Administration fee are 9 basis points per annum for the first US$100 million net assets, 8 basis points per annum for net assets between US$100 and US$300 million and 6 basis points per annum for net assets in excess of US$300 million subject to a minimum monthly charge of US$8,000 per SPE and a maximum fee of 12 bps per annum of the NAV of the Company.

The Administration fee payable to the Administrator for the year ended 31 December 2018 was US$221,235 (31 December 2017: US$295,301) of which US$ Nil was outstanding at the year end (31 December 2017: US$Nil).

10 Significant Agreements (cont/d)

Investment Manager

The Investment Management fees payable in respect of each share class are as follows:

Class A shares: 1.50% per annum of the NAV of the Class A Shares before any deduction of the management fee for that month and before deduction of any accrued performance fee.

Class B shares: in respect of any redemption payments paid to holders of Class B shares by reference to a redemption date on or before 31 March 2017, 1% of such redemption payments and 0.75% of redemption payments with redemption date after 31 March 2017. Class B shares were fully redeemed in year ended 31 December 2017.

Class C shares: for 2017, 1.50% per annum of the Class C shares NAV as at valuation date 1 January 2017, 1.00% of the Class C shares NAV for 2018 and 0.50% of the Class C shares NAV for periods after 31 December 2018.

For the year ended 31 December 2018, the Investment Manager earned an investment management fee of US$ 2,118,578 (31 December 2017: US$ 4,819,357 sub-investment and investment management fee) of which US$ 158,205 was outstanding at the year end (31 December 2017: US$ 266,224).

Performance Fees

A performance fee is payable to the Investment Manager. The crystalized performance fee payable to the Investment Manager for the year ended 31 December 2018 in respect of Class A shares was US$111,401 (31 December 2017: US$4,397,222) of which US$ Nil was outstanding at the year end (31 December 2017: US$2,943,424).

The Company pays performance fees to the Investment Manager calculated by reference to the unaudited accounts of the Company. The calculation period covers the 12 months ended 31 December 2018.

For each performance period, the performance fee in respect of each share class is as follows:

Class A shares: performance fee will be equal to 15% of the appreciation in the NAV in respect of this share class above the High Water Mark (“HWM”) but only if such appreciation exceeds the Hurdle Rate of 8% per annum, and will be payable on only the appreciation in the NAV above the HWM.

Class C shares: the Company will distribute any distributable cash flow (the excess of (i) cash and (ii) any amounts that are required to meet future expenses and obligations of the relevant portfolio), by way of a redemption of shares in the following priority and manner:

a) First, 100% to the shareholders until an amount equal to the NAV in respect of each Class C share as at 1 January 2017 (the “Initial Subscription Date”), (the “Initial NAV”) has been paid.
b) Then, 100 % to the shareholders until they have received an 8% annualised compounded return on the total NAV per share of Class C shares as at the Initial Subscription Date, adjusted for any distributions paid to Class C shareholders after the Initial Subscription date (the “Preferred Return”).
c) Then, 100% to the Investment Manager until it has received an amount equal to the Relevant Percentage (as defined below) of the aggregate of the Preferred Return and this catch-up provision; and
d) Thereafter, the Relevant Percentage to the Investment Manager and the balance to the holders of the Class C shares.

The aggregate amount distributable to the Investment Manager in accordance with c) and d) above, is referred to as the Performance Fee.

The Relevant Percentage will be 20% if the performance fee in respect of Class C shares is payable during the first year following the Initial Subscription Date, reducing to 15% if it is payable during the second year and 10% if it is payable thereafter.

11 Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Council of the Cayman Islands, under the Tax Concessions Law (1999 Revision), exempting it from all local income, profits and capital taxes until 26 September 2026. Accordingly, no provision for income taxes payable in the Cayman Islands is included in these financial statements.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. The investment income and any associated withholding tax is recorded in the net gain on investments at fair value through profit or loss in the Statement of Comprehensive Income.

The financial statements assume that the tax consequences for the Company as a result of its investments held by the subsidiary companies in Vietnam will be as follows:

Dividends
The Company will not be subject to any additional corporate income tax in Vietnam on dividends the Group receives from the tax-paid profits of Vietnamese companies. Remittance of the dividends outside of Vietnam is also free of all taxes.

The Company receives dividends net of all taxes.

Interest
Effective March 1, 2012, non-resident institutional investors are subject to a 5% withholding tax rate on interest income received from corporate and government bonds and certificates of deposit, issued in Vietnam.

Disposals
The Company and its non-resident subsidiaries are subject to a "deemed profits" tax in Vietnam when the Company’s subsidiaries dispose of any listed securities, bonds or fund certificates of its investee companies. This tax is equivalent to 0.1% of the proceeds received from the transfer.

No relief is allowed for transaction costs and no allowance is taken for the cost of investments (i.e. the existence of actual profits is irrelevant). The tax is netted against the realised gains/(losses) as part of the ‘net gain on investments at fair value through profit or loss’ within the Statement of Comprehensive Income.

For investee companies where the Company invests in the legal/charter capital of limited liability companies or shares in private companies (e.g. certain private equity transactions), the Company will be subject to a "capital assignment" tax on any gain made when the Company sells or transfers this ownership interest or shares to another party. This tax is chargeable at a rate of 20% from 1 January 2016 on the difference between the assignment proceeds and the original value of the assigned capital, less the transaction costs. The original value of the assigned capital is the actual capital amount which has been contributed by the transferor as at the assignment date, as supported by and based on accounting books and documents or the price at which the Company has acquired the shares.

Deferred Tax
Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

11 Taxation (cont/d)

Deferred Tax (cont/d)

The deferred tax relates to investments held by the subsidiaries and is therefore disclosed in the Statement of Comprehensive Income in the net gain on investments at fair value through profit or loss and disclosed in the Statement of Financial Position in financial assets at fair value through profit and loss.

The deferred tax position as at 31 December 2018 was US$ Nil (31 December 2017: US$ Nil). The movement is reflected in the Statement of Comprehensive Income.

12 Related Party Transactions

In accordance with IAS 24 'Related Party Disclosures', the following are the related parties and associated related party transactions of the Company for the year ended 31 December 2018.

Transactions with entities with significant influence;
For the year ended 31 December 2018, the Investment Manager earned an investment management fee of US$ 2,118,578 (31 December 2017: US$ 4,819,357 sub-investment and investment management fee) of which US$ 158,205 was outstanding at the year end (31 December 2017: US$ 266,224). In addition, for that year Duxton also earned a crystalized performance fee of US$ 111,401 (31 December 2017: US$ 4,397,222) of which US$ Nil was outstanding at the year end (31 December 2017: US$ 2,943,424).

