

PYN Elite Monthly Review - August 2018

Fund Information

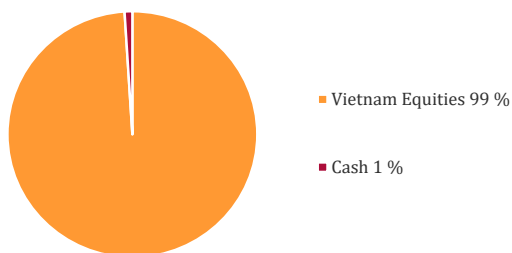
Fund Focus	Asia ex Japan
Market Focus	Vietnam
ISIN	FI0008803812
Bloomberg	ELITE FH
Subscription / Redemption fee	0%*
Management fee	1%
Performance-based fee, HWM	12%
Current HWM (31 January 2018)	325.362 EUR

*Subscription fee is 5 % for amounts of 3 million EUR or more

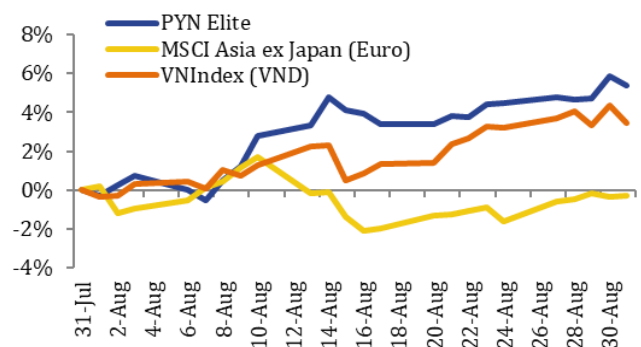
Fund Performance per 31.08.2018

Net Asset Value (NAV) per Unit	301.468 EUR
Assets under Management	423 mil. EUR
Change Month-on-Month	5.4%
Change Year-to-date	-4.7%
Change since Inception (Feb 1999)	2 914.7%
Annualized Return since Inception	19.0%
Next Subscription Date	28.09.2018
Contact Email	info@pyn.fi

Allocation of PYN Elite



Fund Return vs Index



Comments

In August, PYN Elite gained 5.4% primarily supported by VND, HBC and HDB. VN Index advanced 3.5% on energy name GAS and banks. Trading volume remained subdued at \$230m/day in August, cf. \$350m/day in 1H2018. After all 720 Vietnamese companies finished results reporting, all companies' net profit grew 29% YoY in 1H2018.

As the crisis in Argentina/Turkey put spotlights on emerging market's foreign currency debt, we'd like to put Vietnam into perspective. Vietnam's external debt is around 100 billion USD as of 2017 (48% of GDP). However, unlike many emerging countries whose external debt are mainly bonds and commercial bank loans, approximately half of Vietnam's external debt are preferential loans from multilateral/bilaterally institutions, such as World Bank, ADB, IMF and JICA, to finance its infrastructure projects. According to World Bank, on average, such loans have interest rate of only 1.2% and maturity of 30 years. Currency-wise, 50% of Vietnam's external debt is denominated in US dollars, 27% in Japanese Yen, and the rest in SDR and Euro. In addition, the short-term external debt amounts to 17 billion, and is sufficiently covered by its foreign reserves which hit new high of \$64 billion in May 2018. On the trade front, Vietnam runs a trade surplus of \$2.8 billion YTD, supported by strong export growth of 14.5% YoY in 8M2018.

Domestically, the State Bank of Vietnam takes a slightly cautious stance on credit growth. In previous years, SBV usually grant credit growth quota for each banks at the beginning of the year, and extend quota to certain banks in the second half. This month, amid inflation concerns, SBV decided not to approve quota extension to any banks (except special case strong banks acquiring weak banks, e.g. HDB acquiring PGB). We consider SBV stance sensible. And we also think net interest margin expansion and fee income activities contribute to banks' profit more than credit growth alone.

HDB expects to get regulatory approval of PGBANK merger by mid-September. We believe this provides a share price catalyst, as the merger meets the credit quota exception condition set out by SBV. Post-merger, HDB is able to grow credit by 40%, in sharp contrasts with most peers who are capped at below 15%.

Macro: Retail sales +11.2% YoY. Industrial Production +11.2%. International Tourists +22.8%. Moody's upgrade Vietnam's sovereign ratings.

