



# **PYN ELITE**

PYN Elite – Presentation

August 2020

# 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 \*\*)

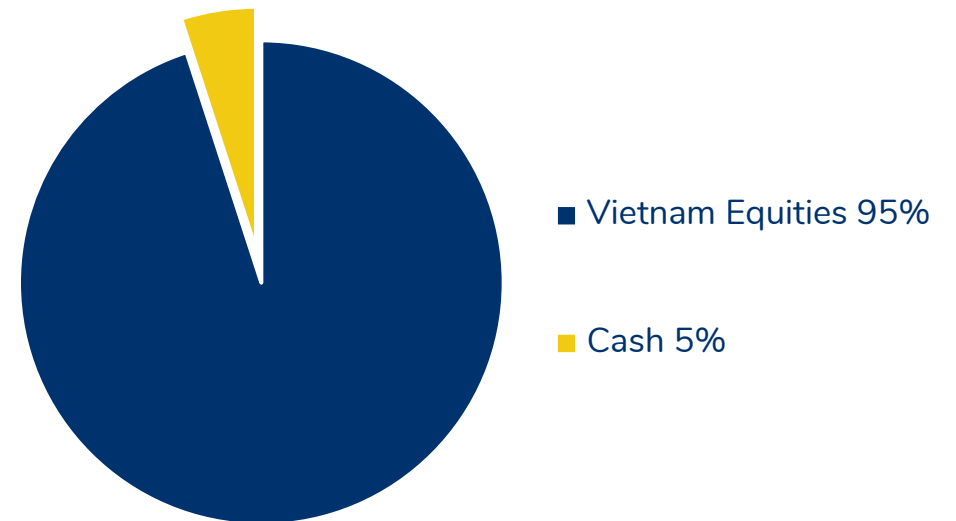
Assets (10.08.2020) 397 m EUR

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

\* The subscription fee for subscriptions of 3M EUR or more is 5 %.

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

## Fund allocation



As of 10.08.2020

# PYN Elite 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**

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

# Top Holdings

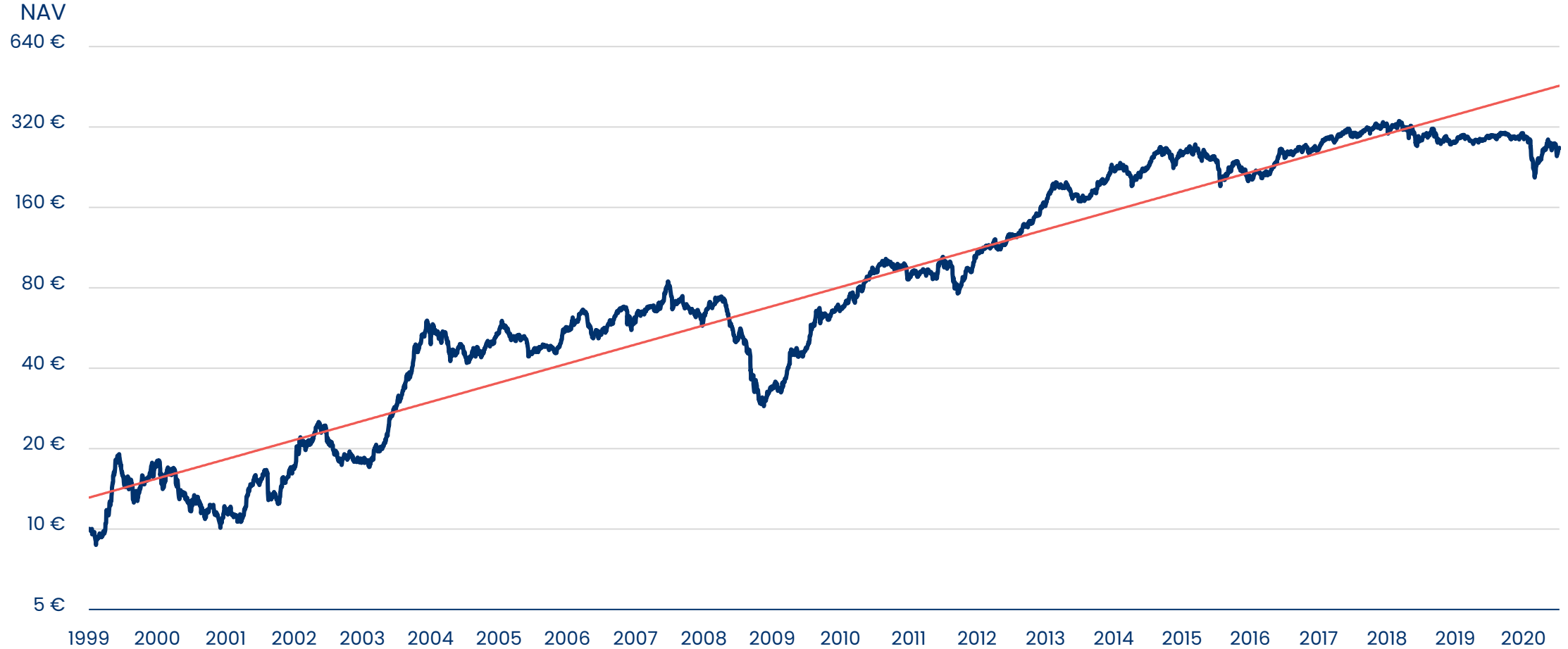
Company	2019	2020E	20EE	PYN Elite upside (E)	Company	2019	2020E	20EE	PYN Elite upside (E)
<b>VEA: VEAM 12.1% (44 400)</b>					<b>ACV: Airports of Vietnam 4.5% (53 800)</b>				
Revenue	4 488	3 589	11 000		Revenue	18 329	9 411	25 000	
Earnings	7 214	4 955	10 500		Earnings	7 510	1 620	12 000	
Market Cap	59 796	58 999*	120 000	103 %	Market Cap	163 275	117 123*	240 000	105 %
Equity	26 640	24 552	40 000		Equity	36 704	38 324	60 000	
<b>TPB: TP Bank 9.6% (21 000)</b>					<b>NLG: Nam Long 4.4% (26 600)</b>				
Revenue	5 633	6 603	10 000		Revenue	2 546	1 812	8 000	
Earnings	3 094	3 376	4 800		Earnings	893	912	900	
Market Cap	17 399	17 148*	52 000	203 %	Market Cap	6 867	6 642*	14 000	111 %
Equity	13 075	16 450	25 000		Equity	5 055	5 953	8 000	
<b>HDB: HD Bank 9.0% (26 500)</b>					<b>SCS: Saigon Cargo 3.2% (110 000)</b>				
Revenue	9 747	12 623	18 000		Revenue	748	680	1 400	
Earnings	3 605	4 326	5 800		Earnings	431	383	700	
Market Cap	27 027	25 597*	80 000	213 %	Market Cap	6 044	5 582*	12 000	115 %
Equity	19 073	23 400	30 000		Equity	1 004	1 022	2 000	
<b>CTG: Vietinbank 9.0% (22 800)</b>					<b>CEO: CEO Group 2.6% (7 000)</b>				
Revenue	33 199	34 125	45 000		Revenue	4 550	3 156	8 000	
Earnings	7 600	7 351	13 000		Earnings	448	134	700	
Market Cap	77 819	84 894*	200 000	136 %	Market Cap	2 419	1 801*	8 000	344 %
Equity	76 793	84 100	100 000		Equity	2 982	3 000	6 000	
<b>POW: PV Power 6.7% (9 660)</b>					<b>KDH: Khang Dien 2.5% (24 500)</b>				
Revenue	35 374	33 959	42 000		Revenue	2 813	3 723	7 000	
Earnings	2 406	2 301	3 500		Earnings	870	1 096	1 200	
Market Cap	26 814	22 622*	48 000	112 %	Market Cap	14 645	12 852*	18 000	40 %
Equity	26 887	28 581	35 000		Equity	7 625	8 349	10 000	
<b>MWG: Mobile World 4.7% (79 000)</b>					<b>PAN: PAN Group 2.5% (19 150)</b>				
Revenue	102 174	110 187	180 000		Revenue	7 813	7 600	16 000	
Earnings	3 834	3 424	5 500		Earnings	257	150	600	
Market Cap	50 467	35 773*	100 000	180 %	Market Cap	4 845	4 004*	7 000	75 %
Equity	12 136	15 293	22 000		Equity	3 788	5 374	6 000	

