

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

August was a better month for the Fund from both an absolute and relative perspective, in spite of having given back just under 2% of additional gains in the final week of the month in response to another round of tariff tit-for-tattery just as the index was launching its monthly assault on the 1,000 point level. A quicker response to good news (which is beginning to feel like anything that isn't terrible news) should give us a leg up and over (no pun intended), hopefully before boredom sets.

We have discovered three recent press articles (from today and yesterday) which you might find of interest as a little background reading:

The first, from Market Watch, might seem awfully familiar on how and why emerging market investors are "flocking" to Vietnam in response to the trade war, since pretty much everyone wrote something similar six months ago. Ignoring the sheep motif (there's a link to an article entitled "Here's how to play the trade war with ETFs"), it might seem that the implication that the path to Vietnam's door is being beaten by investors is something of an exaggeration with turnover down 30% year-on-year in a market with a seeming inability to mount any semblance of a sustained rally, but it might catch the attention of someone who doesn't already own a basket of over-priced stocks. Here's the link anyway: [U.S.-China trade tensions lead emerging-market investors to flock to Vietnam](#).

Next up, from today's Financial Times (and speaking of over-priced stocks) is an article describing our perennial favourite Vingroup's (only joking; we still don't own it) intended route to a successful entry to the highly competitive worlds of cars and smartphones, a week after the government announced a little over US\$ 4 billion in subsidies to the Vietnamese automobile industry (essentially Vingroup). If you're unimpressed with the idea of governments subsidising private companies, have a look instead at how Vingroup intend to "promote" sales: [FT - Vietnam's Vingroup gives hard sell to own workers](#). Another bit of Vingroup is also in the news for having attracted a US\$ 500 million investment from Singapore's GIC into a recently created supermarket-operating subsidiary, buying sizeable blocks of shares from sources including, it would seem, two as yet unspecified individuals. If you can't or don't want to buy Vingroup direct, it's the biggest Vietnamese stock by market capitalisation and presumably the highest weighted holding in the ETF referred to above.

Lastly (and probably least since I'm quoted in it) is this from Voice of America news (also available, apparently, in the Sierra Leone Times, should you prefer): [Vietnam Economy Benefits from US-China Trade War Spillover](#). This one has more on Vietnam as beneficiary of the trade war plus views on GDP growth and Vietnam's restating of same for the past seven years or so. My comment on the latter - pointing out that a cynic might suggest that a 25% increase in GDP could be seen as providing a convenient boost to public borrowing capacity with only 4% left of a cap at 65% of GDP given the completely moribund state of the state-owned enterprise equitisation to privatisation process - failed to make the cut. In good news, the government has published a list of SOEs to be equitised by the end of 2020. Mobifone appears on that list for, I believe, the seventeenth consecutive year.

Fund NAV

Launch Date 3 November 2005
Issue Price US\$ 5.00

NAV per share **At 30 August 2019**

Series 1 (Lead Series) US\$ 9.107
Series 1A, 1B US\$ 9.985
Series 40, 42, 43, 45-53 US\$ 9.107
Series 41, 44 US\$ 9.108
Series 54 US\$ 9.089

Fund Size **US\$ 76.5mn**

Top 10 Holdings

(As at 30 August 2019)	% of Assets
HCMC Securities (HCM)	19.3
FPT Corporation (FPT)	16.5
Hoa Phat Group (HPG)	14.5
Vinamilk (VNM)	14.2
Danang Rubber (DRC)	6.2
PXP Vietnam Smaller Companies Fund*	4.8
CotecCons Construction (CTD)	4.7
Vietnam Container Shipping (VSC)	3.9
Nui Nho Stone (NNC)	3.1
Viet Capital Securities (VCI)	2.4
Number of Holdings	Listed 24 Unlisted 3

*all fees rebated by the Investment Manager

Vietnam Macro & Market Releases

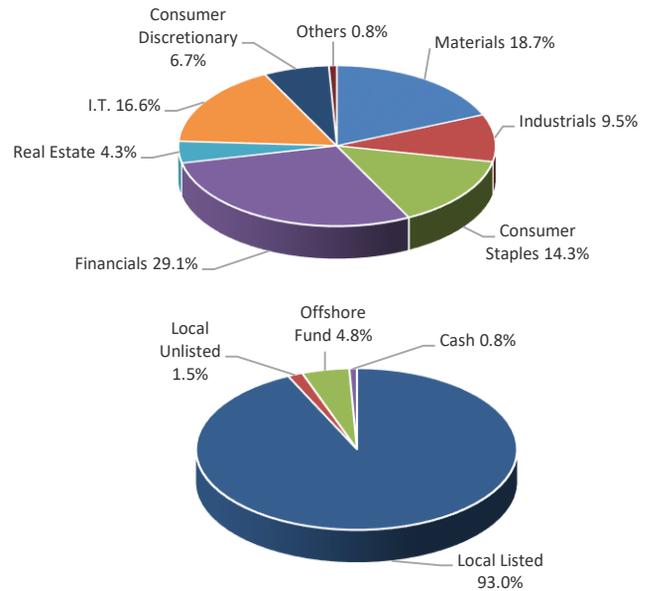
	2018	2019 YTD
GDP Growth y/y**	7.08%	6.76%
Trade surplus*	US\$ 7.2bn	US\$ 3.4bn
CPI y/y*	2.98%	2.26%

Latest	
Vietnam Dong / USD*	23,203
IHS Markit PMI*	51.4
Disbursed FDI y/y*	6.3%

HCMC Stock Exchange	Aug 18	Aug 19
Market Cap*	US\$ 136bn	US\$ 143bn
Average Daily Trade*	US\$ 190mn	US\$ 194mn
Foreign Buying YTD*	US\$ 1,338mn	US\$ 456mn

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

Portfolio Breakdown



NAV Performance: Rolling

	PXP VEEF*	Viet Nam Index**
August 2019	+2.04%	-0.20%
1 Year	-13.25%	-0.18%
2 Years	+1.93%	+23.13%
3 Years	+14.21%	+40.22%
4 Years	+46.30%	+68.83%
5 Years	+34.62%	+41.23%
6 Years	+87.54%	+89.40%
7 Years	+126.88%	+122.70%
8 Years	+133.63%	+108.03%
9 Years	+90.32%	+81.64%
10 Years	+56.21%	+38.24%
11 Years	+62.95%	+30.00%
12 Years	-19.18%	-24.18%
13 Years	+33.57%	+38.27%
Inception	+82.14%	+109.03%

NAV Performance: Calendar

	PXP VEEF*	Viet Nam Index**
YTD	+0.49%	+10.19%
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 August 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: G11WDZ.99999.SL.136
Bloomberg: PXPVEEF KY

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