

**PXP VIETNAM
SMALLER COMPANIES
FUND LIMITED**

Annual Report
2018



PXP Vietnam Smaller
Companies Fund



Contents

General information	1
Objective and highlights	2
Directors' report	3 - 6
Investment Manager's report	7 - 9
Ten largest investments	10 - 11
Independent auditors' report	12 - 14
Statement of comprehensive income	15
Statement of financial position	16
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	19 - 35
EU Alternative Investment Fund Managers Directive	36 - 37

GENERAL INFORMATION

Registered Office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place, 103 South Church Street P.O. Box 10240, Grand Cayman, KY1-1002 Cayman Islands
Board of Directors	Mr Christopher Vale (Chairman) Ms Rachel Provest (appointed on 1 January 2018)
Investment Manager	PXP Vietnam Asset Management Limited Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands www.pxpvietnam.com
Administrator and Registrar	Apex Fund Services Ltd. 3rd Floor, Williams House, 20 Reid Street, Hamilton HM11 Bermuda
Administrator and Registrar's Agent	Apex Fund Services (HK) Ltd. 17th Floor, Beautiful Group Tower 77 Connaught Road, Central Hong Kong
Custodian	DBS Bank Ltd., Hong Kong Branch 18th Floor, The Center, 99 Queen's Road, Central Hong Kong
Vietnam Sub-Custodian	Standard Chartered Bank (Vietnam) Limited Hanoi Towers, 49 Hai Ba Trung Street Hoan Kiem District, Hanoi, Vietnam
Legal Adviser to the Fund on Cayman Islands Law	Harney Westwood & Riegels 3rd Floor, 1 Pemberton Row, London EC4A 3BG United Kingdom
Legal Adviser to the Fund on Vietnamese Law	Freshfields Bruckhaus Deringer LLP 11th Floor, Saigon Tower, 29 Le Duan Boulevard, District 1 Ho Chi Minh City, Vietnam
Auditors	Ernst & Young Ltd. 62 Forum Lane, Camana Bay, Grand Cayman, KY1-1106 Cayman Islands

OBJECTIVE AND HIGHLIGHTS

OBJECTIVE

The investment objective of PXP Vietnam Smaller Companies Fund Limited (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.

FINANCIAL SUMMARY

Financial position	31 December 2018	31 December 2017	% change
Total Net Assets	US\$16,324,079	US\$9,854,337	65.7%
Participating shares of US\$0.05 in issue	5,210,326	2,850,054	82.8%
Net Asset Value (“NAV”) per share (average)	US\$3.133	US\$3.458	-9.4%
NAV per share (Lead Series)	US\$3.133	US\$3.426	-8.6%

Results for the year	2018	2017
Net (loss)/profit for the year	(US\$777,873)	US\$1,548,216
Expense ratio ¹	2.16%	2.41%

RELATIVE PERFORMANCE

Performance for years to 31 December 2018	NAV per share ²	Viet Nam Midcap Index ³
	%	%
1 year	-8.6	-14.6
2 years	11.1	14.0
3 years	26.0	21.8
Since launch date	25.3	22.8

VIETNAM MARKET DATA

	31 December 2018	31 December 2017	% change
Vietnamese dong (“VND”)/US dollar (“US\$”) exchange rate	23,190	22,709	2.1%
Viet Nam Midcap Index	929.79	1,066.03	-12.8%
Viet Nam Midcap Index adjusted US\$ rate	565.01	661.52	-14.6%

¹ The expense ratio is calculated as total expenses, excluding brokerage commissions, performance fee and foreign exchange gain/(loss), as a percentage of the average month-end net assets for the year.

² The performance shown is based on the Dealing NAV of the Lead Series of the Fund.

³ Viet Nam Midcap Index performance is the total percentage movement in the Viet Nam Midcap Index (presented in US dollar terms) for the stated periods up to 31 December 2018.

DIRECTORS' REPORT

The Board of Directors of PXP Vietnam Smaller Companies Fund Limited (the "Fund") presents its report and the Fund's financial statements as at and for the year ended 31 December 2018.

INVESTMENT OBJECTIVE

The primary investment objective of the Fund is to seek long-term appreciation of its assets by investing in a portfolio of smaller Vietnamese companies.

The primary objective of the Fund has remained unchanged throughout the year ended 31 December 2018.

INVESTMENT POLICIES

The Fund invests in the equity securities of listed companies which either have a capitalisation or net asset value in excess of US\$20 million and not more than US\$250 million at the time of investment.

The Board of Directors approved an amendment to the investment policy effective from 10 April 2018 which allows the Fund to continue to invest in the equity securities of listed companies which are existing holdings that have a capitalisation or net asset value which has increased above US\$250 million subsequently.

The Fund also invests in the equity securities of prelisting companies if the Investment Manager believes, by reference to the average price to earnings ratio of companies then listed on the Vietnam Stock Exchanges, that the capitalisation of the particular prelisting Fund under consideration for investment is likely to exceed US\$20 million but not be more than US\$250 million when it is listed.

The Fund intends to invest across a range of industries. It is the Fund's current intention to invest no more than 40% of its latest available Net Asset Value at the time of investment in any one sector.

The Fund's uncommitted assets will be held on deposit, or in other high-quality fixed-income securities denominated in US dollars, by the Custodian or the Vietnam Sub-Custodian for the benefit of the Fund.

The Fund is not permitted to borrow money, to grant security over its assets or to give any guarantees.

The Fund may hold up to 30% of its assets in cash at any time should the Investment Manager consider that market conditions warrant such a move.

Investment restrictions

The Fund will observe the following restrictions:

- (a) the Fund restricts its investment in prelisting companies to no more than 10% of its latest available Net Asset Value at the time of investment;
- (b) the Fund will not invest more than 20% of its assets at the time of investment in the shares of a single issuer;
- (c) no more than 20% of the assets of the Fund may be exposed to the creditworthiness or solvency of a single counterparty, in each case calculated at the time of investment;
- (d) the value of the Fund's holding of units or shares in other collective investment schemes may not in aggregate exceed 10% of its total Net Asset Value;
- (e) the Fund will not take or seek to take legal or management control of the issuer of underlying investments;
- (f) the Fund will not directly invest in real property; and
- (g) the Fund will not directly invest in commodities.

The restrictions outlined in (a), (b), (c) and (d) apply to any investment at the time that investment is made.

DIRECTORS' REPORT

ECONOMY AND STOCK MARKET

Vietnam GDP growth was 7.1% for 2018, exceeding the 6.8% figure of the previous year and achieving the highest annual growth since 2011. The largest contributors to this expansion were the services sector, including a 12.4% increase in domestic retail sales, and the industry and construction sector with strong manufacturing growth continuing to be driven by industries with foreign direct investment. Export turnover of goods increased by 13.8% in 2018, delivering a trade surplus of US\$7.2 billion for the year. Consumer price inflation increased 3% year-on-year to December 2018, within the government's 4% target. The Vietnamese dong (the "Dong") was relatively stable for most of 2018 resulting in a 2.1% depreciation against the US dollar for the year.

