



# **PYN Elite Fund**

**January 2019**

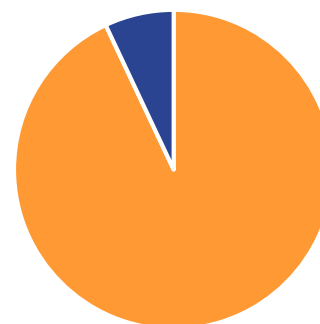
# PYN Elite Facts

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 (15.01.2019)	375 MEUR
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.

## Geographical allocation



■ Vietnam Equities 93 %

■ Cash 7 %

As of 15 January 2019

# 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	PEAK	2017	2018E	20EE	PYN Elite upside (E)	Company	PEAK	2017	2018E	20EE	PYN Elite upside (E)
<b>MWG: Mobile World 16.4% (85,700)</b>	<b>2012</b>					<b>PAN: PAN Group 3.9% (42,400)</b>	<b>2007</b>				
Revenue	7 375	66 340	87 881	150 000		Revenue	96	4 075	9 556	12 000	
Earnings	125	2 206	2 942	4 200		Earnings	50	372	307	550	
Market Cap	5 331**	41 495	37 976	85 000	<b>124%</b>	Market Cap	1 505	4 237	5 766	10 000	<b>73%</b>
Equity	456*	5 906	8 798	12 000		Equity	216	2 717	4 775	8 000	
<b>TPB: TP Bank 10.3% (21,100)</b>	<b>2016</b>					<b>NLG: Nam Long 3.6% (25,300)</b>	<b>2015</b>				
Revenue	2 121	3 172	4 449	8 000		Revenue	1 259	3 161	3 514	7 000	
Earnings	565	964	1 808	2 500		Earnings	206	492	655	900	
Market Cap	14 605**	14 605	17 947	40 000	<b>123%</b>	Market Cap	3 270	4 733	6 050	14 000	<b>131%</b>
Equity	5 683	6 677	10 411	12 000		Equity	2 218	2 920	4 316	7 000	
<b>HDB: HD Bank 8.4% (29,200)</b>	<b>2016</b>					<b>VND: VNDirect 3.3% (15,950)</b>	<b>2010</b>				
Revenue	4 744	6 347	10 024	17 000		Revenue	471	1 240	1 814	3 000	
Earnings	743	1 746	2 864	4 500		Earnings	105	438	435	800	
Market Cap	25 920**	25 920	28 645	75 000	<b>162%</b>	Market Cap	3 610	3 986	3 327	12 000	<b>261%</b>
Equity	9 316	14 076	15 847	25 000		Equity	1 242	2 507	3 201	4 000	
<b>CII: HCMC Infrastructure 5.7% (24,300)</b>	<b>2009</b>					<b>CEO: CEO Group 2.9% (12,900)</b>	<b>2015</b>				
Revenue	203	2 041	2 935	6 000		Revenue	639	1 833	2 200	5 000	
Earnings	316	1 514	90	1 200		Earnings	139	178	190	350	
Market Cap	3 682	8 643	6 019	14 000	<b>133%</b>	Market Cap	1 208	1 606	1 992	4 500	<b>126%</b>
Equity	1 207	4 934	4 952	7 000		Equity	871	1 848	1 860	2 500	
<b>HBC: Hoa Binh 5.2% (16,800)</b>	<b>2007</b>					<b>FCN: Fecon 2.5% (13,900)</b>	<b>2014</b>				
Revenue	455	16 037	17 968	25 000		Revenue	1 354	2 320	3 500	7 000	
Earnings	25	809	710	980		Earnings	130	167	220	480	
Market Cap	1 444	5 765	3 294	10 000	<b>204%</b>	Market Cap	1 244	1 321	1 311	4 000	<b>205%</b>
Equity	531	2 249	2 959	5 000		Equity	734	1 156	1 460	3 000	
<b>KDH: Khang Dien 4.7% (30,500)</b>	<b>2010</b>					<b>VEA: VEAM 2.2% (41,000)</b>	<b>2017</b>				
Revenue	772	3 055	3 582	7 000		Revenue	6 563	6 563	7 220	11 000	
Earnings	175	477	836	1 200		Earnings	5 046	5 046	6 500	10 500	
Market Cap	2 158	9 206	12 441	18 000	<b>45%</b>	Market Cap	34 549	34 549	54 481	120 000	<b>120%</b>
Equity	1 204	5 214	6 626	8 000		Equity	18 406	18 406	24 280	32 000	

Top holdings per 15 January 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

\* 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.

