



PYN ELITE

Vietnam – Asia's new success story

October 2020

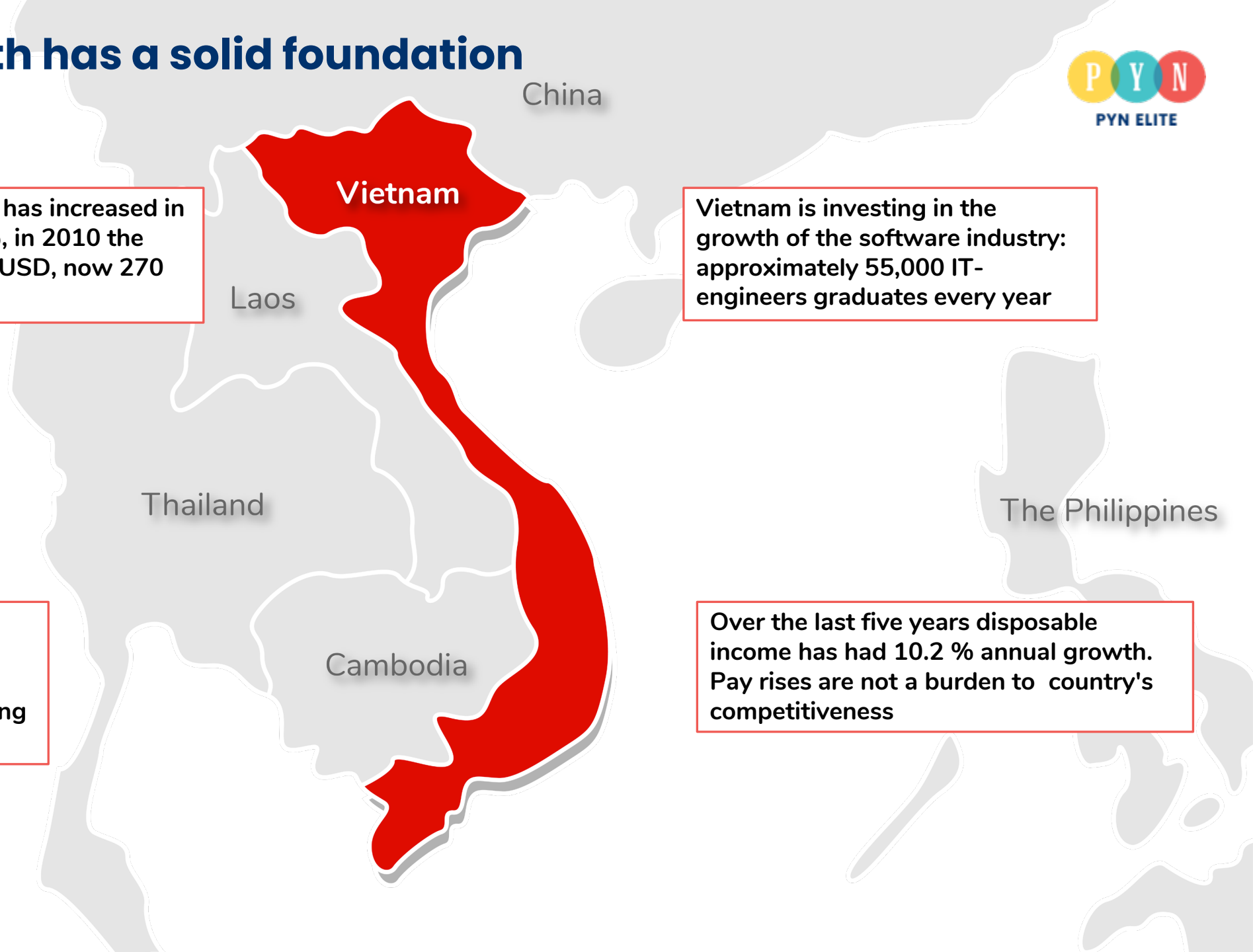
Vietnam's growth has a solid foundation

Vietnam's share of world trade has increased in ten years from 0.48% to 1.45%, in 2010 the value of exports was 70 billion USD, now 270 billion USD

