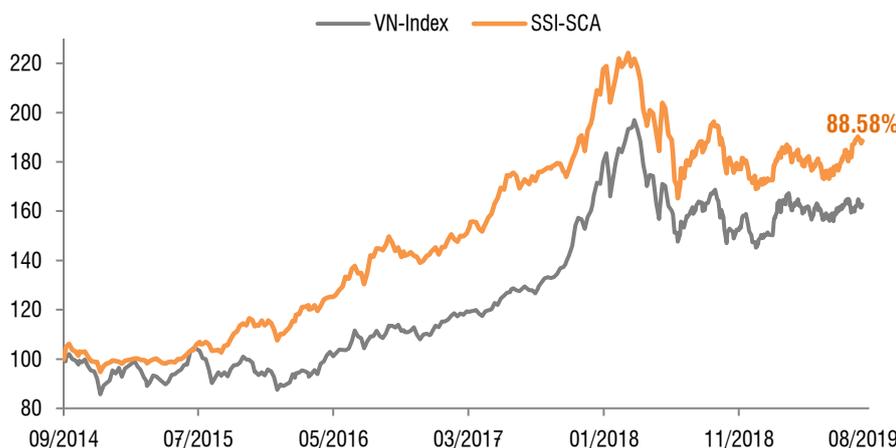


August 2019

### FUND PERFORMANCE

|          | NAV/Unit (VND)   | Performance (%) |              |                |                  |
|----------|------------------|-----------------|--------------|----------------|------------------|
|          |                  | 1 month         | Year-to-date | Annual Average | Since Inception* |
| SSI-SCA  | <b>18,857.70</b> | 3.21%           | 8.20%        | 13.73%         | <b>88.58%</b>    |
| VN-Index |                  | -0.77%          | 10.25%       | 10.37%         | <b>62.66%</b>    |

Inception: 26 September 2014



### FUNDAMENTAL METRICS

|                 |        |
|-----------------|--------|
| P/E (12 months) | 9.41x  |
| P/B             | 1.86x  |
| ROE             | 21.30% |
| Dividend Yield  | 2.39%  |

Source: Bloomberg, SSIAM

### FUND MANAGERS' COMMENT

The stock market ends volatile August with a decrease by 0.77%. Negative news on the US – China trade war and concerns about the global economic recession are the main factors affecting the market in August.

In that context, the Fund has shown rather good performance with the growth rate of 3.1%. Besides the contribution of stocks that “have run out of room’ for foreign ownership like MWG, FPT or PNJ, some investments that have been devaluated for quite a long time signal to form a bottom and recover. PC1 is an example with the increase of 8.7% in the month and 15% compared with the bottom.

The company has been trading at 6X earnings, less than 1X book value as the power construction sector was in difficulties and the absence of earnings from real estate in 2019. However, an increasing contribution from energy production, turnaround of power construction and real estate order-book in 2020-2023 are helping the stock bottom out.

As a reminder, the company operates in 4 main areas: Power construction, manufacturing, energy and real estate. In the first 6 months of 2019, revenues reached USD 128.6 mn (+24% yoy) with significant contributions from construction, industrial manufacturing and energy while lacking real estate contribution. After-tax profit posted USD 9.6 mn, surpassing the company’s target for the period, equal to 53% of the FY2019 plan. The company is trading at P/E forward 5.0x, P/B of 0.72x, ROE of 14% such that we believe it is significantly undervalued compared to regional peers.



