

Vietnam Phoenix Fund Limited

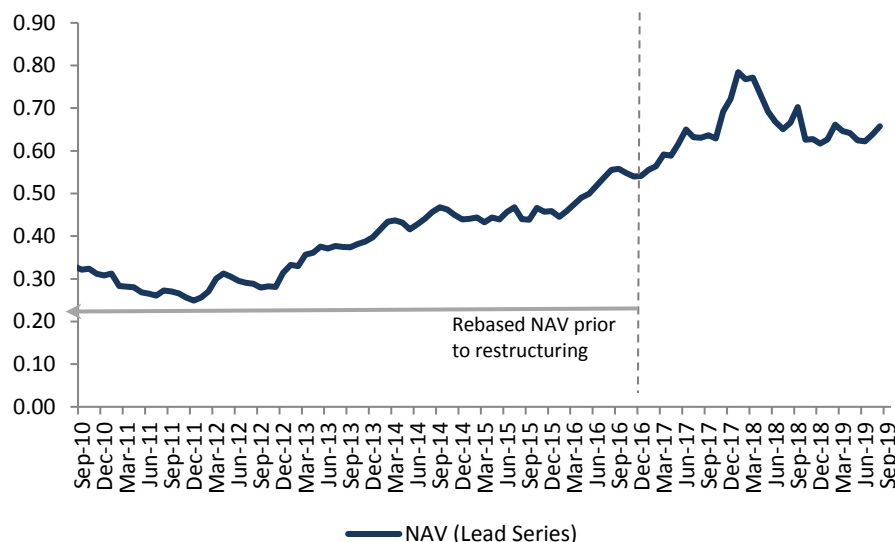
Monthly Factsheet

30th September 2019



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF A (Lead Series)	3.99	9.80	5.74	10.72	-2.75	7.22	8.02	13.73
VNIndex	1.27	5.37	1.61	11.59	-1.54	11.78	8.76	12.50
VHIndex	2.72	2.03	-2.16	0.89	-9.22	5.94	1.62	7.90

* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016. Past performance is not an indicator of future performance.

Top 3 Gainers	Price Change	Contribution to NAV Return
FPT Corp (FPT)	+ 8.7%	+ 1.50%
Vinamilk (VNM)	+5.5%	+0.97%
Mobile World (MWG)	+ 7.9%	+ 0.57%

Top 3 Laggards	Price Change	Contribution to NAV Return
Kinh Bac City (KBC)	- 6.5%	- 0.39%
Hoa Phat Group (HPG)	-1.1%	- 0.09%
Airports Corporation of Vietnam (ACV)	- 6.7%	- 0.06%

Total Net Assets: \$37.04 million

NAV/Share

Lead Series: \$0.6835
Series 3: \$0.9869
Series 4: \$1.0799
Structure: Open-End Fund
Liquidity: Monthly

Identifiers

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

Fund Manager: Benjamin Lim

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

FPT Corp	18.3
Vinamilk	14.1
Khang Dien House	7.7
Mobile World	7.7
Hoa Phat Group	7.3
Vinhomes	7.1
Kinh Bac City	5.4
Vietcombank	5.4
REE Corp	4.5
PV Power	4.1
Total	81.6

Sector Allocation (%)

Real Estate	26.0
Consumers	24.2
Information Technology	18.2
Financials	11.8
Building Materials	7.2
Energy Equip & Svcs	6.2
Others*	6.4
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	97.7
Cash and accruals^	2.3
Total	100.0

^Adjusted to include pending redemptions.

Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 30th September 2019, the aggregate voting rights are **116,928,361**.

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

Fund Manager's Report

During September 2019, VPF A's NAV returned 3.99%. Major contribution came from FPT Corp (FPT) [+8.66% MoM], Vinamilk (VNM) [+5.45% MoM] and Mobile World (MWG) [+7.87% MoM]. The portfolio's main detractors were Kinh Bac City Development (KBC) [-6.54% MoM], Hoa Phat Group (HPG) [-1.13% MoM] and Airports Corporation of Vietnam (ACV) [-6.67%]. The VN-Index returned 1.27% in term of USD during said month. The main contributors were Vietcombank (VCB) [+5.66% MoM], Vinamilk (VNM) [+5.45% MoM] and PetroVietnam Gas (GAS) [+8.60% MoM].

