

Newsletter

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



Manager's Commentary

July finished a day early for the Fund due to a #8 typhoon signal in Hong Kong on the 31st, which meant that the quarter point narrowing of the underperformance on that day will be carried over into August. This would definitely have been a year (so far) to own an ETF rather than an actively managed fund with only the two of those and the quasi-ETF JP Morgan Vietnam Opportunities Fund anywhere close to the index YTD. Early signs of life at the cheaper end of the market will hopefully continue for the remainder of the year, and would eradicate the gap if the current pace continues, so we're relatively relaxed and still don't want to own stocks on 70 times earnings just because they are considered too big to fail, as was one local broker's recent recommendation.

Our final trading day of the month saw the VNI force its nose above the 1,000 point level for the first time since 9 April 2019, similarly beating a hasty retreat after sticking its head above the parapet. This time credit is due to the U.S. Trade Representative, Robert Lighthizer, warning Vietnam that it needs to cut its trade surplus with the land of the free and home of the brave in a story published an hour into market hours. Vietnam reacted well, licensing a couple of new airlines in the following days in order to add some more Boeings to the shopping list, and making all the right noises about preventing trans-shipment. The US administration's focus has since shifted back to trying to get some sort of a deal with China even as its government is somewhat distracted by events 1,500 km north-east of here.

The view from Phan Xi Pang sees the VNI having another look at the 1,000 level with the same five large caps (VCB, VIC, VHM, GAS and BID – none of which we own) doing the heavy lifting as was the case in July. Once we're over the barrier (likely next week) we anticipate a further broadening of stock participation and a decent advance through the remainder of the year, predicated on a still vibrant economy, an improving earnings outlook and less pressure on the trade gap with the US, as the idea of Vietnam as a counterbalance to China's East Sea hegemony overrides the need for a "win" against a perceived easy target. Obviously the latter strategy didn't work out so well the last time, but I digress.

The missing piece of the puzzle remains the further opening of the market to foreign investors in a meaningful way whilst they still care. We hear anecdotes of large piles of foreign cash desperate to find a way in to the Vietnam market but becoming increasingly frustrated at the glacial progress of legislation facilitating that, and questions are increasingly being asked about the government's real level of commitment to developing the market. The danger is, of course that by the time they fully understand the benefits of a more diversified investor base, the close to optimal conditions, both macro and micro, that we have in place now may have waned somewhat as the cycle matures, and it may prove too little, too late. That's still a way off and the Vietnamese have proven themselves pretty adept at pulling metaphorical rabbits out of conical hats so it isn't time to despair yet. In fact, if you share our short-term market outlook, it may even be time to get mildly excited. Or fully excited if you're not English. Caveat Trumpton, naturally.

Fund NAV

Launch Date	3 November 2005
Issue Price	US\$ 5.00
NAV per share	At 30 July 2019
Series 1 (Lead Series)	US\$ 8.925
Series 1A	US\$ 9.786
Series 1B	US\$ 9.785
Series 40-43, 45-53	US\$ 8.925
Series 44	US\$ 8.926
Fund Size	US\$ 75.3mn

Top 10 Holdings

(As at 30 July 2019)	% of Assets
HCMC Securities (HCM)	20.0
FPT Corporation (FPT)	15.0
Vinamilk (VNM)	14.5
Hoa Phat Group (HPG)	14.2
CotecCons Construction (CTD)	5.7
Danang Rubber (DRC)	5.5
PXP Vietnam Smaller Companies Fund*	4.8
Vietnam Container Shipping (VSC)	3.8
Nui Nho Stone (NNC)	3.2
Viet Capital Securities (VCI)	2.5
Number of Holdings	Listed 24 Unlisted 3

*all fees rebated by the Investment Manager

Vietnam Macro & Market Releases

2018 2019 YTD

GDP Growth y/y**	7.08%	6.76%
Trade surplus*	US\$ 7.2bn	US\$ 1.8bn
CPI y/y*	2.98%	2.44%