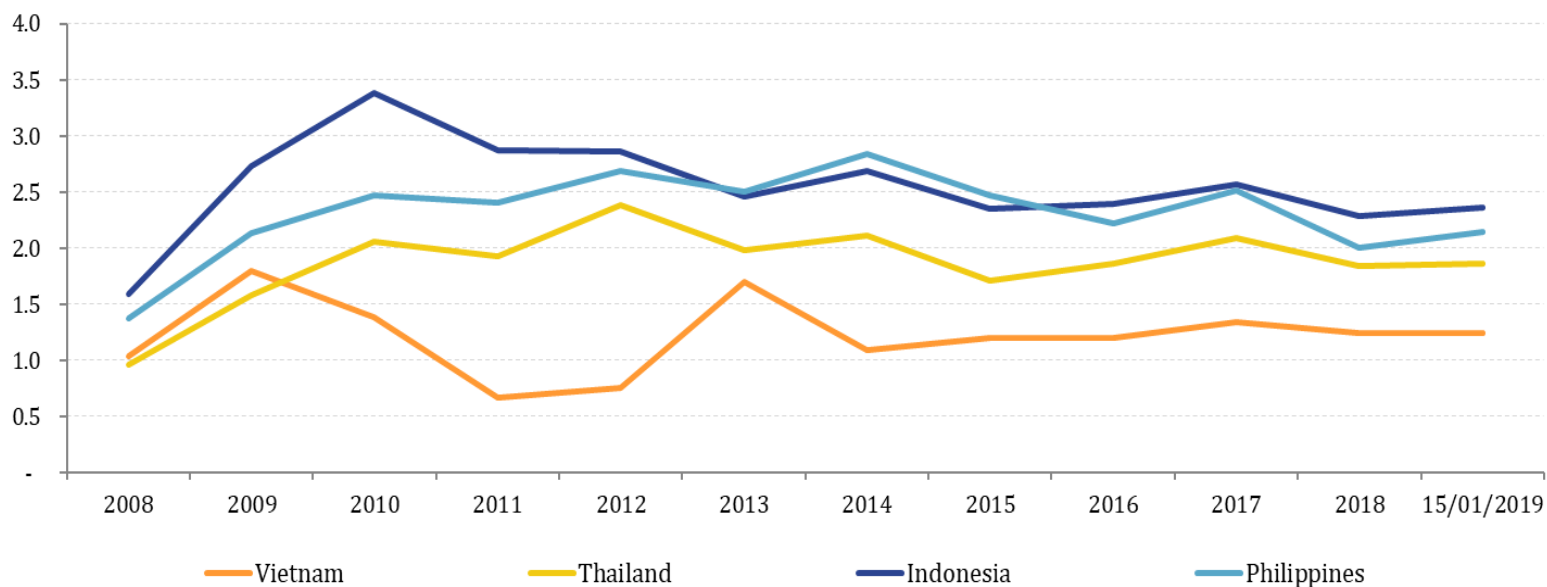
# PYN Elite Performance on Log Scale



Source: PYN Fund Management

PYN Elite fund was established in Feb 1999 at 10 Euros per unit. Since inception, its unit value has increased 27-fold to above 279 Euros. Compounded annual returns are at 18%.

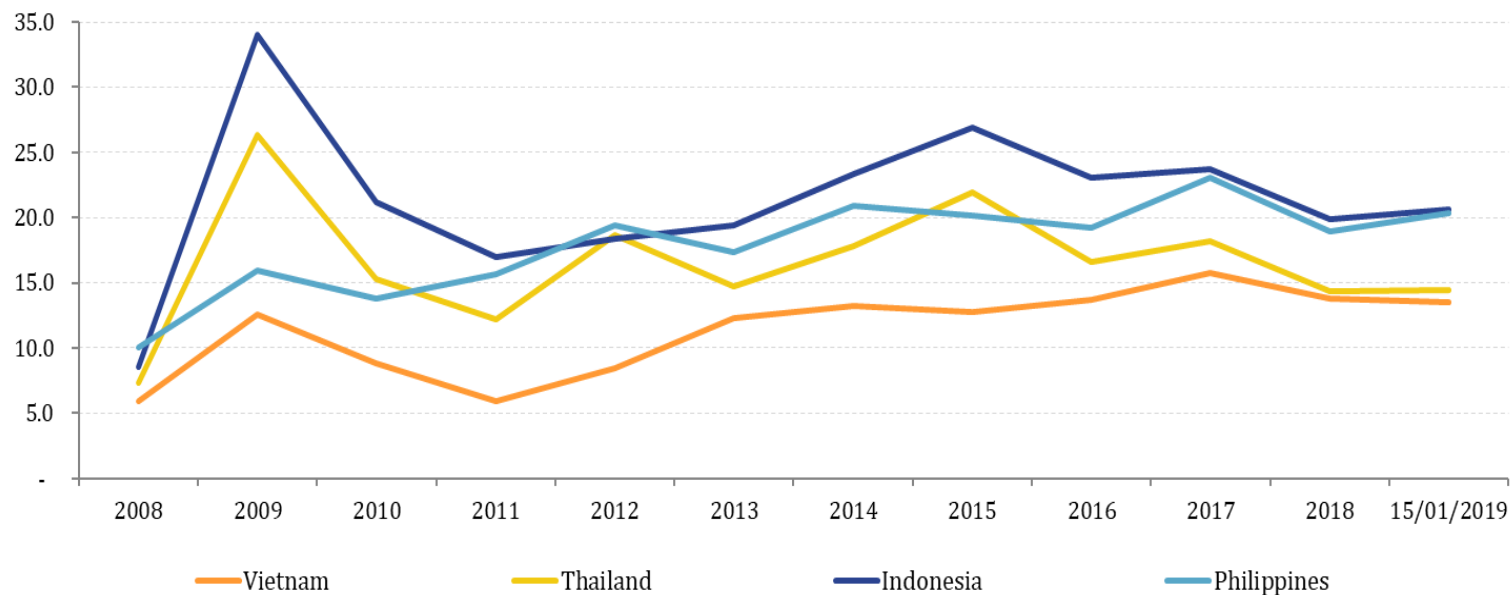
# Vietnam Price to Book vs. Emerging Markets



Per 15.01.2019, Source: Bloomberg

The Vietnam All-Shares trade at a relatively low average price-to-book (PB) ratio of 1.2. The All-Shares include 751 companies from the Ho Chi Minh and the Hanoi stock exchanges.



