

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

That was a bit more like it, with September performance comfortably exceeding that of not only the VNI but of every single member of the peer group. Only one (the New York-listed Van Eck Vectors Vietnam ETF) was within 2% of the Fund's September return. Interestingly (perhaps), although the VNI once again traded above 1,000 points during the month (reaching a high of 1004.17), and once again failed to close above it (peaking at 999.59), the index would have finished the month at 1038.95 if it had done as well as the Fund did in September. We wonder whether the VNI is losing its relevance to anyone not fixated on big round numbers. It does seem odd that index futures on one index (the VN30) are used so aggressively to put a cap on an entirely different barometer.

The reasons for the surge toward the mean are pretty much as outlined in previous Newsletters with a moderation of the scramble for liquidity at any price. Our top two holdings (Ho Chi Minh City Securities & FPT) were up 20.3% and 9.5% respectively in the month, whilst of the triumvirate of Vin-things, only VinHomes (VHM) recorded a positive month: Vingroup (VIC) and Vincom Retail were down 2.2% and 3.6% respectively. We reiterated our commitment to owning stocks with a long-term, high-conviction perspective rather than being distracted by a short-term divergence of relative returns in the Fund's 2019 Interim Report, published at the end of August. If you haven't seen it, you can find it here:

[XPX VEEF Interim Report 30 June 2019](#)

Perhaps the most interesting development of the month (if not the year) was the announcement of two new local ETFs to be launched in November by Dragon Capital's local subsidiary VietFund which, whilst requiring access to a local trading code, are not subject to foreign ownership limits, either in the units of the Fund itself or in its holdings. One will focus on Financials, including various banks at the foreign ownership limit. The more interesting of the pair, the Vietnam Diamonds ETF, will exclusively hold stocks at the foreign ownership limit and we expect this to attract substantial foreign flows. It may not be ideal for an investment manager to wield such a dominant presence in the market - previously via their IPO platform (when we used to have such things in this market) and now potentially through a suite of local ETFs - but one has to applaud their ability to execute, even if the ideas weren't originally their own. Whether the work-around to foreign limits offered by these vehicles will be sufficient to sway MSCI that the market has opened sufficiently to warrant inclusion on its Emerging Market Index watch-list come June 2020 remains to be seen, but it represents a pretty good effort given continued legislative stasis.

Fund NAV

Launch Date	3 November 2005
Issue Price	US\$ 5.00
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NAV per share	At 30 September 2019
Series 1 (Lead Series)	US\$ 9.615
Series 1A	US\$ 10.543
Series 1B	US\$ 10.542
Series 40, 41, 43, 44, 45, 48, 49	US\$ 9.616
Series 42, 46, 47, 50	US\$ 9.615
Series 51	US\$ 9.614
Series 52	US\$ 9.599
Series 53	US\$ 9.603
Series 54	US\$ 9.530
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Fund Size	US\$ 80.4mn

Top 10 Holdings

(As at 30 September 2019)	% of Assets
HCMC Securities (HCM)	21.3
FPT Corporation (FPT)	17.0
Vinamilk (VNM)	14.3
Hoa Phat Group (HPG)	13.6
Danang Rubber (DRC)	6.1
XPX Vietnam Smaller Companies Fund*	4.6
CotecCons Construction (CTD)	4.5
Vietnam Container Shipping (VSC)	3.4
Nui Nho Stone (NNC)	2.9
Viet Capital Securities (VCI)	2.4
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Number of Holdings	Listed 24 Unlisted 3

*all fees rebated by the Investment Manager

Vietnam Macro & Market Releases

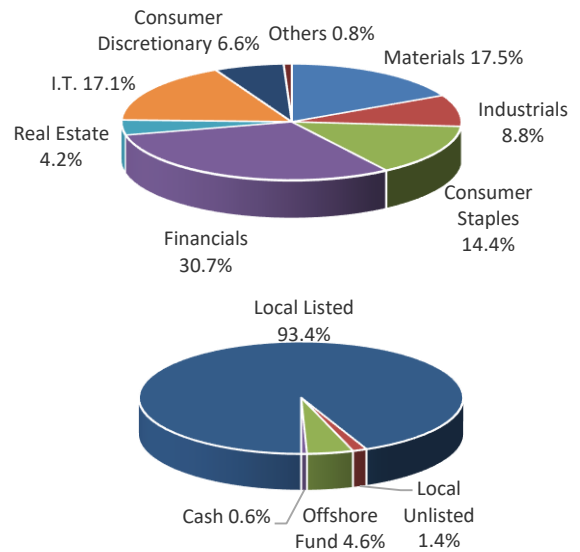
	2018	2019 YTD
GDP Growth y/y**	7.08%	6.98%
Trade surplus*	US\$ 7.2bn	US\$ 5.9bn
CPI y/y*	2.98%	1.98%

Latest	
Vietnam Dong / USD*	23,202
IHS Markit PMI*	50.5
Disbursed FDI y/y*	7.3%

HCMC Stock Exchange	Sep 18	Sep 19
Market Cap*	US\$ 140bn	US\$ 145bn
Average Daily Trade*	US\$ 205mn	US\$ 179mn
Foreign Buying YTD*	US\$ 1,396mn	US\$ 439mn

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

Portfolio Breakdown



NAV Performance: Rolling

	PXP VEEF*	Viet Nam Index**
Sep 2019	+5.58%	+1.27%
1 Year	-14.16%	-1.52%
2 Years	+5.07%	+21.39%
3 Years	+20.88%	+39.68%
4 Years	+55.53%	+71.60%
5 Years	+43.61%	+52.13%
6 Years	+88.01%	+84.13%
7 Years	+148.84%	+128.15%
8 Years	+151.37%	+109.23%
9 Years	+99.85%	+84.04%
10 Years	+47.99%	+31.92%
11 Years	+103.58%	+56.12%
12 Years	-22.51%	-34.00%
13 Years	+33.95%	+30.92%
Inception	+92.30%	+111.69%

NAV Performance: Calendar

	PXP VEEF*	Viet Nam Index**
YTD	+6.09%	+11.60%
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 September 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