The strong performance of the Vietnam stock markets in the final quarter of 2017 continued into the start of 2018, with the Viet Nam Index ("VNI") increasing a further 13% in January as the Viet Nam Midcap Index ("VNMid") increased by a lesser 8%. Global volatility and profit-taking then drove a decline in both the VNI and VNMid, each lower by 10% during February 2018. Following this moderate market consolidation renewed inflows focused again on large cap stocks and new listings pushed the VNI to a new all-time high, surpassing the previous peak from 2007 to close at 1,204.33 points on 9 April. From then on, sustained profit-taking and foreign outflows during a period of notable global turmoil over trade issues brought the Vietnam stock markets down heavily, with the VNI and VNMid both falling below 900 points in July. A market recovery through August and September on optimism around Vietnam's continuing macroeconomic health and manufacturing strength proved to be short-lived, with further falls in October and December resulting in the VNI and VNMid ending the year at 892.54 points and 929.79 points, declines in the year of 11.2% and 14.6% in US dollar terms, respectively.

PERFORMANCE AND POSITION

Over the financial year to 31 December 2018, the NAV per share for the Lead Series of the Fund decreased from US\$3.426 to US\$3.133, a loss of 8.6% compared to a decrease in the VNMid in US dollar terms of 14.6% over the same period. The VNMid is a capitalisation-weighted index comprising the shares of 70 medium market capitalisation companies from the VNAllshare Index, which is an index comprising the shares of all companies listed at the Ho Chi Minh City Stock Exchange that passed screening for eligibility, free-float and liquidity.

2018

The three stocks with the largest negative contribution to the loss for the year ended 31 December 2018 were as follows:

Holding	Return ⁴	Net losses and dividends
	%	US\$
Nam Kim Steel JSC ⁵	(63.7)	(487,143)
Ho Chi Minh City Securities Corporation	(14.9)	(291,329)
Power Construction JSC No.1	(17.0)	(283,893)

⁴ Return comprises net gains/(losses) on investments and dividend income divided by opening valuation and cost of any purchases in the year.

⁵ "JSC" is an abbreviation for "Joint Stock Company"

DIRECTORS' REPORT

PERFORMANCE AND POSITION (CONTINUED)

The three stocks with the largest positive contribution for the year ended 31 December 2018 were as follows:

Holding	Return	Net gains and dividends
	%	US\$
Vinh Hoan Corporation	73.9	1,111,287
Phuoc Hoa Rubber JSC	37.7	216,986
VNDirect Securities Corporation	<u>10.6</u>	<u>59,618</u>

2017

The three stocks with the largest positive contribution to the net income for the year ended 31 December 2017 were as follows:

Holding	Return	Net gains and dividends
	%	US\$
Ho Chi Minh City Securities Corporation	109.3	629,338
Dong Hai JSC of Ben Tre	40.5	318,341
VNDirect Securities Corporation	<u>65.2</u>	<u>286,912</u>

The three stocks with the largest negative contribution for the year ended 31 December 2017 were as follows:

Holding	Return	Net losses and dividends
	%	US\$
Superdong Fast Ferry Kien Giang JSC	(25.3)	(182,179)
Danang Rubber JSC	(18.8)	(84,760)
Binh Thanh Import-Export Production and Trade JSC	<u>(26.1)</u>	<u>(83,540)</u>

Investments held as at 31 December 2018 were valued at US\$16,117,418 (31 December 2017: US\$9,899,509). Changes to investments are shown in Note 4 to the financial statements on pages 24 to 25.

Net assets attributable to participating shareholders at 31 December 2018 amounted to US\$16,324,079 (31 December 2017: US\$9,854,337).

AUDITORS

The auditors of the Fund are Ernst & Young Ltd.

DIRECTORS' REPORT

RESPONSIBILITIES OF THE INVESTMENT MANAGER AND THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Investment Manager is responsible for the preparation and fair presentation of the financial statements of each financial year in accordance with International Financial Reporting Standards, and for such internal control as the Investment Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Investment Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is inappropriate to presume that the Fund will continue in business.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

The Board of Directors confirms that the Fund has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which present fairly, in all material respects, the financial position of the Fund as at 31 December 2018 and its financial performance, changes in equity, and cash flows for the year then ended in accordance with International Financial Reporting Standards.

For and on behalf of the Board of Directors:

Christopher Vale
Chairman
10 May 2019

INVESTMENT MANAGER'S REPORT



The Fund is managed by PXP Vietnam Asset Management Limited, a British Virgin Islands company incorporated in October 2002. The portfolio manager for the Fund is Lawrence Brader.

REVIEW OF THE YEAR

During the year under review the Fund's Net Asset Value ("NAV") per share for the Lead Series decreased by 8.6% net of all fees, from US\$3.426 to US\$3.133. This compares with a decrease in the VNMid of 14.6% in US dollar terms over the same period. The Vietnamese dong depreciated by 2.1% against the US dollar over the period under review.

The table below presents NAV performance as compared to that of the VNMid in US dollar terms for the periods to 31 December 2018.

	NAV per share ⁶	VNMid
	%	%
1 year	-8.6	-14.6
2 years	11.1	14.0
3 years	26.0	21.8
Since launch date	25.3	22.8

We are pleased to report a notable outperformance of the benchmark in the year to 31 December 2018, although it was an ultimately disappointing twelve months on an absolute basis, and indeed was the first calendar year of declines for Vietnam's equity markets since 2011.

As outlined in detail in the 2018 Interim Report, the market came sharply lower after posting a new all-time high in April 2018, and increased volatility through the rest of the year was mostly on the downside as the VNI failed to approach again levels seen in the first quarter. The second half of 2018 was a period of consolidation as the new normal of the US-Sino trade war environment and an outlook incorporating higher US interest rates took hold, denting appetite for Emerging and Frontier Market assets. Multitudinous conflicting views on the impact of the trade war on Vietnam meant the domestic equity markets struggled to find direction through the rest of the period. The second-largest monthly gain in the NAV in the life of the Fund came in September 2018, rising 8.5% as the consensus view turned positive for manufacturing and demand for Vietnamese exports at the expense of China, but the following month saw a 9.3% decline in the NAV (and a 11.8% decline in the VNMid) as volatility rose amid a global equity market sell off given renewed fears of a recessionary global trade environment.

We have written about Vietnam's move up the manufacturing value chain in the past and how years of Foreign Direct Investment ("FDI") into productive capacity have transformed the economy. According to the World Bank, Vietnam's international trade in 2017 was 200% of GDP, behind only Hong Kong and Singapore. This illustrates Vietnam's exposure to global trade flows and suggests that its equity markets might suffer when participants expect a slowdown, even though there are few listed companies directly exposed to exports from FDI manufacturing. Fears regarding the outlook for global trade through the final months of 2018 were behind the prolonged period of global uncertainty and volatility, and this took its toll domestically as much as elsewhere.

⁶ The performance shown is based on the Dealing NAV of the Lead Series of the Fund.

INVESTMENT MANAGER'S REPORT

REVIEW OF THE YEAR (CONTINUED)

The moves in the equity markets in Vietnam through 2018 coincided with changes in the US dollar – Chinese Yuan spot rate. The Yuan was 3.4% stronger against the USD in the first three months of 2018, a period of gains for equities in Vietnam. Then came the physical imposition of trade barriers against Chinese exports to America along with the second Federal Reserve US interest rate hike, which called a top to the Yuan in mid-April before a move weaker by 11% against the USD to its low at end-November. Over the same period the Dong depreciated by just 2.1% against the USD. Whilst Vietnam now competes with China for an increasing proportion of its exports, China remains the main source of raw material input for Vietnamese manufacturing. We would expect Yuan weakness to presage a period of weakness in the Dong, but not to the same extent given the relative strength of the macroeconomic outlook and significantly lower labour costs in Vietnam. Government policy is that the Dong will be devalued by 1½ - 2% per annum to maintain export competitiveness. This quantum of movement in the Dong is not likely to be sufficient to see manufacturing return to China.