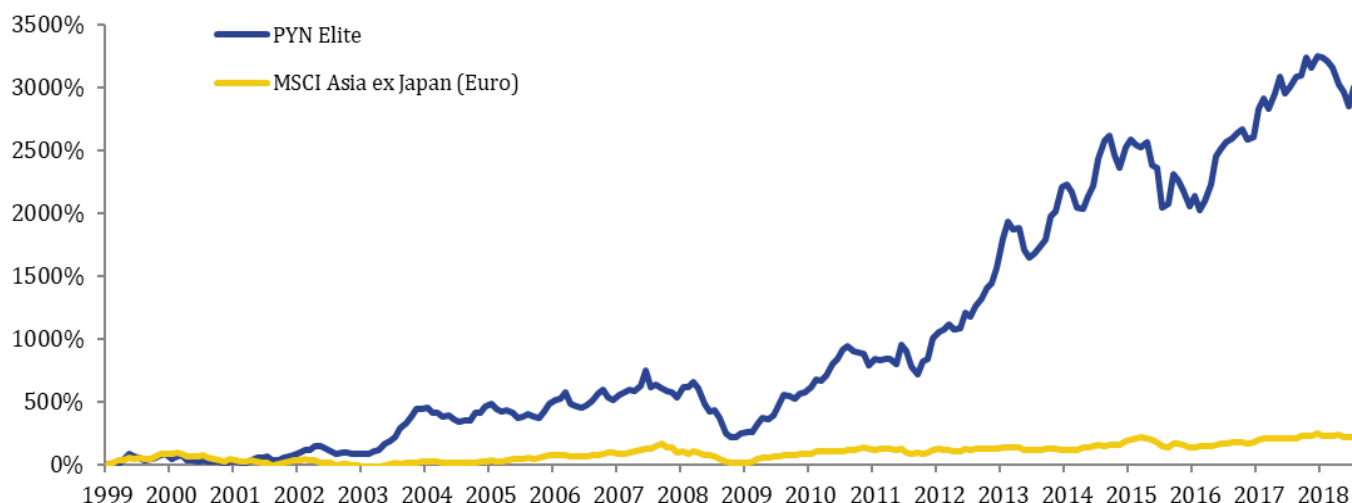
Top Holdings

1. Mobile World	15.0 %	7. VCG	5.2 %
2. TP Bank	7.9 %	8. PAN	5.0 %
3. HD Bank	6.8 %	9. VN Direct	4.2 %
4. Hoa Binh	6.6 %	10. Nam Long	3.8 %
5. Khang Dien	5.6 %	11. CEO	2.6 %
6. CII	5.4 %	12. FCN	2.4 %

Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	2.8%	-0.4%	-0.8%	-1.5%	-4.2%	-2.1%	-3.7%	5.4%					-4.7%
2017	0.9%	8.0%	3.0%	-2.8%	4.1%	4.5%	-4.0%	1.6%	2.5%	0.5%	4.2%	-2.3%	21.2%
2016	-5.4%	3.5%	-5.0%	3.5%	5.9%	9.7%	2.6%	1.7%	1.3%	1.3%	1.4%	-3.0%	17.8%
2015	6.8%	2.3%	-1.3%	-1.1%	1.7%	-6.9%	-0.7%	-13.0%	1.3%	10.9%	-1.8%	-3.4%	-7.2%
2014	9.2%	0.7%	-2.4%	-5.5%	-0.5%	4.9%	3.8%	9.1%	5.7%	1.5%	-5.7%	-4.1%	16.2%
2013	7.8%	13.9%	7.4%	-3.0%	0.3%	-8.8%	-3.2%	1.9%	3.6%	2.3%	10.1%	1.8%	36.9%
2012	17.0%	4.5%	1.6%	3.7%	-2.9%	1.0%	9.6%	-2.4%	7.0%	4.0%	6.1%	2.8%	64.0%
2011	-9.6%	6.2%	-1.9%	1.4%	0.1%	-4.4%	17.1%	-4.9%	-12.6%	-6.8%	12.7%	2.5%	-4.3%
2010	1.2%	5.9%	8.5%	-1.7%	6.1%	10.3%	4.7%	8.0%	2.5%	-3.9%	-0.2%	-1.2%	46.7%

Cumulative Return since Inception vs Index



Contact

PYN Fund Management Ltd	(09) 270 70400	info@pyn.fi
Fund Manager	Petri Deryng	petri.deryng@pyn.fi
Analyst	Maggie Yi	maggie.yi@pynasiaresearch.com
Analyst	Mai Le	mai.le@pynasiaresearch.com
Analyst	Ly Tran	ly.tran@pynasiaresearch.com
Marketing / Customer Service	Päivi Kumpulainen	paivi.kumpulainen@pyn.fi

Disclaimer

The investment fund presented is an alternative investment fund according to the Finnish Alternative Investment Fund Managers Act (162/2014 as amended) which do not qualify as foreign mutual funds or corresponding foreign undertakings engaged in collective investments (UCITS) as provided in directive 85/611/EEC, as amended. Fund is managed by PYN Fund Management Ltd, located at Mannerheiminaukio 1 E, 00100 Helsinki, Finland.

Potential investors should be aware of that the units of this fund have not been registered and will not be registered in accordance with any securities legislation in the United States, Canada, Japan, Australia, New Zealand, or anywhere outside of Finland. PYN Fund Management Ltd has not taken any measures to ensure that purchase of units in this fund may take place according to the applicable law in any other country than Finland. Accordingly, the fund is only marketed in Finland to Finnish investors. Investors should remember that distribution of information concerning this fund and/or investing in this fund may be restricted by law in certain jurisdictions. It is the investors' responsibility to observe and comply with such restrictions. Potential investors must use their own judgment and consult their own advisors when forming an opinion about this fund or any related legal or financial matters.

Any and all information presented shall be qualified by the information in the respective fund prospectus which is available at PYN Fund Management Ltd's website (www.pyn.fi). PYN Fund Management Ltd does not guarantee the correctness or accuracy of any information presented, except for information contained in documents required to be presented by the Finnish law, such as individual prospectuses. Information provided on PYN Fund Management Ltd's website and other documents has originally been prepared in the Finnish language and has been translated into English. In the event of any discrepancy between the two versions, the Finnish version shall prevail. The information presented is strictly for private use by its holder and may not be passed on to third parties.

No information presented may be regarded as investment advice, solicitation or recommendation to acquire units in the Fund or offer of any kind. The Fund or PYN Fund Management Ltd. accepts no liability for any financial loss or any direct or indirect damage which may result from an investment or other decision based on the attached material.

Please note that this fund is not covered by Investors' Compensation Fund or Deposit Guarantee Fund. Any dispute, controversy or claim arising out of or in connection with information regarding this fund shall be settled in accordance with Finnish law exclusively by Finnish courts. See also www.pyn.fi/en/disclaimer.