

HIGHLIGHTS OF THE WEEK

Despite unfavorable information from the world markets, the domestic market this week recorded a positive increase, with mid-cap stocks outperforming the general market. Liquidity improved slightly. VN-Index and HNX-Index closed at 976.48 (+2.51%) and 105.79 (-0.07%).

Main movements during the week:

* Mid-cap stocks led the market's gaining momentum, with a large increase (+2.05%). Large-cap stocks and small-cap stocks, though increasing less strongly than VN-Index, still had positive gains to +1.61% and +0.71% respectively.

* The number of gainers/losers is relatively balanced on the HSX. However, the number of losers overwhelmed on the HNX (focusing on small-cap stocks).

* Compared to fluctuations in the regional stock markets, Vietnam stock market is the only market that gained this week, while the markets of the Philippines, Thailand, and Indonesia... simultaneously plunged. P/E of Vietnam stock market is currently lower than the above markets.

* From an industry perspective, the sectors that gained last week had a remarkable increase (Tire, Rubber and Insurance... increased by 8.0%, 6.0% and 5.6%... respectively), overwhelming the reducing sectors (Electronics & Electrical Equipment, Steel and steel products, paper production... decreased -3.0%, -1.5% and -1.2%... respectively.) DRC and SRC had a significant contribution to the growth of Tire industry with positive information from Vinachem divestment from these two companies. For Rubber industry, the leading stock - PHR are expected to benefit from divestment at NTC at high prices. The industrial real estate stocks (KBC, ITA, NTC...) benefited directly from escalating US-China trade tensions. On the other side, the Electronics & Electrical Equipment sector (GEX), corrected due to negative business performance in 1Q as NPAT dropped 61% in 1Q. The leading stock of steel industry, HPG, corrected after a good recovery, which put pressure on the remaining stocks in the industry. The remaining sectors have insignificant fluctuations.

* Foreign investors continued to be net sellers with trading value of nearly VND680 billion. Put-through transactions accounted for a large proportion, about 40%.

Next week forecast:

Going against the world trend, VN-Index last week had a strong recovery with five gaining sessions, although the gaining momentum was weakened in the last 2 sessions. In particular, despite the global financial market receiving negative information related to escalating US – China trade tensions, the cash flow showed signs of returning to the market this week. At the same time, the market sentiment had many signs of optimism and stability. This move of the market, in our opinion, is due to the slower fluctuation of the Vietnam stock market in comparison with the world stock market in the previous upswing (when the main

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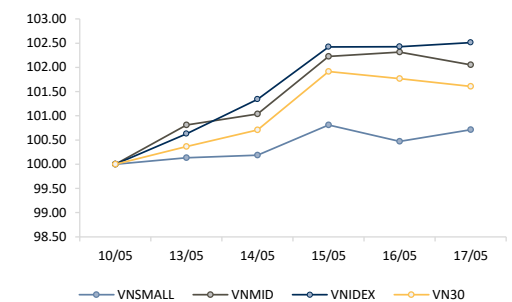
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Market Summary

	VNIndex	HNXIndex
Close	976.48	105.79
Change (%)	2.51%	-0.07%
Gainer/Loser number	195/185	108/269
Volume (mn)	1,010.41	215.55
Value (VNDbn)	21,482.02	2,878.98
Change (%)	-0.3%	18.5%

Sources: Finnpro, KBSV

Stock group movements



Sources: Finnpro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Tires	7.50%	DRC CSM SRC
Rubber	6.00%	PHR DPR TRC HRC...
Insurance	5.60%	BVH PVI BIC BMI...
Industrial Real Estate	5.50%	KBC ITA LHG TIX...
Oil Equipment & Services	4.80%	PVS PVD PVC PVB...
Top 5 worst performers	Change	Major stocks in sector
Water	-0.60%	BWE CLW NBW TWD...
Pharmaceuticals	-0.80%	DHG PME TRA DMC...
Paper	-1.20%	DHC VID HAP CAP...
Steel	-1.50%	HPG HSG NKG POM...
Electronic & Electrical Equipments	-3.00%	GEX LGC CAV PAC...

