

# **PYN ELITE**

PYN Elite – Presentation

June 2019

# 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 %\*

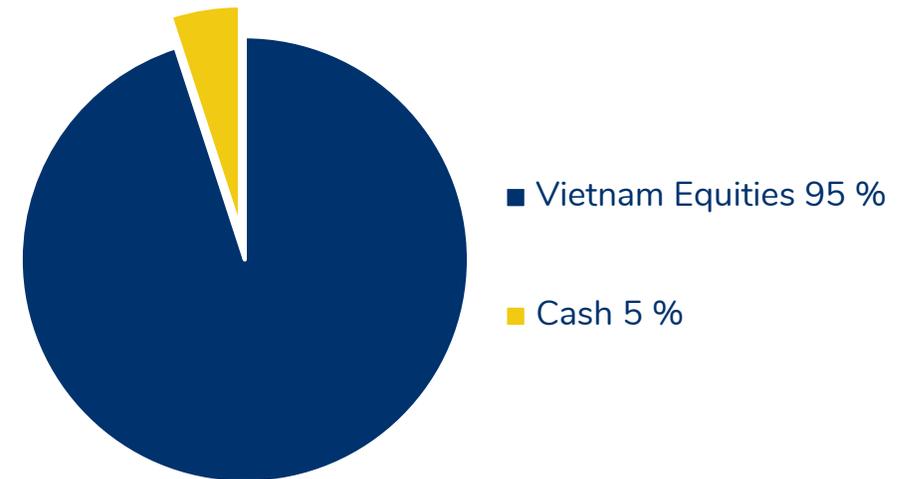
Management fee 1 %

Performance fee 12 % (HWM \*\*)

Assets (14.06.2019) 393 MEUR

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

## Fund allocation



As of 14.06.2019

\* 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.

# PYN Elite Investment Strategy

## Fund

### **PYN Elite is**

- Long Term
- Actively managed
- Long-only
- Global, but 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, are contrarian, at the start of a positive business cycle
- Undervalued, small-to-mid market cap companies that are in their rapid growth phase

## 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	2018	2019E	20EE	PYN Elite upside (€)	Company	2018	2019E	20EE	PYN Elite upside (€)
<b>MWG: Mobile World 16.6% (89 100)</b>					<b>NLG: Nam Long 4.1% (29 600)</b>				
Revenue	86 516	108 520	150 000		Revenue	3 480	3 485	7 000	
Earnings	2 879	3 658	4 200		Earnings	713	855	900	
Market Cap	37 445	39 452*	85 000	115 %	Market Cap	6 170	7 078*	14 000	98 %
Equity	8 977	10 134	18 000		Equity	4 600	5 900	7 000	
<b>TPB: TP Bank 11.9% (24 900)</b>					<b>PAN: PAN Group 3.3% (29 450)</b>				
Revenue	4 378	5 418	8 000		Revenue	7 829	12 016	16 000	
Earnings	1 805	2 571	2 600		Earnings	327	389	550	
Market Cap	16 969	21 179*	40 000	89 %	Market Cap	5 916	5 008*	10 000	100 %
Equity	10 622	11 747	17 000		Equity	3 690	4 100	6 000	
<b>HDB: HD Bank 8.1% (26 600)</b>					<b>VND: VNDirect 3.1% (15 600)</b>				
Revenue	7 646	9 731	17 000		Revenue	1 538	1 721	3 000	
Earnings	2 842	3 400	4 500		Earnings	373	449	800	
Market Cap	29 724	26 095*	75 000	187 %	Market Cap	3 420	3 254*	12 000	269 %
Equity	15 635	19 035	25 000		Equity	2 983	3 500	5 000	
<b>VEA: VEAM 6.6% (56 600)</b>					<b>CEO: CEO Group 2.6% (11 700)</b>				
Revenue	7 070	6 720	11 000		Revenue	2 246	3 200	5 000	
Earnings	7 010	7 552	10 500		Earnings	223	315	350	
Market Cap	51 823	75 210*	120 000	60 %	Market Cap	1 976	1 807*	4 500	149 %
Equity	24 641	28 062	32 000		Equity	1 891	3 148	4 000	
<b>CLI: HCMC Infrastructure 5.9% (22 850)</b>					<b>FCN: Fecon 2.5% (14 200)</b>				
Revenue	2 686	3 200	6 000		Revenue	2 846	3 860	7 000	
Earnings	95	740	1 200		Earnings	215	270	480	
Market Cap	6 436	5 660*	14 000	147 %	Market Cap	1 406	1 617*	4 000	147 %
Equity	4 988	5 115	7 000		Equity	1 804	1 870	3 000	
<b>KDH: Khang Dien 4.7% (24 450)</b>					<b>STB: Sacombank 1.6% (11 650)</b>				
Revenue	2 917	3 475	7 000		Revenue	7 634	9 734	11 000	
Earnings	808	924	1 200		Earnings	1 790	2 386	3 600	
Market Cap	13 663	13 160*	18 000	37 %	Market Cap	21 554	21 013*	40 000	90 %
Equity	6 867	7 941	8 000		Equity	24 632	27 000	28 000	

