



PYN ELITE

Vietnam – Asia's new success story

November 2020

Vietnam's growth has a solid foundation



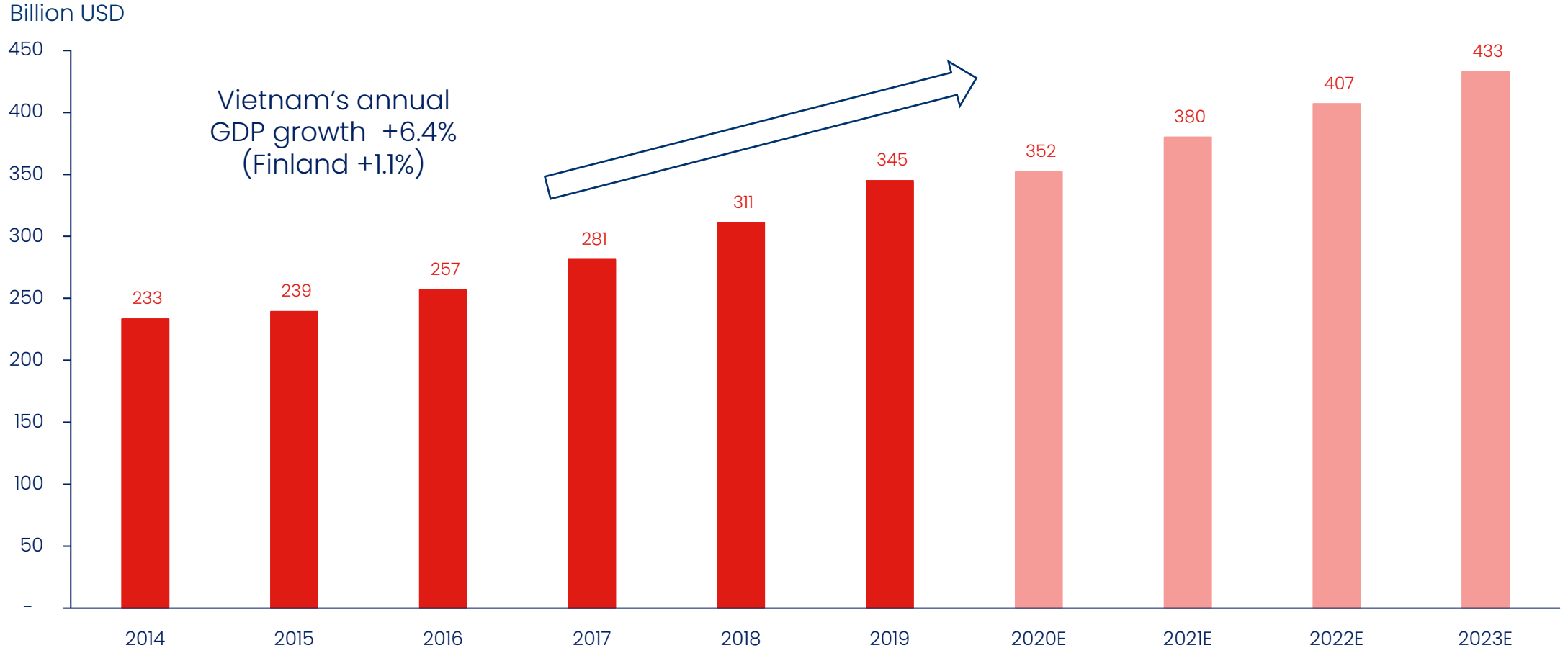
Vietnam's share of world trade has increased in ten years from 0.48% to 1.45%, in 2010 the value of exports was 70 billion USD, now 270 billion USD

Vietnam is investing in the growth of the software industry: approximately 55,000 IT-engineers graduates every year

Diversified exports:
cashew nuts USD 2.5 billion,
peppercorns for almost USD 1 billion - and 150 million Samsung phones

Over the last five years disposable income has had 10.2 % annual growth. Pay rises are not a burden to country's competitiveness

