



Interim report (unaudited)
for the six months ended 30 June 2018

PXP VIETNAM SMALLER COMPANIES FUND LIMITED



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This condensed interim financial information for the six months ended 30 June 2018 does not include all the notes of the type normally included in an annual financial statement. Accordingly, this report should be read in conjunction with the annual financial statements for the period ended 31 December 2017 and any public announcements made by PXP Vietnam Smaller Companies Fund Limited during the interim reporting period.

GENERAL INFORMATION

Registered Office	Harneys Services (Cayman) Limited 4th Floor, Harbour Place, 103 South Church Street PO Box 10240, Grand Cayman, KY1-1002 Cayman Islands
Board of Directors	Mr Christopher Vale (Chairman) Ms Rachel Provest (appointed on 1 January 2018)
Investment Manager	PXP Vietnam Asset Management Limited Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola VG1110 British Virgin Islands www.pxpvietnam.com
Administrator and Registrar	Apex Fund Services Ltd. 3rd Floor, Williams House, 20 Reid Street, Hamilton HM11 Bermuda
Administrator and Registrar's Agent	Apex Fund Services (HK) Limited 17th Floor, Beautiful Group Tower, 77 Connaught Road, Central Hong Kong
Custodian	DBS Bank Ltd., Hong Kong Branch 18th Floor, The Center, 99 Queen's Road, Central Hong Kong
Vietnam Sub-Custodian	Standard Chartered Bank (Vietnam) Limited Hanoi Towers, 49 Hai Ba Trung Street, Hoan Kiem District Hanoi, Vietnam
Legal Adviser to the Fund on Cayman Islands Law	Harney Westwood & Riegels Two Exchange Square, 8 Connaught Place, Central Hong Kong
Legal Adviser to the Fund on Vietnamese Law	Freshfields Bruckhaus Deringer LLP 11th Floor, Saigon Tower, 29 Le Duan Boulevard, District 1 Ho Chi Minh City, Vietnam
Auditors	Ernst & Young Ltd. 62 Forum Lane, Camana Bay, Grand Cayman, KY1-1106 Cayman Islands

OBJECTIVE AND HIGHLIGHTS

OBJECTIVE

The investment objective of PXP Vietnam Smaller Companies Fund Limited (the “Fund”) is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of smaller Vietnamese companies.

FINANCIAL SUMMARY

Financial position	30 June 2018	31 December 2017	% change
Total Net Assets	US\$15,744,535	US\$9,854,337	59.8%
Participating shares of US\$0.05 in issue	4,959,184	2,850,054	74.0%
Net Asset Value (“NAV”) per share (average)	US\$3.175	US\$3.458	-8.2%
NAV per share (Lead Series)	US\$3.175	US\$3.426	-7.3%

Results for the six month period ended	30 June 2018	30 June 2017
Net (loss)/profit for the period	(US\$731,176)	US\$1,141,730
Expense ratio ¹	2.3%	2.4%

VIETNAM MARKET DATA

	30 June 2018	31 December 2017	% change
Vietnamese dong (“VND”)/US dollar (“US\$”) exchange rate	22,955	22,709	1.1%
Viet Nam Midcap Index	950.55	1,066.03	-10.8%
Viet Nam Midcap Index adjusted US\$ rate	583.54	661.52	-11.8%

¹ The expense ratio is calculated as total expenses, excluding brokerage commissions, performance fee and foreign exchange gain/(loss), as a percentage of the average month-end net assets for the period and is presented on an annualised basis.

DIRECTORS' REPORT

INVESTMENT OBJECTIVE AND POLICIES

The primary investment objective of PXP Vietnam Smaller Companies Fund Limited has remained unchanged throughout the interim period to 30 June 2018.

The Fund invests in the equity securities of listed companies which either have a capitalisation or net asset value in excess of US\$20 million and not more than US\$250 million at the time of initial investment.

The Board of Directors approved an amendment to the investment policy effective from 10 April 2018 which allows the Fund to continue to invest in the equity securities of listed companies which are existing holdings that have a capitalisation or net asset value which has increased above US\$250 million subsequently.