Duxton and its employees hold Class C shares which amount to 0.45% of the share capital of the Company at year end 31 December 2018 (31 December 2017: 0.35%).

Transactions with key management personnel;
The total fees earned by the independent Directors during the year was US$150,000 (2017: US$150,000).

Transactions with subsidiaries;
In accordance with the POM and the Articles of Association, the Company may structure any or all of its investments through wholly-owned subsidiaries which act as SPEs incorporated outside Vietnam. These subsidiaries listed in Note 1 are managed by the Investment Manager.

13 Interests in other entities

Investment entity status
To adopt the amendment to IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an IE. The Board has determined that the Company meets both the required criteria and typical characteristics of an IE.

The IFRS 12, "Disclosure of Interests in Other Entities", disclosures relate to the Company's involvement with:

a) Unconsolidated special purpose entities as listed in Note 1.
b) Structured entities interests held via SPEs.
c) Associated companies interests held via the SPEs.

Interest in unconsolidated IE subsidiary entities
At 31 December 2018, the Company had seven subsidiary entities as defined under IFRS 10. See Note 1 for details. These seven subsidiary entities are unconsolidated and are noted as financial assets at fair value through profit or loss in the Statement of Financial Position.

13 Interests in other entities (cont/d)

Interests in non-subsidiary unconsolidated structured entities

The Board has concluded that the Company had no directly held unconsolidated structured entities. However the Company holds all of its investments through wholly owned subsidiary companies which are SPEs incorporated outside of Vietnam. This structured entity interest forms part of the SPEs fair value that is reflected in financial assets at fair value through profit or loss in the Company's Statement of Financial Position.

Interests in associated companies

The Company has concluded that it has two investments in associated companies, held via the SPEs. These associated company interests form part of the SPEs fair value that is reflected in the financial assets at fair value through profit or loss the Company's Statement of Financial Position. The Investment Manager is represented on the boards of directors of these two associated companies and has therefore determined that the Company holds significant influence over these associated companies.

13 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 31 December 2018:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (US$)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US$)
Epsom Limited	Wholly owned subsidiary	100%	46,593,770	27.50%	46,593,770
Lionel Hill Limited	Wholly owned subsidiary	100%	21,010,178	12.40%	21,010,178
Beira Limited	Wholly owned subsidiary	100%	40,522,843	23.91%	40,522,843
Prime Limited	Wholly owned subsidiary	100%	6,064,281	3.58%	6,064,281
Siglap Limited	Wholly owned subsidiary	100%	8,416,371	4.97%	8,416,371
Kallang Limited	Wholly owned subsidiary	100%	22,397,998	13.22%	22,397,998
Hephaestus Limited	Wholly owned subsidiary	100%	24,434,466	14.42%	24,434,466
Total			**169,439,907**	**100.00%**	**169,439,907**

Of the seven SPEs in operation and listed in Note 1, all were active at year ended 31 December 2018. Furthermore, there are no significant restrictions on the ability of the unconsolidated subsidiaries above to transfer funds or to repay loans or advances made to the unconsolidated subsidiary to the Company and there are no current commitments or intentions to provide financial or other support to the unconsolidated subsidiaries. All SPEs listed in the table above are incorporated in the Cayman Islands, having the purpose of acting as holding investments of the Company in Vietnam.

13 Interests in other entities (cont/d)

Interests in unconsolidated IE SPEs as at 31 December 2017:

Structured Entity	Nature	Proportion of Ownership Interest Held	Company's holding in Fair Value (US$)	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US$)
Epsom Limited	Wholly owned subsidiary	100%	40,045,841	19.10%	40,045,841
Lionel Hill Limited	Wholly owned subsidiary	100%	15,436,667	7.36%	15,436,667
Beira Limited	Wholly owned subsidiary	100%	67,565,908	32.24%	67,565,908
Prime Limited	Wholly owned subsidiary	100%	8,988,659	4.29%	8,988,659
Greystanes Limited	Wholly owned subsidiary	100%	3,830,972	1.83%	3,830,972
Siglap Limited	Wholly owned subsidiary	100%	24,735,461	11.80%	24,735,461
Kallang Limited	Wholly owned subsidiary	100%	24,177,651	11.54%	24,177,651
Hephaestus Limited	Wholly owned subsidiary	100%	24,817,593	11.84%	24,817,593
Total			**209,598,752**	**100.00%**	**209,598,752**

13 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 31 December 2018.

The table below details the interests in structured entities held by the Company through the SPE, Beira Limited, as listed in Note 1.

Structured Entity	Strategy	Company's holding in Fair Value (US$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US$)
Vietnam Enterprise Investments Limited	Listed Equity	2,318,979	0.18%	1.37%	2,318,979
Total		**2,318,979**		**1.37%**	**2,318,979**

13 Interests in other entities (cont/d)

Interests in unconsolidated structured entities as at 31 December 2017.

The table below details the interests in structured entities held by the Company through the SPEs listed in Note 1.

Structured Entity	Strategy	Company's holding in Fair Value (US$)	% of Total Net Assets of Structured Entity held by the Company	% of Total Financial Assets at Fair Value through profit or Loss	Maximum exposure to losses (US$)
Vietnam Enterprise Investments Limited	Listed Equity	4,348,539	0.33%	2.07%	4,348,539
Total		**4,348,539**		**2.07%**	**4,348,539**

13 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2018.

The table below details the interests in associated companies held by the Company through the SPEs listed in Note 1.

Associated Company	Nature	Company's holding in Fair Value (US$)	% of Total Net Assets of Associated Company held by the Company	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US$)
Anova Corporation	Common stock	9,743,114	7.77%	5.75%	9,743,114
Anova Corporation	Convertible bond	11,132,541	8.64%	6.57%	11,132,541
Corbyns International Limited	Convertible loan	22,909,199	33.20%	13.52%	22,909,199
Total		**43,784,854**		**25.84%**	**43,784,854**

13 Interests in other entities (cont/d)

Interests in associated companies as at 31 December 2017.

The table below details the interests in associated companies held by the Company through the SPEs listed in Note 1.

