



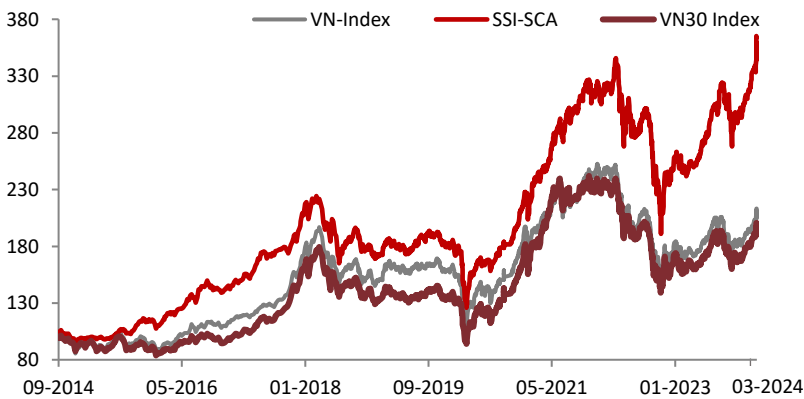
## SSI SUSTAINABLE COMPETITIVE ADVANTAGE FUND (SSI-SCA)

March, 2024

### FACT SHEET

<b>Name of the Fund</b>	SSI Sustainable Competitive Advantage Fund
<b>Fund code</b>	SSI-SCA
<b>Type</b>	Open-Ended Fund
<b>Inception date</b>	26/09/2014
<b>Fund Management Company</b>	SSI Asset Management Co., Ltd <a href="https://www.ssiam.com.vn">https://www.ssiam.com.vn</a>
<b>Custodian &amp; Supervisory Bank</b>	Standard Chartered Bank (Vietnam)
<b>Transfer Agent</b>	Viet Nam Securities Depository And Clearing Corporation (VSDC)
<b>Distributor</b>	SSIAM, SSI, VCBS, BVSC, MBS, HSC, VNDS, FINCO, MAS, TVS
<b>Redemption gate per trading period</b>	10%/ Net Asset Value
<b>Minimum subscription amount</b>	VND 10,000 (ten thousand dong)
<b>Fund size</b>	<b>VND 563.78 billion (~ USD 22.71 million)</b> (as of 31 March 2024)
<b>Expected Return</b>	13% - 15% /year

### FUND PERFORMANCE



	NAV/ Unit (VND)	Performance							
		2019	2020	2021	2022	2023	1M	YTD	Since Inception
SSI-SCA	36,405.25	3.90%	18.61%	49.90%	-26.05%	28.43%	5.49%	19.06%	264.05%
VN-Index	1,284.09	7.67%	14.87%	35.73%	-32.78%	12.20%	2.50%	13.64%	112.25%

### 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	
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	
Holding period below 12 months	1.25%
Holding period from 12 to 24 months	0.75%
Holding period above 24 months	Free
Switching fee	Free
Transfer fee	Free
Exempted Fee (SIPLH)	Free
Break SIP Fee	0.75%
Redemption fee applied for flexible SIP	
Holding period below 12 months	2.00%
Holding period from 12 to 24 months	1.25%
Holding period above 24 months	Free

### PORTFOLIO MANAGER

#### Mr. Bui Van Tot, CFA - Portfolio Manager

Joined SSIAM in 2015. Currently, Mr. Tot is being Portfolio Manager of SSI Sustainable Competitive Advantage Fund and responsible for other institutional managed accounts.

Having the experience years in research & investment, he worked as senior research analyst of FPT Securities.

BA in International Business from HCM Foreign Trade University.