ECONOMY

The economy is firing on all cylinders with strength in Agriculture, Industry & Construction and the Service sector all contributing to the fastest GDP growth in 11 years in 2018. In the fourth quarter of the year GDP rose by 7.30% compared to the same quarter in 2017, and by 7.08% for the full year to 31 December 2018. The FDI foundations laid in years gone by resulted in Vietnam posting the largest trade surplus in its history at US\$7.2 billion last year, on export growth of 13.8% year-on-year by December 2018, with imports rising 11.5% year-on-year. The rapid GDP expansion came even as credit growth lagged previous years suggesting greater sustainability of expansion. Disbursed FDI in 2018 was 9.1% higher than the preceding year at US\$19.1 billion, another record high, led by investment from firms from Japan followed by South Korea and Singapore.

We have previously suggested that the longer the trade war goes on the more manufacturing capacity is likely to move to Vietnam. It would appear that it is now simply too late for a resolution of the Sino-US dispute to stem the flow of FDI coming from China, and elsewhere, into Vietnam. Manufacturers are seeking to diversify single-country supply-chain risk, and Vietnam maintains its competitive edge given low labour costs, a large and well-educated workforce, political and social stability, improving infrastructure and regulatory environment and a list of existing and upcoming Free Trade Agreements (e.g. CPTPP and EU-Vietnam FTA). This is evidenced in Nikkei Purchasing Managers Index (“PMI”) reports, and we would cite exceedingly positive comment on the pace of acceleration of output, new orders, employment and business confidence as a result of elements of the global manufacturing supply chain turning to Vietnam.

Export growth in 2018 was driven by mobile phones & spare parts (+10.5% y/y), electronics, computers & spares (+13.4% y/y) but also increasing production in textiles (+16.6% y/y), footwear (+11.0% y/y), wood & wooden products (+15% y/y) and steel exports (+44% as the Taiwanese-owned Formosa plant came online). Sectors seeing an immediate improvement in demand from the US include wooden furniture and seafood as Chinese competition becomes more expensive given tariffs.

The US remains the largest export destination from Vietnam with total exports to the country rising 14.2% year-on-year to US\$48 billion in 2018 representing nearly 20% of the total. There have been reports of visits by a delegation from the Department of Commerce tasked by President Trump to investigate all countries that run a trade surplus with the United States, and with Vietnam at number five on the list it is the only one of those that does not have tariffs applied (outside of some dumping duties under WTO). US Secretary of State Mike Pompeo acknowledged the pace of growth of US exports to Vietnam (they rose 37% y/y in 2018 to US\$12.8 billion), and with US\$15 billion in orders for Boeing aeroplanes by Vietnamese carriers signed in early-2019 the balance is being redressed to some extent.

Concerns that Vietnam would become a “trans-shipment hub” for Chinese exports into the US appear unfounded. These trade delegations have been looking for evidence of countries manipulating their currencies lower and the State Bank of Vietnam (“SBV”) has been pointing out that they have been supporting the Dong in the name of stability through the sale of foreign exchange reserves.

INVESTMENT MANAGER'S REPORT

OUTLOOK

We remain positive on the outlook for the market and for the Fund. The strength of the economy (we expect 6.8% GDP expansion in 2019) is apparent all the way through to earnings growth at the Fund holding level, and we would expect to see at least a modicum of multiple expansion. The kicker comes as the Vietnamese government has a clear path to increasing the size and scope of and access to the equity markets to facilitate inclusion in the MSCI Emerging Markets Index (from Frontier currently), which should in turn promote higher valuations for the sale of prized State Owned Enterprise ("SOE") assets over coming years with that capital needed for infrastructure development.

The political system remains stable for the time being, with a watching brief regarding the health of the General Secretary of the Communist Party and (since last year) also President of Vietnam, Mr Nguyen Phu Trong, given the lack of an obvious successor.

The Communist Party of Vietnam is pro-business with three official resolutions; completing the socialist-oriented market economy, to reorganise and improve SOEs, and to develop the private economy as an important driving force. This includes work by the SBV to ensure consumer price inflation remains below 4% and the currency stable. Growing international acknowledgement of economic progress is seen as Fitch affirmed their view on a stable Dong in April 2019, and both Standard & Poor's and Moody's upgraded their ratings on the outlook for Vietnam's banking system in 2018.

The downside risks are predominantly external; declining global demand and resultant changes in trade flows have the potential to damage the bull argument. The domestic picture from continued FDI flows and consumer confidence remains sound, although the retail investor who still dominates stock market sentiment is less bullish than previously with average daily traded value on the Ho Chi Minh City Stock Exchange falling from US\$277 million in first quarter 2018 to just US\$129 million in the final quarter. Should meaningful foreign inflows return we would expect a return of the herd to the stock market and an improvement from the current ultra-short-term view with technical analysis the leading trading motivator. The end of the US interest rate raising cycle has taken pressure off South East Asian equity markets but there is potential for that pressure to return. Fund holdings are amongst the least-indebted companies available and we see no threat on a micro-level to rising rates on USD denominated debt. Reductions in profitability for some sectors is possible as end-user electricity prices were increased 8.5% in early-2019 and crude oil is 46% dearer year-to-date at the time of writing; companies unable to pass higher input costs on to customers may suffer.

We are encouraged by additions in sell-side equity research coverage in the smaller companies' arena during the period under review, including some of our top-holdings not previously covered, and would expect more to follow as select large-cap equities command extravagant valuations. These excesses could theoretically drive foreign capital to seek opportunity further down the list of companies ranked by market capitalisation. MSCI reclassification following foreign consultation on the draft Securities Law should ultimately enhance this trend. Whilst the immediate demand for Vietnamese equities following MSCI Emerging Market accession will be for large, liquid and available companies, as more active institutional money competes with passive capital there will be increased demand for research coverage of a greater number of companies. Higher-quality names such as those in the portfolio could be those expected to benefit over the longer-term from this increased informational accessibility.

The key tenets of the investment case for the Fund remain; namely a strong macroeconomic environment, double digit earnings growth, and greater foreign institutional interest. 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, growth and value.

