

September 2020

FUND PERFORMANCE

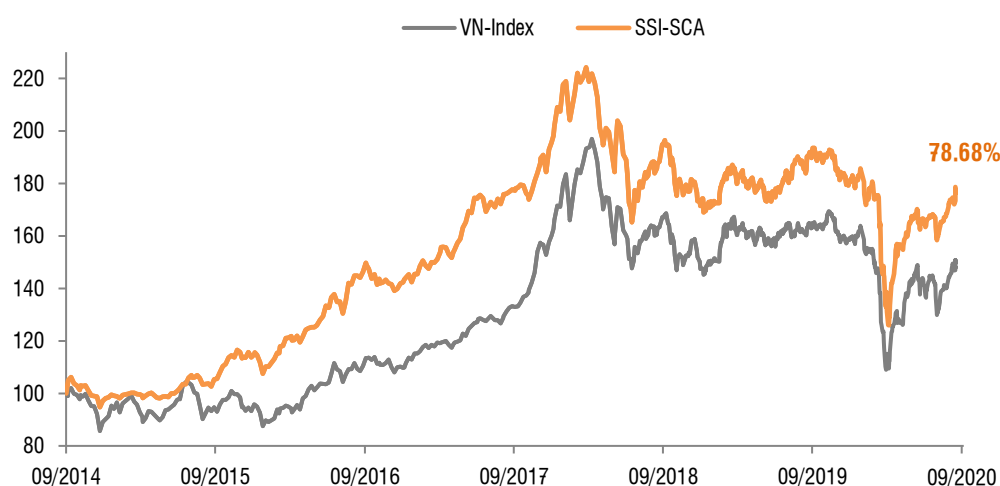
	NAV/Unit (VND)	Performance (%)			
		1 month	Year-to-date	Annual Average	Since Inception*
SSI-SCA	17,867.83	3.11%	-1.33%	10.13%	78.68%
VN-Index	905.21	2.67%	-5.80%	6.93%	49.63%

Inception: 26 September 2014

FUNDAMENTAL METRICS

P/E (12 months)	10.55x
P/B	1.93x
ROE	20.48%
Dividend Yield	2.65%

Source: Bloomberg, SSIAM



FUND MANAGERS' COMMENT

The Vietnamese stock market continued to go sideways after periods of overall strong growth in September. VN-Index closed the month at 905.6 points, +2.67% MTD. However, many blue-chip stocks with large market capitalizations still experience robust growth such as: HPG (+10.7%), VNM (8.8%) and MWG (11.2%). In general, the market performed well despite foreign investors' strong net selling momentum (an amount of VND3,410 billion in September and cumulative amount of VND23,717 billion in 2020). Thanks to the cash inflows from domestic investors, the pressure from foreign investors was partially relieved, reducing the overall risk. The market's expectations are now more concerned about whether the "cheap capital" trend will continue and the prospect of macroeconomic recovery after the pandemic.

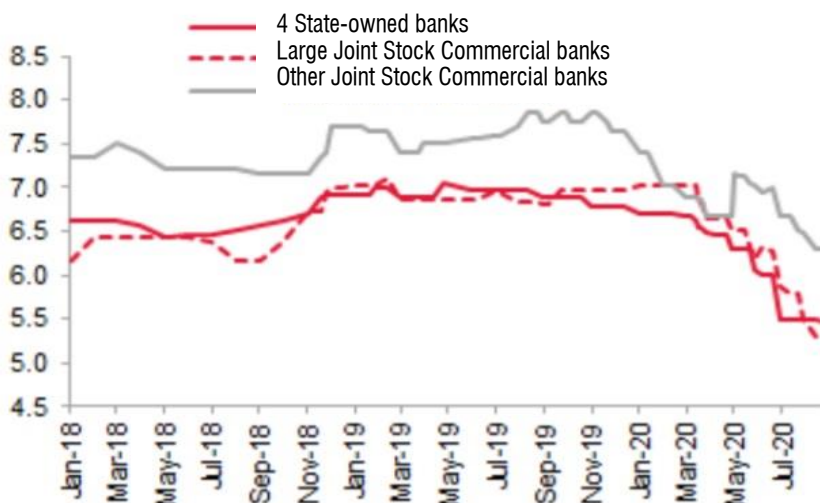
The expansionary monetary policy, reduced interest rate and the strong market adjustment caused by COVID meant that stocks became the superior investment channel against deposits. The market's liquidity had an outstanding improvement (reaching an average of VND4,646 billion/session in Q3, +60% in comparison to the same period), in contrast with the slow deposits' growth. In the first 9 months of 2020, deposit inflows grew by only 7.7%, lower than the growth level of 8.68% in the same period of 2019. Since May, deposit rates have dropped by 150-250 bps for all financial institutions due to excess liquidity in the system. The reason for this comes from 2 factors:

- i. SBV lowered the ceiling rate 3 times in conjunction with net purchase of USD9 billion on the interbank market;
- ii. Slow credit growth of 5.12% YTD which is lower than the deposit growth of 7.7%.

With the current situation, lending activities cannot be accelerated and thus, deposit rates are forecasted to continually fall in the coming time.

FUND MANAGERS' COMMENT

Deposit rates for 12-month term



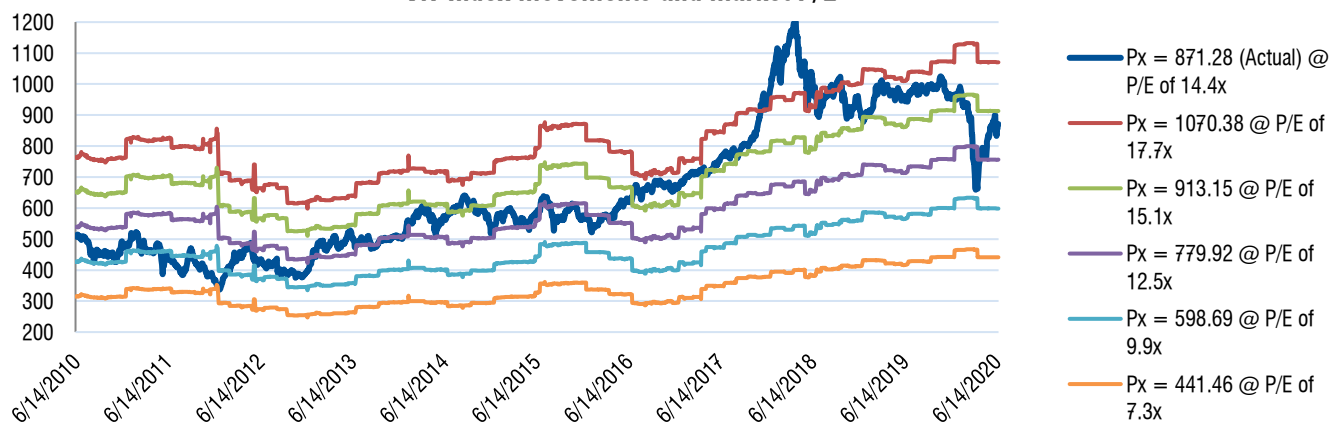
Source: SSI research

Regarding the macro outlook, statistics published by the GSO indicated strong economic recovery post-COVID. In particular, PMI surpassed the 50-point benchmark that lasted for 2 months consecutively and rebounded to 52.2 points. Total retail sales reached VND 441 trillion, increased by 4.9% YoY and 2.69% MoM. The manufacturing index IIP grew by 2.3%. Import and export turnover amounted to VND 51.5 trillion, up 14.5% YoY. Q3 witnessed GDP growth of 2.62% - higher than the expected range of 1.04-1.68%. Public investment remains the primary growth engine with estimated Q3 realized investment capital of VND 145 trillion, increased by 48.9% YoY – recorded a 4-year-high. Total cumulative public investment (YTD) stood at VND 302 trillion, grew by 33.3% in comparison to the same period in 2019, outperforming both the private and foreign investment channels (increased by 2.8% and declined by 2.5% YoY respectively).