Other than this change, the investment policies and restrictions of the Fund have remained unchanged throughout the interim period to 30 June 2018.

PERFORMANCE AND POSITION

Over the six month period ended 30 June 2018, the NAV per share for the Lead Series of the Fund decreased from US\$3.426 to US\$3.175, a loss of 7.3% compared to a decrease in the Viet Nam Midcap Index ("VNMid") in US dollar terms of 11.8% over the same period.

The table on page 5 presents the historic performance of the Fund since its launch in comparison to the VNMid.

Investments held as at 30 June 2018 were valued at US\$14,549,714 (31 December 2017: US\$9,899,509). Changes to investments are shown in Note 4 of this interim report.

Net assets at 30 June 2018 amounted to US\$15,744,535 (31 December 2017: US\$9,854,337) .

ECONOMY AND STOCK MARKET

Vietnam GDP growth of 7.1% year-on-year for the first half of 2018 was the highest growth rate over six months since 2011, continuing to be driven by industries with foreign direct investment and expansion in the domestic retail sector. Total exports of goods for the first six months of 2018 at US\$113.9 billion was up 16% over the same period in 2017, contributing to a trade surplus of US\$2.7 billion. The Vietnamese dong (the "Dong") depreciated by 1.1% against the US dollar as at 30 June 2018 and the consumer price index in June 2018 had increased by 2.2% compared to December 2017.

The strong performance of the Vietnam stock markets witnessed in the final quarter of 2017 continued into the start of 2018, with the Viet Nam Index ("VNI") increasing a further 13% in January as the VNMid increased by a lesser 8% to 1,149.9 points by 30 January. Global volatility and profit-taking then drove a decline in both the VNI and VNMid, each lower by 10% during February 2018. Following this moderate market consolidation renewed inflows focused again on large cap stocks and new listings pushed the VNI to a new all-time high, surpassing the previous peak from 2007 to close at 1,204.33 points on 9 April. From then on, sustained profit-taking and foreign outflows during a period of notable global turmoil over trade issues brought the Vietnam stock markets down heavily, with the VNI and VNMid ending the period on 30 June at 960.78 points and 950.55 points, declines in the period under review of 3.4% and 11.8% in US dollar, respectively.

DIRECTORS' REPORT

PRINCIPAL RISKS

The Fund's assets consist mainly of listed securities and the principal risks are market related such as price volatility and foreign exchange risk. The Fund is exposed to market price risk on all of its investments. Most of the investments of the Fund are in equity securities of listed Vietnamese companies, resulting in a concentration of market price risk as the value of the financial assets of the Fund are particularly heavily dependent on the performance of the Vietnam stock markets. Other risks faced by the Fund are described in the Prospectus of the Fund dated November 2015 and updated in January 2018 and more details are included in the Financial Risks note in the Annual Report for the period ended 31 December 2017, both of which documents may be found in the section relating to the Fund on the website of PXP Vietnam Asset Management Limited: www.pxpvietnam.com.

RELATED PARTY TRANSACTIONS

Details of related party transactions during the period can be found in Note 8 to the accompanying condensed interim financial information.

STATEMENT OF THE BOARD OF DIRECTORS IN RESPECT TO THE INTERIM REPORT

The Directors confirm that the condensed interim financial information has been properly prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

For and on behalf of the Board of Directors

Christopher Vale

Chairman

22 August 2018

INVESTMENT MANAGER'S REVIEW



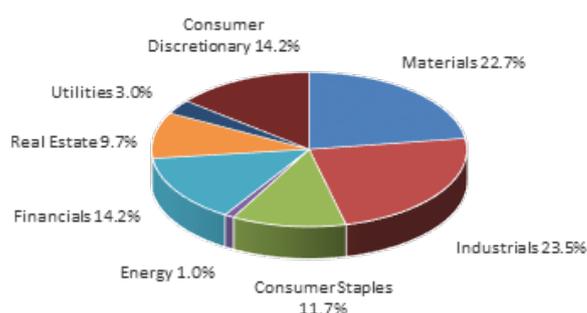
The Fund is managed by PXP Vietnam Asset Management Limited, a British Virgin Islands company incorporated in October 2002. The co-portfolio managers for the Fund are Nguyen Ngoc Dao Chi and Lawrence Brader, under the supervision of the Chief Investment Officer, Kevin Snowball.

