

Vietnam Phoenix Fund Limited

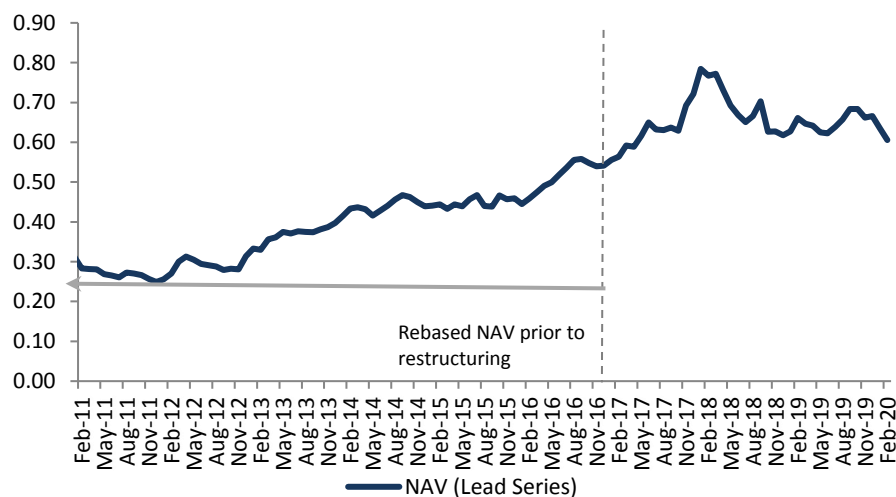
Monthly Factsheet

29th February 2020



CLASS A – Continuation Shares

NAV Performance (USD)



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	-4.52	-8.46	-7.80	-9.01	-8.33	2.43	6.56	9.16
VNIndex	-5.90	-9.27	-10.49	-8.46	8.79	6.76	6.46	7.64
VHIndex	5.12	6.79	7.03	6.79	3.51	7.40	3.26	6.74

* 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)	+ 6.0%	+ 0.70%
Coteccons (CTD)	+11.8%	+ 0.11%
REE Corp (REE)	+ 0.6%	+ 0.02%

Top 3 Laggards	Price Change	Contribution to NAV Return
Hoa Phat Group (HPG)	- 7.3%	- 0.67%
Airports Corp of Vietnam (ACV)	-20.6%	- 0.67%
Vinhomes JSC (VHM)	- 8.1%	- 0.60%

Total Net Assets: \$30.08 million

NAV/Share

Lead Series: \$0.6060

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXL2

Fund Manager: Benjamin Lim

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	13.9
FPT Corp	13.5
Hoa Phat Group	9.0
Khang Dien House	8.4
Mobile World	7.9
Vinhomes	7.2
Vietcombank	6.6
Kinh Bac City	6.1
REE Corp	5.0
PV Power	3.9
Total	81.5

Sector Allocation (%)

Real Estate	27.9
Consumers	24.2
Information Technology	13.5
Financials	12.2
Building Materials	9.0
Energy Equip & Svcs	6.1
Others*	7.1
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	96.5
Cash and accruals [^]	3.5
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 29th February 2020, the aggregate voting rights are **56,259,017**.

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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 February 2020, VPF A's NAV decreased 4.52% while VN -Index decreased 5.90%. The main detractors were Hoa Phat Group (HPG) [-7.26% MoM], Airport Corporation of Vietnam (ACV) [-20.59% MoM] and Vinhomes (VHM) [-8.11% MoM]. In contrast major contributor included FPT Corp (FPT) [+5.96% MoM], Coteccons (CTD) [+11.85% MoM] and REE Corp (REE) [+0.59% MoM].

Hoa Phat Group (HPG) fell 7.26% during February 2020. The reason might come from a decrease in sale volume in 2M 2020. For the first 2 months of FY2020, HPG sold only 380,806 tonnes of construction steel (-15.4% YoY) and it fulfilled only 10.9% of the full year sale volume target of 3.5 million tonnes of construction steel (+26.0% YoY)¹. Moreover, the selling price also decreased to support sales. HPG declined its selling price for rebar and wire-rod by 1.7 -1.8% since 19 Feb 2020¹. However, as the second blast furnace was operational since November 2019, HPG has been able to sell billet products to offset for the decrease in sales volume of finished products. HPG sold more than 210,000 tonnes of billet in 2M 2020¹. As the domestically dominant player, we maintain our positive view on HPG. We see slow-down in steel manufacturing in China might be a chance for HPG to gain more market share since the competition from Chinese steel in Vietnamese market will be weaker.