Sources: Finnpro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Tires	10.50%	DRC CSM SRC
Cement	7.90%	HT1 BCC BTS HOM...
Rubber	6.60%	PHR DPR TRC HRC...
Oil Equipment & Services	4.80%	PVS PVD PVC PVB...
Conventional Electricity	4.70%	NT2 PPD VSH CHP...
Top 5 worst performers	Change	Major stocks in sector
Electronic & Electrical Equipments	-3.20%	GEX LGC CAV PAC...
Forestry	-5.30%	TTF DLG GTA
Plastics	-7.70%	AAA RDP DAG HII...
General Mining	-8.80%	KSB HGM BMC BKC...
Insurance	-10.90%	BVH PVI BIC BMI...

Sources: Finnpro, KBSV

indexes such as Dow Jones, S&P500 and Shcomp... set a new peak, Vietnam stock market moved sideways and corrected.) Therefore, in this correcting phase of the global stock market, Vietnam stock market was somewhat less adversely affected. Besides, there are many different viewpoints on the media which said Vietnam is one of the countries benefiting the most from the trade war. This served as a supportive factor for investor sentiment this week.

However, we believe that the market is still quite uncertain and has many potential risks. Due to the lack of domestic news sources, new progresses in international markets will still have strong impacts on Vietnam stock market. If there is any negative news (CNY surpasses 7.0 or China and the US continue to retaliate against each other), we are afraid that investor sentiment will reverse and profit-taking pressure will increase, especially after the two indices have experienced a strong rebound.

In general, despite highly appreciating the scenario that the market will continue to recover in the next week, we also recommend investors to have a cautious view and prepare a plan in case of a sudden reversal of the general market trend if the new instabilities appear in the international market.

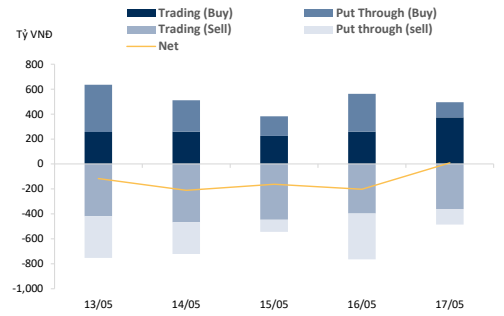
HIGHLIGHTS OF THE MARKET

Trade disputes between the US and China have climbed a new level when China, on May 13, announced to raise taxes on USD60 billion of American goods in response to Washington raising taxes from 10% to 25% on USD200 billion of Beijing commodities. This caused CNY to be sold off sharply, and had the worst trading day since mid-2018. The CNY once fell to 6.9, approaching the "important psychological threshold of 7.0."

The question now is "What is the lowest level that the CNY can reach?" In the US-China trade war, many analysts considered CNY as the "trump card" of China. Beijing's devaluation of CNY will partly support export activities and help to offset the impact of rising US tariff barriers. However, if the CNY keeps depreciating, especially to under 7.0, China may have to face unpredictable consequences. The "psychological" threshold of 7.0 has long been seen as an important risk zone, so if the CNY falls under this threshold, it will probably cope with strong sell-off from the China market. PBoC certainly does not want to repeat the scenario in 2015, when the negative sentiment of the market pushed CNY down sharply with a massive capital withdrawal. As a consequence, PBoC then had to spend more than reserved USD350 billion to re-stabilize the market. Therefore, we believe that PBoC will regulate the exchange rates prudently, and will not let CNY fall under 7.0, at least until Mr. Trump and Mr. Xi have a meeting in the G20 in June.

Under the psychological impact of the CNY devaluation, the USD/VND exchange rates have recently been volatile, and reached a high of 23,380 on the interbank market. Despite increasing quickly, domestic exchange rates, if considered from the beginning of the year, have only inched up 1% after nearly four months of staying at the buying rate of the SBV. Upcoming exchange rate movements will continue to depend heavily on geopolitical and trade developments in the international market. SBV can still allow the VND to adapt to those fluctuations.