“Best Asset Management Company in Vietnam”  
2015, 2016, 2017, 2018

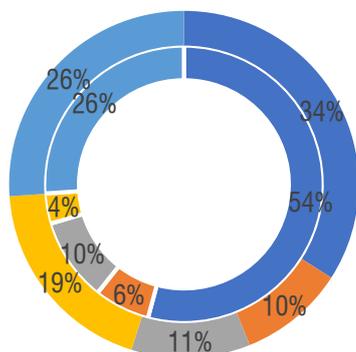


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2015, 2016, 2017, 2018

**FUND MANAGERS' COMMENT (CONTINUED)**

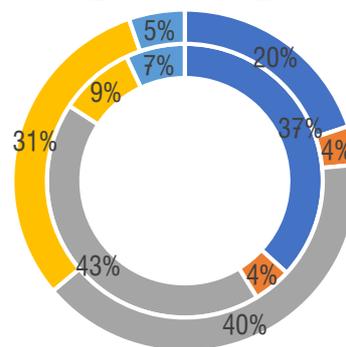
**Business breakdown by segments**

Inner: 1H2019 Outer: 2018



■ Construction ■ Manufacturing ■ Energy ■ Real estate ■ Others

Inner: 1H2019 Outer: 2018



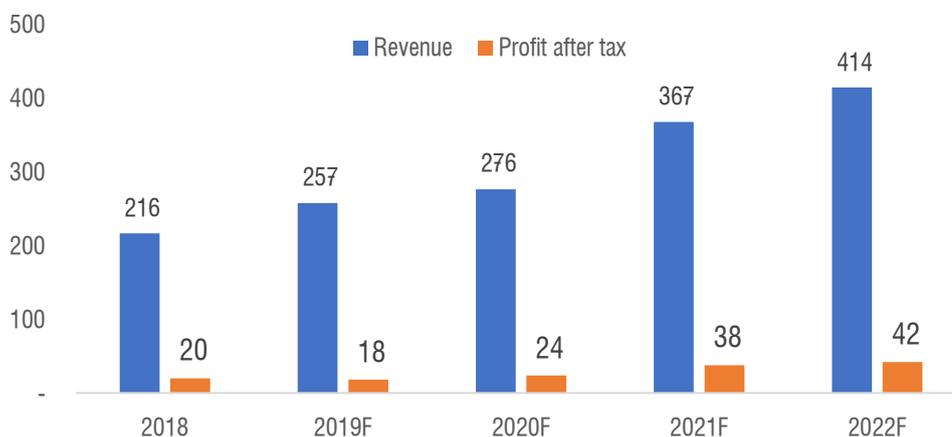
■ Construction ■ Manufacturing ■ Energy ■ Real estate ■ Others

Sources: SSIAM, PC1

Looking forward, we expect the construction sector and manufacturing segments maintain solid growth in the upcoming 6 months with total order-books at end-2Q2019 of USD 130.3 mn (+16% yoy) and USD 79.2 mn (+106% yoy). Additionally, Mong An HydroPower Plant (HPP) (30MW) is planned to commence operation by December 2019. Other HPPs maintain strong hydro-flows and are expected to run with maximum capacity.

According to the company plan, revenue and PAT will grow at CAGR of 18% and 20% in 2018-2022.

**2019-2022 Plan (USD mn)**



Sources: PC1, SSIAM

**Power Construction**

In 1H2019, PC1 registered both strong revenue and gross profit increase with 118% yoy and 112% yoy, respectively. Gross profit margin (GPM) continues at >10%. PC1 is expanding business to non-EVN clients like Hanwa, Hitachi, Ltd. which generates higher GPM and lower receivables days for the company. Non-EVN contracts accounts for approximate 60% of total contract value signed in 1H2019. Order-book value by end-2Q reached USD 130.3 mn (+16% yoy). PC1 continues executing C, PC, EPC contracts for 500kV Transmission line – 3rd Tranche, Nam Tra My HPP, Vinh Hao 4 Solar Plant, Dai Phong Wind Plant, My Son, etc in the final 6 months of FY2019.

