

Vietnam Phoenix Fund Limited

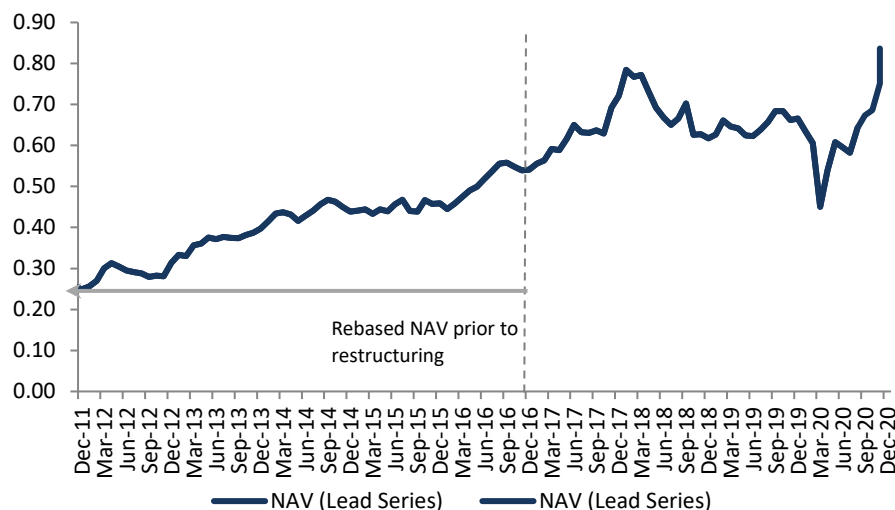
Monthly Factsheet

31st December 2020



CLASS A – Continuation Shares

NAV Performance (USD)



Total Net Assets: \$35.7 million

NAV/Share

Lead Series: \$0.8365

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 (%)

FPT Corp	13.8
Vinamilk	12.8
Hoa Phat Group	10.8
Vinhomes	9.4
Mobile World	7.6
Kinh Bac City	7.0
Vietcombank	6.8
REE Corp	6.1
MB Bank	4.5
Airports Corporation	3.7
Total	82.5

Sector Allocation (%)

Real Estate	26.3
Consumers	18.4
Financials	17.1
Information Technology	13.8
Building Materials	12.8
Energy Equip & Svcs	4.7
Others*	7.0
Total	100.0

*Includes Cash & Accruals

Asset Breakdown (%)

Listed Equities	98.8
Cash and accruals^	1.2
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 December 2020, the aggregate voting rights are **61,941,644**.

USD (%)	Cumulative Return				Annualised Return			
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF A (Lead Series)	11.4	24.2	40.5	25.6	25.6	5.1	12.9	11.3
VNIndex	10.3	22.4	34.4	15.2	15.2	3.3	13.2	10.4

* 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 Gainers	Price Change	Contribution to NAV Return
Kinh Bac City (KBC)	53.9%	2.60%
Hoa Phat Group (HPG)	16.8%	1.97%
SSI Securities Corporation (SSI)	71.9%	1.61%

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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

As of 31 December 2020, the NAV per share of Class A shares increased 11.4% MoM. Main contributors were Kinh Bac City (KBC) [+53.9%], Hoa Phat Group (HPG) [+16.8%] and SSI Securities Corporation (SSI) [+71.9%]. No stocks in the fund performed negatively during the reporting month. The VN-Index increased 10.3% MoM during the reporting month. For full-year 2020, the NAV per share of Class A shares increased 25.6% while the VN-Index increased 15.3%.

Kinh Bac City's (KBC) share price rose 53.9% MoM in December 2020. The strong increase was likely due to investors' expectations of a significant recovery in KBC's business in 2021. In December 2020, KBC signed several new contracts with a total leasing area of 150 ha and total contract value of USD 150 million¹ which are expected to contribute to the company's profitability in 2021. For 9M 2020, KBC recorded net revenue of VND 930 billion (-62.6% YoY) and NPAT of VND 96 billion (-85.0% YoY) as COVID-19 travel restrictions affected potential foreign clients from entering Vietnam to carry out necessary negotiations and due diligence. Travel restrictions also limited KBC's ability to conduct overseas marketing. As a result, KBC managed to lease only 19.1 ha (-82.0% YoY) of industrial land in 9M 2020. However, we continue to maintain a long-term positive view on KBC. As one of the largest industrial park developers in Vietnam, KBC is expected to be a major beneficiary from the structural shift of global manufacturing bases to Vietnam. KBC's huge land bank of 5,278 ha of industrial land and 939 ha of urban land is expected to support the company's growth for approximately the next 10 years.

