



PXP Vietnam Smaller
Companies Fund



Interim report (unaudited)
for the six months ended 30 June 2019

PXP VIETNAM SMALLER COMPANIES FUND LIMITED



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This condensed interim financial information for the six months ended 30 June 2019 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 year ended 31 December 2018 and any public announcements made by PXP Vietnam Smaller Companies Fund Limited during the interim reporting period.

GENERAL INFORMATION

Registered Office	Harneys Fiduciary (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
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 3rd Floor, 1 Pemberton Row, London EC4A 3BG United Kingdom
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 P.O. Box 510, 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 2019	31 December 2018	% change
Total Net Assets	US\$17,406,568	US\$16,324,079	6.6%
Participating shares of US\$0.05 in issue	5,240,777	5,210,326	0.6%
Net Asset Value (“NAV”) per share (average)	US\$3.321	US\$3.133	6.0%
NAV per share (Lead Series)	US\$3.323	US\$3.133	6.1%

Results for the six month period ended	30 June 2019	30 June 2018
Net profit/(loss) for the period	US\$1,064,840	(US\$731,176)
Expense ratio ¹	2.05%	2.30%

VIETNAM MARKET DATA

	30 June 2019	31 December 2018	% change
Vietnamese dong (“VND”)/US dollar (“US\$”) exchange rate	23,303	23,190	0.5%
Viet Nam Midcap Index	964.01	929.79	3.7%
Viet Nam Midcap Index adjusted US\$ rate	582.96	565.01	3.2%

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 and its investment policies and restrictions have remained unchanged throughout the interim period to 30 June 2019.

PERFORMANCE AND POSITION

Over the six month period ended 30 June 2019, the NAV per share for the Lead Series of the Fund increased from US\$3.133 to US\$3.323, a gain of 6.1% compared to an increase in the Viet Nam Midcap Index ("VNMid") in US dollar terms of 3.2% 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 2019 were valued at US\$17,319,030 (31 December 2018: US\$16,117,418). Changes to investments are shown in Note 4 of this interim report.

Net assets at 30 June 2019 amounted to US\$17,406,568 (31 December 2018: US\$16,324,079).

ECONOMY AND STOCK MARKET

Vietnam GDP growth of 6.76% year-on-year for the first half of 2019 was lower than the 7.08% growth rate for the first half of 2018, but still represents the second highest growth rate over six months since 2011, and is 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 2019 at US\$122.5 billion was up 7.2% over the same period in 2018, contributing to a trade surplus of US\$1.6 billion. The Vietnamese dong (the "Dong") depreciated by 0.5% against the US dollar as at 30 June 2019 and the consumer price index in June 2019 increased by 1.4% compared to December 2018.

After the falls of 9.3% in the Viet Nam Index ("VNI") and 12.8% in the VNMid for the calendar year 2018, the Vietnam stock markets recovered strongly at the start of 2019 with the VNMid increasing by 11.2% to reach 1033.98 points on 6 March 2019. This was a period of strength in global markets amid optimism that the U.S.-China trade war could be settled amicably. From mid-March, global concerns around the inversion of the U.S. yield curve impacted the Vietnam markets with an initial 4.9% fall in the VNMid over one week. From there until the end of June, developments in the U.S.-China trade war, uncertainty around the positive or negative consequences for Vietnam arising from the trade war and the absence of any significant boost to the Vietnam market resulted in the VNMid trading in a range from 950 to 1020 points, ending the period on 30 June 2019 at 964.01 points.

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 most recently updated in November 2018 and more details are included in the Financial Risks note in the Annual Report for the period ended 31 December 2018, 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.

DIRECTORS' REPORT

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

28 August 2019

INVESTMENT MANAGER'S REVIEW



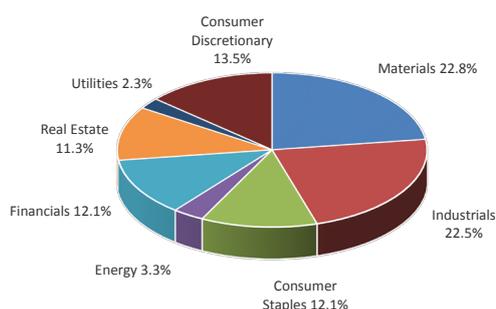
The Fund is managed by PXP Vietnam Asset Management Limited, a British Virgin Islands company incorporated in October 2002. The portfolio manager for the Fund is Lawrence Brader.