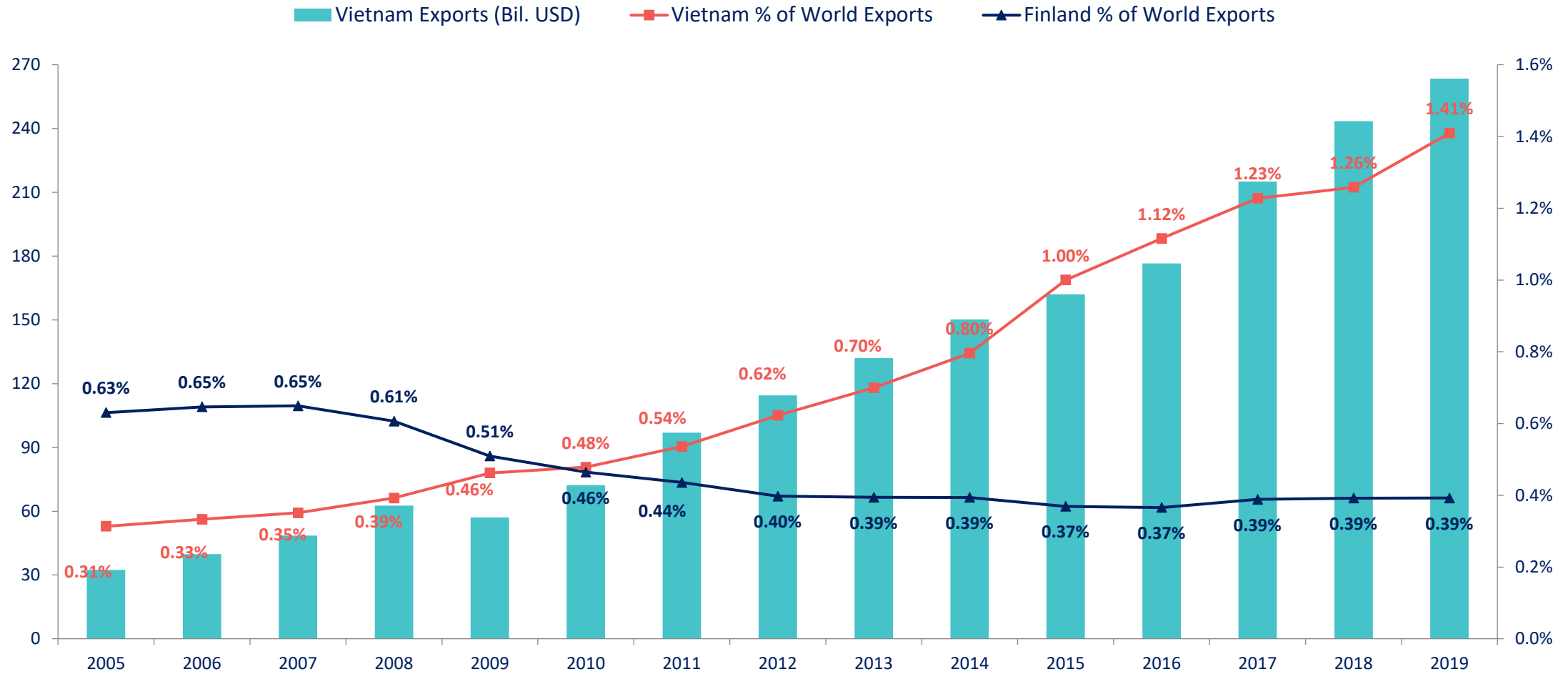
Vietnam's economy is on a strong upward trend



Source: World Bank, GSO VN, PYN Fund Management

Vietnam's GDP is expected to continue at an excellent annual growth rate of 6%-7% for the next ten years. In 2020 the country's economy will expand by 2%-3% percent despite the corona epidemic.