Foreign investor trading



Sources: Bloomberg, KBSV

Top transactions by foreign group

Most bought	Value (VNDbn)
BVH	97.146
VNM	72.409
PDR	48.518
Most sold	Value (VNDbn)
VHM	208.245
HPG	147.311
CII	92.085

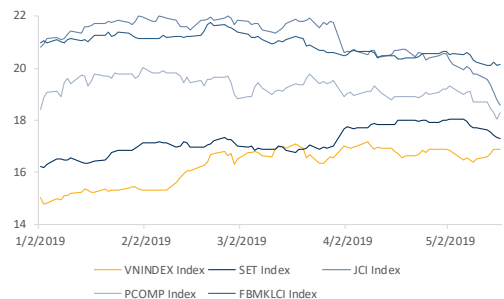
Sources: Bloomberg, KBSV

Top market movers

Most positive	Points
VIC	+4.010
VNM	+2.867
SAB	+2.706
Most negative	Points
HPG	-0.382
MSN	-0.348
EIB	-0.185

Sources: Bloomberg, KBSV

P/E Vietnam vs ASEAN 4



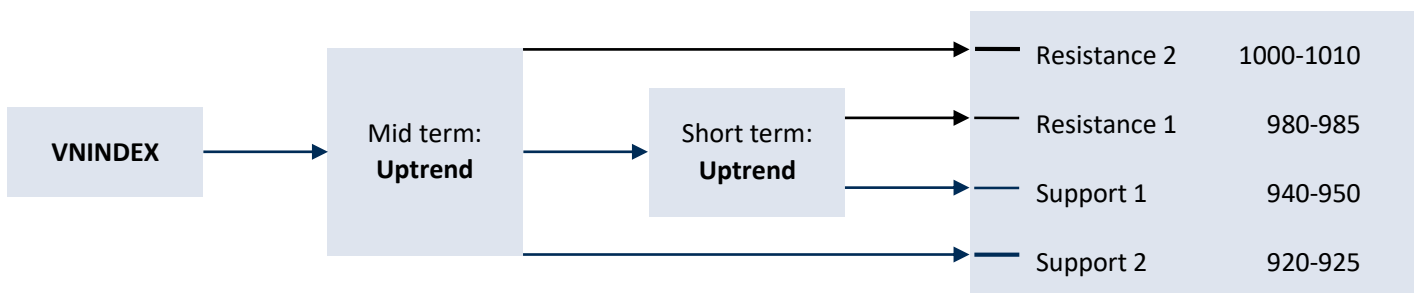
Sources: Bloomberg, KBSV

TECHNICAL ANALYSIS

The strong support from the support zone of 940-950 (Fibo 50% support threshold based on the rising phase from March 1-3/2019 & SMA (20) weekly time frame) created a motivation for VN-Index to surge to above SMA (100) and SMA (200) during the week. In addition, the momentum indicators have also improved, including RSI moving into positive zone and MACD crossing the signal line. This helps to extend the development room for VN-Index in the next period. This recovery phase had many positive signals based on the weekly/monthly charts and the Elliott wave, resulting in a significant amount of new cash flow to enter the market. Therefore, we expect the market to end the correction and return to the medium-term uptrend.

VN-Index is currently facing the challenge at the resistance zone of 980-985, the convergence point of SMA (50), Tenkan-Sen line in the weekly chart and the medium-term downtrend channel from the beginning of 2018. The pressure of shaking in this area created reversal doji candles in the last sessions. However, we think that this was likely a T+ correction, which is considered an opportunity for investors to increase short-term trading positions. If successfully surpassing this resistance, the market will attract more investors and the mid-term recovery trend will be strengthened more obviously.

TECHNICAL TREND



INVESTMENT PORTFOLIO RECOMMENDATIONS

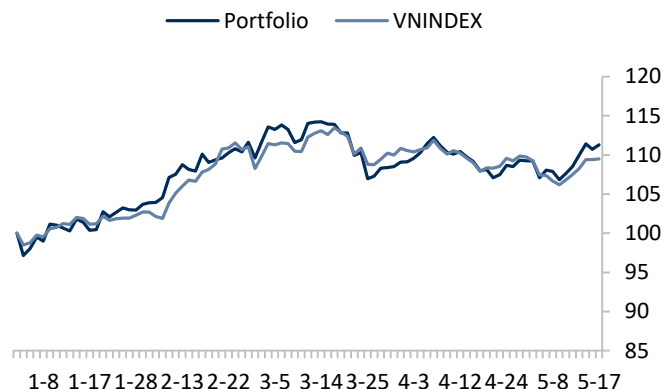
Investment Note

(1) The portfolio for mid-term investment (3-month at least) or may be flexible depending on the market movement.