On behalf of the Investment Manager

Lawrence Brader

Ho Chi Minh City
10 May 2019

TEN LARGEST INVESTMENTS

AS AT 31 DECEMBER 2018

		Valuation	% of NAV
		US\$	%
VHC	Vinh Hoan Corporation Vinh Hoan Corporation is a Vietnamese <i>pangasius</i> (catfish) producer with 13.8% market share of nationwide exports. VHC exports high-quality frozen fillets as well as value-added products that meet increasingly stringent export market requirements including to the US (64% of revenue last year) and is seeing strong demand growth from new markets such as China (18% revenue).	2,277,593	14.0
HCM	Ho Chi Minh City Securities Corporation Ho Chi Minh City Securities Corporation is the second largest broker by market share on the Ho Chi Minh City Stock Exchange ("HOSE") with 11.2% in 2018. HCM derives revenue from securities brokerage, margin lending, investment banking and equity research. The firm is recognised for its experienced, relatively conservative management team and good corporate governance standards.	1,390,074	8.5
PC1	Power Construction JSC No.1 Power Construction JSC No.1 is a private contractor specialising in the design and construction of electrical power infrastructure projects in Vietnam. Business segments including power grid erection and steel-girder production support the core business of installing Vietnam's high-voltage transmission equipment. PC1 also operates 114 MW of hydro-electric projects, as well as developing affordable apartment buildings using its land bank.	1,363,442	8.4
DHC	Dong Hai JSC of Ben Tre (Dohaco) Dohaco is a producer of packaging paper, testliner and corrugated fibreboard (cardboard) and related products in the Mekong Delta area of Dong Hai. The company is in the process of putting into operation a new factory with a four-fold capacity increase to meet rising demand for high-quality packaging products for both domestic and foreign industrial customers in the southern market.	1,185,027	7.3
VSC	Vietnam Container Shipping JSC Vietnam Container Shipping JSC is one of the leading container port operators in Vietnam, with two container terminals and a warehouse in Hai Phong City running near full capacity, and trucking lines for container and conventional cargo transportation services throughout Vietnam.	874,982	5.4

TEN LARGEST INVESTMENTS

AS AT 31 DECEMBER 2018

		Valuation	% of NAV
		US\$	%
NLG	<p>Nam Long Investment Corporation</p> <p>Nam Long Investment Corporation is a specialised property developer with a focus on low and mid-end apartment buildings and landed properties in new commuter-belt areas of Ho Chi Minh City. Urbanisation, mortgage lending and a modernising society drive strong demand for the company's products, and shareholder base including international property developers supports the development pipeline.</p>	804,916	4.9
PTB	<p>Phu Tai Corporation</p> <p>Phu Tai Corporation is a manufacturer of granite and marble tile flooring for hotels, apartment buildings, offices and shopping malls, with an overall market share of around 20% nationwide, and owns several stone mines. Secondly, Phu Tai is a producer of indoor and outdoor wooden furniture for export using certified sources of raw wood enabling a diverse mix of export markets. The company also distributes Toyota vehicles in central Vietnam.</p>	787,554	4.8
PHR	<p>Phuoc Hoa Rubber JSC</p> <p>Phuoc Hoa Rubber JSC is a producer of natural latex rubber from its 14,000 hectare plantation area in Binh Duong, Vietnam and 7,700 hectares in Cambodia. The location of their plantations near industrial zones also provides the company with the opportunity to convert low yield or ageing plantations to industrial parks.</p>	660,094	4.0
AST	<p>Taseco Air Services JSC</p> <p>Taseco Air Services operates retail business in seven Vietnamese airports including souvenir shops, duty free stores, restaurants and coffee shops. Taseco Air has 80 retail shops and plans to increase the number to 112 by 2021. It also manages a four-star hotel in Da Nang. Their long term plan is to develop a full-service tourism corporation across popular tourist destinations of Vietnam.</p>	654,281	4.0
HDC	<p>Ba Ria – Vung Tau House Development JSC</p> <p>Ba Ria – Vung Tau House Development is a real estate developer with a focus on beach city Vung Tau and the nearby Phu My industrial area. Their property portfolio is within two hours of Ho Chi Minh City and is in a popular weekend destination. The company's pipeline includes both residential and hospitality projects offering exposure to tourism and economic growth in a key satellite area of Ho Chi Minh City.</p>	652,124	4.0
		10,650,087	65.3

Independent Auditors' Report

The Board of Directors
PXP Vietnam Smaller Companies Fund Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PXP Vietnam Smaller Companies Fund Limited (the "Fund") which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2018 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the General information, Objective and highlights, Directors' report, Investment Manager's report, Ten largest investments and EU Alternative Investment Fund Managers Directive. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Ltd.

10 May 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		US\$	US\$
Income			
Net (losses)/gains on financial assets at fair value through profit or loss	4	(1,093,988)	1,589,540
Dividend income		632,841	284,557
Interest income		31	6
Foreign exchange gain - net		7,692	2,166
		(453,424)	1,876,269
Operating expenses			
Management fee	10.1	(215,516)	(111,770)
Performance fee	10.1	-	(135,756)
Custodian, administration and secretarial fees		(44,530)	(43,930)
Transaction costs		(15,397)	(9,744)
Directors' fees	10.2	(20,000)	(5,000)
Other operating expenses		(29,006)	(21,853)
		(324,449)	(328,053)
Net (loss)/profit for the year		(777,873)	1,548,216
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
Currency translation differences		(317,377)	15,416
Total comprehensive (loss)/profit for the year		(1,095,250)	1,563,632

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 December 2018	31 December 2017
		US\$	US\$
Assets			
Financial assets at fair value through profit or loss	4	16,117,418	9,899,509
Receivables and prepayments		93,317	17,582
Cash and cash equivalents	7	151,604	258,776
Total assets		16,362,339	10,175,867
Liabilities			
Performance fee payable	10.1	-	135,756
Accrued fees and other payables		38,260	20,782
Subscriptions received in advance		-	164,992
Total liabilities		38,260	321,530
Net assets	9	16,324,079	9,854,337
Equity			
Share capital	8	260,516	142,503
Share premium	8	15,563,471	8,116,492
Cumulative translation reserve		(409,430)	(92,053)
Retained earnings		909,522	1,687,395
Total equity		16,324,079	9,854,337

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium	Cumulative translation reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$
As at 1 January 2017	110,813	6,118,160	(107,469)	139,179	6,260,683
Issue of participating shares	31,633	1,998,389	-	-	2,030,022
Participating shares increased on series consolidation	57	(57)	-	-	-
Net profit for the year	-	-	-	1,548,216	1,548,216
Currency translation differences	-	-	15,416	-	15,416
As at 31 December 2017	142,503	8,116,492	(92,053)	1,687,395	9,854,337
Issue of participating shares	116,700	7,448,292	-	-	7,564,992
Participating shares increased on series consolidation	1,313	(1,313)	-	-	-
Net loss for the year	-	-	-	(777,873)	(777,873)
Currency translation differences	-	-	(317,377)	-	(317,377)
As at 31 December 2018	260,516	15,563,471	(409,430)	909,522	16,324,079

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	US\$	US\$
Cash flows from operating activities		
Purchases of financial assets at fair value	(9,088,763)	(4,583,040)
Proceeds from sales of financial assets at fair value	1,488,487	2,380,818
Dividends received	557,149	281,899
Interest received	31	6
Expenses paid	(464,076)	(204,815)
Net cash used in operating activities	(7,507,172)	(2,125,132)
Cash flows from financing activities		
Proceeds from participating shares issued	7,400,000	1,910,444
Net cash generated from financing activities	7,400,000	1,910,444
Net decrease in cash and cash equivalents	(107,172)	(214,688)
Cash and cash equivalents at beginning of the year	258,776	473,464
Cash and cash equivalents at end of the year (Note 7)	151,604	258,776

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

PXP Vietnam Smaller Companies Fund Limited (the "Fund") was incorporated in the Cayman Islands on 27 March 2008 under the Companies Law as an exempted company with limited liability with Certificate of Incorporation number CD-207503. Initially it was established as a closed-end investment company. The Fund was converted to an open-ended mutual fund effective from 20 November 2015. It is registered under Section 4(3) of the Mutual Funds Law, with registration number 1266252.