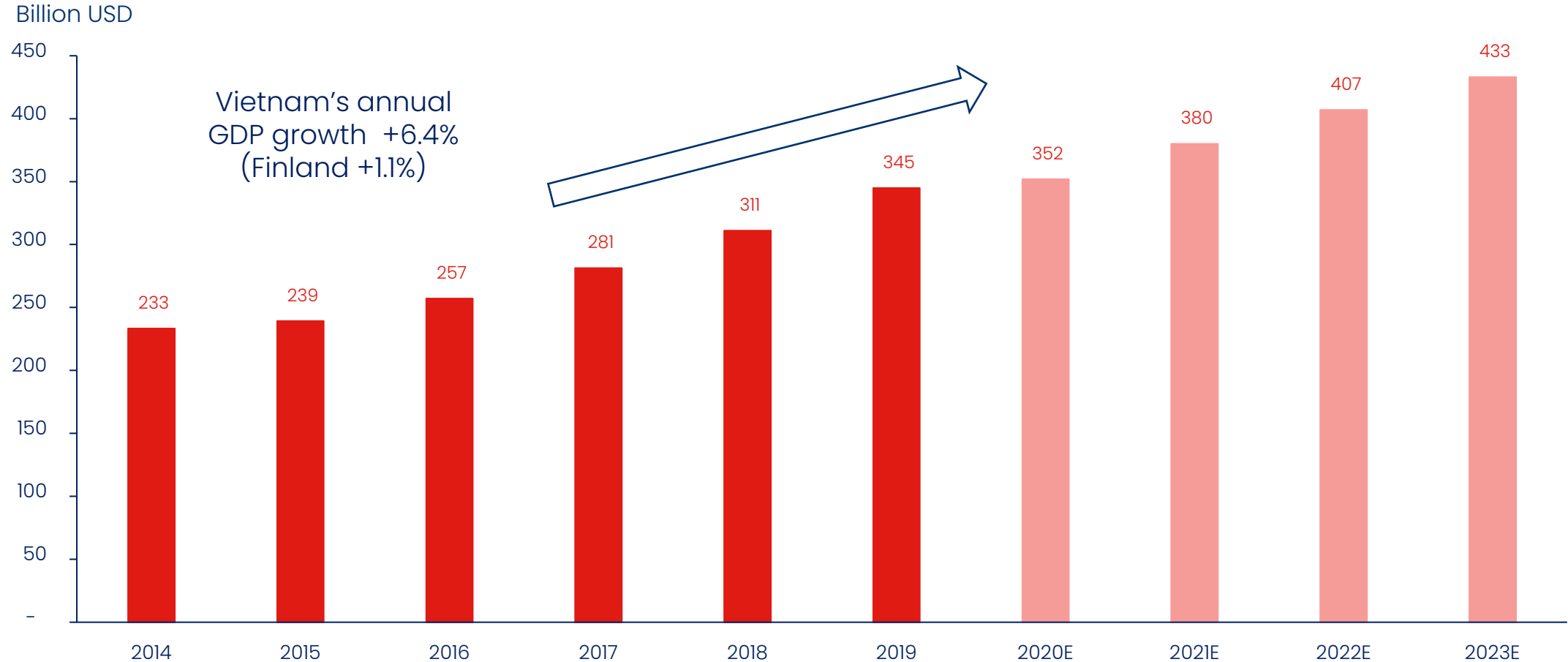
Vietnam is investing in the growth of the software industry: approximately 55,000 IT-engineers graduates every year

Diversified exports: cashew nuts USD 2.5 billion, peppercorns for almost USD 1 billion - and 150 million Samsung phones

Over the last five years disposable income has had 10.2 % annual growth. Pay rises are not a burden to country's competitiveness



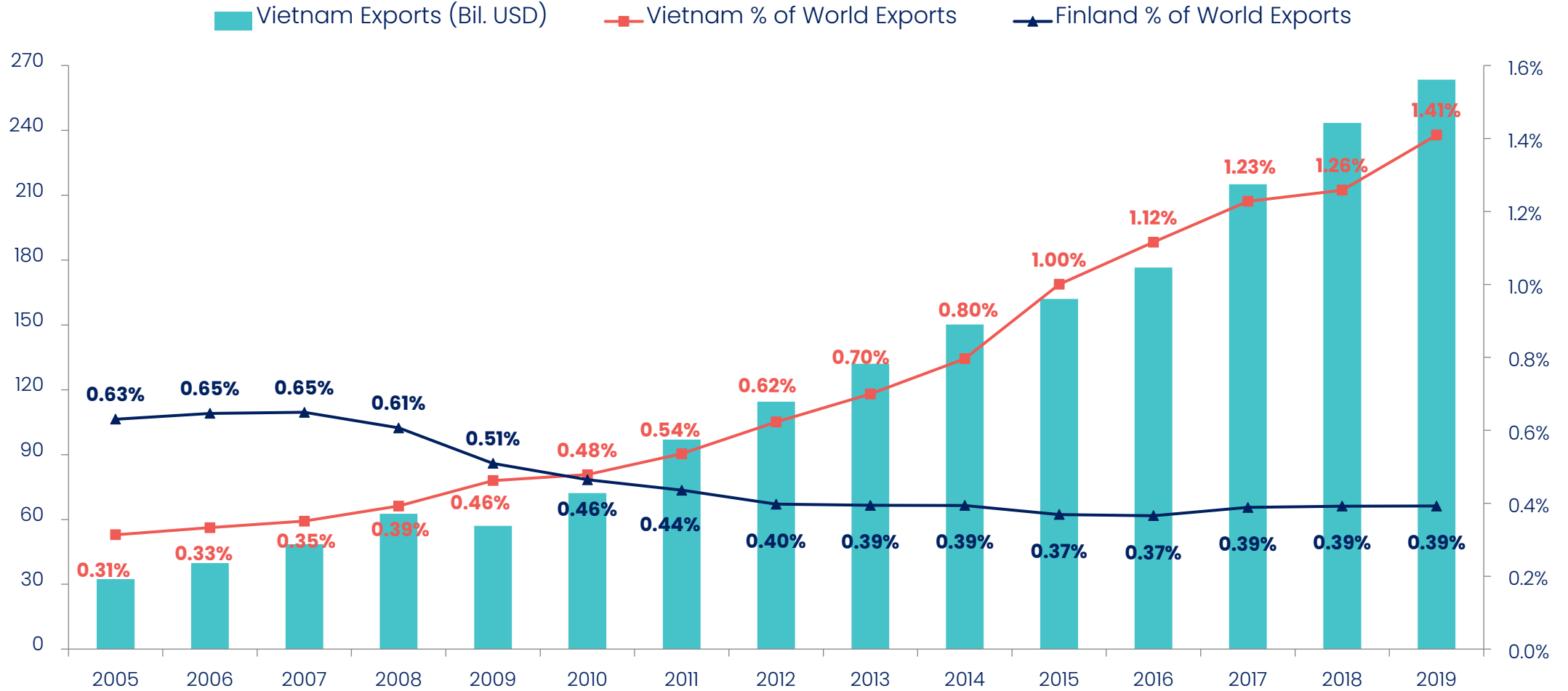
Vietnam's economy is on a strong upward trend



Source: World Bank, GSO VN, PYN Fund Management

Vietnam's GDP is expected to continue at an excellent annual growth rate of 6%-7% for the next ten years. In 2020 the country's economy will expand by 2%-3% percent despite the corona epidemic.