Top holdings per 10 August 2020. Company figures in bn. VND

20EE: Shows our target market cap, revenue, profits and equity within the next few years (3-5 y.)

\* MCap on 10 August 2020

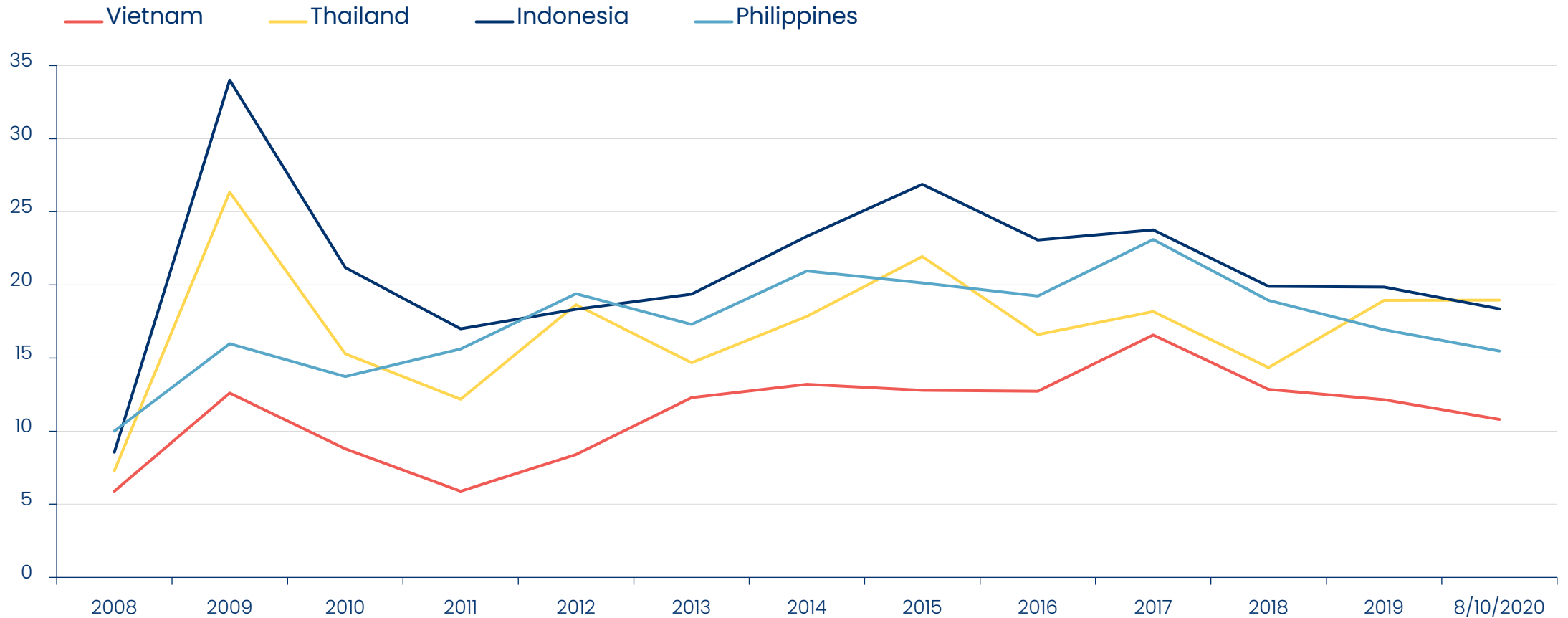
# PYN Elite Performance on Log Scale



Source: PYN Fund Management

PYN Elite fund was established in Feb 1999 at 10 Euros per unit. Since inception, its unit value has increased 26-fold to above 260 Euros. Compounded annual returns are at 16.5%.



