



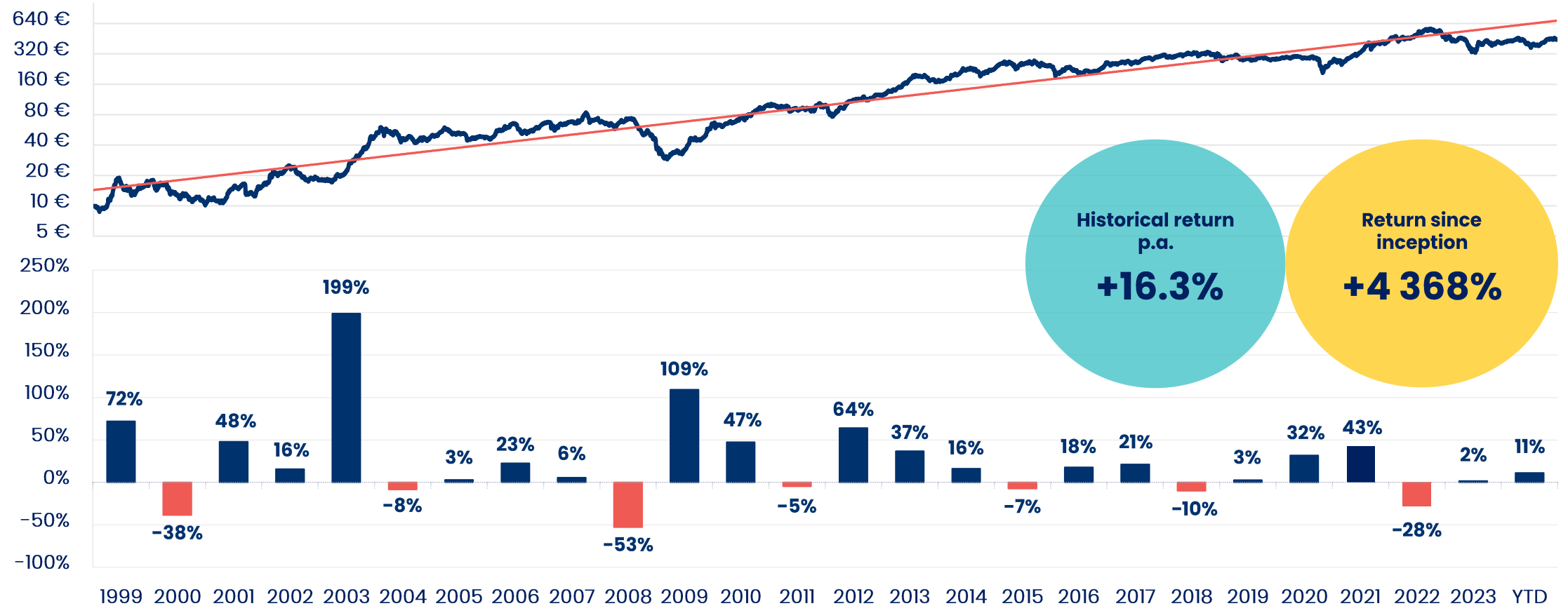
PYN ELITE

Vietnam – Unstoppable growth ahead

April 2024

PYN Elite has excellent track record

NAV



Per 10.04.2024 Source: PYN Fund Management

The PYN Elite Fund was established in February 1999 when the NAV value was ten euros. Since then, its value has increased by 44-fold. The annual return is now at 16.3 percent. PYN Elite has recorded top returns among all the funds in Finland.

PYN Elite has a distinctive investment strategy

Fund

PYN Elite is

- Long term
- Actively managed
- Long-only
- Asia, currently Vietnam focused allocation

Markets

We invest in

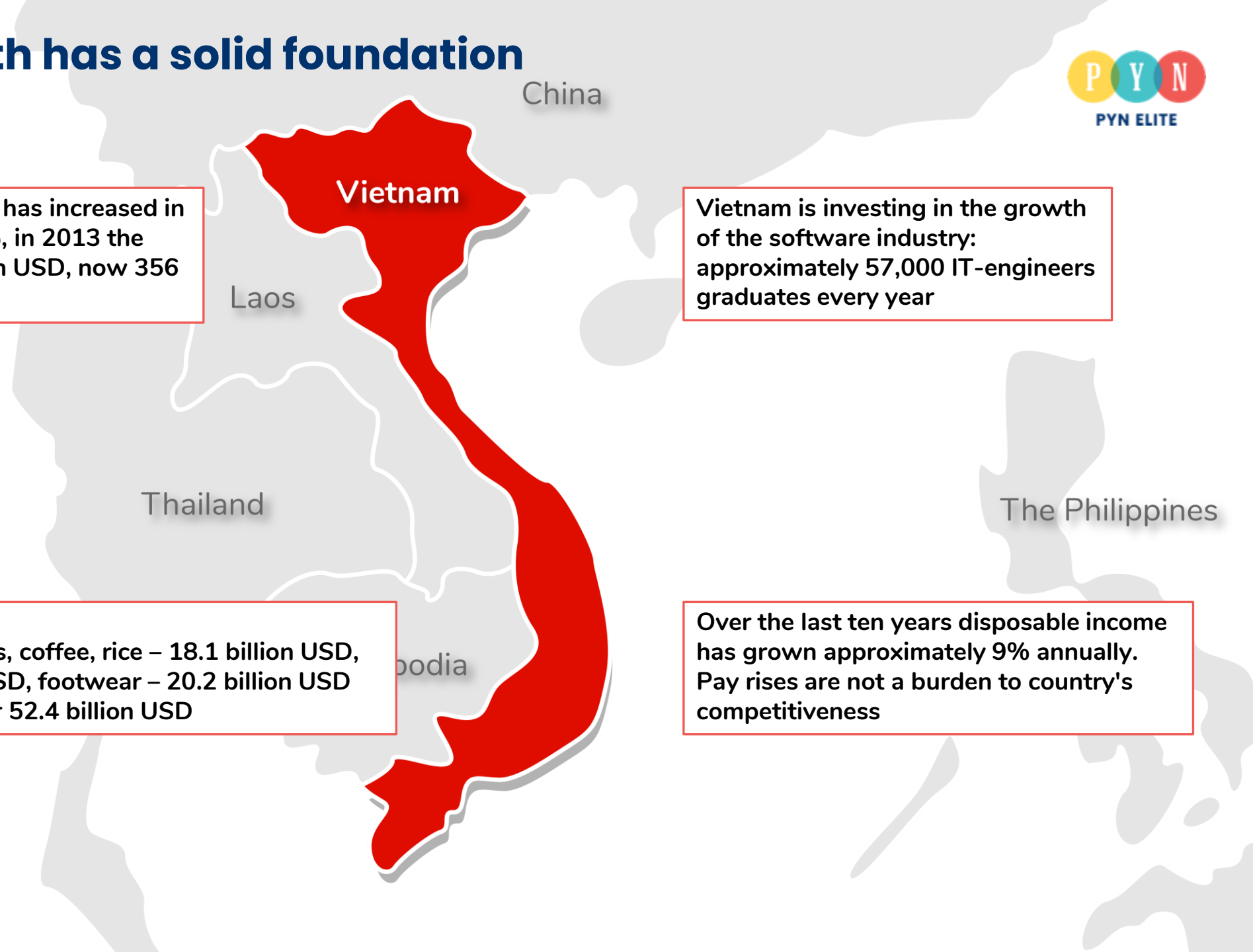
- Underperforming or undervalued markets in comparison to markets' historical fair valuation
- Improving macroeconomic/demographic trends
- Industries and companies that are overlooked, contrarian and correction potential on valuation of share