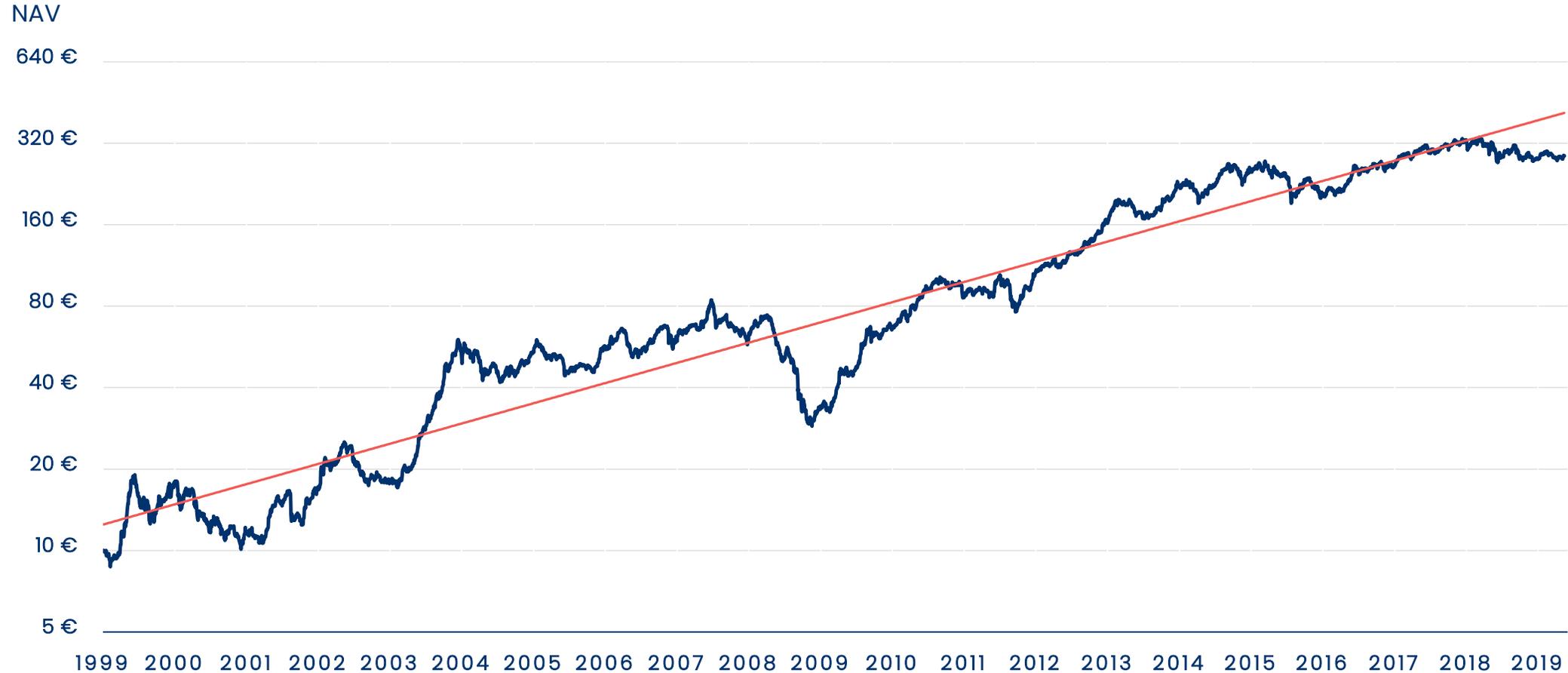
Top holdings per 14 June 2019. Company figures in bn. VND

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

\* MCap on 14 June 2019.

