

December 2020

FUND PERFORMANCE

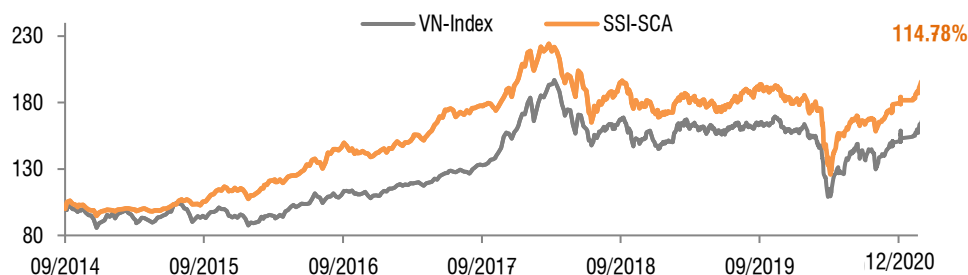
	NAV/Unit (VND)	Performance (%)			
		1 month	Year-to-date	Annual Average	Since Inception*
SSI-SCA	21,477.73	9.26%	18.61%	13.10%	114.78%
VN-Index	1,103.87	10.0%	14.87%	10.17%	82.46%

Inception: 26 September 2014

FUNDAMENTAL METRICS

P/E (12 months)	12.49x
P/B	2.11x
ROE	18.40%
Dividend Yield	2.67%

Source: Bloomberg, SSIAM



FUND MANAGERS' COMMENT

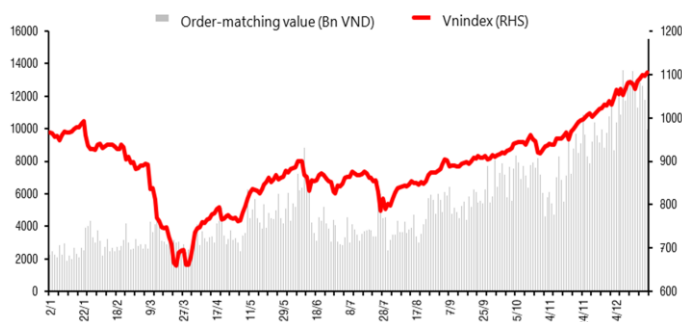
SCA achieves growth of 18.6% in 2020 compared with 14.9% growth of the VN-Index.

In December 2020, VN-Index increased by 10% in comparison to November, reaching 1,103.87 points. Average matched value on HOSE reached VND11,100 billion (+4.6% MoM). Most of the sectors recorded uptrend which in turn propels the growth momentum throughout the month. In December, foreign investors maintain their selling momentum on HOSE but the net sales decreased in comparison to the previous month, while securities companies were the net buyers. In general, there was robust cash inflow into the stock market, stimulating a strong recovery.

2020 was a year of turbulence as Covid-19 spreads worldwide with its first case reported in China in November 2019. Vietnam is one of the few countries to successfully prevent the pandemic up to this point. Therefore, the nation saw better economic results in comparison to other countries and the stock market reflected this result.

Since the end of January 2020, Covid-19 has affected the Vietnamese stock market. Just in 2 months, the index decreased by 33.5%, dropping to its all-time-low in the last 3 years. However, the market recovered rapidly in the remaining 9 months of 2020, soared by 69.6% from the bottom recorded in March 2020, a growth of 14.9% since the end of 2019.

