

# Nam Long Group (NLG)

## Presales outperformed estimates

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### Presales maintain their recovery momentum

In 2Q 2024, Nam Long Group (NLG) posted presales of VND1,510 billion (+29% QoQ, +40% YoY), driven by the Southgate, Akari City, and Mizuki Park projects. Halfway through the year, cumulative presales surged by 209% YoY to VND2,678 billion (+209% YoY), fulfilling 28% of the company's objective.

### KBSV estimates 2024 presales to attain VND5,545 billion (+44% YoY)

KBSV estimates 2024 presales to achieve VND5,545 billion (+44% YoY), primarily from the Akari City, Mizuki Park, Southgate, and Nam Long Can Tho (NL Can Tho) projects. Our projection is 42% below the company's expectation of VND9,554 billion, reflecting the view that the absorption of land plots, townhouses, and villas in provinces such as Long An and Can Tho may require more time to recover.

### We expect NPAT to total VND549 billion (+13% YoY) for the whole year of 2024

We project NLG's 2024 NPAT to attain VND549 billion (+13% YoY), supported by the handover of Southgate, Izumi City, and Mizuki Park projects, as well as the commencement of handovers for Akari City and NL Can Tho.

### We recommend BUY for NLG with a target price of VND46,100/share.

We maintain a positive outlook on NLG stock due to (1) its solid fundamentals with a safe financial structure and (2) the continued appeal of mid-range/affordable apartment projects to genuine homebuyers. NLG is currently trading at a 2024 forward P/B ratio of 1.55x, below its 5-year average. Based on the business outlook and valuation results, we recommend BUY for NLG with a target price of VND46,100/share, 17% higher than the closing price on August 16, 2024.

**Buy** change

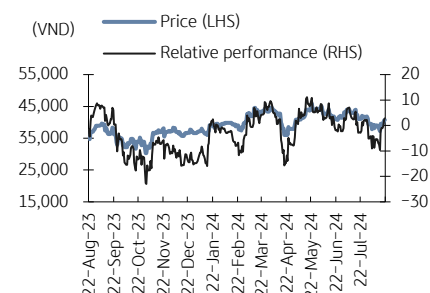
<b>Target price</b>	<b>VND46,100</b>
Upside	17%
Current price (, 2024)	VND39,500
Consensus target price	VND47,100
Market cap (VNDtn/USDbn)	15.3/0.6

<b>Trading data</b>	
Free float	55.3%
3M avg trading value (VNDbn/USDmn)	98.8/3.9
Foreign ownership	49%
Major shareholder	Chairman Nguyen Xuan Quang (10.5%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	-4	-10	2	10
<b>Relative</b>	-3	-9	0	4

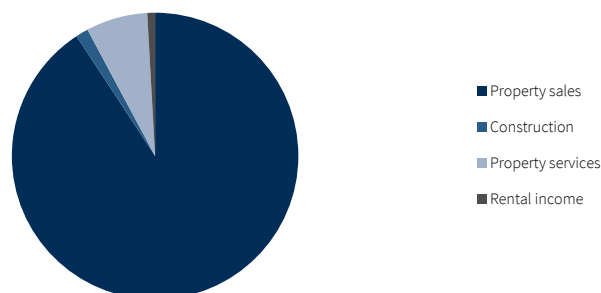
### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	4,339	3,181	5,402	6,938
Operating income/loss (VNDbn)	1,041	942	1,179	1,443
NPAT-MI (VNDbn)	556	484	549	606
EPS (VND)	1,448	1,257	1,426	1,576
EPS growth (%)	-48	-13	13	11
P/E (x)	27.31	36.72	27.71	25.07
P/B (x)	1.69	1.80	1.55	1.48
ROE (%)	4.2	3.6	3.8	3.9
Dividend yield (%)	0	1	1	1



Source: Bloomberg, KB Securities Vietnam

## Revenue composition (2023)



Source: Nam Long Group, KB Securities Vietnam

## Business operation

Nam Long Group (NLG) maintains its leading position in developing mid-range and affordable housing, with its core product lines being Ehome, Valora, and Flora. The company currently boasts a substantial land bank of over 600 ha, positioning it well for continued growth in the housing market.