Research

Key Characteristics

- Regular company visits by portfolio manager and research team
- Long term undervalue entry levels and fair value exit targets
- Deep fundamental research and modeling

Vietnam's growth has a solid foundation



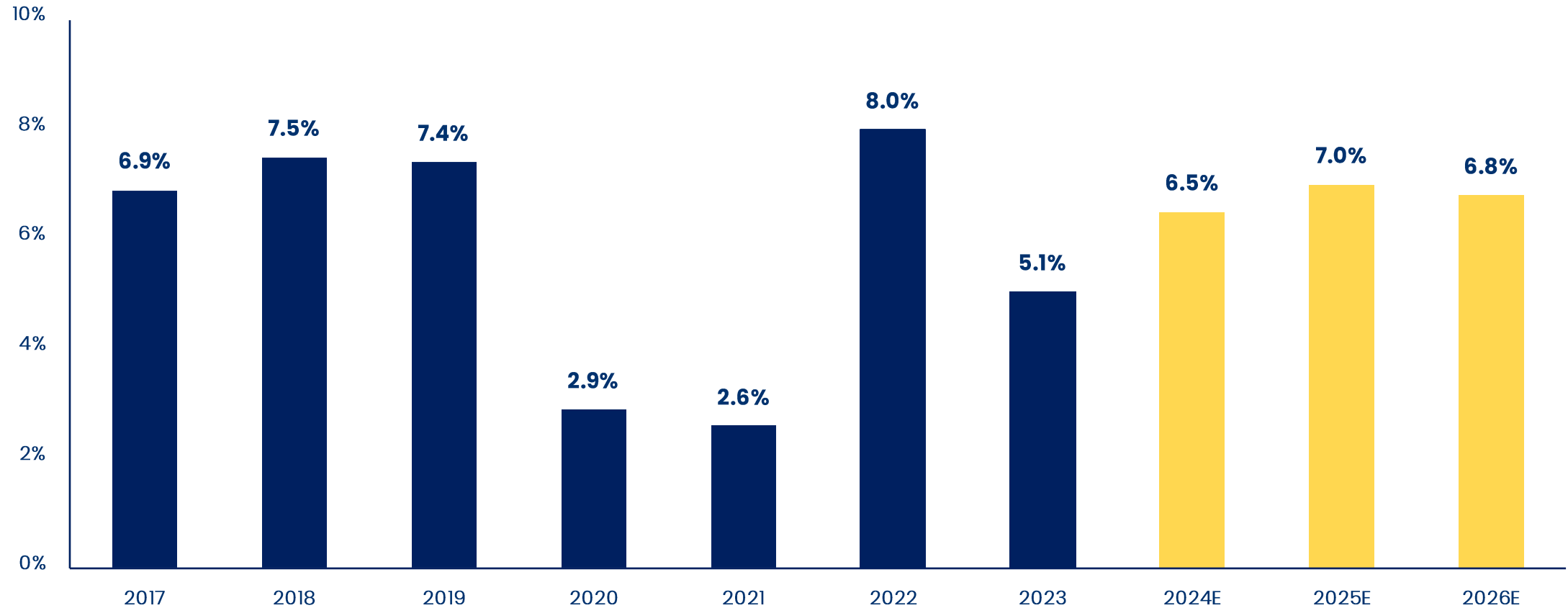
Vietnam's share of world trade has increased in ten years from 0.70% to 1.51%, in 2013 the value of exports was 132 billion USD, now 356 billion USD

Vietnam is investing in the growth of the software industry: approximately 57,000 IT-engineers graduates every year

Diversified exports:
Fruit & vegetables, cashew nuts, coffee, rice – 18.1 billion USD,
fishery products – 9.0 billion USD, footwear – 20.2 billion USD
and phones and accessories for 52.4 billion USD

Over the last ten years disposable income has grown approximately 9% annually. Pay rises are not a burden to country's competitiveness

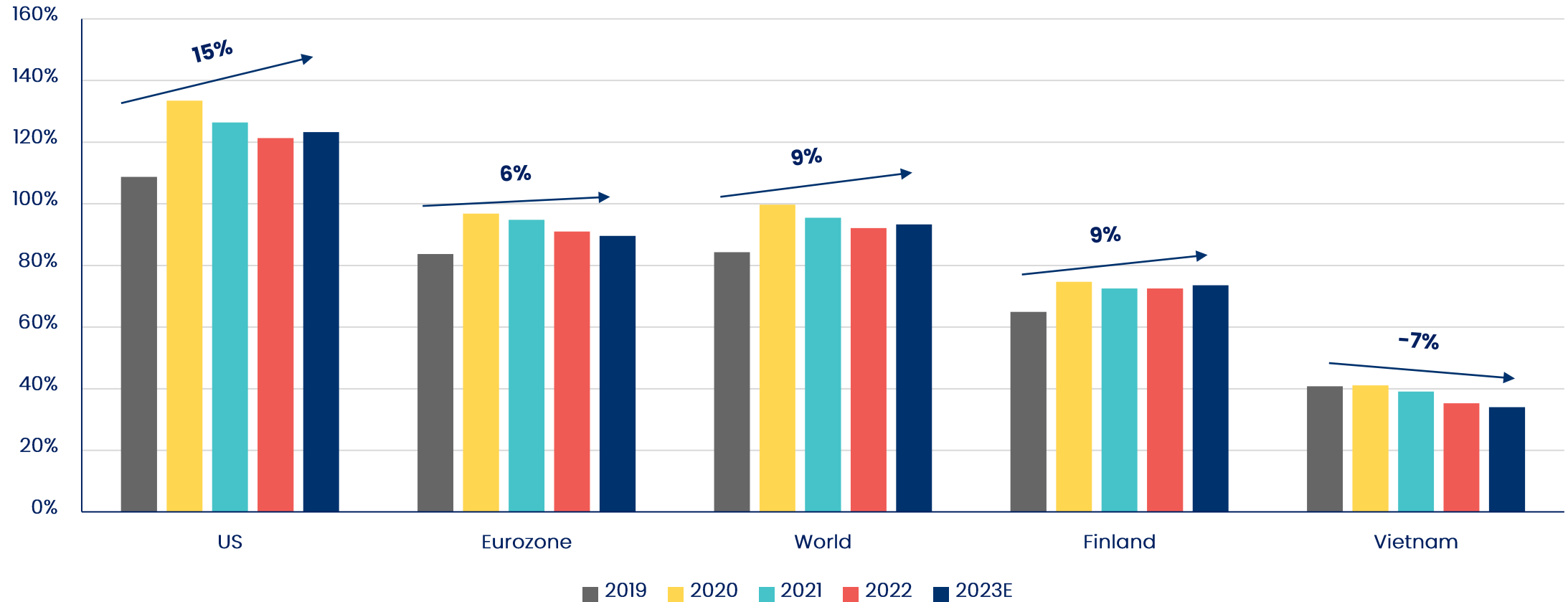
Covid-19 slowed only temporarily the strong growth



Source: GSO VN, PYN Fund Management

Vietnam's GDP is expected to continue at an excellent annual growth rate around 6-7% for the next 4 years. In 2020 and 2021 growth slowed down by Covid impact, but new government infrastructure investments will speed up the growth in the coming years.