# Vietnam Price to Earnings vs. Emerging Markets



Per 10.08.2020, Source: Bloomberg

Vietnam's VNX All-Shares Index trades at a weighted P/E ratio of 10.8. The index include 401 companies from the Ho Chi Minh and the Hanoi stock exchanges. Vietnamese small and medium cap stocks trade at around P/E 9.7.

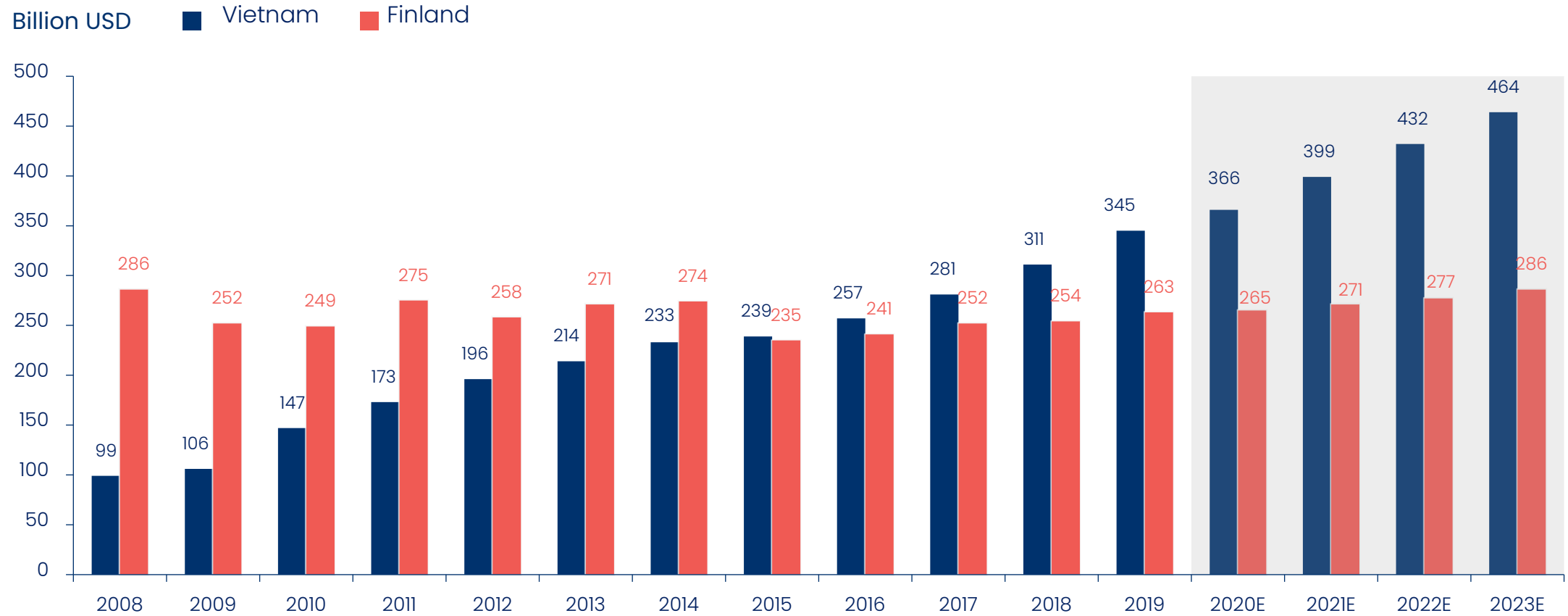
# CAGR Vietnam vs. Thailand 2013–2019

Industry		CAGR % 2013–2019			
Banks	HDB , TPB, CTG	+44 %	Revenue growth	+7 %	KBank, KKP
		+37 %	Profit growth	+2 %	
Housing	NLG, KDH	+49 %	Revenue growth	-1 %	LPN, AP
		+150 %	Profit growth	-1 %	
Construction	CII, FCN	+17 %	Revenue growth	+9 %	CKP, STEC, SEAFCO, BEM
		+13 %	Profit growth	+14 %	
Hotel Developer	CEO	+73 %	Revenue growth	+14 %	ERW, MINT
		+67 %	Profit growth	+3 %	
Brokers	VND	+34 %	Revenue growth	-11 %	MBKE
		+21 %	Profit growth	-25 %	
Food Industry	PAN	+53 %	Revenue growth	+5 %	CPF
		+152 %	Profit growth	+17 %	
Retail	MWG	+49 %	Revenue growth	+10 %	CPALL, HPRO
		+57 %	Profit growth	+12 %	

Source: Bloomberg, PYN Fund Management

Our recent study compares PYN Elite’s key Vietnamese holdings to comparable peer companies in Thailand. Surprisingly, Thailand’s domestic businesses have achieved rather dismal growth in this time period. By contrast, Vietnam’s growth numbers are extremely strong. Remark: Vietnam’s bank and property crises in years 2009-2012 set a very low base for the CAGR growth comparison.

