

# SSIAM VNX50 ETF



FACTSHEET – September 2021

## GENERAL INFORMATION

<b>FUND NAME</b>	<b>SSIAM VNX50 ETF</b>
<b>BENCHMARK INDEX</b>	VNX50 Index
<b>STOCK EXCHANGE</b>	HoChiMinh City Stock Exchange (HSX)
<b>TICKER</b>	FUESSV50
<b>BLOOMBERG TICKER</b>	FUESSV50 VN EQUITY
<b>INCEPTION</b>	17 November 2014
<b>FUND SIZE</b>	<b>VND287.1 billion</b> (~USD12.4 million)
<b>CURRENCY</b>	VND
<b>FUND MANAGER</b>	SSI Asset Management (SSIAM)
<b>MANAGEMENT FEE</b>	0.65%
<b>OUTSTANDING FUND UNITS</b>	13,500,000

## FUND DATA

<b>NUMBER OF HOLDINGS</b>	50
<b>PRICE/EARNINGS RATIO</b>	15.10x
<b>PRICE/BOOK RATIO</b>	2.83x

Source: Bloomberg, SSIAM; data as of 30 Sep 2021

## FUND PERFORMANCE



## FUND DESCRIPTION

SSIAM VNX50 ETF seeks to replicate performance of VNX50 Index.

The fund is a passively managed fund. The objective of the fund is low cost replication of the VNX50 - an index created and sponsored by Ho Chi Minh Stock Exchange, adjusted for liquidity, free float, State Security Commission Trading regulations. The fund is exempted from FOL due to its local status, gives investors full access to other restricted stocks. The fund does not try to outperform the index or use defensive positions when Vietnam stock market declines.

SSIAM VNX50 ETF is formerly SSIAM HNX30 ETF, which was established in 2014. From inception until 22<sup>nd</sup> August 2017, the fund tracked HNX30 index, which comprised of top 30 stocks listed in Hanoi Stock Exchange. From 23<sup>rd</sup> August 2017, the fund rebalanced portfolio to track VNX50 index and renamed to SSIAM VNX50 ETF. The fund is currently listed in Ho Chi Minh City Stock Exchange under ticker FUESSV50.

## BENCHMARK INDEX – VNX50 INDEX

VNX50 Index comprises of 50 listed stocks in both Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange. The index consists of 50 top ranking stocks in terms of market capitalization, liquidity and free float ratio in the VNX Allshare basket of stocks. Index constituents' weight are capped at 10% within the index. The base date of VNX50 Index is July 21<sup>st</sup>, 2017 with base Index value of closing value of VNX Allshare as of July 21<sup>st</sup>, 2017.

The index is reviewed every 6 months.

VNX50 represents 73.2% of the Vietnam total market capitalization.

	Growth (%)							
	2017	2018	2019	2020	1 month	3 months	YTD 2021	Since inception (17/11/2014)
<b>ETF SSIAM VNX50</b>	60.4%	-7.1%	6.04%	22.95%	1.71%	-3.75%	36.50%	<b>112.63%</b>
<b>VNX50*</b>	71.4%	-9.5%	5.88%	23.14%	1.81%	-3.48%	37.63%	<b>114.43%</b>

Data calculated in VND as of 30 Sep 2021

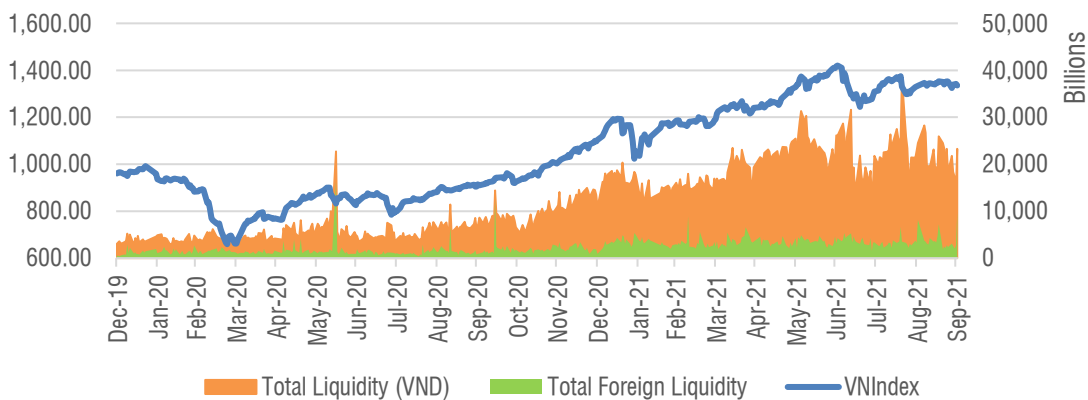
(\* From 17<sup>th</sup> Nov 2014 to 22<sup>nd</sup> August 2017, benchmark index was HNX30 index. After 22<sup>nd</sup> August 2017, benchmark index was VNX50. The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal values will fluctuate, so investors' share, when sold, may be worth more or less than their original cost.

