

AFC VIETNAM FUND UPDATE

Fund Category	Vietnam Public Equities
Country Focus	Vietnam
Subscriptions	Monthly at NAV (five business days before month end)
Redemptions	Monthly at NAV 30 days notice
Benchmark	VN Index
Fund Manager	Vicente Nguyen
Investment Manager	Asia Frontier Capital (Vietnam) Ltd., Cayman Islands
Investment Advisor	Asia Frontier Investments Ltd., Hong Kong
Fund Base Currency	USD
Minimum Investment	USD 10,000
Subsequent Investments	USD 1,000
Management Fee	1.8% p.a. of NAV
Performance Fee	12.5% p.a. of AV appreciation with high watermark
Fund Domicile	Cayman Islands
Launch Date	23 December 2013
Custodian Bank	Viet Capital Securities, Ho Chi Minh City
Auditor	Ernst & Young, Hong Kong
Administrator	Custom House, Singapore
Legal Advisor	Ogier, Hong Kong
ISIN	KYG0133A1673

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Markets were dominated by a few special situations which pushed 2-3 stock prices up sharply, while the remaining market was rather mixed with small caps slightly down on subdued volume. Indices in HCMC and Hanoi were advancing by +5.4% and +2.2% respectively. A government divestment in the index heavyweight Vinamilk (11.2% index weight, P/E 25x) was the main contributor to the gains. The NAV of our fund increased +0.2% to USD 1,830, according to internal calculations.

Market developments

The construction company ROS (FLC Faros) which almost doubled last month on no news, and hence distorted all local and frontier market indices, gave back some of its gains in the first two weeks of November – again without any news and with an “awkward” looking chart, given that this company was the most influencing stock in terms of recent index movements and turnover. Another special situation was VRE (Vincem Retail), which was listed last week and gained sharply (about +20%) on negligible volume in the first few trading days, until more than 20 million shares were traded over the past 2 days, which means that investors trying to track the index were most likely buying this stock near its short-term top. In our view the authorities should reconsider the practice of adding stocks to an index right after the day of its listing, when nobody is able to buy it!



Source: Viet Capital Securities

This is the second time that Vietnam has hosted the APEC Summit since 2006. An important series of meetings with over 15,000 delegates from around the world, this Summit was held in Danang for one week and Vietnam had a great opportunity to show the world its economic progress, as well as their ability in holding mutual talks with numerous important trading partners.

The mainstream media in Europe hardly covered this event, in contrast with most Asian media organisations which closely followed political and financial developments discussed at this event. One of the main discussion points was the TPP agreement.

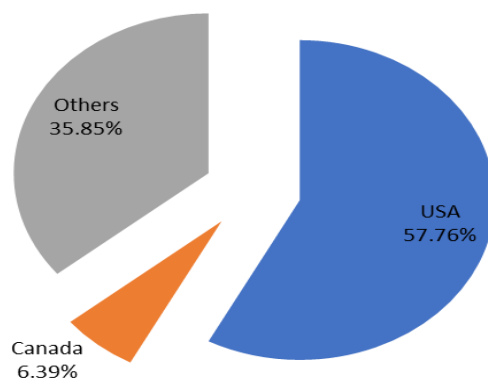


Source: EPA, APEC 2017 National Committee

AFC VIETNAM FUND UPDATE

After the US withdrew from this agreement at the beginning of the year, the remaining 11 members were and still are considering moving ahead with TPP, even without the US. But mainly Canada wanted to restart negotiations since they felt that there are too many disadvantages for them. They are also simultaneously renegotiating the terms of NAFTA (North American Free Trade Agreement). During the APEC Summit the 11 remaining TPP members had numerous discussions about TPP, but given that the US is no longer part of it, the future of a new agreement looks very uncertain.

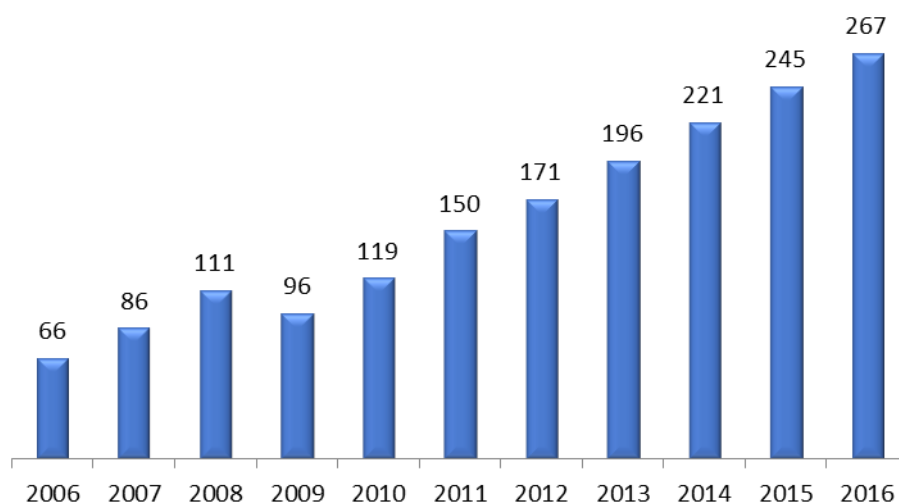
GDP weight of 12 TPP members (%)



Source: IMP, AFC Research.