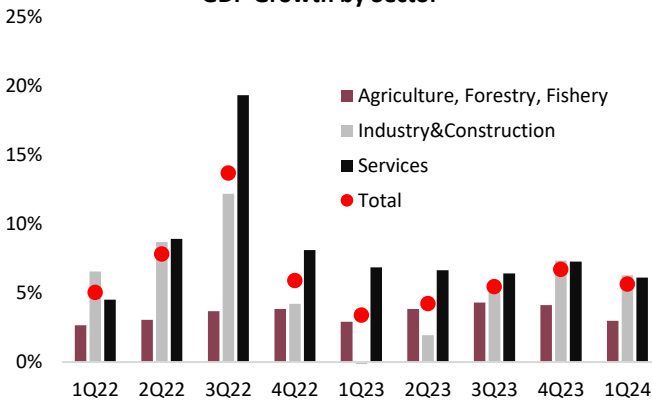
**MACRO & MARKET COMMENTARY**

**Economic growth accelerated in 1Q24**

Vietnam's GDP grew by 5.7% YoY in the first quarter of 2024, marking the highest growth rate in the past four years and reinforcing the acceleration of the economy. The faster growth pace was primarily driven by stronger manufacturing activity (+7.0% YoY) and resilient services (+6.1% YoY). On the expenditure front, gross capital formation increased by only 4.7% YoY in the first quarter of 2024, primarily due to seasonally slow public disbursement. The expansion of the trade surplus (USD 8.1bn in 1Q24 vs. USD 4.8bn in 1Q23) significantly contributed to the overall growth in the first quarter of 2024. With expectations of stronger investment in the coming time, robust consumption, and a rise in manufacturing, we maintain our optimistic outlook for economic growth by year-end. We anticipate GDP growth to finish the year at 6.5% YoY.

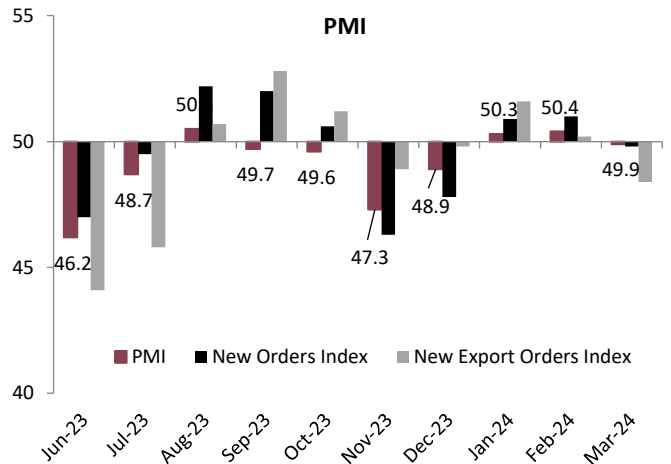
**The manufacturing sector continued to strengthen**, with the index of industrial production (IIP) expanding by 5.7% YoY in 1Q24. The acceleration of manufacturing activity was supported by double-digit growth of export (+17.0% YoY in 1Q24 vs. -11.0% in 1Q23). On the other hand, the manufacturing PMI dipped to 49.9, marking the first decline after two consecutive months of staying above the 50-point threshold. New orders experienced a decline for the first time in three months. However, employment continued to enhance, indicating manufacturers' confidence in the business outlook. We anticipate that the country's manufacturing activity will maintain its expansion rate in the coming time, aligning with the recovery of the regional manufacturing sector.