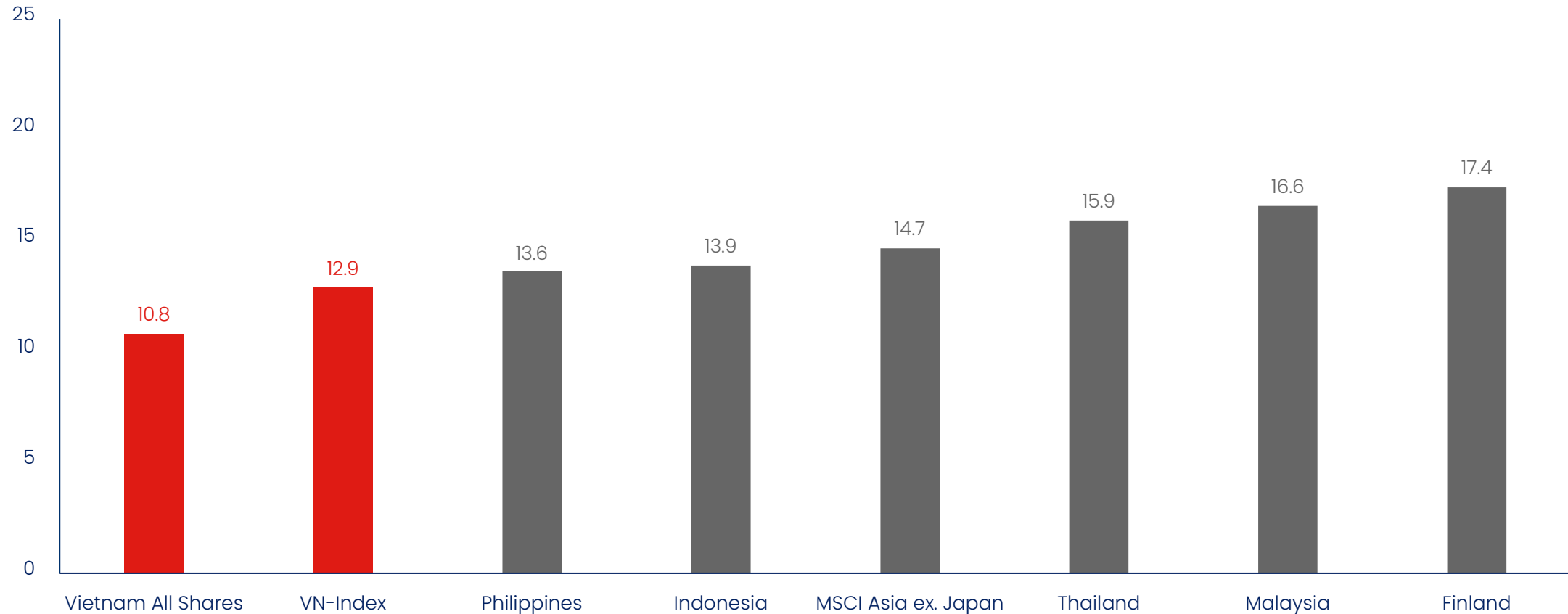
Vietnamese exports are doing well



Source: IMF DOTS

In recent years Vietnam has attracted a huge amount of foreign direct investments. The competitiveness of the country's industries has been on an astonishing level for a long time, and Vietnam has been constantly gaining market share in foreign trade from other countries.