REVIEW OF THE INTERIM PERIOD

During the period under review the Fund's Net Asset Value ("NAV") per Share for the Lead Series decreased by 7.3%, from US\$3.426 to US\$3.175. This compares with a decrease in the Viet Nam Midcap Index ("VNMid") of 11.8% in US dollar terms over the same period. The Vietnamese Dong (the "Dong") depreciated by 1.1% over the period under review. The table below presents NAV performance as compared to that of the VNMid in US dollar terms for the stated periods to 30 June 2018:

	NAV per share ²	VNMid ³
	%	%
6 months	-7.3	-11.8
1 year	-3.2	-11.8
2 years	9.6	7.1
Since inception	27.0	26.8

An analysis of the portfolio at an industry sector level as at 30 June 2018 is shown in the chart below.



The six months ended 30 June 2018 is well described as a game of two halves. The first quarter of the year witnessed dramatic upside moves continuing through from the end of 2017 as foreign activity increased significantly with average daily turnover rising to US\$329 million in January 2018 on the Ho Chi Minh City Stock Exchange. New listings in the banking and property sectors drove sentiment and much of the increased turnover, pushing the Viet Nam Index ("VNI" – the main market index with which investors may be more familiar) to close at a new all-time high of 1,204 points on 9 April 2018, representing an increase of 22.0% in US dollar terms since the start of the year.

² The Fund applies series accounting and the NAV of the Lead Series is the published NAV of the Fund.

³ VNMid performance is the total percentage movement in the VNMid (presented in US dollar terms) for the period up to 30 June 2018.

INVESTMENT MANAGER'S REVIEW

REVIEW OF THE INTERIM PERIOD (CONTINUED)

The VNI had started the year by breaking through 1,000 points for the first time since 2007, with only a minor-pullback in the month of January in response to a State Securities Commission ("SSC") risk-management initiative to reduce margin financing – eventually cancelled in the face of the negative market reaction. The VNI closed up 12.4% in January as the banking sector led the gains, with foreign inflows dominating through the net addition of US\$314 million in foreign capital during the month, an increase of five times over December 2017. There followed a sharp correction in February, with both the VNI and the VNMid declining by 10% from the end of January as the lunar new year holiday put enthusiasm on pause, and as the SSC once again looked at risk reduction measures. At a time of withdrawals in many regional and development peers Vietnam still saw net foreign buying of a further US\$122 million in February, highlighting the positive macroeconomic and capital market outlook.

March continued in much the same vein boosted by surprisingly strong first-quarter macroeconomic data. The arrival of additional foreign capital into selected big caps resulted in the smaller companies continuing to underperform. The first quarter of 2018 ended with the VNI gaining 19.0% in US dollar terms whilst the VNMid gained 7.5% over the same period.

The day after the VNI posted its all-time-closing-high on 9 April 2018 saw the beginning of declines which swiftly eradicated all gains for the year in both the VNI and VNMid. There were no obvious domestic fundamental or macroeconomic catalysts behind the declines, and yet increasing concerns about a Sino-America trade war, a strengthening US dollar, and the prospect of further US interest rate hikes perhaps meant that somewhat stretched valuations could no longer be justified.

The VNI sold off by 20.8% in USD from its high to the end of the period on 30 June 2018. Unfortunately the downside move did not exclude the VNMid as did the upside move, nor did it the Fund's NAV, and in the six-month period to the end of June 2018 we witnessed declines of 11.8% for the benchmark and 7.3% for the NAV of the Fund.

ECONOMY

Growth in the economy continued at a rapid pace with GDP rising by 7.1% year-on-year in the first half of 2018 driven by 9.1% growth year-on-year in the Industry & Construction segment. More moderate growth was seen in the Service sector at 6.9% year-on-year and Agriculture & Fisheries increasing 3.9% year-on-year. Increases in disbursed Foreign Direct Investment continued apace with a total of US\$8.4 billion in the first half, a growth rate of 8.4% year-on-year. The growth in disbursed FDI is notable as it came during a period of mounting concern over global trade flows precipitated by the prospect of a Sino-US trade war.

