

SSI SUSTAINABLE COMPETITIVE ADVANTAGE FUND

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TRANSLATE

Hanoi, 31st March 2021

FUND PERFORMANCE IN 2020 AND INVESTMENT PLAN FOR 2021 OF SSI SUSTAINABLE COMPETITIVE ADVANTAGE FUND (SSI-SCA)

I. FUND PERFORMANCE FOR 2020

SSI-SCA reached a return of 18.6% in 2020 compared to return of 14.9% of VN-Index.

The year 2020 is a turbulent year when the COVID-19 pandemic spread across the world, with the first case registered in China in November 2019. Vietnam is one of the few countries that successfully contained the virus to this point. Therefore, Vietnam has seen a better economic result than any other countries in the world, this is shown through the stock market.

In the end of January 2020, COVID-19 has affected Vietnam stock market. Only 2 months later, the VN-Index has decreased 33.5%, reaching a three-year low. However, Vietnam stock market has quickly recovered in the remaining 9 months of 2020 with an increase of 69.6% since its bottom in March 2020, an increase of 14.9% compared to the same period in 2019.

Despite domestic investor being optimistic about the market, foreign investor sentiment is bearish in 2020. The complex situation of global events like COVID-19 and US Presidential Election have made foreign investors more skeptical of emerging markets like Vietnam. In the past year, foreign investors sold equities through filled orders and buy equities through conditional orders. The selling trend of foreign investors decreased in the last 2 months of 2020.

As opposed to the active capital of foreign investors, passive capital by foreign and domestic investors increased substantially, especially in domestic ETFs. In 2020, the market sees 4 new ETFs of which two funds by SSIAM (SSIAM VNFIN LEAD ETF and SSIAM VN30 ETF), one fund by VFM (VFMVN DIAMOND ETF) and remained one by VinaCapital (VINACAPITAL VN100 ETF). Among the funds mentioned, the most noticeable is the VFMVN DIAMOND ETF tracking the VN DIAMOND Index. The Fund size is initially VND 100 billion in May 2020 and increased to VND 4,000 billion at the end of 2020.

FUND PERFORMANCE

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



OVERALL VALUATION OF THE FUND

Basic Ratios of the Fund

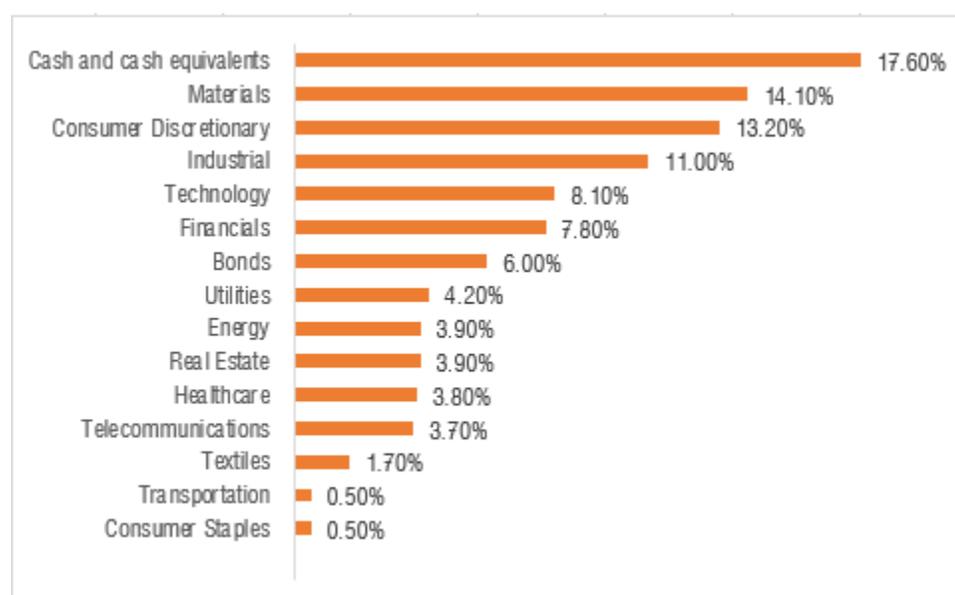
Ratio	
P/E (12 months)	12.49x
P/B	2.11x
ROE	18.40%
Returns	2.67%

Source: Bloomberg, SSIAM

Noticeable Financial Features

Feature	31/12/2020	31/12/2019	Change (%)
NAV (VND)	498,709,731,424	429,857,988,851	16.02%
Outstanding Fund Certificate	23,219,851.56	23,736,629.11	-2.18%
NAV/Fund Certificate (VND)	21,477.73	18,109.47	18.60%

ASSET ALLOCATION ON 31/12/2020



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%

II. INVESTMENT PLAN FOR 2021

The overall sentiment of Investors is to expect the VN-Index to increase throughout the first few months of 2021. However, we believe that if the market is optimistic, the Fund needs to be cautious and recognizes risks as well as protecting profits. On the valuation side, trailing P/E of VN-Index is 18x, equivalent to its level in 2018. The market expects its best scenario on growth in 2021 (COVID-19 being contained, quantitative easing continued to 2022, economic activities improving after the pandemic...). Therefore, a slight misjudge of economic potential, as well as high valuation could end the uptrend.

In the past period, the world saw a completely different investment cycle compared to previous crises. In previous crises, value stocks are favored such as electronics, water, pharmaceuticals... but in the past

period, growth stocks are those that increased substantially due to easy money flow and low interest. This scenario also occurred in Vietnam. Defensive stocks underperformed in the past period, while stocks with high growth potential are appealing to investors despite their weak business results. An example is the conversion of land for rubber plantation to industrials, the equitization will increase the business' profit after equitization, or positive news like M&A, selling equities to foreign investors, etc. This creates an exciting market with different news on each business, driving the prices up.

The year 2021 will be the year with supports not just on macroeconomics, but also on the profits of businesses when capital returns to Vietnam market. Our positive sentiment on the market, however, expect events turbulence in market growth due to the amount of retail investors joining the market with short-term profit goals. Aside from that, with expected growth being very high and valuations not so cheap, there will be pressure to take profit if negative events occur or economic recovery and business results not reaching expectations.

SSI ASSET MANAGEMENT COMPANY