

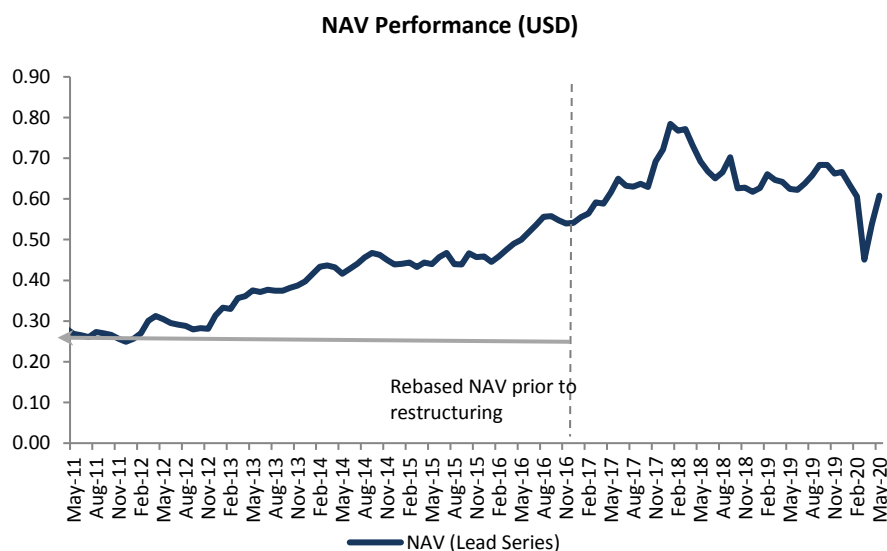
Vietnam Phoenix Fund Limited

Monthly Factsheet

31st May 2020



CLASS A – Continuation Shares



USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	12.8	0.4	-8.1	-8.6	-2.6	-0.4	6.9	7.2
VNIndex	13.1	-2.2	-11.3	-10.5	-9.4	4.6	7.3	6.0

* 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.

Top 3 Gainers	Price Change	Contribution to NAV Return
Hoa Phat Group (HPG)	27.4%	2.78%
Vinamilk (VNM)	16.2%	2.52%
FPT Corp (FPT)	10.6%	1.62%

Top Laggards	Price Change	Contribution to NAV Return
PV Power (POW)	-2.8%	-0.10%

Total Net Assets: \$29.56 million

NAV/Share

Lead Series: \$0.6084

Structure: Open-End Fund

Liquidity: Monthly

Identifiers

ISIN Code	KYG9363R1056
Bloomberg Ticker	VTNPHXA KY
Sedol	BDHXLD2

Fund Manager: Sharon Seet

Website:

www.vietnamphoenixfund.com

Top 10 Holdings (%)

Vinamilk	15.7
FPT Corp	14.5
Hoa Phat Group	11.4
Vinhomes	7.0
Vietcombank	7.0
Mobile World	6.5
Kinh Bac City	6.3
Khang Dien House	5.0
REE Corp	4.7
PV Power	4.1
Total	82.2

Sector Allocation (%)

Real Estate	24.3
Consumers	22.0
Information Technology	14.5
Building Materials	11.6
Financials	11.2
Energy Equip & Svcs	6.1
Others*	10.3
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	94.9
Cash and accruals^	5.1
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 31st May 2020, the aggregate voting rights are **55,767,515**.

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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 May 2020, the NAV per share of Class A shares rose 12.8%. The main contributors to the rise in NAV were Hoa Phat Group (HPG) [+27.4%], Vinamilk (VNM) [+16.2%], and FPT Corporation (FPT) [+10.6%]. The only detractor in portfolio during the month was PV Power (POW) [-2.8%]. The VN-Index rose 13.1% in May 2020 and Vietnam was the best performing stock market in Asia for the month.

In May 2020, the Fund Manager initiated a new position in Binh Minh Plastics JSC (BMP). BMP is the leading manufacturer and distributor of plastic pipes in Vietnam with 25% nationwide market share (as at the end of 2019)¹. BMP is expected to benefit from the increasing structural demand in civil construction as the urbanization rate in Vietnam continues to rise, and from the recovery in the real estate market. Further, favourable input prices of polyvinyl chloride (PVC), and increased automation in its production processes are expected to boost BMP's profitability over the medium-term. The company is highly free cash flow generative, and offers a robust dividend yield of 9-10%.

Hoa Phat Group (HPG)'s share price rose 27.4% in May 2020. The increase in share price was likely due to management's positive guidance for the full-year 2020. For the full-year 2020, HPG is targeting revenue of VND 85-95 trillion (+33-48% YoY) and net profit after tax of VND 9-10 trillion (+20-33% YoY)². The key reasons for this positive guidance as cited by management include (1) the expectation that both residential and infrastructure construction projects will be ramping up - as such, HPG targets to sell 3.6 million tonnes (+28% YoY) of construction steel in 2020; (2) new contribution from hot rolled coil products; and (3) strong growth in its agricultural segment due to an increase in pork prices². We believe that HPG is on track with their guidance. For 4M 2020, HPG sold 1.0 million tonnes of construction steel despite the social distancing measures implemented during the first 22 days of April 2020³. HPG remains the dominant steel manufacturer domestically and should benefit from robust public investment expected in 2H 2020.

