

Newsletter

A Cayman-domiciled mutual fund with twice-monthly liquidity. The primary investment objective of the Fund is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies.



Manager's Commentary

Possibly the most exciting thing that has happened in the past six weeks has been the Vietnam football ("soccer" to those nations which will never win the World Cup) team's progression to the final of the ASEAN Football Federation's Suzuki Cup, where we will face Malaysia in a two-legged tie, which our local heroes are expected to win comfortably (assuming there is no cash left in 1MDB).

As far as local market action went in November, the idea that frontier markets (or anything else, for that matter) can be uncorrelated in times of global financial stress was unsurprisingly disproved once again as global equity markets generally rose in the first week of the month, fell in the next two and bounced into month end, finishing, on average, with a net gain of between one and 2%. The S&P 500 was up 1.8%, the VNI up 1.4%.

We fared a little worse, mainly due to weakness in our largest holding, Hoa Phat Group (HPG), primarily on concerns of falling margins caused largely by its own increased capacity coming on stream next year. That has taken it back to essentially flat on the year but we are unconcerned from a long-term perspective given its 2018-2022 forward multiples at 7.9, 7.8, 6.7, 5.5 and 5.0 times earnings. We reiterate once again that we are a long term investor and comfortable with the growth profile and price.

December has started a little more brightly, with both the local index and the Fund's NAV up 3.2% MTD at the time of writing, surpassed only by Greek midcaps globally for the 6 1/2 trading days of the month. Whilst we would be more inclined at the moment, particularly given the relatively small sample size, to describe this as "contagion fatigue" rather than a decoupling, we are hopeful that it represents the first green shoots of our theory that if, as and when investors are once again able to differentiate between markets Vietnam retains a compelling developmental story and should be a major beneficiary of a return to "risk on", however tentative.

Whilst we do not expect to see significant offshore inflows either to the Fund or to the market in general between now and the end of the month, 2019 is another year and we sincerely hope a much better one, so it is definitely time to be considering timing whichever way you're coming in. In the meantime we wish you a most enjoyable holiday season if you get one (we're open until the 28th), and however you choose to spend it. We thank you for your continued support, and for your patience.

Fund NAV

Launch Date	3 November 2005
Issue Price	US\$ 5.00
<hr/>	
NAV per share	At 30 November 2018
Series 1 (Lead Series)	US\$ 9.566
Series 1A, 1B	US\$ 10.489
Series 39,40,42, 46,47,49	US\$ 9.566
Series 41,43,44,45,48	US\$ 9.567
<hr/>	
Fund Size	US\$ 93.3mn (30 Nov 2018)

Top 10 Holdings

(As at 30 November 2018)	% of Assets
Hoa Phat Group (HPG)	19.1
HCMC Securities Corporation (HCM)	18.7
Vinamilk (VNM)	15.4
FPT Corporation (FPT)	12.8
CotecCons Construction (CTD)	6.1
Danang Rubber JSC (DRC)	4.7
Vietnam Container Shipping JSC (VSC)	3.8
PXP Vietnam Smaller Companies Fund*	3.6
VNDIRECT Securities Corporation (VND)	2.3
Nui Nho Stone JSC (NNC)	2.3
<hr/>	
Number of Holdings	Listed 22 Unlisted 3

*all fees rebated by the Investment Manager

Vietnam Macro & Market Releases

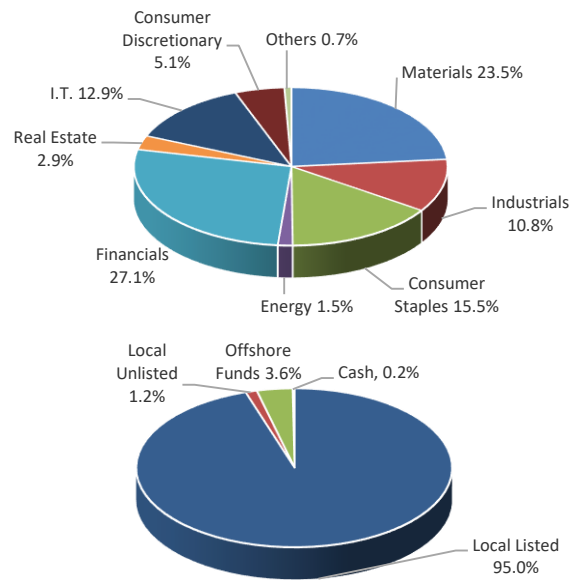
	2017	2018 YTD
GDP Growth y/y**	6.81%	6.98%
Trade surplus / (deficit)*	US\$ 2.9bn	US\$ 6.8bn
CPI y/y*	2.60%	3.46%

	Latest
Vietnam Dong / USD*	23,321
Nikkei PMI*	56.5
Disbursed FDI y/y*	3.1%

HCMC Stock Exchange	Nov 17	Nov 18
Market Cap*	US\$ 111bn	US\$ 128bn
Average Daily Trade*	US\$ 286mn	US\$ 175mn
Foreign Buying YTD*	US\$ 1,080mn	US\$ 1,852mn

Source: GSO, Customs Office & Bloomberg
*Latest monthly data **Latest quarterly data

Portfolio Breakdown



NAV Performance: Rolling

	PXP VEEF*	Viet Nam Index**
Nov 2018	-1.43%	+1.40%
1 Year	-7.14%	-4.98%
2 Years	+30.36%	+35.46%
3 Years	+47.83%	+55.95%
4 Years	+51.34%	+49.59%
5 Years	+77.84%	+65.08%
6 Years	+152.33%	+119.20%
7 Years	+184.96%	+119.14%
8 Years	+114.44%	+71.55%
9 Years	+71.43%	+45.68%
10 Years	+164.40%	+114.24%
11 Years	-21.18%	-34.44%
12 Years	+14.22%	+0.85%
13 Years	+92.09%	+103.07%
Inception	+91.32%	+95.82%

NAV Performance: Calendar

	PXP VEEF*	Viet Nam Index**
YTD	-13.50%	-8.33%
2017	+51.70%	+48.43%
2016	+11.62%	+13.39%
2015	+7.26%	+0.91%
2014	+12.72%	+6.61%
2013	+30.58%	+20.47%
2012	+24.91%	+18.89%
2011	-30.58%	-32.76%
2010	-15.56%	-7.16%
2009	+82.43%	+48.31%
2008	-73.59%	-68.81%
2007	+24.68%	+23.61%
2006	+87.37%	+142.38%

*All figures are NET of fees **Index performance in US\$
All performance data as at 30 November 2018

Fund Information

Legal Form: Cayman Islands Mutual Fund
Fund Manager: PXP Vietnam Asset Management
Inception: 3 November 2005
Issue Price: US\$ 5.00
Administrator: Apex Fund Services
Custodian: DBS Bank Ltd, Hong Kong Branch
Auditor: Ernst & Young Ltd
ISIN: KYG7306V1005
FATCA GIIN: G11WDZ.99999.SL.136
Bloomberg: PXPVEEF KY

Fund Directors

Mr. Philip Smiley
Mr. Antony Jordan
Ms. Trinh Thanh Mai
Mr. Simon Raybould
Mr. Christopher Vale

Portfolio Manager

Mr. Kevin Snowball

Liquidity & Fees

Dealing Day: The 1st business day and 15th calendar day of each month
Subscriptions: 2 business days notice
Redemptions: 10 business days notice
Management fee: 1.5% p.a
Performance fee: 15% over 8% per annum with high water mark
Redemption fee: 1% payable to the Fund

For further details please refer to the Fund's Prospectus via www.pxpvietnam.com