

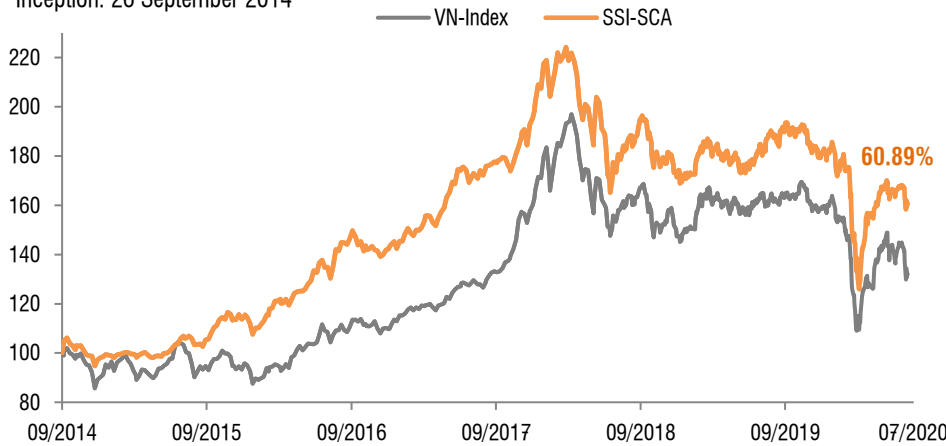


July 2020

### FUND PERFORMANCE

	NAV/Unit (VND)	Performance (%)			
		1 month	Year-to-date	Annual Average	Since Inception*
SSI-SCA	<b>16,088.59</b>	-1.83%	-11.15%	8.47%	<b>60.89%</b>
VN-Index		-3.24%	-16.92%	4.86%	<b>31.97%</b>

Inception: 26 September 2014



### FUNDAMENTAL METRICS

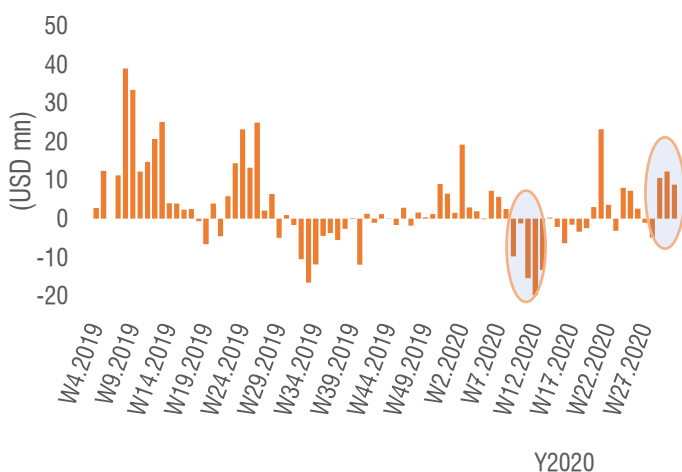
P/E (12 months)	8.74x
P/B	1.64x
ROE	20.97%
Dividend Yield	3.29%