Associated Company	Nature	Company's holding in Fair Value (US$)	% of Total Net Assets of Associated Company held by the Company	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses (US$)
Anova Corporation	Common stock	5,794,404	6.33%	2.76%	5,794,404
Anova Corporation	Convertible bond	9,504,866	10.08%	4.53%	9,504,866
Corbyns International Limited	Convertible loan	22,315,851	33.20%	10.65%	22,315,851
Total		**37,615,121**		**17.94%**	**37,615,121**

14 Financial instruments

This note describes the risks associated with the financial assets and liabilities of the Company and also the risks of the underlying portfolio of investments owned by the Company's wholly owned IE subsidiaries.

General Risk Management Process
As an investment group, the risk management of financial instruments is fundamental to the management of the Company's business. The Company's risk management process is managed by the Investment Manager.

As defined in IFRS 7, "Financial Instruments: Disclosures", risk can be separated into the following components: market risk, credit risk and liquidity risk. Each type of risk is discussed in turn and qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk management methods used by the Investment Manager.

However, each risk control in place is not always limited to the mitigation of one single, particular risk. Hence, investors should place the role of each risk control in the broader context of the overall risk management of the Company.

The total concentration of risk is through the unconsolidated subsidiaries and their underlying investments.

(a) Market risk
(i) Market price risk
This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and market price risk.

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk which are addressed separately), whether those changes are caused by factors specific to individual financial instruments or its issuer, or other factors affecting similar financial instruments traded in the market.

Objectives, policies and processes for managing market price risk
The Company undertakes to manage market price risk among the different asset classes by pre-setting monthly asset allocation targets. The monthly asset allocation targets are based on the Investment Manager's projections of the market price risks of the individual financial instruments that the Company holds. In pre-setting allocations, the Investment Manager aims to achieve an optimal weightage of the Company's financial instruments to minimize market price risk, though there is no guarantee this may be achieved.

- Price fluctuations of individual quoted securities and their impact on the Company's estimated profits and losses are estimated and internally published on a daily basis. The Investment Manager adheres to a buy and sell discipline based on the securities' buy and sell target prices, which are determined based on fundamental factors of the underlying investments. In managing price fluctuations of small capitalization, less liquid securities, the Investment Manager may use internal investment guidelines setting typical thresholds in terms of market capitalization, average daily trading value, foreign ownership ratio, and other factors.

- Fluctuations in the valuation of unquoted securities and their impact on the Company's estimated profits and losses are estimated and communicated to shareholders on a quarterly basis. Note the Investment Manager's decision to make any private equity investments taking a long-term view, typically more than 3 years. Therefore quarterly fluctuations in the valuation of the private equity investments are only for the purpose of client and financial reporting, and not for the purpose of short-term investment decision making.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)
(i) Market price risk (cont/d)

Objectives, policies and processes for managing market price risk (cont/d)
For listed equities, the Investment Manager reviews the monthly valuation report provided by the Administrator. Both parties obtain pricing of the securities independently; the Administrator uses Reuters while the Investment Manager uses Bloomberg. The Investment Manager will review and flag if there are any discrepancies. The Administrator will then investigate and confirm final valuations in accordance with the Company's pricing policy.

Investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange or futures exchange (if any) are valued in accordance with the last sale price of the investments sold on the relevant exchange on the day on which the determination is made or, if that is not a trading day, on the last preceding trading day. Interests in open-ended collective investment schemes (if any) are valued at the last bid price published by the managers thereof.

For the unlisted private equity ("PE") portfolio, Grant Thornton Vietnam ("GT") is engaged to perform independent valuations on the PE investments to assist the Board of the Company in the determination of the NAV. The Investment Manager reviews the valuation report provided and queries any unusual results before forwarding to the Administrator for incorporation into the NAV.

The Company is exposed to inflation risk.

The asset class exposure as at 31 December 2018 and 31 December 2017 were as follows:

	31 December 2018		**31 December 2017**	
	US$	**%Total Assets**	**US$**	**%Total Assets**
Asset Class Exposure:				
*Financial assets and liabilities at fair value through profit or loss:**				
Listed Equities	62,718,355	36.96%	110,560,009	51.86%
Unlisted Equities	63,882,131	37.64%	56,324,157	26.42%
Convertible Bonds	14,116,934	8.32%	12,575,424	5.90%
Convertible Loan	22,909,199	13.50%	22,315,851	10.46%
Cash and cash equivalents	4,614,559	2.72%	5,867,609	2.75%
Other assets	1,198,729	0.70%	1,955,702	0.92%
Net Financial assets and liabilities at fair value through profit or loss	169,439,907	99.84%	209,598,752	98.31%
Financial assets at amortised cost				
Cash and cash equivalents	273,266	0.16%	3,594,570	1.69%
	273,266	0.16%	3,594,570	1.69%
Total Assets	169,713,173	100.00%	213,193,322	100.00%

*The exposures noted are those arising in the Company's subsidiaries that have been measured at fair value through profit or loss.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)
(i) Market price risk (cont/d)
The Investment Manager estimates the reasonably possible market price fluctuations for equity investments being a 10% sensitivity on an individual investment basis.

The Investment Manager is of the opinion that a +/- 10% price change in determining the sensitivity analysis is a reasonably possible change across all diverse asset classes. For 2018, the annualized volatility of the VNIndex of the Ho Chi Minh Stock Exchange, calculated using monthly returns, was 22.61%, reasonably close to the 10% change adopted in determining the sensitivity analysis.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening in the individual equity market prices of 10% at 31 December 2018 and 2017.

The analysis assumes that all other variables, in particular interest and foreign currency rates remain constant.

Effect in US$:	**2018 US$**	**2017 US$**
Net impact on profit or loss and net assets	12,660,050	16,688,417
Effect in % of net assets:		
Net impact on profit or loss and net assets	7.47%	7.96%

The industry sector breakdown (for listed and unlisted equities) as at 31 December 2018 is detailed below.

Sector	**31 December 2018**		**31 December 2017**	
	Class A	**Class C**	**Class A**	**Class C**
Industrials	-	38%	-	32%
Materials	9%	27%	16%	28%
Consumer Staples	27%	-	23%	-
Real Estate Developers and Construction Services	26%	12%	22%	20%
Information Technology	11%	5%	13%	7%
Financials	15%	-	12%	-
Healthcare	-	17%	-	11%
Consumer Discretionary	6%	-	8%	-
Marine Shipping	-	1%	3%	1%
Energy	6%	-	3%	1%
Total	100%	100%	100%	100%

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)
(ii) Currency risk
Currency risk is defined in IFRS 7 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. For the purposes of IFRS 7, currency risk is ordinarily defined to include monetary items only, such that it therefore excludes non-monetary foreign currency financial instruments. However, as the Company fair values all its non-monetary financial instruments, all such assets have been included hereunder for the purpose of currency risk exposure analysis.