Hoa Phat Group's (HPG) share price rose 16.8% MoM in December 2020. The stock continued to perform strongly due to positive results in December 2020. HPG sold 319,000 tonnes of construction steels (+11.8% YoY) and 90,000 tonnes of billet (-8.1% YoY) in December 2020². For full-year 2020, HPG sold 3.4 million tonnes of construction steels (+23.6% YoY) and 1.7 million tonnes of billet (+694.5% YoY)². Moreover, HPG began sales of hot rolled coil (HRC) from November 2020 with the company selling 580,000 tonnes of HRC in full-year 2020. We continue to maintain a positive view on HPG. As the dominant steel manufacturer domestically, HPG is expected to benefit from the strong demand from the infrastructure and construction sectors in Vietnam, supported by robust public investment and a recovering real estate sector. In addition, HPG's production cost advantage over competitors is expected to strengthen as utilization at its Dung Quat Steel Complex continues to increase.

SSI Securities Corporation's (SSI) share price rose 71.9% MoM in December 2020. The strong increase was due to increased liquidity in the Vietnamese stock market. In December 2020, Vietnamese stock market's average daily trading volume reached USD 621 million (+53% MoM and +343% YoY)- the highest level ever recorded. The average daily trading value for full-year 2020 reached USD 267 million, up 79% YoY³. The increased trading activity was mainly due to large inflows from local retail investors. SSI is the biggest brokerage firm in Vietnam with a market share of 12.33% in Ho Chi Minh Stock Exchange and 7.72% in Hanoi Stock Exchange for full-year 2020, according to these exchanges' Q4 2020 reports³. We expect liquidity of the Vietnam stock market to remain high in 2021 and SSI is expected to be one of the major beneficiaries. Trading activity by domestic retail investors is expected to continue to be the key driver for the market's liquidity with new account openings peaking in November 2020. Further, Vietnam's weightage in the MSCI Frontier Market 100 Index increased from 12.5% to 30.64% as of December 2020 - this is expected to boost interest from foreign investors going forward.

1. Source: <https://vietnamnet.vn/en/feature/vietnam-is-the-next-asian-miracle-702781.html>

2. Source: <https://www.hoaphat.com.vn/news/steel-billets-and-construction-steel-output-exceeded-5-million-tonnes-for-the-first-time.html>

3. Source: Ho Chi Minh Stock Exchange, Hanoi Stock Exchange

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CLASS C – Private Equity Shares

USD (%)	Cumulative Return					Annualised Return		
	1M	3M	6M	YTD	1Y	3Y	5Y*	7Y*
VPF C	2.4	2.1	0.2	-2.5	-2.5	-10.0	-3.7	-0.6

* 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

Anova's shares were sold on 17 December 2020 for approximately US\$12.3 million, with the Fund receiving approximately US\$11.4mn, net of taxes. The declaration of capital gains tax has since been completed, and the proceeds were remitted to the Fund's custodian bank offshore.

On 15 January 2021, Anova transferred ~US\$7.8mn to VPF C for the redemption of the convertible bonds and outstanding coupon payment. The Investment Manager has since received confirmation that the capital gains tax declaration has been completed. The proceeds are in the process of being remitted to the Fund's custodian bank offshore.

On 30th December 2020, an Extraordinary General Meeting was held with the sole resolution to extend the final redemption date of the Class C Shares from 31 December 2020 to 31 March 2021. This sole resolution was duly passed.

A final redemption to Class C shareholders is expected to be arranged after the US dollar proceeds from the Anova transaction have been received by the custodian.

Net Assets: \$26.24 million
NAV/Share: \$0.2391
Shares Out: 109,768,831

Identifiers

ISIN Code KYG2886W1078
Bloomberg Ticker VTNPFXC KY
Sedol B1FHXT2

Fund Manager: Sharon Seet

Website:

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Market Makers

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Top 10 Holdings (%)

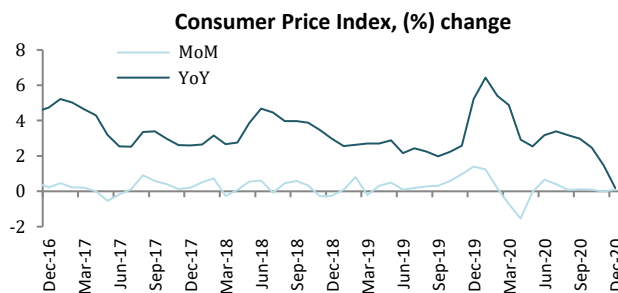
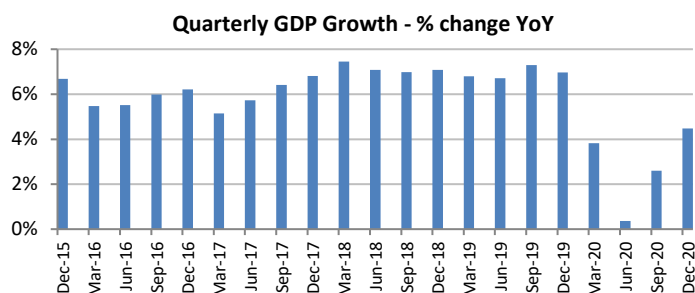
Anova Corp	29.7
Total	29.7

Asset Breakdown (%)

Invested Securities	29.7
Cash and accruals	70.3
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 December 2020, the aggregate voting rights are **61,941,644**.