Source: Bloomberg, SSIAM

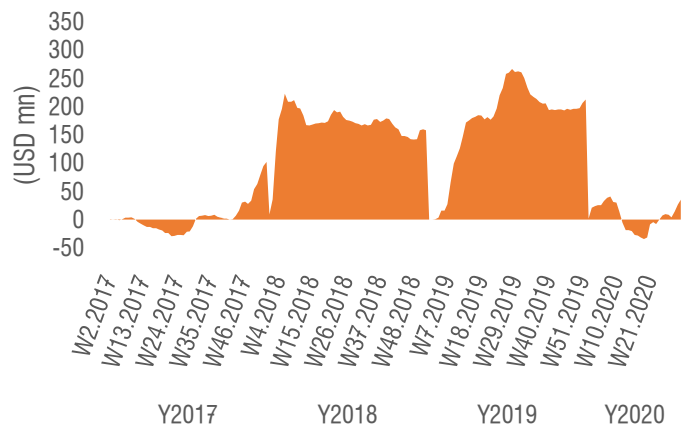
### FUND MANAGERS' COMMENT

After 99 days with no new infection, July is the month when Vietnam witnessed its second wave of COVID-19. The first case was reported on 24th of July in Da Nang amidst the busy tourism season which was somewhat unfortunate. From the multi-month high of 905 points in June, the market plummeted by 13.89% at the end of July, erasing half of the recovery since March. The correction was relatively sharp amidst recent positive development of the stock market, yet the volatility was much smaller than March when the first wave came. Investor's sentiment has been more confident than the previous equity rout. It should be noted that ETF inflow also turned positive this time (+USD26 mil in July) versus an outflow of -USD60 mil in March.

#### Total 9 ETFs - Weekly capital inflows



#### Total 9 ETFs - Cumulative inflows



Sources: Fiinpro, Bloomberg, SSIAM

## FUND MANAGERS' COMMENT(CONTINUED)

The macro data for July was also indicating mixed signals. In terms of investment, FDI disbursement remained decent with a slight increase of 1.38% in July, cumulative disbursement reached USD10.1 bn (-4% YoY). Public investment continues to be in the spotlight during the pandemic, disbursement from the state budget is estimated to be approximately USD2 bn (+51.8% YoY), making YTD number reach USD8.75 bn (+27.2% YoY). On the other hand, the IPP only increased by 3.6% MoM and 1.1% YoY, considerably slower after the rapid recovery in June. One of the most important indicators, we believe – retail sales, are showing signs of continuous recovery as it increased from 2.1% YoY in June to 4.3% YoY in July (June actual number was revised from +5.3% to +2.1%). Inflation in July decreased by 0.4% MoM after having increased by 0.66% in June. Currently, the average inflation rate is at 4.07% YoY, close to the government's target for 2020. Overall, July macro readings still showed signs of slow economic recovery with public investment being scared positive development to spur post-pandemic growth, especially as the second wave will continue to hamper the economy in August.

Almost all listed companies have released 2Q20 business results in July and the results were on par with our expectation. Net income of listed companies decreased by 10.8% in Q2 2020 (in comparison to a decline of 22% in Q1 2020). For the cumulative 6 months, earnings were down by 16% in comparison to the same period of the previous year. Notably, in the second quarter alone, the financial sector was the main growth contributor with an increase of 24.8% YoY while the real estate industry decreased by 51.8% mainly due to VHM's earnings (up by 184% in the first quarter and down by 55% in the second quarter of 2020). If we were to exclude banks, net income of enterprises would have shrunk by 32% YoY, similar to Q120. Such results have been relatively consistent with the whole economic picture since when the pandemic broke out in March and social distancing measures were implemented in April 2020. The sharpest decline in earnings were observed in sectors that directly hampered by the pandemic.

With the exception of PLX – one of the directly affected businesses due to oil prices fluctuations, shrinking demand and decreased transportation during the quarantine months (its results are slowly improving again after a recorded loss in the first quarter though), most of the fund's investee companies managed to have positive growth in net earnings or some had only modest decline. Among the top 10 holdings, there are 7 companies that were able to sustain 2-digit growth after the first 6 months of the year, and for the future to come, we still expect the company to maintain such growth rates in 2020 and 2021.