It is our view that some of the bearish commentary in the domestic media and in sell-side research is misguided in its negative assessment of the impact of the Sino-US trade war on Vietnam. Negative views centre on two elements; the possible dumping of Chinese goods into Vietnam and the potential for the US to turn its attention to Vietnamese exports as the country is behind only China, Mexico, Japan and Germany in the scale of its trade surplus with the US.

Vietnam had a trade surplus with the US of just US\$38 billion in 2017 which is insignificant in comparison to China's surplus of US\$375 billion, suggesting that it is unlikely that Vietnam is of major concern to the US administration. The desire by the US to maintain good relations with Vietnam in the face of increasing Chinese militarisation in the East Sea (South China Sea) supports this assertion. Vietnamese exports are at the staples end of the spectrum and exports in objectionable areas too small to merit much focus.

INVESTMENT MANAGER'S REVIEW

ECONOMY (CONTINUED)

We expect that Vietnam will continue to see growth in FDI as an increasingly competitive global production base. A key tenet of the positive economic outlook for Vietnam comes from the move up the manufacturing value-chain which is sustained by the difference in, among other things, labour costs between China and Vietnam. A devaluation of the Yuan against the USD is unlikely to result in recently invested FDI giants returning production to China; Vietnam maintains its competitive edge given low labour costs, a large and well-educated workforce, much-improved transport infrastructure and electricity costs that are lower than many alternatives, not to mention that relative lack of costly environmental protection oversight. As the bulk of the raw materials imported from China, from textiles to mobile phone components, become cheaper when the Yuan is devalued relative to the Dong then currency moves seen so far in 2018 are supportive to Vietnam.

It remains official government policy that the Dong will be devalued by 1½ - 2% per annum to maintain export competitiveness. During the period under review to the end of June 2018 the Dong has depreciated by just 1.08% against the USD. This relatively small move reflects the positive outlook for Vietnam when compared to other ASEAN and emerging markets and their currencies, given sustained and growing trade surpluses resulting from FDI flows of years gone by supporting and transforming the outlook for the economy and the currency.

Health in the manufacturing and export industries in Vietnam is evidenced in the latest trade data; overall exports rose 16.9% year-on-year in the first six months whilst imports rose 10.3% for a trade surplus of US\$3.4 billion compared to a deficit of US\$2.8 billion during the same period last year. Production has for a number of years been moving into Vietnam and the extremely strong Nikkei Purchasing Managers Index ("PMI") data through 2018 suggest that there has been no interruption to this trend.

Additionally there is opportunity in the trade strife, with potential for Vietnamese companies to increase both agricultural exports to China and technology exports to the US following the imposition of tariff barriers between the two. Potential problems arise should Vietnam allow itself to become a "trans-shipment" hub for goods attempting to avoid tariffs into the US from China by coming here first.

OUTLOOK AND STRATEGY

We remain positive for the long-term outlook for the market and the Fund. The supportive macroeconomic environment remains, as does political stability in a reform-minded government. The dramatic increases in market turnover seen in the six months to the end of March 2018 gave way to an early summer lull and we are in need of a catalyst before we can expect resumption of meaningful upside from here. Positive news from an upcoming resumption in US-China trade talks could potentially lead to a rapid resumption in risk appetite.

Alternatively the catalyst may present itself in the form of a draft Securities Law, expected to be published in November, aimed at removing legal impediments currently preventing the bulk of the listed market from relaxing foreign ownership limits. The allowance for increased foreign ownership is a prime requirement for an upgrade to MSCI Emerging Market status. This new Securities Law, if implemented in early-2019, provides the possibility of inclusion on the MSCI Emerging Markets watch list as early as June 2019.

The main risks to the outlook for Vietnam remain external; Vietnam is dependent on international trade flows and FDI to support its growth and transformation from a frontier market, and becoming Asia's latest manufacturing powerhouse is crucial to that process. The current sell-off across emerging markets amid a reassessment of risk contagion as Turkey implodes could add to capital leaving Vietnam regardless of the strength of the domestic macroeconomic picture, however.