Airport Corporation of Vietnam (ACV) decreased 20.59% in said month. The reason came from concerns over the impact of outbreak of coronavirus disease (COVID-19) on aviation sector. Since 1 Feb 2020, Vietnam has suspended all flights between Vietnam and China (mainland). Furthermore, all Vietnamese carriers decided to stop their flight to South Korea since March 2020. China and South Korea are the largest source for Vietnam's tourism as they accounted for 32% and 24%, in respectively, of total international visitors to Vietnam last year². As a result, in February 2020, total international tourist visiting Vietnam by airlines decreased by 20.8%². As monopoly in airport operation in Vietnam with main income from passenger service charge, ACV has been strongly suffering from COVID-19. For FY2020, ACV becomes conservative for their business plan due to concern over COVID-19 as they set PBT target at VND 1,700 billion (-83.2% YoY)³. However, as main beneficiary of the growth of air traffic in Vietnam, we still believe ACV is a good long-term investment.

FPT Corporation (FPT) returned 5.96% during February 2020. During Feb 2020, FPT expanded its exposure in medical sector as on 14 Feb 2020, FPT and the Department of Information Technology under the Ministry of Health officially launched the Chatbot app on its website to automatically answer basic questions about the new coronavirus disease (Covid-19)⁴. This Chatbot is developed based on an artificial intelligence (AI) application platform with real-time automatic answering mechanism⁴. Moreover, in Feb 2020, FPT launched the project of building the Enterprise Resource Planning system SAP ERP for MEDLATEC General Hospital which is expected to help MEDLATEC develop rapidly in the field of medical treatment⁵.

. We are confident that FPT is on track for its target thanks to growth prospects of core segments including global IT services and telecom service segments while digital transformation would be a future key driver to further expand FPT's profit margin. For 2020, FPT aim to reach VND 32.45 trillion in net sales (+17% YoY) and VND 5.5 trillion in EBT (+18% YoY).

1. Source: HSC report

2. Source: <http://vietnamtourism.gov.vn/english/index.php/statistic/international>

3. Source: <https://vietnamnews.vn/economy/622641/acv-expects-2020-profit-down-by-vnd6-trillion-due-to-disease-influence.html>

4. Source: <https://fpt.com.vn/en/ir/news/fpt-and-the-ministry-of-health-launch-covid-19-chatbot-app>

5. Source: <https://fpt.com.vn/en/ir/news/fpt-is-builds-sap-erp-system-for-medlatec-hospital>

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF C	-2.49	-5.51	-8.59	-2.73	-28.7	-11.8	-3.1	2.0

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

Fund Manager's Report

The NAV per share of the Class C Shares decreased -2.49% in February 2020. Adjusted for the 42% redemption of shares paid in February at 0.2524 per share, the underlying change in NAV this month would be -0.14%

The sales process for **Anova** continues to progress well. The potential investor updated the Fund Manager on the progress of the due diligence during a call during the first week of March 2020. The potential investor now expects due diligence to be completed by end-April 2020 and to conclude the deal by mid-May 2020. A tax advisor will be advising the Fund Manager on any potential capital gains tax payable by the Fund once the structure of the deal is firmed up. Freshfields has been engaged as legal advisor to the Fund Manager on this transaction.

On **VTC Online**, the Fund Manager met with the company management on 20 February 2020 to discuss its proposal to VTC Corp on progressing the Fund's exit. Following the meeting with the company's management, a formal proposal was submitted to all shareholders on the possible solutions to resolve the issue with the Fund. Separately, the Fund Manager also received offers for the Fund's stake from 2 interested investors. Negotiations continue to be ongoing. The Fund Manager remains open to pursue other exit options, including to exercise the Fund's legal entitlement to maximum interest for our investors.

On **SSGA**, the Fund Manager has been working together with VinaCapital for the Company or Sponsor to undertake a buyback of our stakes collectively. The Fund Manager expects to discuss with VinaCapital in March on their interest in the Fund's stake, should negotiations with Company management fail to yield an optimal buy out value for our stake in time for the liquidation of the Fund

The Fund has conducted five redemption exercises to return capital to investors post restructuring of the Fund in January 2017.