# Vietnam GDP vs Finland GDP 2008–2023



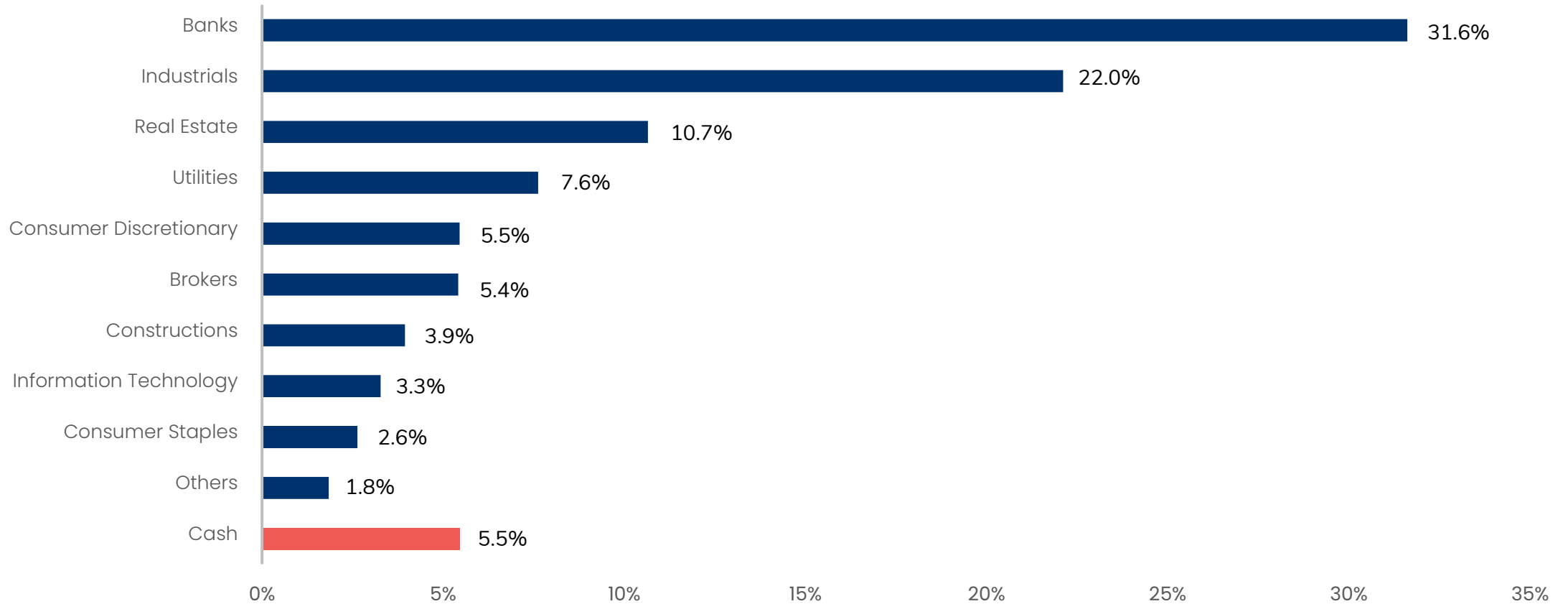
Source: World Bank, GS VNO, PYN Fund Management

Vietnam’s GDP is poised for strong growth. Due to Covid-19, we expect Vietnam GDP growth to reach 3% in 2020, though Vietnam maintains average GDP growth target of 7% per year for 2021 – 25.

Vietnam’s GDP period 2011 – 17 was revised by the General Statistics Office of Vietnam by an average of 25.4% higher on Dec 13, 2019.