The Fund had not traded since incorporation up to the initial issue of shares on 8 December 2015.

The registered office of the Fund is located at Harneys Fiduciary (Cayman) Limited, 4th floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value.

The accounting policies adopted are consistent with those of the previous financial year.

The Fund presents its statement of financial position in order of increasing liquidity. The financial assets at fair value through profit or loss comprise equity securities which are intended to be held for the long-term in accordance with the Fund's investment objective. The Investment Manager does not classify the equity securities into those that are intended to be sold within 12 months or retained longer. A decision to sell particular holdings could be taken based on new information, new analysis, industry developments, economic or geopolitical events, or more promising alternative investment opportunities. All other assets on the statement of financial position are expected to be recovered within 12 months of the reporting date and all liabilities on the statement of financial position are expected to be settled within 12 months of the reporting date.

The financial statements are presented in US dollars (US\$).

2.2 New standards, amendments and interpretations

(a) New standards, amendments to standards and interpretations that are effective for the year ended 31 December 2018

IFRS 9 *Financial Instruments* is effective for annual periods beginning on or after 1 January 2018 and has been adopted in these financial statements. IFRS 9 replaces the provisions of IAS 39 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The multiple classification and measurement models in IAS 39 are replaced with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets.

Adoption of IFRS 9 has no impact on the financial statements of the Fund:

- All financial assets previously classified at fair value through profit or loss under IAS 39 continue to be held as financial assets at fair value through profit or loss under IFRS 9.
- IFRS 9 requires the Fund to record expected credit losses on trade receivables. However the trade receivables of the Fund are short-term only and have been assessed to have no expected credit losses.
- The Fund did not apply hedge accounting under IAS 39 and nor will it apply hedge accounting under IFRS 9.

There are no other new standards, amendments to existing standards or IFRIC interpretations that are effective for the year ended 31 December 2018 that have a material impact on the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, amendments and interpretations (continued)

(b) Standards issued but not yet effective

There are no new standards, amendments to existing standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund's financial statements.

2.3 Functional and foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The functional currency of the Fund is the Vietnamese dong (the "Dong"), which reflects the Fund's primary activity of investing in equity securities of listed or prelisting Vietnamese companies. The majority of the Fund's investments are originally made in Dong denominated securities and will be realised in Dong.

The Fund has adopted the US dollar as its presentation currency, as its shareholders are based outside SR Vietnam and the US dollar is a more widely used and recognised currency than the Dong. The shareholders' investments in the Fund are made in US dollar and any redemptions will be paid to the shareholders in US dollar.

The Fund's results and financial position are translated from its functional currency to its presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the reporting date;
- (ii) equity items are translated using the exchange rate at the transaction date;
- (iii) income and expenses are translated using the exchange rate at the transaction date; and
- (iv) all exchange differences arising on translation are recognised in the statement of comprehensive income within "*Other comprehensive income/(loss)*".

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rates prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are recognised in the statement of comprehensive income within "*Foreign exchange gain/(loss) – net*".

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income within "*Net gains/(losses) on financial assets at fair value through profit or loss*".

2.4 Financial assets at fair value through profit or loss

(a) Classification

The Fund adopted IFRS 9 *Financial Instruments* in the financial statements for the year ended 31 December 2018. As explained in Note 2.2(a), adoption of IFRS 9 has no impact on the financial statements of the Fund. On the basis of both (i) the Fund's business model for managing its financial assets; and (ii) the contractual characteristics of the financial assets, the Fund classifies its investments in equity securities, and related derivatives, as financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets at fair value through profit or loss (continued)

(b) Recognition/derecognition

The Fund recognises a financial asset when it becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment.

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired or the Fund has transferred its rights to receive cash flows from the asset and either: (i) the Fund has transferred substantially all the risks and rewards of the asset; or (ii) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(c) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income in the period in which they arise. Dividends earned on these investments are recorded separately in dividend income.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value for financial assets traded in active markets is based on their closing prices on the relevant stock exchange as at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Valuation techniques include the use of comparable recent arm's length transactions, earnings multiples, net asset valuations, discounted cash flow analysis and option pricing models.

From time to time, the Fund may hold rights to acquire shares, which are financial instruments that are not quoted in an active market. Fair values of such derivative financial instruments will be determined using valuation techniques, usually an option pricing model.

(e) The fair value hierarchy

Financial instruments carried at fair value are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Amounts due from and due to brokers

Amounts due from and due to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the reporting date. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term investments with original maturities of three months or less.

2.8 Accrued fees and expenses

Accrued fees and expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Share capital

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- The redeemable shares are in the class of instruments that is subordinate to all other classes of instruments;
- All redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets; and
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

Own equity instruments that are reacquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. The Fund's policy is not to keep shares in treasury, but rather to cancel them once repurchased.

No gain or loss is recognised in the statement of comprehensive income on the issuance, acquisition or cancellation of the Fund's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Net gains or losses on financial assets at fair value through profit or loss

Net gains or losses on financial assets at fair value through profit or loss are changes in the fair value of financial assets held, and exclude dividend income.

Unrealised gains and losses comprise changes in the fair value of financial assets for the year for those financial assets that are held at the year-end. Realised gains and losses on disposals of financial assets classified as at fair value through profit or loss represent the difference between the asset's disposal amount and average cost of the Fund's holdings in that asset. The cost base in the calculation of average cost of a holding is the fair value of such assets at the start of the year and the cost of such assets acquired during the year.

2.11 Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

2.12 Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include commissions paid to brokers. Transaction costs, when incurred, are immediately recognised as an expense in the statement of comprehensive income.

2.13 Taxation

The Fund is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no corporate tax, capital gains tax or other taxes payable by the Fund.

The Fund is subject to tax of 0.1% of the gross proceeds when it sells all or part of its investments in domestic securities in Vietnam. Equity shares of non-public joint stock companies and ownership interests in limited liability companies in Vietnam are not regarded as securities and are subject to income tax on any gain made. The Fund classifies tax on sales of securities as a deduction from net gains/(losses) on financial assets in the statement of comprehensive income and tax on sales of interests in non-public joint stock companies or limited liability companies within income tax expense in the statement of comprehensive income.

Dividends received by the Fund from equity investments in Vietnam are not subject to withholding taxes. Dividends received by the Fund from holdings in investment funds in Vietnam, interest from cash deposits at banks operating in Vietnam, interest from Vietnamese bonds and interest from certificates of deposits are subject to withholding taxes. The Fund classifies withholding taxes on dividends and interest within income tax expense in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key areas of judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are noted below.

