

PYN Elite Monthly Review - September 2018

Fund Information

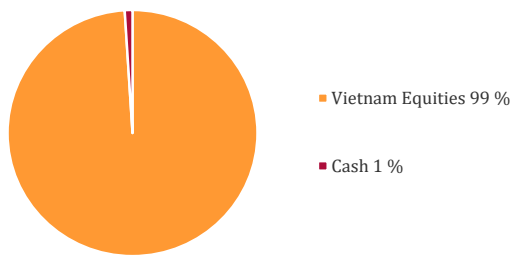
Fund Focus	Asia ex Japan
Market Focus	Vietnam
ISIN	FI0008803812
Bloomberg	ELITE FH
Subscription / Redemption fee	0%*
Management fee	1%
Performance-based fee, HWM	12%
Current HWM (31 January 2018)	325.362 EUR

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

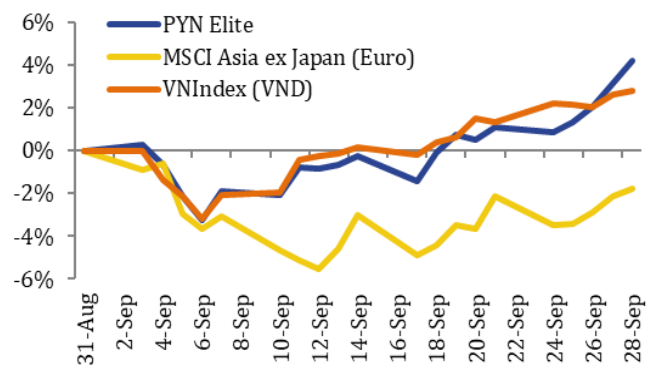
Fund Performance per 28.09.2018

Net Asset Value (NAV) per Unit	314.230 EUR
Assets under Management	440 mil. EUR
Change Month-on-Month	4.2%
Change Year-to-date	-0.7%
Change since Inception (Feb 1999)	3 042.3%
Annualized Return since Inception	19.2%
Next Subscription Date	31.10.2018
Contact Email	info@pyn.fi

Allocation of PYN Elite



Fund Return vs Index



Comments

In September, PYN Elite Fund advanced 4.2%, outperforming VNIndex which was up 2.8%. The fund was supported by MWG and our midcap stocks. It seems investors are increasing interested in small and midcap stocks where valuations are the most attractive. PYN Elite Fund is well positioned with small and midcap stocks accounting for 57% of our portfolio.

MWG, our top holding, rose 6% in September with its strong 8M2018 results. Total 8M revenue increased 39% YoY to VND 58,667 bn and NPAT rose 36% YoY to 1,969 bn. Out of 405 Bach Hoa Xanh grocery stores (BHX), 120 or 30% of total stores are already profitable or breaking even. This proportion is higher than the end-June ratio of 20%. At end-2018, MWG is on track to increase total BHX stores to 500, and to reach store EBITDA break-even.

Despite trade war tensions, Vietnam macro fundamentals remain solid. Vietnam's 9M2018 estimated GDP was 6.98%, on strong domestic demand, increasing exports and FDI. This is the strongest performance since 2011, putting Vietnam on track for 7% growth in 2018. The government is focusing on keeping inflation under control while maintaining economic growth. Meanwhile, exports rose 15.4% to US\$ 179 bn and the trade surplus widened YTD to US\$ 5.4 bn. The latest PMI figure for September was a more subdued 51.5, which nevertheless indicates business expansion.

The market is understandably worried about a trade war between China and the US. This is because of the impact of Yuan depreciation on Vietnam's economy, and because Vietnam's high export-to-GDP ratio makes the country vulnerable to a slowdown in global trade. On the bright side, we are witnessing additional demand coming into Vietnam and big companies setting up manufacturing facilities in the country. Vietnam has a competitive edge: the labour force is skilled, and it has trade agreements with many nations.

Ultimately, the trade war is beyond Vietnam's control even while its domestic economy continues to hum along. The resilience of Vietnam's economy can be seen in how its currency has held up relatively well against the USD, depreciating just 2.7% in the last 9 months.

Our team has been busy in the last two weeks visiting companies in Vietnam. At the same time, the World Economic Forum on ASEAN 2018 held in Hanoi attracted many world leaders to discuss business opportunities in ASEAN. We continue to be positive about Vietnam's prospects in the next few years.

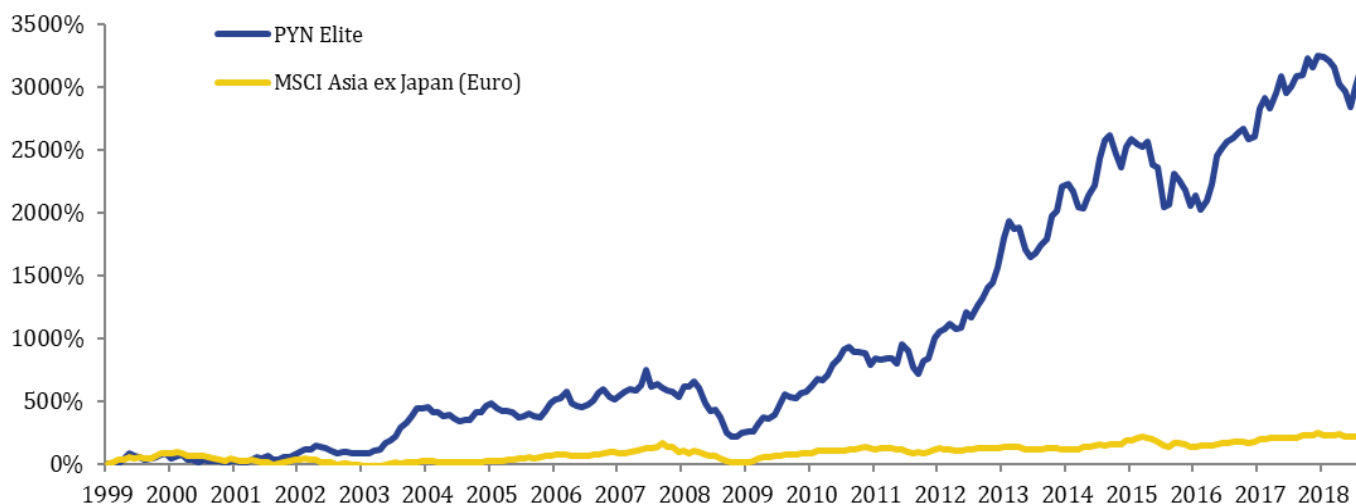
Top Holdings

1. Mobile World	15.3 %	7. VCG	5.3 %
2. TP Bank	7.4 %	8. PAN	4.6 %
3. Hoa Binh	6.9 %	9. VN Direct	4.2 %
4. HD Bank	6.7 %	10. Nam Long	3.9 %
5. Khang Dien	6.0 %	11. CEO	2.6 %
6. CII	5.3 %	12. FCN	2.3 %

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%	4.2%				-0.7%
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



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