# Vietnam Price to Earnings vs. Emerging Markets



Per 15.01.2019, Source: Bloomberg

The Vietnam All-Shares trade at P/E ratio of 13.5. The All-Shares include 751 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 2013-2017

Industry		CAGR % 2013-2017			
Banks	HDB , TPBank	+56 %	Revenue growth	+5 %	KBank, KKP
		+46 %	Profit growth	+5 %	
Housing	NLG, KDH	+165 %	Revenue growth	-1 %	LPN, AP
		+166 %	Profit growth	-3 %	
Construction	CII, HBC FCN, HUT	+20 %	Revenue growth	+10 %	CKP, STEC, SYNTEC, SEAFICO, BEM
		+42 %	Profit growth	-13 %	
Hotel Developer	CEO	+61 %	Revenue growth	+5 %	ERW, LRH
		+116 %	Profit growth	+39 %	
Brokers	VND	+37 %	Revenue growth	+0 %	MBKE
		+43 %	Profit growth	-3 %	
Food Industry	PAN	+70 %	Revenue growth	+7 %	CPF
		+36 %	Profit growth	-4 %	
Retail	MWG	+55 %	Revenue growth	+16 %	CPALL, HPRO
		+78 %	Profit growth	+13 %	

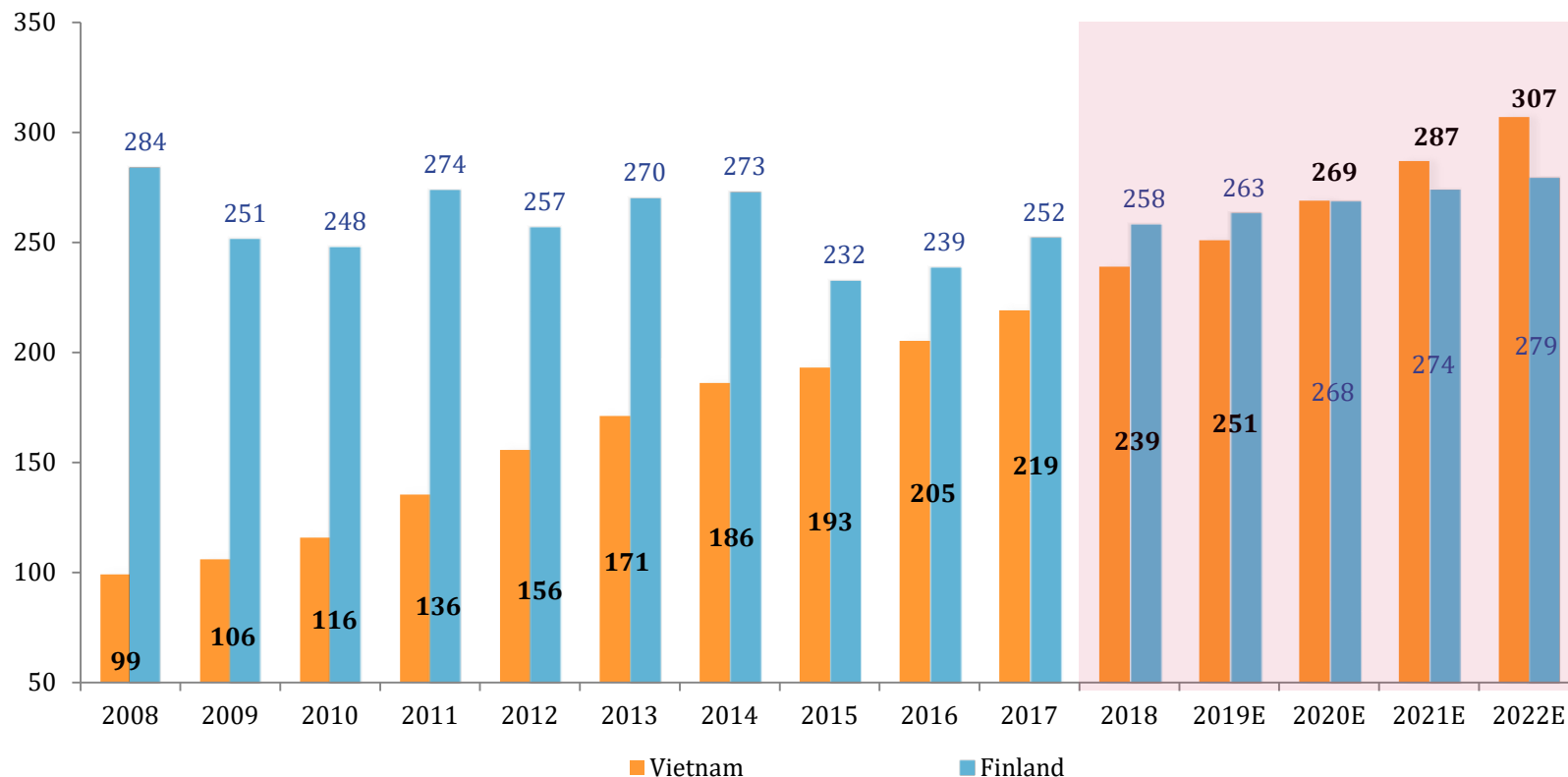
Source: PYN Fund Management

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

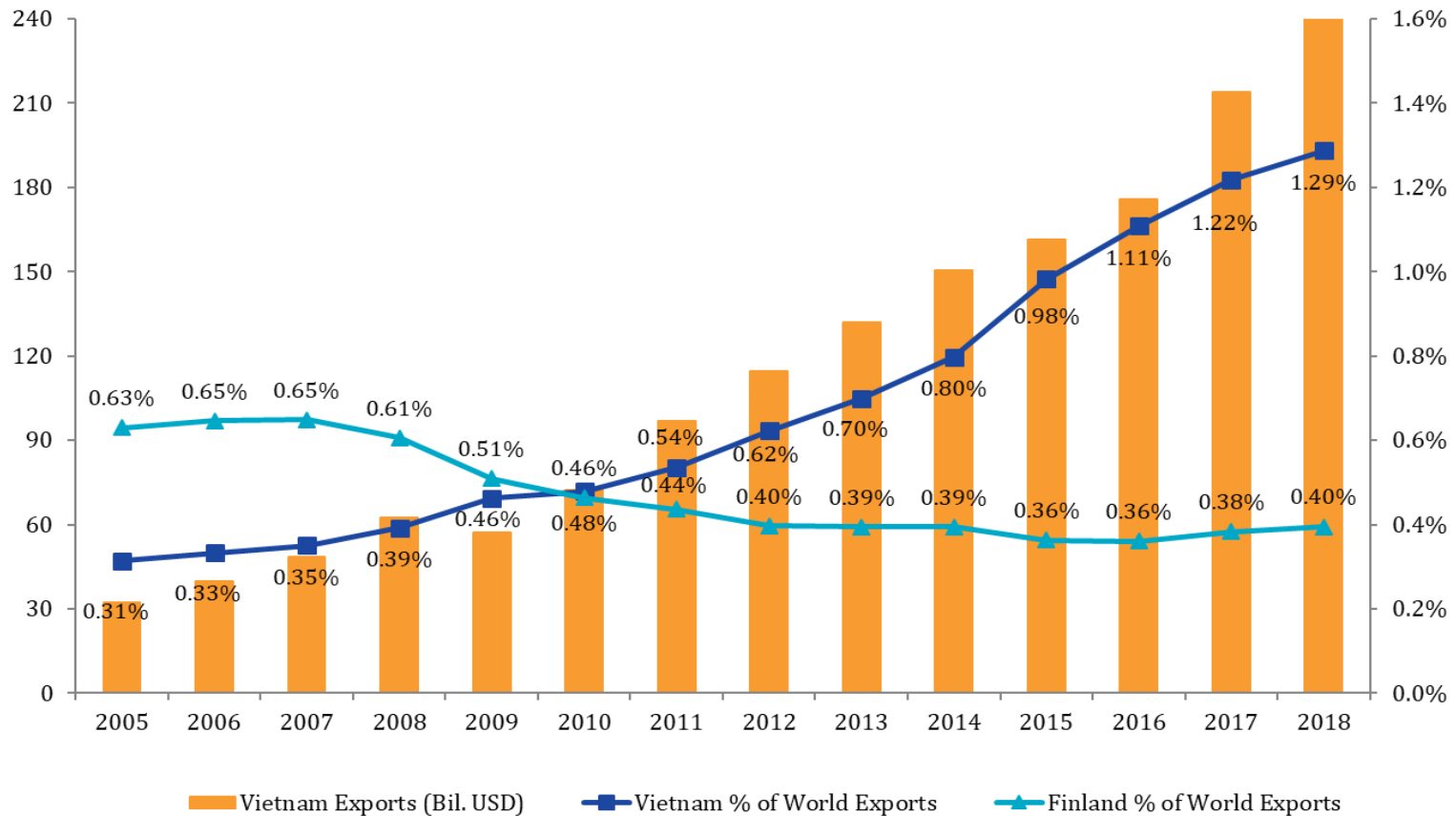
Billion USD



Source: Bloomberg  
GDP 2018E-2022E estimated by 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.

