

## FACT SHEET AS OF 31 MAY 2023

<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 size</b>	<b>VND471.30 billion (~USD20.05 million)</b> (As of 31 May 2023)
<b>Fund operating period</b>	Unlimited
<b>Fund Management Company</b>	SSI Asset Management Co., Ltd <a href="https://www.ssi.com.vn">https://www.ssi.com.vn</a>
<b>Supervisory Bank</b>	Standard Chartered Bank (Vietnam)
<b>Transfer Agent</b>	Vietnam Securities Depository Centre (VSD)
<b>Distributors</b>	SSIAM, SSI, BVSC, VCBS, ACBS, VNDIRECT, MBS, HSC, VGS
<b>Redemption gate per trading period</b>	10% / Net Asset Value
<b>Minimum subscription amount</b>	VND10,000 (ten thousand dong)
<b>Targeted Return</b>	13% - 15% / year

## FUND PERFORMANCE



	NAV/ Unit (VND)	Performance (%)							Since Inception
		2018	2019	2020	2021	2022	1M	YTD	
SSI-SCA	25,991.41	-12.1	3.9	18.6	49.9	-26.1	4.5	10.9	164.14
VN-Index		-9.3	7.7	14.9	35.7	-32.8	3.3	6.7	77.72

Data as of 31/05/2023, 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 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 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

**Management Fee** 1.75%

## PORTFOLIO MANAGER BIO

**Mr. Bui Van Tot, CFA**

- Joined SSIAM in 2015. Supported the offshore SIF fund before being promoted to PM of the SCA fund in 2020.
- Previously worked as senior research analyst of FPT Securities and Head of Finance Department of AIESEC Vietnam.
- BA in International Business from HCM Foreign Trade University.

MACRO & MARKET COMMENTARY

Can Vietnam reach the 6.5% GDP growth target?

**It is still mathematically feasible to reach the 6.5% GDP target.** On 25 May, Deputy Prime Minister Tran Luu Quang told an investment conference that Vietnam will not change its 6.5% GDP target. This raises the questions as to what hurdles Vietnam must overcome and what actions it must take to reach this target given the slow 3.3% GDP growth in Q1. Vietnam's Q1 GDP equals 23% of the full-year GDP needed to reach the target. This is not insurmountable given that Q1 GDP was just 19% of full-year GDP in most years since 2010 with the strongest growth coming in Q4. To overcome external difficulties to reach the target, the government must use fiscal, monetary and regulatory stimuli.

**Trade slowdown – the top hurdle to GDP growth - will likely continue into 2024.** Vietnam's export decline continued in May although at a slower pace. 5M/2023 estimated exports fell 11% Y/Y whereas May exports were off 5.9% Y/Y. However, the US Conference Board forecasts US total imports to decline throughout 2023 with modest improvements coming in 2024. Since the US takes up nearly 30% of Vietnam exports, they are not likely to substantially improve before then. Ironically, because imports are slowing faster than exports, Vietnam's YTD USD9.8bn trade surplus continues to contribute to GDP growth. However, the decline of overall trade is having broader implications.