## Investment Catalysts

**1H 2024 presales highlight strong absorption rates for affordable housing projects catering to end-user buyers.** Cumulative presales for the first six months grew significantly YoY to VND2,678 billion (+209% YoY), driven by Akari City, Mizuki Park, alongside Southgate.

**Presales should grow robustly in 2024.** KBSV estimates presales to total VND5,545 billion (+44% YoY) for the whole year of 2024.

**Business performance is expected to bounce back.** KBSV projects 2024 revenue at VND5,402 billion (+70% YoY) and NPAT at VND549 billion (+13% YoY).

## Notes

Please find more details [here](#)

Please see more details below

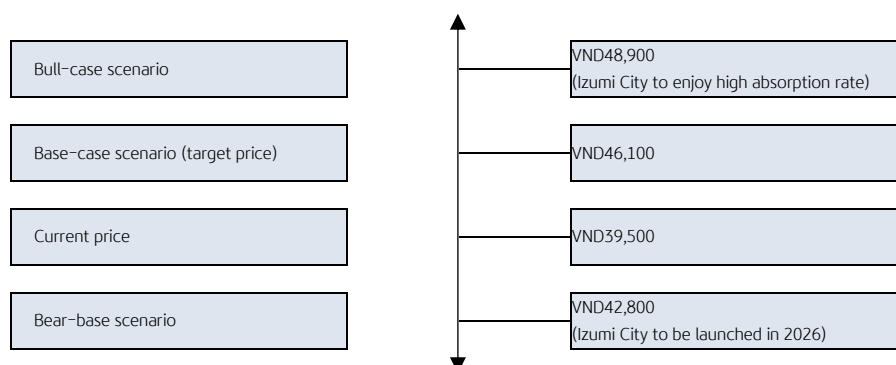
Please see more details below

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	5,402	6,938	-1%	1%	6,351	6,728	18%	-3%
EBIT	1,050	1,193	-3%	-1%	1,132	1,262	8%	6%
NP after MI	549	606	-5%	-2%	563	673	3%	11%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Base-case scenario: catalysts

- 1) Izumi City to be launched in 2025 with presales of VND1,522 billion
- 2) NL Can Tho to offer land plots for sale with presales of VND222 billion

## Bull-case scenario: upside risk

- 1) Izumi City to be launched in 2025 with presales of VND2,530 billion
- 2) NL Can Tho to offer land plots for sale with presales of VND370 billion

## Bear-case scenario: downside risk

- 1) Izumi City to be launched in 2026
- 2) NL Can Tho to offer land plots for sale in 2025