REVIEW OF THE INTERIM PERIOD

During the period under review the Fund's Net Asset Value ("NAV") per Share for the Lead Series increased by 6.1%, from US\$3.133 to US\$3.323. This compares with an increase in the Viet Nam Midcap Index ("VNMid") of 3.2% in US dollar terms over the same period. The Vietnamese Dong (the "Dong") depreciated by 0.5% 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 2019:

	NAV per share ²	VNMid ³
	%	%
6 months	6.1	3.2
1 year	4.7	-0.1
2 years	1.3	-11.9
3 years	14.7	7.0
Since inception	32.9	26.7

An analysis of the portfolio at an industry sector level as at 30 June 2019 is shown in the chart below.



We are pleased to report a continued period of benchmark outperformance by the NAV of the Fund through the first six months of 2019 in a welcome reversal of direction following a negative absolute return in 2018.

Relative to gains in developed world equity markets the gains in Vietnam have been small so far this year, and whilst we are home to one of the planet's few positive macroeconomic stories global equity market sentiment is once-again driven, at least partially if not mostly, by the adage that "bad news is good news" as it pertains to stimulus. Vietnam has been excluded from the supercharged rises seen elsewhere because we are not in need of interest rate cuts nor government spending pledges with GDP growth rising a further 6.76% y/y in the first six months of the calendar year and CPI running at 2.4% per annum.

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 stated periods up to 30 June 2019.

INVESTMENT MANAGER'S REVIEW

REVIEW OF THE INTERIM PERIOD (CONTINUED)

According to the Financial Times, “since January 2018 every major economy except India’s has seen a deterioration in its purchasing manager’s indices”. This is in stark contrast to Vietnamese PMI data which shows an expansion that has now lasted 44 months to July 2019 and counting. This supports the consensus view that the Sino-US trade war is accelerating the move of manufacturing from China to Vietnam. The IHS Markit PMI comment in July suggested that firms in Vietnam are not currently able to expand as quickly as they can take new orders, even as the US-China trade dispute hampers global trade flows. The long-term positive outlook for Vietnam through new Foreign Direct Investment into productive capacity (disbursed FDI in seven-months 2019 was up 7.1% y/y to US\$10.6 billion) is behind the transformation of the country and economy from a historically agricultural focus towards a modern globalised manufacturing base allowing growth in the consumer classes, in a model trod by many countries before it. The trade war has however thrown things off-balance in a number of areas, and the to-and-fro of new, delayed, cancelled and then revived tariffs creates much uncertainty. In Vietnam the first and foremost problems have come in products in which we compete for exports with China. Once tariffs were announced there was a rush by both Chinese sellers and American buyers to source as much product as possible to beat the clock, meaning orders from Vietnam were delayed. We have seen limitations in both air and port cargo capacity to the US as a direct result of this, which has held back earnings growth in places. There are problems of Chinese production also seeking new markets having been shut out of the US, and the dumping of Chinese tyres and trans-shipment of steel products into and through Vietnam are two examples.

More seriously there has appeared the threat of American tariffs on Vietnamese exports. Vietnam’s exports to the US grew by 24.4% y/y in the first seven months of 2019 to US\$32.5 billion in total. Without needing to get into the futility of chasing export growth around the world with tariffs, we are watching for announcements from the US on trade with Vietnam, which has now been added to the US “Currency Manipulator Watchlist”. President Trump has hinted at tariffs on Vietnam calling the country “the single worst abuser of everybody” in June.