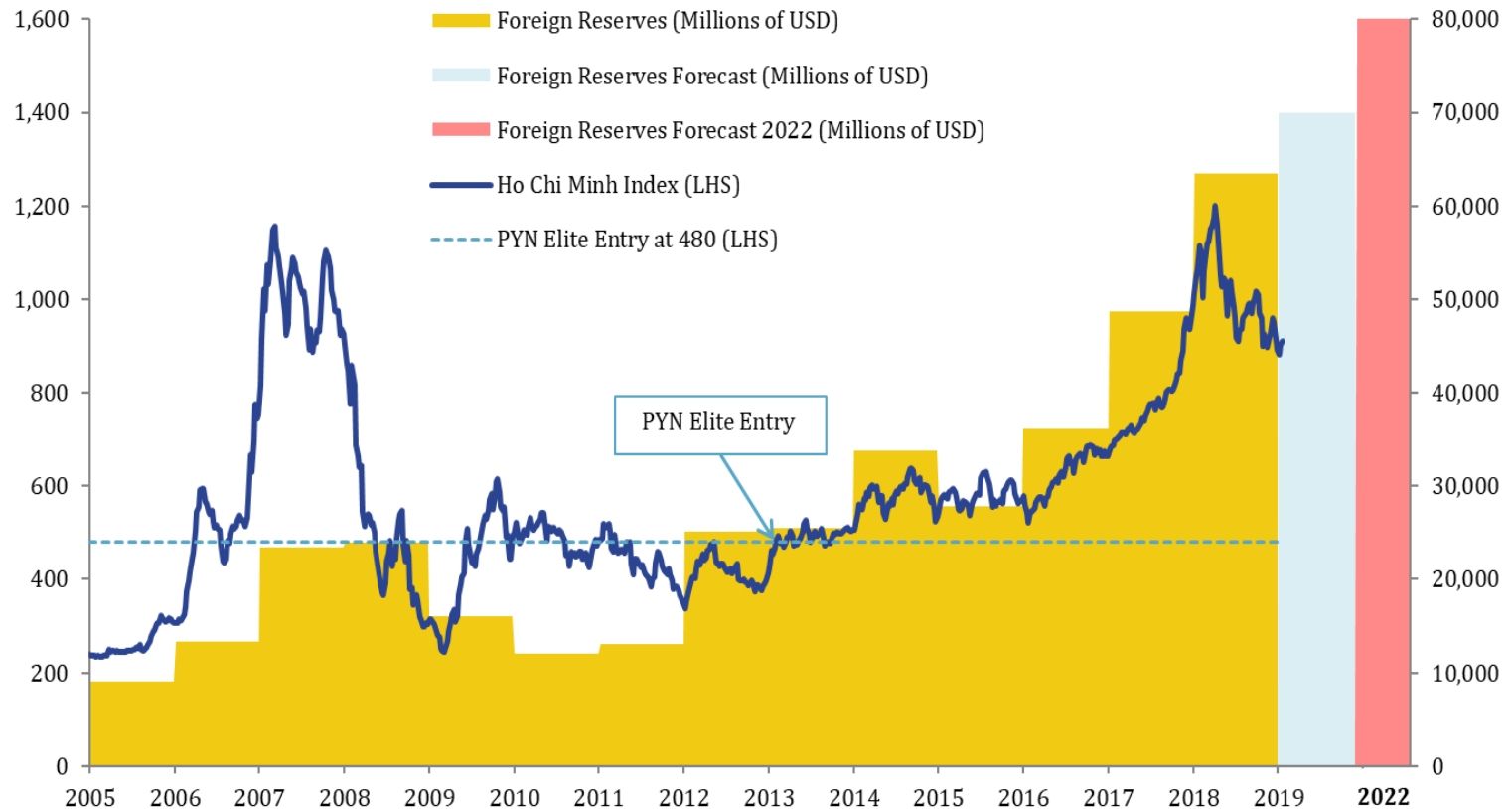
# Exports from Vietnam and Finland relative to World Exports



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.

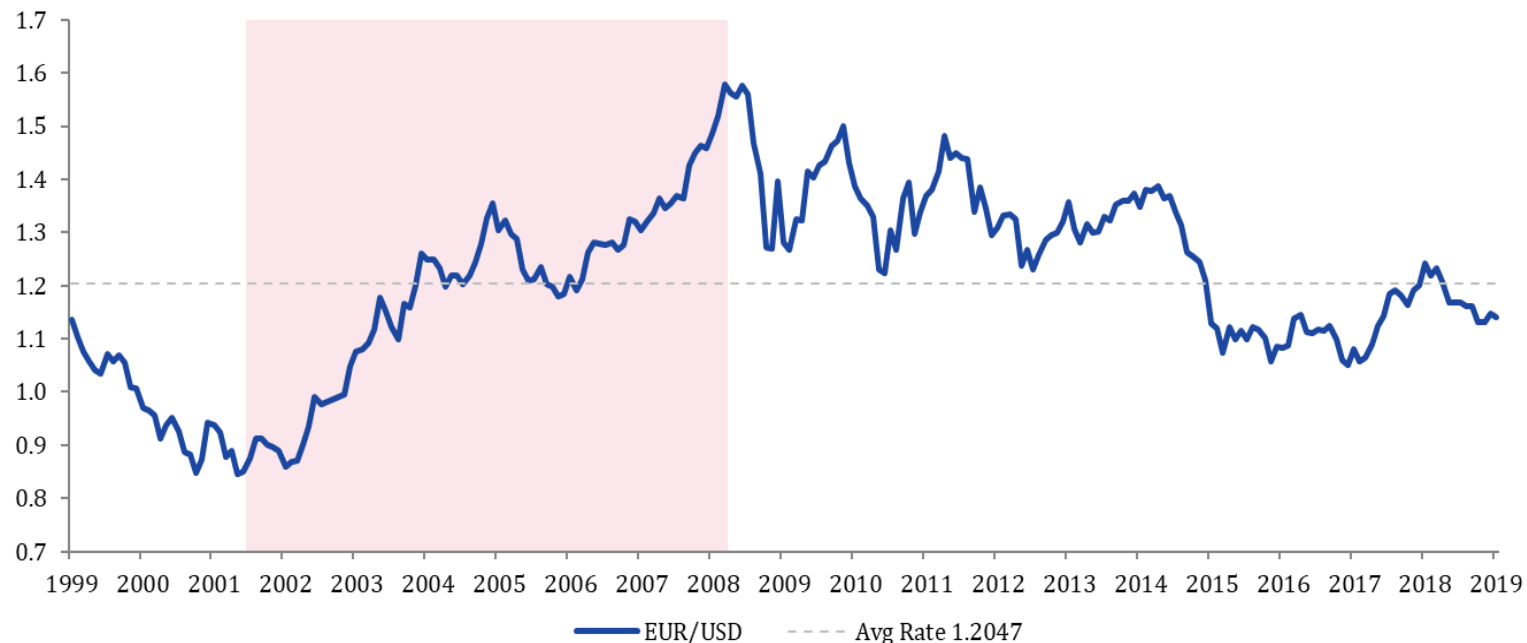
# Vietnam Stock Market and FX Reserves



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.