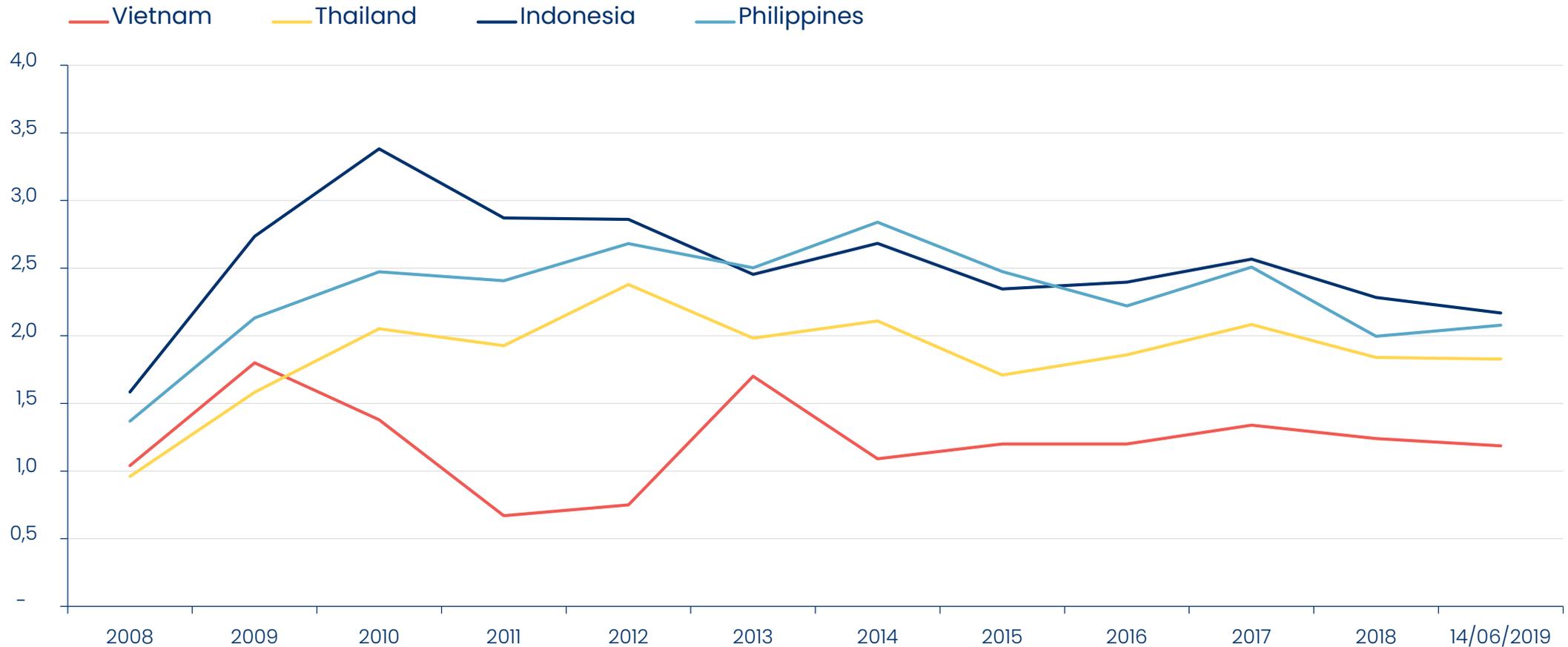
# PYN Elite Performance on Log Scale



Source: PYN Fund Management

PYN Elite fund was established in Feb 1999 at 10 Euros per unit. Since inception, its unit value has increased 28-fold to above 287 Euros. Compounded annual returns are at 18%.

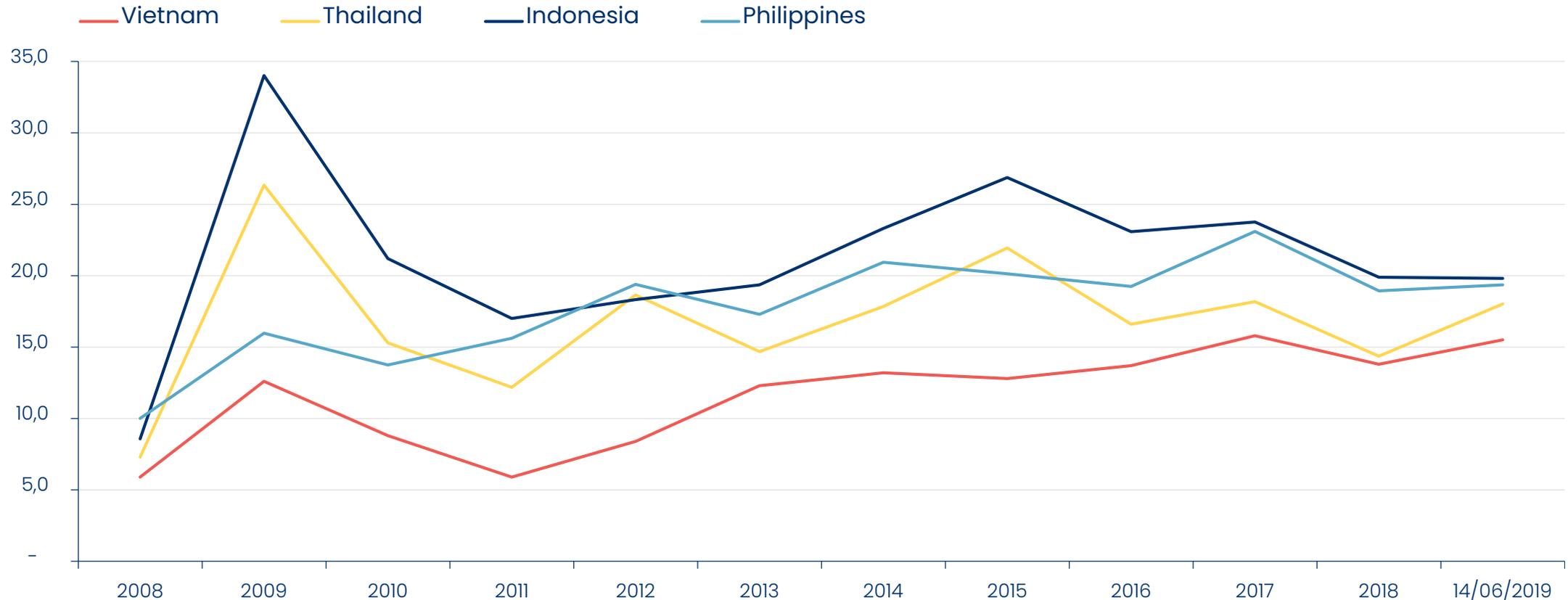
# Vietnam Price to Book vs. Emerging Markets



Per 14.06.2019, Source: Bloomberg

The Vietnam All-Shares trade at a relatively low average price-to-book (PB) ratio of 1.2. The All-Shares include 743 companies from the Ho Chi Minh and the Hanoi stock exchanges.

# Vietnam Price to Earnings vs. Emerging Markets



Per 14.06.2019, Source: Bloomberg

The Vietnam All-Shares trade at P/E ratio of 15.5. The All-Shares include 743 companies from the Ho Chi Minh and the Hanoi stock exchanges. Vietnamese small and medium cap stocks trade at around P/E 10.