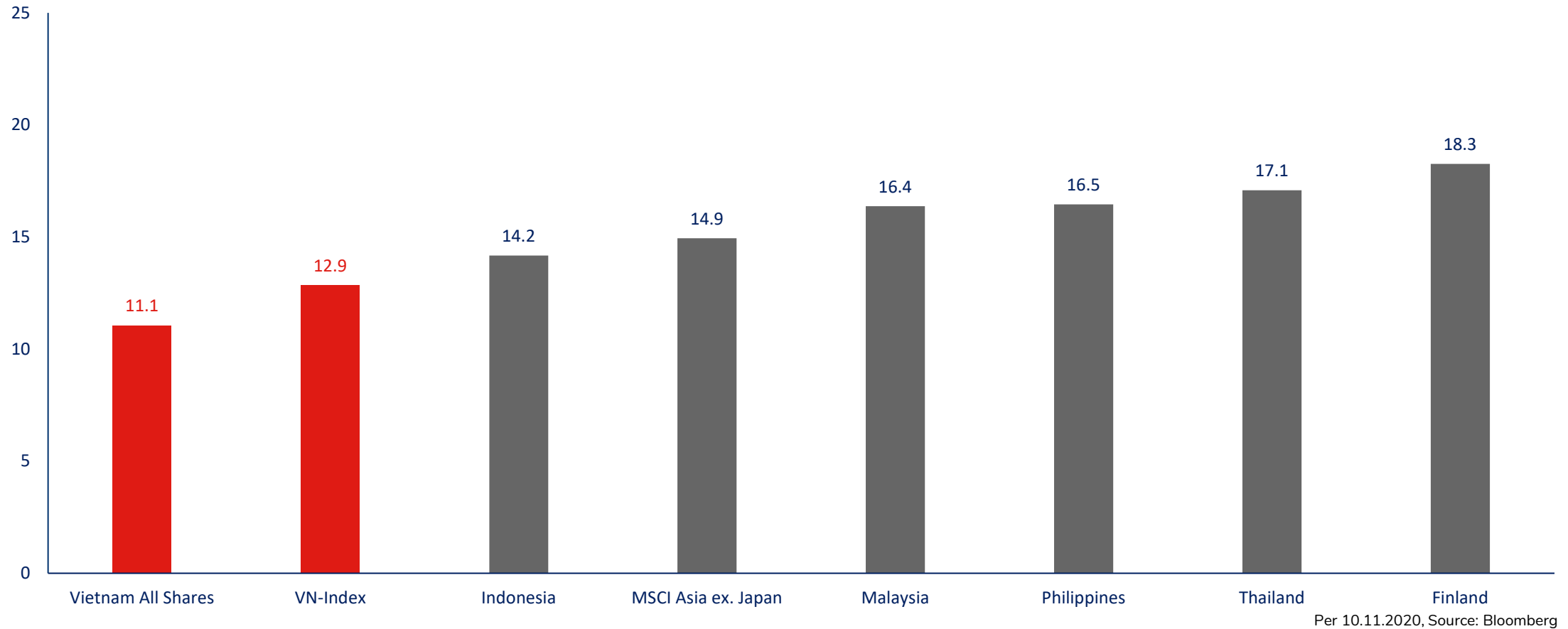
Vietnamese exports are doing well



Source: IMF DOTS

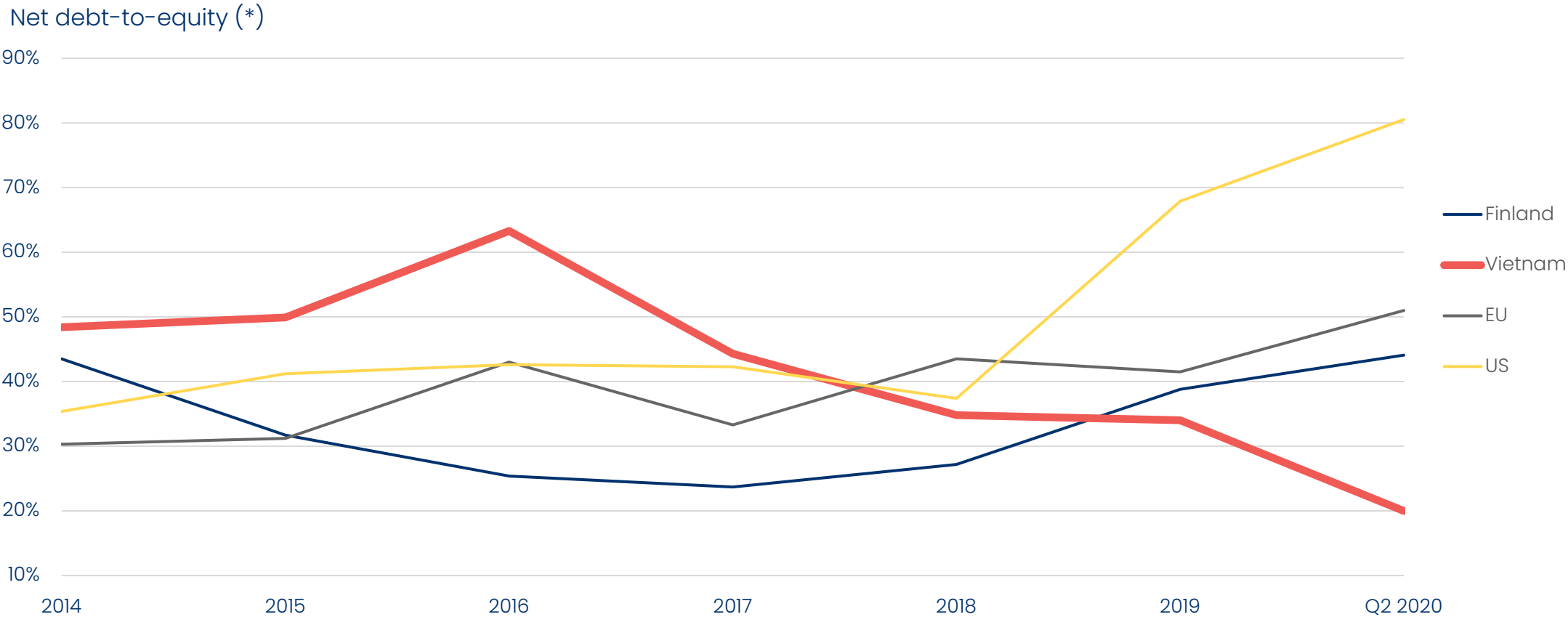
In recent years Vietnam has attracted a huge amount of foreign direct investments. The competitiveness of the country's industries has been on a astonishing level for a long time, and Vietnam has been constantly gaining market share in foreign trade from other countries.