FPT Corp (FPT) returned 8.66% in September 2019. FPT announced their 8M2019 results showing net sales of VND 17,032 billion (+21.1% YoY), PBT of VND 2,992 billion (+27.9% YoY) and NPAT of VND 2,495 billion (+27.0% YoY). As a result, FPT fulfilled 64% of its full-year 2019 target and 67% of its full-year 2019 EBT target. Key driver for the YoY sales growth was the global IT services segment which showed 34.8% YoY in revenue and 37.6% YoY in PBT¹. In particular, US market's revenue rose by 67.6% YoY to VND 1,677 billion. We remain optimistic over growth prospects for FPT thanks to its competitive labour cost base and strengthening track record helped by its overseas acquisition. For FY2019-2021 period, management is targeting to grow at a CAGR of 18% in revenue and 20% in PBT¹. Of which, the technology segment is expected to grow by 40-50% per year and contribute 45% of total PBT by 2021¹. Based on reported 8M2019 figures, FPT remains on track with its plan and digital transformation would be a future key driver to further expand FPT's profit margin. In August 2019, FPT entered into the two digital transformation contract agreements with DPDgroup – Europe's second largest parcel delivery network and RWE – Germany's largest utilities¹.

Vinamilk's (VNM) share price rose by 5.45% in September 2019. According to the Ministry of Agriculture & Rural Development (MARD), the nation's first batch of milk will be exported to China via official channels during mid-October as Chinese customs have granted their approval to Vietnamese dairy companies that will be given an export code before making shipments to China². The MARD expects that Chinese market will raise total Vietnamese dairy products export value from USD 120 million to USD 300 million in 2020². As the leader of Vietnamese dairy market, VNM is expected to be first local dairy company to export to China. On 21 September 2019, VNM was represented at the 2019 China Food & Catering Expo in Hunan Province, China³. The company introduced a wide range of its dairy products to Chinese consumers at said event. Thanks to its position and scale, we expect VNM will benefit relatively more than its competitors from continuing growth of domestic dairy consumption coupled with the potential growth in export market. Moreover, the continued growth of convenience stores in Vietnam will also play important role in expanding distribution of dairy products over the longer term. Gradual increase of the proportion of internally-sources inputs is also positive for VNM's profit margin.

Kinh Bac City Development (KBC) decreased by 6.54% in said month. The stock's performance was partially affected by concerns over the license approval process of Nam Son Hop Linh project⁴. KBC posted strong results for 1H 2019 showing net sales of VND 1,570 billion (+56.4% YoY) and NPAT of VND 511 billion (+75.8% YoY). This helped KBC to fulfill 40% of its full-year 2019 sales target and 49% of its full-year 2019 NPAT target. For full-year 2019, KBC's management has set sales target of VND 3,900 billion and NPAT target of VND 1,036 billion⁴. During 1H2019, KBC recorded 60.5ha (+18% YoY) of industrial park land sales. This included 31ha from Quang Chau IP and 13ha from Tan Phu Trung IP⁴. With 2000ha of IP land bank in key industrial hubs in Vietnam, we expect KBC to continue to benefit from Foreign Direct Investments (FDI) inflows into Vietnam.

1. Source: FPT Management

2. Source: <https://english.vov.vn/economy/vietnam-poised-to-export-first-batch-of-milk-to-china-403734.vov>

3. Source: <https://vietnamnews.vn/economy/535873/shares-in-dairy-firm-vinamilk-soar-after-trip-to-china.html#5PvL1MpjjAbhlwGo.97>

4. Source: KBC Management

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
VPF C	0.31	0.38	-22.46	-22.62	-17.1	-9.3	-2.3	5.9

* Includes historical performance of Vietnam Phoenix Fund prior to the restructuring as of 31 Dec 2016. Past performance is not an indicator of future performance.

The Private Equity asset pool contains unlisted investments and other illiquid listed investments. Unlisted investments will be re-valued every six months, or sooner in case of a significant event. The unlisted investments within the pool were last valued by Grant Thornton Vietnam Ltd in June 2019.