# CAGR Vietnam vs. Thailand 2013–2018

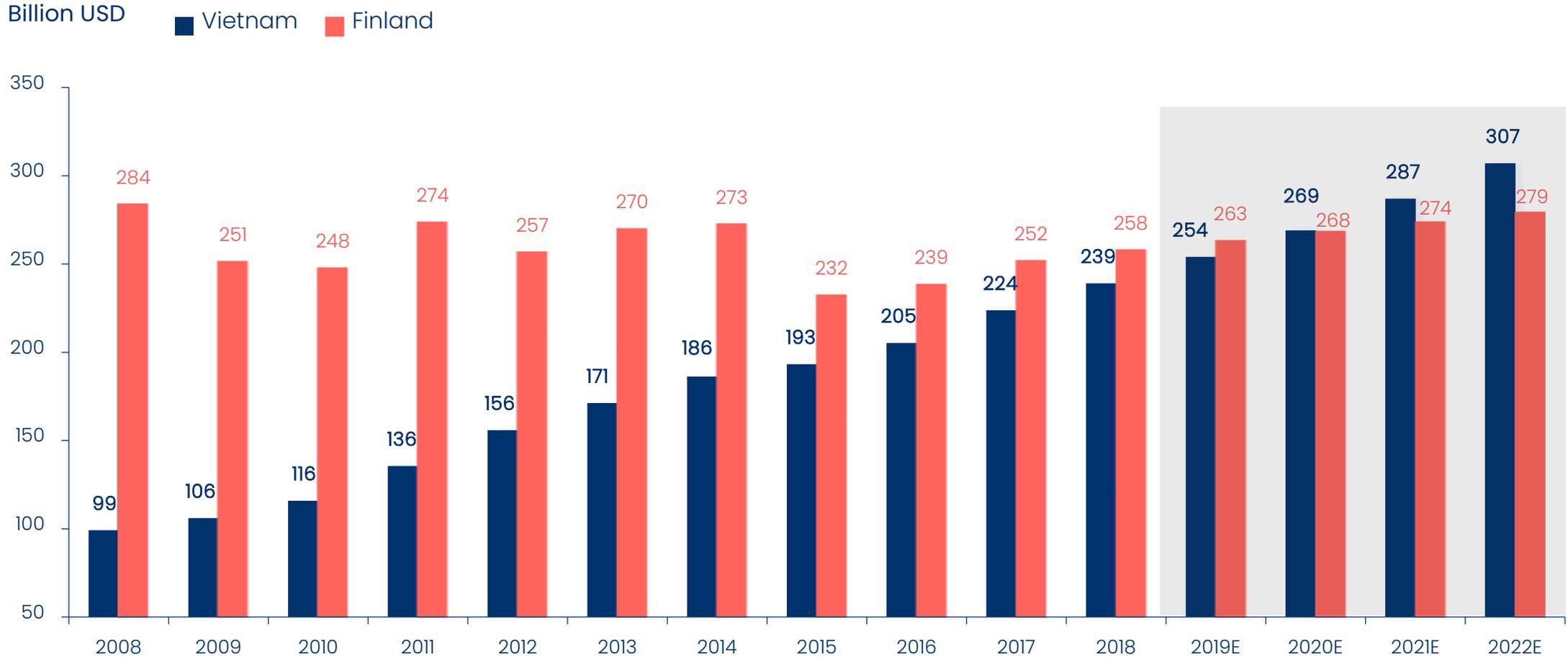


Industry		CAGR % 2013–2018			
Banks	HDB , TPB, STB	+35 %	Revenue growth	+5 %	KBank, KKP
		+37 %	Profit growth	+6 %	
Housing	NLG, KDH	+122 %	Revenue growth	+3 %	LPN, AP
		+141 %	Profit growth	+2 %	
Construction	CII, HBC FCN, HUT	+22 %	Revenue growth	+11 %	CKP, STEC, SEAFCO, BEM
		+15 %	Revenue growth	+4 %	
Hotel Developer	CEO	+56 %	Revenue growth	+6 %	ERW, LRH
		+97 %	Profit growth	+36 %	
Brokers	VND	+36 %	Revenue growth	-2 %	MBKE
		+30 %	Profit growth	-10 %	
Food Industry	PAN	+74 %	Revenue growth	+7 %	CPF
		+26 %	Profit growth	-3 %	
Retail	MWG	+51 %	Revenue growth	+14 %	CPALL, HPRO
		+69 %	Profit growth	+12 %	

Source: 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.

