

Vietnam's PXP readies new equities fund

By Kylie Wong<<http://www.ignitesasia.com/email-contributor/101322/275751/32681>>
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Ho Chi Minh City-based PXP Vietnam Asset Management (PXP) is preparing to launch a new Vietnam equities fund by year-end, in line with efforts to boost its assets under management (AUM) and to capitalise on relatively low market valuations.

PXP hopes to raise its AUM to US\$500 million by end-2013 from the current US\$90 million, according to the company's CEO, Kevin Snowball.

The PXP Vietnam Value

Fund<<http://www.pxam.com/userfiles/file/PXP%20Announcements/Vietnam%20Value%20Fund%20Launch%20Factsheet%202011.pdf>>, a Cayman Islands-domiciled open-end fund, will invest in Vietnamese equities.

[<cid:image001.jpg@01CCA5DC.1746B600>]

Kevin Snowball, PXP Vietnam Asset Management

“Although conditions are extremely difficult now, it is the right time to be launching a fund,” Snowball says.

He recalls that when the company launched the PXP Vietnam

Fund<<http://www.pxam.com/index.php?11=7&12=8&13=18>> in 2003, it tried to close fundraising for the fund on October 31 of that year, but ran into the “market bottom”. The company was finally able to raise enough funds by end-2003, he adds.

He notes: “There's no point in launching a value fund at the top of the market because, by definition, there is no value there.”

Snowball has said that fundraising for Vietnam funds has been “next to impossible” over the past four-and-a-half years, as

reported<http://ignitesasia.com/c/269971/32141?referrer_module=searchResults&module_order=2&q=next+to+impossible&sort_by=date>.

PXP's minimum fundraising target for its upcoming fund is US\$25 million, Snowball says, adding he hopes the fund would be able to generate US\$100 million in assets.

Robert Harvey will manage the fund. He joined PXP in 2009 from London-based F&C Asset Management, where he was a senior portfolio manager on the global emerging markets team, according to the fund's fact sheet.

PXP currently has two funds on offer: the PXP Vietnam

Fund<http://www.pxam.com/userfiles/data/pxp/462_411.pdf>, a Cayman-domiciled closed-end fund listed on the London Stock Exchange, and the Vietnam Emerging Equity

Fund<http://www.pxam.com/userfiles/data/pxp/464_412.pdf>, a Cayman-domiciled open-end fund that was converted from a closed-end fund in January 2010.

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Eyeing domestic assets

PXP hopes to have the capability to reach out to local investors, which would help the company meet its 2013 AUM target. That is likely to become a reality next year, as Vietnam is set to loosen restrictions on foreign ownership of asset management companies under World Trade Organization (WTO)

commitments<http://www.wto.org/english/news_e/pres06_e/pr455_e.htm>.

Foreign asset management companies operating in Vietnam are restricted from managing local assets and onshore funds. Only local and joint venture fund managers with foreign-owned capital are allowed to do so.

Thus, a foreign company, such as PXP, would have to buy into a local company in order to serve local clients.

PXP is “definitely” keen on managing domestic assets, Snowball says, adding that he is hopeful the new regulations will be passed next year, as Vietnam has kept all of its commitments laid under WTO accession agreements.

However, there are still various uncertainties because the regulations have yet to be rolled out.

“Whether us having a 100% Vietnamese fund management company will allow us to raise money from Vietnamese investors remains to be seen,” he says. “We’re waiting for clarifications.”

Onshore open-end funds

Onshore open-end funds are expected to breathe new life into the Vietnamese fund industry when they are allowed to be set up, as

reported<http://www.ignitesasia.com/c/267731/32021/vietnam_hungry_onshore_open_funds?referrer_module=categoryListing&module_order=1>, and they are also among PXP’s potential product lineup.

“Definitely, we would do it, but we wouldn’t want to do a daily liquidity fund,” Snowball says.

“If we were able to comfortably rely on the government to ensure that the currency is available when needed, then we would go twice-monthly.”