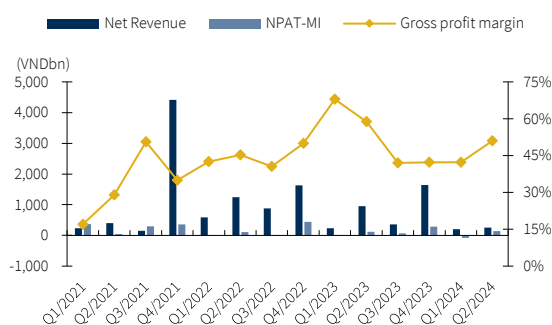
## Business performance

Table 1. NLG – 1H 2024 business performance

(VNDbn)	2Q 2023	2Q 2024	+/-%YoY	1H 2023	1H 2024	+/-%YoY	Notes
Revenue	953	252	-74%	1,188	457	-62%	
Property sales	877	210	-76%	1,052	372	-65%	In 1H 2024, property sales achieved VND372 billion (-65% YoY), primarily from the handover of (1) 10 villas and 96 apartments at the Southgate project, with revenue of VND165 billion and VND107 billion, respectively and (2) 13 units at the Izumi City project, generating revenue of VND92 billion.
Gross profit	561	129	-77%	720	215	-70%	
Gross profit margin	59%	51%	-8pp	61%	47%	-14pp	
Property sales	54%	60%	+6pp	61%	55%	-6pp	
Financial income	41	250	517%	86	276	219%	In 2Q 2024, NLG recorded PBT of VND231 billion from the sale of a 25% stake at the Nam Long Dai Phuoc project.
Financial expenses	-75	-68	-9%	-151	-118	-22%	
Profits from affiliates	37	43	17%	116	68	-41%	Profits also came from the handover of 139 units at the Mizuki Park project, generating VND637 billion, a sharp decrease compared to the same period last year. It is attributed to the fact that NLG handed over 662 units at the same project in 1H 2023, with revenue of VND1,960 billion.
SG&A	-250	-184	-27%	-429	-328	-23%	
Operating income/loss	314	171	-46%	343	112	-67%	
Profit before taxes (PBT)	320	177	-45%	354	131	-63%	
PBT margin	34%	70%	+37pp	30%	29%	-1pp	
Profit after taxes (NPAT)	231	160	-31%	248	95	-62%	
NP after MI	121	145	20%	128	68	-47%	
NPAT margin	13%	57%	+45pp	11%	15%	+4pp	

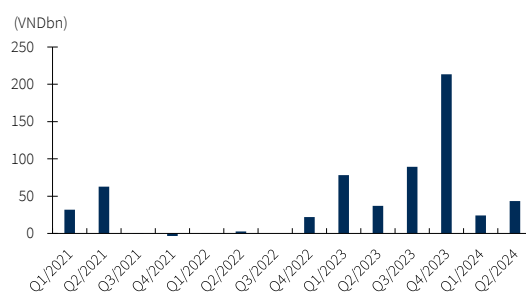
Source: Nam Long Group, KB Securities Vietnam

Fig 2. NLG – Net revenue, NP after MI, gross profit margin (VNDbn, %)



Source: Nam Long Group, KB Securities Vietnam

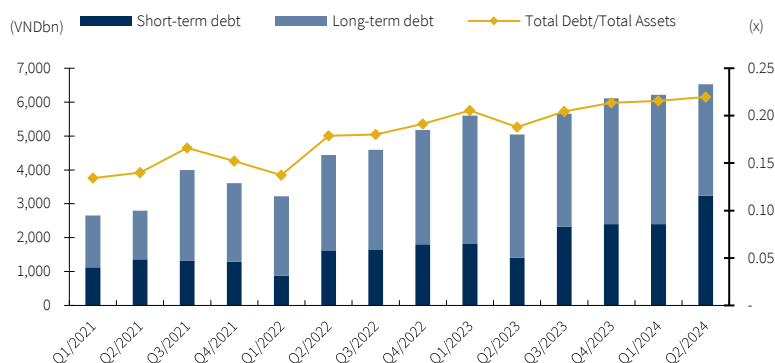
Fig 3. NLG – Profits from affiliates in 2021–2024 (VNDbn)



Source: Nam Long Group, KB Securities Vietnam

Fig 4. NLG – Total debt in 2021–2024 (VNDbn)

As of the end of 2Q 2024, NLG's outstanding debt amounted to VND6,532 billion, reflecting a 7% increase compared to the beginning of the year. The debt-to-equity ratio stands at 0.22x, which is in line with the average for real estate companies.



Source: Nam Long Group, KB Securities Vietnam

### Presales grew significantly in 2Q 2024

In 2Q 2024, NLG posted presales of VND1,510 billion (+29% QoQ, +40% YoY), driven by the Southgate, Akari City, and Mizuki Park projects. Halfway through the year, cumulative presales surged by 209% YoY to VND2,678 billion (+209% YoY), fulfilling 28% of the company's objective.