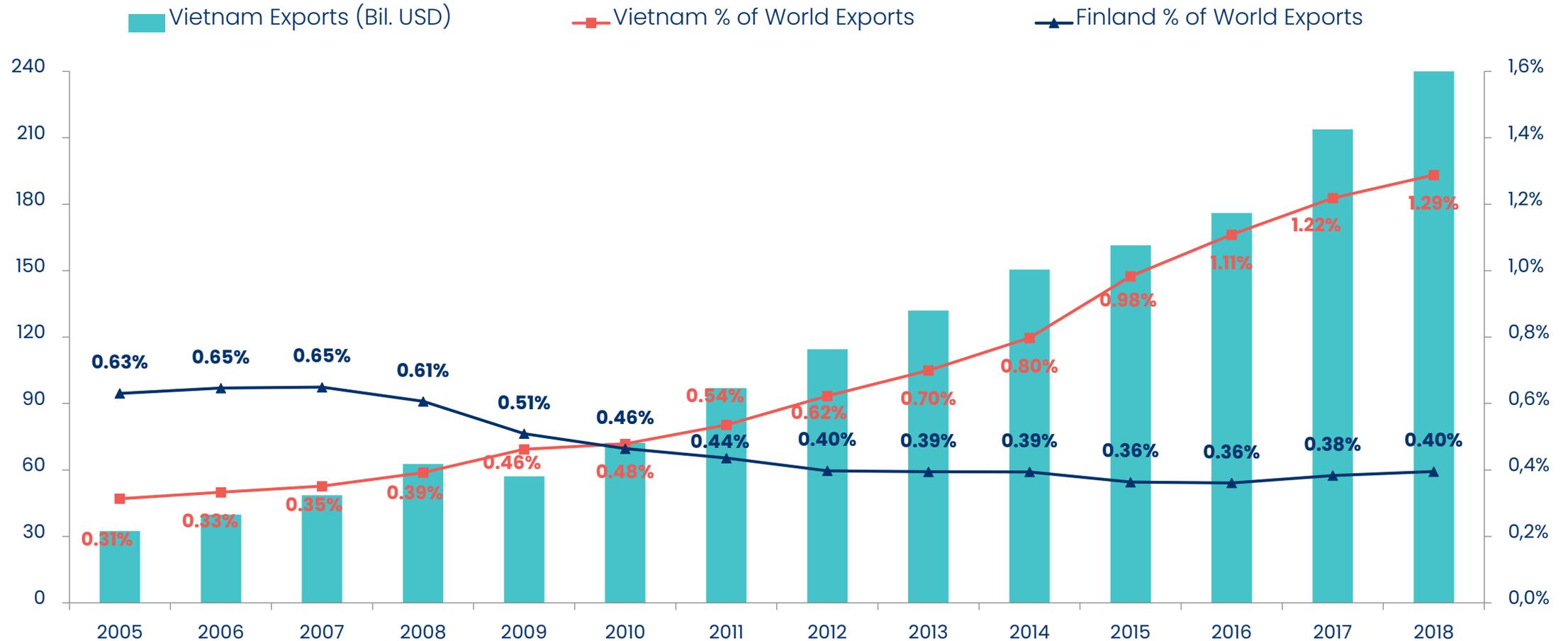
# Vietnam GDP vs Finland GDP 2008–2022



Source: PYN Fund Management

Vietnam's GDP is poised for strong growth. A 7% - 8% average GDP growth for Vietnam is to be expected for the next 5-10 years. Vietnam is likely to surpass Finland's national output by the year 2020.

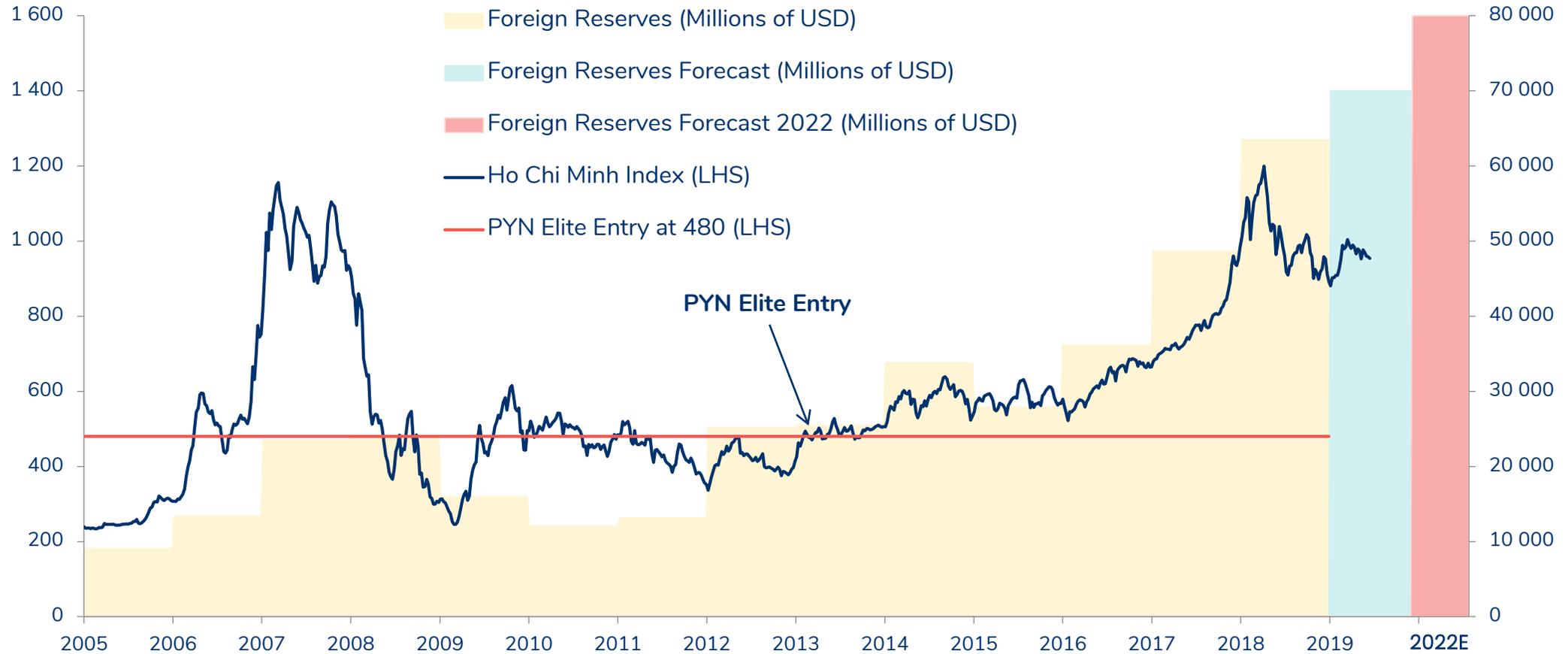
# Exports from Vietnam and Finland relative to World Exports



Source: [www.trademap.org](http://www.trademap.org)

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.