**GDP Growth by Sector**



Source: SSIAM, GSO

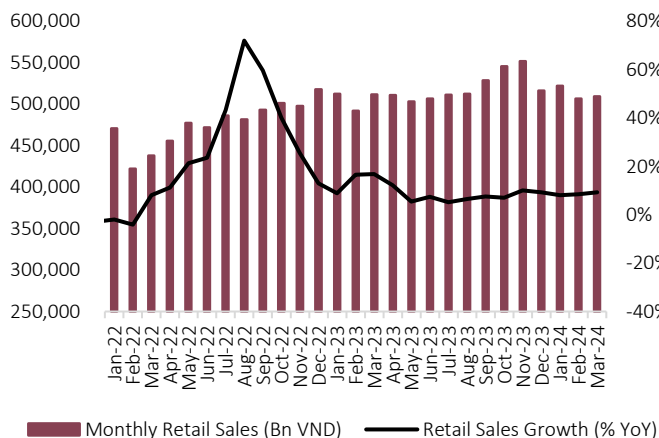
**PMI**



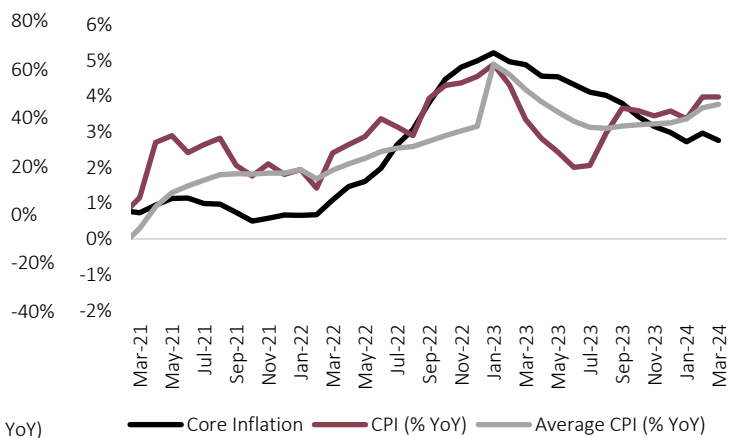
**Consumption strengthened in March**, with retail sales increasing by 9.2% YoY in March or 8.2% in 1Q24. This boost in consumption was largely attributed to an increase in international tourists. International tourist arrivals approached 4.6mn tourists (+72% YoY), equivalent to 103% of the pre-pandemic level. Korean visitors reached an all-time high of 1.2mn in 1Q24, exceeding the pre-Covid level by 11.3%. Tourist arrivals from China maintained their recovery pace, reaching 70% of the pre-pandemic level. Notably, European visitors soared by 72% YoY thanks to the country's relaxation of visa policies. As such, Vietnam's tourism sector experienced a remarkable 46% YoY increase in 1Q24.

In March, headline inflation decreased by 0.23% compared to the previous month, in line with our expectations. Overall, in the first quarter of 2024, the country's inflation rate stood at 3.8% YoY, well below the Government's target. The decline in inflationary pressure in March was mainly attributed to the food and foodstuff sub-index, which accounts for one-third of the CPI basket. This sub-index decreased by 0.76% MoM due to relatively weaker demand after the Tet holiday and lower prices of rice (-0.5% MoM) and pork (-2.2% MoM).

