

June Rebalancings

FTSE Vietnam & MVIS estimated changes

May 27, 2020

This report is a corrected version of that originally published on May 26, 2020.

HDB likely to replace PDR in the FTSE Vietnam Index

Failure to meet the liquidity requirements during the quarterly review period will likely see Phat Dat Real Estate Development (PDR) deleted from FTSE Vietnam in the upcoming June rebalancing. PV Drilling & Well Services (PVD) also fell slightly short of meeting the free-float adjusted market capitalization requirement and puts the stock at risk of removal. The most likely candidate to replace PDR is HDBank (HDB) after meeting all inclusion requirements during the current review. The number of constituents comprising the FTSE Vietnam index should remain unchanged in the June rebalancing. All changes will become effective on Monday, June 22 or after the close of business on Friday, June 19.

STB likely to replace PHAR in the MVIS Vietnam Index

Pharos Energy PLC (PHAR) fell slightly below the full market capitalization requirement and will likely be replaced by the Saigon Thuong Tin Bank (STB) after meeting all inclusion guidelines should PHAR be removed. The addition of STB to replace PHAR in the next rebalancing would increase the weighting of Vietnamese-listed stocks to 70.5%–71.0% level vs about 69% now. Changes to the MVIS Vietnam Index take effect on Monday, June 22 or after the close of business on Friday, June 19.

Estimated flow impact for June:

Buys – HDB, STB, VJC, VIC, VCB

Sells – PDR, MSN, PLX, VRE, SSI

We expect STB to benefit the most from the upcoming rebalancing, with an estimated USD27.4 million in buying or 4.5 trading days' worth of stock. This compares to our estimated total of USD51 million in stocks that will need to change hands due to the rebalancing of the FTSE Vietnam ETF and VanEck Vectors Vietnam ETF. FTSE will announce quarterly changes to the FTSE Vietnam index on June 5 and the MVIS Vietnam index will publish changes on June 12. We estimate the impact to individual stocks from the June balancing based on the AUM of ETFs benchmarked against both indices. Currently, the AUM of the FTSE Vietnam ETF index sits at USD224 million and the VanEck Vectors Vietnam ETF sits at USD324 million. Stocks benefitting from additional buying include: HDB, STB, VJC, VIC, and VCB. Stocks coming under selling pressure include: PDR, MSN, PLX, VRE and SSI.

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

	Ticker	Additions/ deletions	Current weighting (%)	New weighting (%)	Change in weighting (%)	Estimated flow (USDmn)	Estimated shares (shares)	Number of trading days
1	HDB	Added	0.00%	3.70%	3.70%	8.3	8,054,907	7.85
2	PDR	Deleted	1.23%	0.00%	-1.23%	-2.7	(2,570,531)	3.41
3	VJC		4.89%	6.83%	1.94%	4.3	884,209	1.89
4	MSN		8.91%	6.63%	-2.28%	-5.1	(1,912,251)	1.30
5	VRE		8.03%	5.36%	-2.67%	-6.0	(5,388,163)	1.16
6	PLX		2.32%	1.14%	-1.19%	-2.7	(1,331,714)	1.15
7	STB		1.53%	4.21%	2.68%	6.0	13,688,596	0.99
8	VIC		13.83%	15.00%	1.17%	2.6	632,881	0.83
9	NVL		4.84%	4.14%	-0.70%	-1.6	(685,126)	0.60
10	VNM		16.88%	15.00%	-1.88%	-4.2	(854,480)	0.51
11	VCB		6.53%	7.56%	1.02%	2.3	658,205	0.49
12	SSI		1.73%	1.18%	-0.56%	-1.2	(2,023,322)	0.44
13	KBC		0.80%	1.04%	0.24%	0.5	962,754	0.35
14	SBT		1.09%	0.90%	-0.19%	-0.4	(676,644)	0.29
15	POW		1.32%	1.08%	-0.24%	-0.5	(1,223,716)	0.24
16	TCH		1.11%	1.01%	-0.10%	-0.2	(227,932)	0.15
17	VHM		14.20%	14.39%	0.19%	0.4	131,686	0.05
18	PVD		0.59%	0.52%	-0.07%	-0.2	(345,541)	0.05
19	HPG		10.17%	10.33%	0.16%	0.3	296,611	0.03

Note: Preliminary estimates based on closing share prices on May 22, 2020 & official weight review date is scheduled for June 3, 2020.

