

# Vietnam Phoenix Fund Limited

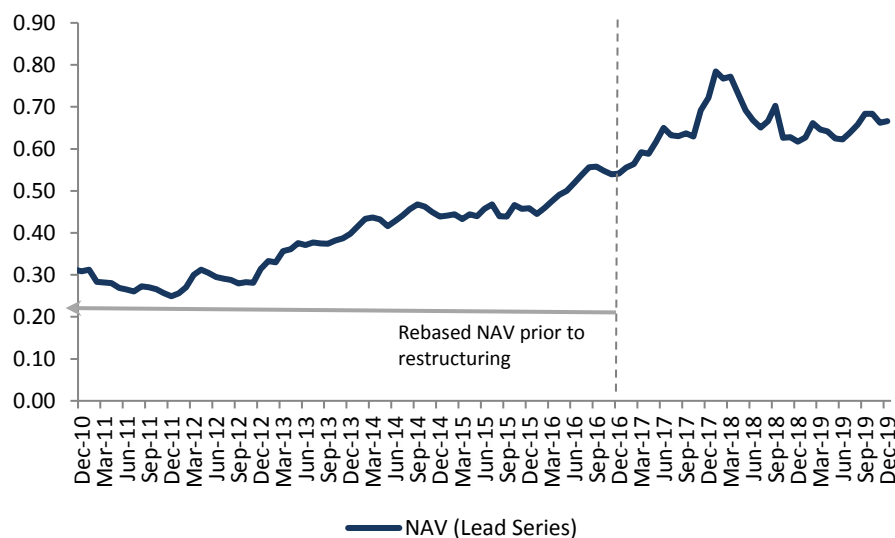
## Monthly Factsheet

31<sup>st</sup> December 2019



### CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
<b>VPF A</b> (Lead Series)	0.60	-2.56	6.99	7.89	7.89	7.17	8.83	11.44
<b>VNIndex</b>	-0.88	-3.45	1.74	7.74	7.74	12.40	10.20	11.08
<b>VHIndex</b>	0.00	-2.43	-0.45	-1.56	-1.56	7.88	2.69	7.07

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

Top 3 Gainers	Price Change	Contribution to NAV Return
FPT Corp (FPT)	+ 3.4%	+ 1.88%
Vietcombank (VCB)	+5.7%	+ 0.39%
Mobile World (MWG)	+ 4.6%	+ 0.32%

Top 3 Laggards	Price Change	Contribution to NAV Return
Vinhomes (VHM)	- 7.7%	- 0.55%
PV Power (POW)	- 10.6%	- 0.45%
Vinamilk (VNM)	- 4.1%	- 0.45%

**Total Net Assets: \$35.07 million**

#### NAV/Share

**Lead Series: \$0.6660**  
**Series 3: \$0.9614**  
**Series 4: \$1.0562**  
**Structure: Open-End Fund**  
**Liquidity: Monthly**

#### Identifiers

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

**Fund Manager:** Benjamin Lim

#### Website:

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

#### Top 10 Holdings (%)

Vinamilk	13.5
FPT Corp	12.3
Hoa Phat Group	8.2
Khang Dien House	8.0
Mobile World	7.3
Vinhomes	6.5
Vietcombank	6.3
Kinh Bac City	5.8
REE Corp	4.6
PV Power	3.9
<b>Total</b>	<b>76.4</b>

#### Sector Allocation (%)

Real Estate	25.7
Consumers	22.8
Information Technology	12.3
Financials	11.8
Building Materials	8.2
Energy Equip & Svcs	5.9
Others*	13.3
<b>Total</b>	<b>100.0</b>

\*Includes Cash & Accruals

#### Asset Breakdown (%)

Listed Equities	91.5
Cash and accruals^	8.5
<b>Total</b>	<b>100.0</b>

^Adjusted to include pending redemptions.

#### Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31<sup>st</sup> December 2019, the aggregate voting rights are **81,478,357\***.

\*Post-redemption, the number of Class C Shares outstanding is 109,768,832 and the aggregate voting rights of all share classes as of 31<sup>st</sup> December 2019 are 61,988,689.

### CLASS A – Continuation Shares

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

#### Fund Manager's Report

During the month of December 2019, VPF A's NAV returned 0.60%. Major contributors included FPT Corporation (FPT) [+3.37% MoM], Vietcombank (VCB) [+5.74% MoM] and Mobile World Investment Corporation (MWG) [+4.59% MoM]. In contrast, the main detractors were Vinhomes (VHM) [-7.73% MoM], PV Power (POW) [-10.55% MoM] and Vinamilk (VNM) [-4.12% MoM]. During the same month, VN-Index decreased 0.88%.