The market offers inexpensive shares

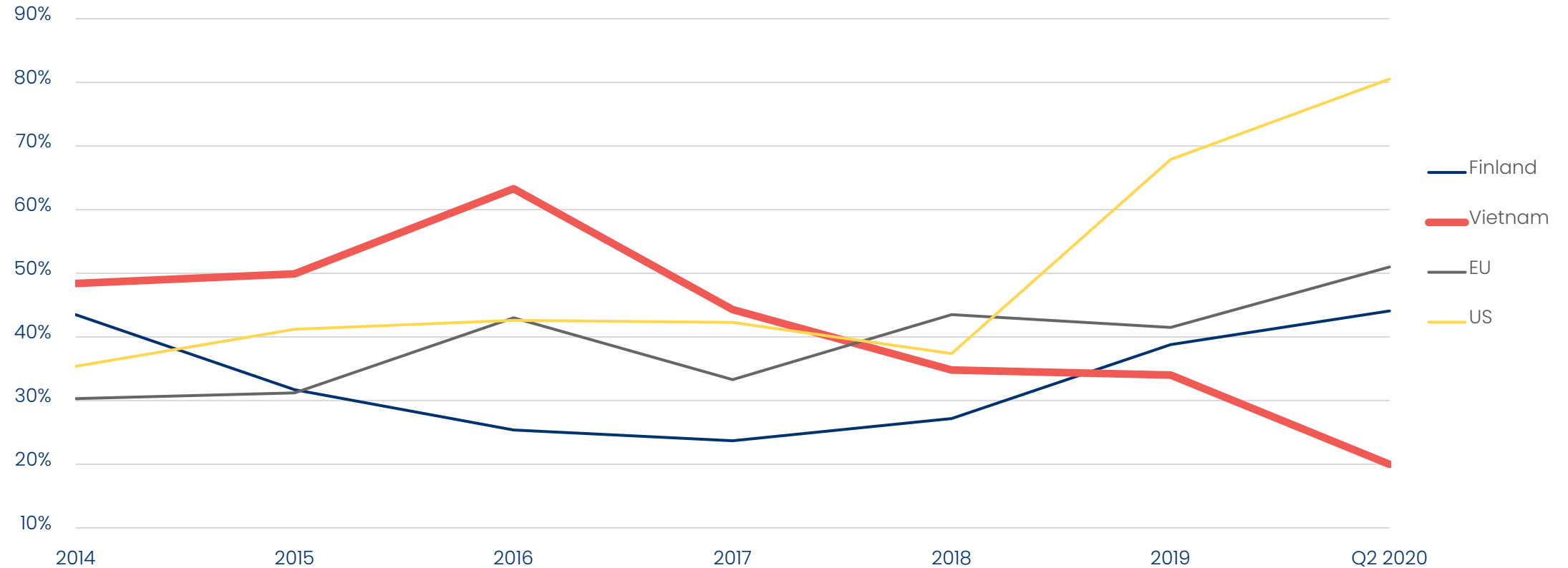


Per 09.10.2020, Source: Bloomberg

The VN Index will trade in 2021 with P/E of 12.9. (VN-all P/E 10.8). The shares are inexpensive and have significant room for improvement compared to the current valuation and the outlook for earnings growth in the next few years.

Vietnamese listed companies' D/E ratios are low

Net debt-to-equity

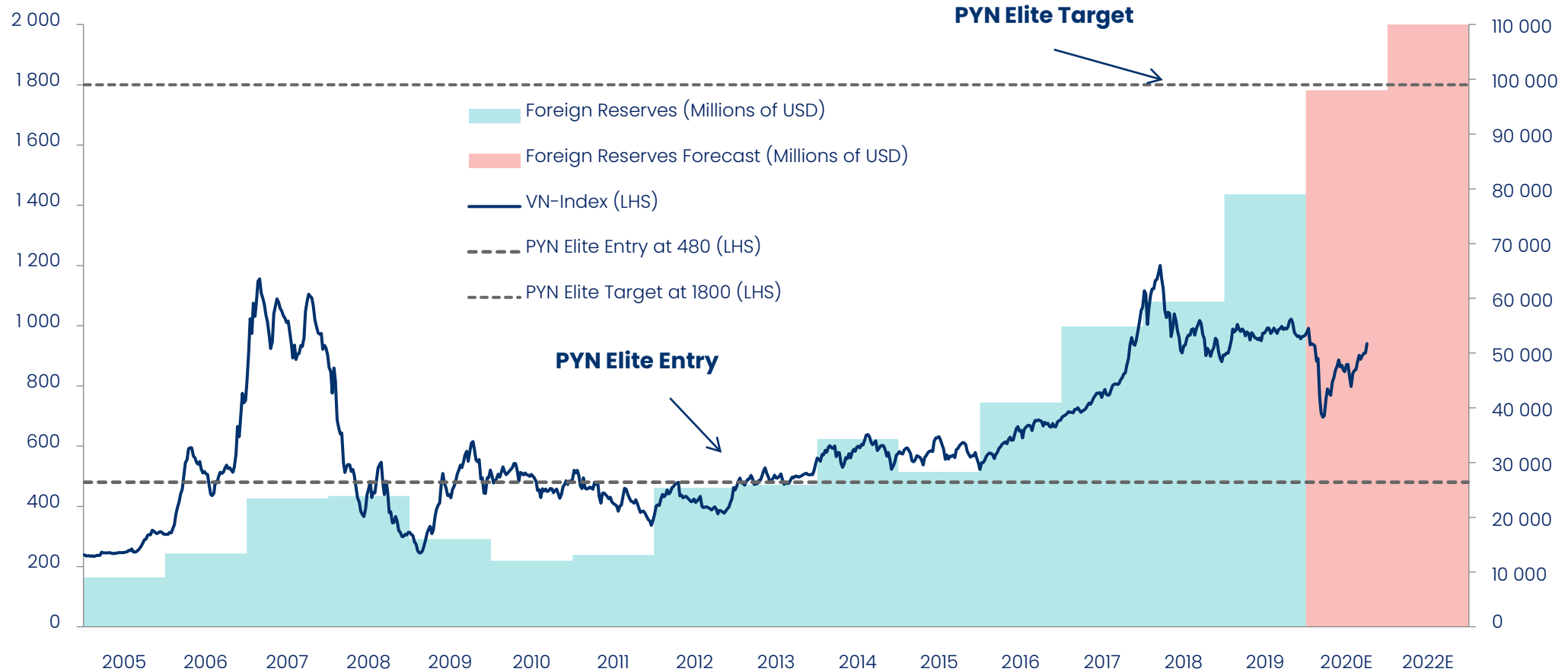


(*) Figures are excluding banks

Source: Bloomberg, FinPro, PYN Fund Management

The 50 largest listed companies and their net debt-to-equity in comparison. Thanks to their light debt burden, Vietnamese businesses can continue to grow strongly, even if the capital markets face more challenges in the coming years.

PYN Elite target: 1800 points



VNIndex per 09.10.2020 Source: ADB, Bloomberg, PYN Fund Management

Vietnam's foreign exchange reserves have accumulated rapidly. The current level significantly lowers the country risk in Vietnam. Lower risk should correlate with the stock market and support a higher valuation level on the stock exchange in the future.

