

MARKET WRAPS

The market this week was in a sideways drift, bottom-fishing cash flow supported the market well under existing selling pressure in recent weeks. VN-Index and HNX-Index decreased 958.28 (-0.17%) and 104.21 (-0.13%) respectively at the closing session.

This week key movements:

* Key stocks alternatively corrected this week, especially HPG (-29%) and PNJ (-24%), which made large-cap stocks plunge (VN30 declined by -0.77%), stronger than the reduction of the overall market (-0.17%). The correction in leading stocks has partly spread to medium-cap stocks, with a decrease of -0.37%. In particular, small cap stocks still inched up (+0.04%) despite negative movements of the general market.

* The number of losers overwhelmed in both markets. The trading volume on the HSX was slightly improved but still remained below the average of one month.

* From sector perspective, *Mining industry* witnessed the highest rise (+5.0%) due to the sudden increase of HGM price amid the positive information related to the dividend payment up to 70% in 2018. After that, *Beer production industry* recorded an increase of +2.9% with SAB shares rising in six consecutive sessions. With the weather forecast about long lasting hot weather this year due to the impact of El Niño, the consumption demand for soft drinks increases, thereby helping SAB achieve positive results in the 2Q.

On the other side, *Steel and Steel products industry* continued to see a strong drop of 6.1% with the disadvantages of the 2Q growth outlook, triggered by the trade war and strong fluctuation of raw material prices. Besides, the leading stock - HPG also saw a strong correcting week with the drop in May sales.

* The most positive move this week was foreign investors' net buying again, at about USD 255 million. In particular, the put-through value reached USD3,025 million, surpassing the trading value at USD 2,246 million.

Next week viewpoint:

The recovery session at the end of the week has partly eased the selling pressure imposed on the market recently. International markets also saw brighter moves after there was the information saying that President Donald Trump may delay to impose tariffs on Mexican commodities. In addition, the US stock market was optimistic that the Fed will cut interest rates soon after job data in May showed signs of weakening. Center banks of other countries also tend to loosen monetary policies to boost the economy, especially when ECB decided to remain interest rates at the record low level, while Reserve Bank of India had the second interest cut in this year.

We observed that many negative news on the world market have been reflected in the market, although the risks of falling oil prices or trade tensions are still existing. So we expect more positive sentiment from investors next week, which can attract new cashflow into the market, especially when the general index and

KBSV RESEARCH

Tung Le

Market Analyst

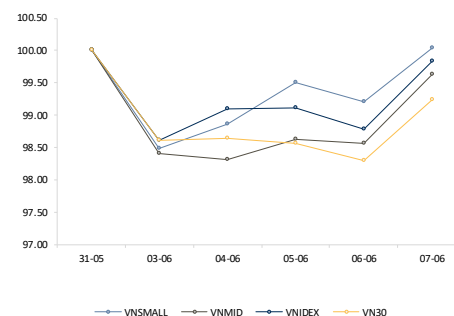
tungla@kbsec.com.vn

Market Summary

	VNIndex	HNXIndex
Close	958.28	104.21
Change (%)	-0.17%	-0.13%
Gainers/Losers	151/229	103/267
Volume (mn/session)	745.62	123.4
Value (VNDbn/session)	16,328.73	1,415.51
Change (%)	-3%	-10%

Source: FinnPro, KBSV

Market performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
General Mining	7.50%	KSB, HGM, BMC, DHM...
Brewers	2.90%	SAB, BHN, HAD, HAT...
Software	2.40%	FPT, SRA, VLA...
Electronic Office Equipment	2.20%	ST8, SAM, ELC, SMT...
Specialty Retailers	2.10%	MWG, FRT, DGW, COM...
Top 5 worst performers	Change	Major stocks in sector
Business Support Services	-1.60%	PAN, VNC, TV4, PPS...
Containers & Packaging	-1.90%	INN, SVI, MCP, SDG...
Property & Casualty Insurance	-3.00%	PVI, BIC, BMI, PGI...
Electronic Equipment	-3.50%	GEX, LGC, THI, AME...
Steel	-6.10%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Computer Services	21.70%	CMG, UNI, TST...
Brewers	14.50%	SAB, BHN, HAD, HAT...
Commodity Chemicals	8.90%	PHR, AAA, DPR, HRC...
Soft Drinks	6.00%	VCF, NAF, SCD, CTP...
Specialty Retailers	5.80%	MWG, FRT, DGW, COM...
Top 5 worst performers	Change	Major stocks in sector
Hotels	-3.20%	VNG, OCH, SGH, DAH...
Property & Casualty Insurance	-4.10%	PVI, BIC, BMI, PGI...
Gas Distribution	-5.00%	GAS, PGD, PGS, PGC...
Business Support Services	-7.10%	PAN, VNC, TV4, PPS...
Steel	-10.40%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

many key stocks started to fall to noticeable support areas. Investors are recommended to accumulate stocks at low prices.