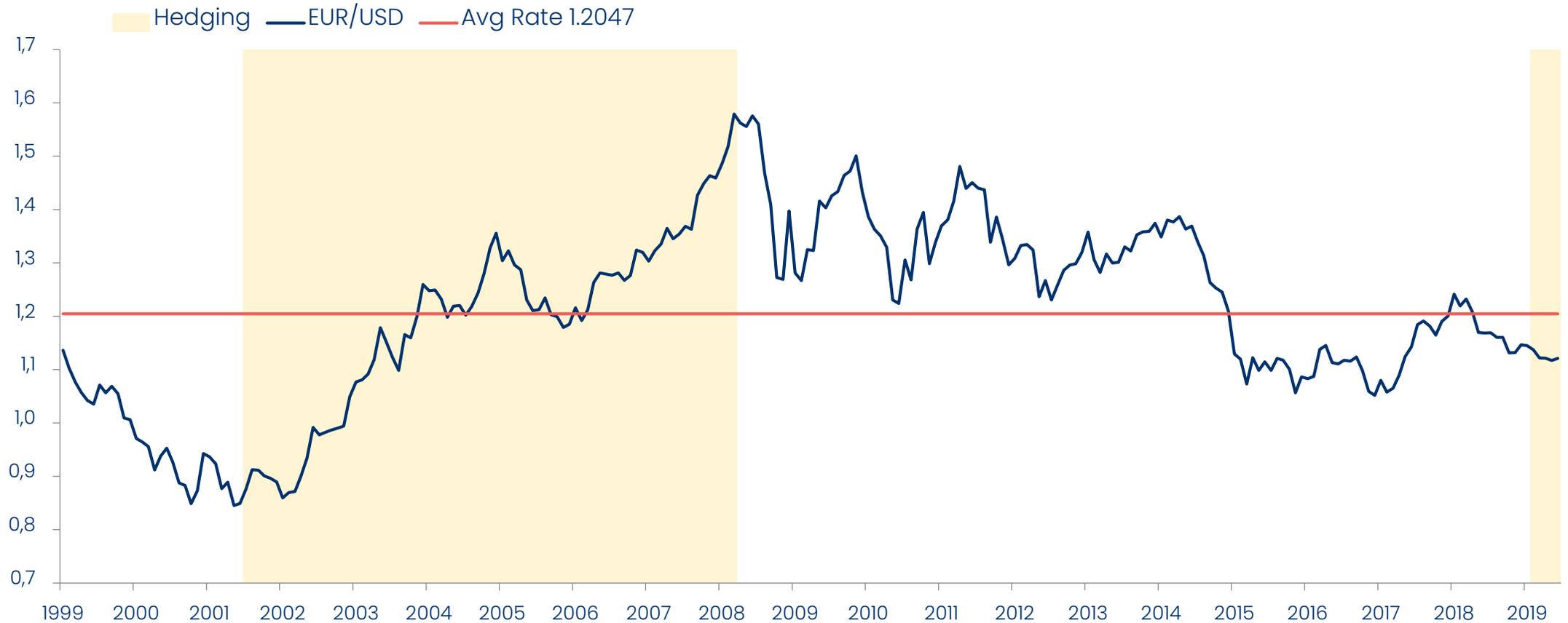
# Vietnam Stock Market and FX Reserves



Source: 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.