Table 5. NLG – 1H 2024 presales

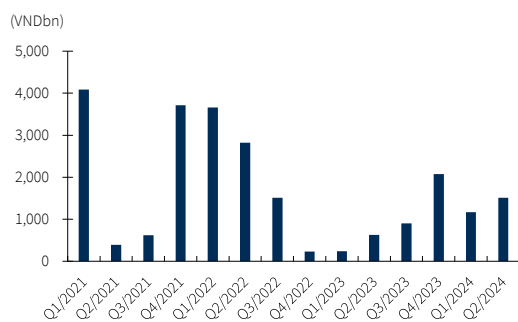
(VNDbn)	2Q 2023	2Q 2024	1H 2023	1H 2024	2024 plan
Mizuki Park	196	219	292	465	2,352
Akari City	302	566	378	1,108	1,741
Southgate	131	675	197	958	2,810
NL Can Tho		50		147	2,021
Others					630
<b>Total</b>	<b>629</b>	<b>1,510</b>	<b>867</b>	<b>2,678</b>	<b>9,554</b>

Source: Nam Long Group, KB Securities Vietnam

### KBSV estimates 2024 presales to attain VND5,545 billion (+44% YoY)

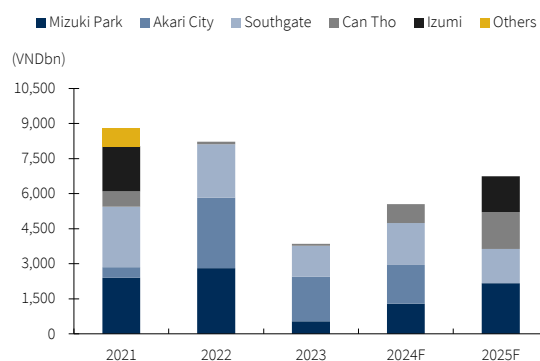
KBSV forecasts 2024 presales to reach VND5,545 billion (+44% YoY), driven by projects such as Akari City, Mizuki Park, Southgate, and NL Can Tho. This assumption has been revised upwards by 5% compared to the previous report, as we observed better-than-expected presales at Akari City in 1H 2024. KBSV believes NLG will sustain strong absorption rates at its projects in 2H 2024 due to (1) the competitive pricing of Ehome/EhomeS properties at Southgate, NL Can Tho, and urban apartments at Akari City and Mizuki Park, meeting real housing needs and (2) the expectation that mortgage rates will remain low. However, our projection is 42% lower than the company's target, as we believe that the absorption of land plots, townhouses, and villas in provinces like Long An and Can Tho may require additional time to recover.

Fig 6. NLG – Presales by quarter in 2021–2024 (VNDbn)



Source: Nam Long Group, KB Securities Vietnam

Fig 7. NLG – Presales in 2021A–2025F (VNDbn)



Source: Nam Long Group, KB Securities Vietnam

Fig 8. NLG – Waterpoint project

The project covers an area of 165 ha located in Ben Luc, Long An.

Phase 1: NLG announced the sale of the low-rise subdivisions Rivera 1 and The Aqua in 4Q 2019 (already handed over).

Phase 2:

- In 2021: NLG launched Rivera 2, Aquaria 2, and Ehome Southgate (Phase 1) (already handed over).
- In August 2022, NLG introduced Ehome Southgate (Phase 2), with 100% of the apartments sold and delivered.
- NLG continued sales activities for previously launched phases of The Aqua 1, 2, as well as Park Village.
- Phase 3 of Ehome Southgate, consisting of three blocks with 580 apartments, is slated for delivery in 2025. In 1Q 2024, a third of the Ehome block (Tower A2) was sold through bulk sales transactions.