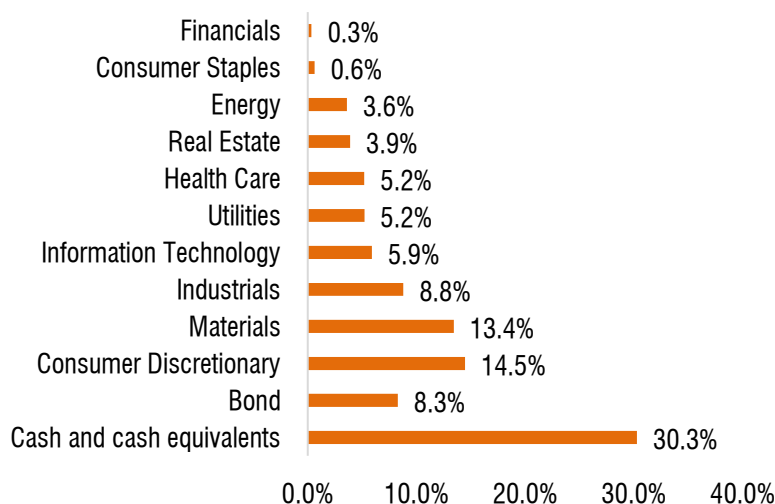
Ticker	2Q20 Revenue (VND mn)	2Q20 Net Earnings (VND mn)	2Q NI y/y Growth	6m NI y/y Growth
HPG	20,422,202	2,755,562	34.40%	31%
MWG	26,285,559	894,424	-17.10%	-4%
FPT	6,980,002	1,084,222	9.90%	14%
TDM	96,190	47,356	35.30%	10%
SVI	364,011	30,129	-5.90%	27%
PHR	274,521	344,625	521.46%	313%
IMP	288,702	47,311	45.10%	28%
VHM	16,377,455	3,800,763	-55.40%	2%
PLX	26,708,901	733,178	-45.30%	-141%
VTP	4,337,030	102,645	16.70%	21%

Sources: Fiiipro, SSIAM

## FUND MANAGERS' COMMENT(CONTINUED)

We believe that the unprecedented low cost of fund is undermining the robust development of stock market, however, companies' profitability as well as more long-term post-effect of the historic size of stimulus and monetary easing would hinder us to take aggressive exposure to equity for the time being. As a result, we still maintained a rather balanced exposure on equity, focusing on scarce growths with competitive advantages, strong balance sheet and buoyant cash flow in the currently difficult economic condition to reduce downside risk for investors, yet still having upside potential as those would be the first few businesses to recover and re-gain strong growth momentum.

## ASSET ALLOCATION BY SECTORS (% NAV)



## FUND FACTS

<b>Name of the Fund</b>	SSI Sustainable Competitive Advantage Fund
<b>Fund code</b>	SSI-SCA
<b>Nature of the Fund</b>	Open ended fund
<b>Inception date</b>	26/09/2014
<b>Fund operating period</b>	Unlimited
<b>Fund Management Company</b>	SSI Asset Management Co., Ltd. <a href="http://www.ssi.com.vn">www.ssi.com.vn</a>
<b>Supervisory Bank</b>	Standard Chartered Bank (Vietnam)
<b>Distributors</b>	SSIAM, SSI, BVSC, VCBS, ACBS, VNDIRECT, MBS, HSC, VGS
<b>Dealing date</b>	Daily (Day T)
<b>Cut-off time</b>	Before 15:00 pm on Day T-1
<b>Minimum subscription amount</b>	VND 2,000,000

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## TOP HOLDINGS AS OF 31/07/2020

Stock	Company Name	Sector	% NAV
HPG	Hoa Phat Group Joint Stock Company	Materials	6.9%
MWG	Mobile World Investment Corporation	Consumer Discretionary	6.3%
FPT	FPT Corporation	Information Technology	5.9%
TDM	Thu Dau Mot Water Joint Stock Company	Utilities	5.1%
SVI	Bien Hoa Packaging Company	Materials	4.9%

## INVESTMENT OBJECTIVES

The Fund pursues long-term capital appreciation and regular return through investment in companies with sustainable competitive advantages and fixed income assets.

The Fund shall apply active investment strategy, focusing on listed securities of companies with sustainable competitive advantages, high market share, good corporate governance, healthy financial conditions, good capabilities of operation in disadvantageous market conditions and attractive valuation compared with the potential growth in the future of the company.

## FUND MANAGERS

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