Going concern

Management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Functional currency

Management considers the Dong the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Fund's primary activity is to invest in equity securities of listed or prelisting Vietnamese companies. The Fund's investments will be originally made in Dong denominated securities and will be liquidated and realised in Dong. Expenses of the Fund are mainly denominated in US dollar, with the largest expenses being based on the net asset value of the Fund which is substantially determined by the value of the investments held. The funds from financing activities of the Fund are generated in US dollar, but in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, priority is given to the primary indicators when determining the functional currency.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2018	31 December 2017
	US\$	US\$
Listed equity securities	16,117,418	9,899,509
Total financial assets at fair value through profit or loss	16,117,418	9,899,509

Movements in financial assets at fair value through profit or loss in the year:

	2018	2017
	US\$	US\$
Opening balance	9,899,509	6,155,503
Purchases	9,088,763	4,519,082
Sales proceeds	(1,488,487)	(2,380,818)
Net (losses)/gains recognised in profit or loss	(1,093,988)	1,589,540
Difference arising on translation to presentation currency	(288,379)	16,202
Closing balance	16,117,418	9,899,509

As at 31 December 2018 and 31 December 2017, all of the financial assets at fair value through profit or loss are equity securities of companies incorporated in SR Vietnam and all of the equity securities are denominated in Vietnamese dong.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Exchange rates at the reporting dates were:

	31 December 2018	31 December 2017
Vietnamese dong/US dollar	23,190	22,709

Net (losses)/gains arising from changes in the fair values of financial assets at fair value through profit or loss in the year:

	2018	2017
	US\$	US\$
Realised gains on sales of financial assets at fair value	43,045	46,775
Unrealised (losses)/gains on financial assets at fair value	(1,137,033)	1,542,765
Net (losses)/gains recognised in profit or loss	(1,093,988)	1,589,540

Net (losses)/gains arising from changes in the fair values of financial assets at fair value through profit or loss as presented above is calculated with reference to the fair values of assets held at the start of the year and the costs of assets acquired during the year.

5. FAIR VALUE ESTIMATION

As at 31 December 2018 and 31 December 2017, all of the financial assets at fair value through profit or loss held by the Fund are categorised in Level 1 of the fair value hierarchy, being equity securities listed on the Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange. The fair value of listed equity securities is based on their closing prices on the relevant exchange as at the reporting date.

There were no holdings in Level 2 or Level 3 financial assets as at 31 December 2018 or 31 December 2017, and there were no reclassifications of financial assets and no transfers between levels.

All fair value measurements are recurring fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. FINANCIAL INSTRUMENTS BY CATEGORY

	Assets at fair value through profit or loss	Measured at amortised cost	Total
	US\$	US\$	US\$
<i>Assets as per statement of financial position</i>			
31 December 2018			
Financial assets at fair value through profit or loss	16,117,418	-	16,117,418
Receivables	-	85,636	85,636
Cash and cash equivalents	-	151,604	151,604
Total	16,117,418	237,240	16,354,658
31 December 2017			
Financial assets at fair value through profit or loss	9,899,509	-	9,899,509
Receivables	-	9,944	9,944
Cash and cash equivalents	-	258,776	258,776
Total	9,899,509	268,720	10,168,229

All financial liabilities in the statement of financial position at 31 December 2018 and 31 December 2017 were classified as subsequently measured at amortised cost.

7. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
	US\$	US\$
Current account in VND	139,046	85,131
Current account in US\$	12,558	173,645
	151,604	258,776

8. SHARE CAPITAL

The Fund's authorised share capital at 31 December 2018 and 31 December 2017 is US\$1,000,000 which is divided into 19,998,000 participating, non-voting shares of a par value of US\$0.05 each and 100 management shares of a par value of US\$1 each.

8.1 Participating shares

The participating shares are redeemable on the terms set out in the Prospectus, which include the ability of the Fund to limit redemptions in specified circumstances. The participating shares do not carry a right to vote, except in relation to a modification of rights attached to the participating shares. The participating shares carry rights to dividends and rights to share in any surplus assets in a winding-up after the return of nominal capital paid up on the management shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. SHARE CAPITAL (CONTINUED)

8.1 Participating shares (continued)

Participating shares may be issued on the first business day of every month and may be redeemed on the first business day of every month after giving notice of at least three months.

All issued participating shares are fully paid.

To ensure the equitable allocation of performance fee (if applicable) between participating shares, the Fund issues a new series of shares each time there is a subscription. Performance fee (if applicable) is charged to each series separately. If a performance fee is payable on more than one series in respect to a financial year, every series on which a performance fee is payable in respect to that financial year will be consolidated into the Lead Series or the earliest issued series on which a performance fee is payable.

The number of shares issued and outstanding in the period was as follows:

	Number of issued shares	Share capital US\$	Share premium US\$
As at 1 January 2017	2,216,256	110,813	6,118,160
Participating shares issued for cash	632,660	31,633	1,998,389
Participating shares increased on series consolidation	1,138	57	(57)
As at 31 December 2017	2,850,054	142,503	8,116,492
Participating shares issued for cash	2,333,997	116,700	7,448,292
Participating shares increased on series consolidation	26,275	1,313	(1,313)
As at 31 December 2018	5,210,326	260,516	15,563,471

There were no redemptions of participating shares in the years ended 31 December 2018 and 31 December 2017.

8.2 Management shares

The 100 management shares were issued to the Investment Manager, PXP Vietnam Asset Management Limited, at par value and were fully-paid as at 31 December 2018 and 31 December 2017. The management shares carry a right to vote, except in relation to a modification of rights attached to the participating shares. The management shares are not redeemable, do not carry any rights to dividends, and on a winding-up rank only for a return of paid up nominal capital before the balance of any surplus assets is shared by the participating shareholders.

The management shares are classified as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. NET ASSET VALUE PER SHARE

	31 December 2018	31 December 2017
Net assets (US\$)	16,324,079	9,854,337
Number of shares in issue (Note 8)	5,210,326	2,850,054
Net asset value per share (average) (US\$ per share)	3.133	3.458

The average net asset value per share is determined by dividing the net assets attributable to participating shareholders by the number of participating shares issued and outstanding at the reporting date.

Net asset value per share for each series in issue at the reporting date:

	31 December 2018	31 December 2017
	US\$	US\$
Series 1 (Lead Series)	3.133	3.426
Series 3 *	-	3.452
Series 4 *	-	3.477
Series 5 *	-	3.487
Series 6 *	-	3.500
Series 7 *	-	3.473
Series 9 *	-	3.427
Series 10 *	-	3.426
Series 11 *	-	3.479
Series 12	3.133	-
Series 13	3.133	-
Series 14	3.133	-
Series 15	3.133	-
Series 16	3.133	-
Series 17	3.134	-

* At the beginning of 2018, these series on which a performance fee was payable in respect to the year ended 31 December 2017 were consolidated into the Lead Series.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. RELATED PARTIES TRANSACTIONS

10.1 Investment Manager

The Fund is managed by the Investment Manager, PXP Vietnam Asset Management Limited, a company incorporated with limited liability under the laws of the British Virgin Islands.

Fees

The Fund pays to the Investment Manager a monthly management fee of one-twelfth of 1.5% of the net asset value of the Fund, which is payable monthly in advance and is calculated by reference to the valuation day at the end of the preceding month. Total management fee to the Investment Manager for the year ended 31 December 2018 was US\$215,516 (2017: US\$111,770) and there was no outstanding fee payable at 31 December 2018 and 31 December 2017.

The Investment Manager is also entitled to receive an annual performance fee (15%) for increases in the net asset value per share subject to adjustments for the “high water mark” so that any losses from prior periods must be recouped before a performance fee is earned and a hurdle rate of 8% per annum which is applied to the higher of the opening net asset value or high water mark for each share at the start of each year. Total performance fee payable to the Investment Manager for the year ended 31 December 2018 was nil (2017: US\$135,756) and outstanding performance fee payable as at 31 December 2018 was nil (31 December 2017: US\$135,756).

