



Investor Letter 2/2018
3.7.2018

Dear Customer

The Vietnam stock market has been weak since April. At the same time the Vietnam's macro economics show strong numbers and earnings growth of listed companies is solid. The reason for the recent weak stock market performance is the earlier experienced price surge within a short time. On the other hand, the emerging markets have lately been tormented by the threat of global trade war and a strengthening USD.

VN Index hit its peak on 9th April 1204 and since then in three months the index has slid to 906. The YTD bottom 906 was recorded today on 3rd of July, 2018. Though there are evident reasons for these downturns it is notable that during the past 5 years the Vietnamese stock market has been trending up and we can expect this to continue thanks to the reasonable valuations, strong economic growth and earnings growth of listed companies. We estimate that the realistic target level of VN Index is above 1700 in the coming years.

The core companies account for 87% of PYN Elite portfolio. The average dividend yield of these companies has grown above 5% and they are trading at very attractive P/E levels: 2018: 9, 2019: 8 and 2019: 7. Also the recently published profit growth figures and profit growth targets are encouraging.

The clammy performance of PYN Elite NAV has not warmed up the early summer but luckily we have the Finnish sauna to keep us warm each day and bring on the positive heat. Hopefully we'll get hotter figures from Vietnam stock market in the near future.

Summer greetings

Petri Deryng
Portfolio Manager

Attachments: PYN Elite Top holdings 3rd of July 2018
VN Index 5 Year Performance

Top Holdings

Company	PEAK	2017	2018E	20EE	PYN Elite upside (E)	Company	PEAK	2017	2018E	20EE	PYN Elite upside (E)
MWG: Mobile World 13.7% (100,100)	2012					PAN: PAN Group 5.4% (56,700)	2007				
Revenue	7 375	66 340	87 620	150 000		Revenue	96	4 075	9 556	12 000	
Earnings	125	2 206	2 875	4 200		Earnings	50	372	403	550	
Market Cap	5 331**	41 495	32 321	85 000	163%	Market Cap	1 505	4 237	6 813	10 000	47%
Equity	456*	5 906	8 693	12 000		Equity	216	2 717	7 158	8 000	
TPB: TP Bank 8.3% (26,100)	2016					VCG: Vietnam Constr. 4.9% (15,800)	2009				
Revenue	2 121	3 172	5 075	8 000		Revenue	13 017	10 898	12 377	16 000	
Earnings	565	964	1 760	2 500		Earnings	6	1 341	630	1 800	
Market Cap	14 605**	14 605	17 378	40 000	130%	Market Cap	14 973	9 629	6 979	20 000	187%
Equity	5 683	6 677	10 500	12 000		Equity	2 980	6 500	8 169	11 000	
HBC: Hoa Binh 6.8% (21,600)	2007					NLG: Nam Long 3.7% (27,000)	2015				
Revenue	455	16 037	18 536	25 000		Revenue	1 259	3 161	5 137	7 000	
Earnings	25	859	910	1 300		Earnings	206	535	797	900	
Market Cap	1 444	5 765	4 207	12 000	185%	Market Cap	3 270	4 733	5 667	14 000	147%
Equity	531	2 249	4 147	5 000		Equity	2 218	2 920	5 408	7 000	
HDB: HD Bank 6.3% (34,700)	2016					VND: VNDirect 3.2% (15,400)	2010				
Revenue	4 744	6 347	10 024	17 000		Revenue	471	1 240	1 814	3 000	
Earnings	743	1 746	3 217	4 500		Earnings	105	472	681	800	
Market Cap	25 920**	25 920	34 041	75 000	120%	Market Cap	3 610	3 986	3 334	12 000	260%
Equity	9 316	14 076	16 811	25 000		Equity	1 242	2 507	3 474	4 000	
KDH: Khang Dien 5.7% (30,000)	2010					AAA: An Phat Plastic 2.5% (18,300)	2017				
Revenue	772	3 055	3 582	7 000		Revenue	4 070	4 070	6 000	11 000	
Earnings	175	502	880	1 200		Earnings	223	223	285	500	
Market Cap	2 158	9 206	11 635	18 000	55%	Market Cap	2 767	2 767	3 060	8 000	161%
Equity	1 204	5 214	7 088	8 000		Equity	1 377	1 377	2 400	3 500	
CII: HCMC Infrastructure 5.7% (25,500)	2009					FCN: Fecon 2.5% (15,950)	2014				
Revenue	203	2 041	6 500	8 000		Revenue	1 354	2 320	3 500	7 000	
Earnings	316	1 514	1 200	1 800		Earnings	130	167	270	480	
Market Cap	3 682	8 643	6 285	20 000	218%	Market Cap	1 244	1 321	1 433	4 000	179%
Equity	1 207	4 934	6 180	9 000		Equity	734	1 156	1 305	3 000	

Top holdings per 03 July 2018. Company figures in bn. VND

Peak: Shows the year of historical highest market cap in the past decade and the published revenue, profit and equity

20EE: Shows our target market cap, revenue, profits and equity within the next three years

* Mobile World listed on 14th July 2014 so the figures are pre-IPO. ** Mobile World, TP Bank and HD Bank market cap at subscription price.

VN Index 5 Year Performance



Source: Bloomberg

Disclaimer

PYN Elite Fund (non-UCITS) (hereinafter “the Fund”) is an alternative investment fund according to the Finnish Alternative Investment Fund Managers Act (162/2014, as amended) and a special mutual fund according to the Finnish Mutual Funds Act (48/1999, as amended), meaning it may derogate from the provisions of the Finnish Mutual Funds Act regarding investment of the assets, risk diversification, issue and redemption of the fund units and publication of information (a non-UCITS). The Fund is managed by PYN Fund Management Ltd, located at Mannerheiminaukio 1 E, 00100 Helsinki, Finland. PYN Fund Management Ltd is authorized and supervised by the Finnish authority for supervision of financial and insurance sectors, Financial Supervisory Authority (FIN-FSA).

The attached material contains general information about the Fund and PYN Fund Management Ltd. Investors should remember that distribution of information concerning the 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, financial and/or tax matters. The presented material is not to be construed as a binding offer to buy or sell fund units, nor is it to be interpreted as a solicitation to undertake any other investment activity in any country it is not permitted or in which the party concerned has no required authorization.

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. Especially investors residing in the United States of America (USA) may not invest in the Fund and the Fund may not be, directly or indirectly, marketed, offered or sold within the United States or to natural or legal persons residing in the United States or on behalf of them.

A subscription notice regarding funds managed by PYN Fund Management Company Ltd. shall be made based on the information provided in the most recent fund prospectus and/or key investor information document (if applicable), the rules of the Fund as well as the most recent reviewed annual and/or semi-annual report. 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 terms and conditions of the purchase of the units in the Fund shall be exclusively specified in rules of the relevant fund managed by PYN Fund Management Ltd as well as in the relevant fund prospectus and/or key investor information document, if applicable.

Investors should be aware that this Fund invests in a concentrated portfolio of companies of a small to medium market capitalization located in the Asian region. Share prices of such companies may be much more volatile and trading liquidity much lower than for 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 assets invested in the Fund partly or totally. Please also note that this Fund is not covered by the Finnish Investors’ Compensation Fund or Deposit Guarantee Fund.

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. 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.