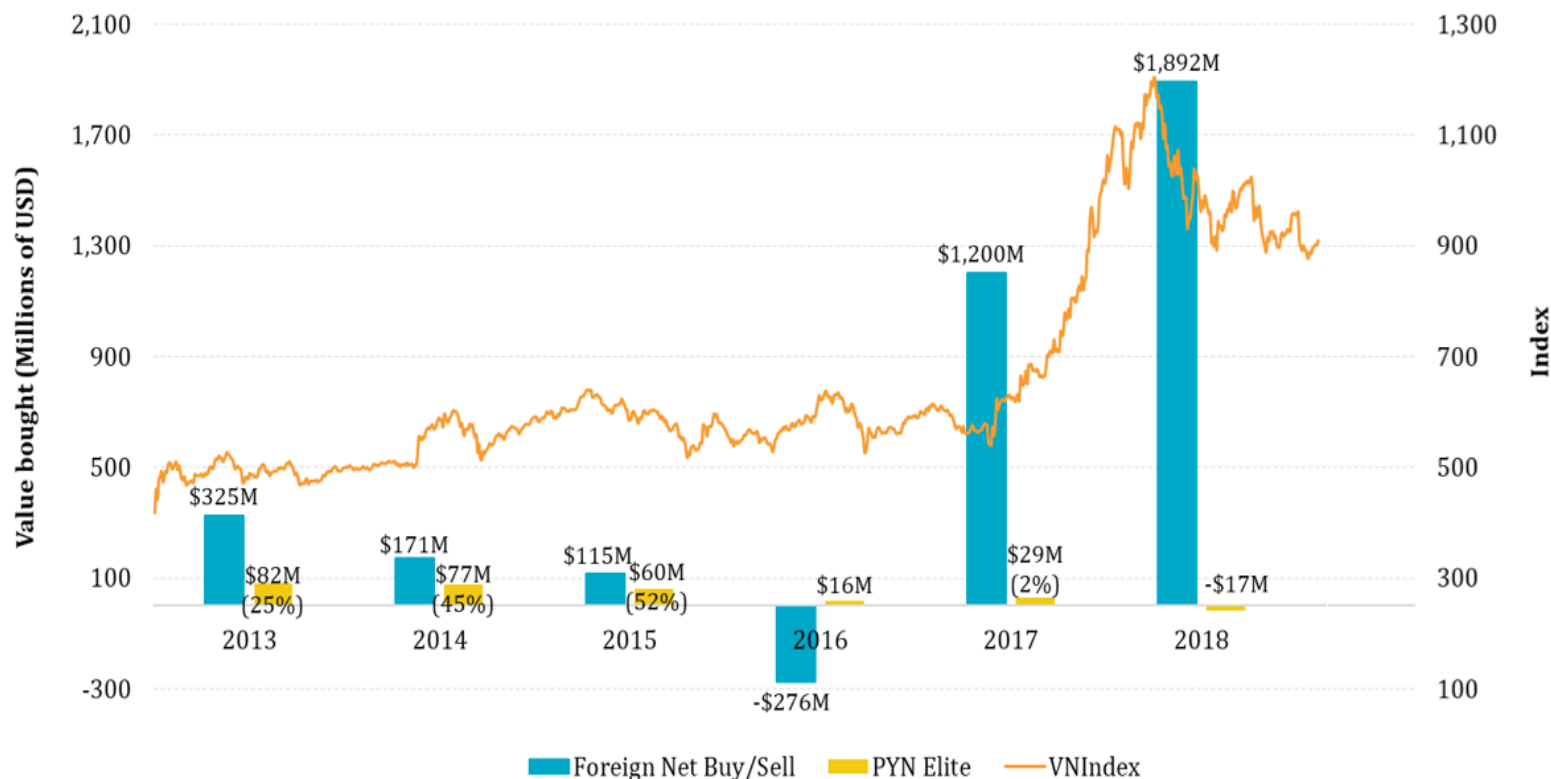
# EUR/USD Rate and PYN Elite Hedging



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. Since 2008 we have kept the currencies open, but considering the next possible period of hedging.