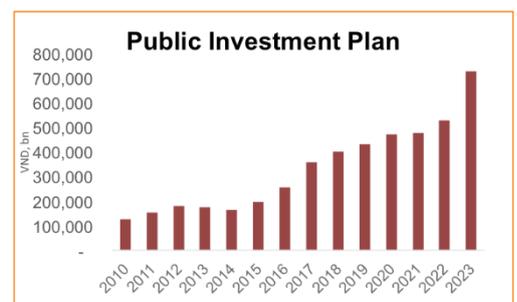
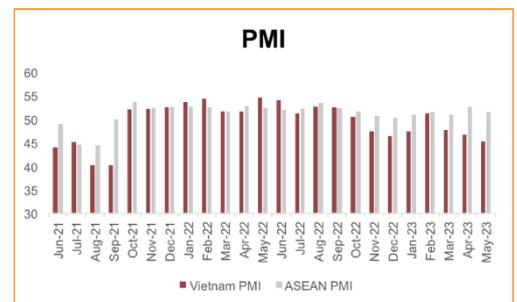
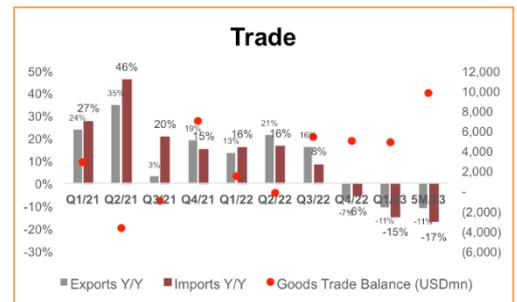
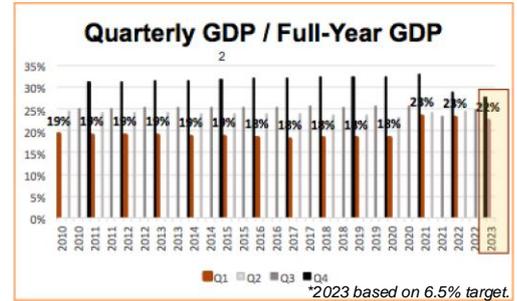
**Trade is weighing on manufacturing, which is hurting employment.** Vietnam's PMI has been below 50 for six of the past seven months and has underperformed ASEAN because of Vietnam's heavier reliance on the US (nearly 30% of its exports). The results got worse in May, with the PMI falling to its lowest level (45.3) since September 2021 during the pandemic lockdowns. The number of employees in manufacturing therefore fell 5% Y/Y in May, the steepest decline since the pandemic, but is likely to fall further. Leading global shoemaker Pouyuen Group, the most labor-intensive firm in HCMC, has decided to lay off another 6,000 workers in June and July due to the shortfall of new orders.

**The Government hopes to boost production through public investment.** The Government set a plan for a nearly 50% increase in public investment in 2023 to boost growth. Realized investment capital, although lagging the plan, rose 20% Y/Y for 5M/2023. Furthermore, May investment rose 15% M/M and has steadily risen each month. Public investment is normally much stronger in the second half of the year as pressure mounts to utilize authorized budgets.

**Retail sales are weaker than they may appear.** Retail sales grew 12% Y/Y in May (8.7% after adjusting for inflation). However, sales of discretionary items grew much more slowly. For example, sales of household appliances grew 4.8% Y/Y, barely keeping up with inflation. We are seeing lower consumption reflected in corporate results. Mobile World revenues from The Gioi Di Dong and Dien May Xanh declined 33% Y/Y in Q1/2023. PNJ saw April net profit fall 23.4% y/y while net sales declined 18.3% Y/Y. Mid-to-high end passenger car sales in Vietnam fell 22% Y/Y in Q1 2023, according to the VAMA.

**Tourism recovery may help somewhat.** Foreign arrivals are steadily recovering to pre-pandemic levels. May arrivals fell slightly from April, but the spring holidays began on 29 April, which probably boosted April data. Total arrivals are at 69% of pre-pandemic levels. Chinese tour groups have only been able to come since 15 March but have increased to 34% vs May 2019. Arrivals from S. Korea are already at 78% vs May 2019, while other countries have reached 90%. At current rates, Vietnam should welcome 12 to 13 million foreign arrivals in 2023.

**The State Bank is taking strong measures to reduce interest rates.** On 25 May, the SBV cut the refinancing rate another 50 basis points to 5%. It then held a meeting with CEOs from 26 commercial banks where it said that measures must be taken to bring bank interest rates down. Bank lending rates are estimated to have fallen 200 bps since peaking in January. SBV policy rates are still 100 basis points above their lows of 2021 and 2022 though, so it is widely speculated that the SBV may cut again soon.



