

PYN Elite Monthly Review - October 2018

Fund Information

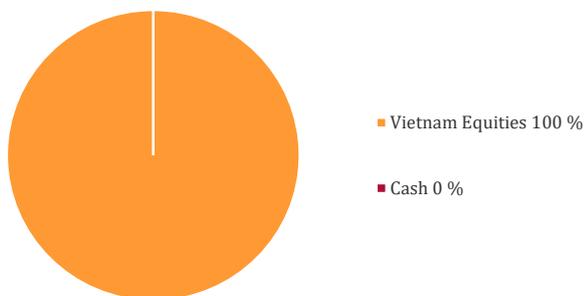
Fund Focus	Asia ex Japan
Market Focus	Vietnam
ISIN	FI0008803812
Bloomberg	ELITE FH
Subscription / Redemption fee	0%*
Management fee	1%
Performance-based fee, HWM	12%
Current HWM (31 January 2018)	325.362 EUR

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

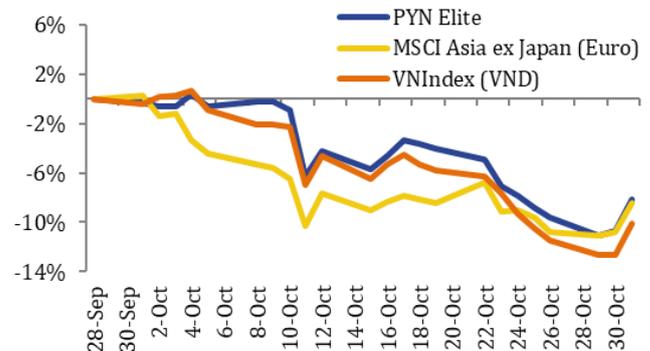
Fund Performance per 31.10.2018

Net Asset Value (NAV) per Unit	288.641 EUR
Assets under Management	404 mil. EUR
Change Month-on-Month	-8.1%
Change Year-to-date	-8.8%
Change since Inception (Feb 1999)	2 786.4%
Annualized Return since Inception	18.6%
Next Subscription Date	30.11.2018
Contact Email	info@pyn.fi

Allocation of PYN Elite



Fund Return vs Index



Comments

In October, the global stock markets continued to face with turbulence and strong sell-offs in the Chinese and US exchanges. Vietnam's stock market was not immune to volatility, VNIndex lost 10.1% MoM, a bit less than its sharp drop of 10.6% in April after reaching this year's YTD high. Investor sentiment was hurt by fear over the escalation of the trade war, oil price fluctuations, interest rate hike and the withdrawals of foreign capital flows from frontier and emerging markets. PYN Elite NAV retreated 8.1%, mainly due to the correction of HBC, HDB and MWG.

However, positive quarterly earnings helped ease the tension although the impact was less than usual as VNIndex has recently become more correlated with the global events. As of November 2, 622 companies on HOSE and HNX have released their numbers. Overall 9M net profit growth was robust at 28% YoY.

Our top holding, MWG, reported excellent 9M results with revenue up 37% YoY and net profit up 34% YoY, in line with our expectation. The stock has corrected in October, amid a fairly strong rally since mid-August, but its valuation looks very attractive at this moment with 2019 P/E of 11x.

Vietnam's macro picture remains positive. 10-month disbursed FDI was reported at USD 15.1 bn, up 6.3% YoY. The October's Nikkei PMI strongly rebounded to 53.9 after hitting 51.5 in September. Real retail sales growth was healthy at 9.3% YoY. The USD/VND exchange rate moved calmly compared to regional currencies despite higher volatility. Moody's continued to upgrade the credit ratings for 12 Vietnamese banks.

Vietnam has witnessed an increase in export orders in certain industries including wooden furniture, garment and textile. There is also a slight threat that Vietnam could become President Trump's next target after China deal is done, which must be kept in mind, to dampen the benefits from China - US trade war for additional export orders. However, in medium-term, the country is likely to be a beneficiary of the trade war as manufacturers continue to shift its facilities to Vietnam. Good also to note, that Vietnam is one of the most open economies in the world by trade tariffs. Together with controlled inflation and strong foreign reserves, we believe that Vietnam will maintain its advantages compared with other emerging countries.

The government is circulating the draft of a new Securities Law for comments. Market attention has been drawn toward the change in foreign ownership limit, which would loosen the limit and allow 100% for all listed companies, except those in restricted sectors. This law is likely to be passed by the National Assembly in 2019 and will become effective from January 2020.

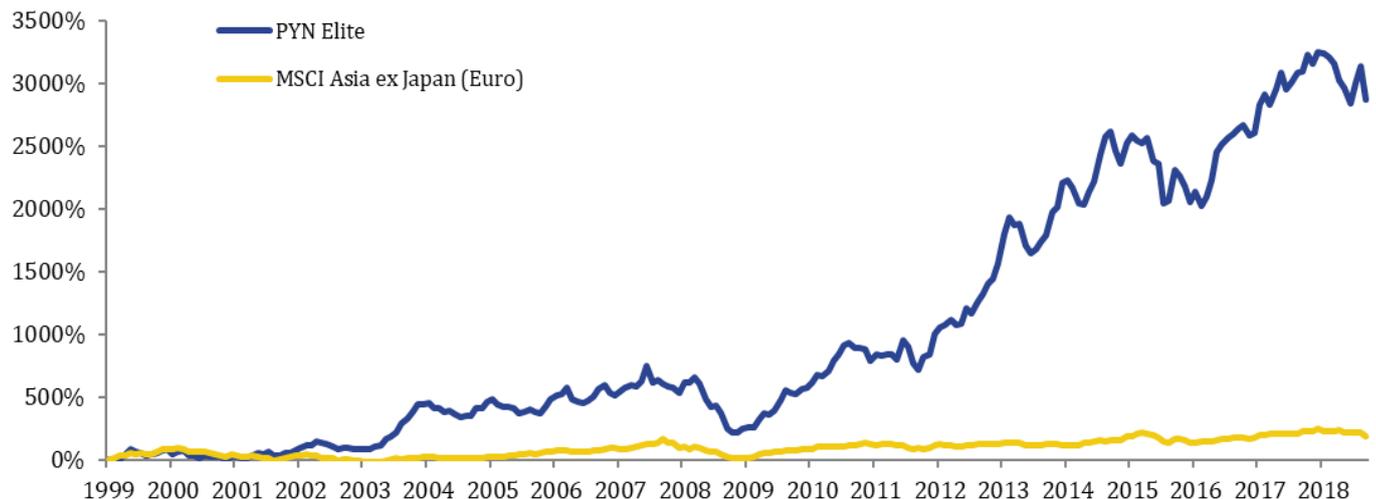
Top Holdings

1. Mobile World	15.1 %	7. CII	5.2 %
2. TP Bank	8.1 %	8. PAN	4.2 %
3. Hoa Binh	6.5 %	9. Nam Long	3.8 %
4. HD Bank	6.4 %	10. VN Direct	3.7 %
5. Khang Dien	6.3 %	11. CEO	2.6 %
6. VCG	5.8 %	12. Fecon	2.5 %

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%	-8.1%			-8.8%
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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