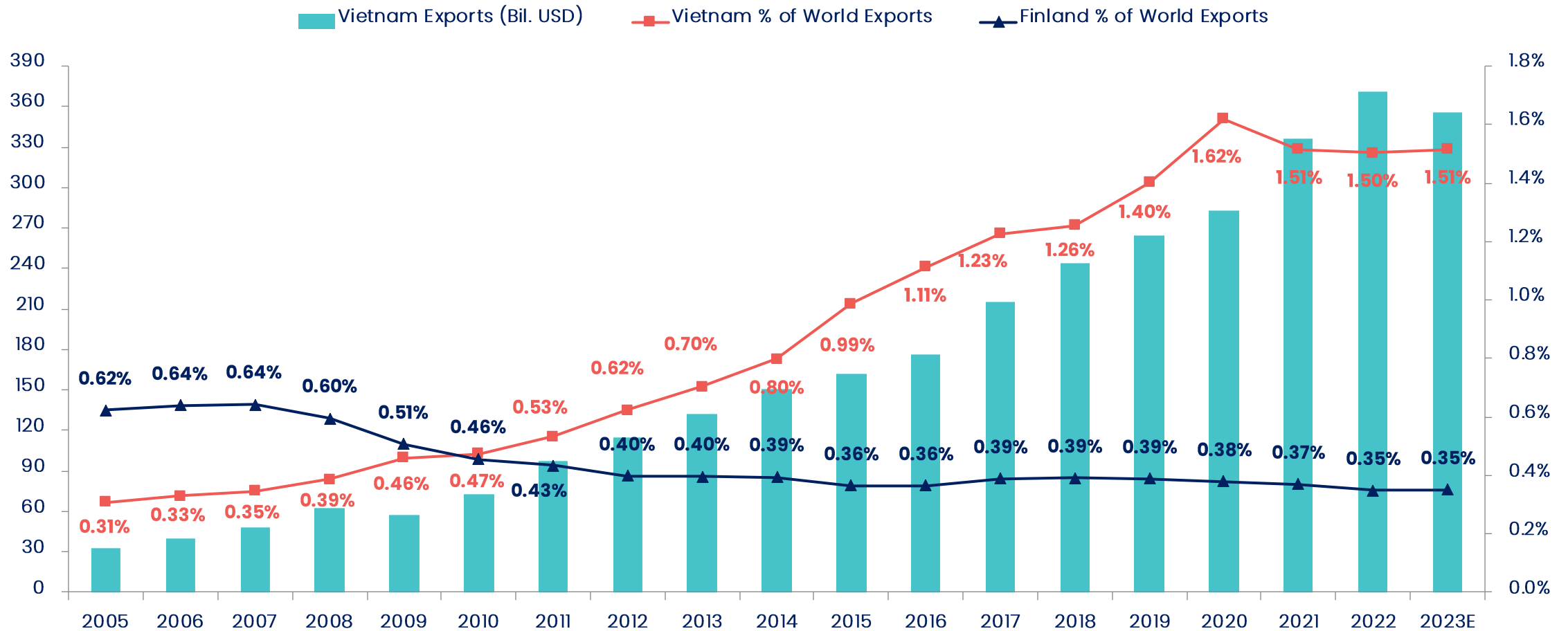
Government debt/GDP – Vietnam at low risk ratio



Source: IMF

Vietnam's financial position is very firm and government debt/GDP is rather modest at 34%. Vietnam could easily boost its economic growth with new public megaprojects.

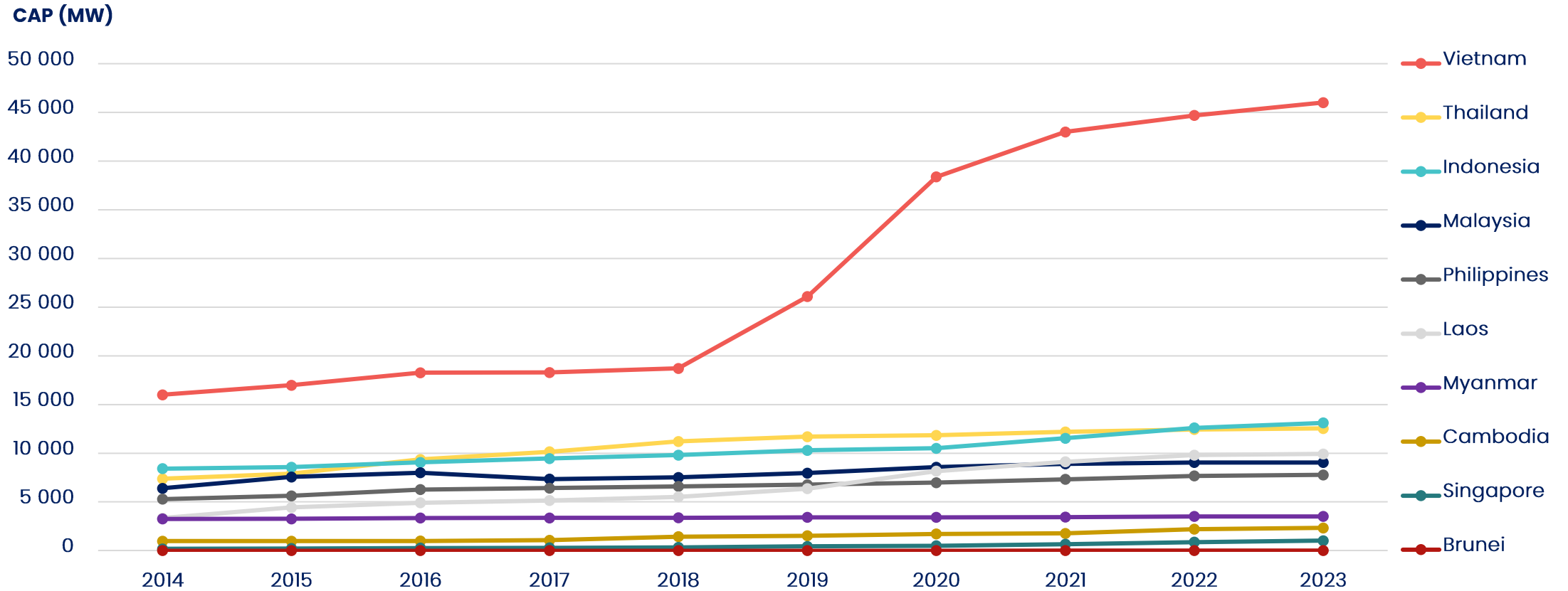
Vietnamese exports are competitive



Source: IMF DOTS

In recent years Vietnam has attracted a huge amount of foreign direct investments. The competitiveness of the country's industries has been on an astonishing level for a long time, and Vietnam has been constantly gaining market share in foreign trade from other countries.