MARKET UPDATES – OVERALL PERFORMANCE

Vietnam equity market ended Q3 at 1342.06 (up 0.8% vs. 1331.47 on Aug 31st). Market largely moved sideways and directionless in September. Liquidity remains robust at an average of VND 21,250 billion transacted daily (appx. \$925mm) in September, with foreign investors taking up about 16% of total volume.

The market in September has largely been in wait-and-see mode for social distancing measures to be eased up and government's measures to allow the economy to slowly return to a new normalcy. Market is also waiting to see the Q3 earning impact of the most stringent social distancing measures in recent history. However, as of late September, both Hanoi and Ho Chi Minh City have moved away from the strict Directive 16, now allowing people to travel and go back to work with the help a speedy vaccination program.

VNIndex & Total Liquidity (VND)



Source: SSI Research, SSIAM

Reopening theme has been at play starting mid-September – sectors that benefit from the less stringent social distancing measures all see good performances: Consumers (+10.28%), Energy (+6.23%), Industrials (+2.23%), Materials (+2.90%), Communication Services (+23.03%), and IT (+3.12%). Financials is essentially flat in September (-0.04%) after leading VNIndex's performance for the first half of the year, while Real Estate (-2.80%) and Healthcare (-8.28%) continued to see profit taking and short-term corrections.

In September, we see foreign net sell of VND 8,900 billions (appx. \$390mm). The largest outflows are from DC's Diamond ETF (-\$45mm), X-trackers FTSE Vietnam (-\$57mm). On the other hand, Thai investors continue to accumulate positions with Principal Vietnam Equity (+\$35mm), K Vietnam Equity (+\$22mm).

Retail participation remains robust. There were 114,834 new accounts opened at brokerage firms in September, further elevating the exponential growth trend of retail participation in the equity market we have been observing. FinnPro data shows that retail investors net bought a combined \$2.88 bln YTD, mainly via order matching, 5x higher than 2020's full year figure. According to data from State Securities Commissions SSC, total margin lending book of the broker houses reached VND 141,304 bln (appx. \$6.09 bln) as of Sept 13, an increasing 74.62% compare with the beginning of 2021. This is mainly driven by securities companies increasing their charter capital and access to cheaper financing to allow for lower margin rates. This figure does not yet appear concerning given the liquidity and total market capitalization recently, but investors should monitor closely.

