

Newsletter

A Cayman-domiciled mutual fund with monthly liquidity. The investment objective of the Fund is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of smaller Vietnamese companies with a market capitalisation of US\$ 20 million to US\$ 250 million at time of initial investment.



Manager's Commentary

The NAV of the Fund posted a decline of 0.72% in the month to 30th July 2019, whilst the benchmark VNMid Cap Index declined by 0.44% in USD over the same period. Year-to-date the NAV has increased by 5.30% compared to a rise in the benchmark of 2.73%. The broader Viet Nam Index rose by 4.25% to July 30th as outsized gains in index heavy-weights VietcomBank and Vingroup / Vinhomes were the bulk of the contribution.

Vietnam's equity markets continue to slog their way slowly higher through the summer months with the VNI getting within a whisker of breaking up through 1,000 points before the latest Trump-Twitter-volley on tariffs pulled the rug out from under us yet again. The macroeconomic picture is as highlighted previously, with the positive outlook reinforced by the July Markit PMI rising to 52.6 from 52.5 in Vietnam pointing to continued growth in manufacturing activity at foreign directed investment enterprises. Monthly trade data in July saw exports rise 7.5% y/y, imports rise 8.3% for an addition of \$200mn to the year-to-date trade surplus of \$1.8bn (these earlier Government Statistics Office are often dramatically revised mid-month).

Vietnamese listed corporates have, for the most part, released their financial results for the second-quarter of 2019 and we are encouraged to report that the majority of the portfolio has either met or exceeded our forecasts. One main area of weakness in Q2 results was in hydro-electric power generation through the end of a dry season with less precipitation than normal as El-Niño persists, but this is expected to be short-term in nature and will produce much stronger comparable numbers this time next year. The second weaker area through this year was in the securities brokerage sector, with top holding *Ho Chi Minh City Securities* (HSC) reporting a decline of 59% in six-month net income in 2019 compared to the same period in 2018. With the Viet Nam Index having posted a new all-time-high in April 2018, there is a high-base effect translating to a market turning over just half of what it was last year on a daily basis. HSC maintained its market share of c.11% across the Ho Chi Minh City Stock Exchange and is well capitalised following a rights issue earlier this year for the re-emergence of meaningful foreign inflows. Earnings growth elsewhere was excellent; and we would highlight property developer *Nam Long Group* (which has long been at the foreign ownership limit), Vung-tau property developer *Hodeco* (HDC), stone tiling & wooden furniture exporter *Phu Tai Corporation* (PTB), and air-freight logistics company *Saigon Cargo Services* (SCS) and airport F&B and duty-free retailer *Taseco Air Services* (AST), most of which have experienced positive moves in their share prices following results publication.

Fund NAV

Launch Date	8 December 2015
Issue Price	US\$2.50
NAV per share	At 30 July 2019
Lead Series	US\$ 3.299
Series 12-18	US\$ 3.299
Fund Size	US\$17.3mn
ISIN (Lead Series)	KYG7307A1058

Top 10 Holdings

(As at 30 July 2019)	% of Assets
Vinh Hoan Corporation (VHC)	12.2
Dong Hai JSC of Ben Tre (DHC)	9.6
HCMC Securities Corporation (HCM)	8.5
Phuoc Hoa Rubber (PHR)	7.2
Nam Long Group (NLG)	7.1
Power Construction JSC No.1 (PC1)	6.5
Ba Ria - Vung Tau House Development (HDC)	4.9
Phu Tai Corporation (PTB)	4.8
Saigon Cargo Service Corporation (SCS)	4.5
Taseco Air Services (AST)	4.2
Number of Listed Holdings	24

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%

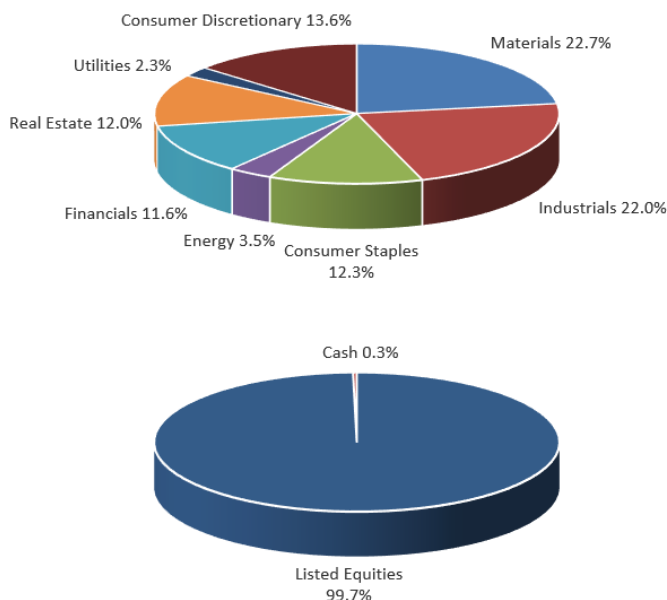
	Latest
Vietnam Dong / USD*	23,202
HIS Markit PMI*	52.6
Disbursed FDI y/y*	7.1%

HCMC Stock Exchange	July 18	July 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 VSCF*	VNMidcap Index**
July 2019	-0.72%	-0.44%
1 Year	+3.29%	-3.91%
2 Years	+2.97%	-12.03%
3 Years	+12.17%	+5.72%
Inception	+31.96%	+26.12%

NAV Performance: Calendar

	PXP VSCF*	VNMidcap Index**
YTD	+5.30%	+2.73%
2018	-8.55%	-14.59%
2017	+21.49%	+33.47%
2016	+13.44%	+6.89%
2015	-0.56%	+0.76%

*All figures are NET of fees **Index performance in US\$
All performance data as at 30 July 2019

Fund Information

Legal Form: Cayman Islands Mutual Fund
Fund Manager: PXP Vietnam Asset Management
Inception: 8 December 2015
Issue Price: US\$2.50
Administrator: Apex Fund Services
Custodian: DBS Bank Ltd, Hong Kong
Auditor: Ernst & Young Ltd
ISIN: KYG7307A1058
FATCA GIIN: CS5VS4.99999.SL.136
Bloomberg: PXPVSCF KY

Fund Directors

Mr. Christopher Vale
Non-Executive Director
Ms. Rachel Provost
Non-Executive Director

Portfolio Manager

Mr. Lawrence Brader

Liquidity & Fees

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

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