INVESTMENT MANAGER'S REVIEW

OUTLOOK AND STRATEGY (CONTINUED)

The Fund offers access to growth in the smaller companies space at a notable discount to the valuations of the broader market; a function of our efforts to identify high-quality management teams at companies with attractive growth profiles in their core businesses, trading at reasonable prices. On an NAV-weighted basis, the Fund has a price to earnings multiple of 11.4x in 2017, 9.7x in 2018, falling to 8.9x and 7.9x in 2019 and 2020 as at 30 June 2018, compared to the Viet Nam Index of 18.3x 2017, 17.7x 2019 and 13.2x 2020 earnings multiples.

We believe that we have built a diverse portfolio offering exposure to a broad spectrum of opportunities in the Vietnamese smaller companies' space, and continue to meet regularly with management teams of existing and potential investee companies to ensure optimal exposure to the growth on offer. First and second quarter results in 2018 have been good, and we have witnessed increased revenue and improving margins in a number of holdings. In some cases negative domestic sentiment has obstructed price increases even as financial results are strong. It is our conviction that this will not always be the case and that the stocks held by the Fund are those that offer the best performance prospects over the long-term in the universe of smaller Vietnamese listed companies.

We thank shareholders for their support as we continue with our long-term strategy to build and maintain a high-conviction portfolio providing Shareholders with access to the highest quality smaller companies in Vietnam.

On behalf of the Investment Manager

Lawrence Brader & Nguyen Ngoc Dao Chi

Ho Chi Minh City

22 August 2018

TEN LARGEST INVESTMENTS AS AT 30 JUNE 2018

Company and Activities		Valuation	% of Assets
		US\$	%
HCM	Ho Chi Minh City Securities Corporation Securities brokerage, research and investment banking	1,576,669	9.9
VHC	Vinh Hoan Corporation Export-focused catfish producer	1,549,580	9.8
DHC	Dong Hai JSC⁴ of Ben Tre Packaging paper and cardboard producer for export customers	1,293,075	8.1
PC1	Power Construction JSC No.1 Private contractor in electrical power infrastructure projects	1,279,878	8.1
NLG	Nam Long Investment Corporation Property developer specialising in low and mid-end offerings	830,920	5.2
PTB	Phu Tai Corporation Wooden furniture and stone flooring producer	730,403	4.6
SCS	Saigon Cargo Service Corporation Provider of cargo services and processing in Ho Chi Minh City	614,533	3.9
AST	Taseco Air Services JSC Operates retail outlets and restaurants in select Vietnamese airports	600,804	3.8
HDC	Ba Ria – Vung Tau House Development JSC Property developer with a focus on Vung Tau and nearby areas	573,625	3.6
NKG	NamKim Steel JSC Producer of galvanised steel products for industrial and commercial use	530,658	3.3
		9,580,145	60.3

⁴ "JSC" is an abbreviation for "Joint Stock Company"

INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	2018	2017
		US\$ (Unaudited)	US\$ (Unaudited)
Income			
Net (loss)/gain on financial assets at fair value through profit or loss	4	(821,265)	1,185,755
Dividend income		236,277	159,200
Interest income		22	4
Foreign exchange gain - net		633	2,170
		(584,333)	1,347,129
Operating expenses			
Management fee	8.1	(90,016)	(52,200)
Performance fee	8.1	-	(116,071)
Custodian, administration and secretarial fees		(23,060)	(21,470)
Transaction costs		(10,522)	(2,577)
Directors' fees	8.2	(10,000)	(2,500)
Other operating expenses		(13,245)	(10,581)
		(146,843)	(205,399)
Net (loss)/profit for the period		(731,176)	1,141,730
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
Currency translation differences		(143,617)	10,238
Total comprehensive (loss)/profit for the period		(874,793)	1,151,968

The notes on pages 14 to 20 are an integral part of this condensed interim financial information.