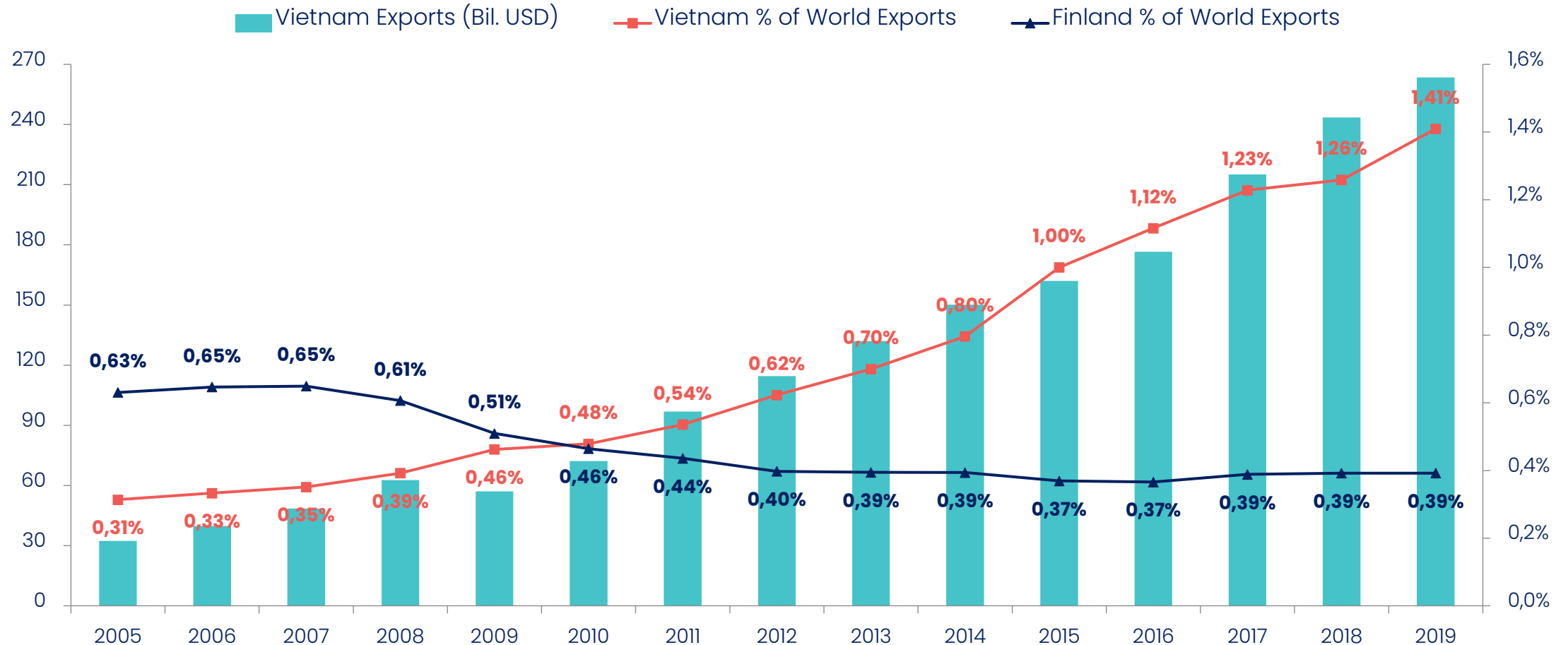
# PYN Elite portfolio by sector



Per 10.08.2020, Source: PYN Fund Management

Banks are the largest portion in PYN Elite. Banks are poised for brisk business expansion and profit growth for coming years in Vietnam. Cash position includes our buffering for foreign exchange hedging contracts.

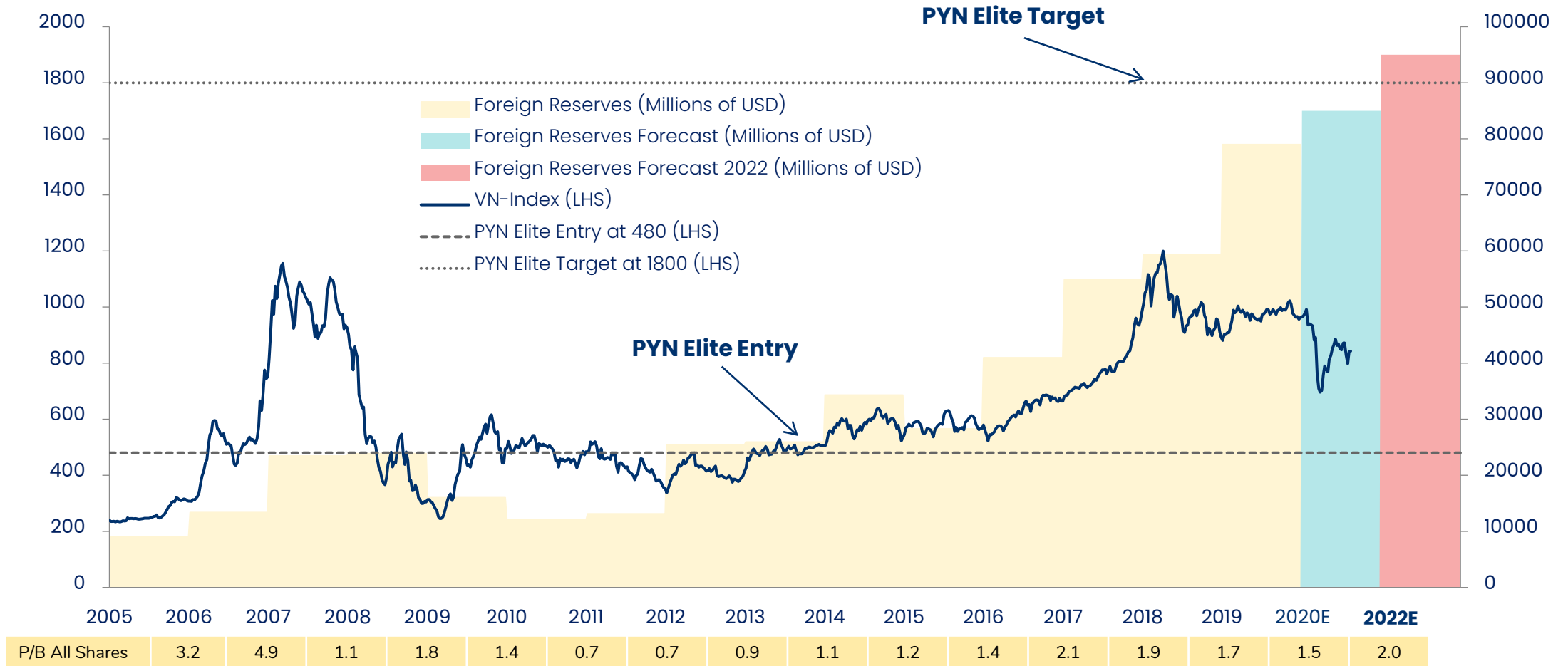
# Exports from Vietnam and Finland relative to World Exports



Source: IMF DOTS

Vietnam’s government has built an attractive platform for foreign direct investments. The manufacturing sector has achieved high competitiveness in world export markets and it continues to capture market share from other countries.