For full-year 2019, VPF A's NAV returned 7.89% while VN Index returned 7.74% (VN Index returned 7.74% in USD terms and 7.67% in VND terms); therefore, outperforming the VN Index benchmark for the full year of 2019. VPF A's major contributors for FY2019 full year returns were FPT Corporation (FPT) [+58.72% for CY2019], Mobile World Investment Corporation (MWG) [+33.88% for CY2019] and Vietcombank (VCB) [+70.85% for CY2019] while the major laggards were Cotecons (CTD) [-66.79% for CY2019]. Yeah1 Group (YEG) [-84.18% for CY2019] and PV Power (POW) [-28.37% for CY2019]

**FPT Corporation (FPT)** returned 3.37% during December 2019. FPT announced its 11M2019 results which showed net sales of VND 24,533 billion (+19.7% YoY), PBT of VND 4,439 billion (+24.3% YoY) and NPAT of VND 3,734 billion (+23.9% YoY). As a result, FPT fulfilled 92% of its full-year 2019 sale target and 100% of its full-year 2019 PBT target. Its global IT services segment was still a key driver for the YoY sales growth as it showed 31.5% YoY growth in revenue and 35.8% YoY growth in PBT. This segment's revenue and PBT contributed 40% and 37% to FPT's results respectively. All geographical markets saw solid growth<sup>1</sup>. In particular, the US market's revenue reached VND 2,454 billion, up 53.7% YoY. The second largest contributor to FPT's results was its telecom services segment. For 11M2019, the revenue and PBT of telecom services rose by 17.0% YoY and 21.5% YoY in respectively, contributing 36% FPT's revenue and 30% FPT's PBT. We remain optimistic for the company's growth prospects 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 PBT with key driver from technology segment<sup>1</sup>.

**Vietcombank (VCB)** returned 5.74% during December 2019. In November 2019, VCB signed a 15-year bancassurance partnership with FWD Group Ltd<sup>2</sup>. In which, VCB will exclusively distribute FWD's life insurance products. The contract value is estimated at USD 400 million<sup>2</sup>. Moreover, FWD will buy VCB's stake at Vietcombank Cardif Life Insurance Joint Venture (VCLI) (VCB owns a 45% stake and BNP Paribas Cardif owns a 55% stake) at a price of USD 18 million<sup>3</sup>. We view VCB as the industry leading bank with better-than-peers asset and earnings quality. In our view, VCB will also be favoured in terms of foreign fund inflows, especially from passive exchange-traded fund instruments (ETF). We expect the partnership contract with FWD will boost VCB's non-interest income (commission fees) and help VCB compete against other banks partaking in Vietnam's bancassurance space; its domestic competitors include names such as Techcombank (TCB), Vietnam International Bank (VIB).

**Vinhomes' (VHM)** share price decreased 7.73% during December 2019. In our view, it was partly due to the price adjustment after shares buyback exercise that concluded in November 2019. For 9M 2019, VHM posted net revenue of VND 37,642 billion (+68% YoY) and NPAT of VND 17,348 billion (+44% YoY). This result enabled company to fulfill 51% its full-year revenue target and 84% its full-year NPAT target. Its top-line growth was driven by (1) Bulk sales of 6 blocks of high-rise and low-rise units in Vinhomes Ocean Park; (2) Bulk sales in Vinhomes Smart City; (3) Retail sales in Vinhomes Green Bay. Vinhomes Metropolis and Vinhomes Central Park<sup>4</sup>. VHM's market share in all segments rose from 18% by 30 June 2019 to 22% by 30 September 2019<sup>4</sup>. Moreover, VHM's gross-profit margin was expanded from 30.3% in 9M2018 to 46.1% in 9M 2019 as higher contribution of bulk sales with higher margin. With a total landbank of 164 million sqm (a landbank that is 3.3x the size held by the next largest developer), VHM is arguably the leader of real estate sector in Vietnam. We expect VHM market leading position can yield relative more significant benefits from the recovery in the real estate sector.

1. Source: FPT Management

2. Source: <https://www.reuters.com/article/us-vietcombank-fwd-partnership/fwd-in-insurance-distribution-deal-with-vietcombank-bank-buys-venture-idUSKBN1XMOEX>

3. Source: SSI report

4. Source: VHM Management

# Vietnam Phoenix Fund Limited

## Monthly Factsheet

31<sup>st</sup> December 2019



### CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y*	5Y*	7Y*
<b>VPF C</b>	-2.85	-6.30	-5.95	-27.50	-27.5	-10.6	-2.4	3.1

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

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

#### Fund Manager's Report

The Fund has announced on the Irish Stock Exchange (ISE), a redemption of forty two percent of the Private Equity Shares outstanding as at 24 January 2020 (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 November 2019 (USD 0.2524).

