

# 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

The NAV of the Fund declined by 1.82% in January whilst the benchmark VNMidcap rose by 0.85% in USD. Over the same period the MSCI Frontier Markets Index rose by 4.75% highlighting the much slower pace of recovery in Vietnam's markets than elsewhere. The Fund is moderately behind the benchmark year-to-date to the time of writing mostly as a result of the largest index constituent, Eximbank, moving from the VNMidcap to the VN30. The stock gained 28.1% year-to-date as retail investors positioned ahead of the resultant ETF buying, and it contributed 18 points to the 7.9 point index gain in the month, but was not held by the fund.

Following strong macroeconomic data in December 2018 we were witness to the usual relative lull ahead of an early Tet holiday this year (Lunar New Year) with exports falling 1.3% y/y in January whilst imports rose 3.1% y/y, leading to a one-month trade deficit of US\$800 million. We do not believe this of concern and continue to expect a surplus for the year given disbursed FDI flows. Inflation remains within policy at 2.56% y/y in January, retail sales rose 12.2% and domestic vehicle sales rose 35.7% y/y in January – suggesting a continued high level of consumer confidence in Vietnam. PXP Vietnam forecasts GDP growth of 6.7% in each of 2019 and 2020, caveated by uncertainty on global trade.

We are in the midst of digesting fourth-quarter 2018 results and have seen average growth across the portfolio of 17.7% in revenue and 23.6% in net profit for the full year. Results have generally been excellent, with especially strong growth from Vinh Hoan Corporation (net income grew 140% y/y), Power Construction Company No. 1 (NI +95% y/y) and Phuoc Hoa Rubber (NI +91% y/y), all top holdings in the fund.

Next on the agenda is the second US-North Korea Summit with Hanoi as the confirmed venue according to Vietnam's government and the White House. This will be held over two days from 27<sup>th</sup> February and may result in positive news coverage for Vietnam with the evident success of its reform-driven agenda as a possible blueprint for Pyongyang to follow, and as long as neither side tries to nuke the other. We wish you a prosperous Year of the Pig.

## 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 31 January 2019</b>
Lead Series	US\$ 3.076
Series 12	US\$ 3.076
Series 13	US\$ 3.076
Series 14	US\$ 3.076
Series 15	US\$ 3.076
Series 16	US\$ 3.076
Series 17	US\$ 3.076
<b>Fund Size</b>	<b>US\$16.0mn (31 Jan 2019)</b>
<b>ISIN (Lead Series)</b>	<b>KYG7307A1058</b>

## Top 10 Holdings

(As at 31 January 2019)	% of Assets
Vinh Hoan Corporation (VHC)	13.8
HCMC Securities Corporation (HCM)	8.4
Power Construction No.1 (PC1)	8.3
Dong Hai JSC of Ben Tre (DHC)	7.6
Vietnam Container Shipping (VSC)	5.8
Nam Long Corporation (NLG)	5.7
Phu Tai Corporation (PTB)	4.8
Saigon Cargo Service Corporation (SCS)	4.5
Phuoc Hoa Rubber (PHR)	4.4
Ba Ria - Vung Tau Housing Development (HDC)	4.1
Number of Listed Holdings	26

## Vietnam Macro & Market Releases

	2018	2019 YTD
GDP Growth y/y**	7.08%	-
Trade surplus/ (deficit)*	US\$ 7.2bn	(US\$ 0.8bn)
CPI y/y*	2.98%	2.56%

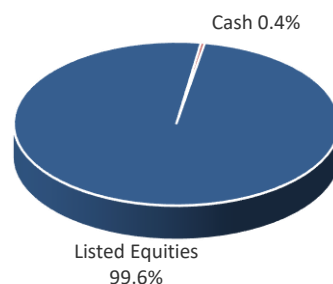
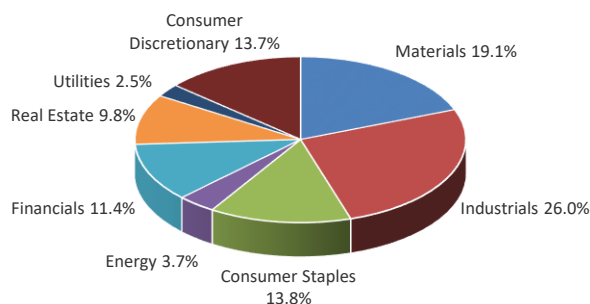
### Latest

Vietnam Dong / USD*	23,190
Nikkei PMI*	51.9
Disbursed FDI y/y*	9.2%

HCMC Stock Exchange	Jan 18	Jan 19
Market Cap*	US\$ 133bn	US\$ 129bn
Average Daily Trade*	US\$ 373mn	US\$ 128mn
Foreign Buying YTD*	US\$ 24.4mn	US\$ 57.9mn

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

## Portfolio Breakdown



## NAV Performance: Rolling

	PXP VSCF*	VNMidcap Index**
Jan 2019	-1.82%	+0.85%
1 Year	-15.75%	-19.31%
2 Years	+8.42%	+11.09%
3 Years	+20.34%	+25.42%
Inception	+23.04%	+23.82%

## NAV Performance: Calendar

	PXP VSCF*	VNMidcap Index**
YTD	-1.82%	+0.85%
2018	-8.55%	-14.59%
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 31 January 2019

### 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 Provost**  
 Non-Executive Director

### Portfolio Managers

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

### Liquidity & Fees

**Dealing Day:** First business day of each month  
**Subscriptions:** 2 business days notice  
**Redemptions:** 3 months notice  
**Management fee:** 1.5% per annum  
**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)