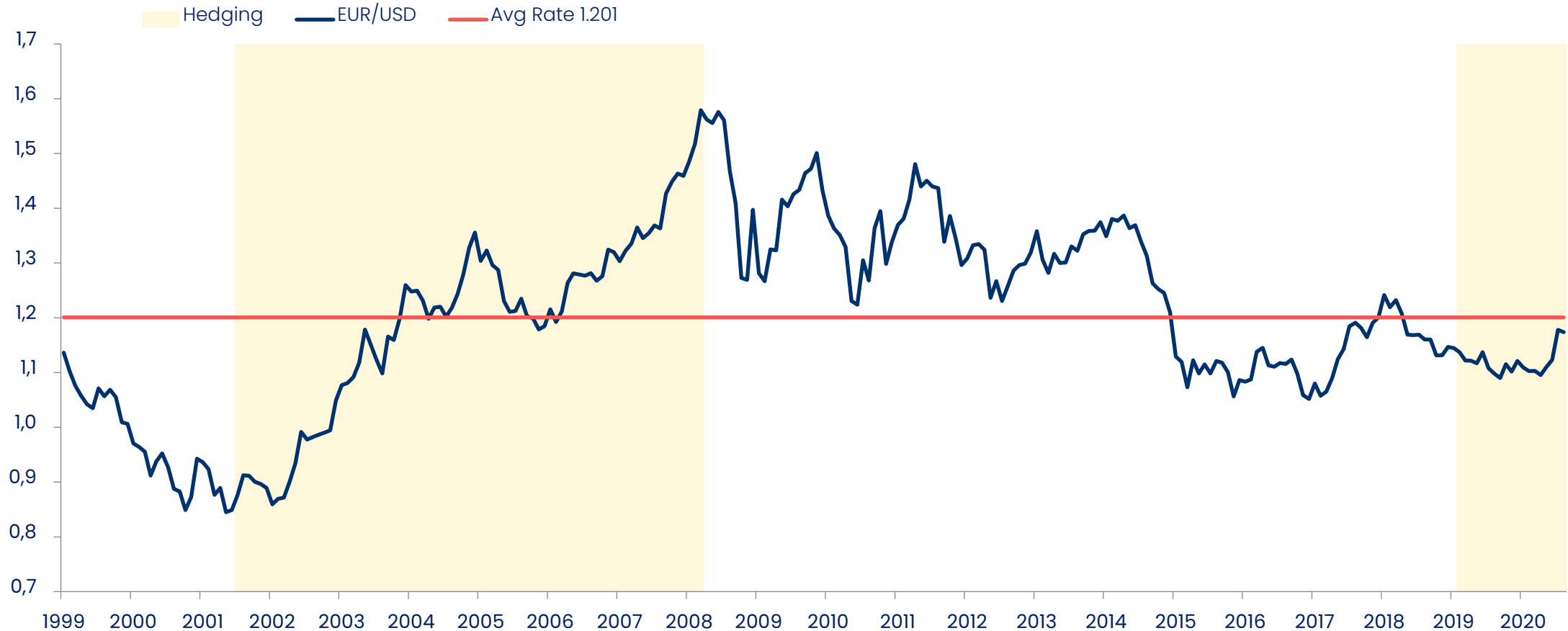
# Vietnam Stock Market and FX Reserves



VNIndex per 10.08.2020 Source: ADB, Bloomberg, PYN Fund Management

Forex reserves are accumulating and satisfactory forex reserves will correlate to Vietnam's country risk. Lower risk level will support higher equity valuation ratios in Vietnam.

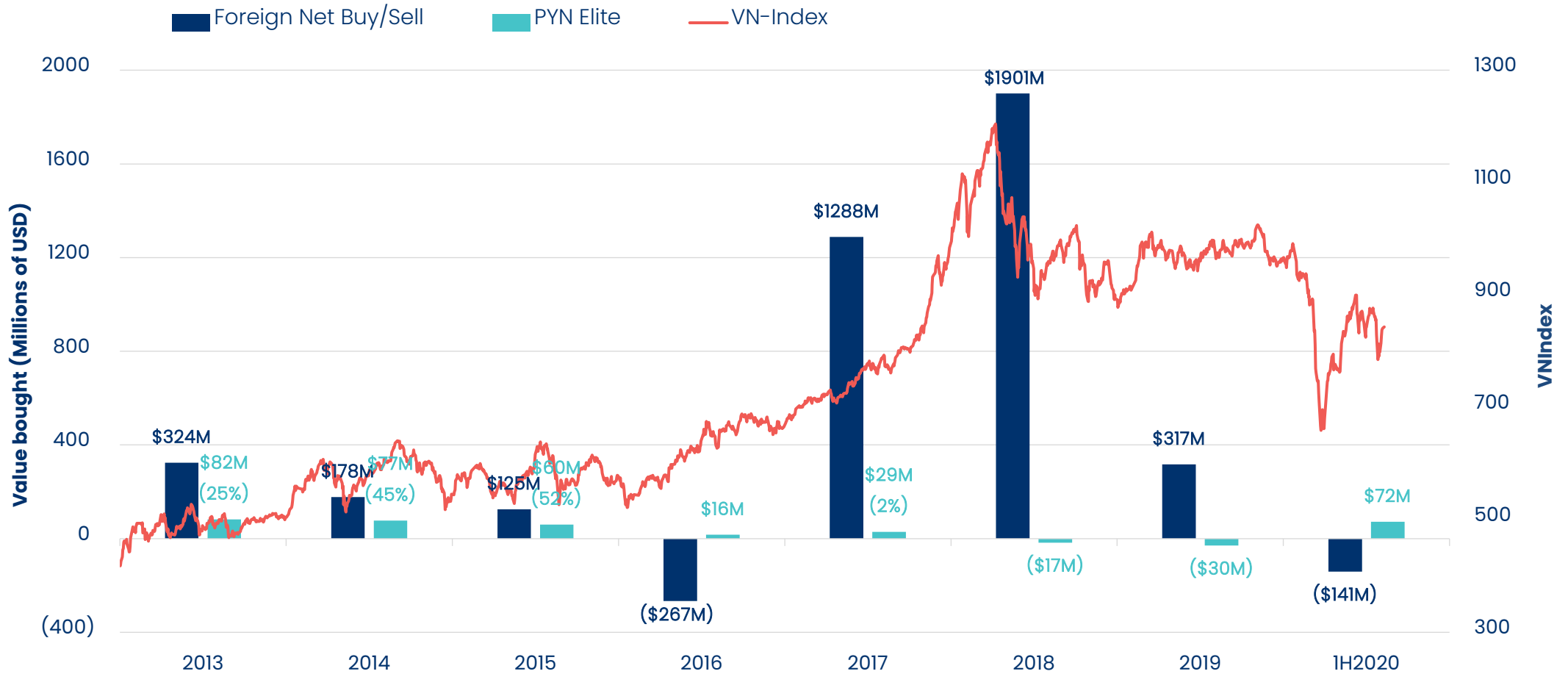
# EUR/USD Rate and PYN Elite Hedging



Per 10.08.2020 Source: Bloomberg, PYN Fund Management

PYN Elite returns are impacted by the strength or weakness of the Euro. Currency hedging has been used as a tool to protect our portfolio from potential Euro strengthening. During the 2001-2008 period, we were fully-hedged for our portfolio. 2008 – 2/2019 we kept the currencies open. PYN Elite portfolio has been fully-hedged again as from 26.2.2019.

