

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 size	VND610.41 billion (~USD26.69 million) (As of 30 April 2022)
Fund operating period	Unlimited
Fund Management Company	SSI Asset Management Co., Ltd https://www.ssi.com.vn
Supervisory Bank	Standard Chartered Bank (Vietnam)
Transfer Agent	Vietnam Securities Depository Centre (VSD)
Distributors	SSIAM, SSI, BVSC, VCBS, ACBS, VNDIRECT, MBS, HSC, VGS
Redemption gate per trading period	10% / Net Asset Value
Minimum subscription amount	VND500,000 (five hundred thousand)
Expected Return	13% - 15% / year

FUND PERFORMANCE



	NAV/ Unit (VND)	Performance (%)							
		2016	2017	2018	2019	2020	2021	YTD	Since Inception
SSI-SCA	31,380.14	24.1	38.2	-12.1	3.9	18.6	49.9	-2.5	213.8
VN-Index		14.8	48.0	-9.3	7.7	14.9	35.7	-8.8	125.9

Data as of 30/04/2022, calculated in VND; since inception date 26/09/2014

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.

The Fund shall also invest in fixed income securities with high credit rating to preserve capital and bring stable income for the Fund.

FEES

Subscription Fee (depends on the total subscription amount)

From VND 1 million to VND 1 billion	0.75%
> VND 1 billion to VND 10 billion	0.50%
> VND 10 billion	0.25%

Redemption Fee (depends on the fund units holding period)

Holding period below 12 months	1.25%
Holding period 12 - 24 months	0.75%
Holding period above 24 months	Free

Switching fee Free

Transfer fee Free

FUND MANAGEMENT COMPANY

SSI Asset Management Company Ltd. (SSIAM)

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I. Overall Commentary: The Art of Catching a Falling Knife

The explosive participation of retail investors in Vietnam's capital markets has been a phenomenon we repeatedly noted in our monthly newsletters and broad market commentaries for the past year. The latest print in March (we haven't got the April'22 print as of the time of writing) as seen from data by VSD (Vietnam Securities Depositories) showed another record month with over 270k new accounts being opened, bringing the total number of brokerage trading accounts in Vietnam to almost 5 million (appx. 5% of the population). To put things in perspectives, in the past year alone (from April 2021 to March 2022), the total of new trading accounts opened was 2 million, and new trading accounts opened in 2021 itself was higher than the past 4 years combined. This illustrates market accessibility and how equity has increasingly been seen as an attractive investment channel (in addition to traditional assets like gold, real estates, and bank term deposit). Looking at the exponential growth, investment professionals like ourselves couldn't help but feeling optimistic about the bright future of the capital markets as a channel to facilitate effective allocation of financial resources towards productive economic activities, supporting wealth generation and creating values for society.

However, this could also be a double-edged sword. Inexperienced investors often have insufficiently diversified portfolio, poor risk management, and an unnecessary high turnover trading that deteriorates performance. In additions, academic research has shown that new investors often exhibit a high degree of emotional and cognitive behavioral biases that may adversely impact their long-term portfolio's performance. What we are seeing in the market these past 2 weeks is the paragon of herd behavior that was sparked by a sense of unnecessary panic triggered by a series of headline news that have little fundamental impacts to the market. Put it differently, we think investors are over-reacting rather violently to the various arrests with market manipulation charges and increasing scrutiny by authorities on corporate bonds issuance activities. In our opinion, these forceful actions being taken by the authorities are actually paving the way for a healthier operations of the capital markets (both equity and fixed income) and indeed, protecting investors' bottomlines rather than impeding growth.

In the bull market of 2021, even the least experienced of investors could have made a sizable investment profit and celebrated their achievements. However, such an environment made it extremely difficult to distinguish between luck and skills. As we alluded to earlier, overconfidence is a typical emotional behavioral bias in finance many new retail investors in the Vietnam's stocks market exhibit, which coupled with lax margin lending from both official broker/dealer and unofficial sources (*kho bãi*) have caused the euphoria we saw last year. The violent swings that we have observed in the past few weeks is on the other extreme end of that behavior spectrum, dominated by both cognitive and emotional biases triggered by fear and exacerbated by margins calls, resulted in assets prices at levels that diverged far away from their fundamentals.