Under the Company's investment objective, there is no explicit intention of performance returns through currency gains and the Company does not seek to speculate in currencies as one of its investment objectives. The Investment Manager has also taken the view not to actively hedge the Vietnamese Dong ("VND") against the USD, the two main currencies held by the Company, as VND is often required for investments into Vietnamese-related securities that require payment in the local currency. Therefore, the Investment Manager sees no circumstances where it may deem it necessary to hedge the exposure to currency risk. A currency risk policy is therefore not in place in the management of the Company.

As such, the two main currencies held by the Company are the US Dollar ("USD") (the functional currency of the Company) and the VND (which is required for investments into Vietnam that require payment in the local currency). However, on occasion, the Company may hold financial instruments denominated in a currency other than the USD or VND as a consequence of buying securities that are listed on a non-Vietnamese exchange and which are thus denominated in a currency other than USD or VND. When selling these offshore equities which are denominated in the offshore country's base the Company may from time to time hold cash that is denominated in a currency other than USD and VND. Under such circumstances, the Investment Manager, on a best effort's basis, will either buy other offshore equities denominated in the offshore country's base currency or repatriate the amount held in the offshore country's base currency into either USD or VND as soon as possible. There are internal controls in place to ensure that the Company adheres to this policy. The Investment Manager has also taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in local currency.

In summary, the Company's exposure to currency risk is continually monitored by the Investment Manager and hedging against such a risk will be entirely at the Investment Manager's discretion.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)
(ii) Currency risk (cont/d)
The table below sets out the Company's exposure to currency risk. There is no currency risk attached to the other assets and liabilities in the Company's financial statements as these are held in the Company's functional currency.

	31 December 2018			31 December 2017		
	Assets	**Liabilities**	**Net Assets**	**Assets**	**Liabilities**	**Net Assets**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Monetary:						
USD	26,989,134	(273,424)	26,715,710	28,412,164	(3,585,522)	24,826,642
VND	16,123,553	-	16,123,553	17,896,992	-	17,896,992
Non-Monetary:						
VND	124,281,507	-	124,281,507	162,535,627	-	162,535,627
GBP	2,318,979	-	2,318,979	4,348,539	-	4,348,539
Total	169,713,173	(273,424)	169,439,749	213,193,322	(3,585,522)	209,607,800

The Investment Manager estimates that a reasonably possible strengthening of the US$ in relation to the other currencies is 5%.

The table below sets out the effect on the Company's profit or loss and net assets of a reasonably possible strengthening of the US$ in relation to the other currencies by 5% at 31 December 2018 and 2017. This analysis assumes that all other variables, in particular interest rates, remain constant:

Effect in US$:	**2018 US$**	**2017 US$**
Net impact on profit or loss and net assets	6,796,383	8,799,103
Effect in % of net assets:	4.01%	4.20%

(iii) Interest rate risk
Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates. The Company is exposed to interest rate risk through the fixed income portion of its assets. The management of such risks is described below.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)
(iii) Interest rate risk (cont/d)

The following table details the Company's exposure to interest rate risk at year end. It includes the Company's financial assets and trading liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

31 December 2018:

	Maturity Date less than 1 year US$	**Maturity Date 1 to 5 years US$**	**Maturity Date over 5 years US$**	**Non-Interest Bearing US$**	**Total Carrying Value US$**
Financial assets and liabilities at fair value through profit or loss:					
Equities	-	-	-	126,600,486	126,600,486
Bonds	11,132,541	2,984,393	-	-	14,116,934
Convertible loan	22,909,199	-	-	-	22,909,199
Cash and cash equivalents	4,614,559	-	-	-	4,614,559
Other Assets	-	-	-	1,198,729	1,198,729
Net financial assets at fair value through profit or loss	**38,656,299**	**2,984,393**	**-**	**127,799,215**	**169,439,907**
Financial assets and liabilities at amortised cost					
Cash and cash equivalents	273,266	-	-	-	273,266
Other Liabilities	-	-	-	(273,424)	(273,424)
Net financial assets and liabilities at amortised cost	**273,266**	**-**	**-**	**(273,424)**	**(158)**
Total Net Assets	**38,929,565**	**2,984,393**	**-**	**127,525,791**	**169,439,749**

31 December 2017:

	Maturity Date less than 1 year US$	**Maturity Date 1 to 5 years US$**	**Maturity Date over 5 years US$**	**Non-Interest Bearing US$**	**Total Carrying Value US$**
Financial assets and liabilities at fair value through profit or loss:					
Equities	-	-	-	166,884,166	166,884,166
Bonds	9,504,866	3,070,558	-	-	12,575,424
Convertible loan	22,315,851	-	-	-	22,315,851
Cash and cash equivalents	5,867,609	-	-	-	5,867,609
Other assets	-	-	-	1,955,702	1,955,702
Net financial assets at fair value through profit or loss	**37,688,326**	**3,070,558**	**-**	**168,839,868**	**209,598,752**
Financial assets and liabilities at amortised cost:					
Cash and cash equivalents	3,594,570	-	-	-	3,594,570
Other Liabilities	-	-	-	(3,585,522)	(3,585,522)
Net financial assets at amortised cost	**3,594,570**	**-**	**-**	**(3,585,522)**	**9,048**
Total Net Assets	**41,282,896**	**3,070,558**	**-**	**165,254,346**	**209,607,800**

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(a) Market risk (cont/d)
(iii) Interest rate risk (cont/d)

VND-denominated bond portfolio
As at 31 December 2018 and 31 December 2017 the VND denominated bond portfolio comprised of unlisted convertible bonds Anova Corporation and NBB Investment Corporation which are not rated by Standard & Poor's. The associated risks and sensitivities are detailed in Note 15 and are therefore not included in the sensitivity analysis below.

Convertible loan
As at 31 December 2018 and 31 December 2017 the Company held a convertible loan with Corbyns International Limited, with a maturity date of 30 September 2019 and interest rate of 10% per annum. The associated risks and sensitivities are detailed in Note 15 and are therefore not included in the sensitivity analysis below.