VSD Trading Accounts



Source: VSD

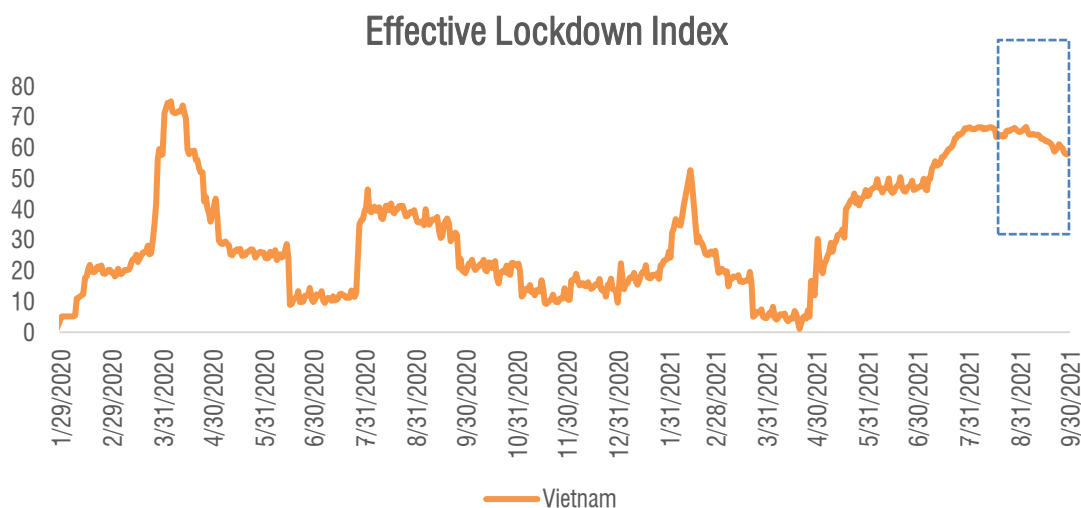
MARKET UPDATES – MACRO

**Vaccination & Cases:**

Once an epicenter of the pandemic, Ho Chi Minh city has now vaccinated 100% of population above 18, with 70% fully vaccinated with double doses as of early October. As of the first week of Oct, total daily case counts have started to ease from the peak on Sep 7 (15k/day) to under 5,000/day across the nation. Nationally, over 30% of total population has now received the first dose and the pace of vaccination is in line with government’s target of slightly less than 1mm doses administered daily. Vaccination imports continue to be on good pace, boosting further confidence that Vietnam is making meaningful progress and on track to have 50% of the population fully vaccinated by year end. We generally expect that herd immunity hurdle at 70% of population to be achieved in Q1 2022, providing a solid foundation for a robust recovery.

**Macro:**

Extremely restrictive policies and dramatic government responses in light of the new Delta variant spreads starting from late April had a severe impact on the economy. Analyses conducted by Oxford University’s Blavatnik’ School of Government measuring the impact of lockdown policies across the world, coupling with real time data from Google Mobility Index assessing population’s mobility to various location destinations such as Retail & Recreation, Parks, Transit Stations, and Workplaces, in combination with Goldman Sach’s Investment Research’s methodology have placed Vietnam’s economy at close to 70% idled in effective lockdown for over 6 weeks since late July. While effective lockdown remains elevated at the end of September, we focus on the tail end of the curve as the government pivoted away from zero covid policies, with the help of a speedy vaccination program. As of early October, easing social distancing measures has finally given the economy room to breathe after the challenging few months, and we are optimistic that this trend will continue to progress to May baseline by the end of Q4 if not earlier.



Source: Goldman Sachs Investment Research, [Oxford University](#), [Google Mobility Index](#)

As a result, it’s hardly a surprise that macroeconomic indicators show a poor reading in September. Vietnam’s real GDP contracted -6.2% yoy in Q3, the sharpest contraction since 2008. The main drivers of underperformance are Retail sales (-29.9%), State investment (-31.8%), FDI (-29.5%), IIP Industrial production (-31.8%), and Exports (-0.6%). Among the sectoral output data, services accounted for 70% of the year-on-year decline (-9.3% in Q3 vs. +4.2% in Q2), followed by Industrial output (-3.5% yoy) and construction activities (-11.4% yoy). The sharp pullback was driven by higher base in 2020 – however, we think that the macroeconomic pain has largely been forecasted and priced in given the market’s price action.

In fact, we would like to point out early positive signs that we think would provide a foundation for a momentum pickup in Q4 and beyond to 2022:

First, normalization in industrial activities is taking place quickly – factories in the North have ramped up capacity since mid Sep, and we expect factories in the South to return to 60-70% capacity by mid Oct and 90% by end of Oct (from 30-40% at end of September).

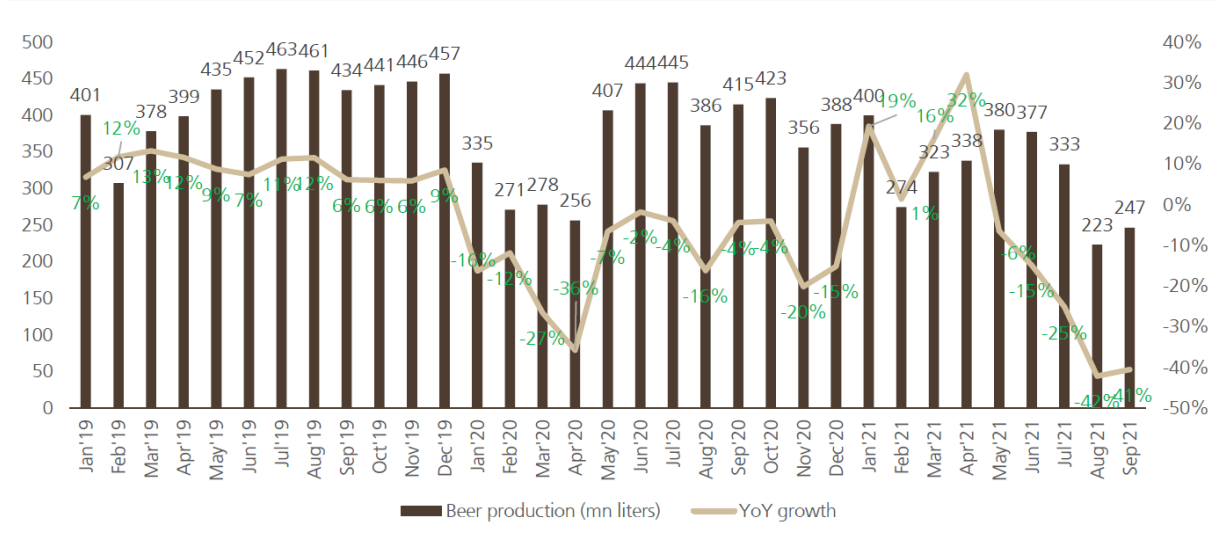
MARKET UPDATES – MACRO (cont.)