Figure 1: VN-Index (right axis) and matched trading value

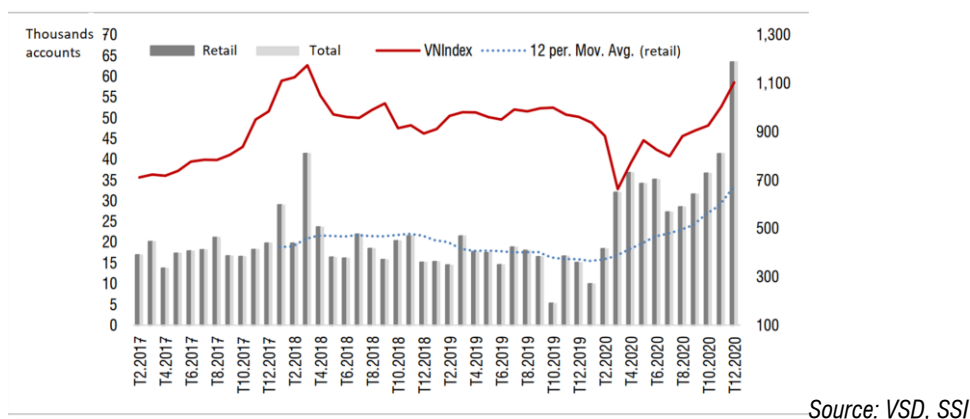


Source: FiinPro, SSIAM

FUND MANAGERS' COMMENT

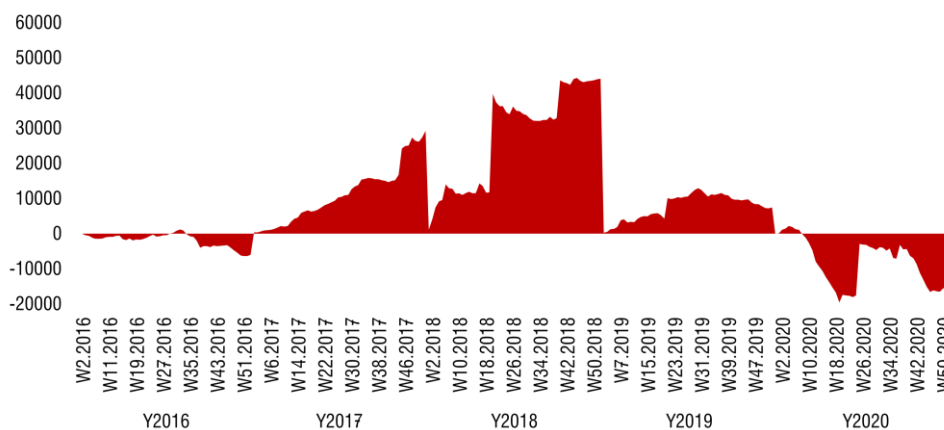
The market saw a strong recovery, low interest rates have stimulated a strong cash inflow into the stock market. December saw a record-breaking level of newly opened accounts with 63,446 retail investors accounts. With increased participation of new investors, liquidity is pushed to create new records, with average matched value of VND11,000 billion/session in the last few months of the year. Other than retail investors, proprietary trading of securities companies had its second consecutive year of net buying momentum. Thus, this also affirms the domestic investors' positive outlook on the stock market.

Figure 2: Number of newly opened accounts/month



Despite the domestic investors' positive outlook, foreign investors maintain their net selling momentum in 2020. Covid-19 complications around the world and the recent US elections have made foreign investors apprehensive of frontier markets such as Vietnam. In the past year, foreign investors sold through matched orders but bought through contracts. The selling momentum began to dwindle in the last 2 months of 2020.

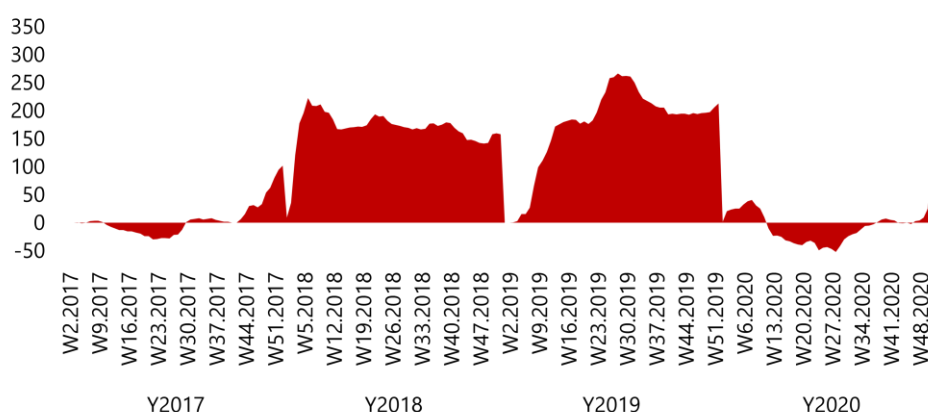
Figure 3: Net buying and selling movements of foreign investors (Unit: VND billion)