Vietnam Economic Indicators

		2017	2018	2019	2020
Real GDP Growth	%	6.7	7.1	7.0	2.9
CPI	%	2.6	3.5	2.8	3.2
Export Growth	%	20.6	13.8	8.4	6.5
Import Growth	%	21.3	11.5	6.5	3.6
Trade Balance	\$bn	2.3	7.2	11.1	19.1
Registered FDI	\$bn	35.9	25.6	22.5	21.0
FX Reserve	\$bn	52.0	60.0	80.0	95
USDVND	VND	22,968	23,245	23,173	23,098

		Mkt Cap (USD bn)	2020 Forward P/E	PEG	Div Yield	ROE
Thailand	SET	536	27.8	6.7	3.5%	11.6%
Indonesia	JCI	492	26.4	3.7	0.6%	14.3%
Singapore	FSSTI	385	15.6	3.6	3.0%	6.4%
Malaysia	FBMKLCI	262	20.9	11.9	3.2%	22.2%
Philippines	PCOMP	188	25.2	15.6	1.7%	7.5%
Vietnam	VNINDEX	177	20.4	3.8	1.5%	16.6%

On the macroeconomic front, December 2020 showed stronger recovery signals in most economic activity indicators.

GDP growth continued to recover strongly – Vietnam’s gross domestic product (GDP) grew 4.48% in Q4 2020, the strongest quarterly growth recorded in 2020. For the full-year 2020, Vietnam’s GDP expanded by 2.91%, achieving the government’s target of 2.5-3%. The largest contributor to Vietnam’s GDP in 2020 is the industrial and construction sector with a growth of 3.98%, contributing 53% to total GDP, followed by the services sector with a growth of 2.34%, contributing 33.58% to total GDP and the agriculture, forestry, and fishery sector with a growth of 2.68%, contributing 13.5% to total GDP.

Well managed CPI – Vietnam’s consumer price index (CPI) for December 2020 increased 0.1% MoM and 0.19% YoY. For full-year 2020, the average CPI rose 3.23% YoY, well within the government’s full-year target of 4.0%. The main contributors to CPI’s growth in 2020 were (1) an increase of 12.28% YoY in food prices; (2) an increase of 1.35% YoY in medicines and medical equipment prices and (3) an increase of 4.32% YoY in education services prices. In contrast, the main detractors to CPI’s growth in 2020 were (1) a decrease of 23.03% YoY in gasoline prices; (2) a decrease of 6.24% YoY in tourist services prices; (3) a decrease of 34.7% in air transportation prices and (4) a decrease in electricity prices in the period from April 2020 to June 2020 as the government implemented supporting packages for citizens and manufacturers amid COVID-19.

PMI recovered to above 50 – the Nikkei Vietnam manufacturing purchasing manager index (PMI) increased from 49.9 in November 2020 to 51.7 in December 2020. This is likely due to the recovery in the operation of manufacturers in central Vietnam after several storms and floods during October and November 2020.

FDI remained weak – as of 20 December 2020, Vietnam attracted USD 21.0 billion (-6.7% YoY) of total newly registered foreign direct investment (FDI) and additional FDI from existing investors. Capital contribution and share purchases by foreign investors decreased by 51.7% YoY to USD 7.5 billion. Disbursed FDI declined by 2.0% YoY to USD 20.0 billion.

Trade recovered strongly – The General Statistic Office of Vietnam estimated Vietnam exported USD 281.5 billion (+6.5% YoY) and import USD 262.4 billion (+3.6% YoY) for full-year 2020, generating a strong trade surplus of USD 19.1 billion (+80.2% YoY). Mobile phones and mobile phone components remained the largest contributor to Vietnam’s exports with a total export value of USD 50.9 billion (-1.0% YoY), followed by computers, electrical products and electrical components with a total export value of USD 44.7 billion (+24.4% YoY), and textiles with a total export value of USD 29.5 billion (-10.2% YoY). The US remained the largest export destination for Vietnam with total export value of USD 76.4 billion (+24.5% YoY), followed by China with total export value of USD 48.5 billion (+17.1% YoY) and EU with total export value of USD 34.8 billion (-2.7% YoY). On the import side, computers, electrical products and electrical components remained the largest contributor to Vietnam’s imports with a total import value of USD 64.0 billion (+24.6% YoY), followed by machinery with a total import value of USD 37.4 billion (+1.7% YoY) and mobile phones and mobile phone components with a total import value of USD 16.6 billion (+13.3% YoY). China was still the largest import market for Vietnam with total import value of USD 83.9 billion (+11.2% YoY), followed by South Korea with total import value of USD 46.3 billion (-1.5% YoY), and ASEAN with total import value of USD 30.0 billion (-6.9% 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

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