Cash and cash equivalents
At 31 December 2018, if the market interest rates had increased by 1% with all other variables remaining constant, the net assets attributable to holders of redeemable participating shares would have increased by US$48,878 (31 December 2017: US$94,622). As market interest rates at year-end were less than 1%, a decrease of a full 1% on cash and bank balances is theoretically not possible.

(b) Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk. In relation to the Company, it can arise from receivables due from another party, placing deposits with other entities, purchases of debt securities and entering into derivative contracts. As at year end 31 December 2018 and 31 December 2017, there were no derivative contracts held by the Company.

Counterparty Risk
For counterparty risk, the Investment Manager requires that any use of brokers be approved by the CIO and Chief Operating Officer. Documents reviewed when considering whether a broker will be admitted as an approved broker include (i) latest audited accounts or annual report of the entity where the Investment Manager or its clients will have exposure to the broker as a counterparty, (ii) brief profile of the company (e.g. main activities, geographic/markets coverage), (iii) copy of corporate structure including shareholdings (where broker is to be used as a counterparty) and (iv) letter of undertaking from parent company, if applicable. Upon approval, operations will inform the dealer and Investment Manager accordingly, including the limits allocated to the brokers.

Issuer Risk
Issuer risk is associated with transacting in exchange traded debt securities and is monitored by use of credit ratings. For funds investing in debt securities, the investment objectives provide details of the credit rating restrictions imposed on that fund.

In managing credit risk, the Investment Manager observes the following investment restrictions and requirements, as set out in the POM:

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

b) Credit Risk (cont/d)

Issuer Risk (cont/d)

(a) No more than 20 per cent of the share class portfolio of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or issue of any member state, its regional or local authorities or an OECD member state;

(b) No more than 40 per cent of the share class portfolio of the Company may be invested in another single fund and the Investment Manager will undertake to monitor the underlying investments to ensure that, in aggregate, the investment restrictions set out above are complied with. No more than 20 per cent, in aggregate, of the value of the share class portfolio of the Company will be invested in other funds whose principal investment objectives include investing in other funds.

In addressing issuer risk, financial institutions outside of Vietnam must have a minimum short-term credit rating of Prime-1 (Moody) / A-1 (Standard & Poor) / F-1 (Fitch Ratings). Such deposit instruments may include money-market funds or fixed income instruments with a term of less than 3 months provided that the instrument has a credit rating of ‘A’ or above. For the purpose of this paragraph, a credit rating of ‘A’ refers to the credit rating allotted by Standard & Poor’s. For instruments with no credit ratings available, the Company monitors the credit risk and credit spreads on a regular basis.

Note 14(a)(iii) and Note 15 provide further details on the risks and sensitivities associated with the listed and unlisted fixed income instruments respectively.

As at 31 December 2018, all of the assets (other than its assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local custodian, pursuant to the Custodian Agreement) of the Company are held by State Street Custodial Services (Ireland) Limited. Bankruptcy or insolvency of the Custodian may cause the Company’s rights with respect to securities held by the Custodian to be delayed or limited. The Company monitors its risk by monitoring the credit rating and financial positions of the Custodian the Company uses, and also by monitoring the credit rating of the sub-custodian it uses, HSBC Bank (Vietnam) Limited.

The carrying amounts of financial assets set out in the table below best represent the maximum credit risk exposure at the date of the Statement of Financial Position. Other assets included in the table below consist of amounts due to the Company for unsettled trades, are current in nature and are expected to be recovered in the short term.

No collateral was received by the Company in respect of investments in debt securities, for the years ended 31 December 2018 and 31 December 2017.

	31 December 2018 US$	31 December 2017 US$
Investment in Debt Instruments	37,026,133	34,891,275
Cash & Cash Equivalents	4,887,825	9,462,179
Interest & Other Receivables	1,198,729	1,955,702
	43,112,687	46,309,156

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(c) Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company holds sufficient cash at all times to meet its obligations to cover operating expenses. To prevent significant exposure to financial liabilities in an underlying holding, the Company is not permitted to acquire an interest in an investment which exposes the Company to unlimited liability.

As at year end 31 December 2018 and 31 December 2017, there was no net exposure arising through the Company's holdings in its subsidiaries as current assets in the subsidiaries exceed current liabilities.

The Investment Manager's policy of managing the liquidity of the Company's investments is as follows:

The Class A Shares are redeemable monthly at the option of the shareholders. The majority of Class A Shares portfolio are liquid listed securities. Any Class A Share redemption notice must be received at least 30 business days prior to the relevant redemption date and the payment date is generally within 20 days of the relevant redemption date. Therefore, the Investment Manager has approximately 50 days to liquidate assets to satisfy any redemption requests, which the Investment Manager expects to be more than sufficient under normal market conditions. The Company could limit the ability of the shareholder to redeem from Class A if required.

Only the Class C portfolio holds illiquid Level 3 assets. As this share class is closed to share redemptions (other than those declared by the Company), no liquidity issues arise for this share class with regard to redemptions.

Risk management controls for Financial Instruments

The following paragraphs describe the risk controls taken to manage the risk levels of each of the financial instruments stated below:

1. Cash & Cash Equivalents

The Company's investments in Vietnam are in securities that are denominated in VND. Therefore, a significant cash portion of the Company is held in VND.

The VND is held in bank accounts with HSBC Bank (Vietnam) Limited, as sub-custodian. The Company may seek to hedge against a decline in the value of the Company's assets resulting from currency depreciation but only if and when suitable hedging instruments are available on a timely basis and on terms acceptable to the Investment Manager. There is no assurance that any hedging transactions engaged in by the Company will be successful in protecting against currency depreciation or that the Company will have opportunities to hedge on commercially acceptable terms. The Investment Manager has taken the view not to actively hedge the VND against the USD as VND is often needed for investments into Vietnamese-related securities that require payment in the local currency.

The Company may hold up to 100 per cent of its assets in cash at any time at the sole discretion of the Investment Manager.

2. Equities

a. Listed Equities

Listed equities are exposed to market price risks. The Investment Manager has adopted a prudent approach in building Company exposure to the broader Vietnamese markets to minimise such risks. The Company's exposure to market price risk at 31 December 2018 is equivalent to the fair values of underlying investments held by subsidiaries. The value of listed equities as at 31 December 2018 was US$62,718,355 (36.96% of NAV), 31 December 2017: US$110,560,009 (51.86% of NAV).