(As of 31 May 2023)	1M Δ	3M Δ	1YR Δ	VNI End Weight	TTM P/E	Current P/B	ROE	Beta
Communication Services	8.8%	15.2%	-43.3%	0.1%	0.0	1.1	-1.9	1.1
Consumer Discretionary	-1.1%	-2.2%	-35.0%	3.0%	16.8	2.0	12.4	1.0
Consumer Staples	-3.5%	-9.4%	-17.9%	10.3%	25.5	2.9	12.2	0.8
Energy	4.1%	5.1%	-9.8%	1.7%	24.2	1.5	6.1	1.1
Financials	2.5%	5.7%	-0.1%	41.1%	9.0	1.5	18.3	1.1
Health Care	4.0%	8.4%	1.4%	0.8%	13.5	2.1	17.0	0.6
Industrials	6.9%	13.2%	-24.0%	8.2%	93.4	1.6	5.1	1.1
Information Technology	7.5%	3.9%	-11.9%	2.5%	16.3	3.7	24.5	0.9
Materials	4.1%	10.8%	-30.3%	7.5%	20.3	1.2	6.4	1.4
Real Estate	3.1%	11.5%	-34.1%	17.7%	13.3	1.5	12.2	0.9
Utilities	2.9%	-2.0%	-14.9%	7.2%	11.7	2.0	17.9	0.9
Not Classified	6.3%	6.4%	-37.1%	0.1%	9.8	0.6	5.6	1.1
<b>VN-Index</b>	<b>2.5%</b>	<b>4.9%</b>	<b>-17.1%</b>	<b>100.0%</b>	<b>12.8</b>	<b>1.7</b>	<b>13.9</b>	<b>1.0</b>
<b>VN30</b>	<b>1.4%</b>	<b>5.1%</b>	<b>-20.1%</b>		<b>10.8</b>	<b>1.6</b>	<b>15.6</b>	<b>1.0</b>

**Inflation continues to decline on lower petrol and education costs.** Any risk of higher inflation could impede the SBV's stimulus programs. It's therefore very good news that Y/Y CPI fell again in May to 2.4%. Lower oil prices (\$75/bl vs \$125/bl in 5/2022) helped push inflation down. Transportation CPI fell 9%/Y/Y in May, effectively taking 90 bps off the inflation rate. The impact of lower oil prices will be harder to maintain in coming months as oil prices fell quickly in Q3/22. However, education cost increases also slowed to 5.7% Y/Y vs 8.4% in March and food costs (33% of the CPI index) slowed from 4% to 3.6%Y/Y.

**Rate cuts spurred domestic demand even as foreigners exited.**

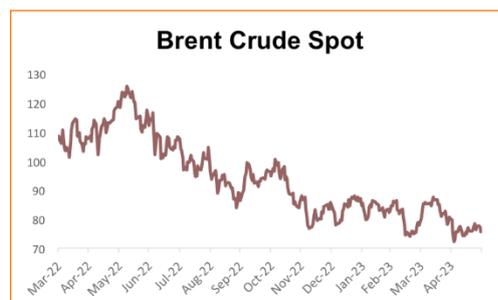
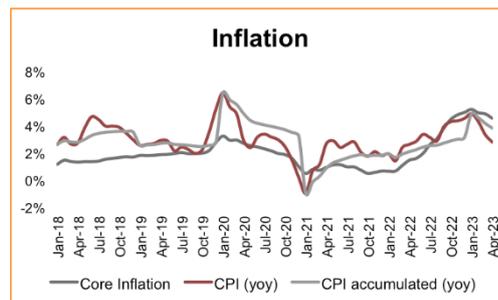
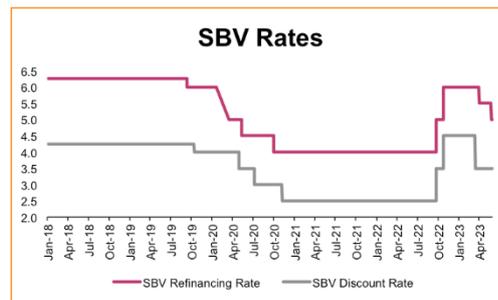
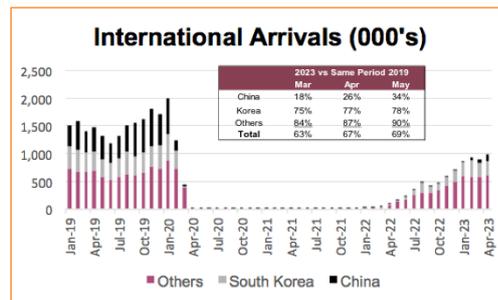
**Vietnam is outperforming neighboring peers.** After rising 2.5% in May, the VN-Index closed May +6.8% YTD while Thailand, Indonesia and the Philippines have all recorded losses YTD. Because of this outperformance, the VN-Index is now slightly more expensive than the JCI and PCOMP indices on a P/E basis, but still well below the Bangkok SET.