PYN Elite has a distinctive investment strategy

Fund

PYN Elite is

- Long term
- Actively managed
- Long-only
- Asia, currently Vietnam focused allocation

Markets

We invest in

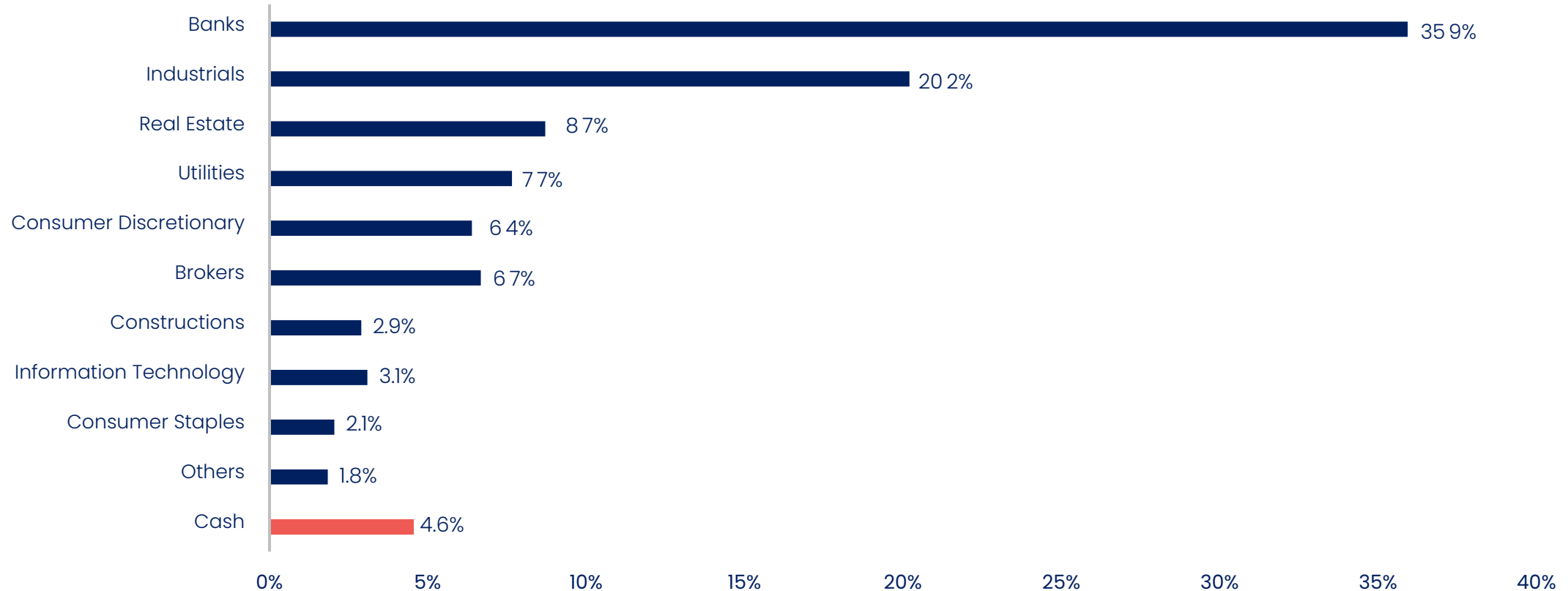
- Underperforming or undervalued markets in comparison to markets' historical fair valuation
- Improving macroeconomic/demographic trends
- Industries and companies that are overlooked, contrarian and correction potential on valuation of share

Research

Key Characteristics

- Regular company visits by portfolio manager and research team
- Long term undervalue entry levels and fair value exit targets
- Deep fundamental research and modeling






Banks play a big role in PYN Elite's portfolio



Per 09.10.2020, Source: PYN Fund Management

Bank shares are underpinned by a sluggish share price trend that has lasted for a couple of years. During that time we have increased their share of the portfolio to about a third. We believe in banks as they will expand their business briskly in the next few years, and along with that the earnings growth will also be strong. The cash in the portfolio includes our buffering in currency hedging agreements.

PYN Elite top holdings

 VEAM CORP Weight 10.6%	<p>Listed holding company in which the State holds a majority. The business consists of the manufacture of cars and mopeds with joint ventures of Ford, Toyota and Honda. The company is net cash and pays an excellent dividend, dividend yield now 12 percent. Maintaining growth is the biggest challenge.</p>	Revenue growth 12.4% Net profit growth 10.8% Revenue 2019 6 936 Net profit 2019 274	Market cap 2 140 Market cap target 4 000 Target valuation P/E 10 Profit potential 87%
 Nâng giá trị cuộc sống Weight 9.9%	<p>CTG is the largest bank when measured by the number of branches and the second-largest by balance sheet in Vietnam. The major share holders are the State Bank of Vietnam and MUFG Bank, the largest bank in Japan. Stock has underperformed peer bank BID and therefore a strong buy. The most challenging is to keep profitability reform plans intact.</p>	Revenue growth 15.2% Net profit growth 13.5% Revenue 2019 1 278 Net profit 2019 364	Market cap 3 760 Market cap target 8 000 Target valuation P/B 2.0 Profit potential 113%
 Vì chúng tôi hiểu bạn Weight 9.7%	<p>A small-sized bank, pioneer in digital services. A key market share in car financing. Major shareholders also include Japan's Softbank and Vietnam's leading IT technology company FPT. Grows intensely and valuation is damn cheap. The most challenging is the value ratios for of a small bank and the risk of unpredictable events.</p>	Revenue growth 41.6% Net profit growth 53.2% Revenue 2019 217 Net profit 2019 119	Market cap 743 Market cap target 2 100 Target valuation P/B 2.0 Profit potential 183%
 Cam kết lợi ích cao nhất Weight 9.3%	<p>A medium-sized bank focusing on, among other things, consumer credit and SME financing. In steering position is Madam Thao, the richest Lady in Vietnam, the founder of the airline company VietJet. High-quality bank and modest valuation. The most challenging task is to manage possible mergers.</p>	Revenue growth 31.6% Net profit growth 62.8% Revenue 2019 375 Net profit 2019 139	Market cap 1 123 Market cap target 3 000 Target valuation P/B 2.5 Profit potential 167%
 Weight 6.8%	<p>POW is one of the largest energy company in Vietnam. Generates about ten percent of Vietnam's electricity. We started buying the company at a low price in the spring of 2020. Challenges: the natural gas purchase agreements with the government.</p>	Revenue growth 11.1% Net profit growth 3.7% Revenue 2019 1 362 Net profit 2019 97	Market cap 902 Market cap target 1 900 Target valuation P/E 14 Profit potential 111%