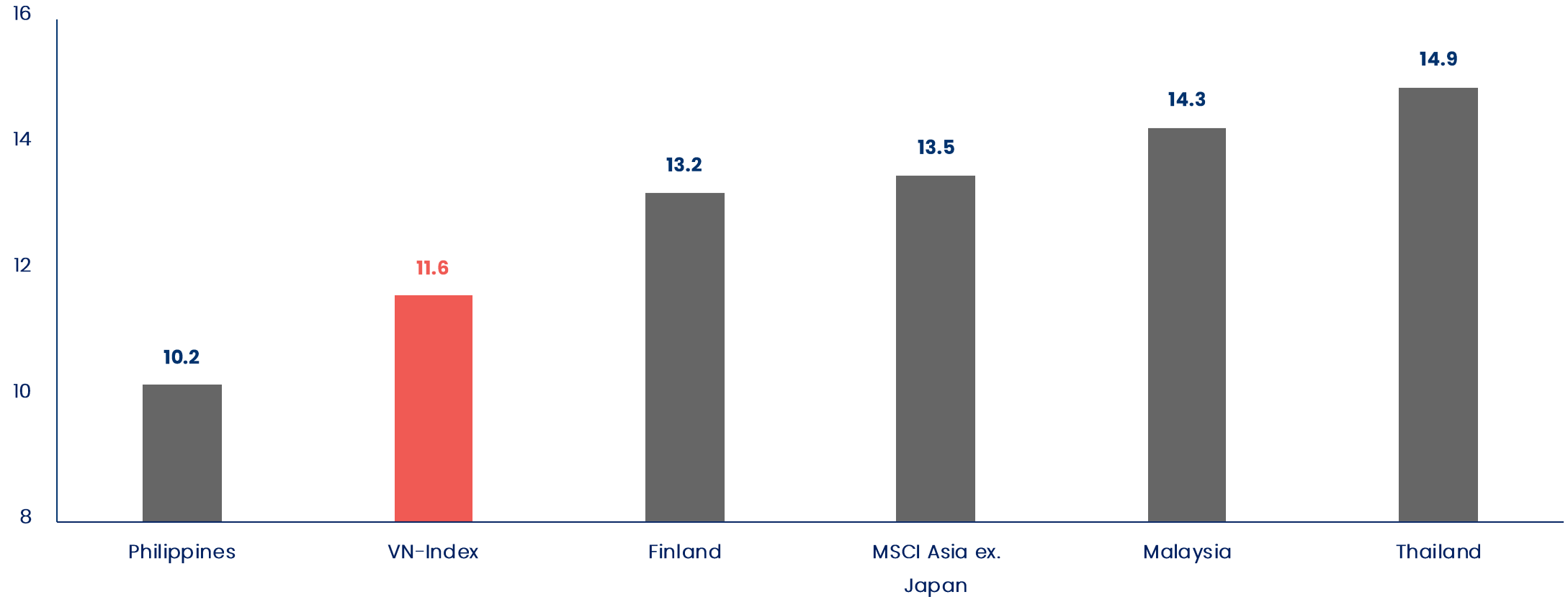
Vietnam - a leader in renewable energy investments



Source: IRENA

Vietnam invests in the future! Vietnam has introduced attractive solar and wind power tariffs to joint investors and execution of several projects has taken place.

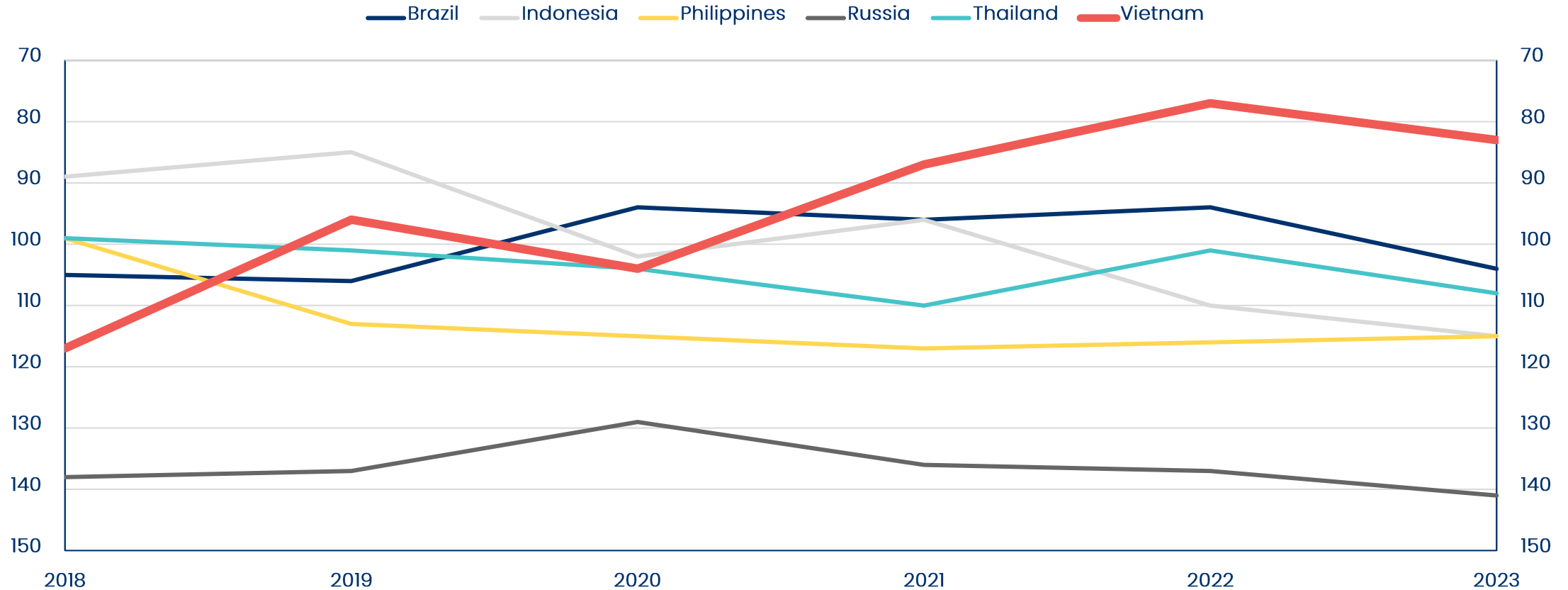
The market offers attractively priced shares



Per 10.04.2024, Source: Bloomberg

The VN-Index trades at P/E 11.6 for 2024 forward earnings. Outlook for earnings growth for the next 3 years is relatively strong in Vietnam.

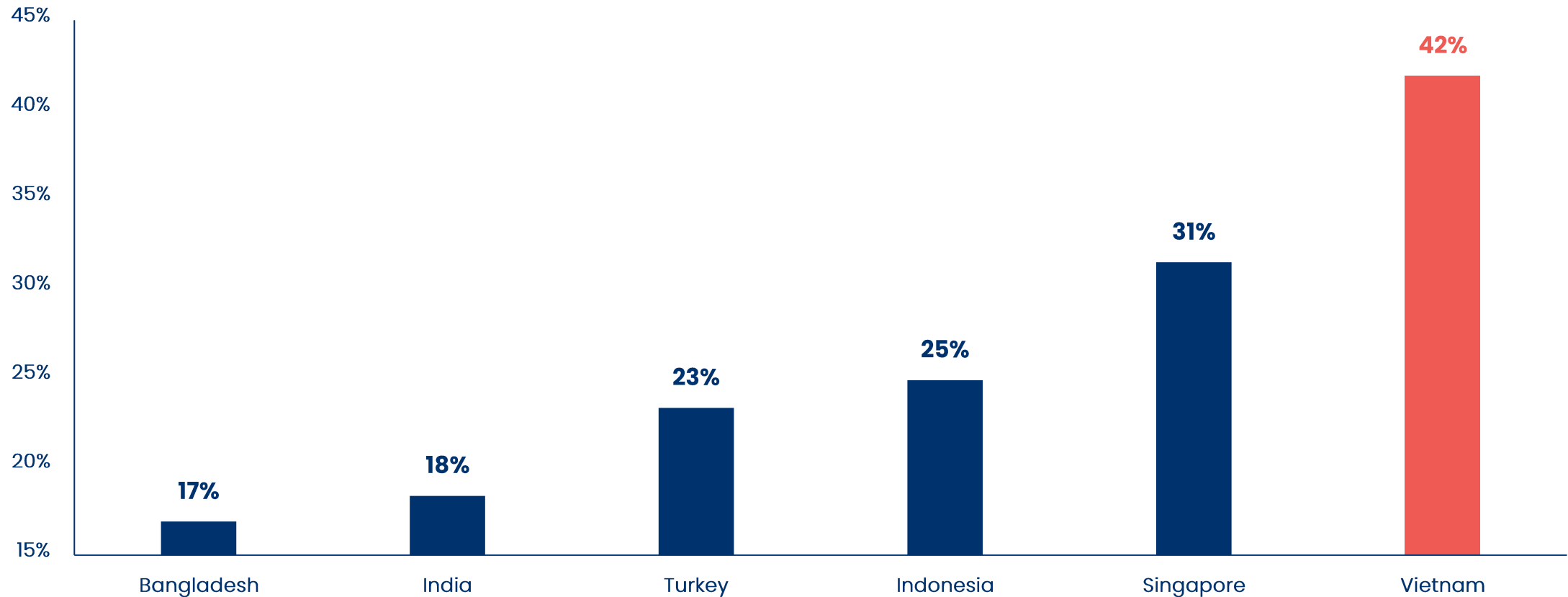
Vietnam improving gradually in global corruption ranking