The Vietnamese government has done a sterling job in appreciating and beginning the process of managing the risk of US tariff imposition. Regular dialogue has been initiated with US trade representatives at the same time as well publicised high profile orders for American airplanes (VietJet’s total US\$25 billion order for 200 Boeing 737 Max) and a plan to import liquefied natural gas. Vietnamese imports from the US were up 7% y/y to US\$8.2 billion in the first seven months of 2019, with seafood (+80% y/y), fruit & vegetables (+72% y/y), machinery (+50% y/y) and cotton (up 10.5% y/y to US\$1.1 billion). The hope is that early evidence of increasing imports from the US, as well as regular inspections at industrial parks for trans-shipped goods, will hold Trump’s ire at bay.

Further signs of the Vietnamese government’s efforts to diversify its export base and safeguard the economy come as the EU-Vietnam Free Trade Agreement was signed at the end of June 2019. Whilst still in need of final ratification by the government of both sides, the commitment by the EU to abolish 86% of tariffs on Vietnamese goods will encourage Vietnamese firms to seek new customers in the bloc where a little more than 40% of total exports currently end up. Within seven years of taking effect the EU will abolish 99% of tariffs on Vietnamese exports.

Overall export and import growth remains strong despite global headwinds with Vietnam posting a January to July trade surplus of US\$1.8 billion on exports of US\$145.1 billion (+7.5% y/y) and imports of US\$143.3 billion (+8.3% y/y).

OUTLOOK AND STRATEGY

We remain positive for the long-term outlook for the market and the Fund. The supportive macroeconomic environment remains, albeit with a threat of tariffs from our largest export destination, and the market has recovered its footing following the peak in April 2018 and drawdown through the rest of last year. The primary areas of concern for Vietnam remain external, particularly given exposure to global trade flows after years of FDI growth meaning we are increasingly tied to the risk of a global recession. We expect to continue to see elevated levels of volatility spilling into Vietnamese equities should equity market sentiment elsewhere sour.

INVESTMENT MANAGER'S REVIEW

OUTLOOK AND STRATEGY (CONTINUED)

The current window of macroeconomic-driven opportunity would appear to be an ideal time for implementing capital market reform aimed at allowing easier entry and exit for foreign indirect investment. Progress in modernising financial market legislation has been far slower than hoped and this will certainly have been part of the reason for the relative underperformance of Vietnamese equities. The draft Securities Law will be discussed at the Communist Party's National Assembly in October this year. The removal of impediments to the relaxation of foreign ownership limits for listed equities should be the ultimate aim of new legislation, particularly on reducing the large number of conditional or sensitive sectors. Efforts to streamline the IPO and listing process to minimise the delay between the two are also key, and would be best done before efforts to resume the moribund state-owned enterprise privatisation process, and before the cycle turns.

The Fund offers unique access to growth and value in the smaller companies space in Vietnam where select valuations remain attractive due in part to their relatively undiscovered nature; they are less liquid, less familiar with information disclosure norms and less accessible to international investors as a result. This means less institutional foreign activity and inefficiencies to be capitalised upon as a result. There are many examples of well-run, transparent and focused companies in the Fund's universe however, and we have been witness to a notable increase over the last year in investment banking equity research coverage on some key holdings, with resultant increases in equity prices with rising turnover. We would highlight that there are currently five portfolio companies that have outgrown the Fund's market capitalisation ceiling of US\$250 million (at the time of initial investment – we can still add to them when subscriptions are received), and the stocks should become investable to an ever larger set of investors as they ascend. The NAV weighted market capitalisation of the portfolio as at 19 August 2019 was US\$192 million.

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

28 August 2019

TEN LARGEST INVESTMENTS

AS AT 30 JUNE 2019

Company and Activities		Valuation	% of assets
		US\$	%
VHC	Vinh Hoan Corporation Export-focused catfish producer	2,099,540	12.1
DHC	Dong Hai JSC⁴ of Ben Tre Packaging paper and cardboard producer for export customers	1,690,303	9.7
HCM	Ho Chi Minh City Securities Corporation Securities brokerage, research and investment banking	1,608,722	9.2
PHR	Phuoc Hoa Rubber Producer of natural latex rubber	1,201,849	6.9
PC1	Power Construction JSC No.1 Private contractor in electrical power infrastructure projects	1,201,451	6.9
NLG	Nam Long Investment Corporation Property developer specialising in low and mid-end offerings	1,169,555	6.7
PTB	Phu Tai Corporation Wooden furniture and stone flooring producer	871,103	5.0
SCS	Saigon Cargo Service Corporation Provider of cargo services and processing in Ho Chi Minh City	798,263	4.6
HDC	Ba Ria – Vung Tau House Development JSC Property developer with a focus on Vung Tau and nearby areas	794,283	4.6
AST	Taseco Air Services JSC Operates retail outlets and restaurants in select Vietnamese airports	752,727	4.3
		12,187,796	70.0

