

PYN Elite Monthly Review - February 2018

Fund Information

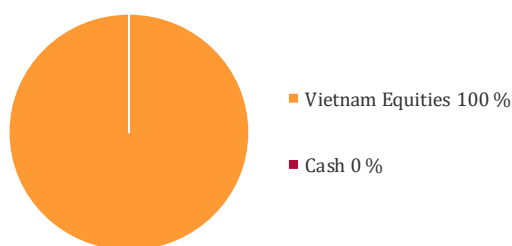
Fund Focus	Asia ex Japan
Market Focus	Vietnam
ISIN	FI0008803812
Bloomberg	ELITE FH
Subscription / Redemption fee	0%*
Management fee	1%
Performance-based fee, HWM	12%
Current HWM (31 January 2018)	325.362 EUR

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

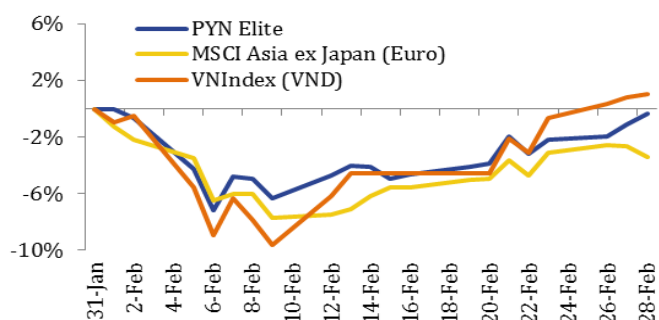
Fund Performance per 28.02.2018

Net Asset Value (NAV) per Unit	324.155 EUR
Assets under Management	444 mil. EUR
Change Month-on-Month	-0.4%
Change Year-to-date	2.5%
Change since Inception (Feb 1999)	3 141.6%
Annualized Return since Inception	20.0%
Next Subscription Date	30.03.2018
Contact Email	info@pyn.fi

Allocation of PYN Elite



Fund Return vs Index



Comments

This review – drafted in HCMC, finished in Hanoi - was written in between my company visits in Vietnam. Visiting Vietnam now is very different than what was 3 years ago. Long gone are the half-empty flights and quiet airports. Flights to Vietnam are frequently sold out; immigration counters at HCMC/Hanoi airport are filled with long lines of aspiring businessmen and tourists.

Meanwhile, our team is busy with visits in HCMC, Hanoi, Danang, and Haiphong. Through visits, we acquire first-hand information and discover strong growth targets. In 2017, our core holdings delivered 64% YoY net profit growth, higher than the whole market 34% YoY. For 2018, we expect core holdings' net profit to grow 40-50% YoY and EPS to increase 30-40% YoY. On average, our core holdings trade at 11X 2018E P/E and 3.8% dividend yield. In comparison, VN Index trades at premium of 19.7X 2018E P/E and 1.9% dividend yield, with a consensus of 15-22% YoY EPS growth.

That said, we had the 6th month of consecutive underperforming VN Index. In Feb, VN Index +1.0% supported by banks; while PYN Elite -0.4% as HBC took a breath. Most of our stocks are not covered by institutional brokers; hence it takes time for companies' share price to reflect their business fundamentals.

For example, the Phu Quoc developer CEO Group has Villa projects which are so popular that customers are paying deposits to reserve buying slot before the official project launch; CII's improved cash flow makes it unlikely to raise capital from shareholders (which the market expects); FECON is getting strong backlog from infrastructure and metro line projects but trades at a deep discount compared to its Thai peer SEAFCO. All three companies share price have not moved, despite fundamental improved in the past 6 months. However, we expect as Vietnam stock market trading value increases, brokers are extending coverage to mid-cap (previously brokers shy away from such companies due to insufficient daily trading volumes). As large cap become pricier, money would flow to certain stocks in the mid-cap space. The upcoming general shareholder meeting season in March/April, during which companies set plan and dividend policies, could provide re-rating catalyst for our holdings.

Vietnam Macro: PM urge public investment disbursement. IIP +15.2%, PMI 53.1, and retail sales +10.1%. Strong interest by foreign investors into Vietnam stock market; in two first months of 2018, foreign trading account openings grew by +253% YoY.

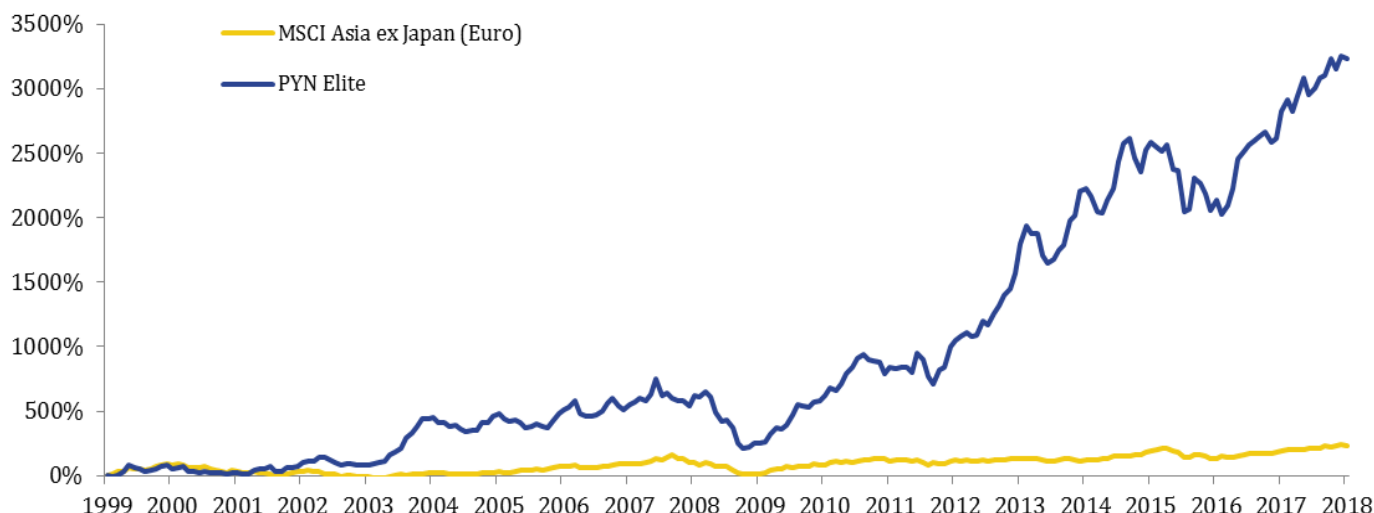
Top Holdings

1. Mobile World	14.4 %	7. VN Direct	4.9%
2. CII	7.9 %	8. VCG	4.6 %
3. Hoa Binh	6.9 %	9. HD Bank	3.8 %
4. TP Bank	6.8 %	10. Nam Long	3.0 %
5. Khang Dien	5.6 %	11. Fecon	2.8 %
6. PAN	5.2 %	12. CEO	2.1 %

Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	2.8%	-0.4%											2.5%
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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