# PYN Elite proportion of foreign net buy/sell in Vietnam



VNIndex per 10.08.2020, Source: FiinPro Vietnam, PYN Fund Management

PYN Elite fund has played a significant role in foreign net purchases in Vietnam from 2013-2015. Since then PYN Elite fund's net buying has moderated and other foreign funds has been more actively net buying Vietnamese equities.

# PYN Elite Historical Performance

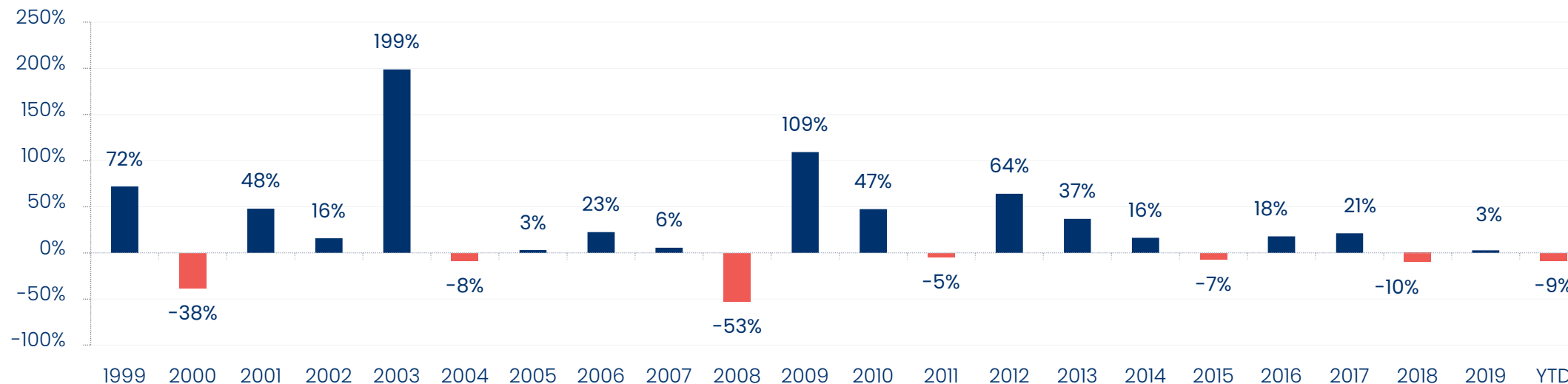


Cumulative Return Since Inception  
**+2 571%**

Average Annualized Return Since Inception  
**+16.5%**

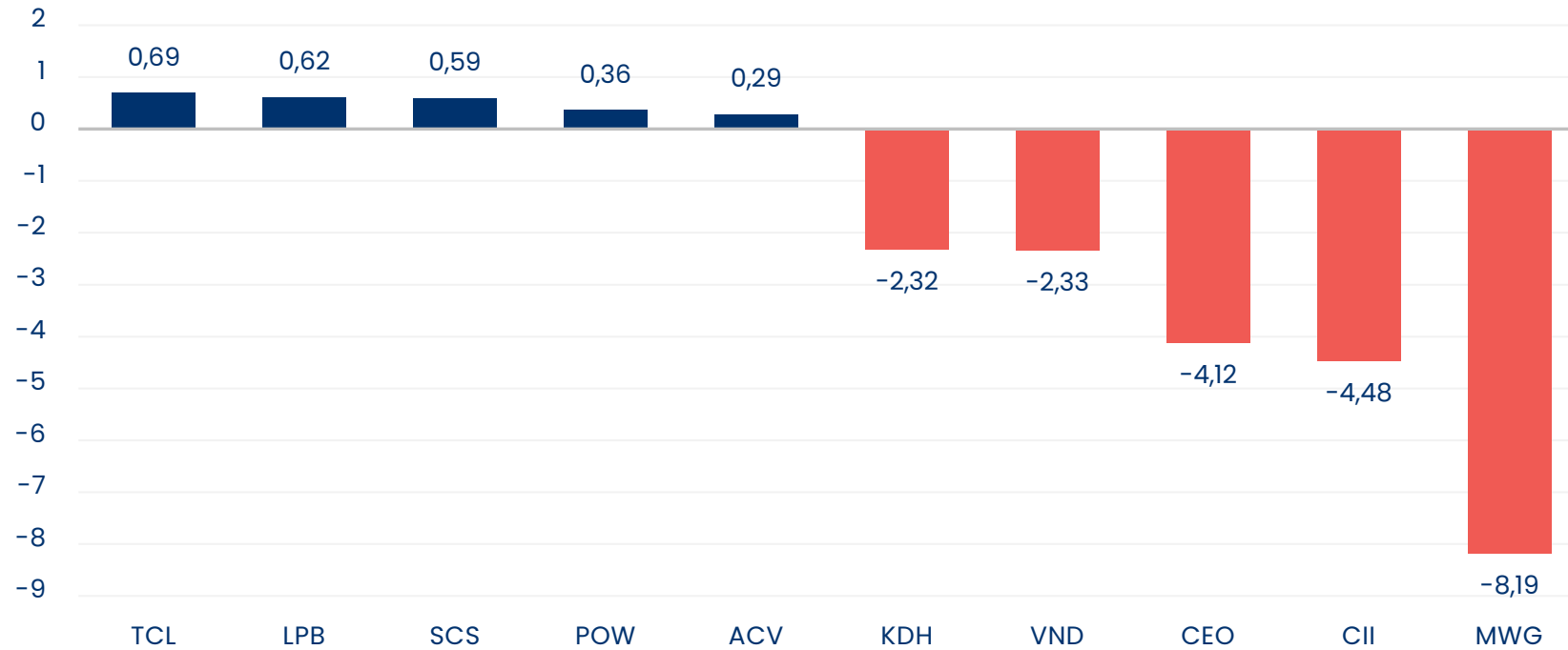
	Period	1999 - 2004	2005 - 2009	2010 - 2014	2014 - 2019	2020 YTD	Since Inception
PYN Elite Fund (EUR)	Period Aggregated Return %	398 %	31 %	267 %	23 %	-9 %	2 571 %
	Avg. annual return % (CAGR)	31 %	5 %	30 %	4 %	-14 %	16.5 %
MSCI Asia Ex Japan (EUR)	Period Aggregated Return %	21 %	57 %	38 %	32 %	-2 %	239 %
	Avg. annual return % (CAGR)	3 %	9 %	7 %	6 %	-3 %	5.8 %