**Retail Sales**



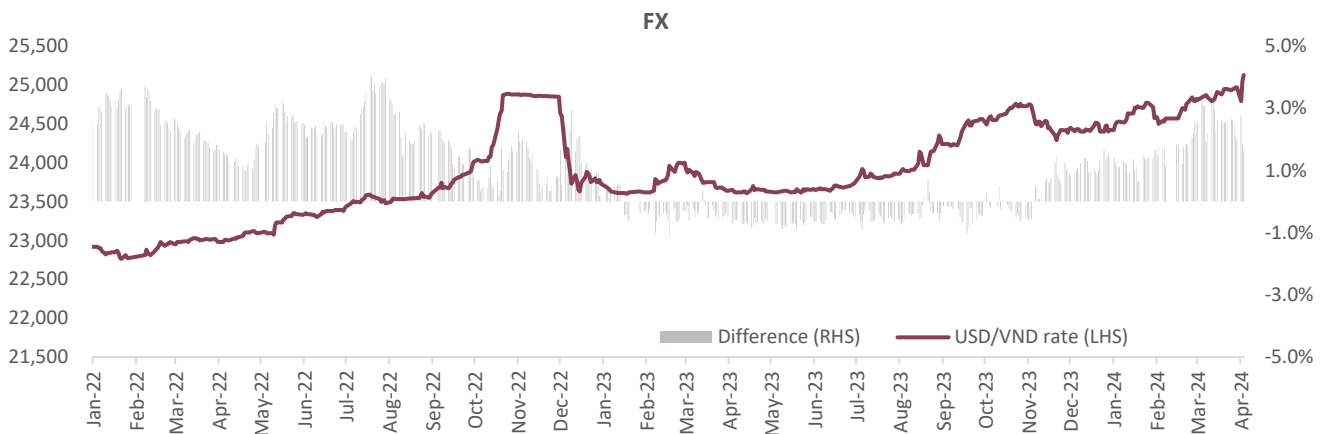
**Inflation**



Source: SSIAM, GSO

## MACRO & MARKET COMMENTARY (cont.)

In the FX market, the Dong weakened further against the US dollar due to (i) a stronger US dollar, (ii) increased demand for the US dollar from importers, and (iii) a negative interest rate gap between the VND and USD. The Dong depreciated by approximately 2.9% against the US dollar, consistent with movements in regional currencies. In March, the State Bank of Vietnam (SBV) re-issued CB-bills with a total amount of USD 6.8bn to withdraw surplus liquidity from the banking system and support the domestic currency. Overnight interbank interest rates rose to around 3.0% pa due to short-term tightened liquidity, but the impact of this measure on the exchange rate was not as significant as expected. The Dong could face further pressure in the short term due to divergence in monetary policies, and we expect the SBV to intervene further to partially support the Dong through FX forward sales. However, we maintain confidence in the Dong in the long term, given the country's strong fundamentals. The trade surplus was estimated to expand to USD 8.1bn in 1Q24, and the country's balance of payments recorded a surplus of USD 5.7bn in 2023.



Source: SSIAM, GSO

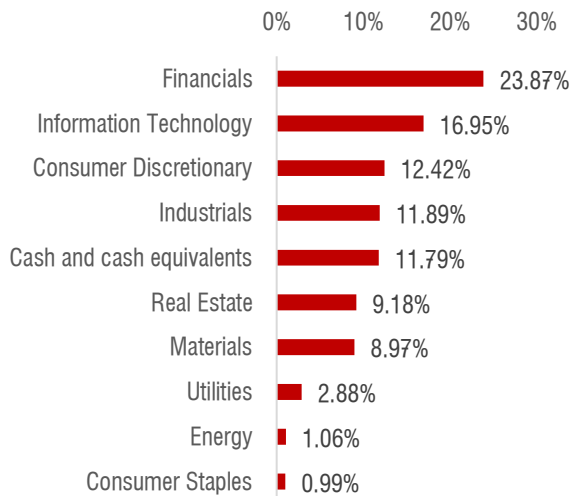
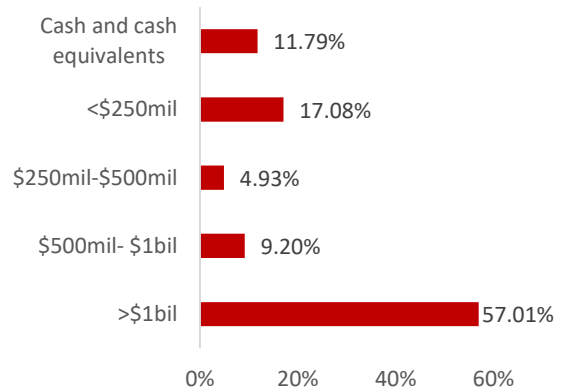
The VN-Index closed the month of March with a 2.5% increase, extending its winning streak for three consecutive months. Most sectors ended the month in the green, with Consumer Discretionary (+8.1%) and Information Technology (+7.3%) emerging as the top performers. Despite negative events such as the resignation of Vietnam's president, the trial of Van Thinh Phat, and the State Bank of Vietnam's reissuance of CB-Bills, the VN-Index managed to increase further due to the participation of retail investors. The average daily trading value climbed by approximately 30% to USD 1.1bn. However, foreign investors remained net sellers with a total net sell-off of USD 0.45bn, mostly divesting from VNM (USD 89 million) and VHM (USD 87 million). ETFs also experienced outflows of around USD 184mn in March.