(2) Profit taking threshold is +30% and cutting loss level is -15%.

(3) The fixed proportion of stocks in the portfolio is 100% (the proportion of each stock is equal) to make a comparison with VNINDEX. Investors should consider the general market trend to have a good proportion allocation and risk management

Portfolio's performance vs VNINDEX



Stocks	Date of recommendation	Closing price	Daily returns	Accumulative returns	Main investment catalysts
VHC	18/04/2019	94.9	0%	0%	<ul style="list-style-type: none"> ▪ Vinh Hoan JSC (VHC) is the largest tra fish exporter in Vietnam with an estimated market share of 50% in the US, which is the most valuable market. The company will benefit from the long-term growth trend of global fishery consumption amid a decrease of wild-caught supply. ▪ The rising demand, unfavorable weather conditions and a decline in white fish supply caused constraints in tra fish market, and boosted VHC's profit margin in 2018. This trend is forecast to continue in 2019. ▪ Tra fish market position is enhanced amid the US-China trade tensions and the EU-Vietnam Free Trade Agreement (EVFTA) in the future. In the 3Q/2018, the United States imposed 10% tax on tilapia imported from China and could increase to 25%, which helps to reduce the competitive pressure of tilapia on Vietnamese tra fish in the US market. The elimination of the looming import tariff of EVFTA is also an advantage for tra fish industry.
PNJ	22/03/2019	97.3	-1.9%	-3.2%	<ul style="list-style-type: none"> ▪ Jewelry retail sales has witnessed a high growth as the number and value of the purchase orders increased. In 2018, PNJ jewelry retail sales surged 41%, supported by the estimated increase of 34% in the number of transactions and 5% gain in the average purchase value. ▪ Given the advantage of the available customer base, the segment of watches and accessories of PNJ is strong enough to be successful as the watch market in Vietnam has no large distribution enterprise despite gaining high value. Watches are expected to account for 5% of total revenue gained from PNJ contracts in 2022. ▪ The negative operating cash flow of PNJ in the previous years is resulted from the store system expansion, and the inventory increase. It is expected that PNJ will have a positive operating cash flow from 2019.

BMP	05/03/2019	46.8	-2.6%	-11.9%	<ul style="list-style-type: none"> ▪ The current price of BMP stocks is quite attractive as BMP is the leading company in plastic pipe industry, with healthy financial status, sales policy with the most attractive 15% discount on the market, and stable dividend payment history. ▪ After two consecutive years of decreasing profit, BMP profit is expected to rebound in 2019 thanks to a slight increase in production (+6%) and profit margin (+0.6%) given that the prices of PVC compound manufacturing input materials are lower than the 2018 average. Besides, the direct competitor HSG no longer has many promotion policies as before due to its own difficulties. ▪ Export potential to Thailand and the support of managing shareholder Nawa Plastic is a favorable factor for long-term prospects of BMP business operation.
TCB	04/03/2019	24.25	-2.0%	-8.8%	<ul style="list-style-type: none"> ▪ Operating effectiveness has been continuously improved, which helped the bank to be ranked at the top group in 2018. TCB achieved this success thanks to the strategic value chain of Vingroup - Masan - Vietnam Airlines ecosystem combined with the economic growth oriented by export, consumption and real estate investment. ▪ The bank is currently the pioneer in some core business segments: Market share ranking No.1 in mortgage loans; advisory and brokerage involved in corporate bonds; bancassurance fee; ranking at the top in transaction banking growth. Effective operating model and dynamic BOM are the premise for the current result. ▪ Strong capital base, guaranteed asset quality and the viable strategy are the foundation for TCB to keep its growth momentum in 2019.
KBC	23/01/2019	14.4	-1.0%	3.6%	<ul style="list-style-type: none"> ▪ FDI from Korea, Taiwan, and Japan – mainly absorbed by industrial plants has been rising sharply thanks to the shift of factories' location from China to Vietnam. ▪ The demand for industrial land lease in KBC strongly increased in 2018-2019. In 2019, the area for lease is forecast to be 120 ha (+14% yoy), in which there is 70 ha of Quang Chau Industrial Plant and 30 ha of Nam Son Hap Linh Industrial Plant. ▪ Gross profit margin still stays high – with the average of 58% in 2018-2019. ▪ Phuc Ninh Urban Area Project may gain VND1,000 billion of revenue 2019. Profit margin may reach 75%. ▪ Lower the number of long-term loans. Loan/equity ratio is 28%. ▪ Industrial plant projects of affiliated companies in Hue, Da Nang will be the attractive point to investors in the long-term after Northern industrial plants run out of land source in the next 2-3 years.
MBB	18/12/2018	21.55	0.2%	4.9%	<ul style="list-style-type: none"> ▪ NOII to continue gaining traction in 2019. The current strong NFI from insurance services was mainly driven by the non-life segment through Military Insurance Corporation (MIC).

