

## HIGHLIGHTS OF THE WEEK

Although the market this week had no contrasting moves with the world stock market, there is still a relatively positive trading week compared to the global stock indexes. Market liquidity has gradually improved over the week. VN-Index and HNX-Index this week closed at 970.03 (-0.66%) and 105.39 (0.38%).

### Main movements during the week:

\* Large-cap stocks, with a decrease of 0.68%, were the main reason for VN-Index's drop. On the contrary, small and medium cap stocks showed a slight increase at 0.11% and 0.02% respectively.

\* About sectors' movements, industries which saw remarkable increases this week (Beer production, Rubber and Electronics & Electrical equipment... increased by 8.0%, 6.4% and 6.0%,...respectively), overwhelmed the losers (Cement, Forest Products & Wood Processing, Containers & Packaging... lost -4.6%, -4.4% and -2.5%... respectively). In Beer production industry, SAB shares recorded 4 consecutive gaining weeks of and headed to the peak of 2018 as investors' optimism about business changes and restructuring did bring positive results in the 1Q/2019. This week, SAB also served as a strong supportive point of the market. The leading stock in Rubber industry, PHR, continued surge during the week, which strengthened a large number of investors' expectation about the company divestment from NTC with high prices. Electronics & Electrical equipment sector increased mainly thanks to the surge of LGC (+16%) this week.

On the other hand, the strong correction of HT1 shares is the main factor causing the cement industry to decline. In addition, investor sentiment also became more cautious when cement enterprises are expected to face many challenges in the 2Q including the oversupply of the industry; electricity, petrol and coal prices all escalated; the real estate market slowed down, leading to a reduction in cement demand. Regarding forest products and wood processing industry, ineffective business activities in 1Q, especially TTF, are exerting a declining pressure on these stocks.

\* Excluding put-through transactions, foreign investors continued to net sell nearly VND300 billion this week. There were two large put-through transactions of VIC and VRE stocks.

### Next week forecast:

Influenced by the correction of the global stock market, and a plunge in the world oil prices, Vietnam stock market had a strong correction this week, undermining all gains of VNIndex in the session from the beginning of the week. However, in comparison with the global stock market, Vietnam stock market in general still has relatively positive movements thanks to the stable and optimistic sentiment of domestic investors. The domestic cash flow, according to our assessment, is still a key supportive factor for the market to prolong this recovery phase, has now risen more than 2% from the bottom around 950 points two weeks ago, while selling pressure from foreign investors tended to increase in recent sessions

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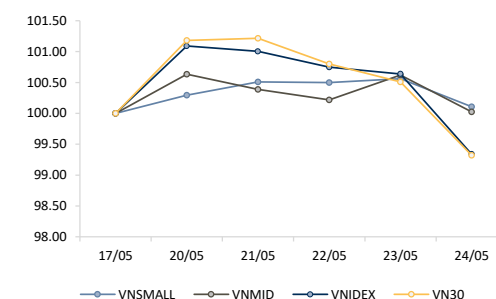
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### Market Summary

	VNIndex	HNXIndex
Close	970.03	105.39
Change (%)	-0.66%	-0.38%
Volume (mn)	991.67	217.85
Value (VNDbn)	27,962.9	2,785.68
Change (%)	30.2%	-3.2%

Sources: Finnpro, KBSV

### Stock group movements



Sources: Finnpro, KBSV

### Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Brewers	7.50%	SAB BHN THB HAD...
Rubber	6.40%	PHR DPR TRC HRC...
Electronic & Electrical Equipments	6.00%	GEX LGC CAV PAC...
Paper	4.80%	DHC VID HAP CAP...
Clothing & Accessories	4.10%	TCM STK FTM EVE...
Top 5 worst performers	Change	Major stocks in sector
Pharmaceuticals	-1.70%	DHG PME TRA DMC...
Heavy Construction	-2.10%	CTD VCG CII HBC...
Containers & Packaging	-2.50%	INN SVI MCP VBC...
Forestry	-4.40%	TTF DLG GTA
Cement	-4.60%	HT1 BCC BTS HOM...

Sources: Finnpro, KBSV

### Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Rubber	16.30%	PHR DPR TRC HRC...
Tires	13.00%	DRC CSM SRC
Brewers	11.90%	SAB BHN THB HAD...
Clothing & Accessories	9.50%	TCM STK FTM EVE...
Oil Equipment & Services	7.30%	PVS PVD PVC PVB...
Top 5 worst performers	Change	Major stocks in sector
Tile & Paving Materials	-2.10%	VCS VGC CVT VIT...
Gas Distribution	-2.70%	GAS PGD PGS PGC...
General Mining	-4.70%	KSB HGM BMC BKC...
Forestry	-7.30%	TTF DLG GTA
Insurance	-11.40%	BVH PVI BIC BMI...