* All revenue and net profit growth figures CAGR % 2015-2019

** All revenue, net profit and market value figures in millions of EUR

*** VEAM growth and revenue figures are holding company's 2019 readings

PYN Elite top holdings



Weight 5.6%

MWG is Vietnam's leading retailer, operating through three chains focusing on mobile devices, home appliances & electronics and groceries. The grocery chain and e-commerce are growing strongly. The most challenging business is the latest grocery store and expansion to the north.

Revenue growth	41.8%	Market cap	1 802
Net profit growth	37.5%	Market cap target	3 200
Revenue 2019	3 933	Target valuation	P/E 14
Net profit 2019	148	Profit potential	78%



Weight 4.6%

ACV manages eight international and thirteen domestic airports in Vietnam. In the balance sheet, there is a huge valuation difference, because the investments made by the company are still at the acquisition prices. We got involved in block purchases after the exchange rate collapse caused by the coronavirus pandemic. The most challenging: State of Vietnam the major share holder.

Revenue growth	8.6%	Market cap	5 056
Net profit growth	47.9%	Market cap target	9 800
Revenue 2019	706	Target valuation	P/RNAV 1.5
Net profit 2019	316	Profit potential	94%



NAM LONG

Weight 4.2%

Nam Long, the strongest Vietnamese brand for affordable housing, a residential developer in Ho Chi Minh City area. The company has several projects in progress, some of which include Japanese partners. Company is in a good shape. Most challenging at the moment: huge Water point -project in the suburbs of Saigon.

Revenue growth	19.3%	Market cap	268
Net profit growth	46.9%	Market cap target	650
Revenue 2019	98	Target valuation	P/E 12
Net profit 2019	37	Profit potential	143%



Weight 4.1%

MBB is the 5th largest bank by balance sheet, and has a full-fledged banking platform including retail/SME lending, insurance, and brokerage. MBB is a well-run quality bank but valuation is well below peers, due to setbacks of its new move into consumer finance, which caused some doubts among investors and a stock price slump. We used this as an opportunity to build our positions. The bank is rather conservative, therefore the biggest challenge is to strive for satisfying loan growth.

Revenue growth	25.2%	Market cap	1 777
Net profit growth	33.1%	Market cap target	4 000
Revenue 2019	693	Target valuation	P/B 1.8
Net profit 2019	301	Profit potential	125%