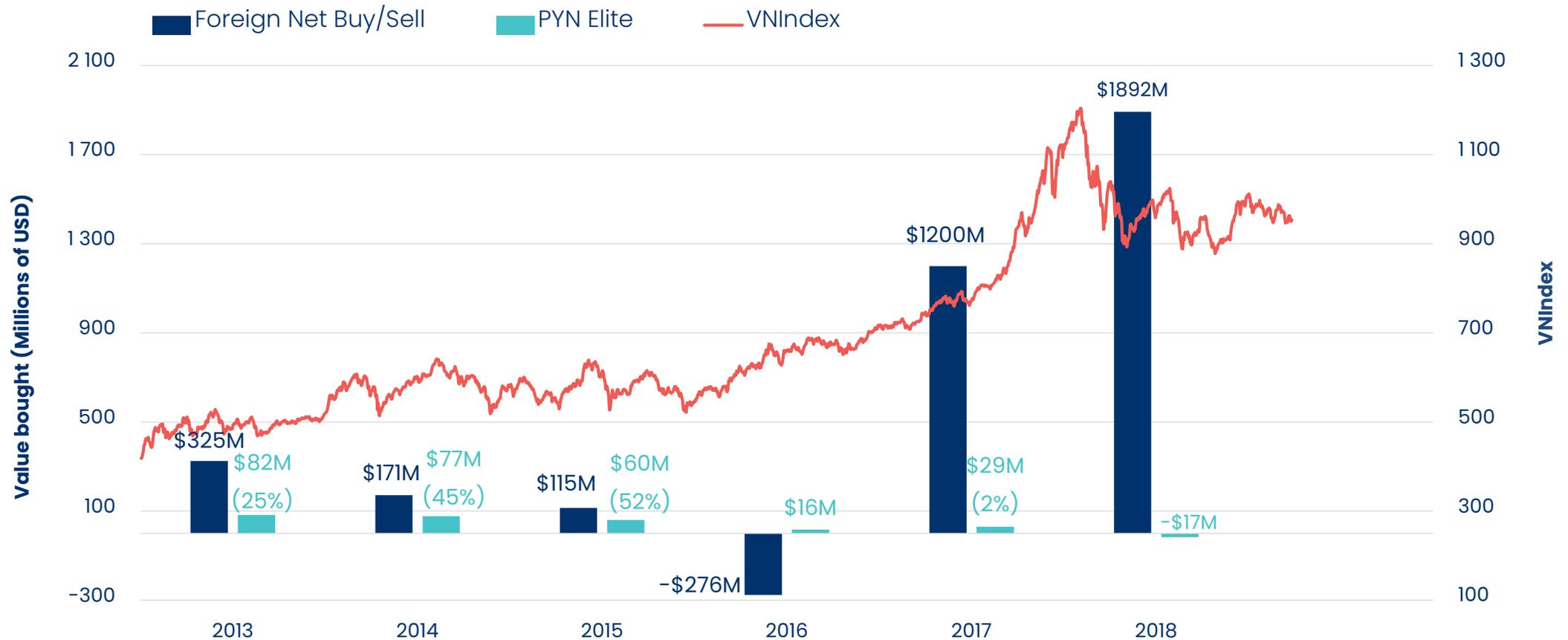
# EUR/USD Rate and PYN Elite Hedging



Source: Bloomberg

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

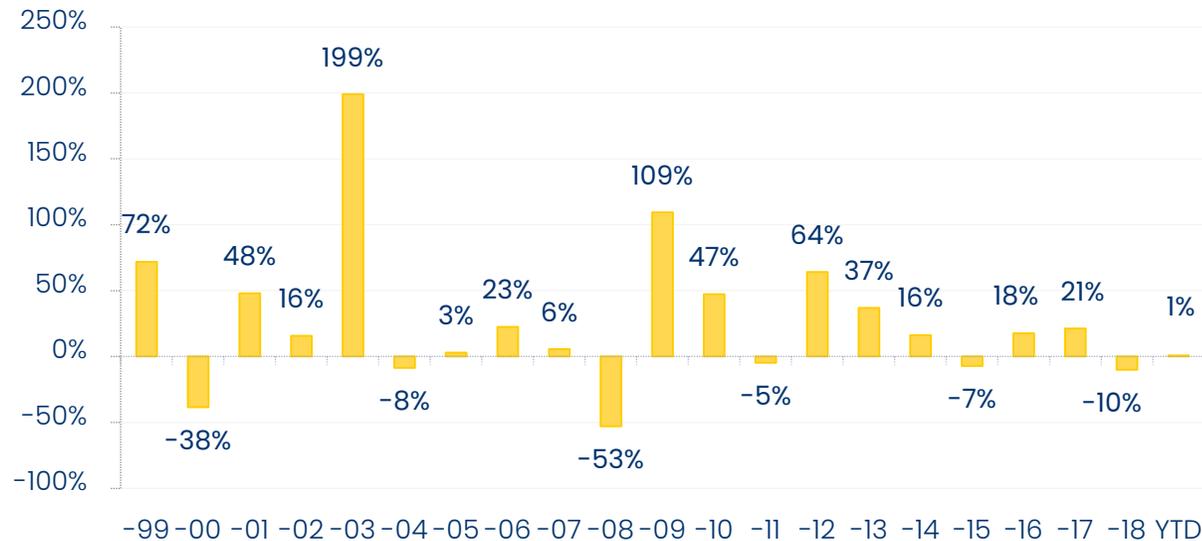


VNIndex per 14.06.2019, Source: FiinPro Vietnam

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 Cumulative Performance

	Feb. -99	1999	2012	2013	2014	2015	2016	2017	2018	2019 YTD
PYN Elite NAV EUR	10	17.19	150.05	205.45	238.81	221.65	261.04	316.40	285.01	287.60
%		72	64	37	16	-7	18	21	-10	1
MSCI Asia ex Jap (EUR)			415	400	466	460	488	593	521	557
%				-4	16	-1	6	22	-12	7
SET Index *+ currency %		43	37							
PYN Elite better / worse % *SET excl. Dividends		30	27	41	0	-6	12	-1	-2	-6