The forward P/E ratio of the VN-Index is 12x, substantially lower than its 5-year average P/E of around 17x. Looking ahead, we maintain a positive outlook for the Vietnam's stock market, primarily driven by (i) accelerating earnings growth (ii) robust inflows from domestic investors amid a low deposit interest rate environment in Vietnam, (iii) the Government's determination to promote the market upgrade, and (iv) possible return of foreign investors. In short-term, although selling pressure could increase due to profit-taking activity and the weak Dong, market sentiment could be supported by listed companies' 1Q24 earnings results and their 2024 guidance.

As of 29 Mar 2024	1M	3M	YTD	2023	VNI End Weight	P/E	P/B	ROE
Communication Services	0.3%	-1.3%	-1.3%	1.1%	0.1%	28.3	0.8	3.0
Consumer Discretionary	8.6%	18.9%	18.9%	4.1%	3.4%	36.5	2.7	5.9
Consumer Staples	-0.6%	2.3%	2.3%	-13.5%	8.4%	23.4	2.8	11.9
Energy	4.5%	8.8%	8.8%	19.6%	1.6%	16.8	1.5	9.4
Financials	1.1%	19.1%	19.1%	21.7%	44.6%	10.7	1.7	17.2
Health Care	4.5%	8.6%	8.6%	12.4%	0.7%	15.4	2.0	15.2
Industrials	5.6%	8.7%	8.7%	24.8%	8.5%	21.1	2.0	7.6
Information Technology	7.3%	19.8%	19.8%	44.1%	3.2%	23.3	5.3	24.5
Materials	5.1%	21.5%	21.5%	42.9%	9.2%	25.2	1.8	6.8
Real Estate	3.4%	6.0%	6.0%	-4.5%	14.4%	14.6	1.4	9.7
Utilities	1.6%	5.0%	5.0%	-2.5%	6.0%	15.8	2.0	12.9
VN-Index	2.5%	13.6%	13.6%	12.2%	100%	16.8	1.8	11.9
VN30	2.5%	14.6%	14.6%	12.6%		13.0	1.7	14.1

**FUND PERFORMANCE COMMENTARY**
**Fund statistics (12-months)**

	SSI – SCA	VN-Index
Volatility (Std)	15.72%	15.40%
Sharpe Ratio	3.06%	1.27%
P/E Ratio TTM	14.38x	16.61x
P/B Ratio Current	2.15x	1.83x
Beta	0.94	1.05

**Fund Allocation by Sector (% NAV)**

**Fund Investment List Allocation by Market Cap (% NAV)**

**TOP HOLDINGS (% NAV)**

Ticker	Company Name	Sector	% NAV	Mkt Cap	TTM P/E	Current P/B	ROE (%)
				(USD m)			
<b>FPT</b>	FPT Corporation	Information Technology	16.95%	5,967.95	22.83	5.92	28.10%
<b>MWG</b>	Mobile World Investment Corporation	Consumer Discretionary	7.76%	3,014.02	448.25	3.20	0.71%
<b>ACB</b>	Asia Commercial Joint Stock Bank	Financials	6.09%	4,465.15	6.90	1.56	24.80%
<b>MBB</b>	Military Commercial Joint Stock Bank	Financials	4.37%	5,416.96	6.41	1.43	24.51%
<b>TCB</b>	Vietnam Technological and Commercial Joint Stock Bank	Financials	4.20%	6,756.30	9.29	1.40	14.84%

## FUND PERFORMANCE COMMENTARY (cont.)

**SSI-SCA increased by 5.5% in March 2024, compared to +2.5% for the VN-Index.** Top performers of the fund were CTR (+31.7%), DPR (+22.4%), VCI (+18.0%), TCB (+12.7%) and MWG (+10.6%). Top laggards were NTC (-3.7%), FMC (-2.9%), VRE (-2.5%), and HPG (-2.4%). Top contributors to the total return of the fund during March 2024 were FPT (+1.3%), MWG (+0.8%), CTR (+0.7%), TCB (+0.6%), and DPR (+0.5%).