The market offers inexpensive shares



The VN Index will trade in 2021 with P/E of 12.9 (VN-all P/E 11.1). The shares are inexpensive and have significant room for improvement compared to the current valuation and the outlook for earnings growth in the next few years.

Vietnamese listed companies' D/E ratios are low

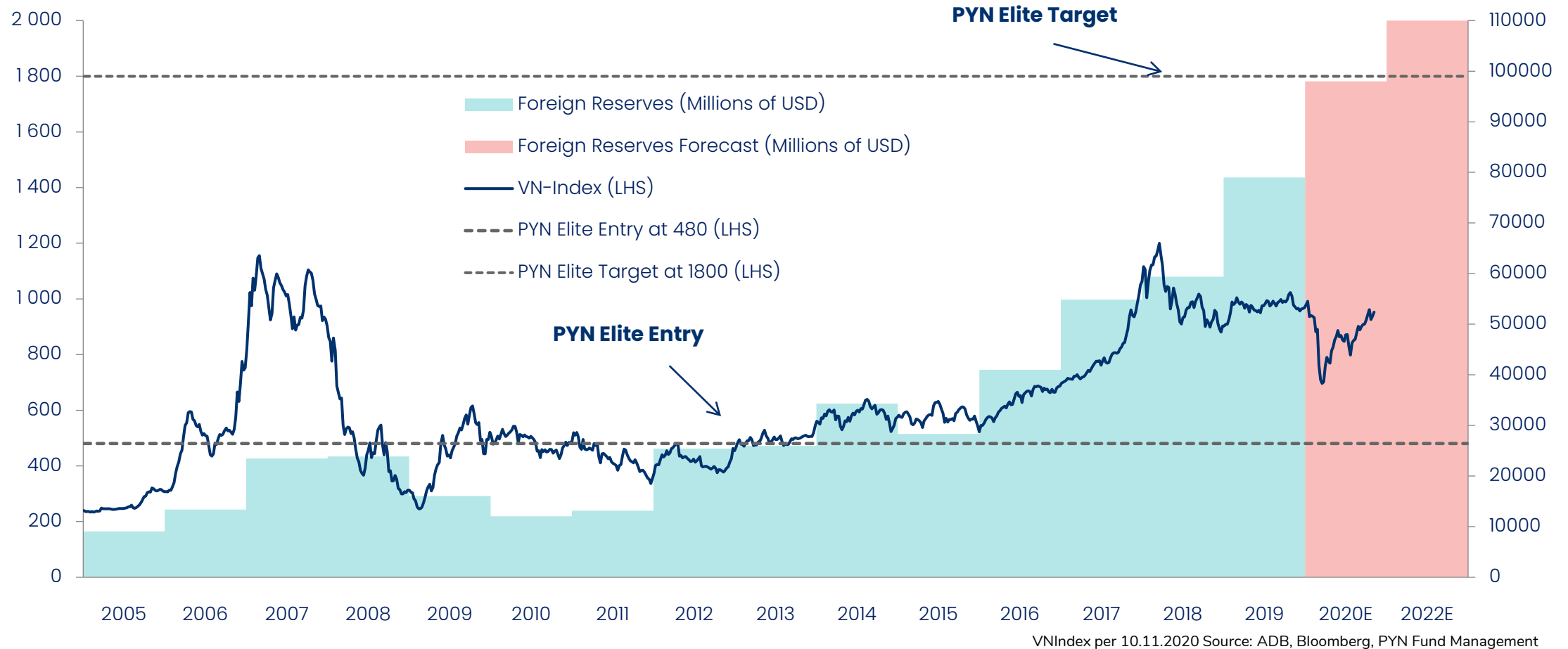


(*) Figures are excluding banks

Source: Bloomberg, FinPro, 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: 1800 points



Vietnam's foreign exchange reserves have accumulated rapidly. The current level significantly lowers the country risk in Vietnam. Lower risk should correlate with the stock market and support a higher valuation level on the stock exchange in the future.