In the backdrop of robust global demand with economic recovery in developed world post vaccination, as well as pent-up demand from holidays season and earlier due to disruptions in global supply chains, we see newly registered FDI (+87% yoy in Sep, +339% in Aug) provide a solid foundation for Industrials production and Exports recovery. As mentioned in last month's note, we see Vietnam's critical role in global supply chains remains unchanged. Despite some orders being diverted to other production bases with less lockdown restrictions in the short term, we still see steady external demands from developed economies on a forward basis. In our conversations with manufacturers and exporters across regions, order books are still filled up to Q3'22. This is evident in mobile phone production being up 10.1% yoy (vs. -2.5% in August) as factories like Samsung's resumed operations in Bac Ninh, Bac Giang, Thai Nguyen, Hai Phong – the main manufacturing hubs of Samsung's high-end products globally. In sportswears and apparels, we know from Nike's earning call that restocking activities will persist for the balance of financial year 2022 as demand to continue exceeding supply, which should bode well for OEM hubs like Vietnam to make up for a loss in production.

Secondly, services and construction activities should follow suit and recover quickly in Q4 with easing thanks to vaccination. In Q3, services output fell -8% below pre-pandemic levels, mainly weighted down by covid-sensitive factors like lodging, business administration, and transportation. We see this trend to quickly revert as mobility and domestic demand improves. Q4'21 should see a surge from domestic tourism (80% of hotel activities prior to covid), helped by recent resumption of domestic air travels and government's plans to open selected islands including Phu Quoc to tourism in October/November.

Thirdly, September figures were marginally better than those of August on the back of easing lockdown restrictions, signaling potential further pickup into Q4 as vaccination and mobility improves economic environment. Beer production in Sep was 247 mn liters, +10% mom and is expected to ramp up as we look forward to Lunar New Year, and demand is expected recover back to pre-pandemic levels in Q2'22. On month over month basis, retail sales improved 8.5% in September (non-seasonally adjusted), and export growth in September also struck a strong note from the dip of -5.4% in August, lead by rice, coffee, electronics, and steels. Imports growth eased to 9.5% yoy, contributing to the trade balance surplus of \$0.5 bln in September, the first surplus figure since March 2021.