Source: Nam Long Group, KB Securities Vietnam

Fig 9. NLG – Waterpoint project



Source: Nam Long Group, KB Securities Vietnam

Fig 10. NLG – Ehome Southgate project



Source: Nam Long Group, KB Securities Vietnam



Table 15. NLG – Other projects

Project	Location	Area	Status
Izumi City	Dong Nai	170 ha	The project was first introduced in 4Q 2021 with 270 units in the 1A subdivision, which were reserved with a total contracted value of VND1,929 billion. By the end of 3Q 2024, approximately 180 units from the 1A subdivision had been successfully handed over. Currently, NLG has paused sales while awaiting approval for the 1/500 zoning plan adjustment.
NL Can Tho	Can Tho	43 ha	In 4Q 2023, the sale and construction of the affordable social housing project, EhomeS, began, with an asking price of around VND16 million/m <sup>2</sup> . By the end of 2Q 2024, approximately 210 units had been sold, generating a total contracted value of VND227 billion. Handover is expected to start in late 2024 or early 2025, while the construction of the remaining buildings is planned to commence by the end of 2024. (The EhomeS Can Tho social housing project spans 3.8 ha and comprises 12 blocks, each up to 9 stories high, with a total of 1,602 apartments.) Additionally, the sale of land plots is slated to begin in 2H 2024.
Paragon Dai Phuoc	Dong Nai	45 ha	Awaiting approval for the 1/500 zoning plan adjustment
VSIP Hai Phong	Hai Phong	21 ha	Scheduled for sale in 2025

Source: Nam Long Group, KB Securities Vietnam

## Forecast & Valuation

**Table 16. NLG – 2023A–2025F business performance**

(VNDbn)	2023	2024F	+/-%YoY	2025F	+/-%YoY	Notes
Revenue	3,181	5,402	70%	6,938	28%	
Property sales	2,905	5,180	79%	6,481	25%	In 2024, property sales are primarily expected to come from Akari City (56%), NL Can Tho (23%), Southgate and Izumi City.
Gross profit	1,562	2,601	67%	3,258	25%	
Gross profit margin	49%	48%	-1pp	47%	-1pp	
Property sales	53%	48%	-4pp	41%	-7pp	
Financial income	238	324	36%	173	-46%	Driven by the gain on the sale of a 25% stake at the Paragon Dai Phuoc project to a foreign partner
Financial expenses	-296	-327	10%	-339	4%	
Profits from affiliates	418	131	-69%	415	216%	Profit will also be generated from the handover of units at Mizuki Park.
SG&A	-980	-1,551	58%	-2,065	33%	
Profit before taxes (PBT)	968	1,179	22%	1,443	22%	
PBT margin	30%	22%	-8pp	21%	-1pp	
Profit after taxes (NPAT)	800	997	25%	1,193	20%	
NP after MI	484	549	13%	606	11%	
NPAT margin	15%	10%	-5pp	9%	-1pp	

Source: KB Securities Vietnam

**We recommend BUY for NLG with a target price of VND46,100/share**

We use the RNAV valuation method to establish a fair target price for NLG stock. Our positive outlook on NLG is based on two key factors: (1) its solid fundamentals and strong financial position and (2) the impressive absorption rates of its mid-range apartment projects in Ho Chi Minh City, such as Mizuki and Akari City, as well as affordable housing projects like Ehome Southgate, which meet genuine housing demand and are progressing as scheduled.

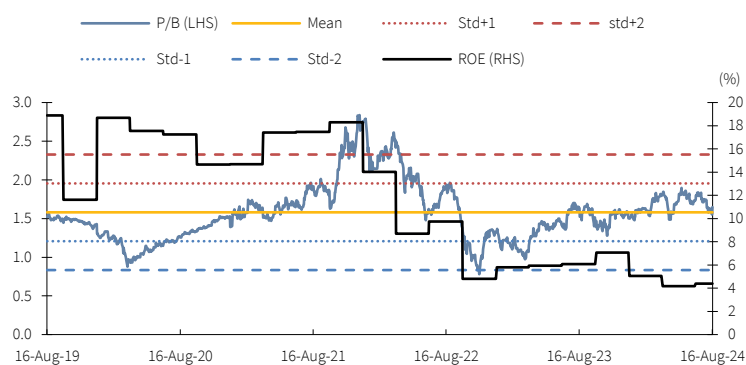
NLG is currently trading at a 2024 forward P/B ratio of 1.55x, which is below its 5-year average. Considering the company's promising outlook and valuation, we maintain our BUY recommendation for NLG with a target price of VND46,100 per share, indicating a 17% upside from the closing price on August 16, 2024.