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 YTD	Cumulative return
PYN Elite Fund (EUR)	398 % *	31 %	267 % *	23 % **	9 %	3 096 %
MSCI Asia Ex Japan (EUR)	21 %	57 %	38 %	32 %	7 %	268 %

YTD 10.11.2020 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 21 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.

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

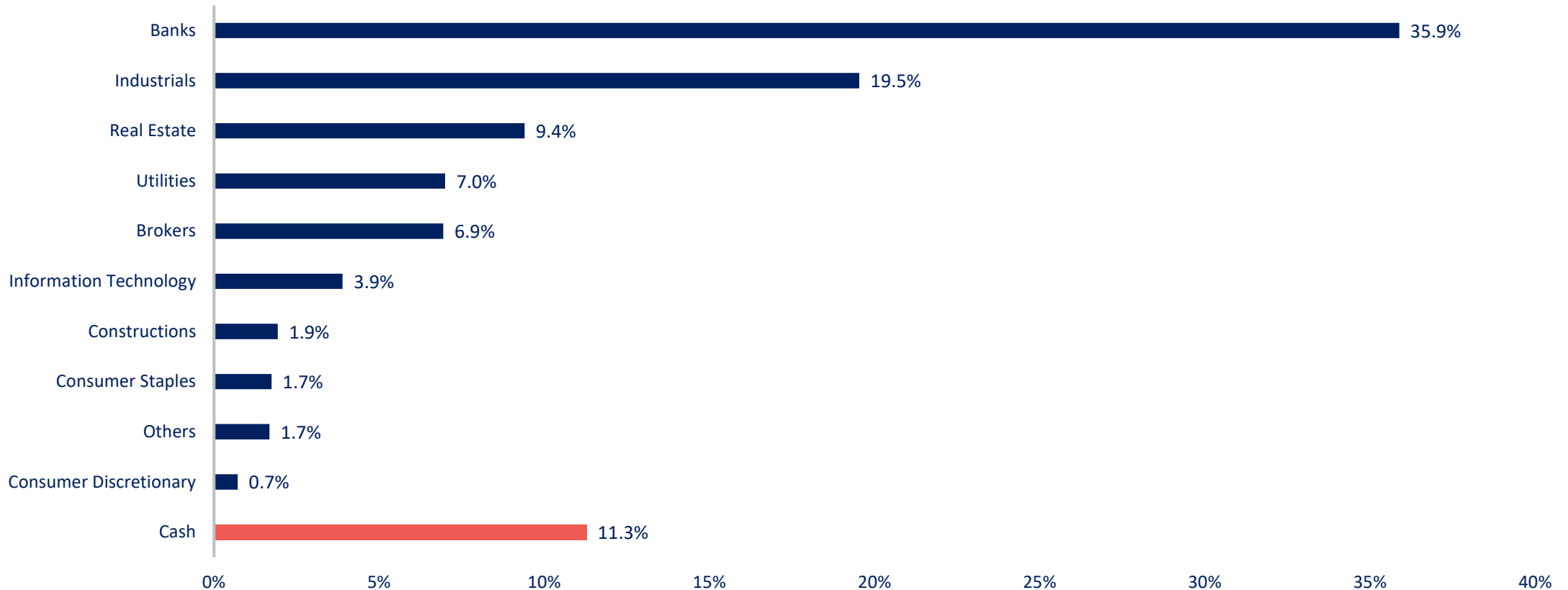
- Underperforming or undervalued markets in comparison to markets' historical fair valuation
- Improving macroeconomic/demographic trends
- Industries and companies that are overlooked, contrarian and correction potential on valuation of share

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

Banks play a big role in PYN Elite's portfolio








Per 10.11.2020, Source: PYN Fund Management

Bank shares are underpinned by a sluggish share price trend that has lasted for a couple of years. During that time we have increased their share of the portfolio to about a third. We believe in banks as they will expand their business briskly in the next few years, and along with that the earnings growth will also be strong. The cash in the portfolio includes our buffering in currency hedging agreements.