Fund Manager's Report

The Fund has announced on the Irish Stock Exchange (ISE), a redemption of thirty eight percent of the Private Equity Shares outstanding as at 21 Oct 2019 (5pm Dublin time). Redemptions will be allocated pro rata to each registered shareholder's total Private Equity shares. The redemption price will be based on the net asset value of the Private Equity shares as at 30 September 2019 (USD 0.2617 per share).

The NAV per share of the Class C Shares increased 0.31% in Sept due to fluctuation in USDVND exchange rate.

Greenfeed's partial sales proceeds of USD 29.8mn has been successfully transferred to the Fund's custodian USD bank account with State Street.

The remaining tranche (VND 88.4bn) of sales proceeds are expected to be remitted following the completion of capital gains tax declaration and payment, and the issuance of the amended investment registration certificate of Greenfeed, whichever is later.

On the capital gains tax declaration and payment process, Greenfeed has updated that the Long An Province Tax Department will be conducting checks on the cost of the share transfer during the second week of October 2019. Management also updated that Greenfeed is expected to receive the amended Investment Registration Certificate by the last week of October 2019.

The sales process for **Anova** continues to progress well. The Fund Manager is in the process of receiving potential investor bids for its stake. Investors are expected to then conduct advanced due diligence over the next 2 months. The Fund aims to finalize its exit by the end of Q1 2020.

Net Assets: \$79.88 million
NAV/Share: \$0.2617
Shares Out: 305,252,562

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPXCY
Sedol B1FHXT2

Fund Manager: Sharon Seet

Website:

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Market Makers

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Top 10 Holdings (%)

Anova Corp	23.4
Corbyns International	20.4
VTC Online	4.6
SSG Group	1.6
Total	50.0

Asset Breakdown (%)

Invested Securities	50.0
Cash and accruals	50.0
Total	100.0

Voting Rights

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CLASS C – Private Equity Shares

On **Corbyns**, the Fund Manager has received a binding offer from a third party to purchase Hephaestus Limited (the Special Purpose Vehicle (SPV) owning the Convertible Loan to Corbyns) for USD 15mn. The Fund Manager has signed a binding term sheet on 3rd October 2019.

The proceeds for the purchase will be paid in 2 tranches. A deposit of USD 1mn has been paid on 11 October 2019 with the remaining USD 14mn to be paid by 29 November 2019 together with the signing of the Share Purchase Agreement (SPA). The valuation for Corbyns will be adjusted to USD 15mn in the following month to reflect the realisation proceeds expected from the current exit progress. After accounting for the expenses incurred on the divestment, the Fund's Net Asset Valuation per share (NAV/Share) is expected to reduce approximately 1.8% in October 2019.

On **VTC Online**, the Fund Manager will be attending the Company's Annual General Meeting on 22 October 2019 and will aim to progress its discussion with the company and stakeholders on the sale of VPF C's stake to potential investors.

The Fund Manager engaged Colliers to undertake an updated independent valuation of the 18 Tam Trinh building. As of end September 2019, Colliers have valued the building to be USD24.05million.

On **SSGA**, the Fund Manager expects to commence negotiation with SSGA's management and other shareholders again at the end of October 2019.

The Fund has conducted three redemption exercises to return capital to investors post restructuring of the Fund in January 2017. 10% of June 2018's NAV, 13% of March 2019's NAV and 8% of Aug 2019's NAV were distributed on July 2018, May 2019 and Sept 2019 respectively.

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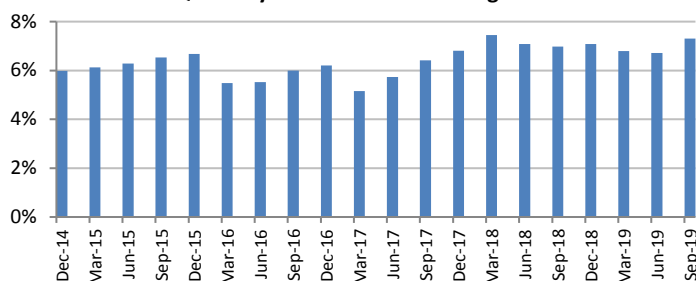
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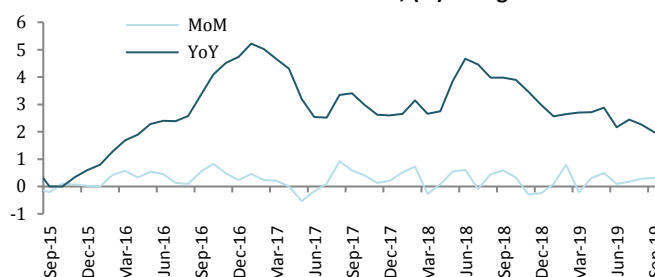


Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Economic Indicators

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

Mkt Cap

(USD bn)

2019

Forward P/E

PEG

Div Yield

ROE

		Mkt Cap (USD bn)	2019 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	501	20.9	1.9	0.5%	25.4%
Thailand	SET	551	21.1	2.2	3.4%	15.2%
Singapore	FSSTI	392	13.2	3.7	3.1%	10.6%
Malaysia	FBMKLCI	243	21.3	4.0	3.0%	17.7%
Philippines	PCOMP	188	17.8	7.8	1.5%	13.5%
Vietnam	VNINDEX	145	20.5	1.4	1.9%	22.5%

On the macroeconomics front, Vietnam's GDP growth reached 7.3% YoY for Q3 2019, generating 9M2019 GDP growth of 6.98% YoY. This is the highest in terms of GDP growth for accumulated 9M GDP growth figures. The industrial and construction sector continued to lead GDP in 3Q2019 with growth of 10.1% YoY, followed by services sector with growth of 7.1% YoY.

Vietnam's consumer price index (CPI) rose just 0.32% MoM and 1.98 % YoY in September 2019. For 9M 2019, CPI increase stood at 2.50% YoY. The main contributors to CPI's increase were the hike in education services prices and the food prices. The pork prices in Vietnam has recovered after African Swine Fever due to higher demand from Chinese importers⁵.

Index of Industrial Production (IIP) increased 9.6% YoY in 9M2019. A growth of 10.8% YoY in manufacturing sector, 10.2% YoY in production and distribution of electricity sector were key drivers behind the IIP growth during said period. 9M2019 also witnessed a growth of 7.2% YoY in water supply, sewerage, waste management and remediation activities sector and 1.3% YoY in mining and quarrying sector.

From the beginning of the year till 20 September 2019, Vietnam attracted USD 15.8 billion (-19.9% YoY) of total newly registered FDI and additional FDI. The YoY decrease is partly due to the high base of last year. Capital contribution and share purchase by foreign investors rose by 82.3% to USD 10.4 billion. South Korea became the biggest investor into Vietnam in 9M2019 with total new registered investment of USD 2.096 billion, followed by China with USD 2.024 billion and Japan with USD 1.582 billion.

During 9M2019, the General Statistics Office (GSO) of Vietnam estimated that Vietnam exported USD 194.3 billion (+8.2% YoY) and imported USD 188.4 billion (+8.9% YoY). The trade surplus increased from USD 3.4 billion in 8M 2019 to USD 5.9 billion in 9M 2019. Mobile phones and mobile components were the biggest exported segment with a value of USD 38.6 billion (+5.1% YoY). This growth was partly driven by the release of Samsung Galaxy Note 10 since mid-August 2019⁶. On import side, electronic goods, computers and computer components remained the largest import segment with a value of USD 38.6 billion (+23.0% YoY). The largest export destination, the US market saw strong export growth numbers of USD 44.9 billion (+28.2% YoY) while other export destination markets such as EU (USD 31.1 billion, -0.7% YoY) and China (USD 27.8 billion, -3.8% YoY) witnessed slight dips. China remained the largest import source market for Vietnam. Total imports from China for 9M2019 reached USD 55.5 billion (+17.3% YoY), followed by South Korea with USD 35.4 billion (+1.0% YoY) and the ASEAN region with 24.1 billion (+3.8% YoY).

5. Source: <https://en.nhandan.com.vn/business/economy/item/7965302-consumer-price-index-expands-0-32-percent-in-september.html>

6. Source: SSI's report

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*Formerly known as DWS Vietnam Fund Limited. The Fund was renamed to Vietnam Phoenix Fund Limited following the resignation of Deutsche Asset Management (Asia) Limited as Investment Manager on 30 September 2016. Duxton Asset Management has since been appointed the Investment Manager of Vietnam Phoenix Fund Limited.

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