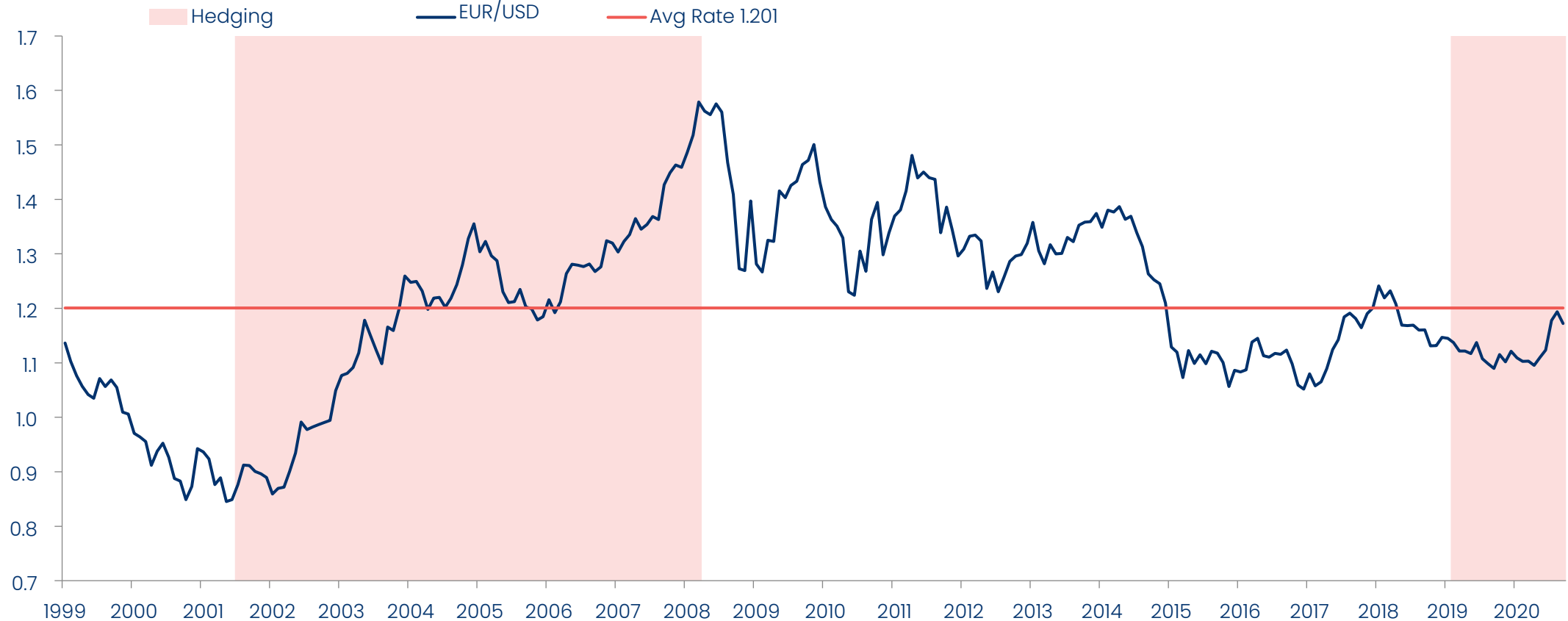
Weight 3.2%

Professionally run stock broker, owned by the management. Leading role in the investment banking. Substantial revenue from consulting bisnes and capital market operations. More weight in our portfolio last spring. Competition is heavy in the comissions.

Revenue growth	21.8%	Market cap	206
Net profit growth	30.7%	Market cap target	550
Revenue 2019	59	Target valuation	P/E 12
Net profit 2019	27	Profit potential	167%

* All revenue and net profit growth figures CAGR % 2015-2019
 ** All revenue, net profit and market value figures in millions of EUR

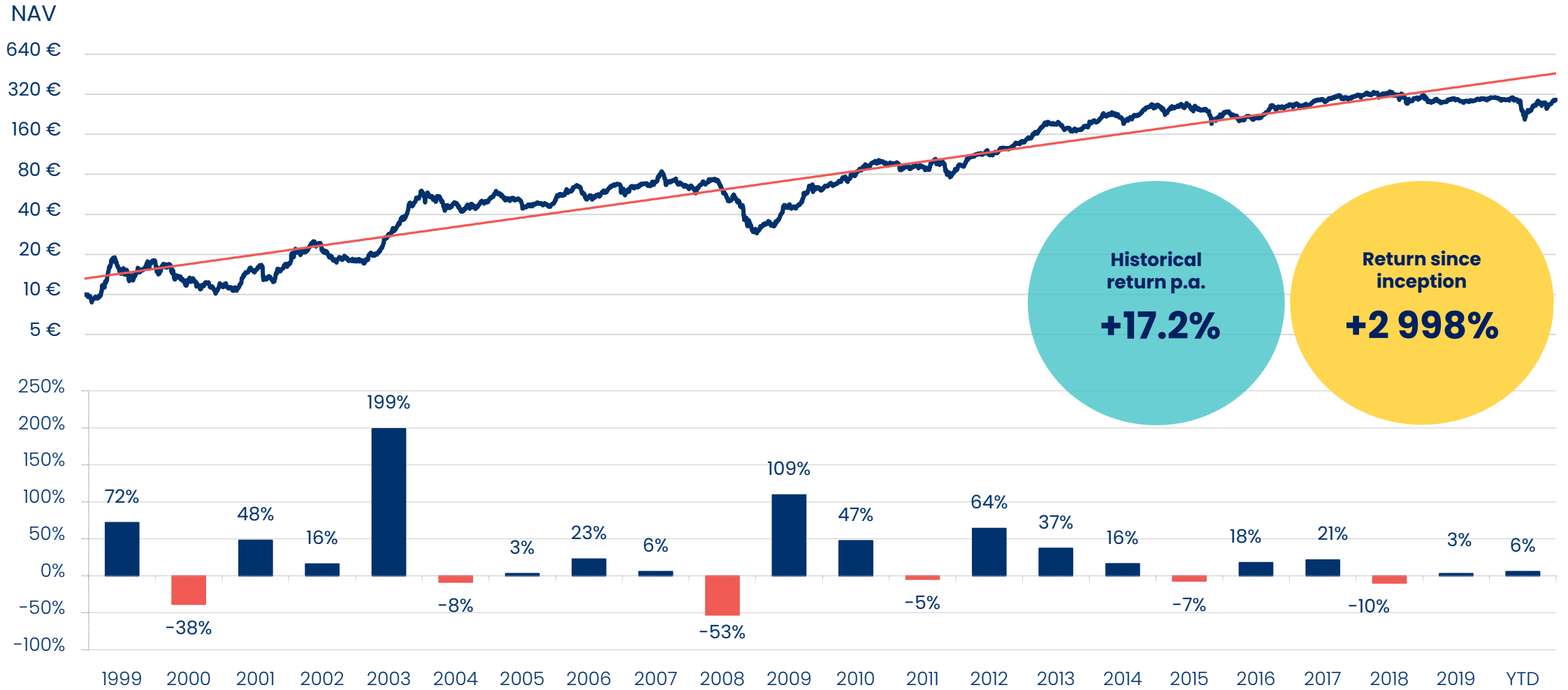
The portfolio is hedged against the strengthening of the US dollar



Per 09.10.2020 Source: Bloomberg, PYN Fund Management

PYN Elite's return is affected by changes in the euro FX rate. We have used currency hedging against the strengthening of the euro in 2001-2008 and again since 26 February 2019