Source: Transparency International

Vietnam's most recent ranking in Transparency International's Corruption Perceptions Index (CPI) is 83 (improved 34 ranks in 5 years). We observe a lot of similarities in Vietnam what path another small and poor Asian nation took in the past, Singapore: One ruling party, Open trade policy, favorable FDI terms, pro-education, firm rule of law, constant long-term aim to raise GDP/capita to top levels in future.

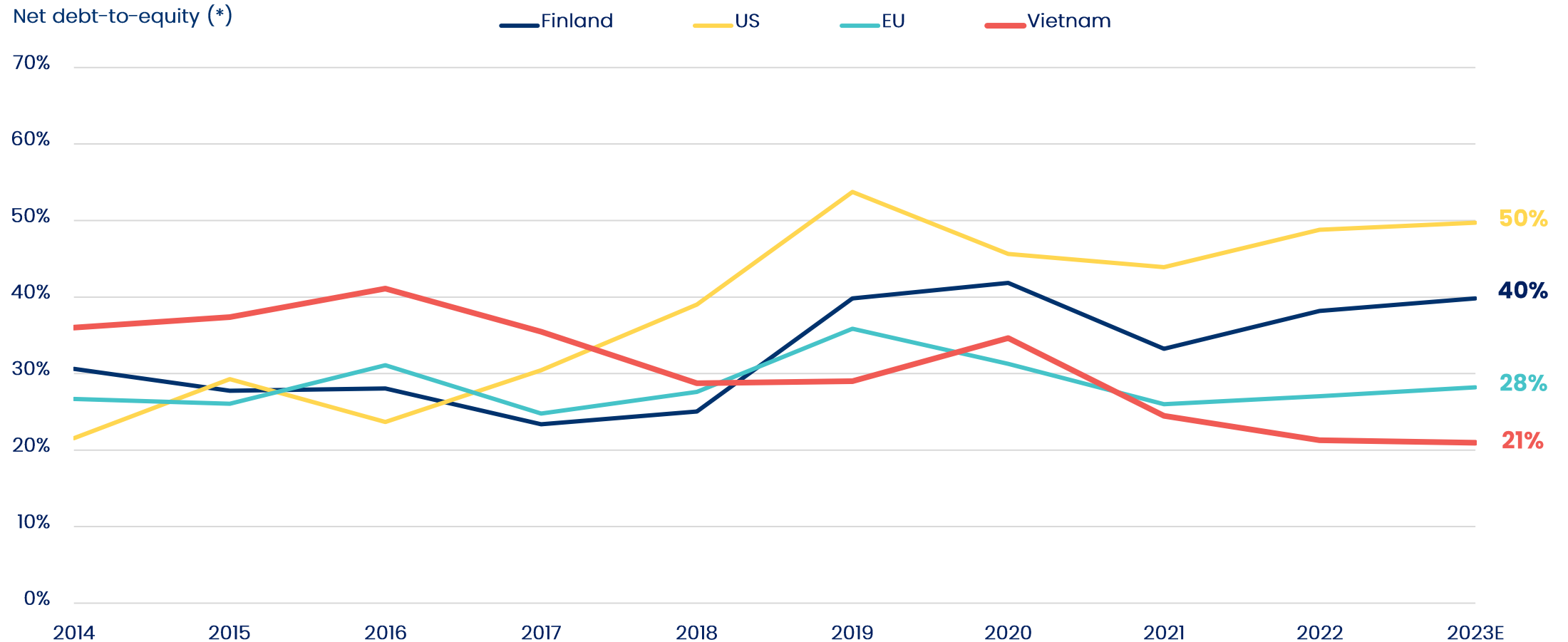
Women's share of total labor income



Source: World Inequality Database
2019 data

Vietnam has a remarkable number of well-educated women working in high positions. The data in the table shows Vietnam's good equality in male/female income levels. It puts Vietnam on a promising path to progress in the future as a fast-growing nation.

Vietnamese listed companies' D/E ratios are low

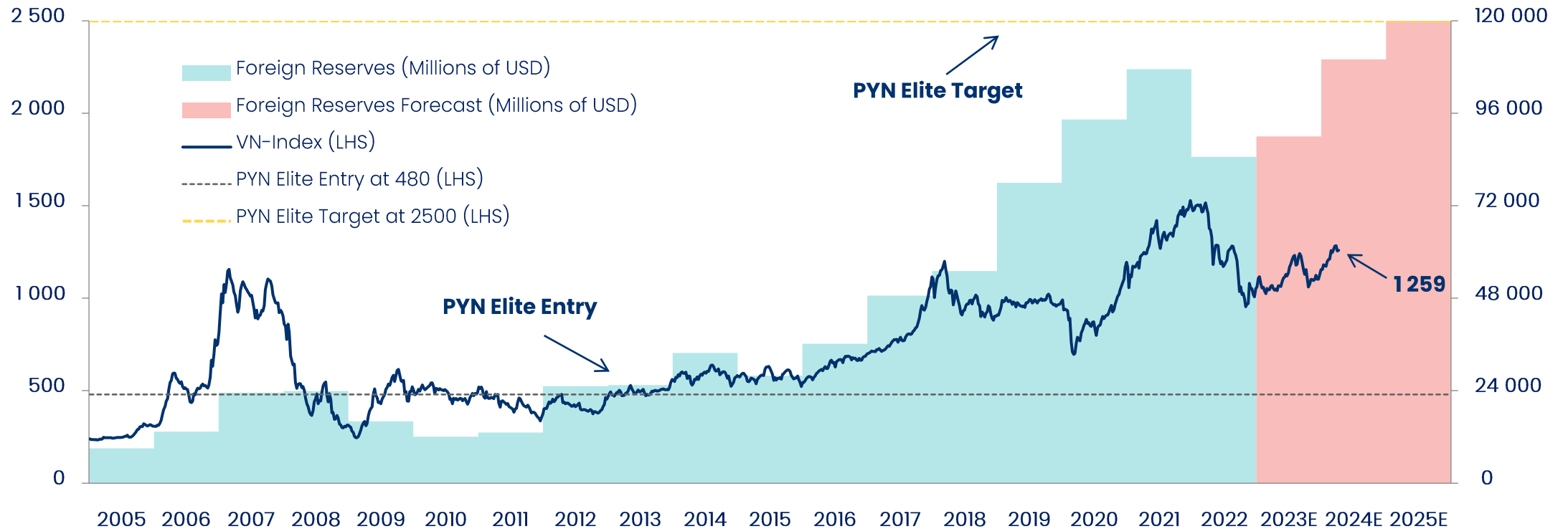


(*) Figures are excluding banks

Source: Bloomberg, FiinPro, PYN Fund Management

The 50 largest listed companies and their net debt-to-equity in comparison. Thanks to their light debt burden, Vietnamese businesses can continue to grow strongly, even if the capital markets face more challenges in the coming years.