⁴ “JSC” is an abbreviation for “Joint Stock Company”

INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	2019	2018
		US\$ (Unaudited)	US\$ (Unaudited)
Income			
Net gains/(losses) on financial assets at fair value through profit or loss	4	918,230	(821,265)
Dividend income		331,348	236,277
Interest income		-	22
Foreign exchange gain - net		4	633
		1,249,582	(584,333)
Operating expenses			
Management fee	8.1	(126,485)	(90,016)
Performance fee	8.1	(8,202)	-
Custodian, administration and secretarial fees		(21,530)	(23,060)
Transaction costs		(1,693)	(10,522)
Directors' fees	8.2	(10,000)	(10,000)
Other operating expenses		(16,832)	(13,245)
		(184,742)	(146,843)
Net profit/(loss) for the period		1,064,840	(731,176)
Other comprehensive income/(loss)			
<i>Item that will not be reclassified to profit or loss:</i>			
Currency translation differences		(82,351)	(143,617)
Total comprehensive profit/(loss) for the period		982,489	(874,793)

The notes on pages 13 to 18 are an integral part of this condensed interim financial information.

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30 June 2019	31 December 2018
		US\$ (Unaudited)	US\$ (Audited)
Assets			
Financial assets at fair value through profit or loss	4	17,319,030	16,117,418
Receivables and prepayments		40,924	93,317
Cash and cash equivalents		76,411	151,604
Total assets		17,436,365	16,362,339
Liabilities			
Performance fee accrued	8.1	8,202	-
Accrued fees and other payables		21,595	38,260
Total liabilities		29,797	38,260
Net assets		17,406,568	16,324,079
Equity			
Share capital	6	262,039	260,516
Share premium	6	15,661,948	15,563,471
Cumulative translation reserve		(491,781)	(409,430)
Retained earnings		1,974,362	909,522
Total equity		17,406,568	16,324,079

The notes on pages 13 to 18 are an integral part of this condensed interim financial information.

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital	Share premium	Cumulative translation reserve	Retained earnings	Total equity
	US\$	US\$	US\$	US\$	US\$
As at 1 January 2019	260,516	15,563,471	(409,430)	909,522	16,324,079
Issue of participating shares	1,523	98,477	-	-	100,000
Net profit for the period	-	-	-	1,064,840	1,064,840
Currency translation differences	-	-	(82,351)	-	(82,351)
As at 30 June 2019 (Unaudited)	262,039	15,661,948	(491,781)	1,974,362	17,406,568
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

The notes on pages 13 to 18 are an integral part of this condensed interim financial information.

INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	2019	2018
	US\$	US\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Purchases of financial assets at fair value	(887,595)	(6,234,080)
Proceeds from sales of financial assets at fair value	521,888	833,718
Dividends received	383,845	152,046
Interest received	-	8
Expenses paid	(193,331)	(289,366)
Net cash used in operating activities	(175,193)	(5,537,674)
Cash flows from financing activities		
Proceeds from participating shares issued	100,000	7,300,000
Net cash generated from financing activities	100,000	7,300,000
Net (decrease)/increase in cash and cash equivalents	(75,193)	1,762,326
Cash and cash equivalents at beginning of the period	151,604	258,776
Cash and cash equivalents at end of the period	76,411	2,021,102

The notes on pages 13 to 18 are an integral part of this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 condensed interim financial information was approved for issue on 28 August 2019.

This condensed 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 2019 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 year ended 31 December 2018, 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

The accounting policies applied in this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

There are no new or amended IFRS or IFRIC interpretations that are mandatory for the first time for the financial year beginning 1 January 2019 that have an impact on the condensed interim financial information of the Fund.