Vinamilk (VNM)'s share price rose 16.2% in May 2020. The increase in share price was likely due to expectations of a strong recovery in domestic sales post the nationwide lockdown. For Q1 2020, VNM posted revenue of VND 14,153 billion (+7% YoY) and net profit after tax and minority interest (NPAT-MI) of VND 2,765 billion (-1% YoY). Management conveyed that the company registered weaker than expected growth in Q1 2020 due to a decrease in dairy demand from direct account channels (schools, restaurants, hotels, and airlines) which contributed 5% of revenue in 2019³. By the end of Q1 2020, VNM achieved 60% market share in terms of volume and 53% market share in terms of value in the Vietnamese dairy market⁴. The decrease in bottom line was due to (1) a 12% YoY increase in selling expenses as VNM increased promotional support to its distributors; and (2) a 40% YoY increase in general and administrative expenses due to the consolidation of GTNfoods⁴. Despite the social distancing measures implemented during the first 22 days of April 2020, VNM's domestic dairy revenue rose by 4.5% YoY for April 2020⁴. VNM management expects stronger recovery when students return to school at the start of May 2020. As the dominant milk company in the domestic market, VNM is expected to benefit from continued growth of domestic dairy consumption in the long term. Favorable input prices (milk powder and fresh milk) due to expansion of its own farms' resources should also improve VNM's profit margin going forward.

PV Power (POW)'s share price decreased 2.8% in May 2020. The decrease in share price was likely due to poor results for Q1 2020. For Q1 2020, POW posted net sales of VND 5,267 billion (-4% YoY) and NPAT-MI of VND 444 billion (-49% YoY). The key factors were: (1) lower profit contribution from Nhon Trach 1 gas thermal power plant due to gas shortages; (2) the loss from two hydropower plants (Hua Na and Dakdrinh) due to the severe drought; (3) a net FX loss of VND 136 billion in Q1 2020 as the VND depreciated 2% against the USD during Q1 2020⁵. However, we continue to maintain a positive view on POW. The company is the second largest power generator in Vietnam with approximately 12% market share. Its plants are located near to key industrial zones in the south of Vietnam and should benefit from the implementation of a competitive wholesale electricity market from 2021⁶. Moreover, the full depreciation of Ca Mau 2 gas thermal power plant by 2020 and the completion of paying down debt for Nhon Trach 2 gas thermal power plant by 2021 should further improve POW's profit margin.

1. Source: BMP's management
2. Source: <https://www.hoaphat.com.vn/news/hoa-phat-plans-to-release-a-profit-plan-of-vnd-9-000---10-000-billion-in-2020.html>
3. Source: <https://www.hoaphat.com.vn/tin-tuc/san-luong-thep-xay-dung-hoa-phat-trong-thang-4-tang-13-8-so-voi-cung-ky.html>
4. Source: VNM's management
5. Source: POW's management
6. Source: <https://vietnaminsider.vn/vietnam-prepares-for-competitive-electricity-market-by-2021/>

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF C	0.2	0.1	-5.4	-2.6	-28.8	-12.9	-2.9	0.2

* 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 increased 0.21% in May 2020 as the Vietnamese Dong strengthened 0.63% against the US Dollar.

The sales process for **Anova** continues to progress well. The Fund Manager has received the initial draft for the Securities Purchase Agreement (SPA). The Fund Manager is working with Fund's legal advisor for the deal, Freshfields, to review and finalise the SPA. The SPA is expected to be ready by July with the deal expected to conclude by Aug/ Sept 2020. A tax advisor is advising the Fund Manager on the capital gains tax payable by the fund.

On **SSGA**, the Fund Manager has successfully negotiated with the management of the company to undertake a buy-back of the Fund's stake in the company. The deal is expected to be concluded by July 2020.

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
5	42%	USD 0.2524	Nov 2019's NAV

Net Assets: \$26.21 million
NAV/Share: \$0.2388
Shares Out: 109,768,831

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPFXC KY
Sedol B1FHXT2

Fund Manager: Sharon Seet

Website:

www.vietnamphoenixfund.com

Market Makers

Jefferies International
Michele White <JCEF> GO
mwhite@jefferies.com

Numis Securities
Dave Cumming <NUMI> GO
d.cumming@numis.com

FinnCap
Johnny Hewitson <JMFC> GO
jhewitson@finncap.com

Top 10 Holdings (%)

Anova Corp 75.2
SSG Group 4.8
Total 80.0

Asset Breakdown (%)

Invested Securities 80.0
Cash and accruals 20.0
Total 100.0

Voting Rights

The voting rights of all share classes are proportional to the value of shares at the most recent valuation date. As of 31st May 2020, the aggregate voting rights are 55,767,515.