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

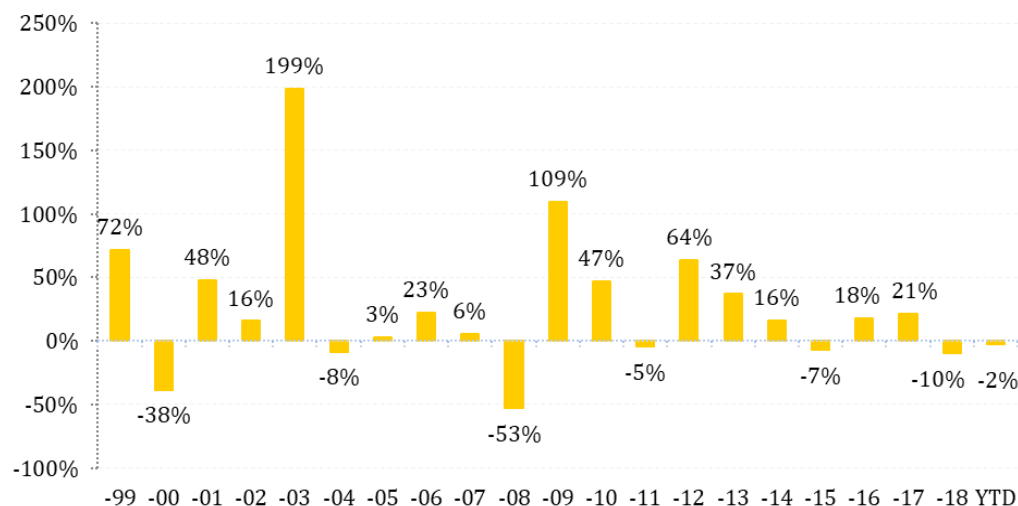


Index per 15.01.2019, Source: FiinPro Vietnam

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. 1999	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	279.07
%		72	64	37	16	-7	18	21	-10	-2
MSCI Asia ex Jap (EUR)			415	400	466	460	488	593	521	540
%				-4	16	-1	6	22	-12	4
SET Index *+ currency %		42	37							
PYN Elite better / worse %		30	27	41	0	-6	12	-1	-2	-6
* SET excl. dividends										