Shares

The Investment Manager invested US\$500,000 to subscribe for 140,646.98 participating shares of the Fund in March 2018, taking its holding at 31 December 2018 to 540,636.98 shares representing 10.4% of the issued participating shares of the Fund (31 December 2017: 399,990 shares representing 14.0%).

10.2 Directors

Remuneration

The fees payable to the Directors are determined from time to time by an Ordinary Resolution of the shareholders entitled to vote.

The total directors’ remuneration for the year ended 31 December 2018 was US\$20,000 (2017: US\$5,000) and the outstanding directors’ fees payable as at 31 December 2018 was US\$20,000 (31 December 2017: US\$5,000).

Shares

At no time during the period did any Director hold shares of the Fund.

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

11.1 Introduction

The Fund invests in equity securities for the long term so as to achieve its investment objective, as set out in the Directors’ Report. Risk is inherent in the Fund’s activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to investment limits and other controls. The Fund is exposed to market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds.

The maximum risk arising from financial instruments equals their fair value. The Fund does not engage in short selling.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

11.2 Risk management structure

The Board has established an ongoing process, with the Fund's Investment Manager responsible to identify, evaluate and manage the principal risks affecting the Fund. The Investment Manager performs a risk assessment which is updated and reported to the Board at least on an annual basis. The Investment Manager provides a regular report to the Board on compliance matters and internal control.

11.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity securities prices, foreign exchange rates and interest rates.

(a) Price risk

Price risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

The Fund is exposed to market price risk on all of its investments. Currently all of the investments of the Fund are in equity securities of listed Vietnamese companies, resulting in a concentration of market price risk as the value of the financial assets of the Fund are particularly heavily dependent on the performance of the Vietnam stock markets.

The Vietnam stock markets may be impacted by global market factors and by geopolitical risks, including the possibility of maritime disputes with China.

The Fund attempts to limit its risks through portfolio diversification, and has adopted a range of appropriate investment restrictions and policies, including the Fund may not invest more than 20% of the net asset value in any single investee company at the time of investment. The current intention is to invest no more than 40% of the Fund's assets at the time of investment in any one sector.

As at 31 December 2018, the investment portfolio of the Fund held 26 different stocks (31 December 2017: 24 stocks).

As at 31 December 2018, the value of one holding in the equity of an issuer within the consumer staples sector is 14.0% of the net asset value of the Fund (31 December 2017: 9.1%). There are no other holdings with value exceeding 10% of the net asset value of the Fund as at 31 December 2018.

Analysis of financial assets at fair value through profit or loss by industrial sector:

	31 December 2018		31 December 2017	
	US\$	%	US\$	%
Industrials	4,105,412	25.5	1,959,090	19.8
Materials	3,036,148	18.8	2,733,441	27.6
Consumer staples	2,277,593	14.1	1,145,437	11.6
Consumer discretionary	2,224,362	13.8	849,911	8.6
Financials	2,052,251	12.7	1,963,238	19.8
Real estate	1,457,040	9.0	657,656	6.6
Energy	549,601	3.5	239,197	2.4
Utilities	415,011	2.6	351,539	3.6
	16,117,418	100.0	9,899,509	100.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

11.3 Market risk (continued)

(a) Price risk (continued)

Sensitivity analysis

The following table summarises the sensitivity of the Fund's net assets and average NAV per share to movements in the VNMid, which is the capitalisation-weighted index comprising the listed shares of seventy medium market capitalisation companies listed on the Ho Chi Minh City Stock Exchange. The Fund has been in existence for just over three years as at 31 December 2018 and the calculation uses three years' data. As at 31 December 2017, the Fund was in existence for 25 months which gives insufficient data to calculate a beta and to perform a sensitivity analysis.

The historical beta of the Fund's equity portfolio with upward movements in the VNMid is 0.70 of the VNMid gain and 0.84 of downward movements in the VNMid.

Based on the assumption that the fair value of the Fund's portfolio of equity securities moved according to its historical correlation with the VNMid, a 20% increase and a 20% decrease in the VNMid with all other variables held constant would have the following effect:

	31 December 2018	
	Net assets/Profit or loss	NAV per share
	US\$	US\$
Effect of a 20% increase in the VNMid	2,256,439	0.43
Effect of a 20% decrease in the VNMid	(2,707,726)	(0.52)

The Investment Manager uses the VNMid as a reference point. However, the Investment Manager does not manage the Fund's investment strategy to track the VNMid or any other index or external benchmark. The sensitivity analysis presented is based upon the historical correlation of the Fund's investment portfolio to the VNMid. The composition of the Fund's investment portfolio and the correlation to the VNMid can be expected to change over time. The sensitivity analysis prepared as at 31 December 2018 is not necessarily indicative of the effect on the Fund's net assets and NAV per share of future movements in the VNMid.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. To the extent that the Fund may hold assets and liabilities that are denominated in a currency other than the functional currency, the value of the Fund's assets and liabilities may be affected favourably or unfavourably by fluctuations in currency rates. The Investment Manager monitors the exposure on all foreign currency denominated assets and liabilities.

Sensitivity analysis

The table on the following page indicates the foreign currencies to which the Fund had significant exposure at 31 December on its monetary financial assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Dong on an increase or decrease in equity with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

11.3 Market risk (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Change in currency rate	Effect on equity (relates to monetary financial assets and liabilities)	
		2018	2017
	%	US\$	US\$
US dollar	+3	(768)	516

An equivalent decrease in US dollar against the Dong would have resulted in an equivalent but opposite impact.

The Fund had no non-monetary financial assets or liabilities denominated in foreign currencies as at 31 December 2018 and 31 December 2017.

The following table sets out the Fund's exposure to foreign currency exchange rates on monetary financial assets and liabilities and total financial assets and liabilities at the reporting date.

Concentration of foreign currency exposure

	2018	2017
% of total monetary financial assets		
US dollar	5.3%	64.6%
% of total monetary financial liabilities		
US dollar	100.0%	100.0%
% of total financial assets		
US dollar	0.1%	1.7%
% of total financial liabilities		
US dollar	100.0%	100.0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

11.3 Market risk (continued)

(b) Foreign currency risk (continued)

Conversion risk

All of the Fund's equity investments are denominated in Dong and pay dividends in Dong. Shareholders' investments in the Fund are made in US dollar, and the Fund converts such US dollar into Dong prior to making investments. The Fund may need to convert Dong to a foreign currency to make distributions, if any, to shareholders or to settle redemptions of participating shares, but the Dong currently is not a freely convertible currency. There have been occasions in the past when there was limited availability of hard currency in the Vietnam banking system, and this situation may recur. The most recent such period ended in the first half of 2011. It is possible that the Fund may have difficulty accomplishing the conversion of Dong into foreign currencies, or such conversion may only be possible at exchange rate levels at which the Fund will suffer considerable exchange losses. Any delay in conversion increases the Fund's exposure to devaluation of the Dong against other currencies. If conversion is not effected at all, some of the Fund's assets may be denominated in a non-convertible currency.

The Fund may seek to hedge against a decline in the value of the Fund's investments in US dollar terms resulting from currency depreciation but only if and when suitable hedging instruments are available on a timely basis and on acceptable terms. There is no assurance that any hedging transactions engaged in by the Fund will be successful in protecting against currency depreciation. The Fund has no outstanding hedging instrument as at 31 December 2018 and as at 31 December 2017.