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30 June 2018	31 December 2017
		US\$ (Unaudited)	US\$ (Audited)
Assets			
Financial assets at fair value through profit or loss	4	14,549,714	9,899,509
Receivables and prepayments		98,764	17,582
Cash and cash equivalents		2,021,102	258,776
Total assets		16,669,580	10,175,867
Liabilities			
Performance fee payable	8.1	-	135,756
Accrued fees and other payables		20,667	20,782
Payables to brokers		204,378	-
Subscriptions received in advance		700,000	164,992
Total liabilities		925,045	321,530
Net assets		15,744,535	9,854,337
Equity			
Share capital		247,959	142,503
Share premium		14,776,027	8,116,492
Cumulative translation reserve		(235,670)	(92,053)
Retained earnings		956,219	1,687,395
Total equity		15,744,535	9,854,337

The notes on pages 14 to 20 are an integral part of this condensed interim financial information.

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital	Share premium	Cumulative translation reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$
As at 1 January 2018	142,503	8,116,492	(92,053)	1,687,395	9,854,337
Issue of participating shares	104,143	6,660,848	-	-	6,764,991
Participating shares increased on series consolidation	1,313	(1,313)	-	-	-
Net loss for the period	-	-	-	(731,176)	(731,176)
Currency translation differences	-	-	(143,617)	-	(143,617)
As at 30 June 2018 (Unaudited)	247,959	14,776,027	(235,670)	956,219	15,744,535
As at 1 January 2017	110,813	6,118,160	(107,469)	139,179	6,260,683
Issue of participating shares	9,800	546,060	-	-	555,860
Participating shares increased on series consolidation	57	(57)	-	-	-
Net profit for the period	-	-	-	1,141,730	1,141,730
Currency translation differences	-	-	10,238	-	10,238
As at 30 June 2017 (Unaudited)	120,670	6,664,163	(97,231)	1,280,909	7,968,511

The notes on pages 14 to 20 are an integral part of this condensed interim financial information.

INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	2018	2017
	US\$	US\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Purchases of financial assets at fair value	(6,234,080)	(1,384,262)
Proceeds from sales of financial assets at fair value	833,718	690,461
Dividends received	152,046	95,325
Interest received	8	4
Expenses paid	(289,366)	(89,387)
Net cash used in operating activities	(5,537,674)	(687,859)
Cash flows from financing activities		
Proceeds from participating shares issued	7,300,000	271,290
Net cash generated from financing activities	7,300,000	271,290
Net increase/(decrease) in cash and cash equivalents	1,762,326	(416,569)
Cash and cash equivalents at beginning of the period	258,776	473,464
Cash and cash equivalents at end of the period	2,021,102	56,895

The notes on pages 14 to 20 are an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

PXP Vietnam Smaller Companies Fund Limited (the “Fund”) was incorporated in the Cayman Islands on 27 March 2008 under the Companies Law as an exempted company with limited liability with Certificate of Incorporation number CD-207503. Initially it was established as a closed-end investment company. The Fund was converted to an open-ended mutual fund effective from 20 November 2015. It is registered under Section 4(3) of the Mutual Funds Law, with registration number 1266252.

The principal activity of the Fund is investment holding with an objective to seek long-term capital appreciation of its assets by investing in a portfolio of equity securities of smaller Vietnamese companies.

This interim financial information was approved for issue on 22 August 2018.

This interim financial information has neither been audited nor reviewed by the auditors.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed interim financial information for the six months ended 30 June 2018 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim financial information should be read in conjunction with the annual financial statements for the period ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The condensed interim financial information is presented in United States dollars (“US\$”) unless otherwise indicated.

2.2 Accounting policies

IFRS 9 *Financial Instruments* is effective for annual periods beginning on or after 1 January 2018 and has been adopted in this condensed interim financial information. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The multiple classification and measurement models in IAS 39 are replaced with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity’s business model for managing the financial assets and the contractual characteristics of the financial assets.

Adoption of IFRS 9 has no impact on the financial statements of the Fund. All financial assets previously classified at fair value through profit or loss continue to be held as financial assets at fair value through profit or loss. IFRS 9 requires the Fund to record expected credit losses on trade receivables. However the trade receivables of the Fund are short-term only and have been assessed to have no expected credit losses. The Fund has not applied hedge accounting under IAS 39 and nor will it apply hedge accounting under IFRS 9.