**Several sectors provide attractive investment opportunities as interest rates fall.** Financials have outperformed over the past 12 months and are still reasonably priced. They should benefit as credit growth and stock market volume should increase as interest rates fall. Materials companies face headwinds from a slow construction sector but are benefitting from higher commodity prices. This sector also includes rubber companies, who are generating revenue by selling off plantation land for industrial park development. Real estate stocks have outperformed the market this year after absorbing significant bad news towards the end of 2022 and should also benefit from lower interest rates and supportive regulation. Industrials are led by Construction & Engineering firms who should also benefit from regulatory stimulus as well as increased public investment but have already increased 35% YTD on what could be a bit of over-exuberance.

**Retail trading is showing signs of life.** The number of trading accounts increased by nearly 105,000 in May 2023. This was the largest increase since July 2022. Prior to May, the monthly increase in accounts had been declining since the market began to decline in mid-2022. Trading volume also shows signs of recovery. It averaged ~USD520mn during May but increased steadily throughout the month to USD670mn on the 31 May.

**ETFs led foreign exit in May.** In May, foreign investors net sold USD130mn which brought the YTD totals down to near-break even. ~65% of May's net selling came from ETFs, primarily due to the USD46.9mn withdrawal from the iShares MSCI Frontier and Select EM ETF, followed by the DCFVM VN30 ETF (USD16.3mn), DCFVMN Diamond ETF (USD14.6mn), and VanEck Vectors Vietnam ETF (USD4.8mn).

As of 31 May 2023	Vietnam VN-Index	Thailand SET Index	Indonesia JCI Index	Philippines PCOMP Index
YTD % Increase / (Decrease)	6.8%	-8.1%	-3.2%	-1.4%
TTM P/E	14.7	20.8	14.4	13.9
P/B	1.7	1.5	1.9	1.6
ROE	12.8	8.3	11.9	10.9
Market Cap (USDbn)	183	542	634	167
3-Month Avg Daily Traded Value USDm	446.0	1,572.8	696.6	77.8
2022 Net Foreign Inflow (USDmn)	1,072.6	5,844.1	4,316.7	(1,245.3)
YTD 2023 Net Foreign Inflow (USDmn)	22.5	(2,786.4)	1,290.0	(564.9)
5YR Gov Bond Yield	2.43%	2.21%	6.05%	5.66%



Sources: Bloomberg & Fiiipro

## FUND PERFORMANCE COMMENTARY

The SCA fund rose 4.5% in May compared to +3.3% for the VN-Index. Top performers of the fund during May were NTC (+54.9%), LHG (+14.2%), SGP (+13.9%) and TV2 (+11.1%). Top laggards were GMD (-4.7%), NLG (-3.6%), and CTG (-2.9%). Top contributors to total return of the fund during May were FPT (+1.6%), NTC (+1.3%), STB (+0.44%) and TV2 (+0.4%). With a good return in May, SCA posted +10.9% in 5M2023 compared to +6.7% of VN-Index.

SCA's outperformance VN-Index in May was mainly due to: 1, we overweight on industrials sector and materials sector that delivered positive return while we underweight on consumer staples that is the sector posted negative return; 2, consumer discretionary sector posted negative return but we still achieve the outperformance in May, mainly contributed by DRC (+4.3%). We outperformed the VN-Index in financials sector and information technology sector as well; 3, we underweight on real estate sector and consumer staples sector but still outperform thanks to VHM (+8.1%), LHG (+14.2%) and NTC (+54.9%).