Figure 1: Vietnam's monthly beer production data

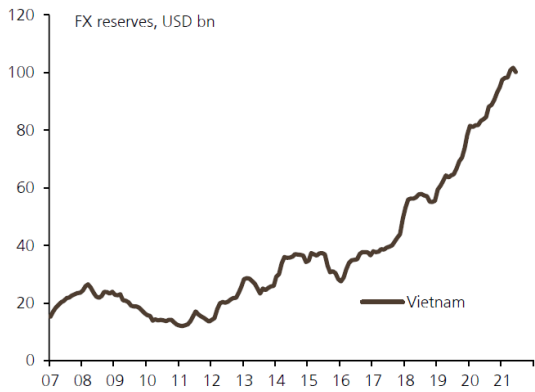


Source : General Statistics Office of Vietnam, UBS estimates

Source: UBS Investment Research

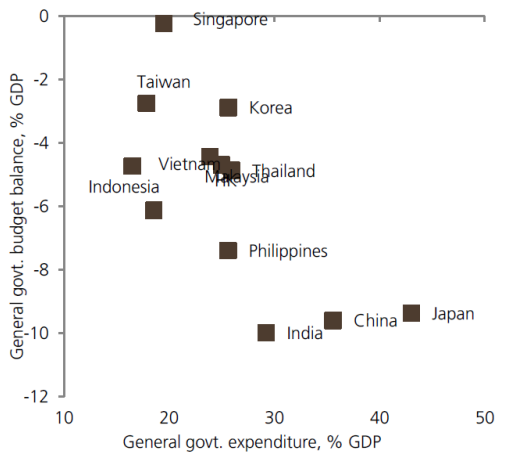
Indeed, the trade surplus reduces the sustainability risks around SBV's expansive credit policy and strengthens the case for Vietnam's government to run more expansionary fiscal policies beyond September, for e.g. lowering electricity fees and tariffs, and implementing a VND 30,000 bln benefits package for unemployed workers and struggling SMEs. Vietnam's healthy FX reserves that's been built up over the years to over \$100 bln helps ease any budgetary concerns on targeted deficit at 4% of GDP in 2021 (slightly higher than 3.2% in 2020). This, coupling with stable CPI inflation at 2.1% in September (remains low as we noted last month) should not preclude further efforts to inject liquidity into the economy. Vietnam's government balance sheet appears solid compared to other nations with average government debt as percentage of GDP and average fiscal spending.

MARKET UPDATES – MACRO (cont.)



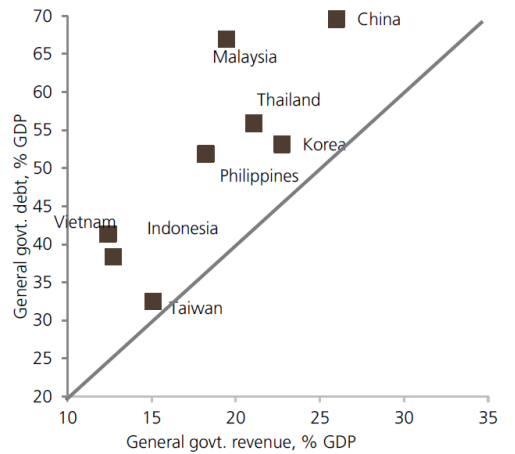
Source : CEIC and UBS calculations

Figure 174: Govt fiscal balances and spending



Source : IMF Estimates for 2021, Haver

Figure 175: Govt revenue and debt



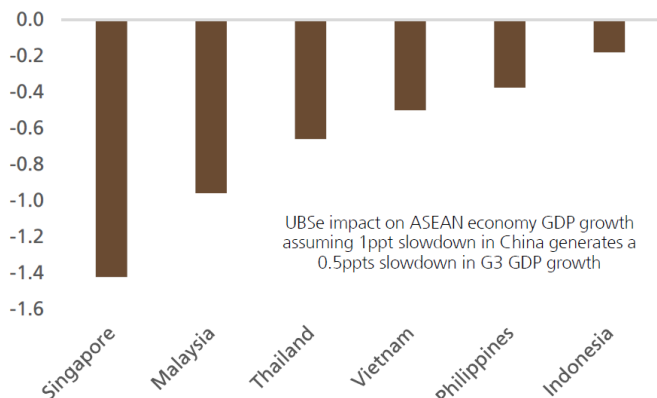
Source : IMF Estimates for 2021, Haver

Source: UBS Investment Research

Looking forward, we see little reason to not believe in a strong rebound in Q4 and beyond into 2022, particularly given the backdrop of weak Q3. Latest forecast from Goldman Sachs on Sep 30<sup>th</sup> put Vietnam’s 2021 real GDP growth at 3.2%, to continue higher to 8.5% in 2022, notwithstanding upward revision due to Q4 momentum and pent-up demands. Similarly, Bank of America forecasted 2.2% for 2021 and 7.2% for 2022.

Due to aforementioned reasons, we believe that downside risks that the economy would not reopen fast enough coupling with external shocks like increases in global commodities pricings and spilled over effects from China’s slower growth due to troubled real estate sector to be overplayed. Only about 20% of total Vietnam’s export goes to China, and over the past few years, Vietnam’s open economy has enabled a more diversified export program away from China and more to the US and EU, which are both seeing healthy recovery. Within ASEAN, Vietnam stands among least impacted by China’s slower growth due to deep integration with global supply chains.