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 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019	31 December 2018
	US\$	US\$
Listed equity securities	17,319,030	16,117,418
Total financial assets at fair value through profit or loss	17,319,030	16,117,418

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

	For the six months ended 30 June	
	2019	2018
	US\$	US\$
Opening balance	16,117,418	9,899,509
Purchases	887,595	6,438,458
Sales proceeds	(521,888)	(833,718)
Net gains/(losses) recognised in profit or loss	918,230	(821,265)
Difference arising on translation to presentation currency	(82,325)	(133,270)
Closing balance	17,319,030	14,549,714

As at 30 June 2019 and 31 December 2018, 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 rate at the reporting dates:

	30 June 2019	31 December 2018
Vietnamese dong/US dollar	23,303	23,190

Net gains/(losses) 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	
	2019	2018
	US\$	US\$
Realised (losses)/gains on sales of financial assets at fair value	(869,169)	152,172
Unrealised gains/(losses) on financial assets at fair value	1,787,399	(973,437)
Net gains/(losses) recognised in profit or loss	918,230	(821,265)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

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

The fair values of financial assets traded in active markets are based on their closing prices at the relevant stock exchange on or before the reporting date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. These instruments are included in Level 1.

As at 30 June 2019 and 31 December 2018, 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.

In the interim periods to 30 June 2019 and 30 June 2018, 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 as at 30 June 2019 and 31 December 2018 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.

Participating shares

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

	Number of issued shares	Share capital	Share premium
		US\$	US\$
As at 1 January 2019	5,210,326	260,516	15,563,471
Participating shares issued for cash	30,451	1,523	98,477
As at 30 June 2019	5,240,777	262,039	15,661,948
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

There were no redemptions of participating shares in the periods to 30 June 2019 and 30 June 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

6. SHARE CAPITAL (CONTINUED)

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 2019	31 December 2018
Net assets per the financial statements (US\$)	17,406,568	16,324,079
Number of shares in issue (Note 6)	5,240,777	5,210,326
Net asset value per share (average) (US\$ per share)	3.321	3.133

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 dates:

	30 June 2019	31 December 2018
	US\$	US\$
Series 1 (Lead Series)	3.323	3.133
Series 12, 13, 16	3.323	3.133
Series 14	3.318	3.133
Series 15	3.320	3.133
Series 17	3.319	3.134
Series 18	3.323	-

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 2019. Management fee for the six month period to 30 June 2019 amounted to US\$126,485 (six month period to 30 June 2018: US\$90,016) and there was no outstanding fee payable as at 30 June 2019 and 31 December 2018.

There has been no change to the basis of calculation of performance fee in the six month period to 30 June 2019. There was no performance fee paid out during the six month period to 30 June 2019 (six month period to 30 June 2018: US\$135,756).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

8. RELATED PARTIES TRANSACTIONS (CONTINUED)

8.1 Investment Manager (continued)

Fees (continued)

For the interim financial information, performance fee accrued is calculated as 15% of the excess of the net asset value per share at the reporting date above the hurdle for that share which is pro-rated to the reporting 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. Performance fee accrued as at 30 June 2019 was US\$8,202 and there was no performance fee payable as at 31 December 2018.

Shares

As at 30 June 2019 and 31 December 2018, the Investment Manager holds 540,636.98 participating shares representing 10.3% of the issued participating shares of the Fund at 30 June 2019 (31 December 2018: 10.4%).

8.2 Directors

Remuneration

There has been no change to the basis of calculation of Directors' remuneration or to the amounts payable per annum in the six month period to 30 June 2019.

Directors' remuneration accrued for the six month period to 30 June 2019 amounted to US\$10,000 (six month period to 30 June 2018: US\$10,000).

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 2018.

There have been no changes in the risk management policies employed by the Fund since 31 December 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

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\$
30 June 2019			
Accrued fees and other payables	5,995	15,500	21,495
Contractual cash out flows	5,995	15,500	21,495
31 December 2018			
Accrued fees and other payables	3,785	34,375	38,160
Contractual cash out flows	3,785	34,375	38,160

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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