At the end of 1Q2024, our top five holdings are FPT (16.95%), MWG (7.8%), ACB (6.1%), MBB (4.4%), and TCB (4.2%). Top holdings contributed +10.3% to SCA's total return in 1Q2024. We continue to put FPT as the largest holding with over 15% weight, and MWG as the second-largest holding with over 7% weight in portfolio. This is based on our expectation that:

- The Information Technology sector will deliver high long-term growth rates. FPT is expected to be the key driver, with outstanding growth in business results. FPT's business plan for 2024 demonstrates firm confidence from the company's management, setting revenue and PBT growth targets at 17.5% YoY and 18.2% YoY, respectively.
- The Retailing sector has ample growth potential due to the shift from traditional to modern grocery trade. MWG is confident in a better outlook for this year, targeting a PAT of VND 2,400bn for 2024, compared to the significantly low level of VND 168bn in 2023. We are confident that MWG is in a strong position to meet the rising demand for modern grocery retail from discerning consumers and to potentially explore new retail sectors.

**In 1Q2024, SSI-SCA increased by +19.1% compared to +13.6% for the VN-Index, delivering the excess return of +5.4%.** SSI-SCA's outperformance in 1Q2024 was mainly due to:

- We overweight sectors outperforming the VN-Index, including (1) Information Technology thanks to FPT (+21.2%), (2) Consumer Discretionary driven by MWG (+19.4%), (3) Textiles, Apparel & Luxury Goods attributed to MSH (+19.6%), PNJ (+15.7%), and (4) Construction & Engineering sector driven by CTR (+53.9%), TV2 (+50.1%).
- We underweight the Financials and Real Estate sector, but still achieved outperformance in total return by our weight allocation on ACB (+19.2%), MBB (+36.2%), TCB (+49.5%), CTG (+31.2%), LHG (+18.8%), NLG (+18.2%).

The best-performing sectors of the fund in 1Q2024 included:

**1. Information Technology represented by FPT:** In 2M2024, FPT announced positive business results as revenue and PBT posted VND 8,966bn (+22.9% YoY) and VND 1,567bn (+19.5% YoY). Particularly, PBT of the Technology segment, IT Services for foreign markets, and Education & Others were up by +27.8% YoY, +26.9% YoY, and +21.2% YoY, respectively, leading FPT's consolidated PBT growth in 2M2024. The order value in 2M2024 reached a growth rate of over 30% YoY, reflecting the robust global demand for IT Services.

We expect the bottom-line growth of the IT sector to continue into 2024. The sector's PE valuation for 2023 and 2024 is 20 and 16 times, respectively. With new technological advancements expected, a higher PE re-rating is anticipated.

**2. Banking sector, represented by TCB, MBB, CTG and ACB:** Banking sector led the VN-Index uptrend in 1Q2024 thanks to the aggressive target for credit growth in 2024, coupled with the attractive valuation given the low PB multiple of the leading bank stocks.

We expect the banking sector to be on track to deliver a strong result in 2024 on the back of loose monetary policies from the State Bank of Vietnam (SBV) and supportive regulatory/fiscal policies from the government. First, we expect credit growth to accelerate from 13.7% in 2023 to 15% in 2024, driven by domestic demand recovery and the raise of capital demand for public investment projects. Second, banks' net interest margin is slated to expand materially this year due to lower funding costs as term deposit rates have fallen sharply to below COVID levels. Third, asset quality should remain under control and even improve as non-performing loan formation peaks and the real estate market continues to warm up. Given key fundamentals are set to get better, we expect earnings growth for the banking industry to accelerate from merely 5-10% in 2023 to 15-20% in 2024. The valuation of the banks still looks compelling with current P/B below the historical averages for most banks despite the rally in 1Q2024.

## FUND PERFORMANCE COMMENTARY (cont.)

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**3. Consumer Discretionary, represented by MWG:** MWG stock price reflects the expectation that domestic ICT consumption will recover from 2024, coupled with stronger revenue of Bach Hoa Xanh grocery chain.