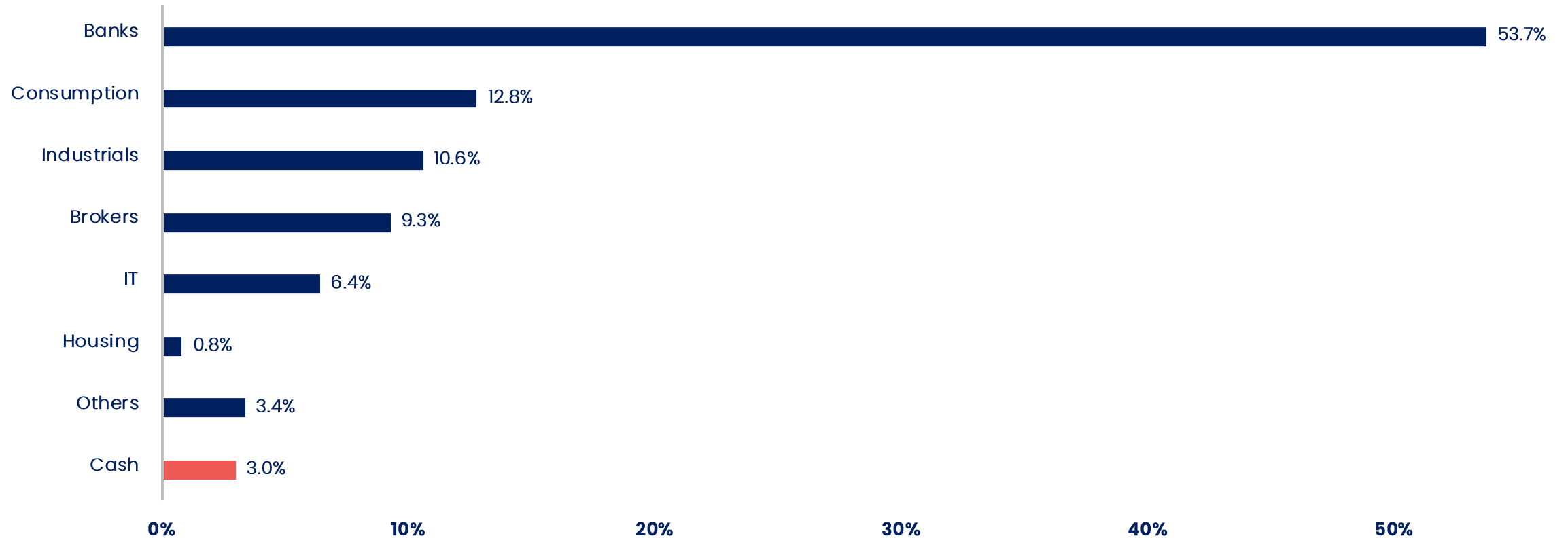
PYN Elite target for VN-Index: 2 500 level



VNIndex per 10.04.2024 Source: Bloomberg, PYN Fund Management

During the years of PYN Elite investing in Vietnam, the country risk has been moderating, as Forex reserves have been accumulating. Lowered risk factors allow higher multiples for the stock market. We expect the annual earnings growth to achieve 15% on average, it is equaling a 52% earnings increase in total for 3 years period. Based on a fair market P/E of 16, we end up setting our target for VN-Index at 2 500.

Banks play a big role in PYN Elite's portfolio



Per 10.04.2024, Source: PYN Fund Management

We believe in Vietnamese banks. The Central Bank of Vietnam has controlled the sector with strict measures to avoid overheating, which will protect the banking sector from a boom and bust scenario. Banks businesses have two strong pillars for their earnings growth: Fee income and interest income. New fees and loan growth both have brisk future potential for the banks in Vietnam.

PYN Elite top holdings

Sacombank

Weight 15.8%

Sacombank is the 6th largest bank by loans, and 4th largest by branches. Thanks to its large network and affluent customer base, its bancassurance performance ranks top 3. Sacombank has been bearing a large burden of non-performing assets (NPA) inherited from the financial crisis a decade ago. It finished booking provisions for these NPAs in 2023, and its growth and profitability will return to normal in coming years. Sacombank plans to auction 32.3% of STB shares which are currently used as collateral for the debt at VAMC, which can bring significant recovery gains for shareholders.

Revenue growth	17.5%	Market cap	2 038
Net profit growth	33.9%	Market cap target	4 250
Revenue 2023	977	Target valuation	P/B 2.0
Net profit 2023	288	Upside potential	109%



Weight 10.4%

A medium-sized bank focusing on general banking, consumer credit and SME financing. In steering position is Madam Thao, the richest Lady in Vietnam, the founder of the airline company VietJet. High-quality bank and modest valuation. Prudent style to manage risks. By participating in the takeover of 0-dong banks, HDB could potentially secure a credit growth quota double the industry average and a higher foreign ownership limit from SBV.

Revenue growth	22.8%	Market cap	2 577
Net profit growth	28.8%	Market cap target	4 900
Revenue 2023	986	Target valuation	P/B 2.0
Net profit 2023	376	Upside potential	90%



Weight 9.1%

CTG is the largest bank when measured by the number of branches and the second-largest by balance sheet in Vietnam. The major shareholders are the State Bank of Vietnam and MUFG Bank, the largest bank in Japan. Stock's rerating is on its way and will continue to boost the valuation.

Revenue growth	19.9%	Market cap	6 706
Net profit growth	30.4%	Market cap target	13 000
Revenue 2023	2 634	Target valuation	P/B 2.2
Net profit 2023	743	Upside potential	94%



Weight 8.9%

MBB is the 5th largest bank by balance sheet and has a full-fledged banking platform including retail/SME lending, insurance, and brokerage. MBB gained 26m new customers in the past 3 years, the fastest in Vietnam and other ASEAN countries, thanks to its superior digital platform and creative marketing campaigns. It is on track to be the No. 1 bank in Vietnam by number of customers.

Revenue growth	19.3%	Market cap	4 631
Net profit growth	27.6%	Market cap target	9 750
Revenue 2023	1 766	Target valuation	P/B 2.0
Net profit 2023	772	Upside potential	111%








Weight 7.9%

ACV manages eight international and thirteen domestic airports in Vietnam. In the balance sheet, there is a huge valuation difference, because the investments made by the company are still at the acquisition prices. Covid-19-crisis enabled us to enter the stock at low levels. In upcoming years ACV will apply for HOSE-listing, and air traffic is expected to surpass pre-Covid peak soon.