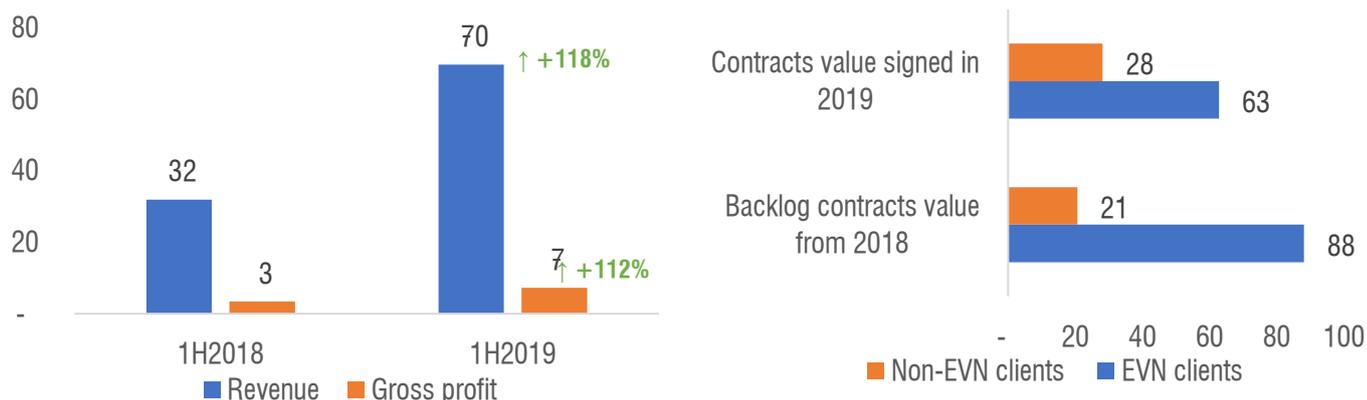


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## FUND MANAGERS' COMMENT (CONTINUED)



Sources: PC1, SSIAM

## Industrial Manufacturing

Given the pressure of completing solar plants before the June 30th, 2019 in order to receive preferential tariff, PC1's subsidiaries, Dong Anh LTD and Yen Thuong factory, had to run at maximum capacity in order to complete these projects on time. As a result, the revenue and gross profit surged in 1H2019 with USD 8.3 mn (+32% yoy) and USD 0.9 mn (+234% yoy). Total order-book value as of end-2Q2019 stood at USD 79.2 mn (+106% yoy).

In 2H2019, PC1 will execute newly signed projects and complete on-going projects such as: Quang Trach – Doc Soi 500kV Transmission line (Package No. 4); Doc Soi – Pleiku 2 500kV TL (Package No. 4); Chon Thanh 500kV Substation and Lines.

|                                                      |        |      |
|------------------------------------------------------|--------|------|
| Backlog Contracts Value rolls to 2019                | USD mn | 63.8 |
| New Contracts values of 2019 (up to June 30th, 2019) | USD mn | 23.7 |
| Projected Revenue of 2019                            | USD mn | 48.9 |

Sources: PC1, SSIAM

## Energy Investment

1H2019 revenue and gross profit stood at USD 12.6 mn (+9% yoy) and USD 8.4 mn (+14% yoy) while GPM reached 67.1%.

Good hydro-flows of PCC1's HPPs located in Cao Bang and Ha Giang provinces lead to the growing performance of this sector despite many hydropower companies underperforming due to bad weather in 1H2019. PCC1 continues to operate these HPPs with efficiency due to smaller size, simple operations and stable processes.

## Current power plants

| Plants     | Capacity (MW) | 1H2018          |                  |                           | 1H2019          |                  |                           |
|------------|---------------|-----------------|------------------|---------------------------|-----------------|------------------|---------------------------|
|            |               | Output (mn Kwh) | Revenue (USD mn) | Average price (cents/kWh) | Output (mn Kwh) | Revenue (VND bn) | Average price (cents/kWh) |
| Bao Lam 1  | 30.0          | 32.0            | 2.6              | 8.2                       | 40.0            | 3.3              | 8.3                       |
| Bao Lam 3  | 46.0          | 56.8            | 4.7              | 8.3                       | 64.6            | 5.3              | 8.3                       |
| Bao Lam 3A | 8.0           | 12.7            | 0.9              | 7.2                       | 14.3            | 1.1              | 7.4                       |
| Trung Thu  | 30.0          | 36.3            | 3.2              | 8.8                       | 27.3            | 2.8              | 10.4                      |
| Total      | 114.0         | 137.7           | 11.5             | 8.3                       | 146.1           | 12.5             | 8.6                       |

Sources: PC1, SSIAM



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## FUND MANAGERS' COMMENT (CONTINUED)