PYN Elite top holdings



 VEAM CORP Weight 10.4%	<p>Listed holding company in which the State holds a majority. The business consists of the manufacture of cars and mopeds with joint ventures of Ford, Toyota and Honda. The company is net cash and pays an excellent dividend, dividend yield now 12 percent. Maintaining growth is the biggest challenge.</p>	Revenue growth 12.4% Net profit growth 10.8% Revenue 2019 6 936 Net profit 2019 274	Market cap 2 140 Market cap target 4 000 Target valuation P/E 10 Upside potential 84%
 VietinBank Nâng giá trị cuộc sống Weight 9.6%	<p>CTG is the largest bank when measured by the number of branches and the second-largest by balance sheet in Vietnam. The major share holders are the State Bank of Vietnam and MUFG Bank, the largest bank in Japan. Stock has underperformed peer bank BID and therefore a strong buy. The most challenging is to keep profitability reform plans intact.</p>	Revenue growth 15.2% Net profit growth 13.5% Revenue 2019 1 278 Net profit 2019 364	Market cap 4161 Market cap target 8 000 Target valuation P/B 2.0 Upside potential 92%
 HDBank Cam kết lợi ích cao nhất Weight 9.3%	<p>A medium-sized bank focusing on, among other things, 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. The most challenging task is to manage possible mergers.</p>	Revenue growth 31.6% Net profit growth 62.8% Revenue 2019 375 Net profit 2019 139	Market cap 1 169 Market cap target 3 000 Target valuation P/B 2.5 Upside potential 157%
 TPBank Vì chúng tôi hiểu bạn Weight 8.7%	<p>A small-sized bank, pioneer in digital services. A key market share in car financing. Major shareholders also include Japan's Softbank and Vietnam's leading IT technology company FPT. Grows intensely and valuation is damn cheap. The most challenging is the value ratios for of a small bank and the risk of unpredictable events.</p>	Revenue growth 41.6% Net profit growth 53.2% Revenue 2019 217 Net profit 2019 119	Market cap 716 Market cap target 2 100 Target valuation P/B 2.0 Upside potential 193%
 PETROVIETNAM POWER Weight 6.2%	<p>POW is one of the largest energy company in Vietnam. Generates about ten percent of Vietnam's electricity. We started buying the company at a low price in the spring of 2020. Challenges: the natural gas purchase agreements with the government.</p>	Revenue growth 11.1% Net profit growth 3.7% Revenue 2019 1 362 Net profit 2019 97	Market cap 855 Market cap target 1 900 Target valuation P/E 14 Upside potential 122%

*All revenue and net profit growth figures CAGR % 2015-2019

** All revenue, net profit and market value figures in millions of EUR

*** VEAM growth and revenue figures are holding company's 2019 readings

PYN Elite top holdings



Weight 4.7%

MBB is the 5th largest bank by balance sheet, and has a full-fledged banking platform including retail/SME lending, insurance, and brokerage. MBB is a well-run quality bank but valuation is well below peers, due to setbacks of its new move into consumer finance, which caused some doubts among investors and a stock price slump. We used this as an opportunity to build our positions. The bank is rather conservative, therefore the biggest challenge is to strive for satisfying loan growth.

Revenue growth	25.2%	Market cap	1 833
Net profit growth	33.1%	Market cap target	4 000
Revenue 2019	693	Target valuation	P/B 1.8
Net profit 2019	301	Upside potential	118%



Weight 4.5%

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. We got involved in block purchases after the exchange rate collapse caused by the coronavirus pandemic. The most challenging: State of Vietnam the major share holder.

Revenue growth	8.6%	Market cap	5 239
Net profit growth	47.9%	Market cap target	9 800
Revenue 2019	706	Target valuation	P/RNAV 1.5
Net profit 2019	316	Upside potential	87%



NAM LONG
Weight 4.1%

Nam Long, the strongest Vietnamese brand for affordable housing, a residential developer in Ho Chi Minh City area. The company has several projects in progress, some of which include Japanese partners. Company is in a good shape. Most challenging at the moment: huge Water point -project in the suburbs of Saigon.

Revenue growth	19.3%	Market cap	274
Net profit growth	46.9%	Market cap target	650
Revenue 2019	98	Target valuation	P/E 12
Net profit 2019	37	Upside potential	137%



Weight 3.5%

Professionally run stock broker, owned by the management. Leading role in the investment banking. Substantial revenue from consulting bisnes and capital market operations. More weight in our portfolio last spring. Competition is heavy in the comissions.