Figure 3: Estimated impact of 1ppt slower Chinese real GDP growth scenario



Source : UBS Estimates

Source: UBS Investment Research

MARKET UPDATES – FINANCIALS – THE WALTZ GOES ON & THE SECOND WALTZ

If the economy were an orchestra, then banks and financial institutions would be the conductor managing the swift flows of capital to create a symphony – without these assets allocators, one would hear only a cacophony of chaos.

In that vein, banks in Vietnam has been doing an excellent job to keep the [waltz go on](#). Despite the challenging economic environment in September, financials sector was able to hold the ground flat (-0.03%) after a challenging July and August where the sector corrected -11.81% in aggregate for the quarter. YTD performance remains healthy at 27.50%, contributing 9.17 percentage point into overall VNIndex's 22.65% YTD. 1Y return stands at a solid 60.98% as of end of September, contributing 18.98 percentage point into overall VNIndex's 50.41% for the past year.

With expansive policies and liquidity supported by SBV, Vietnam's expansion in credit growth has been exception among the countries in the region to support fast growing sectors in the economy. As a result, Vietnam's banks have been consistently growing at a higher rate than regional peers as well as broader emerging/frontier universes – traded prices at premium of over 2x P/B is thus justified, considering greater than 20% ROE for sector's market leaders.

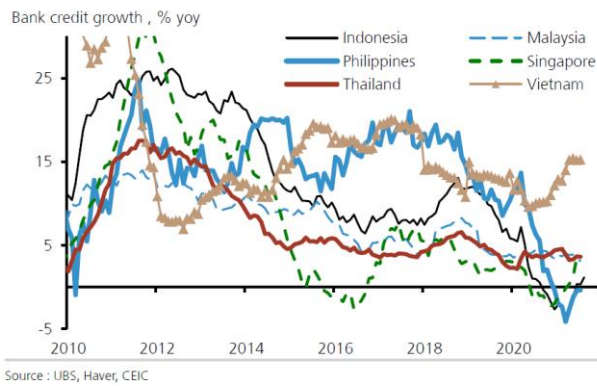
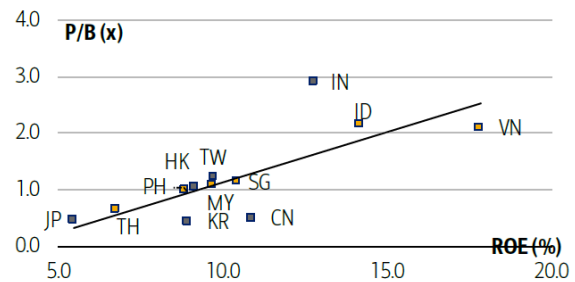
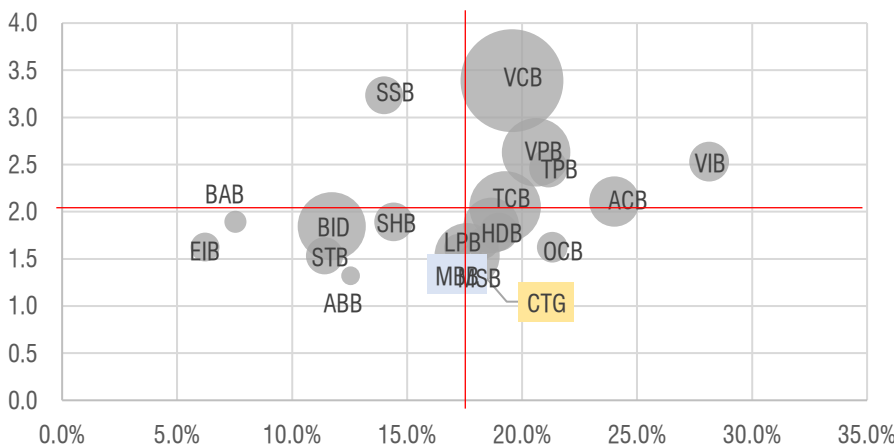


Exhibit 10: P/B (x) vs. ROE (%)  
Valn broadly balanced for ASEAN, higher ROEs for VN warrant a premium



Vietnam banking ROE - PB - Market cap



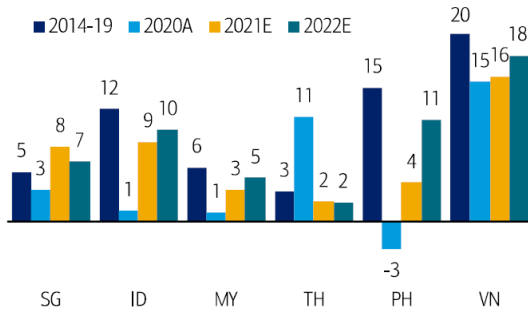
Looking ahead, fundamental growth drivers for Vietnam's banks and broader financial sectors are in line with the structural story of the recovery and reopening theme – we see tailwinds in Retails and consumers expenditure, positive external demand and overall business sentiment, PMI, Manufacturing, exports, FDI disbursement and newly registered capital.