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(c) Liquidity Risk (cont/d)

2. Equities (cont/d)
a. Listed Equities (cont/d)

To manage risk in the listed equities portion of the portfolio, the Company observes the condition that no more than 20 per cent of the gross assets of the Company may be invested in the securities of a single issuer or may be exposed to the creditworthiness or solvency of any one counterparty except where the investment is in securities issued or guaranteed by a government agency or instrumentality of any member state, its regional or local authorities or an OECD member state.

No more than 25 per cent of outstanding market capitalisation/shares of any issuer may be owned by the Company.

b. Unlisted Equities
In the “unlisted equities” portion of the Company’s investment portfolio held by subsidiaries, the Company is exposed to liquidity risk. The Company endeavors to minimise liquidity risk by only investing in unlisted companies with profit track record that have plans to list on a stock exchange (either domestically or regionally) within a 2-3 year time frame. However, there is no guarantee that a Stock Exchange will provide liquidity for the Company’s investment in unlisted companies.

The Company may have to resell its investments in privately negotiated transactions and the prices realised from these sales could be less than those originally paid by the Company or less than what may be considered to be the fair value or actual market value of such securities. The value of unlisted equities held by subsidiaries as at 31 December 2018 was US$63,882,131 (37.70% of NAV), 31 December 2017 was US$56,324,157 (26.87% of NAV). The Investment Manager’s ‘unlisted investments’ team seeks to mitigate risk by conducting the appropriate due diligence on the unlisted companies the Company invests in.

This includes on-site due diligence at the offices of the unlisted companies it invested in together with interview of the management. In some instances, external research parties may be hired to conduct due diligence on the unlisted companies. However, investors should bear in mind that good due diligence may be difficult to achieve in some contexts, especially where limited information is publicly available.

As the Company is likely to be a minority shareholder in any unlisted company in which it invested, the Company will endeavor in appropriate situations to obtain suitable minority shareholder protection by way of a shareholders' agreement and/or observer rights on boards, where possible. However, the Company may not succeed in obtaining such protection and even where the Company obtains such shareholders' agreement or board representation, they may only offer limited protection.

No more than 25 per cent of outstanding market capitalisation / shares of any issuer may be owned by the Company.

Note 13 details the Company’s interests in associated companies. These associated companies are entities over whose financial and operating policies the Company has the ability to exercise significant influence.

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(c) Liquidity Risk (cont/d)

3. Other Liabilities

Other liabilities comprise purchases on investments awaiting settlement and fund expense accruals, all of which are payable within one month of transaction date. To manage the associated liquidity risk, the Investment Manager regularly monitors the level of these short term liabilities and maintains a cash balance sufficient to meet these liabilities as their settlement dates fall due.

The table below analyses the Company's non-derivative financial liabilities into the relevant maturity grouping based on the remaining period at 31 December 2018 and 31 December 2017 to the contractual maturity date. Accounts payable are detailed in Note 7.

31 December 2018	Within 1 month US$	Greater than 1 year US$	Total US$
Accounts payable	(273,424)	-	(273,424)
Shareholders' equity	-	(169,439,749)	(169,439,749)
Total			(169,713,173)

31 December 2017	Within 1 month US$	Greater than 1 year US$	Total US$
Accounts payable	(3,585,522)	-	(3,585,522)
Shareholders' equity	-	(209,607,800)	(209,607,800)
Total			(213,193,322)

(d) Operational Risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior.

The Company's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

14 Financial instruments (cont/d)

General Risk Management Process (cont/d)

(d) Operational Risk(cont/d)

- Documentation of controls and procedures;
- Requirements for:
  the appropriate segregation of duties between various functions, roles and responsibilities;
  the reconciliation and monitoring of transactions; and
  the periodic assessment of operational risk
- The adequacy of controls and procedures to address the risk identified;
- Compliance with regulatory and other legal requirements;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance if this is effective.

The directors' assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular and ad hoc discussions with the service providers and a review of the service providers' Service Organisation Controls (SOC) reports on internal controls.

Substantially all the assets of the Company are held by State Street Custodial Services (Ireland) Limited. The bankruptcy or insolvency of the Company's custodian may cause the Company's rights with respect to the securities held by the custodian to be limited. The investment manager monitors the credit ratings and capital activity of its custodian through the review of the SOC report on the internal controls annually.

Other general risk management procedures

The Company will not:

(a) Acquire an interest in an investment which exposes the Company to unlimited liability;

(b) Make any investments on margin unless to meet the requirements of settlement; or

(c) Undertake any short-selling;

15 Fair Value Information and hierarchy

This note describes the fair value measurement of the assets and liabilities of the Company and also the assets and liabilities the Company's wholly owned subsidiaries.

IFRS 13, "Fair value measurement", requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

15 Fair Value Information and hierarchy (cont/d)

The fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active including securities priced using quotations received from brokers, whenever available and considered reliable; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation and instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2018:

Financial assets and liabilities at fair value through profit or loss	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total Fair Value US$**
Listed Equities	62,718,355	-	-	62,718,355
Unlisted Equities	-	-	63,882,131	63,882,131
Convertible Bonds	-	-	14,116,934	14,116,934
Convertible Loan	-	-	22,909,199	22,909,199
Total	**62,718,355**	**-**	**100,908,264**	**163,626,619**
Cash and cash equivalents	4,614,559	-	-	4,614,559
Other assets	-	1,198,729	-	1,198,729
Net financial assets at fair value through profit or loss	**67,332,914**	**1,198,729**	**100,908,264**	**169,439,907**
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	273,266	-	-	273,266
Other liabilities	-	(273,424)	-	(273,424)
Net financial assets at amortised cost	273,266	(273,424)	-	(158)
Total net assets	**67,606,180**	**925,305**	**100,908,264**	**169,439,749**

15 Fair Value Information and hierarchy (cont/d)

The Company's unconsolidated subsidiary undertakings (if any) are categorized as Level 3 as their prices are not quoted but their values are measured on the fair value of the underlying investments and other assets and liabilities including the deferred tax provision, held by these subsidiaries.