The other accounting policies applied in this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

There are no other new or amended IFRS or IFRIC interpretations that are mandatory for the first time for the financial year beginning 1 January 2018 that have an impact on the condensed interim financial information of the Fund.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018	31 December 2017
	US\$	US\$
Equity instruments		
- Listed equity securities	14,549,714	9,899,509
Total financial assets at fair value through profit or loss	14,549,714	9,899,509

Movements in financial assets at fair value through profit or loss in the period:

	For the six months ended 30 June	
	2018	2017
	US\$	US\$
Opening balance	9,899,509	6,155,503
Purchases	6,438,458	1,374,600
Sales proceeds	(833,718)	(690,461)
Net (loss)/gain recognised in profit or loss	(821,265)	1,185,755
Difference arising on translation to presentation currency	(133,270)	11,698
Closing balance	14,549,714	8,037,095

As at 30 June 2018 and 31 December 2017, all of the financial assets at fair value through profit or loss are equity securities of companies incorporated in SR Vietnam and all of the equity securities are denominated in Vietnamese dong.

Exchange rates at the reporting dates:

	30 June 2018	31 December 2017
Vietnamese dong/US dollar	22,955	22,709

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Net (loss)/gain arising from changes in the fair values of financial assets at fair value through profit or loss in the periods:

	For the six months ended 30 June	
	2018	2017
	US\$	US\$
Realised gain on sales of financial assets at fair value	152,172	127,784
Unrealised (loss)/gain on financial assets at fair value	(973,437)	1,057,971
Net (loss)/gain recognised in profit or loss	(821,265)	1,185,755

5. FAIR VALUE ESTIMATION

Financial instruments carried at fair value are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at 30 June 2018 and 31 December 2017, all of the financial assets at fair value through profit or loss held by the Fund are categorised in Level 1 of the fair value hierarchy, being equity securities listed on the Ho Chi Minh City Stock Exchange or on the Unlisted Public Company Market (“UPCOM”) of the Hanoi Stock Exchange. The fair value of listed equity securities is based on their closing prices on the relevant exchange as at the reporting date.

In the interim periods to 30 June 2018 and 30 June 2017, there were no reclassifications of financial assets and no transfers between levels.

All fair value measurements are recurring fair value measurements.

6. SHARE CAPITAL

The Fund’s authorised share capital at 30 June 2018 and at 31 December 2017 is US\$1,000,000 which is divided into 19,998,000 redeemable participating shares of a par value of US\$0.05 each and 100 management shares of a par value of US\$1 each.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

6. SHARE CAPITAL (CONTINUED)

Participating shares

The number of shares issued and outstanding in the period was as follows:

	Number of issued shares	Share capital US\$	Share premium US\$
As at 1 January 2018	2,850,054	142,503	8,116,492
Participating shares issued for cash	2,082,856	104,143	6,660,848
Participating shares increased on series consolidation	26,274	1,313	(1,313)
As at 30 June 2018	4,959,184	247,959	14,776,027
As at 1 January 2017	2,216,256	110,813	6,118,160
Participating shares issued for cash	196,001	9,800	546,060
Participating shares increased on series consolidation	1,138	57	(57)
As at 30 June 2017	2,413,395	120,670	6,664,163

There were no redemptions of participating shares in the periods to 30 June 2018 and 30 June 2017.

Management shares

The 100 management shares were issued to the Investment Manager, PXP Vietnam Asset Management Limited, at par value and are fully-paid.

The management shares are classified as a liability in this interim financial information.

7. NET ASSET VALUE PER SHARE

	30 June 2018	31 December 2017
Net assets per the financial statements (US\$)	15,744,535	9,854,337
Number of shares in issue (Note 6)	4,959,184	2,850,054
Net asset value per share (average) per the financial statements (US\$ per share)	3.175	3.458

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

7. NET ASSET VALUE PER SHARE (CONTINUED)

The average net asset value per share is determined by dividing the net assets attributable to participating shareholders by the number of participating shares issued and outstanding at the reporting date.