Sources: Finnpro, KBSV

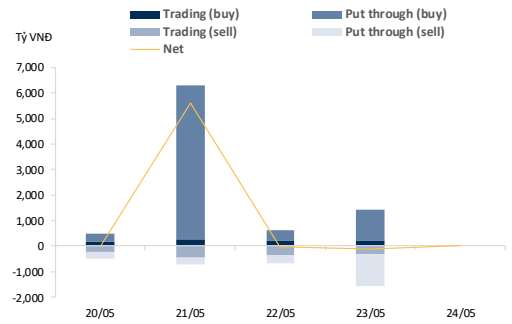
(excluding large put-through transactions). In another scenario, we also found that the negative information about the US-China trade war has fully reflected in the previous correction of the market, and the new information just had insignificant impacts on the VNIndex. Meanwhile, the market is also expecting that some positive information may soon appear, which is involved in the Amended Securities Law. This will probably help to speed up the market upgrading process, and extend room for investors. Therefore, we still appreciate the scenario that VNIndex will continue to reach 1,000 points in the coming period, regardless of wobbly sections which will appear with increasing frequency and intensity due to the high uncertainty of the current stock market.

Investors are recommended to hold previously bought positions, and choose to increase the proportion of trading stocks at the corrections of the market. However, when the world market still has many uncertainties and potential risks, we also recommend investors should have available risk prevention plans in case of unexpected negative events making the general market sentiment suddenly reverse.

### HIGHLIGHTS OF THE MARKET

The US trade surplus by 1Q/2019 jumped 45% to USD13.5 billion, thanks to the great benefit from the US-China trade tensions. According to a report from the US International Trade Commission, Vietnamese enterprises are replacing Chinese businesses in exporting commodities that China is taxed. Specifically, these imports from Vietnam gained over 30% YoY, but declined 28% YoY in China market. Some observers are afraid that with the current deficit rate, the US will put Vietnam on the list of countries subject to taxes. This is reasonable as the White House has recently proposed to impose taxes on countries with undervalued currencies - including Vietnam. However, some analysts supposed that Vietnam is not currently a strategic threat to the US. In contrast, Mr. Trump was quite happy about the shift of factories moving from China to Vietnam in the recent tweet. We think that this is not a big concern to investors because in the short term, the US seems to support the shift of the production and supply chain from China to Vietnam.

### Foreign investor trading



Sources: Bloomberg, KBSV

### Top transactions by foreign group

Most bought	Value (VNDbn)
VIC	5,756,598.20
PDR	88,216.14
SSI	63,931.64
Most sold	Value (VNDbn)
VHM	119,273.67
HPG	79,410.80
CII	76,255.65

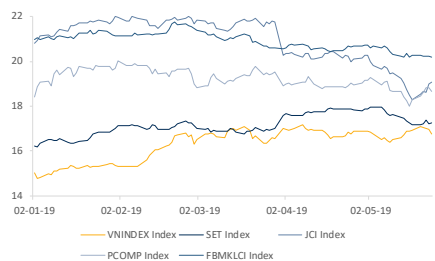
Sources: Bloomberg, KBSV

### Top market movers

Most positive	Points
HVN	+0.956
BHN	+0.819
SAB	+0.806
Most negative	Points
VNM	-2.660
VHM	-2.207
GAS	-2.121

Sources: Bloomberg, KBSV

### P/E Vietnam vs ASEAN 4



Sources: Bloomberg, KBSV

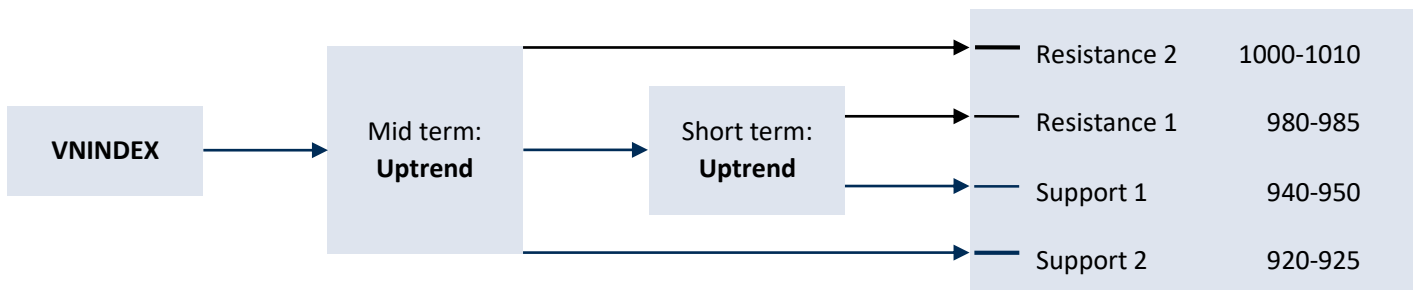
## TECHNICAL ANALYSIS

VN-Index this week failed to break out of the resistance area of 985-990, which is the convergence point of the Ichimoku cloud zone on the daily time frame and the mid-term downtrend trendline from 2018. The supply pressure pushed the indices down sharply at the end of the week, completely erase all positive gains from the beginning of the week, and created a doji candle pattern this week. This signal shows the possibility of further correcting pressure in the first sessions of next week and VN-Index might drop to the support area around 965-968 points - the gap of price increase in the previous phase.

