

PYN Elite Monthly Review - December 2018

Fund Information

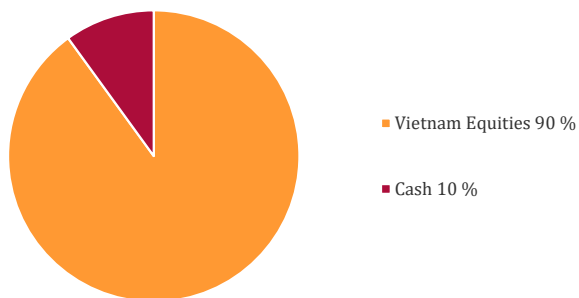
Fund Focus	Asia ex Japan
Market Focus	Vietnam
ISIN	FI0008803812
Bloomberg	ELITE FH
Subscription / Redemption fee	0%*
Management fee	1%
Performance-based fee, HWM	12%
Current HWM (31 January 2018)	325.362 EUR

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

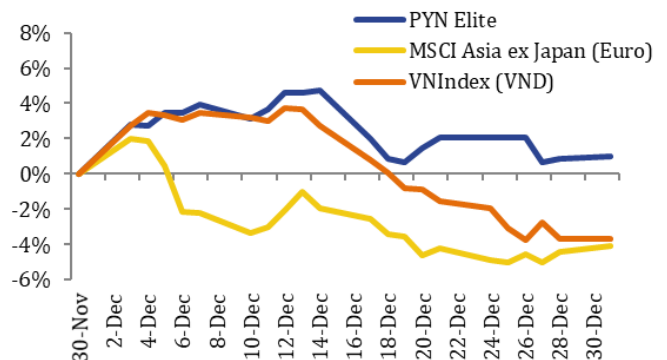
Fund Performance per 31.12.2018

Net Asset Value (NAV) per Unit	285.008 EUR
Assets under Management	383 mil. EUR
Change Month-on-Month	1.0%
Change Year-to-date	-9.9%
Change since Inception (Feb 1999)	2 750.1%
Annualized Return since Inception	18.3%
Next Subscription Date	31.01.2019
Contact Email	info@pyn.fi

Allocation of PYN Elite



Fund Return vs Index



Comments

Vietnam's economy ended 2018 on a positive slew of superlatives. 2018 GDP growth reached 7.08%, the highest in 11 years and exceeding the government's target. PMI in Dec as well as the average PMI of 2018 was 53.8, the highest since 2011 and among the highest in Asean. Inflation was well controlled with average 2018 CPI up 3.5% YoY. Driven by robust exports, the trade balance swelled three times to US\$ 7.2 bn at end-2018. Private business is booming with over 131,000 new companies registered in 2018. Tourists continued to flood into the country with foreign visitor numbers up 20% YoY to 15.5 mln.

However, the rosy macroeconomic situation was not reflected in the Vietnam stock market, which endured a volatile year due to overheating of large-cap index stocks in first quarter and later the year concerns over trade wars and negative sentiment in overall world equity markets. On 28 December 2018, VNIndex closed the year at 892.54, -3.7% MoM and -9.3% for the year. PYN Elite fund outperformed in December +1% and kept pace with the market -9.9% for the year. The numbers must be placed in perspective. Vietnam looks resilient versus the MSCI Frontier Emerging Markets Index, which declined 17% in 2018.

PYN's core portfolio remains undervalued. Our estimated core P/E in 2019 is 7.8 and 6.9 for 2020. For our core companies, we forecast profit growth of 25% a year from 2018-2020, stronger than consensus forecasts of 15% profit growth for Vietnam in 2019.

MWG, our top holding, accomplished its 2018 net profit target by end-November 2018. Its 2019 revenue and net profit is targeted to reach VND 108,468 bn (+26% YoY) and VND 3,571 bn (+37% YoY). MWG shares are now looking attractive with 2018 P/E at 12.5 and 2019 P/E at 10. We continue to hold the stock because its valuation is so modest, yet its future growth prospects are so clear.

The government is targeting 2019 GDP growth of 6.8%, ensuring a balance between growth and inflation. Strong Q4 corporate results are expected to be announced soon, and there could be attempts to bottom fish attractively priced stocks. Another positive catalyst could be speculation over new securities laws improving foreign ownership of Vietnamese public companies.

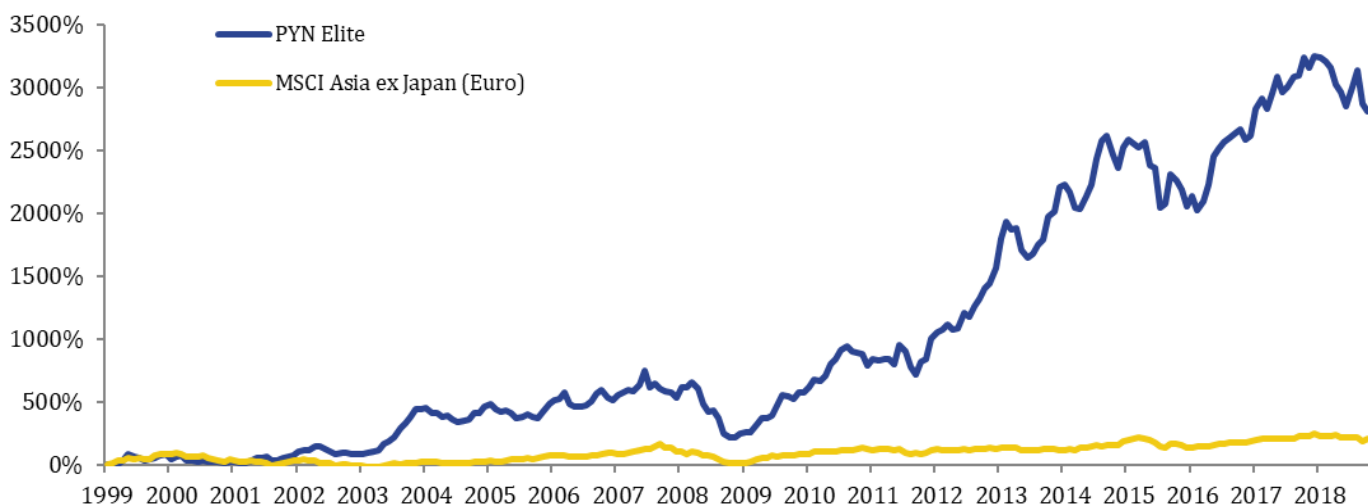
Top Holdings

1. Mobile World	16.3 %	7. PAN	4.0 %
2. TP Bank	8.4 %	8. Nam Long	3.6 %
3. HD Bank	6.7 %	9. VN Direct	3.5 %
4. CII	6.1 %	10. CEO	2.8 %
5. Hoa Binh	5.1 %	11. Fecon	2.6 %
6. Khang Dien	5.0 %	12. Sacom Bank	2.1 %

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%	-2.2%	1.0%	-9.9%
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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