Latest

Vietnam Dong / USD*	23,202
HIS Markit PMI*	52.6
Disbursed FDI y/y*	7.1%

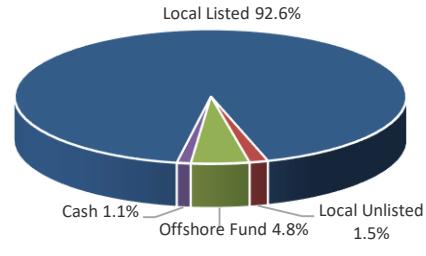
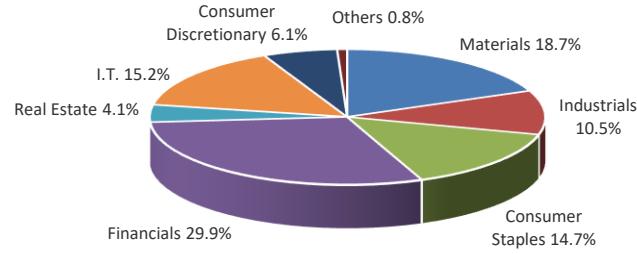
HCMC Stock Exchange Jul 18 Jul 19

Market Cap*	US\$ 131bn	US\$ 144bn
Average Daily Trade*	US\$ 167mn	US\$ 172mn
Foreign Buying YTD*	US\$ 1,454mn	US\$ 529mn

Source: GSO, Customs Office & Bloomberg

*Latest monthly data **Latest quarterly data

Portfolio Breakdown



NAV Performance: Rolling

PXP VEEF* Viet Nam Index**

July 2019	-1.78%	+4.25%
1 Year	-10.69%	+3.44%
2 Years	-1.53%	+23.20%
3 Years	+18.62%	+45.29%
4 Years	+35.72%	+49.29%
5 Years	+38.35%	+51.31%
6 Years	+82.70%	+82.70%
7 Years	+113.77%	+113.83%
8 Years	+140.31%	+115.61%
9 Years	+67.35%	+64.32%
10 Years	+78.82%	+62.23%
11 Years	+99.75%	+57.85%
12 Years	-18.99%	-24.46%
13 Years	+42.48%	+61.03%
Inception	+78.50%	+109.46%

NAV Performance: Calendar

PXP VEEF* Viet Nam Index**

YTD	-1.52%	+10.42%
2018	-18.05%	-11.20%
2017	+51.70%	+48.43%
2016	+11.62%	+13.39%
2015	+7.26%	+0.91%
2014	+12.72%	+6.61%
2013	+30.58%	+20.47%
2012	+24.91%	+18.89%
2011	-30.58%	-32.76%
2010	-15.56%	-7.16%
2009	+82.43%	+48.31%
2008	-73.59%	-68.81%
2007	+24.68%	+23.61%
2006	+87.37%	+142.38%

*All figures are NET of fees **Index performance in US\$

All performance data as at 30 July 2019

Fund Information

Legal Form: Cayman Islands Mutual Fund
Fund Manager: PXP Vietnam Asset Management
Inception: 3 November 2005
Issue Price: US\$ 5.00
Administrator: Apex Fund Services
Custodian: DBS Bank Ltd, Hong Kong Branch
Auditor: Ernst & Young Ltd
ISIN: KYG7306V1005
FATCA GIIN: GI1WDZ.99999.SL.136
Bloomberg: PXPVEEF KY
Auditor: Ernst & Young Ltd
Swiss Representative Agent: ARM Swiss Representatives SA
Swiss Paying Agent: Banque Cantonale de Genève

Fund Directors

Mr. Philip Smiley
 Mr. Antony Jordan
 Ms. Trinh Thanh Mai
 Mr. Simon Raybould
 Mr. Christopher Vale
(all Non-Executives)

Portfolio Manager

Mr. Kevin Snowball

Liquidity & Fees

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

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