As students of Benjamin Graham and Warren Buffett, we think that this bear market with stocks at oversold territories across the investment universe, from blue chips large caps to speculative pennies, is indeed a great annual Christmas sales to collect quality assets at extremely attractive valuations. Prudent risk management of core portfolio positionings and further accumulations in mutual funds in combination with tactical trades on VN30 futures and tactical long individual VN30 names' covered warrants (long-dated calls if available) is a golden opportunity to yield outsized investment returns in the medium to long term.

Catching a falling knife is not an easy feat, but it is a necessary action to seize the day's opportunity. Investors should keep discipline and a cool head, and starting to turn on their risk-on aggressive mode at these levels. These days I hope you remember the wise words of A. Camus: *"In the depth of winter, I finally learned that within me there lay an invincible summer."*

Performance Statistics

In the month of April, VN Index corrected -8.37%, but the pain was felt even more sharply in MidCap (-13.09%) and Small Cap (-15.62%) due to withdrawals of speculative positions. VN30 returned only -6.05%, continued to to be a value protection despite the spilled over effect of broad market corrections.

	1m	3m	6m	YTD	1Y	2Y	3Y	5Y
VNIndex	-8.37%	-7.52%	-4.96%	-8.63%	11.58%	35.31%	13.58%	15.87%
VN 30	-6.05%	-7.49%	-7.31%	-7.61%	8.87%	42.23%	18.00%	17.35%
VNX 50	-8.39%	-9.10%	-9.01%	-11.92%	8.15%	41.36%	17.83%	
VN 100	-8.23%	-7.28%	-4.89%	-9.63%	11.84%	42.92%	18.09%	16.99%
Mid Cap	-13.09%	-5.66%	4.64%	-14.39%	30.30%	59.55%	27.96%	18.06%
Small Cap	-15.62%	0.95%	-2.28%	-13.93%	47.83%	71.13%	36.72%	23.29%
VN Finlead	-9.03%	-13.53%	-2.20%	-8.88%	14.62%	59.48%		
VN Diamond	-4.97%	0.74%	3.26%	1.55%	31.72%	61.34%		
MSCI Frontier	-2.76%	-7.11%	-13.21%	-10.38%	-0.29%	18.10%	6.42%	5.22%
MSCI Emerging	-5.55%	-10.43%	-14.04%	-12.13%	-19.10%	10.55%	2.57%	4.66%
Thailand	-1.22%	2.46%	4.21%	1.93%	7.89%	16.22%	2.95%	4.38%
Indonesia	2.41%	10.10%	11.15%	10.96%	23.32%	26.86%	6.63%	7.44%
Malaysia	0.96%	7.59%	4.53%	3.80%	3.97%	10.59%	2.95%	1.59%
Philippines	-5.24%	-6.54%	-16.33%	-4.40%	-6.19%	5.56%	-6.89%	-1.92%
Shanghai	-6.27%	-9.32%	-14.05%	-16.25%	-10.45%	5.56%	1.97%	1.58%
Taiwan	-6.17%	-5.89%	-1.94%	-8.69%	-2.99%	26.61%	18.91%	15.05%
Korea	-2.27%	1.34%	-7.90%	-9.36%	-13.49%	20.09%	9.18%	6.26%
Pakistan	0.67%	1.39%	0.08%	2.44%	7.15%	18.95%	9.36%	2.37%
Brazil	-10.11%	-3.37%	4.71%	3.27%	-11.14%	16.60%	4.88%	11.30%

(Sources: Bloomberg, SSIAM – annualized returns for investment periods longer than 1y)

Market corrections were seen across sectors: Financials (-9.24%) was the biggest contributor to index's downturn (-3.2pp out of -8.37% correction in VNI). This was followed by Real Estate (-6.96% - contributing -1.47pp), and Industrial (-16.14%, contributing -1.60pp). In absolute scale, Communication services (-17.55%), and Energy (-16.07%) were the worst performing sectors in April.