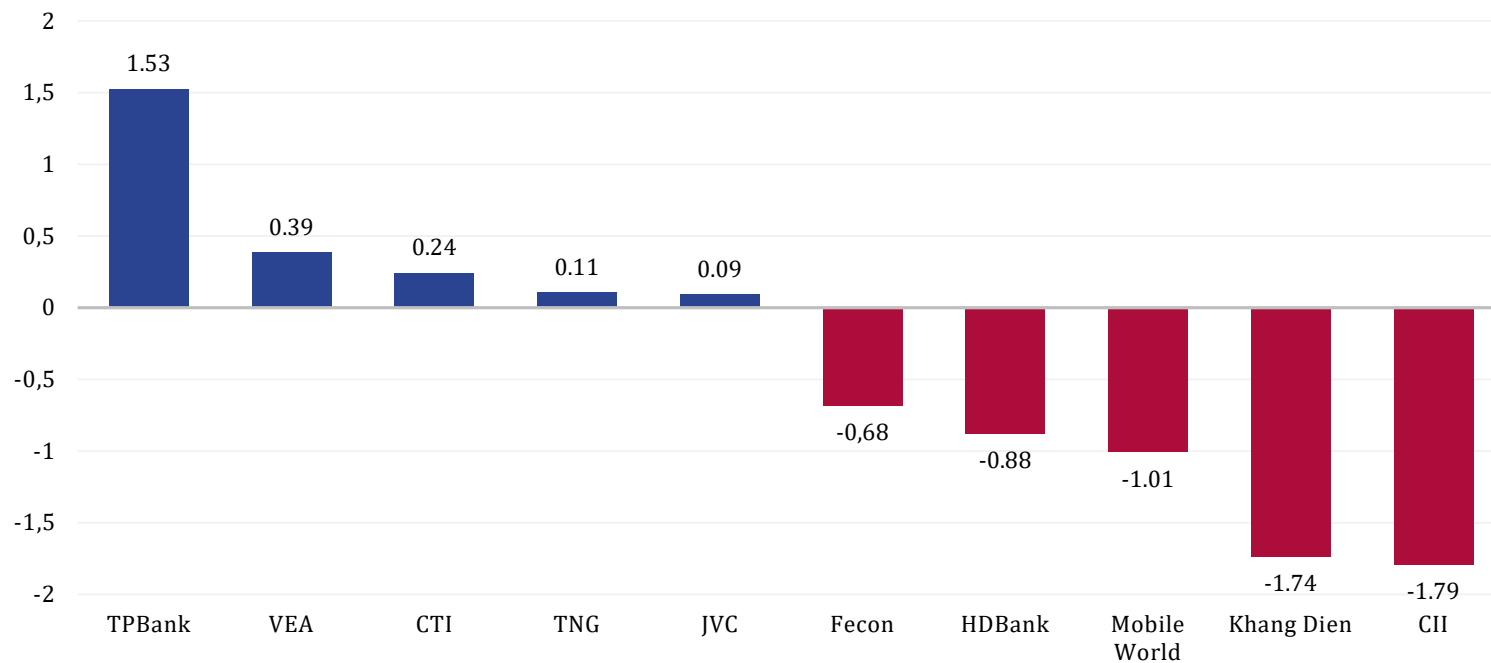
**Cumulative Return**  
**+2 691%**

**Annualized Return**  
**+18.1%**

YTD 15.01.2019  
Source: Bloomberg

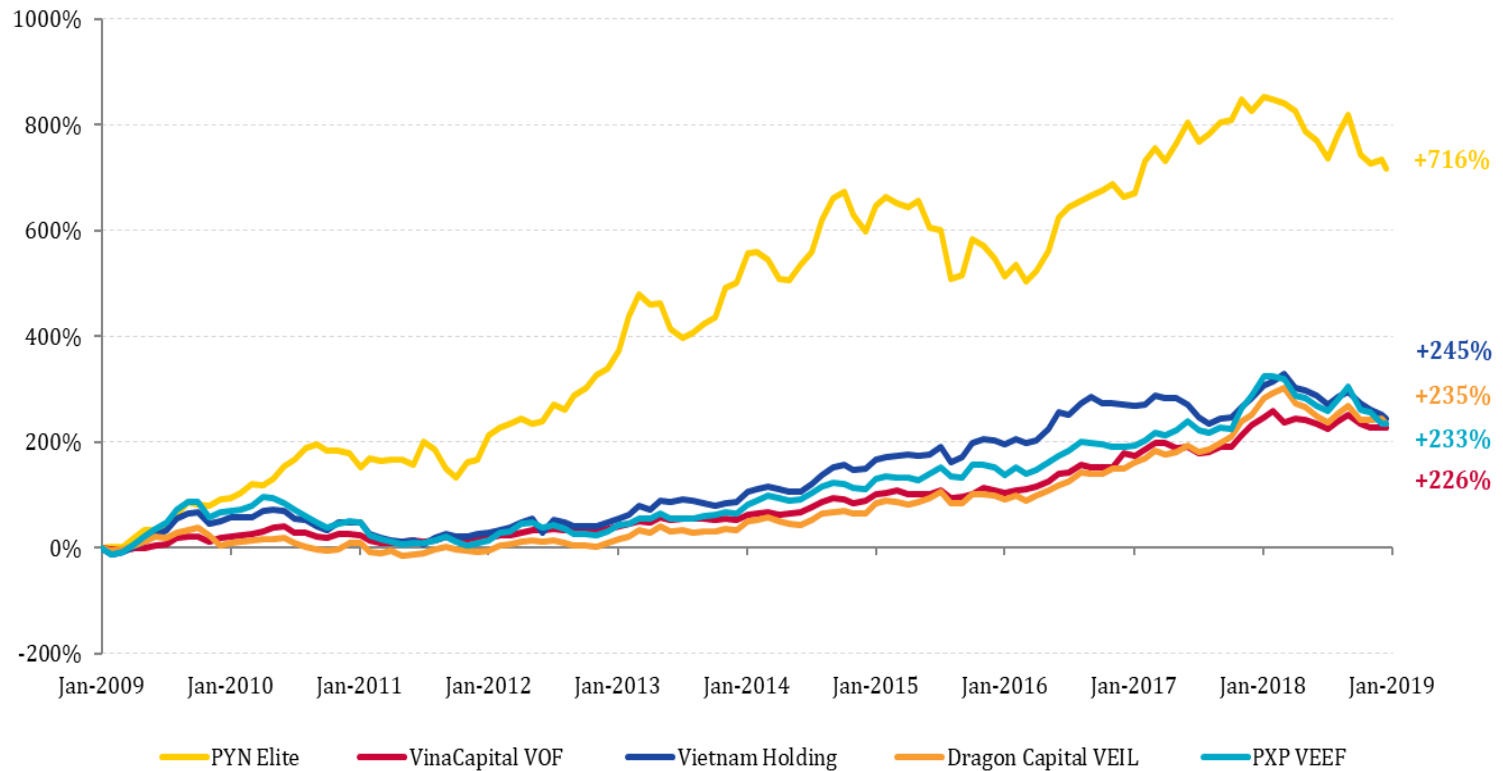
# Top 5 Profit & Loss Year-to-Date

Million EUR



Per 15.01.2019, Source: PYN Fund Management

# 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 15<sup>th</sup> January 2019, total 22 605 funds

	Fund	10YR annualized return (%)
1	<b>PYN Elite Fund</b>	<b>23.93</b>
2	DNB Fund Technology retail A	23.57
3	Didner & Gerge Småbolag	22.54
4	Morgan Stanley Investment Funds - US Growth Fund I EUR	21.77
5	Polar Capital Funds PLC - Polar Capital Global Technology Fund Income EUR	21.55
6	JPMorgan Funds - US Technology Fund C (acc) - USD	21.37
7	Allianz Global Investors Fund - Allianz Thailand Equity A USD	21.09
8	Candriam Equities L Biotechnology Class C USD Cap	21.08
9	Handelsbanken Ruotsalaiset Pienyhtiöt (A1 EUR)	21.01
10	Vanguard U.S. Opportunities Fund Investor GBP Income	20.94
11	Danske Invest Global Tech K	20.69
12	Evli Ruotsi Pienyhtiöt B	20.63
13	Fidelity Funds - Thailand Fund Y-Acc-USD	20.56
14	Russian Prosperity Fund B	20.12
15	Franklin Technology Fund W(acc)EUR	20.09