Source: FTSE, Bloomberg & KB Securities Vietnam

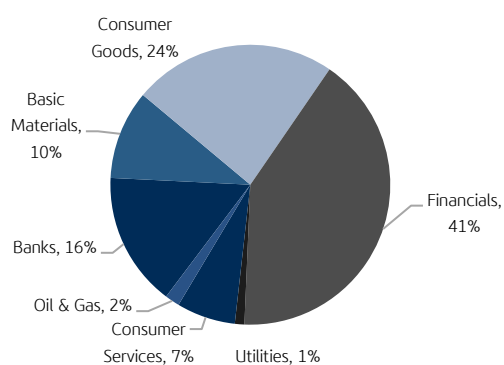
Table 2. MVIS Vietnam Index – Estimated Vietnam component stocks & trading flow for March rebalancing, June 2020
(%, USDmn, trading days)

	Ticker	Additions/ deletions	Current weighting (%)	New weighting (%)	Change in weighting (%)	Estimated flow (USDmIn)	Estimated shares (shares)	Number of trading days
1	STB	Added	0.00%	6.50%	6.50%	21.1	48,015,744	3.46
2	SSI		2.60%	1.94%	-0.66%	-2.1	(3,497,311)	0.76
3	TCH		2.29%	1.97%	-0.33%	-1.1	(1,082,575)	0.72
4	VJC		4.21%	3.74%	-0.47%	-1.5	(313,533)	0.67
5	SBT		2.47%	2.19%	-0.28%	-0.9	(1,417,771)	0.61
6	POW		3.09%	2.69%	-0.40%	-1.3	(2,950,899)	0.57
7	MSN		5.13%	4.53%	-0.60%	-1.9	(727,986)	0.49
8	VIC		7.53%	8.00%	0.47%	1.5	370,557	0.49
9	BVH		2.14%	1.87%	-0.27%	-0.9	(410,595)	0.40
10	GEX		1.91%	1.61%	-0.30%	-1.0	(1,320,260)	0.31
11	VCB		6.43%	6.00%	-0.43%	-1.4	(403,561)	0.30
12	VNM		7.61%	7.00%	-0.61%	-2.0	(404,601)	0.24
13	NVL		5.67%	5.50%	-0.17%	-0.6	(241,155)	0.21
14	VHM		7.55%	8.00%	0.45%	1.5	445,438	0.18
15	HPG		4.87%	4.28%	-0.59%	-1.9	(1,651,198)	0.15
16	VRE		5.21%	5.00%	-0.21%	-0.7	(609,071)	0.13

Note: Preliminary estimates based on closing share prices on May 22, 2020 & official weight review date is scheduled for June 10, 2020.

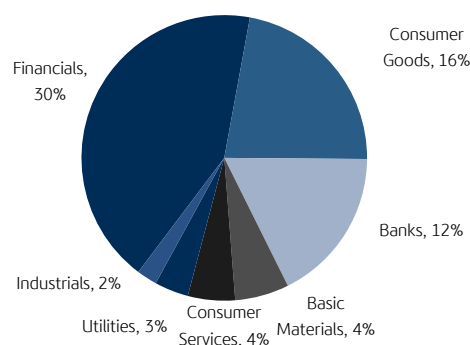
Source: MVIS, Bloomberg & KB Securities Vietnam

Fig 1. FTSE Vietnam Index – Industry weightings, Jun 2020 (%)



Source: FTSE, Bloomberg & KB Securities Vietnam

Fig 2. MVIS Vietnam Index – Industry weightings, Jun 2020 (%)



Source: MVIS, Bloomberg & KB Securities Vietnam

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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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