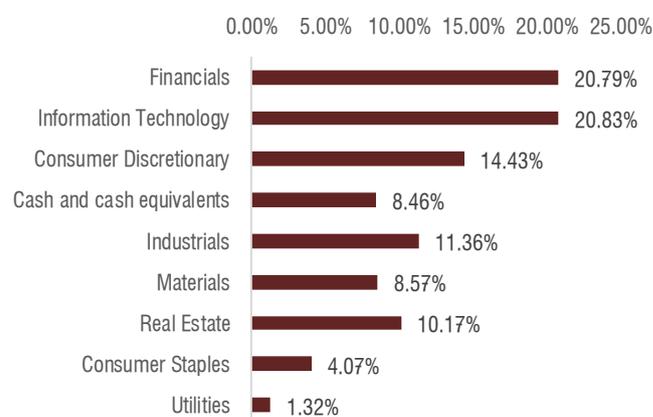
FPT and MWG maintain in the top weights of SCA's portfolio based on our expectation on the high long-term growth rates of information technology and retail sectors. Additionally, we maintain a significant weight for the financials sector (20.8%) as we believe these banks will directly benefit from the acceleration of bank system's credit growth in the coming quarters when Vietnam's economy is going to enter the recovery phase, along with the warming domestic real estate market.

We expect the market will be positive in coming time given that we are going into the final phase of monetary tightening cycle and the SBV has already taken easing measure like policy rate cut. Thus, we increased equity portion for our portfolio. In May, we newly add DGW, DHC, DGC, SCS, SGP and SAB to our portfolio, primarily due to: 1, our expectations for the recovery of domestic consumption and export activities in 2H2023 and 2024 onwards. Digiworld is one of the largest B2B suppliers in Vietnam's retail sector and will experience rapid recovery in line with consumer demand recuperation; 2, we believe SAB will overcome their challenging phase of business performance, and SAB market price has undergone a significant discount for business risk; 3, export activities have potential for recovery starting from Q4 2023, as major export markets (US and Europe) are freeing up large inventory value. We increase our confidence in DGC and SCS as the leading exporter and leading air cargo transportation company; 4, Economic recovery will boost the demand for paper products, leading to our pick on DHC; 5, We increase our weight for real estate sector in May by allocating higher weight for VHM by the end of April as we believe SBV's interest rate cut policy will support for real estate sector demand in the coming quarters.

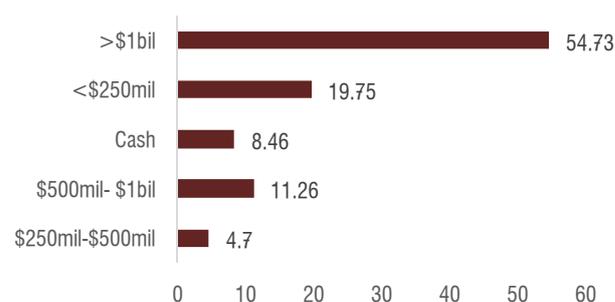
## Fund statistics as of 31/05/2023 (12-months)

	SSI – SCA	VN-Index
Volatility (Std) (%)	14.51	15.14
Sharpe Ratio	2.30	1.48
P/E Ratio TTM	11.46	14.64
P/B Ratio Current	1.72	1.68
Beta	0.97	1.01

## Fund Allocation by Sector (% NAV)



## Fund Allocation by Market Cap (%NAV)



Ticker	Company Name	Sector	% NAV	Mkt Cap (USD mn)	TTM P/E	Current P/B	ROE%
FPT	FPT Corp	Information Technology	19.33	4,011	16.8	4.1	25.0
MWG	Mobile World Investment Corp	Consumer Discretionary	10.46	2,613	22.8	2.6	19.0
STB	Saigon Thuong Tin Commercial JSB	Financials	4.90	2,284	9.4	1.3	14.0
MBB	Military Commercial Joint Stock Bank	Financials	4.45	3,943	5.1	1.1	26.0
ACB	Asia Commercial Bank	Financials	4.27	3,627	5.8	1.4	26.0

## SSI Asset Management Company Ltd. (SSIAM)

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**Determine NAV**

Day T-1	Day T	Day T+1	Day T+2
2:40 pm: Cut-off time	Fund Certificates Dealing Date	Receive the trade confirmation	Redemption payment

**SUBSCRIPTION ORDER**

Subscription amount

Minimum VND 10,000 (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 VLG 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

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.