However, we are still positive about the medium-term uptrend from the bottom in early year and expect short-term recovering trend from the beginning of May to be reserved, because (1) momentum indicators, including RSI, MACD and Stochastic, are still in positive zone; (2) the market reacted early to the resistance area, which partly reduced the supply pressure at high price areas and easing the pressure on the next recovery span; (3) VN-Index has surpassed MA (100) & MA (200). In this scenario, we expect VN-Index will soon approach the strong resistance zone - psychological threshold in the near future.

Investors are recommended to hold positions that have bought around the bottom, and take advantage of the correcting phase of the market to raise a part of trading proportion for higher effectiveness of the portfolio.

### TECHNICAL TREND



## INVESTMENT PORTFOLIO RECOMMENDATIONS

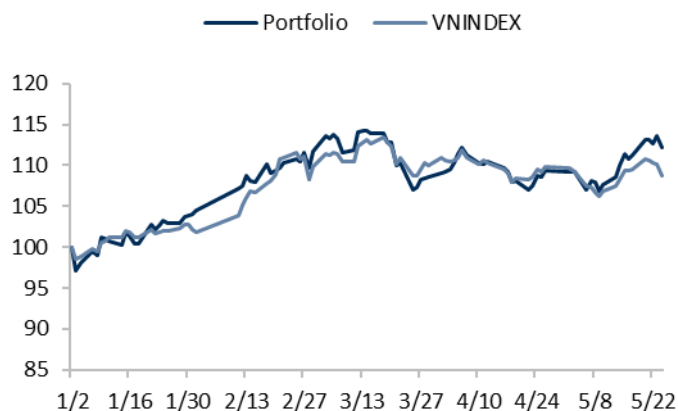
### Investment Note

**(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
BVH	5/6/2019	78.4	0.5%	7.5%	<ul style="list-style-type: none"> <li>▪ Mathematical reserve provisioning relief. As anticipated, the Government has issued Circular 1/2019/TT-BTC, which allows life insurance companies to apply a slightly less conservative discount rate to reserves. The Circular was issued in January and became effective on February 16. This should reduce liabilities and increase book value, helping to reduce the reported PB ratio.</li> <li>▪ Maintaining the competitive advantage by focusing on expanding agency network instead of bancassurance channel. The difference of this strategy compared to others of foreign life insurance companies is to promote long-term exclusive bancassurance deals.</li> <li>▪ More than 12 million shares were released from ESOP in early May 2019, causing a sharp increase in supply, negatively impacting stock price movements, helping BVH price to be more attractive.</li> </ul>
PLX	5/6/2019	77.2	-1.8%	5.9%	<ul style="list-style-type: none"> <li>▪ In the short-medium term, the profit from core business of PLX is expected to grow stably, in line with the increasing oil and gas consumption rate at 5% (PLX has currently owned 48% domestic oil market).</li> <li>▪ In the long term, PLX's prospects depend on the strategy of adding value-added services through the system of gas stations. Currently, PLX's gas stations have sold insurance packages for vehicles, and provided gasoline purchase cards and motorbike care services. In addition, the room for developing a convenient store system at gas stations is still quite large</li> <li>▪ Dramatic profit is expected to be gained from the merger of HDBank and PGBank.</li> </ul>
VHC	18/04/2019	66	-2.2%	8.2%	<ul style="list-style-type: none"> <li>▪ 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-</li> </ul>

					<p>term growth trend of global fishery consumption amid a decrease of wild-caught supply.</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
PNJ	22/03/2019	93.2	-0.3%	0.3%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
TCB	04/03/2019	107.5	-1.8%	7.0%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ Strong capital base, guaranteed asset quality and the viable strategy are the foundation for TCB to keep its growth momentum in 2019.</li> </ul>
MBB	18/12/2018	23.2	-1.9%	-12.8%	<ul style="list-style-type: none"> <li>▪ 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).</li> <li>▪ A strong CASA ratio and increasing retail book (ex MCredit) are drivers for continuous NIM expansion. We believe NIM has</li> </ul>

					<p>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.</p> <ul style="list-style-type: none"> <li>▪ 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.</li> </ul>
REE	11/10/2018	21.35	-1.4%	3.9%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Profit growth in the long term is maintained thanks to new M&amp;A deals (in electricity and real estate segment).</li> <li>▪ With expected EPS in 2018 at VND5,500/share, REE is comparatively low with ROE reaching 18,6%.</li> </ul>
FPT	6/9/2018	32.9	-0.5%	0.6%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
GMD	22/8/2018	45.6	-0.2%	21.0%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>

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PVS	15/8/2018	27.25	1.1%	12.6%
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- 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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