PYN Elite has excellent track record



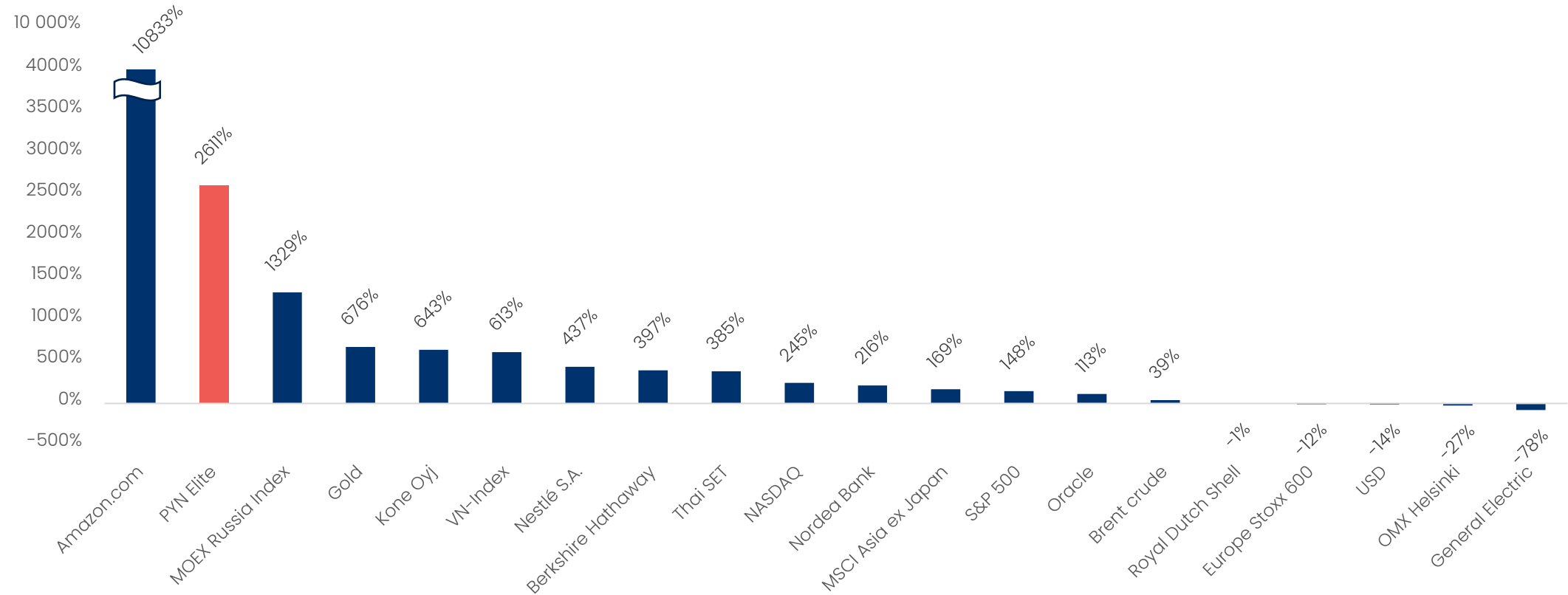
Historical return p.a. **+17.2%**

Return since inception **+2 998%**

Per 09.10.2020 Source: PYN Fund Management

The PYN Elite Fund was established in February 1999 when the value of the share was ten euros. Since then its value has increased 30-fold. The annual return is now at 17.2 percent. However, recent years have been sluggish, so a sharp jump is needed to return to the trend line.

Long-term returns are crucial



09.10.2000-09.10.2020 Source: Bloomberg, PYN Fund Management

In the long run, there are huge differences in returns between asset classes and investments. Top company GE can turn into a lousy investment and holding a dynamic American dollar can lead to a period of negative returns. Lucky are those who found the Amazon stock twenty years ago and held it in their portfolios. We can realistically expect excellent returns on Vietnamese stocks over the next ten years.

PYN Elite Portfolio management team



Petri Deryng
Portfolio Manager

Founder of PYN Fund Management. Petri lives in Asia and has been the portfolio manager of the PYN Elite Fund from the start. Petri has often been listed as one of the most successful portfolio managers in Finland and Europe in the reviews of Citywire, Morningstar, and Arvopaperi-magazine, among others



Maggie Yi
Analyst

Maggie is based in Bangkok, Thailand. She has worked for PYN Elite since 2013. In the past, Maggie has been monitoring the Chinese and Hong Kong stock markets, and now her areas of in Vietnam include banking and the financial sector. Maggie holds a bachelor's degree in economics from Zhongnan University in China. In addition, she is a CFA charter holder.



Mai Le
Analyst

Mai Le works in Ho Chi Minh City, Vietnam. She joined PYN Elite in 2013. Before that Mai Le worked for the World Bank and VNDirect Securities, among others. She holds a Master's degree in Finance and Investment from Durham University in the UK and a bachelor's degree in Business Management from the University of The Hague in the Netherlands.



Huy Tang
Analyst

Huy works in Ho Chi Minh City and started at PYN Elite two years ago. VEA is Huy's main portfolio company. Huy holds an MBA from University College Dublin, Ireland.

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	1.0 %
Performance fee	12.0 % (HWM **)
Assets (09.10.2020)	460 m EUR

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.



Disclaimer

PYN Elite

The PYN Elite (non-UCITS) Fund (hereinafter "PYN Elite Fund") is an alternative investment fund and a non-UCITS fund as referred to in the Finnish Act on Alternative Investment Fund Managers (162/2014, as amended), which is managed by the Finnish alternative investment fund manager PYN Fund Management Ltd.

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