16	ODIN Sverige A EUR	19.88
17	Amundi Funds - Equity Thailand MU-C	19.85
18	Lannebo Småbolag	19.79
19	Swedbank Robur Småbolagsfond Sverige	19.68
20	Templeton Thailand Fund W(acc)USD	19.54

Per 15.01.2019, Source: [www.morningstar.fi](http://www.morningstar.fi)

# Contact Details

<b>PYN Fund Management Ltd</b> <b>P.O Box 139, 00101 Helsinki, Finland</b> <b>Mannerheiminaukio 1 E, Helsinki</b> <b>www.pyn.fi</b>		<b>Contact us:</b> <b>Tel +358 9 270 70400</b> <b>Fax +358 9 270 70409</b> <b>info@pyn.fi</b>
Petri Deryng	Fund Manager	+668 3131 3003
Eino Laitinen	Managing Director	+358 9 270 70404
Päivi Kumpulainen	Customer Relationship Manager	+358 9 270 70406
Tuija Tötterström	Head of Finance	
Ulla Heikkinen	Back Office	
Saska Saarenko	Back Office	
<b>PYN Asia Research Limited</b> <b>87 M.Thai Tower. All Seasons Place, 19th Floor,</b> <b>Unit 1 Wireless Road, Lumpini,</b> <b>Pathumwan, Bangkok 10330, Thailand</b>		<b>Tel +662 654 3050</b> <b>Fax +662 654 3051</b>
Maggie Yi	Analyst	
Mai Le	Analyst	
Ly Tran	Analyst	
Nadia Promyong	Office Manager	

# 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](http://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.