(c) Interest rate risk

Interest rate risk is the risk that the value of interest-bearing assets will fluctuate in value as a result of changes in interest rates.

The majority of the Fund's financial assets are non-interest bearing. As a result, the Fund does not have direct exposure to a significant amount of risk due to fluctuations in the prevailing level of market interest rates. The Fund may be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests. The investment research team of the Investment Manager incorporates exposure to interest rate changes in its valuation models for investee companies when appropriate.

11.4 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. For transactions of listed securities in Vietnam, the risk of default is considered minimal as it is a pre-funding market. The availability of cash for a buy trade or securities for a sell trade is confirmed to the relevant broker by the custodian bank before trade execution. Securities are settled through the Vietnam Securities Depository and the cash settlement is outsourced to a Vietnamese State-owned bank.

The bank accounts of the Fund are held at a bank in Hong Kong that has a Standard & Poor's rating of short-term A-1+, long-term AA- and outlook stable as at 31 December 2018 and 31 December 2017 and in the Vietnam subsidiary of a United Kingdom bank which does not have a separate credit rating.

None of the financial assets held by the Fund as at 31 December 2018 and as at 31 December 2017 was either past due or impaired at the reporting date.

11.5 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

11.5 Liquidity risk (continued)

Participating shares

The Fund is exposed to monthly cash redemptions of shares. Substantial withdrawals by investors within a short period of time could require the Fund to liquidate investments more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy.

In order to manage the Fund's overall liquidity, there is a notice period of three months for monthly redemptions. Furthermore, if required, the maximum net redemption on each dealing day will be restricted to the average daily turnover at the Hanoi Stock Exchange of the 10 business days preceding that dealing day.

The Investment Manager will seek to satisfy redemption requests firstly by endeavouring to raise new subscriptions for the Fund.

The policy of the Fund is to invest the majority of its assets in investments that are traded in an active market and can be readily disposed. Investments in prelisting equity investments are restricted to no more than 10% of the Fund's assets at the time of investment.

Financial assets

For all purchases of listed securities in Vietnam, as it is a pre-funding market, the Fund will have sufficient cash available before trade execution to settle the liability.

When making investments in prelisting companies, the intention of the Fund is that liquidity will be provided by the subsequent listing of the shares of the prelisting company. However, the length of time before a prelisting company completes a listing of its shares usually cannot be forecasted accurately at the time of investment, and it is possible that in certain cases the prelisting company does not accomplish a listing and the Fund will be holding a relatively illiquid investment.

Financial liabilities

The Fund is not permitted to borrow money or to grant security over its assets.

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than one month	One month to 12 months	Total
	US\$	US\$	US\$
31 December 2018			
Accrued fees and other payables	3,785	34,375	38,160
Contractual cash out flows	3,785	34,375	38,160
31 December 2017			
Performance fee payable	-	135,756	135,756
Accrued fees and other payables	4,682	16,000	20,682
Contractual cash out flows	4,682	151,756	156,438

If it was required, the Fund could sell listed equity securities to raise sufficient cash in less than five days to settle outstanding financial liabilities as presented in the preceding table.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

11.6 Capital risk management

The capital of the Fund is represented by the redeemable participating shares. The capital of the Fund could change significantly on a monthly basis as the Fund is subject to monthly subscriptions and redemptions at the discretion of shareholders. As the Fund has been in operation for just over three years and there have been no redemptions to date, currently it is not possible to forecast the expected cash outflow on redemptions.

The Fund is not subject to externally imposed capital requirements. As the Fund is registered under Section 4(3) of The Mutual Funds Law of the Cayman Islands, there is a minimum size of initial subscription that can be accepted from new shareholders, which is set out in the Prospectus as US\$100,000. The Fund has no other legal restrictions on the issue or redemption of participating shares beyond those included in the Fund's Articles and Prospectus.

The Fund's objectives when managing capital are:

- To invest the capital in investments meeting the investment policies and within the investment restrictions as set out in the Prospectus;
- To achieve superior returns and generate value for shareholders of the Fund over the longer term;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To reach sufficient size to make the operation of the Fund cost-effective.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Endeavour to raise new subscriptions for the Fund;
- Monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate within three months; and
- Redeem and issue new shares in accordance with the Prospectus of the Fund, which includes the ability to restrict redemptions in specified circumstances.

The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets of the Fund.

12. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no significant events occurring after the statement of financial position date which would require adjustments or disclosures to be made in the financial statements.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements as at and for the year ended 31 December 2018 were approved by the Board of Directors of the Fund on 10 May 2019.

EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) (the "AIFMD") imposes obligations on the managers ("AIFM") of alternative investment funds ("AIF") in the EU or managers who market shares in such funds to EU investors.

The Investment Manager notified the UK Financial Conduct Authority on 17 November 2015 that it would market the shares of the Fund under the UK National Private Placement Regime.

Transparency requirements

In accordance with the transparency requirements specified by the AIFMD, an annual report of an AIF that is marketed in the EU is required to include:

- (a) *a statement of financial position or a statement of assets and liabilities;*
- (b) *an income and expenditure account for the financial year;*
- (c) *a report on the activities of the financial year;*
- (d) *any material changes in the information listed in Article 23 (Disclosure to investors) during the financial year covered by the report; and*
- (e) *specified disclosures of remuneration paid by the AIFM to its staff.*

The Annual Report and Financial Statements of the Fund for the year ended 31 December 2018 includes the statement of financial position, income and expenditure account and report on the activities of the period as required by the AIFMD.

There are no material changes in the information disclosed to shareholders in the updated Prospectus issued in November 2018 up to the end of the financial year.

The remuneration disclosures are as follows:

	2018	2017
	US\$	US\$
Total remuneration paid to the staff of the Investment Manager		
Fixed	1,051,223	1,073,234
Variable	290,817	140,089
Total	1,342,040	1,213,323

The amount of remuneration set out above relates to 24 members of senior management and staff (2017: 25). This is the total remuneration of senior management and staff, as there is no allocation of costs performed between the Fund and other portfolios managed by the Investment Manager.

The Investment Manager has a policy to allocate a proportion of profit of the Investment Manager for each financial year to a bonus pool. The directors of the Investment Manager decide on the allocation of the bonus pool to each department and, in consultation with the head of each department, the allocation of the bonus to individual staff members based on an assessment of their performance and contribution to the company during the financial year.

EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

Periodic disclosures

AIFMs are required for each AIF that is marketed in the EU to periodically disclose to investors:

- (a) the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;*
- (b) any new arrangements for managing the liquidity of the AIF; and*
- (c) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks.*

No assets of the Fund were subject to special arrangements arising from their illiquid nature and there were no new arrangements for managing the liquidity of the Fund employed during the period ended 31 December 2018 and up to the date of approval of this Annual Report.

The risk profile of the Fund and the risk management systems employed by the Investment Manager to manage those risks are described in Note 11 to the financial statements on pages 29 to 35.

AIFMs marketing AIFs in the EU that employ leverage are required, for each AIF, to disclose:

- (a) any changes to the maximum level of leverage which the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and*
- (b) the total amount of leverage employed by the AIF.*

The Fund has not employed leverage during the period ended 31 December 2018 and up to the date of approval of this Annual Report.

www.pxvietnam.com