The challenge, as always, is to capitalize on broader economic growth momentum while keeping a tight control on risk management and maintaining a healthy balance sheet. It is important to note that pre-provision operating profits of Vietnam's banks are among the highest in the region, providing a solid buffer to navigate headwinds. Nevertheless, it would only be prudent for investors to keep a close watch on reserve ratio and ADA, as well as overall balance sheet health and NIM spreads, considering the loan moratorium detailed in Circular 14/2021/TT-NHNN could potentially impact up to 12% of total credit system.

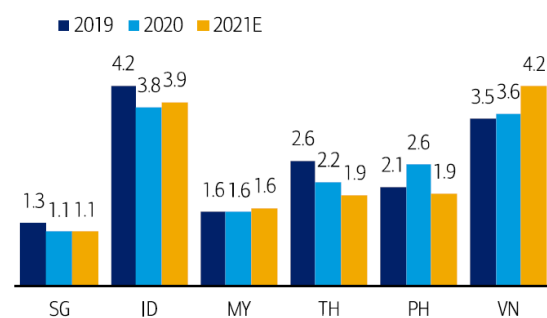
MARKET UPDATES – FINANCIALS – THE WALTZ GOES ON & THE SECOND WALTZ

With that said, NIM drivers has been stable: SBV has kept discount rate steady at 2.5% since Oct 2020 while interbank rates broadly stable, along with mild regulatory pressures imposing limits on credit expansions. Inflation expectation has been broadly flat and below target levels, and we have not yet seen significant deterioration in credit environment, at least not until after H1'22 earnings.

**Exhibit 1: Loan growth YoY% (BofA coverage)**  
We expect a stronger growth recovery for SG – high-single digit growth



**Exhibit 7: PPOP/avg. assets (%) – by country (BofA coverage)**  
Indo and Vietnam banks offer strong PPOP buffers with ~4% PPOP ROA



Source: BofA Investment Research

For the [second waltz](#) of financials sector in Q4 and going into H1'22, we expect credit growth momentum to continue further, broad market liquidity to remain elevated, and positive surprises on macro recovery. Looking further ahead in 2023/24, Vietnam's inclusion into EM equities would provide a significant boost for sector's performance both in term of fundamental growth and financial valuation. Key risks are certainly another black swan macro slowdown, sustained FDI outflows, slower exports, and regulatory tightening in a worse than expected credit environment – these all seem pretty farfetched in our opinion.

FUND COMMENTARY

September statistics highlights:

- In September 2021, VNX50 Index increased 1.81%, improving YTD return to 37.63%.
- During the same period, SSIAM VN50 ETF recorded an increase of +1.61%, with YTD return still increased to 36.74%.
- In August, fund did not see any subscription or redemption. Total AUM on Sep 30 is at VND 287.05 bln (appx. \$12.48mm)
- Secondary market liquidity remained robust - fund traded total of 921,200 certificates, averaging 46,060 per session, an increase of 9% MoM.

September fundamental risk metrics highlights:

	Trailing P/E	Forward P/E	P/B	Div Yield	ROE	Beta vs. VNI	1y Sharpe
VNI	16.3x	12.8x	2.6x	1.31%	16.06%	1.00	2.59
VN 30	14.7x	11.7x	2.9x	0.75%	20.54%	1.02	3.40
VN 50	15.1x	11.7x	2.8x	0.79%	19.12%	1.02	3.39
VNFin Lead	11.2x	8.9x	2.1x	0.20%	18.82%	1.32	3.05