	1M		3M		6M		1Y	
	Total Return (%)	Contribution %						
VNIndex	-8.37		-7.52		-4.96		11.57	
Financials	-9.24	-3.20	-13.76	-4.94	-1.64	-0.61	11.90	3.95
Real Estate	-6.96	-1.47	-11.02	-2.41	-9.26	-2.05	5.20	-1.11
Consumer Discretionary	-1.08	-0.05	12.46	0.34	13.83	0.39	25.45	1.15
Consumer Staples	-4.41	-0.44	-0.47	-0.05	-3.64	-0.36	9.28	1.09
Information Technology	-1.84	-0.05	19.22	0.29	9.54	0.14	59.86	0.87
Materials	-8.91	-0.88	5.52	0.36	-16.94	-1.89	22.62	2.09
Industrials	-16.14	-1.60	-3.85	-0.39	1.59	-0.02	28.29	1.82
Health Care	-6.63	-0.04	1.35	0.01	0.56	0.01	14.86	0.12
Utilities	-4.58	-0.30	-3.11	-0.35	-10.91	-0.71	26.26	1.31
Communication Services	-17.55	-0.01	2.47	0.00	-8.30	-0.01	20.25	0.01
Energy	-16.07	-0.28	-13.90	-0.24	-12.07	-0.21	3.91	0.11
Not Classified	-25.07	-0.05	-16.15	-0.03	-20.72	-0.04	37.69	-0.11

(Sources: Bloomberg, SSIAM)

Due to the broad correction, Vietnam's equity market valuations have turned extremely attractive across virtually all segments of the market. VN Index's forward P/E is only at 10.3x, with VN30's at 9.3x, VNX50 at 9.0x, and Financial Leaders at 6.9x, significantly better than historicals as well as regional economies and comparable EM/FM markets. According to a JP Morgan's research, since 2014, VN-Index 12M Forward P/E rarely stayed below 13x for more than 2 months. As a result, we are confident that the correction, while painful, will most likely be short-lived.

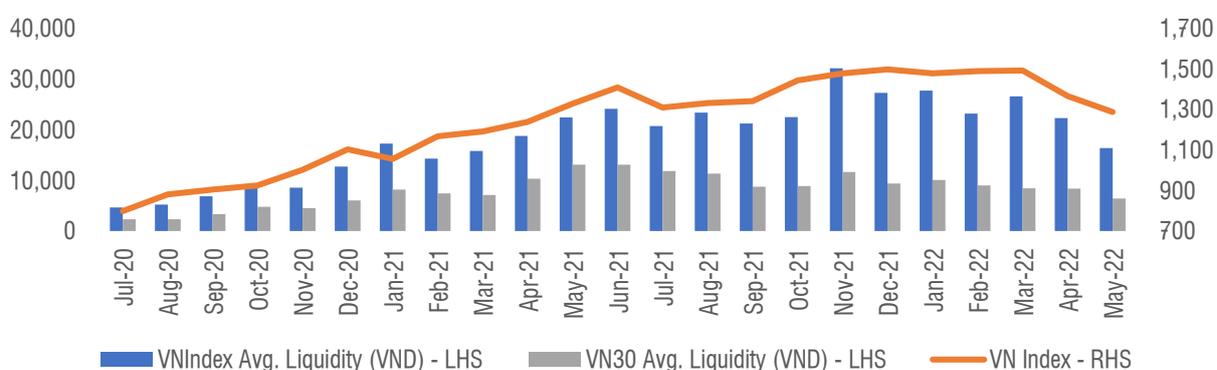
	Trailing P/E	Forward P/E	P/B	Div Yield	ROE	Sharpe
Vietnam	14.9x	10.3x	2.3x	1.22%	15.75%	0.60
VN 30	12.2x	9.3x	2.4x	0.79%	20.01%	0.28
VN 50	12.1x	9.0x	2.2x	0.75%	18.90%	0.22
VN 100	12.6x	9.2x	2.2x	0.81%	17.98%	0.46
VN Mid Cap	13.2x	8.5x	1.9x	0.86%	14.53%	-0.44
VN Small Cap	12.8x		1.4x	1.90%	10.92%	
VN Finlead	9.5x	6.9x	1.7x	0.35%	18.90%	0.20
MSCI Frontier	11.9x	9.6x	2.0x	3.43%	16.69%	-0.27
MSCI Emerging	12.1x	10.4x	1.6x	2.72%	13.88%	-1.26
Thailand	18.3x	15.5x	1.7x	2.66%	9.59%	0.54
Indonesia					12.05%	2.14
Malaysia	15.9x	13.8x	1.6x	4.27%	9.93%	0.14
Philippines	10.8x	12.4x	0.7x	2.13%	9.91%	
Shanghai	12.3x	8.3x	1.3x	2.34%	10.04%	-0.87
Taiwan	12.1x	11.6x	2.0x	2.87%	17.15%	-0.10
Korea	11.4x	9.4x	1.0x	1.97%	9.34%	-1.39
Pakistan					18.78%	-0.23
Brazil	5.9x	6.6x	1.6x	9.19%	28.49%	-1.32