## New projects (MW)

| Projects              | 4Q19       | 3Q20       | 4Q21       | 3Q22       | 4Q22       | Capex (USD mn) |
|-----------------------|------------|------------|------------|------------|------------|----------------|
| Mong An HPP           | 30         |            |            |            |            | 38.9           |
| Bao Lac B HPP         |            | 18         |            |            |            | 24.2           |
| Song Nhiem HPP        |            | 6          |            |            |            | 9.7            |
| Trung Thu Solar       |            | 100        |            |            |            | 63.6           |
| Wind Farm             |            |            | 100        |            |            | 51.1           |
| Bao Lac A HPP         |            |            |            | 30         |            | 38.9           |
| Thuong Ha HPP         |            |            |            |            | 13         | 14.9           |
| <b>Total capacity</b> | <b>144</b> | <b>269</b> | <b>369</b> | <b>199</b> | <b>412</b> | <b>241.3</b>   |

Sources: PC1, SSIAM

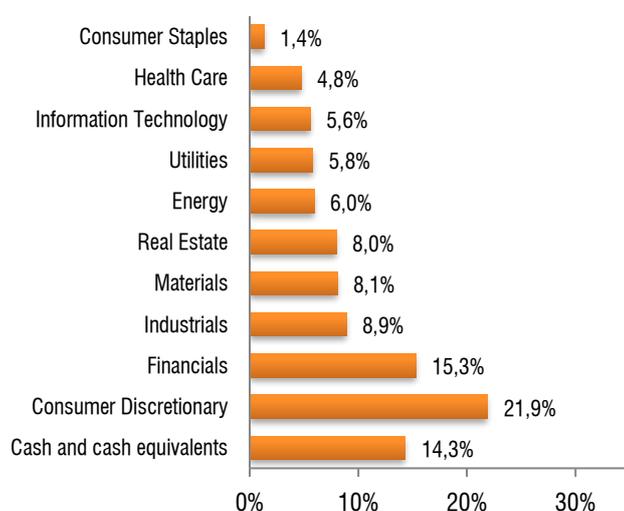
## Real Estate

PCC1 reserves a substantial landbank to develop new estate projects by the end of 2023. In addition to real estate selling, PCC1 generates revenues through commercial leasing and typically achieves high occupancy rates.

| Expected revenue                          | 2019 | 2020 | 2021 | 2022 | 2023 | Process                                                                                                                                                                                  |
|-------------------------------------------|------|------|------|------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| My Dinh Plaza 2, My Dinh 1 (lower floors) | 10.0 |      |      |      |      | In 1H2019: hand-over 39 units => total accumulated handed-over units to 453/472 units. Q3/2019: completely hand-over the last 19 units.                                                  |
| PCC1 Thanh Xuan                           |      | 37.7 |      |      |      | Selling: by June 30th, signed contracts for 146 units and received downpayments for 32 units of total 310 available-for-sale units.<br>Construction: finishing the 24th floor structure. |
| PPC1 Vinh Hung                            |      |      | 23.5 |      |      | Completion on the Preliminary piles installation, expected by September, 2019: Working Piles Installation.                                                                               |
| PCC1 Thang Long                           |      |      |      | 38.3 | 9.6  | Expected construction begins in Q2/2020; complete: Q2/2022.                                                                                                                              |
| New projects                              |      |      |      | 7.4  | 67.1 | On the process of acquiring landbank.                                                                                                                                                    |

Sources: PC1, SSIAM

## ASSET ALLOCATION BY SECTORS (% NAV)



## TOP HOLDINGS AS OF 31/08/2019

| Stock      | Company Name                        | Sector                 | % NAV |
|------------|-------------------------------------|------------------------|-------|
| <b>MWG</b> | Mobile World Investment Corporation | Consumer Discretionary | 12.0% |
| <b>HPG</b> | Hoa Phat Group Joint Stock Company  | Materials              | 8.1%  |
| <b>MBB</b> | Military Commercial JSC             | Financials             | 8.73% |
| <b>FPT</b> | FPT Corporation                     | Information Technology | 5.6%  |
| <b>PHR</b> | Phuoc Hoa Rubber JSC                | Consumer Discretionary | 4.3%  |



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## 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.<br><a href="http://www.ssiam.com.vn">www.ssiam.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                                                                            |

## 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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