YTD 10.08.2020 Source: Bloomberg, PYN Fund Management



# Top 5 Profit & Loss Year-to-Date

Million EUR



Per 10.08.2020, Source: PYN Fund Management

# Net Debt/Equity – Top 50 listed companies

Region	2014	2015	2016	2017	2018	2019	Q2 2020
Finland	43.5	31.7	25.4	23.7	27.2	38.8	44.1
<b>Vietnam</b>	<b>48.4</b>	<b>49.9</b>	<b>63.3</b>	<b>44.3</b>	<b>34.8</b>	<b>34.0</b>	<b>20.0</b>
EU	30.3	31.2	43.0	33.3	43.5	41.5	51.0
US	35.4	41.2	42.6	42.3	37.4	67.9	80.5
Average all	39.4	38.5	43.6	35.9	35.7	45.5	48.9

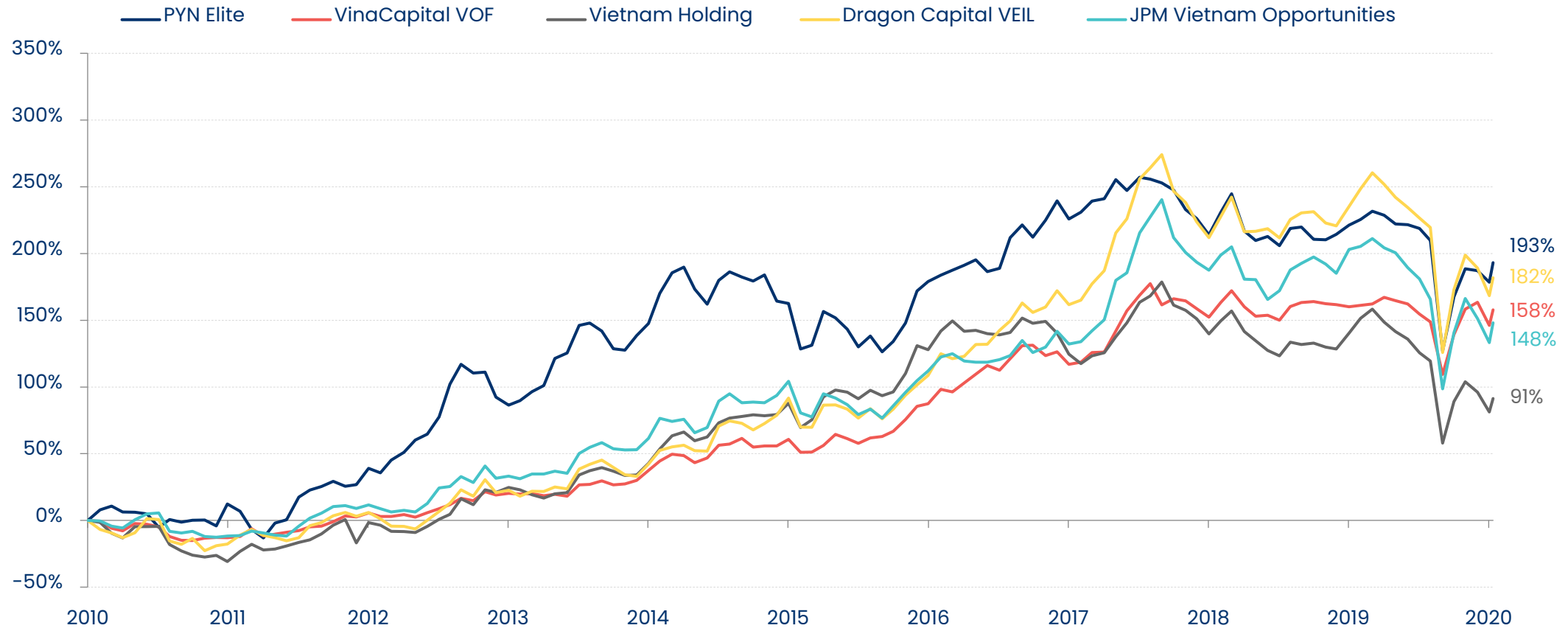
(\*) Figures are excluding Banks

Source: Bloomberg, FiinPro, PYN Fund Management

Vietnamese companies are well prepared for fast growth even if financial markets turn to face more challenges in coming years.



# PYN Elite vs Vietnam Funds (in EUR)



Source: Bloomberg

PYN Elite fund has been able to combine macroeconomic analyses together with equity market valuations in timing when to enter a new market. This factor has favored PYN Elite fund switching from the Thai market to the Vietnam market in 2013, relative to Vietnam-only country funds.

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# Disclaimer

## **PYN Elite**

The PYN Elite (non-UCITS) Fund (hereinafter "PYN Elite Fund") is an alternative investment fund and a non-UCITS fund as referred to in the Finnish Act on Alternative Investment Fund Managers (162/2014, as amended), which is managed by the Finnish alternative investment fund manager PYN Fund Management Ltd.

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