					<ul style="list-style-type: none"> ▪ A strong CASA ratio and increasing retail book (ex MCredit) are drivers for continuous NIM expansion. We believe NIM has headroom to expand from its current high level of 4.5%, given the CASA ratio will remain at a high level and the loan yield gap between ACB and MBB has been closing since 2014. Though funding costs could inch up related to valuable papers issuance in 2019F, we expect it to still be managed below 4% due to its current strong CASA ratio. ▪ MCredit is still finding its feet but funding advantage increases odds of success. We believe MCredit can triple its loan book in 2018 from a low base, contributing ~1.8% to the consolidated book. Half of MCredit's current funding comes from Shinsei and thus provides significant flexibility in chasing market share in the key cash loan market.
REE	11/10/2018	31.35	-0.9%	-4.1%	<ul style="list-style-type: none"> ▪ In 2019, profit will likely increase by 9%-10% due to the dramatic rebound of electromechanical segment (58%) compared to the low basic level in 2018. This is achieved thanks to REE provisions, the positive growth of 37% in office for lease segment, and successful operation of E-town Central. ▪ Profit growth in the long term is maintained thanks to new M&A deals (in electricity and real estate segment). ▪ With expected EPS in 2018 at VND5,500/share, REE is comparatively low with ROE reaching 18,6%.
FPT	6/9/2018	44.45	0.5%	17.9%	<ul style="list-style-type: none"> ▪ Software processing which is the main force of software development segment has been thriving in most of the key markets, including Japan, United States, Asia Pacific, and European. The exported software segment is expected to gain 25% in the next three years. ▪ The growth of Telecom is projected to remain stable at 15% thanks to subscriber growth and pay-TV segment which will be profitable from 2020. ▪ FPT profit is forecast to maintain a growth rate at over 20% until 2020. With the forecast EPS in 2019 of VND3,116/share, FPT shares are traded at attractive P/E compared to the potential growth and the average P/E of other regional companies of the same industry.
GMD	22/8/2018	25.85	-0.4%	6.8%	<ul style="list-style-type: none"> ▪ Potential business growth is the key driver for the bounce back of stocks, combining with the divestment of real estate projects or information about VIG divestment at the company. ▪ Increase of expected return; attractive long-term valuation. The operation of Nam Dinh Vu Phase 1 project will be the driving force for revenue growth in 2019-2020. The project has increased GMD's handling capacity from 1,250,000 teus to 2,000,000 teus, a rise by 60%. According to the plan, the occupancy rate for 2019 is 80% and 100% in 2020. ▪ Logistic profit will grow with a support from CJ Logistics. With the deeper involvement of CJ Logistic, the management

expects to bring better growth motivations for the logistics sector.

PVS 15/8/2018 24.4 1.2% 41.9%

- Despite experiencing a strong recovery from the beginning of 2019, P/E of PVS is still lower than the average P/E of other peers in the region.
 - With the forecast oil prices staying above USD60/barrel, much higher than Vietnam's average breakeven level of about USD55/ barrel, a series of large oil and gas projects will be started from 2020.
 - Core EPS in 2019-2023 is forecast to achieve a CAGR of 9.0% thanks to Sao Vang - Dai Nguyet, Gallaf, Block B and White Lion - Phase 2 projects and a stable FSO.
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ECONOMIC CALENDAR

20/5	EU PPI
21/5	JPY Trade Balance
22/5	CPI UK
23/5	PMI EU
24/5	EU Trade Balance

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