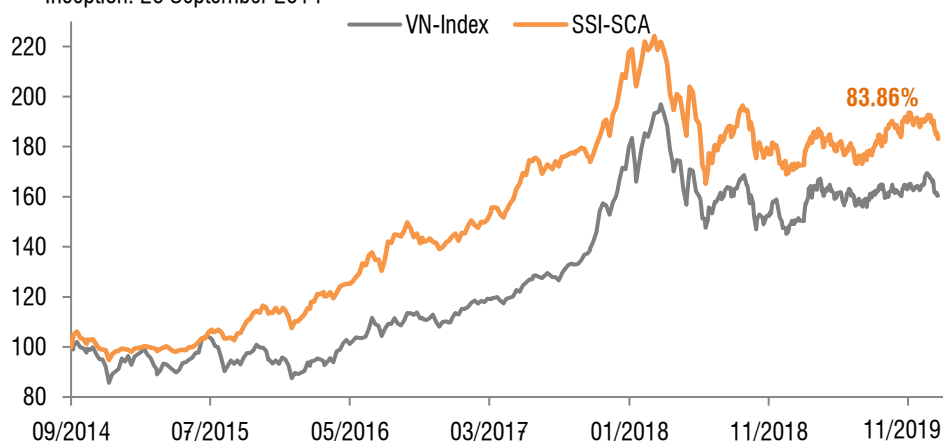


November 2019

FUND PERFORMANCE

	NAV/Unit (VND)	Performance (%)			
		1 month	Year-to-date	Annual Average	Since Inception*
SSI-SCA	18,386.12	-3.20%	5.50%	12.47%	83.86%
VN-Index		-2.81%	8.76%	9.56%	60.46%

Inception: 26 September 2014



FUNDAMENTAL METRICS

P/E (12 months)	9.46x
P/B	1.85x
ROE	21.42%
Dividend Yield	2.31%

Source: Bloomberg, SSIAM

FUND MANAGERS' COMMENT

Vietnam's stock market in November had observed negative fluctuations especially in the last weeks of the month. The market closed lower 5.6% compared to the highest level of the month and decreased 3% month to date. Investors' sentiment turned to negative after the derivative maturity session on 21 November 2019 when receiving information that the proprietary trading of securities companies net sold VND800 billion in one trading session despite this net selling activity is merely arbitrage trading between stock market and derivatives market.

It's probably that investors have been more worried about Vietnam's slowdown in growth as the preliminary macro data for November with the PMI in October dropping to 50 points and the IIP in November growing only 5.4% YoY (descending from 10.5%, 9.9% and 9.8% on August, September and October respectively). However, this decrease may be due to the 50-day maintenance of Nghi Son Oil Refinery from 20 October 2019. In fact, we believe that Vietnam's overall macro economy is still relatively stable.

Another noteworthy news in the month was that the State Bank of Vietnam (SBV) launched a series of activities in managing monetary policy including:

- Lowering the operating interest rate by 50 points with the reduction of the ceiling interest rate on short-term deposits and urging banks to lower lending rates.



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FUND MANAGERS' COMMENT (CONTINUED)

- The State Bank issued Circular 22/2019 / TT-NHNN to replace Circular 36/2014 / TT-NHNN including provisions on prudential limits and ratios in operations of banks and branches of foreign bank;
- Circular 18/2019 / TT-NHNN amending and supplementing several articles of Circular 43/2016 / TT-NHNN providing consumer loans by financial companies.

We will not analysis these policies in detail, but in general, it's found that the SBV's message is to reduce the interest rate in the market but still cautiously ensure system safety and control credit growth.

In the short term, a moderate reduction in market interest rates is feasible. However, reducing the real interest rate is quite difficult because banks must comply with the ratio of Short-term Deposits/Long-term loans while there is no source of long-term low interest rates. Meanwhile, the real estate sector, which is facing many difficulties in raising capital, is not given priority, making the access to capital of enterprises in this industry increasingly difficult causing high interest rates.

Therefore, the actions of the SBV and the macroeconomic management will need to be observed to assess whether long-term interest rates may be reduced - currently at a much higher level than other countries in the region - to continue stimulating economic growth. The positive point is that inflation is still not a concern and Vietnam is still receiving many foreign capital inflows.

In current macro context, the diversification and consolidation of sectors will continue to take place in sectors which have difficulties to access cash flow. Therefore, we believe that companies with competitive advantages and healthy finance will benefit from these trends. We also took advantage of the drop in the last of November to increase ownership in such companies. The proportion of stocks at the end of the month has increased to over 97%.

Top movers of SSI-SCA	%
HPG	0.38
IMP	0.22
VHM	0.11
MSH	0.04
DBC	0.03

Top laggards of SSI-SCA	%
MWG	-1.69
DXG	-0.24
FPT	-0.21
ACB	-0.20
MBB	-0.17

Source: SSIAM, 01-29/11/2019

The fund's top laggard was MWG, contributing 56% to the fund's decline in the month. After the Bach Hoa Xanh (BHX) chain recorded a continuous decline in sales per stores for several months and the opening of two more distribution centres also made investors worried about the increased costs during the process expanding this convenience store chain.