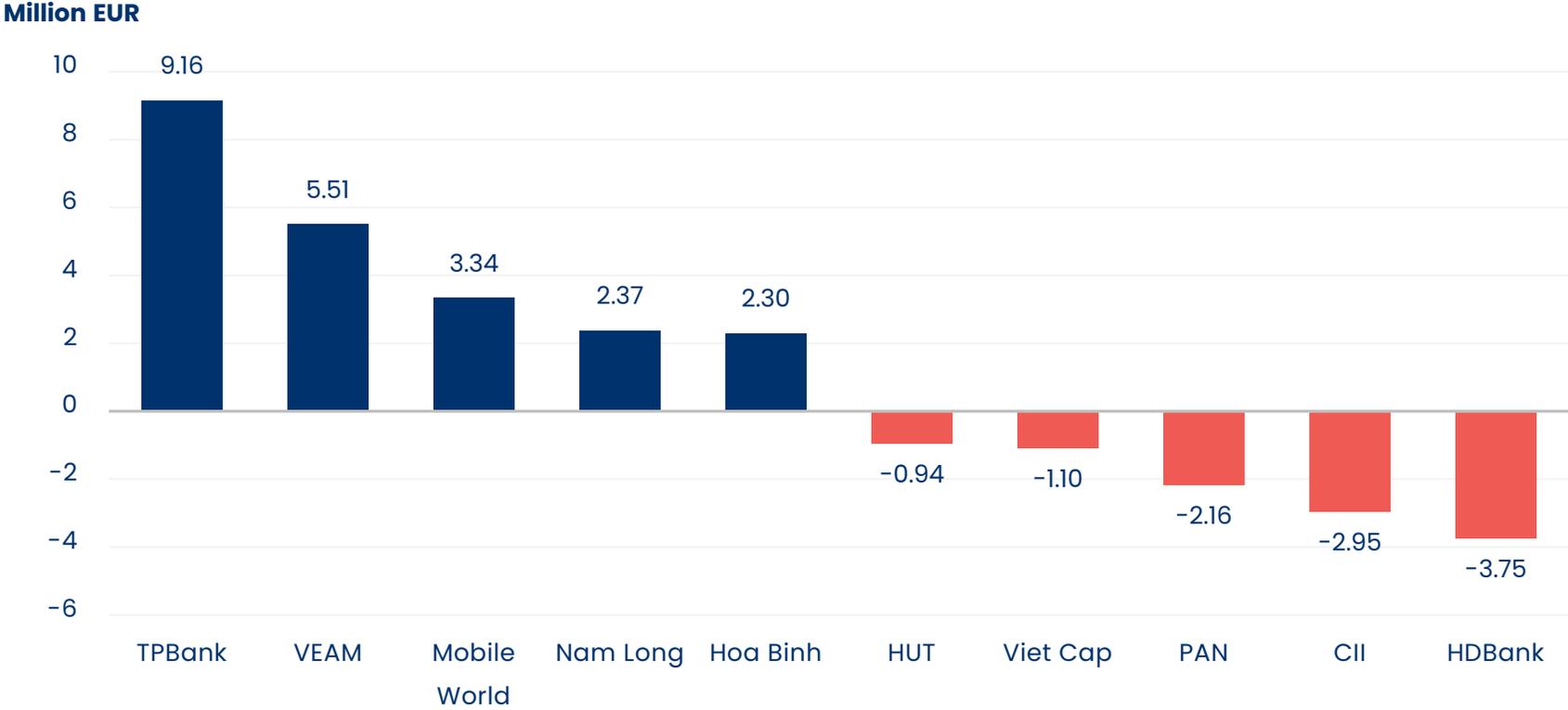


**Cumulative Return**  
**+2 776 %**

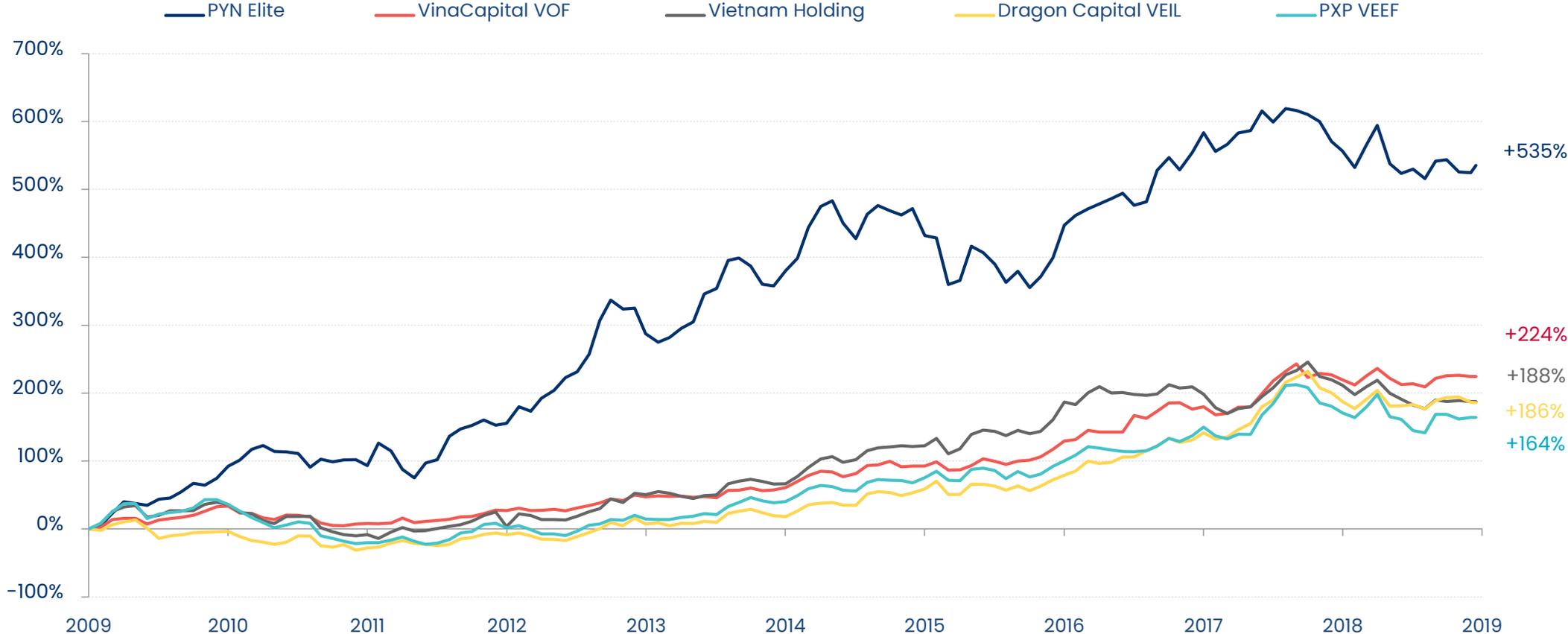
**Annualized Return**  
**+17.9 %**

YTD 14.06.2019  
Source: Bloomberg

# Top 5 Profit & Loss Year-to-Date



# 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.

# Top 20 Ranking – Funds by Morningstar.fi per 14<sup>th</sup> Jun 2019, total 22 992 funds



	Fund	10YR annualized return (%)
1	JPMorgan Funds - US Technology Fund C (acc) - USD	21.50
2	Morgan Stanley Investment Funds - US Growth Fund IX	21.26
3	Candriam Equities L Biotechnology Class C USD Cap	21.22
4	DNB Fund Technology retail A	20.65
5	ODIN Kiinteistö A EUR	20.18
6	Danske Invest Global Tech K	20.07
7	Franklin Technology Fund W (Acc) EUR	19.94
8	<b>PYN Elite Fund</b>	<b>19.73</b>
9	Vanguard U.S. Opportunities Fund Investor GBP Income	19.73
10	Polar Capital Funds PLC - Polar Capital Global Technology Fund Income EUR	19.65
11	T. Rowe Price Funds SICAV - US Large Cap Growth Equity Fund Q USD	19.39
12	Fidelity Funds - Global Technology Fund Y-Acc-EUR	19.26
13	Didner & Gerge Småbolag	19.07
14	Wells Fargo (Lux) Worldwide Fund - U.S. All Cap Growth Fund A USD Acc	18.81
15	BlackRock Global Funds - World Technology Fund D2 EUR	18.76
16	Handelsbanken Ruotsalaiset Pienyhtiöt (A1 EUR)	18.76
17	Robeco Global Consumer Trends Equities D €	18.52
18	Evli Ruotsi Pienyhtiöt A	18.49
19	PGIM Jennison US Growth Fund USD I Accumulation	18.35
20	SEB Sverigefond Småbolag	18.26

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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.

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