Revenue growth	21.8%	Market cap	245
Net profit growth	30.7%	Market cap target	550
Revenue 2019	59	Target valuation	P/E 12
Net profit 2019	27	Upside potential	125%



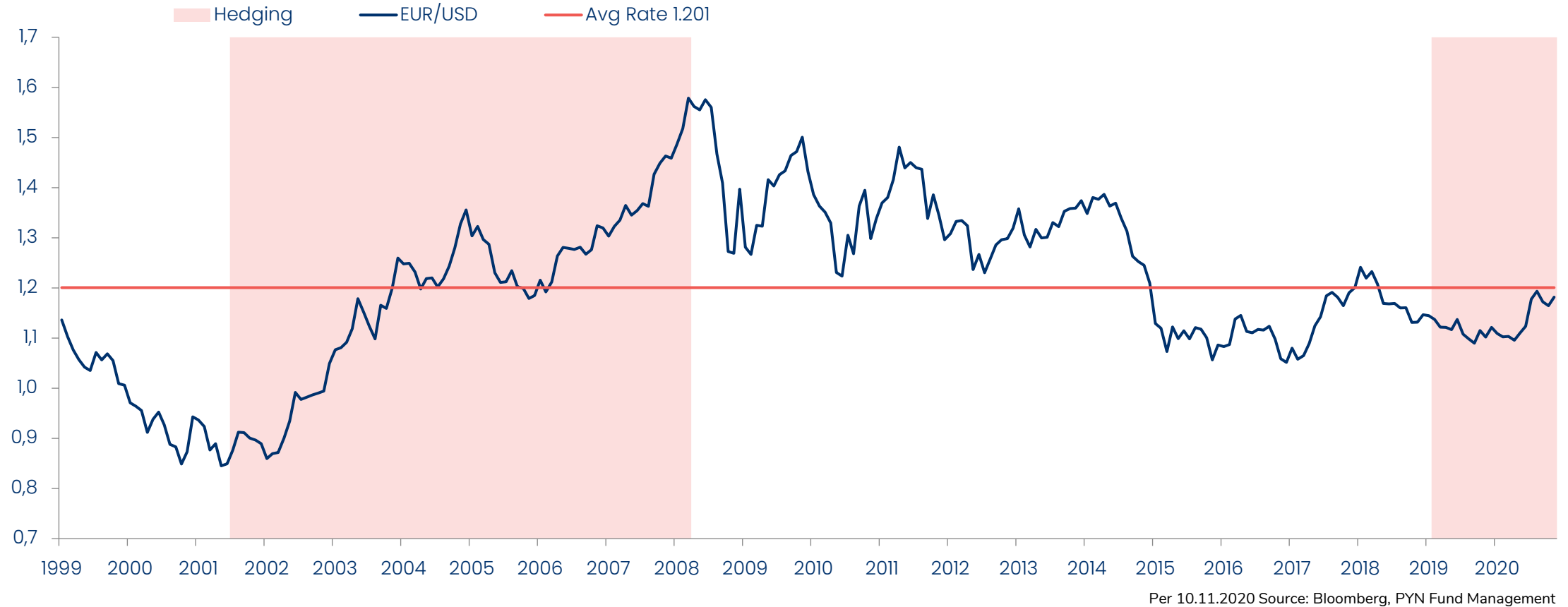
Weight 2.9%

Saigon Cargo Service Corporation is one of Vietnam's leading air freight companies. Even during a pandemic, the company has been able to make a reasonably good result. We bought the stock in early spring after the price drop. In terms of expansion, it is challenging to find suitable acquisition candidates.

Revenue growth	21.7%	Market cap	225
Net profit growth	38.8%	Market cap target	400
Revenue 2019	29	Target valuation	P/E 18
Net profit 2019	19	Profit potential	78%