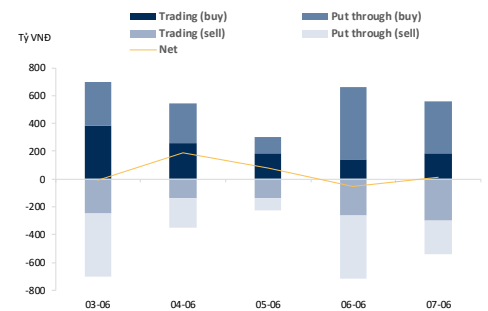
HIGHLIGHTS OF WEEK

According to the updated stock portfolio on May 31, 2019, the proportion of Vietnam stocks in the MSCI Frontier Markets Index was 18.22%, increasing 2% compared to the portfolio at the end of April and ranking second, after Kuwait with 31.45%. At the moment, there are 11 Vietnam stocks in the MSCI Frontier Markets Index, including VIC, MSN, VCB, HPG, STB, BVH, GAS, BID, VNM, SAB, POW. Among these tickers, VIC has the largest proportion with 3.9%, followed by VNM and VHM (2.35%). It is likely that Kuwait will follow Argentina to upgrade the market to Emerging Markets in 2020. In this case, MSCI estimates the weight of Vietnam stocks in MSCI Frontier Markets Index to reach up to 25.8%.

In the National Assembly's 14th session last week, Minister of Finance Dinh Tien Dung presented draft amendments to the Securities Law, focusing on solving prevailing issues such as the quality of input commodities of the market, manipulation, anti-insider trading, administrative reform to improve the effectiveness of operating agencies, violation management, inspection, and handling... Additionally, there is an issue that has drawn the attention from investors, which is the foreign room. According to the draft regulations, except for cases with specialized regulations, foreign room in listed enterprises is 100%. Although the number of companies that have officially extended foreign room rate to 100% is still limited (over 30 out of 700 companies listed on both exchanges), this draft is expected to serve as a strong supportive factor to attract foreign investment capital in mid-term and long-term.

Also in this session, Deputy Prime Minister Pham Binh Minh showed his concerns about a potential decrease of VND6,000 billion in the next five years under the pressure of trade tensions, because Vietnam economy's openness is around 200% GDP. Previously, Vietnam Institute for Economic and Policy Research also lowered the forecast for GDP growth in the 2Q to 6.32% from 6.79% in the 1Q.

Foreign investor trading



Source: Bloomberg, KBSV

Top transactions by foreign investors

Top net buyers	Net buying value (VNDmn)
E1VFN30	348,332.18
VIC	76,922.96
NVL	53,069.05
Top net sellers	Net selling value (VNDmn)
SBT	138,830.23
VNM	98,326.28
NBB	59,029.66

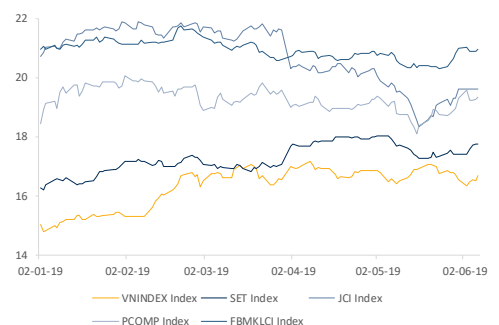
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VIC	2.398
SAB	1.803
POW	0.56
Top 3 worst performers	Points
VCB	-1.768
HPG	-1.193
TCB	-1.046

Source: Bloomberg, KBSV

P/E Vietnam vs region



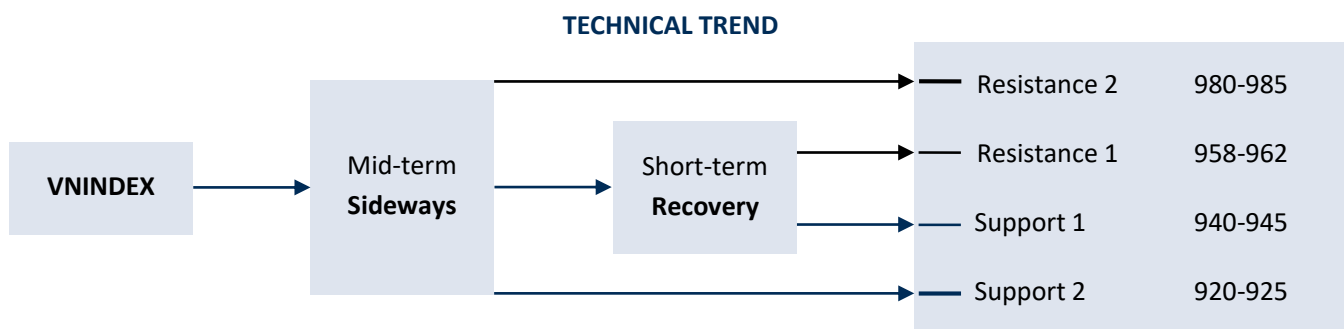
Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

