

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 posted a gain of 0.49% in the month to 29 March compared to a decline in the benchmark VNMid of 1.25% in USD. March started well and indeed the NAV was up 3.79% by 18 March before a gentle pull-back which accelerated given the global reaction to the inversion of the US yield-curve, and we gave most of the early gains back by the end of the period. Outperformance of the benchmark came as a result of contributions from overweight positions in Phuoc Hoa Rubber, Ba Ria – Vung Tau House Development and Saigon Cargo Service, amongst others, and tempered by a decline in top-holding Vinh Hoan Corp. The VNMid's largest detractor in March was Yeah1 Group which fell 63% during the month before recovering slightly by month end. We don't (and didn't) own it.

Vietnam's equity markets have not recovered in line with gains elsewhere despite foreign inflows and ongoing indicators of health in the economy. The VNMid continues to struggle to break clear of the 1,000 point level, but with average trading volume improving to \$254 million a day across the three markets in March and foreign net inflows for seven consecutive months (net buying \$51 million last month), we would not be surprised to see the market move higher in the absence of any negative external factors.

First-quarter GDP grew 6.79% y/y for what would be the fastest Q1 reading since 2011 if one discounts 2018 as an outlier (caused by a particularly weak Q1 2017). This suggests that PXP Vietnam's full year growth forecast of 6.8% is readily achievable given that Q1 is traditionally the slowest quarter due to Lunar New Year celebrations. Price inflation is within policy with March CPI rising 2.70% y/y even as the opportunity was taken to raise end-user electricity prices by 8% nationwide during the month. The Nikkei PMI improved in March from 51.2 to 51.9 for its fortieth successive month of expansion in the manufacturing sector, with the report citing Vietnam's resilience through the global trade slowdown on greater new order volumes and production expansion.

Portfolio changes in March have been slight with most time spent on meetings with management of holdings and potential holdings. We began the month meeting corporates at the Viet Capital Securities conference (Vietnam's "largest!" investor conference) followed by a number of one-on-ones and now the beginning of AGM season and releases of first-quarter earnings. We have sold out of a small securities brokerage where the outlook had darkened following the removal of the legal minimum brokerage commission charge. This removal of the price floor is partially aimed at consolidating the securities sector and we believe will be beneficial for the top brokers; and indeed we will participate in Ho Chi Minh City Securities' rights-issue later this month. We have also added to an existing holding in a property developer at the foreign ownership limit.

Fund NAV

Launch Date	8 December 2015
Issue Price	US\$2.50
NAV per share	At 29 March 2019
Lead Series	US\$ 3.284
Series 12	US\$ 3.284
Series 13	US\$ 3.284
Series 14	US\$ 3.276
Series 15	US\$ 3.277
Series 16	US\$ 3.280
Series 17	US\$ 3.276
Fund Size	US\$17.1mn (29 Mar 2019)
ISIN (Lead Series)	KYG7307A1058

Top 10 Holdings

(As at 29 March 2019)	% of Assets
Vinh Hoan Corporation (VHC)	12.6
HCMC Securities Corporation (HCM)	9.8
Dong Hai JSC of Ben Tre (DHC)	8.1
Power Construction JSC No.1 (PC1)	7.5
Phuoc Hoa Rubber (PHR)	6.1
Nam Long Group (NLG)	5.5
Vietnam Container Shipping (VSC)	5.2
Phu Tai Corporation (PTB)	4.7
Saigon Cargo Service Corporation (SCS)	4.7
Ba Ria - Vung Tau House Development (HDC)	4.3
Number of Listed Holdings	26

Vietnam Macro & Market Releases

	2018	Q1 2019
GDP Growth y/y**	7.08%	6.79%
Trade surplus*	US\$ 7.2bn	US\$ 0.5bn
CPI y/y*	2.98%	2.70%

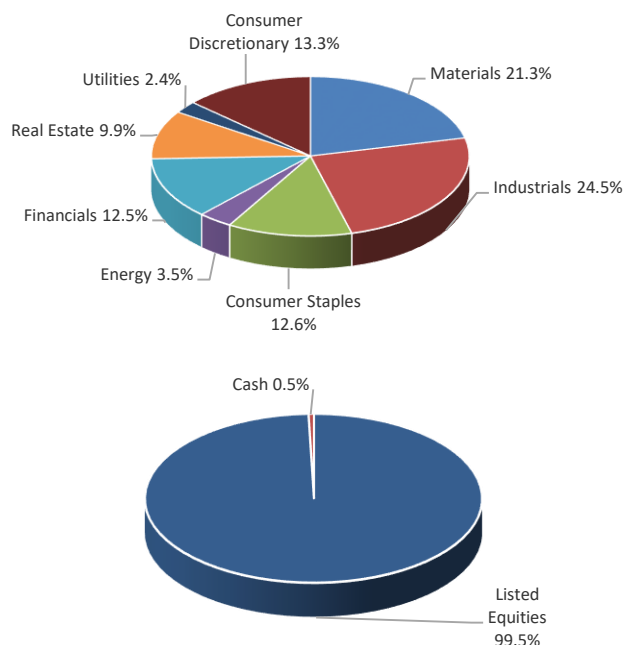
Latest

Vietnam Dong / USD*	23,201
Nikkei PMI*	51.9
Disbursed FDI y/y*	6.2%

HCMC Stock Exchange	Mar 18	Mar 19
Market Cap*	US\$ 140bn	US\$ 138bn
Average Daily Trade*	US\$ 318mn	US\$ 212mn
Foreign Buying YTD*	US\$ 488bn	US\$ 223bn

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

Portfolio Breakdown



NAV Performance: Rolling

	PXP VSCF*	VNMidcap Index**
Mar 2019	+0.49%	-1.25%
1 Year	-11.43%	-15.18%
2 Years	+11.78%	+6.34%
3 Years	+26.07%	+27.81%
Inception	+31.36%	+31.11%

NAV Performance: Calendar

	PXP VSCF*	VNMidcap Index**
YTD	+4.82%	+6.79%
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 29 March 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