(Sources: Bloomberg, SSIAM)

Liquidity:

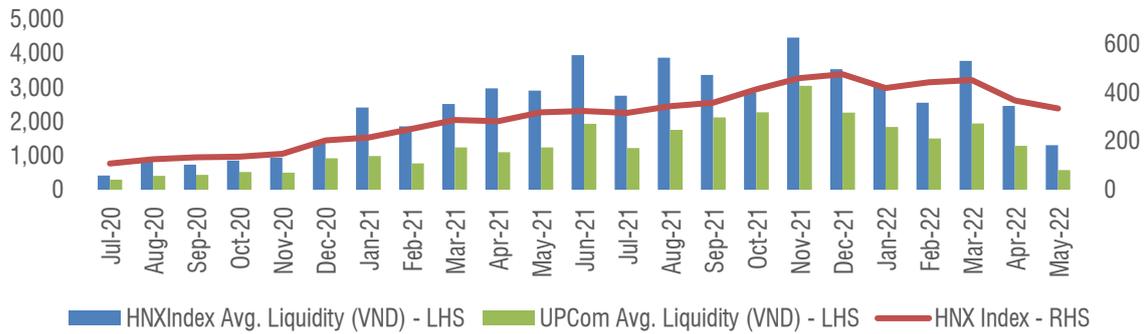
Liquidity is starting to become an issue in the wider market environment. While April still averaged \$971mm in value traded in HSX on a daily basis, this reflects a -16% decrease from the \$1.16 bln average in March or -30% vs. Nov 2021's record of \$1.4 bln. With the benefit of hindsight, May average trading value up to May 9th is only \$713mm per session on HSX, reflecting a -38% decrease vs. March. This is back to the level of Feb/Mar 2021, which is a rather bearish sign. The liquidity crunch is felt even more sharply in HNX and UpCom exchanges, both fell -34% in average trading value in April vs. March (to \$106mm (HNX) and \$55mm (UpCom) respectively each trading session), and continued to drop in early May to only \$57mm (HNX) and \$25mm (UpCom) on average in May up to May 9th. This is again -46% mom on HNX and -55% mom on UpCom. Compared to March, trading value has dropped -65% in HNX and -70% in UpCom, as speculative bubbles burst.

VNIndex & VN30 avg. liquidity (VND bln)



(Sources: HSX, SSIAM)

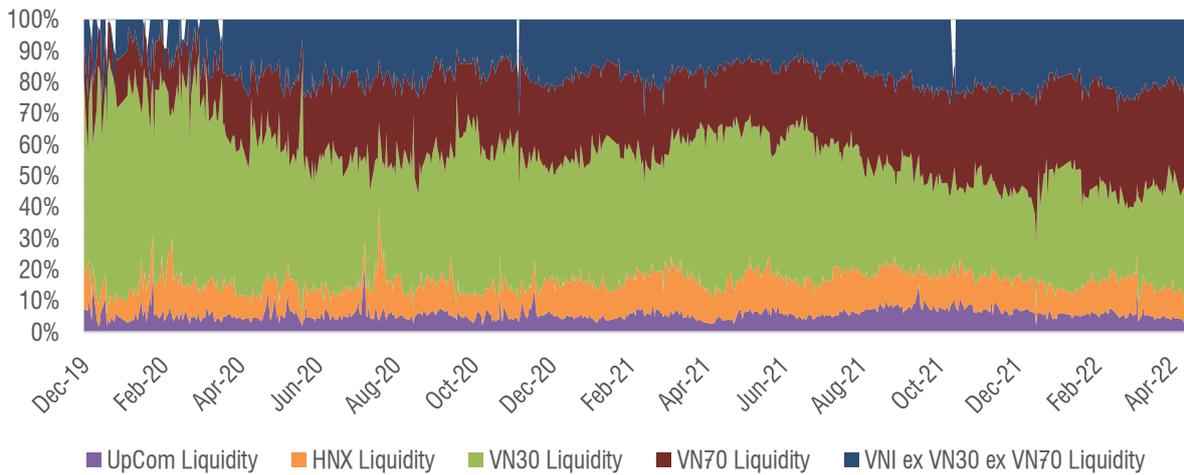
HNX & UpCom avg. liquidity (VND bln)