The market this week dropped below the 950 threshold, and created the lowest bottom since February. However, bottom fishing cashflow at support level of 940, an area of Fibi 50% (uptrend in 2019) and weekly Kijun Sen, has successfully push VN-Index up near MA(200) at 958. We believe that the current decline has come to a standstill, and supports a slight recovery in the following week because:

- (1) Both Inverted Hammer pattern of daily chart and Doji candlestick chart pattern in weekly chart had signs of a recovery.
- (2) Dropping below the 950 level and cutting the 940 level has removed many weak short term trades.
- (3) The momentum indicators also become more neutral, in which the Stochastic indicator stayed over 50, and the RSI reversed and headed to the 50 threshold.
- (4) Many key stocks started to fall to noticeable support areas.

In the recovery scenario, VN-Index needs to surpass MA (100) and MA (200) in 958-963 area soon, so that buyers can regain control. Investors are recommended to accumulate stocks in the short term, and increase the proportion of each part at low prices.



INVESTMENT PORTFOLIO RECOMMENDATIONS

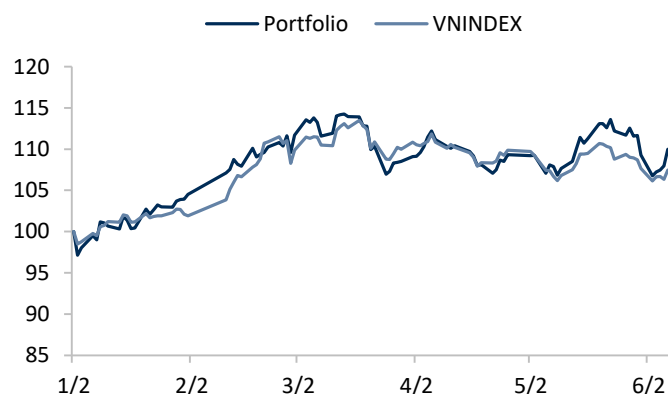
Investment Note

(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
NLG	3/6/2019	29.9	4.4%	1.2%	<ul style="list-style-type: none"> Nam Long Group (NLG) has remained its leading position in mid-high end housing development with reasonable prices. The main product lines are Ehome, Valora and Flora. In addition, NLG also cooperated with business partners with strong financial potential from Japan to develop large urban areas (UA.) The company benefits from healthy financial status with low loan ratio thanks to approaching investment capital from foreign investors. In the next period, NLG determines to become the largest UA developer with by cooperating with famous Japanese partners to develop its projects, including Mizuki Park UA, Akari City UA, and Waterpoint UA. These are all large projects, which are expected to have a positive contribution to Nam Long profit. In 2018-2019, Nam Long has accumulated more landbanks with the total area of 236.5ha in Dong Nai and Hai Phong provinces. These are all potential landbanks in the future.
BVH	5/6/2019	78.3	0.6%	7.4%	<ul style="list-style-type: none"> 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.

					<ul style="list-style-type: none"> ▪ 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. ▪ 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.
PLX	5/6/2019	62.4	1.1%	6.8%	<ul style="list-style-type: none"> ▪ 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). ▪ 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 ▪ Dramatic profit is expected to be gained from the merger of HDBank and PGBank.
VHC	18/04/2019	90.6	0.2%	-2.5%	<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	78.8	2.3%	4.5%	<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

					<p>distribution enterprise despite gaining high value. Watches are expected to account for 5% of total revenue gained from PNJ contracts in 2022.</p> <ul style="list-style-type: none"> ▪ 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.
MBB	18/12/2018	20.55	1.7%	0.0%	<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). ▪ 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	32.6	1.9%	-0.3%	<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	45.2	1.6%	19.9%	<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	26.45	0.6%	9.3%	<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	22.6	4.1%	31.4%	<ul style="list-style-type: none"> ▪ 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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KB SECURITIES VIETNAM (KBSV)

Head Office:

Level G, 2&7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam.
Tel: (+84) 24 7303 5333 - Fax: (+84) 24 3776 5928

Hanoi Branch

Level 1, VP Tower, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 3776 5929 - Fax: (+84) 24 3822 3131

Saigon Branch

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 - Fax: (+84) 28 3910 1611

Ho Chi Minh Branch

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 - Fax: (+84) 28 3914 1969

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 - Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 - Ext: 2276

Hotmail: ccc@kbsec.com.vn

Website: www.kbsec.com.vn