The following table analyses the fair value hierarchy within the Company's financial instruments measured at fair value at 31 December 2017:

Financial assets and liabilities at fair value through profit or loss	Level 1 US$	Level 2 US$	Level 3 US$	Total Fair Value US$
Listed Equities	110,560,009	-	-	110,560,009
Unlisted Equities	-	-	56,324,157	56,324,157
Convertible Bonds	-	-	12,575,424	12,575,424
Convertible Loan	-	-	22,315,851	22,315,851
Total	**110,560,009**	**-**	**91,215,432**	**201,775,441**
Cash and cash equivalents	5,867,609	-	-	5,867,609
Other assets	-	1,955,702	-	1,955,702
Net financial assets at fair value through profit or loss	**116,427,618**	**1,955,702**	**91,215,432**	**209,598,752**
Financial assets and liabilities at amortised cost				
Cash and cash equivalents	3,594,570	-	-	3,594,570
Other liabilities	-	(3,585,522)	-	(3,585,522)
Net financial assets at amortised cost	3,594,570	(3,585,522)	-	9,048
Total net assets	**120,022,188**	**(1,629,820)**	**91,215,432**	**209,607,800**

Transfers between levels of the fair value hierarchy are deemed to have occurred when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13. There were no transfers between the fair value hierarchy levels during the financial year ended 31 December 2018 and during the financial year ended 31 December 2017.

Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the year ended 31 December 2018:

	Listed &Unlisted Equities US$	Convertible Bonds US$	Convertible Loan US$	Total US$
Opening Balance	56,324,157	12,575,424	22,315,851	91,215,432
Realised losses	-	-	-	-
Unrealised gains	4,171,398	1,541,510	143,348	5,856,256
Purchases	3,386,576	-	450,000	3,836,576
Sales	-	-	-	-
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	63,882,131	14,116,934	22,909,199	100,908,264

15 Fair Value Information and hierarchy (cont/d)

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 during the year ended 31 December 2017:

	Listed &Unlisted Equities US$	Convertible Bonds US$	Convertible Loan US$	Total US$
Opening Balance	75,418,416	15,124,492	19,681,827	110,224,735
Realised losses	-	-	-	-
Unrealised gains/(losses)	(19,094,259)	(2,549,068)	2,634,024	(19,009,303)
Purchases	-	-	-	-
Sales	-	-	-	-
Transfers out of Level 3	-	-	-	-
Transfers into Level 3	-	-	-	-
Closing Balance	56,324,157	12,575,424	22,315,851	91,215,432

The realised gains and losses and the movement in unrealised gains and losses are recognised in the Statement of Comprehensive Income as a net gain on investments at fair value through profit or loss.

As at 31 December 2018, the Company held investments in six private companies in the form of a combination of illiquid common stock, a convertible bond and a convertible loan which are categorized as Level 3 investments under IFRS 13. The companies listed hereunder are valued in accordance with the Company's Articles of Association (Article 101(d)(v)) on the basis of 31 December 2018 valuations provided by GT as at 31 December 2018, which are based on information relating to these companies provided by the Investment Manager and approved by the Board.

The unobservable inputs and valuation methodologies applied by GT are consistent with those applied in the valuation report for year end 31 December 2017.

Sensitivity analysis of unlisted positions

Anova Corporation	– Convertible Bond & Equity Position
Corbyns International Limited	– Convertible Loan
GreenFeed Vietnam Corporation	– Equity Position
NBB Investment Corporation	– Convertible Bond
S.S.G. Group Joint Stock Company	– Equity Position
VTC Online Joint Stock Company	– Equity Position

15 Fair Value Information and hierarchy (cont/d)

The Directors have engaged Grant Thornton (Vietnam) Limited ("GT") to provide independent valuations updated on a semi-annual basis for the Company's Class C investment portfolio including the investment held in Corbyns and VTC.

Corbyns

The Company's subsidiary Hephaestus Limited has an investment in Corbyns International Limited ("Corbyns") which is carried in the Company's statement of financial position at $22,909,199 and $22,315,851 as at 31 December 2018 and 31 December 2017 respectively. Corbyns owns 81.79% of the ordinary shares in Vietnam Industrial Investments Limited ("VII").

On the 29 March 2018 Ernst & Young (Perth) ("EY") the auditors of VII, issued their audit report in respect of their audit of the financial statements of VII for the year ended 31 December 2017. This was an unqualified audit opinion. Management utilized this as part of their estimation process in determining of the fair value assigned to Corbyns as of the year ended 31 December 2017.

On 1 November 2018, EY, the auditors of Corbyns, issued their audit report in respect of their audit of the financial statements of Corbyns for the year ended 31 December 2017. The audit report issued by EY in respect of their audit of VII for the year ended 31 December 2017 was qualified.

On 29 March 2019, EY, the auditors of VII, issued their audit report in respect of their audit of the financial statements of VII for the year ended 31 December 2018. The audit report issued by EY in respect of their audit of VII for the year ended 31 December 2018 was qualified.

The basis for the qualified audit opinion issued by EY in respect of both Corbyns and VII is due to EY being unable to obtain sufficient appropriate audit evidence to assess whether a local investment and development company can achieve planned production levels at its steel making facilities and deliver the forecast production at the expected price, and to assess the potential impact of the VII group's exposure to the local investment development company, including an assessment of the probability of the default and loss given default, in respect of loans and receivables. Consequently the auditors' of VII were unable to determine the extent of the required impairment charges, if any in respect of the VII group's loan, advances and receivables of AU$62.642million and AU$48.338million at 31 December 2018 and 31 December 2017 respectively. The loans and receivables represent 109.7% and 85.2% of the net asset value of the VII consolidated statement of financial position as at 31 December 2018 and 31 December 2017 respectively.

The valuation of the convertible bond investment in Corbyns is based on the maturity return amounts and owing amount, the recoverability of which is mainly subject to Corbyns' ability to realise its investments in VII. Currently such value assessment of investment in VII is based on either (i) unadjusted trading price as at 31 December 2018 or (ii) audited net assets value of VII as at 31 December 2017 (being the latest available information). The valuation conclusion provided by GT is subject to Corbyns ability to realise its investment in VII at such amounts. Should this not be the case the recoverability of maturity return amounts would be impacted.

The Directors have appointed legal counsel to represent the Company in pursuing the recovery of funds from Corbyns.

15 Fair Value Information and hierarchy (cont/d)

VTC

The Company's subsidiary Prime Limited has an investment in VTC Online Joint Stock Company ("VTC") which is carried in the Company's statement of financial position at US$6,059,625 as at 31 December 2018. The Company owns 19.5% of the ordinary shares in VTC with an option to sell the shares back to VTC.