In fact, it is difficult for BHX to reduce its cost when the number of stores increases, which we have anticipated because the cost of opening a distribution centre and logistics will often be incurred before the company extends stores to new areas. The targets of revenue per store, gross profit, opening store speed are relatively consistent with the business plan and our assessment. We believe that with the ability to implement of MWG, the BHX chain will be successful and contribute greatly to the valuation of MWG in the long term.

In the opposite site, HPG bucked the trend and gained 5% in the month despite the market dropping. The company posted record-high sales volume in November, 300,000 tons (+ 36% Y/Y and 35.6% M/M). November output also shows that HPG's No. 1 blast furnace is likely to be operating at full capacity since put into trial operate in July. It should be noted the company is also bringing a second blast furnace into operation in November with 1 million tons of billet (like the first one) and 1.4 Million ton/year of construction steel. Accumulated 11 months, Hoa Phat Steel supplied nearly 2.5 million tons of construction steel to the market, up 15% Y/Y, including over 220,000 tons export.



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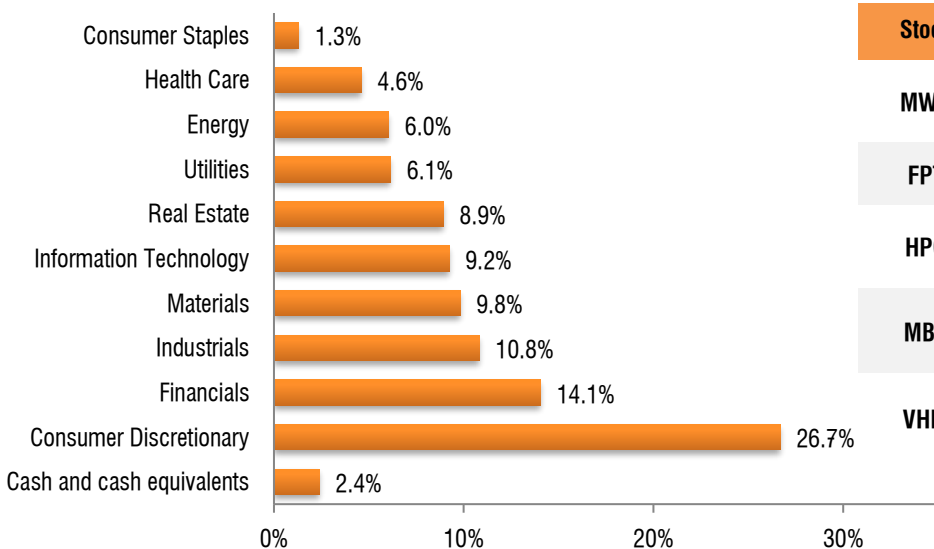
FUND MANAGERS' COMMENT (CONTINUED)

This development has been line with our expectations as HPG is aggressively gaining market share on the back of huge cost advantages. Higher penetration in the Southern Market has been the key driver for HPG's utilization. Market share in the South has almost doubled to 11.6% in October (from 6.9% a year ago). Market share in the South is expected to further improve in Nov and Dec as other steel producers have been suffering from net losses for a while. Market shares of the company in the North and the Central of Vietnam are 33% and 51%, respectively. Country-wide market shares was 25.4% (from 23.5% a year ago).

Margins have been normalized after being hit by rising iron ore prices this year. After the disruptive events in 1Q2019 (Vale dam collapse in Brazil and tropical cyclones hitting Australian production) price strength continued in Q2/2019. However, iron ore prices eventually declined ~30% to USD80-90/ton from a peak of ~ USD120/ton in July 2019 as key global iron ore miners Vale, Rio Tinto, and BHP progressively resumed their production. As these miners are well on track to resume their normal production capacity throughout 2020, we expect there will be continuing downward pressure on iron ore prices. The decline in iron ore and coking coal prices in 4Q2019 will also contribute to improved 4Q2019 margins for HPG. Increased purchasing of iron ore in the local market is also contributing to higher than expected margins in the first 9 months of 2019.

Over the long run, we reaffirm our expectation that HPG is the steel producer poised to capture future domestic steel demand growth and gain more market share thanks to the company's established scale, expertise and proven operational efficiency along with the ramp-up of new capacity from the Dung Quat facility. The second phase of Dung Quat to produce HRC (Hot Rolled Coil) is expected to replace the imported volume of HRC and will further boost growth from 2020 onwards.

ASSET ALLOCATION BY SECTORS (% NAV)



TOP HOLDINGS AS OF 30/11/2019

Stock	Company Name	Sector	% NAV
MWG	Mobile World Investment Corporation	Consumer Discretionary	13.2%
FPT	FPT Corporation	Information Technology	9.2%
HPG	Hoa Phat Group Joint Stock Company	Materials	8.8%
MBB	Military Commercial Joint Stock Bank	Financials	5.5%
VHM	Vinhomes JSC	Real Estate	4.4%



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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 operating period	Unlimited
Fund Management Company	SSI Asset Management Co., Ltd. www.ssi.com.vn
Supervisory Bank	Standard Chartered Bank (Vietnam)
Distributors	SSIAM, SSI, BVSC, VCBS, ACBS, VNDIRECT, MBS, HSC, VGS
Dealing date	Daily (Day T)
Cut-off time	Before 15:00 pm on Day T-1
Minimum subscription amount	VND 2,000,000

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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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