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

Net Assets: \$26.17 million
NAV/Share: \$0.2385
Shares Out: 109,768,831

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPXK KY
Sedol B1FHXT2

Fund Manager: Sharon Seet

Website:

www.vietnamphoenixfund.com

Market Makers

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Top 10 Holdings (%)

Anova Corp	75.5
VTC Online	5.8
SSG Group	4.8
Total	86.1

Asset Breakdown (%)

Invested Securities	86.1
Cash and accruals	13.9
Total	100.0

Voting Rights

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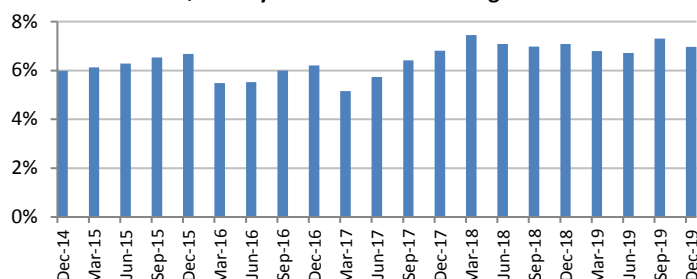
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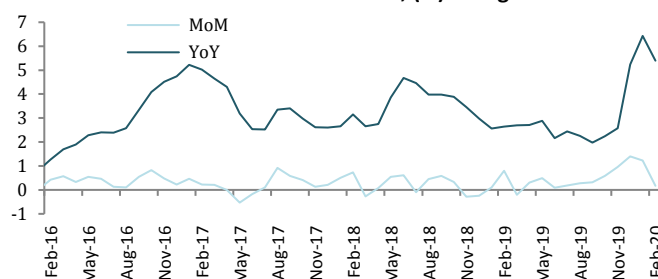


Market Update

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	442	18.4	2.4	0.8%	19.9%
Thailand	SET	456	19.8	2.4	4.0%	15.3%
Singapore	FSSTI	380	13.0	N.A	3.7%	10.6%
Malaysia	FBMKLCI	227	20.7	N.A	3.2%	19.9%
Philippines	PCOMP	166	16.0	1.5	1.7%	13.5%
Vietnam	VNINDEX	130	16.0	1.4	2.9%	20.9

On the macroeconomics front, for February 2020, Vietnam's consumer price index (CPI) fell by 0.17% MoM but increased 5.4% YoY. The reason for decrease MoM is lower consumer demand after Tet holiday and demand for travel due to concern over Covid-19. Six of eleven groups in Vietnam's CPI basket witnessed the decrease including (1) transport service; (2) culture, entertainment and tourism; (3) beverage and tobacco; (4) garment, head wear and footwear; (5) housing and building material; (6) post and telecommunication services.

Nikkei Vietnam manufacturing purchasing managers index (PMI) fell below the 50.0 neutral mark in February 2020. It was the first decline for over four year. Covid-19 has caused disruption of manufacturing from both side inputs and outputs. Softer demand and lack of material lead manufacture cut their production.

As of 20 February 2020, Vietnam attracted USD 5.6 billion of total newly registered foreign direct investment (FDI) and additional FDI, up 71% YoY. Bac Lieu LNG to power projects with total registered capital of USD 4 billion was still main driver for FDI growth⁶. However, the capital contribution and share purchases by foreign investors decreased by 84% YoY to USD 827.3 million. Singapore with Bac Lieu LNG power project was still biggest FDI investor into Vietnam, followed by China and HongKong.

According to General Statistic Office of Vietnam, for 2M 2020, Vietnam exported USD 36.92 billion (+2.4% YoY) and imported USD 37.10 billion. It generated a trade deficit of USD 180 million. US maintained its position as the biggest export destination market for Vietnam with total export value of USD 9.8 billion (+19.6% YoY), followed by China with USD 4.8 billion (+3.7% YoY) and EU with USD 5 billion (-7.7% YoY). On the import side, China continued to be the largest import source market for Vietnam with total import value of USD 10 billion (-0.4% YoY), followed by South Korea with USD 8 billion (+9% YoY) and ASEAN with USD 4.5 billion (-9.6% YoY).

6. Source: <https://www.vir.com.vn/bac-lieu-lng-to-power-project-triples-january-fdi-inflow-73439.html>

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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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