(Sources: HSX, SSIAM)

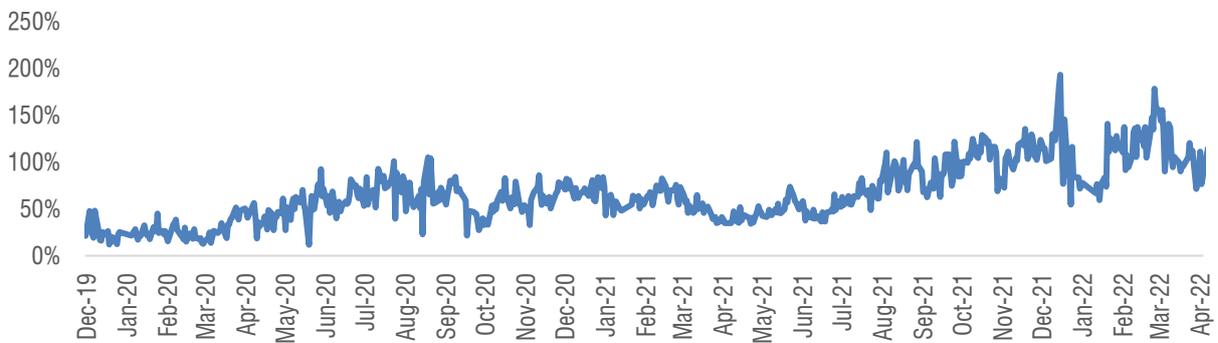
It is important to note, however, that despite broad liquidity crunch, we are still seeing liquidity distribution being healthy for the MidCap segment of the market, with VN70 continued to track total value traded in blue chips VN30 at approximately 100% in April.

Liquidity Distribution



(Sources: HSX, HNX, UpCom, SSIAM)

Liquidity Distribution - VN70 vs. VN30



(Sources: HSX, SSIAM)

Market Outlooks:

A research done by JP Morgan detailing the past corrections in the Vietnam equity market has shown a strong resilience in the market with average return of 21% in the 1-year following a correction. In term of causes, this is most likely going to be characterized as post-rally without much changes in the fundamentals. In term of magnitude, while the correction felt painful, it was just about -15%, which is around the average in history. We think both of these reasons suggest a strong bounce back once investors regain their cool and calm.

Date	Event	Correction	Recovery			
			1M	3M	6M	1Y
10-Oct-08	GFC	-24%	-3%	-17%	-17%	54%
22-Feb-08	GFC	-20%	-21%	-37%	-26%	-63%
25-May-11	NPL crisis	-21%	12%	4%	-2%	10%
10-May-06	Post-rally correction	-18%	5%	-17%	-1%	96%
13-Mar-20	Covid-19 crash	-19%	-1%	14%	17%	55%
26-Nov-09	Hyperinflation	-20%	3%	2%	1%	-9%
24-Aug-15	China stock crash	-17%	9%	15%	5%	25%
28-Jan-21	Margin call	-14%	14%	20%	25%	44%
17-Dec-14	Oil price crash	-13%	11%	12%	13%	11%
27-Aug-12	ACB chairman arrest	-12%	2%	-1%	24%	26%
23-Jul-21	Covid lockdown	-11%	5%	9%	14%	10%
09-Feb-18	US-China tension	-10%	12%	2%	-4%	-9%
22-Jan-16	EM & FM outflows	-10%	6%	10%	26%	31%
Average		-16%	4%	1%	4%	21%

Source: J.P. Morgan, Bloomberg Finance L.P. Note: Correction from peak to trough of 1M

Fundamentally, we would like to assert that macroeconomics tailwinds and corporate earning results are even better than expected with Q1 performances and AGM seasons just concluded in early May. In fact, we continue to see no structural changes in the broad fundamentals. Particularly:

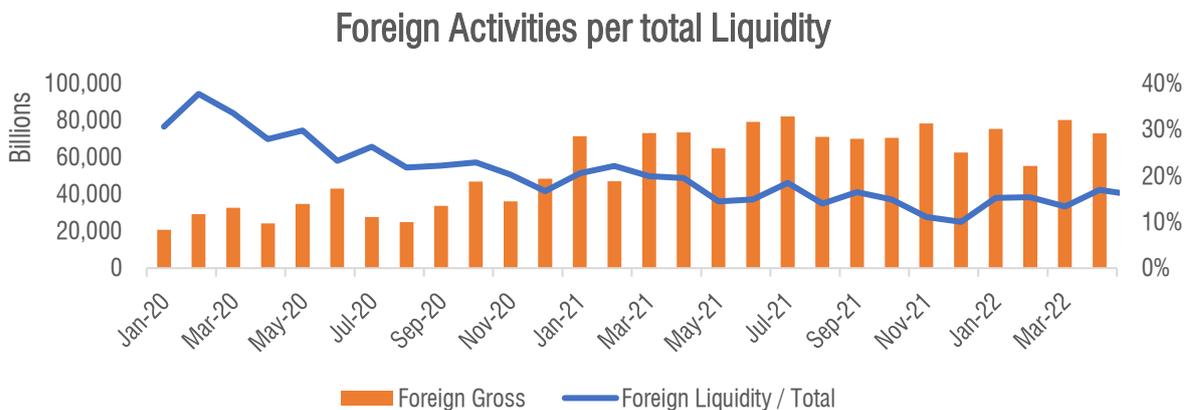
- Mobility data from Google Mobility Index has bounced back sharply to surpassed pre-covid (Feb 2020)'s levels
- Domestic travels are back to normal, with domestic flights forecasted to be at 120% of 2019's averages in Apr/May. International flights lagged behind a bit due to Russia/Ukraine war and China's lockdowns but are gradually picking up again to service North Americas, EU, and Asia ex-China tourists coming back as well as outbound travels
- Credit growth targets by SBV is the highest since 2017 to support the reopening of the economy and recovery post-Covid
- GDP forecasts are still solid across despite global headwinds due to strong growth pillars

	2019	2020	2021	2022	2023	2024
Vietnam	7.02	2.91	2.58	6.80	6.70	6.50
Thailand	2.20	(6.20)	1.60	3.70	4.25	3.60
Indonesia	5.02	(2.00)	3.73	5.30	5.20	5.10
Malaysia	4.30	(5.60)	3.10	6.10	5.00	4.50
Singapore	0.90	(4.13)	7.85	4.00	3.00	2.50
Philippines	6.10	(9.50)	5.70	6.70	6.20	6.40
Taiwan	3.06	3.36	6.45	3.50	3.00	2.78
Korea	2.24	(0.90)	4.00	2.80	2.60	2.40
Hong Kong	(1.70)	(6.50)	6.40	1.65	3.20	2.40
Japan	(0.23)	(4.53)	1.78	2.10	1.80	1.10
China	6.00	2.20	8.10	4.82	5.10	5.10
Australia	2.00	(2.18)	4.78	4.40	2.80	2.55
India	6.50	3.70	(6.60)	8.90	8.90	8.90
Pakistan	3.10	(1.00)	5.60	4.05	4.00	4.65
Brazil	1.22	(3.87)	4.80	0.60	1.60	2.20

(Sources: Bloomberg, SSIAM)

