

October 2020

FUND PERFORMANCE

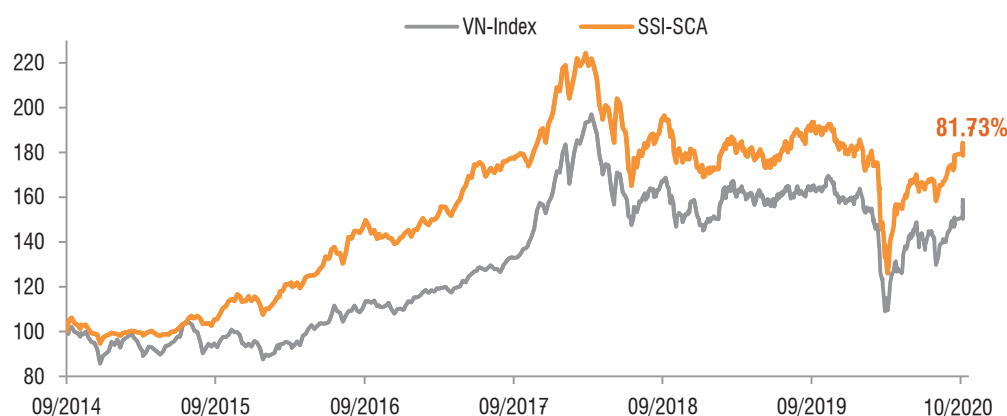
	NAV/Unit (VND)	Performance (%)			
		1 month	Year-to-date	Annual Average	Since Inception*
SSI-SCA	18,172.90	1.71%	0.36%	10.29%	81.73%
VN-Index	925.47	2.24%	-3.70%	7.32%	52.98%

Inception: 26 September 2014

FUNDAMENTAL METRICS

P/E (12 months)	10.12x
P/B	1.85x
ROE	20.52%
Dividend Yield	2.96%

Source: Bloomberg, SSIAM



FUND MANAGERS' COMMENT

In October, the Vietnamese stock market continued a slight uptrend since September. The uptrend this month was mainly attributed by:

- i. Interest rates cut by the central bank that went into effect as of October 1st;
- ii. Positive expectations of Q3 results and;
- iii. MSCI's re-evaluation of Kuwait's emerging market status which implies increased Vietnam's weight in MSCI Frontier Markets Index.

The VN-Index reached its highest level in the past 10 months, having stood at 961.26 on October 23rd. The uptrend this month was mainly attributed by large-cap stocks while the majority of the market did not experience any significant growth. This indicates a large transactional difference between the key indices composed of leading stocks and the majority of stocks in the market.

In November and December, uncertainty in the US presidential election may increase the market volatility. Despite positive outlook in the long run, short-term and abrupt developments can pose adverse effects on our investment portfolios. In addition, the large gap between VN30 Index and VN30 Futures Index is creating accumulation of short contracts within the next 2 weeks that will end on 19th of November. This in turn can amplify the volatility of the market in the foreseeable future.

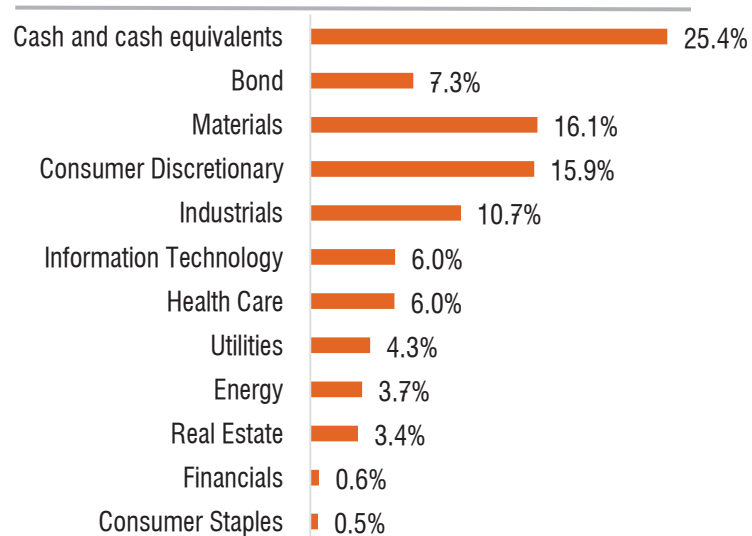
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On positive news, continuous decline of deposit interest rates meant domestic investors began to shift a portion of investment cash flows into stocks albeit on a low scale. Despite the net selling momentum of foreign investors in the last 2 months, the robust cash inflows from domestic investors managed to support market growth. Further interest rates cut may provide a good outlook for stock market investment. In developed markets, interest rates have dropped to 0-2%, propelling the financial market to develop different financial products and services that as alternative investment channel apart from bank deposits. “Cheap capital” may continue to be the driving force for the cash-inflows to the stock market in the coming time.

Q3 saw the recovery in net income of most industries except for the tourism and aviation sectors which still faced continuous difficulties due to COVID-19 outbreaks and travel restrictions, showing no clear signal until 2021. Q3 also marked the solid profit growth from financial stocks (banking, securities, and insurance), especially many private joint-stock banks. However, the state-owned banks still saw declined profit due to the customer-support policies on interest rates. Overall, the financial group still saw a 9.6% profit growth during this period. On the other hand, non-financial sector saw a 7.6% YoY profit drop in Q3, mainly attributed by the aviation and tourism sectors, while most of the remaining industries experienced relatively strong QoQ and YoY growth. The U-shaped economic recovery model has been formed after two negative-growth-quarters – Q1 and Q2, followed by a strong recovery from Q3 onwards.

At the moment, the overall market is valued at 15.49x, a figure close to the 5-year average P/E. To balance risks and returns, the equity proportion is maintained at more than 70% of the portfolio to capitalize on the positive market prospects. The fixed income proportion stood at 13% with high yields. In October, our SCA fund earned a return of 1.71% while VN-Index earned 2.24%. The remaining cash proportion shall be allocated to safe targets that will report strong post-pandemic earnings or when the valuation range returns to a more attractive level.

ASSET ALLOCATION BY SECTORS (% NAV)



TOP HOLDINGS AS OF 31/10/2020

Stock	Company Name	Sector	% NAV
HPG	Hoa Phat Group Joint Stock Company	Materials	8.58%
MWG	Mobile World Investment Corporation	Consumer Discretionary	7.81%
FPT	FPT Corporation	Information Technology	6.03%
SVI	Bien Hoa Packaging Company	Materials	5.85%
PHR	Phuoc Hoa Rubber Joint Stock Company	Consumer Discretionary	4.49%

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

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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

Nguyen Duc Minh

Portfolio Manager

E: minhnd@ssi.com.vn

Nguyen Ba Huy

Associate Portfolio Manager

E: huynb@ssi.com.vn