The NAV per share of the Class C Shares decreased 2.85% in December 2019.

The valuation for the Fund's position in **Anova** increased by 5.92% in December 2019 compared to the valuation in June 2019. For 9M 2019 (period ending September 2019), the company reported VND 2,880bn in revenue (-15.4% YoY) and net profit after tax minus minority interest (NPATMI) of VND 636mn (-99.2% YoY). Negative consumer sentiment due to African Swine Fever (ASF) affected pork consumption for the most of 2019. Further, the ramp up in operations for Anova's new milk business also affected the bottom-line for the company. Management remains confident that business will improve going forward as the ASF situation stabilises. The sales process for Anova continues to progress well. The Fund aims to finalize its exit by the end of Q1 2020.

The Fund Manager had successfully divested the Fund's stake in **Corbyns** on 15 January 2020. The Fund's interest in the company was sold for a gross consideration of USD 15mn. Together with the interest received to date, the Fund achieved a return multiple of 1.7x and an internal rate of return on investment of 10.0%.

**Net Assets:** \$46.40 million  
**NAV/Share:** \$0.2452  
**Shares Out:** 189,256,596

#### Identifiers

ISIN Code KYG2886W1078  
Bloomberg Ticker VTNPX KY  
Sedol B1FHXT2

**Fund Manager:** Sharon Seet

#### Website:

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

#### Market Makers

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FinnCap  
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#### Top 10 Holdings (%)

Anova Corp	42.7
VTC Online	3.3
SSG Group	2.7
<b>Total</b>	<b>48.7</b>

#### Asset Breakdown (%)

Invested Securities	48.7
Cash and accruals	51.3
<b>Total</b>	<b>100.0</b>

#### Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31<sup>st</sup> December 2019, the aggregate voting rights are **81,478,357\***.

\*Post-redemption, the number of Class C Shares outstanding is 109,768,832 and the aggregate voting rights of all share classes as of 31<sup>st</sup> December 2019 are 61,988,689.

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### CLASS C – Private Equity Shares

The valuation for the Fund's position in **VTC Online** decreased by 59.0% in December 2019 compared to the valuation in June 2019. The independent valuer cited time constraints and low possibilities of realisation as main concerns for the exit strategies that the Investment Manager has put in place. For 9M 2019 (period ending September 2019), VTC Online reported VND 86.6bn (+2.4% YoY) in revenue and VND 4.1bn in net profit (+32.4% YoY). The Fund Manager will meet with VTC Online in February 2020 to work on a schedule to complete the documentation of the proposal for the sale of the 18 Tam Trinh building and the process of exiting the fund's position in VTC Online.

The valuation for the Fund's position in **SSGA** decreased by 5.42% in December 2019 compared to the valuations in June 2019. The Fund Manager is working for the company or sponsor to undertake a buyback of the Fund's stake.

The Fund has conducted five redemption exercises to return capital to investors post restructuring of the Fund in January 2017. Since 2018, 74% of all shares in C-share class have been redeemed, at an average price per share of USD 0.2794.

S/No	Redemption Tranche	NAV/ share	Remarks
1	10%	USD 0.3222	June 2018's NAV
2	13%	USD 0.3375	March 2019's NAV
3	8%	USD 0.2609	Aug 2019's NAV
4	38%	USD 0.2617	Sept 2019's NAV
5	42%	USD 0.2524	Nov 2019's NAV

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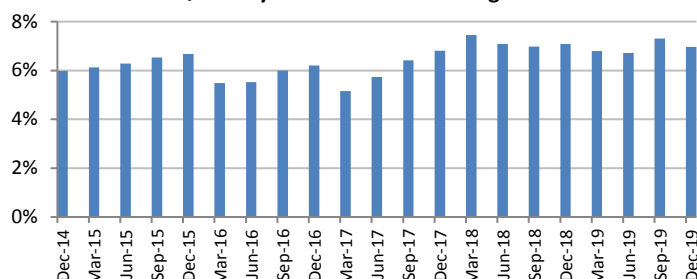
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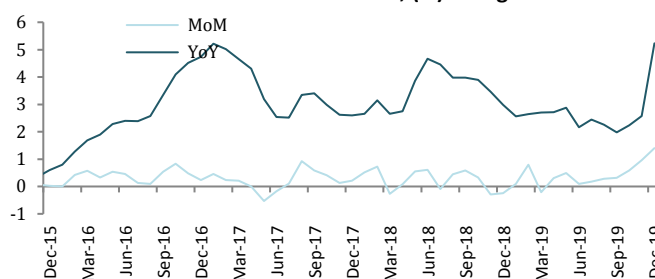