Revenue growth	4.4%	Market cap	6 849
Net profit growth	3.2%	Market cap target	10 500
Revenue 2023	747	Target valuation	P/RNAV 1.2
Net profit 2023	270	Upside potential	53%

PYN Elite top holdings

 <p>TPBank Vi chúng tôi hiểu bạn Weight 6.1%</p>	<p>A small-sized bank, a pioneer in digital services. A key market share in car financing. Very popular among young customers. Major shareholders also include Japan's Softbank and Vietnam's leading IT technology company FPT. Can grow loan and fee income fast. The biggest challenge for the bank is the risk of unpredictable events.</p>	<p>Revenue growth 23.6% Net profit growth 19.8% Revenue 2023 606 Net profit 2023 167</p>	<p>Market cap 1 498 Market cap target 3 800 Target valuation P/B 2.0 Upside potential 154%</p>
 <p>DNSE Weight 5.2%</p>	<p>DNSE is a commission-free online broker led by a tech-savvy management team. Thanks to advanced product offerings, it has seen significant growth since its inception. Currently, one out of every three new brokerage accounts opened in Vietnam is with DNSE. Their distinctive social media channel Bò và Gấu (Bull & Bear) has successfully built brand awareness and customers' engagement.</p>	<p>Revenue growth 91.8% Net profit growth 119.8% Revenue 2023 27 Net profit 2023 9</p>	<p>Market cap 335 Market cap target 630 Target valuation P/E 15 Upside potential 88%</p>
 <p>SHS Weight 3.8%</p>	<p>SHS is the fourth-largest broker firm in Vietnam by shareholder equity. The broker has a good track record in proprietary investment and mid-size investment banking deals, thanks to its well-connected management and close relationship with a major bank and a conglomerate group. SHS conducted two right issuances two years ago, currently, it is debt-free.</p>	<p>Revenue growth 3.3% Net profit growth 9.3% Revenue 2023 55 Net profit 2023 21</p>	<p>Market cap 591 Market cap target 1 100 Target valuation P/B 2.0 Upside potential 86%</p>
 <p>CMC CORPORATION Aspire to Inspire the Digital World Weight 3.4%</p>	<p>CMG is Vietnam's second-largest listed IT services provider, 30% owned by its founders, 30% owned by Samsung and 8% by PYN Elite. Like its larger peer FPT, CMG has telecom, software outsourcing and private university business. CMG started Software Outsourcing in 2018 with 500 employees. The headcount has grown by 5-fold with good profitability. It also plans to increase enrollment by 7X within next 5 years with a new campus in central Hanoi.</p>	<p>Revenue growth 8.7% Net profit growth 18.7% Revenue 2023 280 Net profit 2023 12</p>	<p>Market cap 319 Market cap target 650 Target valuation P/E 20 Upside potential 104%</p>
 <p>VINH HOAN Weight 3.4%</p>	<p>VHC is Vietnam's largest fish exporter focused on pangasius fillets. VHC has been developing its circular economy model to maximize the value of the fish, with the outcome varying from simple frozen fillet to supplements. Under the transparent and innovative guidance from the management team, VHC has been gaining market share and holding No.1 position since 2010.</p>	<p>Revenue growth 1.6% Net profit growth -8.6% Revenue 2023 375 Net profit 2023 34</p>	<p>Market cap 617 Market cap target 880 Target valuation P/E 11 Upside potential 43%</p>

All revenue and net profit growth figures CAGR % 2018-2023
All revenue, net profit and market value figures in millions of EUR

Market modernization outlook in Vietnam

Vietnam in MSCI Index

Current status

Vietnam's Frontier Markets Index weighting: 28.0% and the biggest in the Index.

June 2024

Potentially enter Watchlist for Emerging Market.

2024-2026

Upgrade to Emerging Market status.

Two issues need to be solved before Vietnam emerging market upgrade

FOL

Vietnam to rewrite the regulations aiming to two alternative solutions:

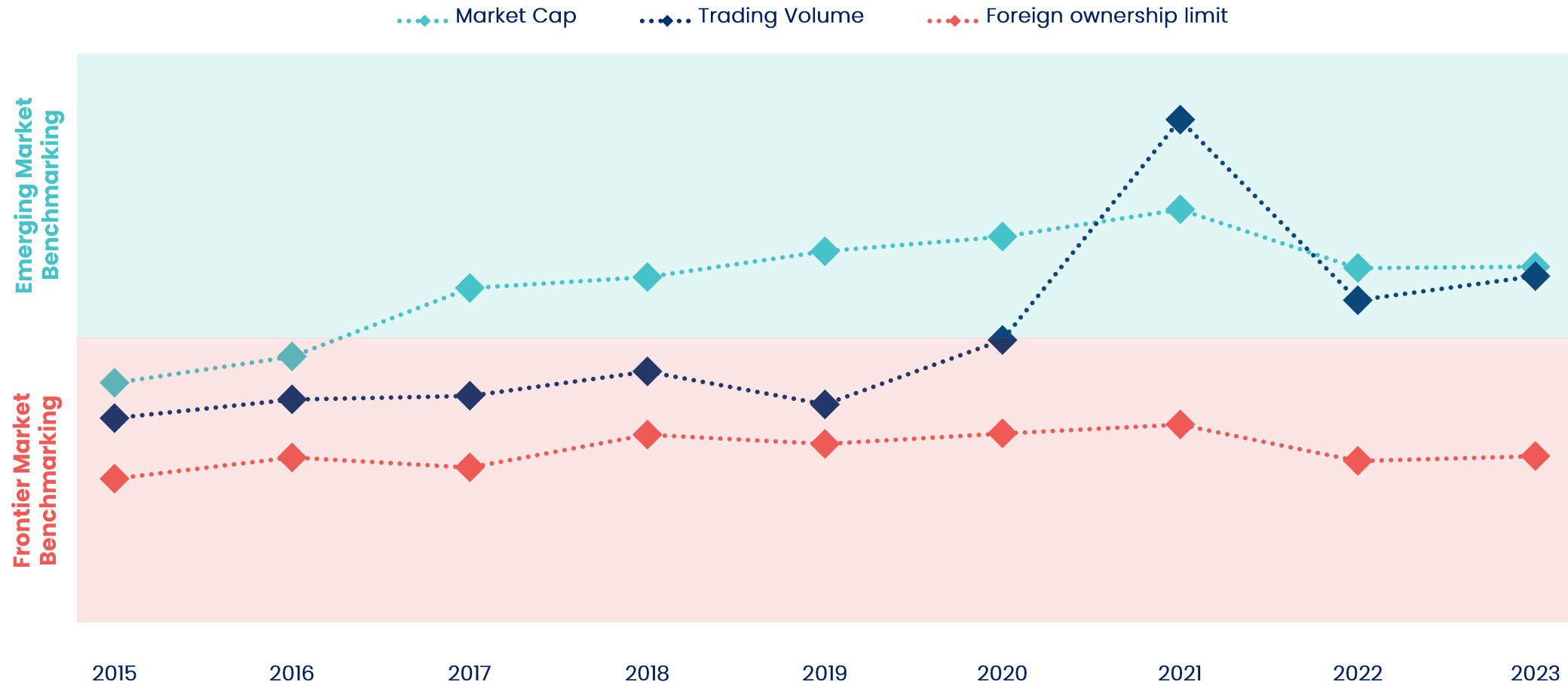
- Ease restriction on FOL by automatically lifting a 100% FOL in public companies, exception only for restricted businesses e.g. banks, defense, telecom related.
- Extend the definition of deposit receipt (DR) and the provisions on non-voting depositary receipt (NVDR)

Pre-funding

Establish a Central Counterparty (CCP) based clearing system for a platform to:

- Allow short sales and day trading
- Enable trading without any deposit requirements

MSCI criteria and the current status of the Vietnamese stock market



Source: PYN Fund Management

MSCI has three key criteria to classify the Emerging market. Of those three, Vietnam already has a sufficient number of companies with a large market cap and the market's trading volume satisfies the criteria. The third criterion will be fulfilled when Vietnam presents solutions to the limitations on foreign ownership. The prefunding rule also needs to be changed.