Contrary to the active foreign capital inflows, the passive capital flows of both domestic and foreign investors skyrocketed, especially for domestic ETFs. 2020 saw 4 new domestic ETFs which include 2 from SSIAM (SSIAM VNFIN LEAD and SSIAM VN30), one from VFM (VFMVN Diamond) and one from VinaCapital (ETF VINACAPITAL VN100). Most notably, VFMVN Diamond saw its fund size increase from VND100 billion in May 2020 to almost VND4,000 billion in 2020. Aside from the negative effects of Covid-19, the period from May to September saw continuous inflow into ETFs. This upward trend stagnated in October, following the uncertainties with regards to the US elections and news about Vietnam's currency manipulation. However, the capital inflows into ETFs began to rise again in the last 2 months of 2020.

FUND MANAGERS' COMMENT

Figure 4: Accumulated capital inflows into ETFs (Unit: USD million)



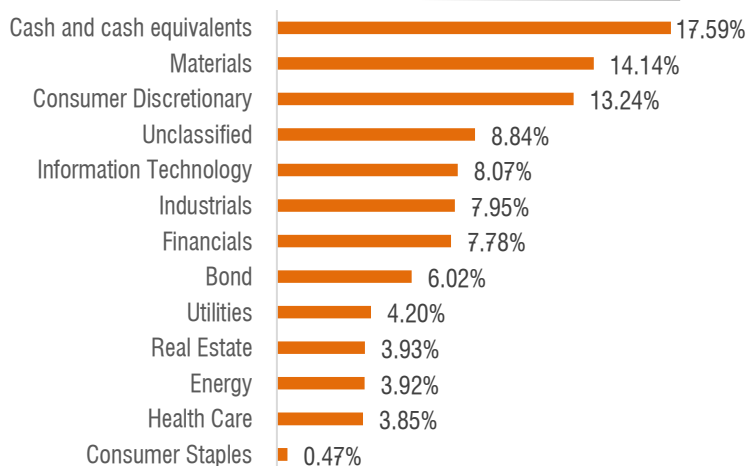
Our view

The general market sentiment synchronizes with the growth momentum of VN-Index which will continue in the first few months of 2021. However, we believe this is a crucial time for our firm to remain alert and see risks from multiple perspectives to preserve the performance. In terms of valuation, the trailing P/E of VN-Index reached 18x, equal to 2018's starting level. The current market is expecting positive prospects in 2021 (Covid-19 is controlled, expansionary monetary policy is maintained until 2022, post-pandemic economic recovery, etc.) Therefore, a slight deviation from expectations combined with high valuation range can halt the ongoing rally.

During the past period, the world witnessed an investment cycle different from the previous crises. Before, after every crisis, value stocks are preferred such as utilities, electricity, water, etc. However, the past period has demonstrated that growth stocks are the group with the strongest price increase. We observed that technology stocks saw surges in IPO with poor earnings results being favored by investors due to high future growth potential and the compelling story they have. In Vietnam, the same phenomenon occurred. Defensive stocks saw poor performances while storytelling stocks grew despite the negative business results. Similar to the transition from agriculture to industrial economy, state divestments will create big jumps in profits for enterprises, or positive news will drive earnings forward. All have contributed to a vibrant market with circulating rumors that push up stock prices.

2021 is a year with many supporting factors, from macro to earnings growth and the expectation that foreign capital inflow will return to the Vietnamese market. We maintain a positive outlook on the market but have reasons to believe that there will be volatility in the upward trend due to the large number of individual investors and the short-term profit expectations. In addition, the current expectation is very high and the market valuations are no longer cheap, thus, there will be sell-to-cover activities if negative events were to occur or the economic recovery is not robust as expected.

ASSET ALLOCATION BY SECTORS (% NAV)



TOP HOLDINGS AS OF 31/12/2020

Stock	Company Name	Sector	% NAV
MWG	Mobile World Investment Corp	Consumer Discretionary	10.11%
HPG	Hoa Phat Group JSC	Materials	9.57%
FPT	FPT Corp	Information Technology	8.07%
TCB	Vietnam Technological & Commercial Joint	Financials	4.82%
TDM	Thu Dau Mot Water JSC	Utilities	4.07%

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.ssiam.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

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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