**FUND HOLDINGS (% NAV)**

No.	Ticker	Company name	% NAV	No.	Ticker	Company name	% NAV
1	<b>HPG</b>	Hoa Phat Group Joint Stock Company	8.1%	26	<b>PDR</b>	Phat Dat Real Estate Development Corp	1.0%
2	<b>VIC</b>	Vingroup Joint Stock Company	7.3%	27	<b>KBC</b>	Kinh Bac City Development Holding Corporation	0.9%
3	<b>TCB</b>	Vietnam Technological and Commercial Joint Stock Bank	7.1%	28	<b>GMD</b>	Gemadept Corporation	0.8%
4	<b>VPB</b>	Vietnam Prosperity Joint Stock Commercial Bank	6.6%	29	<b>SAB</b>	Saigon Beer – Alcohol – Beverage Corporation	0.7%
5	<b>VHM</b>	Vinhomes JSC	5.2%	30	<b>GEX</b>	Viet Nam Electrical Equipment Joint Stock Corporation	0.7%
6	<b>VNM</b>	Viet Nam Dairy Products Joint Stock Company	4.7%	31	<b>IDC</b>	IDICO Corp JSC	0.7%
7	<b>ACB</b>	Asia Commercial Bank	4.5%	32	<b>GAS</b>	PetroVietnam Gas Joint Stock Corporation	0.6%
8	<b>FPT</b>	FPT Corporation	4.5%	33	<b>NLG</b>	Nam Long Investment Corporation	0.5%
9	<b>THD</b>	Thaiholdings JSC	3.7%	34	<b>PLX</b>	Viet Nam National Petroleum Group	0.5%
10	<b>MWG</b>	Mobile World Investment Corporation	3.7%	35	<b>VCG</b>	Vietnam Construction And Import-Export Joint Stock Corporation	0.5%
11	<b>MSN</b>	MaSan Group Corporation	3.7%	36	<b>KDC</b>	KIDO Group Corporation	0.5%
12	<b>MBB</b>	Military Commercial Joint Stock Bank	3.6%	37	<b>HCM</b>	Ho Chi Minh City Securities Corporation	0.4%
13	<b>NVL</b>	No Va Land Investment Group Corporation	3.3%	38	<b>PVS</b>	PetroVietnam Technical Services Corporation	0.4%
14	<b>STB</b>	Sai Gon Thuong Tin Commercial Joint Stock Bank	2.8%	39	<b>BID</b>	Joint Stock Commercial Bank for Investment and Development of Vietnam	0.4%
15	<b>SHB</b>	Saigon Hanoi Commercial Joint Stock Bank	2.7%	40	<b>POW</b>	PetroVietnam Power Corporation	0.3%
16	<b>VCB</b>	Joint Stock Commercial Bank For Foreign Trade Of Viet Nam	2.5%	41	<b>APH</b>	An Phat Holdings JSC	0.3%
17	<b>HDB</b>	Ho Chi Minh City Development Joint Stock Commercial Bank	2.2%	42	<b>CTD</b>	Coteccons Construction Joint Stock Company	0.3%
18	<b>VJC</b>	Vietjet Aviation Joint Stock Company	2.2%	43	<b>PVD</b>	Petrovietnam Drilling & Well Service Corporation	0.3%
19	<b>TPB</b>	Tien Phong Commercial Joint Stock Bank	1.7%	44	<b>SBT</b>	Thanh Thanh Cong Tay Ninh Joint Stock Company	0.3%
20	<b>VRE</b>	Vincom Retail Joint Stock Company	1.7%	45	<b>TCH</b>	Hoang Huy Investment Financial Services Joint Stock Company	0.3%
21	<b>SSI</b>	Saigon Securities Incorporation	1.4%	46	<b>BVH</b>	Bao Viet Holdings	0.3%
22	<b>CTG</b>	Viet Nam Joint Stock Commercial Bank For Industry And Trade	1.4%	47	<b>VHC</b>	Vinh Hoan Corp	0.3%
23	<b>HSG</b>	Hoa Sen Group	1.1%	48	<b>PHR</b>	Phuoc Hoa Rubber JSC	0.2%
24	<b>PNJ</b>	Phu Nhuan Jewelry Joint Stock Company	1.1%	49	<b>VPI</b>	Van Phu - Invest Investment JSC	0.2%
25	<b>KDH</b>	Khang Dien House Trading and Investment	1.1%	50	<b>CII</b>	Hochiminh City Infrastructure Investment Joint Stock Company	0.2%



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“Fund Management Company of the Year (Onshore)” in 2015, 2016, 2017, 2018  
“Best ETF Provider – Vietnam” in 2021

“Best Vietnam onshore Fund House” in 2010  
“Best Asset Management Company in Vietnam” in 2015, 2016, 2017,  
2018