Pursuant to the Share Purchase Agreement dated 22 June 2012 (the "SPA"), on 20 September 2018 the Company has exercised the put option by sending notice of repurchase to VTC. The repurchase price is based on the terms of the SPA. There is currently no trading market for the ordinary shares. As of 31 December 2018, the Company's position in VTC Online was valued by GT at $6.1million.
The valuation from GT, took into account the terms of the repurchase price calculation, the conditions tagged along with the put option, and the funding available to VTC Online. Pursuant to the VTC annual meeting minutes, it is noted that the audited financial statements of VTC for the year ended 31 December 2017 cannot be issued until the conclusion of investigating body about social games which are considered gambling in nature. Due to various uncertainties surrounding the availability of funding within VTC and the lack of audited financial statements regarding the assets and liabilities it is difficult for management to assess the impact on the recoverability of the Company's investment in VTC and consequently the carrying amount within the Company's statement of financial position of $6,059,625 as at 31 December 2018, and the related unrealized loss of $2,884,097 within the statement of comprehensive income for the year ended 31 December 2018.

Up to the approval of the Company's financial statements it is noted that VTC have not settled the liability arising as a result of the Company exercising its put option.

The Directors have appointed legal counsel to represent the Company in pursuing the recovery of funds from VTC.

Valuation of Equity Positions
In undertaking the valuation of equity investments, the market approach has been applied, specifically the comparable company analysis; and also the income approach, specifically the discounted cash flow method. In the market approach, a basket of listed comparable companies were selected and the median of their multiples calculated. This median multiple was then used to calculate the equity value of each investment. In the discounted cash flow method, the key unobservable inputs are the discount rate and the growth rate.

The range of assumptions used for the base case valuations are as follows:

31 December 2018:
- Discount rate: 11.72% to 11.98%
- Growth rate: 2%
- EV/EBITDA multiple: 8.22x to 13.27x

31 December 2017:
- Discount rate: 11.81% to 11.95%
- Growth rate: 2%
- EV/EBITDA multiple: 11.11x to 11.39x

15 Fair Value Information and hierarchy (cont/d)

In the sensitivity analysis, to calculate the equity value in the best/worst case scenarios, the following variances to the input variables have been applied where applicable to each position:

31 December 2018:
- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/-5%

31 December 2017:
- Changes in the discount rate: +/- 5%
- Changes in the growth rate: +/- 0%
- Changes in EV/EBITDA multiple: +/- 5%

Bond and Convertible Bond Positions Valuation
The convertible bond carries with it a straight loan and an equity conversion option. As such valuation of convertible bond includes valuation of a straight bond and valuation of the option.

- The value of straight bond component is based on discounted cash flow method, where cash flows include principal and coupons, assumed to be paid at maturity date are and discounted to present value at the current market lending rate. The key unobservable input is the discount rate.
- Value of equity conversion option component is determined using option pricing model - the Black-Scholes model. The key unobservable input is the volatility of the underlying stock price.
- For the purpose of input into an Option pricing model, valuation of the underlying equity is also performed, i.e. equity value of the Company, using market approach and discounted cash flow method, based on financial forecasts of the underlying business.

The range of assumptions used for the base case valuations are as follows:

31 December 2018:
- Volatility: 37.13% to 39.50% - Sensitivity: +/-10%

31 December 2017:
- Volatility: 33.14% to 35.50% - Sensitivity: +/-10%

Summary of valuation methodologies
The valuation methodologies for each Level 3 holding as at 31 December 2018 are set out hereunder:

Greenfeed: income approach and market approach for equity.
Anova: income approach and market approach for equity and Black-Scholes model for convertible bond.
VTC Online: value from exercising the put option to sell the shares back to the company.
Corbyns International Ltd: amount to be received at maturity on 30 September 2019.
NBB Investment Corp: market floating price for equity and Black-Scholes model for convertible bond.
SSG Group: income approach to value SSG’s investment in subsidiaries & associates, and market approach for equity.

16 Segmental Reporting

IFRS 8 'Operating Segments' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The Investment Manager is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8.

The Investment Manager is responsible for decisions in relation to both asset allocation, asset selection and any Segregated Fund Manager delegation. The Investment Manager has been given authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Any changes to the investment strategy outside of the POM must be approved by the Board and then the Company's shareholders in accordance with the terms of the POM and the Articles of Association.

The Company operates a single operating segment under IFRS 8 with all cash and investment holdings being managed at a Company level. The Investment Manager has full responsibility for the investment of cash for the Company. In addition to cash, there are four separate asset classes namely listed securities, unlisted securities, fixed income securities and collective investment schemes.

However, the allocation of resources is based on an analysis of future market expectations by the Investment Manager rather than the past performance of the asset classes. The Investment Manager can further delegate the investment management responsibility for an amount of cash to a Segregated Fund Manager, if required. No Segregated Fund Manager was appointed during the year ended 31 December 2018.

The investments are allocated across five separate asset types namely listed securities, unlisted securities, fixed income securities and cash and the income earned from these investments is reflected in the Statement of Comprehensive Income. The Company has a diversified portfolio of underlying investments and no single investment accounts for more than 20% of the Company's net assets.

17 Commitments

There were no commitments to investments as at 31 December 2018 or 31 December 2017.

18 Significant events during the year

On 23 July 2018, the Company conducted a Class C redemption of a pro rata share of approximately 10 per cent. The redemption price of USD 0.3222 per share was based on the net asset value of Vietnam Phoenix Fund Class C shares as at 30 June 2018.

The shares outstanding before and after the redemption exercise were as follows:

	Before redemption	**After redemption**	**Total shares redeemed**
Shares Outstanding	423,750,000	381,375,002	42,374,998

For more detailed information on these events, please refer to the announcements on the Irish Stock Exchange by the Company's Board of Directors. Links to the announcements can also be found on the Company's website www.vietnamphoenixfund.com.

19 Significant events after the year end

There have been no significant events to disclose since the year end date.

20 Approval of the financial statements

The financial statements were approved by the Board on 29 April 2019.

VIETNAM PHOENIX FUND LIMITED

OTHER INFORMATION

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VIETNAM PHOENIX FUND LIMITED

SUPPLEMENTAL UNAUDITED INFORMATION TO THE FINANCIAL STATEMENTS

Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

Exchange rates

The year end exchange rates USD are as follows:

		31/12/2018	31/12/2017
EUR	Euro	0.8748	0.8328
GBP	British Pound	0.7852	0.7392
VND	Vietnamese Dong	23,195.0000	22,709.0000