Net asset value per share for each series in issue at the reporting date:

	30 June 2018	31 December 2017
	US\$	US\$
Series 1 (Lead Series)	3.175	3.426
Series 3 *	-	3.452
Series 4 *	-	3.477
Series 5 *	-	3.487
Series 6 *	-	3.500
Series 7 *	-	3.473
Series 9 *	-	3.427
Series 10 *	-	3.426
Series 11 *	-	3.479
Series 12	3.175	-
Series 13	3.175	-
Series 14	3.175	-

* At the beginning of 2018, these series on which a performance fee was payable in respect to the year ended 31 December 2017 were consolidated into the Lead Series.

8. RELATED PARTIES TRANSACTIONS

8.1 Investment Manager

The Fund is managed by the Investment Manager, PXP Vietnam Asset Management Limited, a company incorporated with limited liability under the laws of the British Virgin Islands.

Fees

There has been no change to the basis of calculation of management fee in the six month period to 30 June 2018. Management fee for the six month period to 30 June 2018 amounted to US\$90,016 (six month period to 30 June 2017: US\$52,200) and there was no outstanding fee payable at 30 June 2018 and at 31 December 2017.

There has been no change to the basis of calculation of performance fee in the six month period to 30 June 2018. Performance fee paid out during the six month period to 30 June 2018 was US\$135,756 in respect to performance in 2017 (six month period to 30 June 2017: US\$15,581).

For the interim financial information, performance fee accrued is calculated as 15% of the excess of the net asset value per share at the interim balance sheet date above the hurdle for that share which is pro-rated to the interim balance sheet date at 8% per annum. Performance fee is only paid if the full year performance exceeds the 8% per annum hurdle, or if shares are redeemed during a year, in which case any accrued performance fee on such shares will be payable to the Investment Manager at the time of the share redemption. There was no performance fee accrued as at 30 June 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

8. RELATED PARTIES TRANSACTIONS (CONTINUED)

8.1 Investment Manager (continued)

Shares

The Investment Manager invested US\$500,000 to subscribe for 140,646.98 participating shares of the Fund in March 2018, taking its holding at 30 June 2018 to 540,636.98 shares representing 10.9% of the issued participating shares of the Fund (31 December 2017: 399,990 shares representing 14.0%).

The Investment Manager holds all of the 100 management shares of the Fund. Share capital of US\$100 was paid in full.

8.2 Directors

Remuneration

The fees payable to the Directors were subject to a limit of US\$5,000 per annum per Director until such time as the Fund's net asset value exceeded US\$10 million. Fees payable were increased to US\$10,000 per annum per Director with effect from 1 January 2018.

Directors' remuneration accrued for the six month period to 30 June 2018 amounted to US\$10,000 (six month period to 30 June 2017: US\$2,500).

Shares

At no time during the period did any Director hold shares of the Fund.

9. FINANCIAL RISKS

9.1 Financial risk factors

The Fund invests in equity securities for the long term so as to achieve its investment objective, as set out in Note 1. In pursuing this objective, the Fund is exposed to a variety of risks that could result in a reduction in the Fund's net assets. These risks include market price risk, interest rate risk, credit risk, liquidity risk, currency risk and conversion risk.

The interim condensed financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's financial statements as at 31 December 2017.

There have been no changes in the risk management policies employed by the Fund since 31 December 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

9. FINANCIAL RISKS (CONTINUED)

9.2 Liquidity risk

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than one month	One month to 12 months	Total
	US\$	US\$	US\$
As at 30 June 2018			
Payables to brokers	204,378	-	204,378
Accrued fees and other payables	5,067	15,500	20,567
Contractual cash out flows	209,445	15,500	224,945
As at 31 December 2017			
Performance fee payable	135,756	-	135,756
Accrued fees and other payables	4,682	16,000	20,682
Contractual cash out flows	140,438	16,000	156,438

10. SEASONALITY

Due to the nature of its business, the Fund is not subject to any seasonal fluctuations that have a material impact on the results of the Fund within a financial year.

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