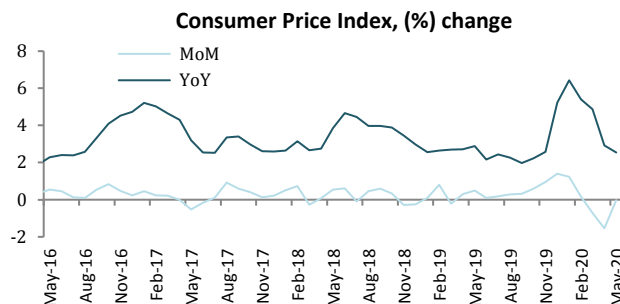
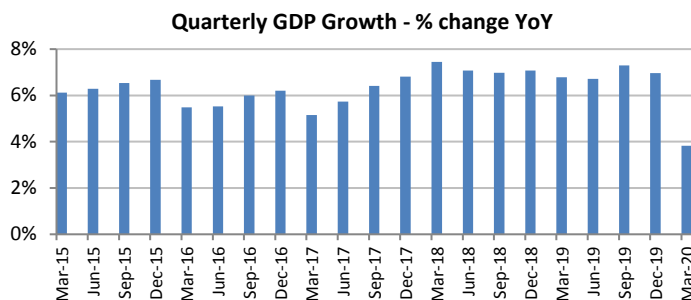
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Market Update



Vietnam Economic Indicators

		2016	2017	2018	2019
Real GDP Growth	%	6.2	6.7	7.1	7.0
CPI	%	4.7	2.6	3.5	2.8
Export Growth	%	9.0	20.6	13.8	8.4
Import Growth	%	5.2	21.3	11.5	6.5
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
Indonesia	JCI	377	21.2	3.0	0.5%	18.8%
Thailand	SET	453	25.8	3.5	3.3%	14.0%
Singapore	FSSTI	306	14.0	3.9	4.4%	9.9%
Malaysia	FBMKLIC	219	26.6	5.4	2.6%	19.1%
Philippines	PCOMP	145	17.9	2.5	2.0%	12.9%
Vietnam	VNINDEX	129	18.1	3.4	1.7%	19.7%

On the macroeconomic front, the impact of COVID-19 on Vietnam's economy was milder in May 2020 compared to previous months.

Decreasing CPI – Vietnam's consumer price index (CPI) for May 2020 decreased 0.03% MoM and 1.24% YTD – the lowest since 2016. The reduction in CPI for May was due to the decrease in price of four groups of goods and services including (1) transportation; (2) telecommunication; (3) recreational and tourism; (4) apparel, hats, and footwear. However, for 5M 2020, the average CPI rose 4.39% YoY, mainly due to an increase in pork prices.

PMI recovered as social distancing measures eased – the Nikkei Vietnam manufacturing purchasing managers index (PMI) rose 10 points in May 2020 to 42.7. Manufacturers in Vietnam resumed operation with new orders returning as social distancing measures ended on 22 April 2020.

Slow-down in FDI disbursement – as of 20 May 2020, Vietnam registered USD 10.9 billion of newly registered foreign direct investment (FDI) and additional FDI from existing investors, up 20% YoY. However, the capital contribution and share purchases by foreign investors decreased by 61% YoY to USD 3 billion. The disbursed FDI declined by 8.2% YoY to USD 6.7 billion.

Strong decrease in trade - According to the General Statistic Office of Vietnam, Vietnam exported USD 99.36 billion (-1.7% YoY) and imported USD 97.48 billion (-3.8% YoY) for 5M 2020, generating a trade surplus of USD 1.88 billion. For May 2020 alone, Vietnam's exports decreased by 15.5% YoY to USD 18.5 billion and imports decreased by 15.9% YoY to USD 19.4 billion. The key detractors for exports in May 2020 were textiles (-34.3% YoY), footwear (-18.5% YoY) and mobile phones and mobile phone components (-30.0% YoY). On the import side, the key detractors for imports in May 2020 were fabric (-19.8% YoY), machinery (-4.9% YoY), steel (-25.4% YoY) and automobiles (-53.4% YoY).

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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. Following the resignation of Deutsche Asset Management (Asia) Limited Duxton Asset Management Pte Ltd was appointed the Investment Manager of Vietnam Phoenix Fund Limited. On 1 May 2020 Duxton Asset Management Pte Ltd resigned as Investment Manager and Duxton Capital (Australia) Pty Ltd was appointed.

Contact Information

7 Pomona Road, Stirling SA 5152

E: vpf@duxtonam.com