We expect top-line growth for discretionary products to be relatively better compared to the low base in 2023. The prospect of exports and manufacturing activities recovery is expected to support consumers' income. Expected recovery in revenue, improved margin, and the disappearance of the one-off expenses related to restructuring process are expected to support the high 2-digit bottom-line growth of the sector in 2024. Leading companies that managed to gain market share amid industry hardship by expanding target customer, utilizing their advantages of dense coverage and customer data, are expected to quickly benefit once the domestic consumption recovery occurs. We remain positive on the long-term prospect of the sector, fostered by the rise of the middle-income and affluent classes in Vietnam.

**4. Telecom infrastructure sector, represented by CTR:** We favor CTR as the leading telecom infrastructure player due to its strong business execution and competitive advantage as the first 5G network developer of Viettel Group.

Telecom infrastructure sector is poised for a new growth cycle in Vietnam, focusing on the 5G mobile network. On January 17, 2024, the Ministry of Information and Communication (MoIC) announced plans for the next 5G spectrum auction, following delays in FY23. Three blocks, including B1 (2.5-2.6 GHz), C2 (3.7-3.8 GHz), and C3 (3.8-3.9 GHz), each with a bandwidth of 100 MHz, will be auctioned concurrently. We anticipate a successful auction, accelerating 5G commercialization.

**5. Another large holding of SCA fund is HPG, also achieving the positive return of +8.2% in 1Q2024.** We view that Vietnam's steel industry overall and HPG in particular have ample growth potential in the coming period, backed by the recovery in both sales volume and profit margins.

In terms of volume, we believe that steel products will recover thanks to:

- Strong public investment activities, leading to a general economic recovery and the revival of related industries such as construction and real estate.
- Real estate developers gaining more confidence in the real estate market, particularly in the social housing segment, alongside the government's efforts to resolve difficulties in the real estate sector, leading to a gradual improvement in civil real estate construction activities.
- Export activities being supported by the recovery of industrial production in the US, EU, and infrastructure development in ASEAN countries and India.

Besides the improvement in revenue, the overall profit of the steel industry is also expected to improve, partly due to expanded profit margins thanks to cooling raw material prices. The iron ore price is expected to decrease due to increased supply. Coking coal price is also forecasted by Fitch Solutions to decline in 2024 – 2025 due to increased supply from Australia and Indonesia.

In discussions with listed steel producers, we have observed that companies plan to expand capacity, with a focus on the period of 2025 – 2026, which also indicates that businesses expect a more sustainably developed market after the recent difficult period.

**DISCLAIMER**

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**AWARDS**

TẠP CHÍ ALPHA SOUTHEAST ASIA	TẠP CHÍ THE ASSET	TẠP CHÍ ASIANINVESTOR	TẠP CHÍ ASIA ASSET MANAGEMENT
<ul style="list-style-type: none"> <li>“Best Overall Asset &amp; Fund Manager” in 2020, 2021, 2022, 2023.</li> <li>“Best Fund Manager for Insurance, ILP Mandates &amp; Private Retirement Schemes” in 2020, 2021, 2023.</li> <li>“Best Fund Manager (Balanced Fund)” in 2021</li> </ul>	<ul style="list-style-type: none"> <li>“Asset Management Company of the Year - Vietnam” in 2012, 2014, 2021, 2022, 2023.</li> <li>“Fund Management Company of the Year (Onshore)” in 2015, 2016, 2017, 2018</li> <li>“ETF Provider of the Year” in 2021</li> </ul>	<ul style="list-style-type: none"> <li>“Best Asset Management Company in Vietnam” in 2010, 2015, 2016, 2017, 2018</li> <li>“Best Business Development” 2022</li> </ul>	<ul style="list-style-type: none"> <li>“Best Fund House in Vietnam” in 2012, 2013, 2016</li> <li>“CEO of the Year” for Ms. Le Thi Le Hang in 2012, 2013, 2014, 2015, 2016, 2020, 2022</li> <li>“CIO of the Year” in 2013, 2014, 2015</li> <li>“Fund Launch of the Year” in 2020</li> </ul>

**CONTACT INFORMATION**

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