The next BIG YEAR – Vietnam qualifies for a candidate



PYN Elite performance in 5 years periods

	1999 – 2004	2005 – 2009	2010 – 2014	2015 – 2019	2020 – Present	Cumulative return
PYN Elite Fund (EUR)	398% *	31%	267% *	23% **	52%	4 368%
MSCI Asia Ex Japan (EUR)	21%	57%	38%	32%	1%	248%

YTD 10.04.2024 Source: Bloomberg, PYN Fund Management

Fund characteristics

We have always been very determined to stick with our focus market until it reaches our targets. This stubborn style has delivered to the fund the overall historically excellent returns, but it has also taught a lot of patience.

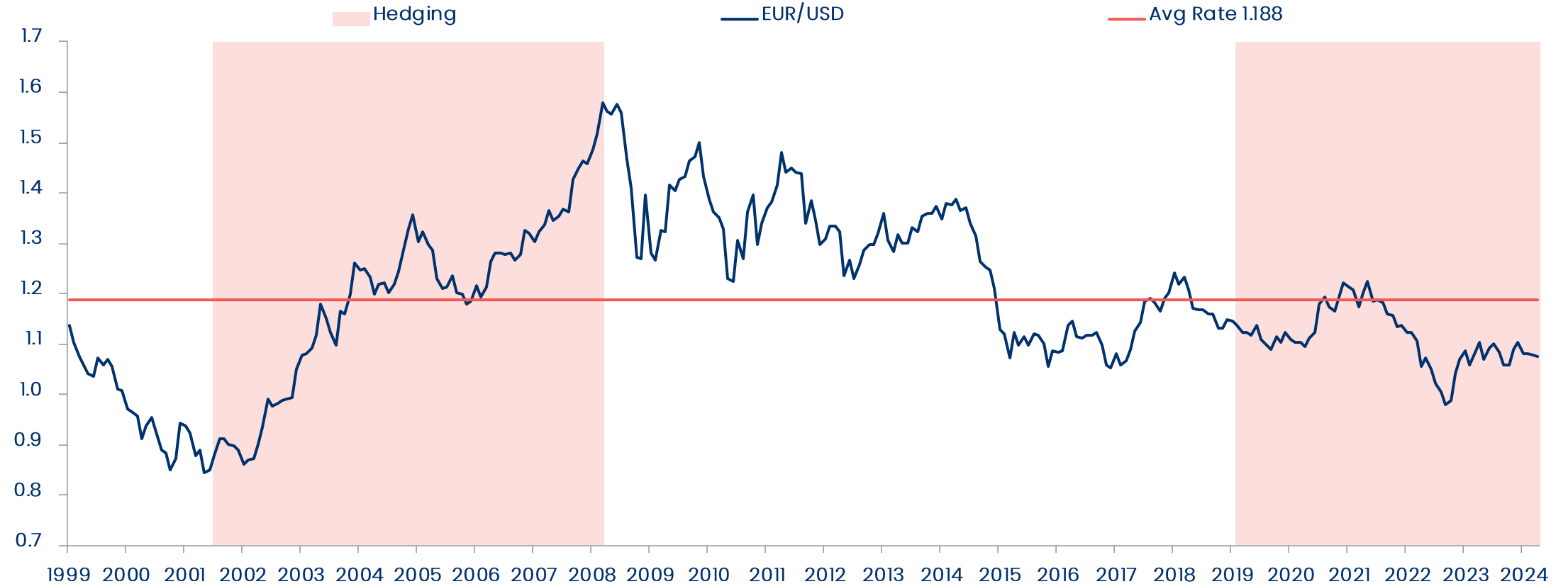
* When breaking the returns history into four five-year periods, one can observe, that two of those periods have been key to our success and two of those periods have been dismal by their performance. In 25 years of action, we have witnessed so called BIG YEARS in 1999, 2003, 2009 and 2012 with yearly gains of 64 -199%. Year 2003 has been so far our biggest with a gain of 199%.



MY TAKE

*So called BIG YEARS can happen, when market has had a lacklustre performance for several years, while companies outlook for earnings growth has been kept intact **. Additional reasons to drive sudden market performance can be radical changes to market mechanism and finance policies. Vietnam has all the reasons to experience one BIG YEAR during the current 5 years period of 2020-2024.*

Forex hedge smoothens EUR/USD changes in portfolio



Per 10.04.2024, Source: Bloomberg, PYN Fund Management

Weakening euro would bring forex gains into portfolio and strengthening euro would eat up the gains. We use main currency pair hedging to neutralize these gains/losses for portfolio and stock moves have greater impact to NAV changes. The latest hedging period we started on the 26th of February 2019.

PYN Elite Portfolio management team



Petri Deryng
Portfolio Manager

Founder of PYN Fund Management. Petri lives in Asia and has been the portfolio manager of the PYN Elite Fund from the start. Petri has often been listed as one of the most successful portfolio managers in Finland and Europe in the reviews of Citywire, Morningstar, and Arvopaperi-magazine, among others.



Maggie Yi
Portfolio Team

Maggie is based in Bangkok, Thailand. She has worked for PYN Elite since 2013. In the past, Maggie has been monitoring the Chinese and Hong Kong stock markets, and now her areas of in Vietnam include banking and the financial sector. Maggie holds a bachelor's degree in economics from Zhongnan University in China. In addition, she is a CFA charter holder.



Lan Nguyen
Portfolio Team

Lan is based in Ho Chi Minh City, Vietnam. She joined PYN Elite in October 2021 and is currently in charge of the Real Estate, Energy, Utilities and Materials sectors. She was formerly an Investment Manager at Indochina Capital and has 11 years of experience covering various sectors in the Vietnam stock market. She holds a Bachelor's degree in Corporate Finance from the University of Economics, Ho Chi Minh City.



Huyen Tran
Portfolio Team

Huyen joined PYN Elite in early 2022 and is based in Ho Chi Minh City. She has worked previously in Red Capital covering infrastructure, pharmaceuticals and industrial production. She holds a bachelor's degree in corporate finance from Academy of finance, Vietnam.



Hoang Do
Portfolio Team

Hoang joined PYN Elite in 2020 and works in Bangkok, Thailand. He used to work for EY Consulting Vietnam as a consultant in finance and banking sector. Hoang holds a bachelor's degree in Commerce from Griffith University, Brisbane, Australia.

PYN Elite – Facts



PYN Elite Fund (non-UCITS)

Allocation	Asia ex Japan
Fund Manager	Petri Deryng
Founded	1999
Subscription/redemption	Monthly
Min. investment	10 000 EUR
Currency	Euro
Subscription/redemption fee	0%*
Management fee	1.0%
Performance fee	12.0% (HWM **)
Assets (10.04.2024)	777 m EUR

Open-ended, Finland Domicile and licensed mutual equity fund (AIF) under EU regulations.

* The subscription fee for subscriptions of 6M EUR or more is 5 %.

** A fund-specific high watermark calculation is used in the calculation of the performance-based fee.



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PYN Elite

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The PYN Elite Fund invests in a concentrated portfolio of companies of a small to medium market capitalisation located in the Asian region. Share prices of such companies may be much more volatile and their trading liquidity much lower those of the shares of larger companies. The Fund must therefore be considered as a high-risk investment. The value of an investment may either rise or fall and investors are therefore at risk of losing part or all of the assets invested in the Fund.

Limitation of liability

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