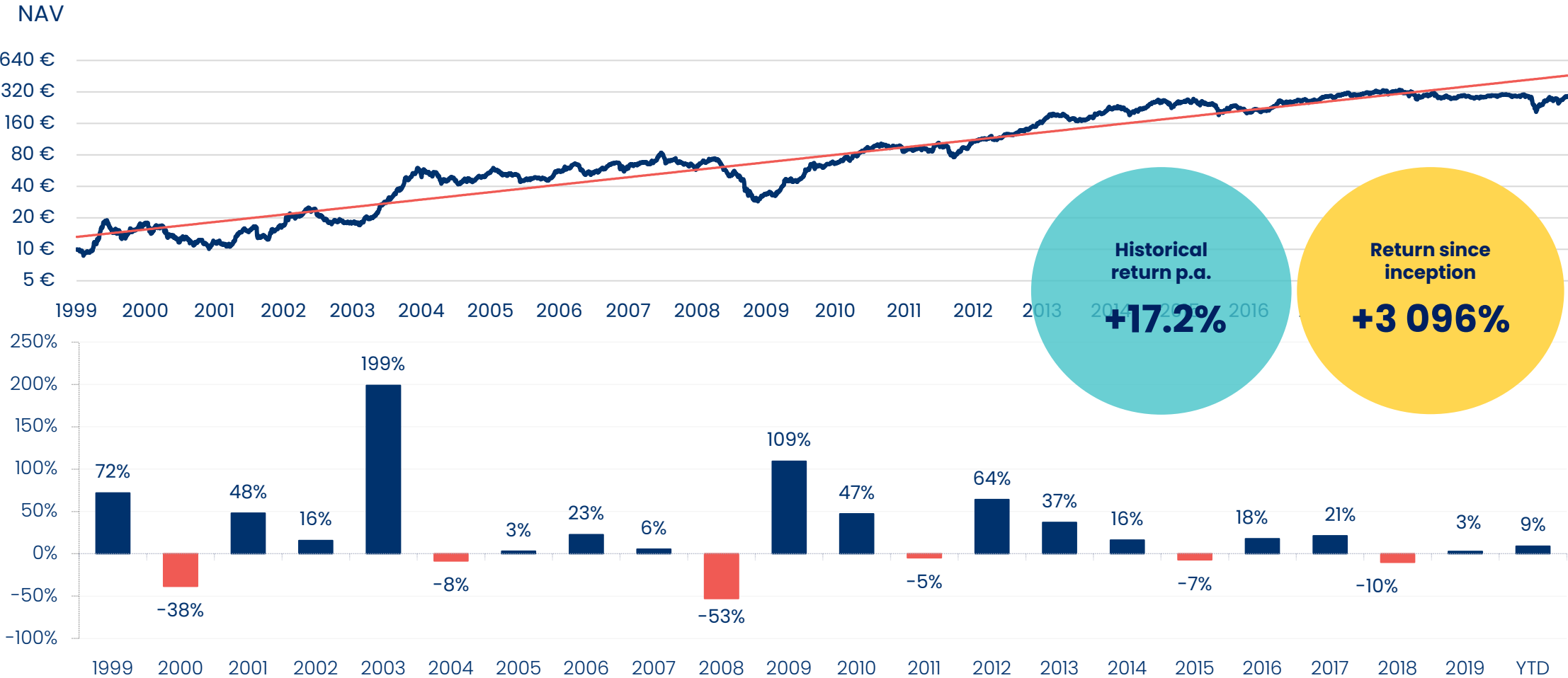
*All revenue and net profit growth figures CAGR % 2015-2019
** All revenue, net profit and market value figures in millions of EUR

The portfolio is hedged against the strengthening of the US dollar



PYN Elite's return is affected by changes in the euro FX rate. We have used currency hedging against the strengthening of the euro in 2001-2008 and again from 26 February 2019

PYN Elite has excellent track record



Per 10.11.2020 Source: PYN Fund Management

The PYN Elite Fund was established in February 1999 when the value of the share was ten euros. Since then its value has increased 32-fold. The annual return is now at 17.2 percent. However, recent years have been sluggish, so a sharp jump is needed to return to the trend line.

Market modernization outlook in Vietnam

Vietnam in MSCI Index

Current status

Vietnam's Frontier Markets Index weighting: 17.55% and second biggest after Kuwait.

November 2020–2021

Weighting biggest in Frontier Markets Index at 25.20% after Kuwait moves to EM.

May 2021 or May 2022

Enter Watchlist for Emerging Market.

2023–2025

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 (T+0)
- Let investors to deposit only 10-20% of trading value instead of 100% as the current practice of the stock market
- Ultimately enable trading without any deposit requirements

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
Analyst

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.



Mai Le
Analyst

Mai Le works in Ho Chi Minh City, Vietnam. She joined PYN Elite in 2013. Before that Mai Le worked for the World Bank and VNDirect Securities, among others. She holds a Master's degree in Finance and Investment from Durham University in the UK and a bachelor's degree in Business Management from the University of The Hague in the Netherlands.



Huy Tang
Analyst

Huy works in Ho Chi Minh City and started at PYN Elite two years ago. VEA is Huy's main portfolio company. Huy holds an MBA from University College Dublin, Ireland.



Hoang Do
Analyst

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 (10.11.2020)	478 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.

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www.pyn.fi

Disclaimer

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 than 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.

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