### Market Update

Quarterly GDP Growth - % change YoY



Consumer Price Index, (%) change



Vietnam Economic Indicators

		2016	2017	2018	2019
Real GDP Growth	%	6.2	6.7	7.08	7.02
CPI	%	4.7	2.6	3.54	2.79
Export Growth	%	9.0	20.6	13.8	8.4
Import Growth	%	5.2	21.3	11.5	6.8
Trade Balance	\$bn	2.7	2.3	7.2	11.1
Registered FDI	\$bn	21.0	35.9	25.6	22.5
FX Reserve	\$bn	41.0	52.0	60.0	80.0
USDVND	VND	22,761	22,968	23,245	23,173

Mkt Cap (USD bn)

2020 Forward P/E

PEG

Div Yield

ROE

		Mkt Cap (USD bn)	2020 Forward P/E	PEG	Div Yield	ROE
Indonesia	JCI	526	21.3	3.3	2.2%	18.7%
Thailand	SET	557	21.6	2.4	2.8%	14.8%
Singapore	FSSTI	419	13.8	4.6	3.6%	10.5%
Malaysia	FBMKLCI	250	20.8	N.A	3.3%	19.1%
Philippines	PCOMP	193	18.2	1.7	1.6%	13.5%
<b>Vietnam</b>	<b>VNINDEX</b>	<b>142</b>	<b>18.8</b>	<b>1.4</b>	<b>1.7%</b>	<b>20.7</b>

On the macroeconomics front, Vietnam's gross domestic product (GDP) growth reached 7.02% for full-year 2019 - the second highest GDP growth since 2011. The Industrial & Construction sectors remained the largest contributors towards GDP growth as said sectors grew by 8.9% YoY and contributed to 36.2% of total GDP, followed by the Services sector which showed 7.3% YoY growth and contributed to 38.9% of GDP. The Agriculture, Forestry and Fishery sector reported a growth of 2.0% YoY, which contributed 13.7% to GDP.

Up till Dec-2019, average Vietnam's consumer price index (CPI) reading for the year showed a 2.79% increase YoY. Despite the pick-up of the CPI reading during Dec-2019, the average CPI increase of 2.79% is still the lowest rate of CPI growth seen over the last three years. The main contributors to CPI growth were (1) a hike of 8.38% in retail electricity prices; (2) an increase of 4.65% in medical and health services prices; (3) an increase of 6.11% in education service prices. In contrast, the CPI reading also saw: (1) a 3.13% decrease of domestic gasoline prices; (2) a 5.98% decrease YoY in domestic gas price; (3) a 3.17% decrease YoY in sugar price.

As of 20 December 2019, Vietnam attracted cumulative USD 22.5 billion of total newly registered foreign direct investment (FDI) and additional FDI, down 12.1% YoY. The main reason came from high base last year. In addition, the capital contribution and share purchases by foreign investors rose by 56.4% YoY to USD 15.5 billion. Disbursed FDI rose by 6.7% YoY to USD 20.4 billion. For full-year 2019, South Korea has been the biggest FDI contributor into Vietnam with total new registered capital of USD of 3.7 billion, accounting for 21.9% of total new registered capital, followed by China with USD 2.4 billion, accounting for 14.2% of total new registered capital and Singapore with USD 2.1 billion, accounting for 12.5% of total new registered capital.

According to Vietnam Customs, for full-year 2019, Vietnam exports value rose by 8.4% YoY to USD 264.19 billion and Vietnam imports value rose by 6.8% YoY to USD 253.07 billion, generating a trade surplus of USD 11.1 billion (+54.2% YoY). US continued to be the largest export destination market for Vietnam with total export value of USD 60.7 billion (+27.8% YoY), followed by EU with total export value of USD 41.7 billion (-0.7% YoY) and China at c.USD 41.5 billion (+0.2% YoY). For imports, China was the largest import source market for Vietnam with total import value of USD 75.3 billion (+14.9% YoY), followed by South Korea at USD 47.3 billion (-0.6% YoY) and ASEAN at USD 32.1 billion (+0.8% YoY).

# Vietnam Phoenix Fund Limited

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31<sup>st</sup> December 2019



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

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