Table 17. NLG – Valuation results

Projects	Valuation method	Value (VNDmn)
Waterpoint 1	DCF	2,392,921
Waterpoint 2	DCF	3,028,590
Mizuki	DCF	3,570,768
Akari City	DCF	1,551,057
NL Dai Phuoc	DCF	1,385,388
Waterfront	DCF	6,934,159
NL Hai Phong	DCF	1,005,961
NL Can Tho	DCF	2,365,559
<b>Total net asset value</b>		<b>22,234,404</b>
+ Cash		2,073,400
- Net debt		6,532,170
<b>RNAV</b>		<b>17,775,634</b>
Number of shares outstanding		384,777,471
<b>Value per share (VND/share)</b>		<b>46,100</b>

Source: KB Securities Vietnam

Fig 18. NLG – P/B in 2019–2024



Source: KB Securities Vietnam

## NLG – 2022A–2025F financials

## Income Statement

(VND billion)	2022	2023	2024F	2025F
Net sales	4,339	3,811	5,402	6,938
Cost of sales	-2,355	-1,619	-2,801	-3,680
Gross Profit	1,984	1,562	2,601	3,258
Financial income	386	238	324	173
Financial expenses	-199	-296	-327	-339
of which: interest expenses	-148	-278	-306	-318
Gain/(loss) from joint ventures (from 2015)	25	48	131	415
Selling expenses	-511	-418	-673	-888
General and admin expenses	-644	-562	-878	-1,177
Operating profit/(loss)	1,041	942	1,179	1,443
Other incomes	29	27	0	0
Other expenses	42	47	0	0
Net other income/(expenses)	-14	-20	0	0
Income from investments in other entities	0	0	0	0
Net accounting profit/(loss) before tax	1,070	968	1,179	1,443
Corporate income tax expenses	51	104	182	249
Net profit/(loss) after tax	866	800	997	1,193
Minority interests	309	317	448	587
Attributable to parent company	556	484	549	606

## Margin ratio

	2022	2023	2024F	2025F
Gross profit margin	34.2%	45.7%	49.1%	48.2%
EBITDA margin	15.6%	19.9%	19.8%	20.6%
EBIT margin	15.0%	19.1%	18.3%	19.4%
Pre-tax profit margin	31.5%	24.7%	30.4%	21.8%
Operating profit margin	23.1%	24.0%	29.6%	21.8%
Net profit margin	28.4%	19.9%	25.2%	18.5%

## Cash Flow Statement

(VND billion)	2022	2023	2024F	2025F
Net profit/(loss) before tax	1,070	968	1,179	1,443
Depreciation and amortization	36	49	62	84
Profit/loss from investing activities	-410	-655	0	0
Interest expense	148	296	306	318
Operating profit/(loss) before changes in Working Capital	843	688	1,547	1,844
(Increase)/decrease in receivables	-2,435	-57	-631	-1,466
(Increase)/decrease in inventories	-593	-2,428	-1,050	-310
Increase/(decrease) in payables	1,665	220	-83	40
(Increase)/decrease in prepaid expenses	-154	142	0	0
Net cash inflows/(outflows) from operating activities	-1,031	-2,343	-268	1,424
Purchases of fixed assets and other long term assets	-73	-24	-310	-267
Proceeds from disposal of fixed assets	0	0	0	0
Loans granted, purchases of debt instruments	-277	0	0	0
Collection of loans, proceeds from sales of debts instruments	0	36	0	0
Investments in other entities	-534	-174	0	0
Proceeds from divestment in other entities	1,181	338	0	0
Dividends and interest received	154	228	0	0
Net cash inflows/(outflows) from investing activities	452	405	-310	-267
Proceeds from issue of shares	187	0	0	0
Payments for share returns and repurchases	0	0	0	0
Proceeds from borrowings	3,595	3,129	231	241
Repayment of borrowings	-2,021	-2,237	0	0
Finance lease principal payments	0	0	0	0
Dividends paid	-521	-187	-182	-182
Interests, dividends, profits received	0	0	0	0
Net cash inflows/(outflows) from financing activities	1,241	705	39	49
Net increase in cash and cash equivalents	662	-1,233	-539	1,205
Cash and cash equivalents at the beginning of period	3,112	3,773	2,540	2,001
Cash and cash equivalents at the end of period	3,773	2,540	2,001	3,206