Hosting the APEC Summit is an important political and economic event for Vietnam, given that its trading volume with APEC members grew by ~15% per annum over the past 10 years from USD 66 billion in 2006 to USD 267 billion in 2016. This highlights that Vietnam's role within the APEC is increasingly important, especially with its compelling macro-economic growth story.

Trade with APEC members (USD billion)

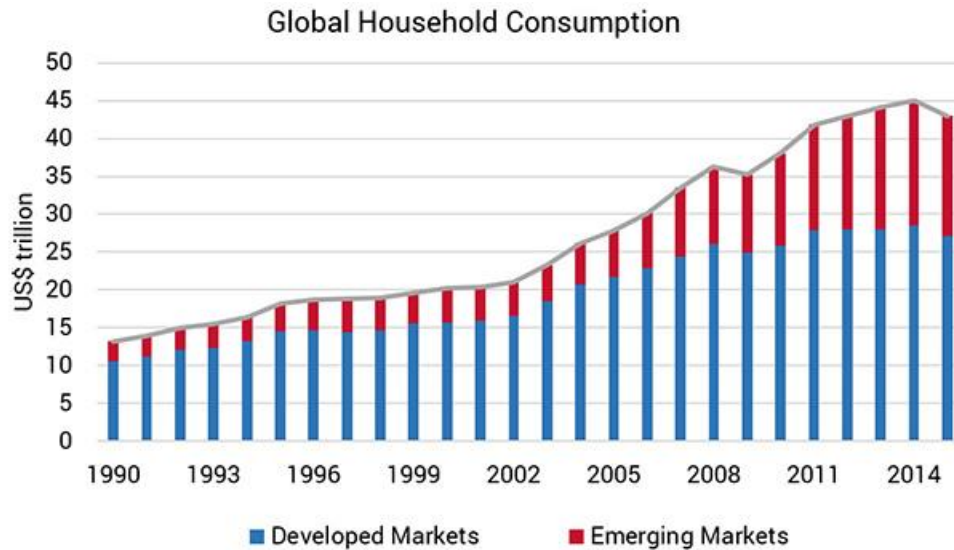


Source: GSO, Custom of Vietnam, AFC research

AFC VIETNAM FUND UPDATE

After the APEC Summit, President Donald Trump visited Hanoi for a short state visit to discuss agreements on economic developments, defense and education between both countries. They also signed a number of trade deals worth around USD 12 billion, mainly in the aviation and oil & gas sectors. The US is currently the largest export market for Vietnam representing 21.8% of total exports, followed by the EU with 19.3%.

What was clearly highlighted during the APEC meeting was the growing importance globally of Asia with its fast-rising middle class which is driving household consumption and economic growth.



Source: World Bank, Haver Analytics

www.stansberrychurchohouse.com

Subscription

The subscription deadline for this month will be the 24th November and if you would like any assistance with the investment process please be in touch with Andreas Vogelsanger.

Best regards,

AFC Vietnam Fund

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Estimated NAV as of 15th November 2017

NAV	1,830*
Since Inception	+83.0%*
Inception Date	23/12/2013

Monthly Performances AFC Vietnam Fund

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	USD												+2.37%	+2.37%
2014	USD	+8.75%	+4.50%	+2.18%	-4.65%	-0.32%	+1.45%	+1.86%	+5.49%	+3.87%	+2.83%	+2.50%	+0.60%	+32.50%
2015	USD	+0.44%	+1.76%	-0.96%	+1.93%	-0.48%	+0.06%	+0.22%	-4.57%	+1.18%	+6.90%	-1.82%	+0.25%	+4.62%
2016	USD	-0.10%	+3.30%	+1.28%	+3.17%	+1.40%	+4.97%	+3.0%	+0.13%	+0.11%	-1.83%	+0.88%	-1.76%	+15.29%
2017	USD	+1.90%	+1.10%	+1.94%	+1.03%	+2.96%	+4.52%	+1.94%	-4.38%	+1.09%	-0.75%	+0.2%*		+11.9%*

*According to internal calculations

**The representative of the Fund in Switzerland is Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva. The distribution of Shares in Switzerland must exclusively be made to qualified investors. The place of performance and jurisdiction for Shares in the Fund distributed in Switzerland are at the registered office of the Representative. The fund is authorized for distribution to professional investors in Hong Kong, Japan, Singapore and the UK.*

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