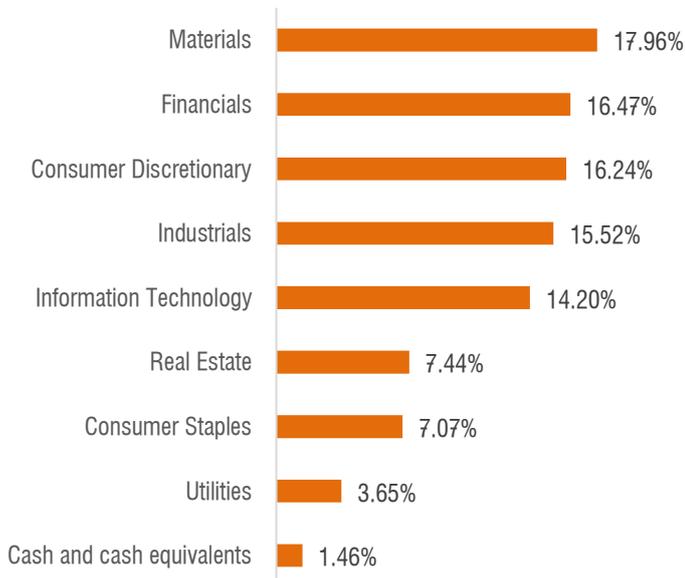
Foreign Investors Activity

While foreign investors no longer hold an influence in the market like we used to see a couple of years ago, we would like to note that despite the dried up in total broad market liquidity, foreign investors are still showing a consistent level of activities. It's also worth noting the foreign investors turned to net purchased of appx. \$170mm in Apr and \$22mm in May up to May 9th. This is right along the trend that we forecasted in our most recent commentaries and is expected to continue in 2022.



(Sources: HSX, SSIAM)

ASSET ALLOCATION BY SECTORS (% NAV)



TOP HOLDINGS AS OF 30/04/2022

Stock	Company Name	Sector	% NAV
FPT	FPT Corp	Information Technology	14.20%
MWG	Mobile World Investment Corp	Consumer Discretionary	12.91%
HPG	Hoa Phat Group JSC	Materials	8.76%
VHM	Vinhomes JSC	Real Estate	4.66%
QNS	Quang Ngai Sugar JSC	Consumer Staples	4.50%

TRADING OVERVIEW

Dealing date: Every Working day (Day T)

Cut-off time: 3:00 pm on Day T-1

Trading confirmation: Day T+1

Determine NAV

Day T-1	Day T	Day T+1	Day T+2
3:00 pm: Cut-off time	Fund Certificates Dealing Date	Receive the trade confirmation	Redemption payment
SUBSCRIPTION ORDER			
Subscription amount	Minimum VND 500,000 (not including transfer fee)		
Cut-off time	Cut off time to submit subscription/ redemption orders to Distributor: 3:00 pm on Day T-1. Cut off time to make fund transfer: 5:00 pm on Day T-1. If subscription payment is transferred from bank account of others not investor, the valid documents of payment confirmation must clearly state full name, SSI-SCA trading account, and payment amount of the beneficiary.		
Money transfer	Account name: SSISCA Bank: Standard Chartered Bank (Vietnam) Ltd Number account: 90275350205 Description: [Name] [Account Number] buy SSISCA		
Confirmation of money transfer	SSIAM will send the confirmation of money transfer to investors within 01 working day from the date the money is credited to the Fund.		
Trade Confirmation	Distributor will provide investors with the Trade Confirmation within 01 working days from the Dealing Date.		
REDEMPTION ORDER			
Trade Confirmation	Distributor will provide investors with the Trade Confirmation within 01 working days from the Dealing Date. E.g.: Trading day is Tuesday, investors will be received the Trade Confirmation on Wednesday.		
Redemption payment	Redemption payments (after tax and fees) shall be made directly to Investors' bank accounts within two (02) days from the Dealing Date.		
SWITCHING ORDER			
Investor can place switching orders between SSIBF, SSI-SCA and VLGF Fund managed by the Fund Management Investor can choose to switch a portion or their entire outstanding Fund Units.			
TRANSFER ORDER			
Non-commercial transactions for an institution/individual shall be executed at Distributors and Investor must pay all the applicable fees and taxes related to the non-commercial transfer according to applicable regulations. Details on transfer order shall be advised by SSIAM			

DISCLAIMER

Investors should carefully read the Prospectus, Fund Charter and relevant documents before making investment decisions and pay attention to fees when trading fund certificates.

Please update us as soon as possible on any change of the Investor's information in the Part A of the Investor Profile provided to SSIAM.

Fund certificates are not certificates of deposits, negotiable instruments or valuable papers as prescribed in the banking sector, fixed income assets or guaranteed investment income assets.

The price of fund certificates may fluctuate according to market movements and investors may incur losses on their initial investment given unfavorable market conditions. This document should not be used for the purpose of accounting and tax recording or to make investment decisions. Please note that the past performance of investments is not necessarily indicative of future performance. The NAV per unit and the Fund's income can increase or decrease and could not be guaranteed by SSIAM. Investors should do their own research and/or consult experts' advices to make appropriate investment decisions.