Macro data is signaling positive outlook thanks to the faster-than-expected recovery. However, it is important to follow the markets closely in October and November to verify this statement. During the first COVID-19 outbreak, macro indicators also showed signs of rapid recovery once the pandemic was under control (May) but gradually declined over the following months (June, July). Q3 financial statements will also be published in October, rendering the month as a crucial period to evaluate the impact of COVID-19 and in turn, provide additional basis for future forecasts.

Apart from optimistic news, the market still faces re-adjustment risk after a long period of rally. From the prior short-term resistance (27 Sep to 30 Sep), VN-Index has increased by 15.2%, positioning the market P/E at 15.2x - the upper limit of the “sideway” market (2013 - 2016). The market is already placed at a high valuation, therefore making it more sensitive to negative news from the global market. In late September, the number of COVID infections gradually increased again in the US and Europe, propelling the risk of another economic shutdown. Although the effect of COVID is no longer as prominent in comparison to the initial outbreak, its complications can still hinder global economic recovery in the final quarter of 2020.

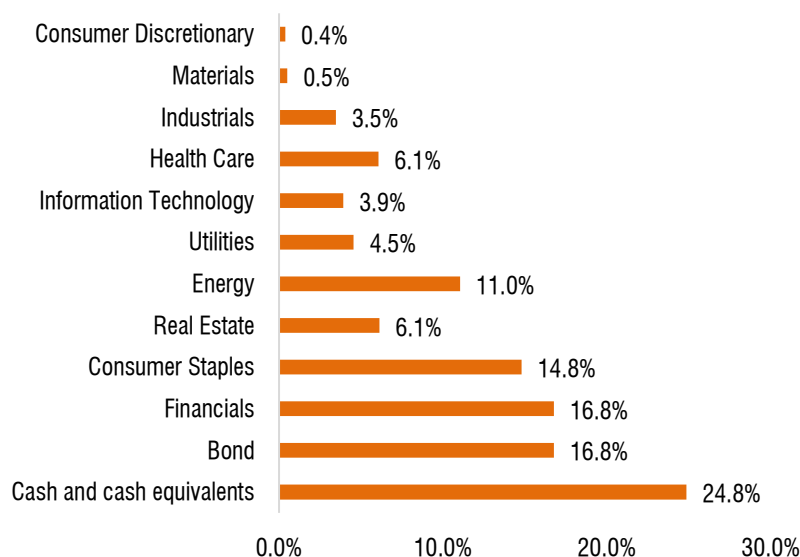
VN-Index movements and market P/E



Source: Bloomberg

To balance risks and returns, the equity proportion of SCA is maintained at 70% of NAV and the proportion of fixed income is 13%. In September, SCA saw a profit of 3.11%, higher than VN-Index's return of 2.67%. Top holdings exhibited outstanding growth which includes HPG (+10.7%), MWG (+11.2%) and REE (+10.8%). The remaining proportion of cash will be allocated to safe havens that have strong post-pandemic earnings and will be utilized when valuation returns to a fairer range.

ASSET ALLOCATION BY SECTORS (% NAV)



FUND FACTS

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

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TOP HOLDINGS AS OF 30/09/2020

Stock	Company Name	Sector	% NAV
MWG	Mobile World Investment Corporation	Consumer Discretionary	8,0%
HPG	Hoa Phat Group Joint Stock Company	Materials	7,7%
FPT	FPT Corporation	Information Technology	6,1%
SVI	Bien Hoa Packaging Company	Materials	5,4%
PHR	Phuoc Hoa Rubber Joint Stock Company	Consumer Discretionary	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.

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