

# Newsletter

A Cayman-domiciled mutual fund with monthly liquidity. The 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 smaller Vietnamese companies with a market capitalisation of US\$ 20 million to US\$ 250 million at time of initial investment.



## Manager's Commentary

Vietnam's markets posted a partial recovery in November following October's indiscriminate sell-off as a prolonged period of global uncertainty and volatility continued to take its toll domestically. The NAV of the Fund rose by 1.77% in November whilst the Viet Nam Index gained 1.40% and the VNMid was flat at -0.03%, all in USD. The Fund is down 6.01% year-to-date, compared to declines of 8.33% & 13.53% for the VNI & VNMid, respectively, whilst the MSCI Frontier Index fell 15.42% year-to-date.

A renewed global stock market rout at the time of writing has not been echoed in Vietnam as discrimination between markets increases and correlations decline once again. At risk of repetition, and had we known that this month's Nikkei PMI was to be so strong we would not have mentioned October's, but the latest reading at 56.5 for the second highest since data collection began in 2011 is remarkable. This month's report really does merit a read ([here](#)), and the exceedingly positive comment on the pace of acceleration of output, new orders, employment and business confidence is a result of elements of the global manufacturing supply chain turning its attention to Vietnam. This drives the expanding current account, strength in the Vietnamese dong and supports a growing domestic consumption base. The Vietnamese economy continues to perform well and has been resilient through a period of stronger dollar and higher oil prices in 2018. The longer the trade dispute between the US and China goes on the more manufacturing may move to Vietnam. New production capacity is not likely to move away again should the trade disputes abate, even if you do believe that China can meaningfully change its trade practices by the end of February 2019.

On the occasion of the Fund's third-anniversary we would like to reiterate the key tenets of the investment case; namely a strong macroeconomic environment, double digit earnings growth, greater foreign institutional interest and speculation on MSCI reclassification following foreign consultation on the draft Securities Law. As more institutional money takes note and begins to demand sell-side coverage of more companies, higher-quality names such as those in the portfolio would be those expected to benefit over the longer-term, hot money flows aside. We continue to build a high-conviction portfolio for long-term capital appreciation through exposure to the next generation of Vietnam's corporate leaders, with a focus on quality, value and growth. In case you were awaiting a three-year track record before considering a subscription and you would like to discuss the opportunity with a member of the team please do get in touch by replying to this email.

## Fund NAV

<b>Launch Date</b>	<b>8 December 2015</b>
<b>Issue Price</b>	<b>US\$2.50</b>
<b>NAV per share</b>	<b>At 30 November 2018</b>
Lead Series	US\$ 3.220
Series 12	US\$ 3.220
Series 13	US\$ 3.221
Series 14	US\$ 3.220
Series 15	US\$ 3.220
Series 16	US\$ 3.220
Series 17	US\$ 3.215
<b>Fund Size</b>	<b>US\$16.8mn (30 Nov 2018)</b>
<b>ISIN (Lead Series)</b>	<b>KYG7307A1058</b>

## Top 10 Holdings

(As at 30 November 2018)	% of Assets
Vinh Hoan Corporation (VHC)	14.6
HCMC Securities (HCM)	9.7
Dong Hai Corporation (DHC)	7.4
Power Construction No.1 (PC1)	7.4
Nam Long Group (NLG)	5.3
Vietnam Container Shipping JSC (VSC)	5.1
Phu Tai Corporation (PTB)	4.9
Taseco Air Services (AST)	3.9
Ba Ria - Vung Tau House Development (HDC)	3.9
Saigon Cargo Service Corporation (SCS)	3.7
Number of Listed Holdings	26

## Vietnam Macro & Market Releases

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

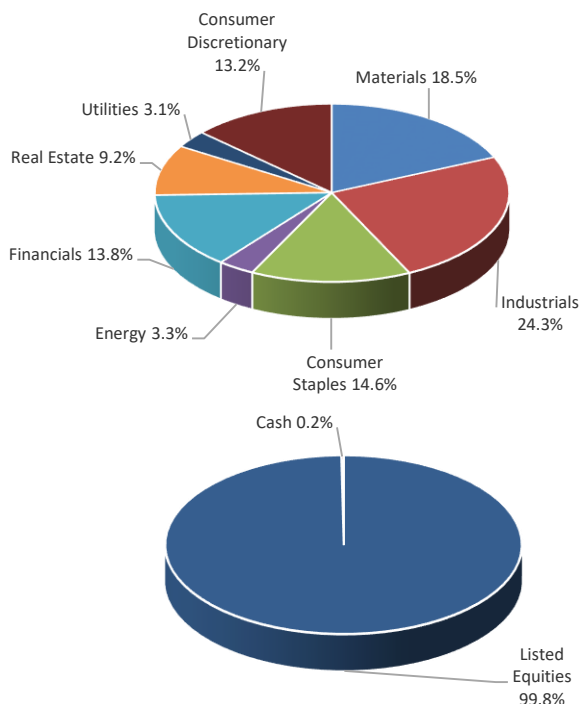
### Latest

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
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 VSCF*	VNMidcap Index**
Nov 2018	+1.77%	-0.03%
1 Year	-3.13%	-12.68%
2 Years	+15.70%	+12.46%
Inception	+28.80%	+24.30%

## NAV Performance: Calendar

	PXP VSCF*	VNMidcap Index**
YTD	-6.01%	-13.53%
2017	+21.49%	+33.47%
2016	+13.44%	+6.89%
2015	-0.56%	+0.76%

\*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:** 8 December 2015  
**Issue Price:** US\$2.50  
**Administrator:** Apex Fund Services  
**Custodian:** DBS Bank Ltd, Hong Kong  
**Auditor:** Ernst & Young Ltd  
**ISIN:** KYG7307A1058  
**FATCA GIIN:** CS5VS4.99999.SL.136  
**Bloomberg:** PXPVSCF KY

### Fund Directors

**Mr. Christopher Vale**  
Non-Executive Director  
**Ms. Rachel Provest**  
Non-Executive Director

### Portfolio Managers

**Ms. Chi Nguyen**  
**Mr. Lawrence Brader**

### Liquidity & Fees

**Dealing Day:** The 1st business day of each month  
**Subscriptions:** 2 business days notice  
**Redemptions:** 3 months notice  
**Management fee:** 1.5% p.a  
**Performance fee:** 15% over 8% per annum with high water mark  
**Redemption fee:** 3% within first 12 months, 1% thereafter payable to the Fund

For further details please refer to the Fund's Prospectus via [www.pxpvietnam.com](http://www.pxpvietnam.com)