

March Rebalancings

FTSE Vietnam & MVIS expectations

February 26, 2020

ROS likely removed from FTSE Vietnam in the March rebalancing

Failure to meet the minimum market capitalization guidelines will likely see FLC Faros Construction (ROS) deleted from FTSE Vietnam in the upcoming March rebalancing. We estimate that ROS has the lowest free-float-adjusted market capitalization in the basket and should fall short of the minimum requirement (may not even meet half of the requirement by our calculations).

Little change in constituents for MVIS

All the stocks listed in Vietnam that we examined in the MVIS index met inclusion criteria and we expect no new additions or deletions to the index. STB also meets inclusion requirements but the number of Vietnamese stocks is already at the maximum of 25 so STB may only be included if they delete one of their existing members. The weighting of stocks listed in Vietnam is also relatively low (and below 70%) so the rebalancing will likely increase the weighting of Vietnamese stocks to the 70%-71% level.

Estimated flow impact for March:

Buys – VRE, VNM, VCB, HPG, VHM &

Sells – ROS, POW, SBT, TCH, NVL, PDR

FTSE's portfolio review is scheduled to be announced on March 6, while changes to the MVIS Vietnam index should be published on March 13. We estimate the impact to individual stocks from the March rebalancings based on the ETFs currently using both indices as benchmarks. The AUM of the FTSE Vietnam ETF sits at USD257 million and the VanEck Vectors Vietnam ETF sits at USD416 million. Stocks benefitting from additional buying include: VRE, VNM, VCB, HPG, VHM. Stocks coming under selling pressure include: ROS, POW, SBT, TCH, NVL, PDR

Table 1. FTSE Vietnam Index – Estimated component stocks & trading flow for March rebalancing, March 2020 (% , VNDbn, days)

	Ticker	Additions/ deletions	Current weighting (%)	New weighting (%)	Change in weighting (%)	Estimated flow (VNDbn)	Number of trading days
1	NVL		4.49%	4.40%	-0.09%	-5.3	0.24
2	VJC		5.31%	5.52%	0.21%	12.4	0.21
3	PLX		2.52%	2.57%	0.05%	3.0	0.21
4	VIC		15.11%	15.00%	-0.11%	-6.5	0.13
5	PDR		1.10%	1.06%	-0.04%	2.4	0.12
6	VCB		6.84%	6.95%	0.11%	6.5	0.09
7	VNM		14.87%	15.00%	0.13%	7.7	0.07
8	SBT		1.55%	1.52%	-0.03%	-1.8	0.07
9	VHM		14.91%	15.00%	0.09%	5.3	0.06
10	MSN		7.29%	7.22%	-0.07%	-4.1	0.06
11	POW		1.33%	1.31%	-0.02%	-1.2	0.06
12	ROS	Deleted	0.29%	0.00%	-0.29%	-17.1	0.05
13	VRE		9.20%	9.25%	0.05%	3.0	0.05
14	SSI		1.68%	1.66%	-0.02%	-1.2	0.04
15	PVD		0.68%	0.66%	-0.02%	-1.2	0.03
16	KBC		0.83%	0.85%	0.02%	1.2	0.03
17	TCH		2.03%	2.01%	-0.02%	-1.2	0.03
18	HPG		8.37%	8.42%	0.05%	1.0	0.02
19	STB		1.61%	1.60%	-0.01%	-0.6	0.01

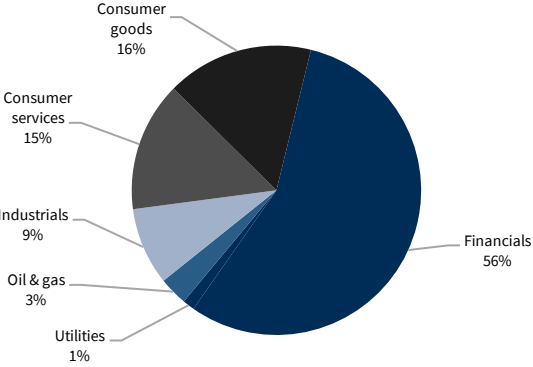
Source: FTSE, Bloomberg & KB Securities Vietnam; Data as 21/02/2020

Table 2. MVIS Vietnam Index – Estimated component stocks & trading flow for March rebalancing, March 2020 (% , VNDbn, days)

	Ticker	Additions/ deletions	Current weighting (%)	New weighting (%)	Change in weighting (%)	Estimated flow (VNDbn)	Number of trading days
1	POW		2.79%	2.70%	-0.09%	-8.69	0.41
2	VRE		5.05%	5.30%	0.25%	24.13	0.38
3	SBT		3.87%	3.77%	-0.10%	-9.65	0.36
4	TCH		3.68%	3.55%	-0.13%	-12.55	0.31
5	VNM		6.70%	7.00%	0.30%	28.95	0.28
6	NVL		6.05%	6.00%	-0.05%	-4.83	0.22
7	BVH		3.19%	3.21%	0.02%	1.93	0.15
8	VJC		3.74%	3.67%	-0.07%	-6.76	0.12
9	VIC		7.94%	8.00%	0.06%	5.79	0.11
10	VHM		7.91%	8.00%	0.09%	8.69	0.11
11	GEX		1.67%	1.68%	0.01%	0.97	0.09
12	VCB		7.05%	7.00%	-0.05%	-4.83	0.07
13	MSN		3.09%	3.12%	0.03%	2.90	0.04
14	SSI		2.16%	2.17%	0.01%	0.97	0.04
15	HPG		3.97%	4.00%	0.03%	2.90	0.02
16	ROS		1.07%	1.05%	-0.02%	-1.93	0.01

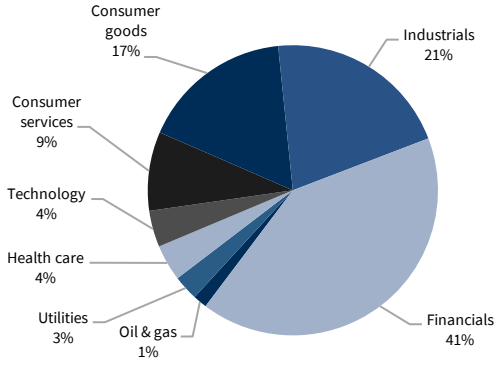
Source: MVIS, Bloomberg & KB Securities Vietnam; Data as 21/02/2020

Fig 2. FTSE Vietnam Index - Industry weightings, Mar 2020 (%)



Source: FTSE, Bloomberg & KB Securities Vietnam

Fig 3. MVIS Vietnam Index - Industry weightings, Mar 2020 (%)



Source: MVIS, Bloomberg & KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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