## Balance Sheet

(VND billion)	2022	2023	2024F	2025F
CURRENT ASSETS	23,720	25,313	26,692	30,126
Cash and cash equivalents	3,773	2,540	2,001	3,206
Short-term investments	987	1,050	1,050	1,050
Accounts receivable	3,570	3,637	4,268	5,734
Inventories	14,830	17,353	18,403	18,713
LONG-TERM ASSETS	3,365	3,298	3,563	3,762
Long-term trade receivables	11	13	13	13
Fixed assets	154	141	420	625
Investment properties	337	305	290	285
Long-term incomplete assets	26	44	44	44
Long-term investments	2,136	2,220	2,220	2,220
TOTAL ASSETS	27,085	28,611	30,255	33,888
LIABILITIES	13,770	15,078	15,901	18,517
Current liabilities	8,851	9,886	10,598	13,100
Trade accounts payable	981	1,175	1,093	1,132
Advances from customers	3,271	3,815	2,669	3,651
Short-term unrealized revenue	7	8	0	0
Short-term borrowings	1,804	2,402	2,522	2,648
Long-term liabilities	4,919	5,192	5,303	5,418
Long-term trade payables	0	0	0	0
Long-term advances from customers	0	0	0	0
Unrealized revenue	354	260	260	260
Long-term borrowings	3,375	3,705	3,817	3,931
OWNER'S EQUITY	13,315	13,534	14,039	15,371
Paid-in capital	3,841	3,848	3,848	3,848
Share premium	2,643	2,643	2,643	2,643
Undistributed earnings	2,493	2,879	3,236	3,650
Minority interests	0	0	0	0

## Key ratios

	2022	2023	2024F	2025F
Multiple				
P/E	27.3	36.7	27.7	25.1
P/E diluted	27.3	36.7	27.7	25.1
P/B	1.7	1.8	1.6	1.5
P/S	3.5	5.3	2.8	2.2
P/Tangible Book	1.1	1.3	1.1	1.0
P/Cash Flow	-14.7	-7.6	-56.7	10.7
EV/EBITDA	24.2	39.1	21.7	18.6
EV/EBIT	25.2	42.4	23.0	19.9
Operating performance				
ROE	4.18	3.57	3.82	3.94
ROA	4.67	3.15	5.47	5.90
ROIC	2.05	1.69	1.81	1.79
Financial structure				
Cash Ratio	0.4	0.3	0.2	0.2
Quick Ratio	0.9	0.7	0.7	0.8
Current Ratio	2.7	2.6	2.5	2.3
LT Debt/Equity	0.3	0.3	0.3	0.3
LT Debt/Total Assets	0.1	0.1	0.1	0.1
Debt/Equity	0.7	0.7	0.7	0.9
Debt/Total Assets	0.3	0.3	0.4	0.4
ST Liabilities/Equity	0.7	0.7	0.7	0.9
ST Liabilities/Total Assets	0.3	0.3	0.4	0.4
Total Liabilities/Equity	1.0	1.1	1.1	1.2
Total Liabilities/Total Assets	0.5	0.5	0.5	0.5
Activity ratios				
Account Receivable Turnover	16	0.9	14	14
Inventory Turnover	0.2	0.1	0.2	0.2
Account Payable Turnover	3.0	1.5	2.5	3.3

Source: Nam Long Group, KB Securities Vietnam

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**Investment ratings & definitions**

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**Investment Ratings for Stocks**

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

Buy:	Neutral:	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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