

MARKET WRAPS

The market this week was positive after the US and China decided to resume trade talks and suspend the increase of tax. VN-Index and HN-Index gained 2.67% and 0.84% respectively at the closing session.

This week key movements:

* All 3 stock groups increased, in which large-cap stocks witnessed the strongest rise (+1.85%) compared to other groups, releasing the correcting pressure in recent weeks. Small and medium cap stocks climbed 0.91% and 1.38% respectively.

* The number of gainers overwhelmed the number of losers on the HSX, but on the HNX, losers outnumbered.

* From sector perspective, the Petroleum & gas distribution sector achieved the strongest growth thanks to the positive movements of oil prices on the world market.

In contrast, Steel and steel products saw a drop when investor sentiment was negatively affected by the information of steel products being taxed.

* Foreign investors continued net buying this week with a total value of VND 51 billion.

Next week viewpoint:

Vietnam stock market experienced a gaining week on both exchanges, helping the two main indexes to catch up with the general uptrend of the global stock market, which had positive movements thanks to the easing of US-China trade tension, and the Fed's dovish policy in the meeting last June. The cause of this recovery phase of Vietnam stock market, after a drop in the previous week, came from concerns about trade tensions between Vietnam and the US temporarily released. At the same time, large-cap stocks have also recovered after the plunge last week due to the impact of NAV closing of investment funds due to falling in the last week of the second quarter.

As the business performance in the first six months is about to be released, market fluctuations will be greatly influenced by the information related to the business operations of listed companies in these months. Besides, the recently announced macro indicators are quite positive, bolstering the uptrend of the market. However, the impact level is not large because it has already been predicted by the general market.

HIGHLIGHTS OF THE WEEK

Macro data of Vietnam in the first six months of 2019 has been published with positive results. According to data from the General Statistics Office (GSO), GDP in the first six months is estimated to increase by 6.76% YoY, lower than the same period in 2018 but higher than that in the same period in 2011 - 2017.

KBSV RESEARCH

Tung Le

Market Analyst

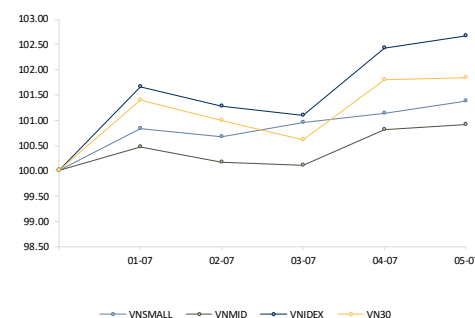
tungla@kbsec.com.vn

Market Summary

	VNIndex	HNXIndex
Close	975.34	104.38
Change (%)	2.67%	0.84%
Gainers/Losers	211/171	107/259
Volume (mn/session)	761.63	120.67
Value (VNDbn/session)	17,625.23	1,620.80
Change (%)	-11%	-19%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Gas Distribution	7.50%	GAS, PGD, PGS, PGC...
Hotels	4.40%	VNG, OCH, SGH, DAH...
Industrial Machinery	4.20%	REE, SRF, CTB, L10...
Real Estate Holding & Developmen	3.50%	VIC, VHM, VRE, NVL...
Automobiles	3.50%	TCH, SVC, CTF, HHS...
Top 5 worst performers	Change	Major stocks in sector
Electronic Equipment	-1.00%	GEX, LGC, THI, AME...
Pharmaceuticals	-1.20%	DHG, PME, TRA, IMP...
Soft Drinks	-2.90%	VCF, NAF, SCD, CTP...
Containers & Packaging	-2.90%	INN, SVI, MCP, SDG...
Steel	-4.30%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Hotels	11.00%	VNG, OCH, SGH, DAH...
Specialty Retailers	10.20%	MWG, FRT, DGW, COM...
Computer Services	8.40%	CMG, UNI, TST...
Water	7.20%	BWE, TDW, CLW, BTW...
Paper	6.90%	DHC, HAP, CAP, VID...
Top 5 worst performers	Change	Major stocks in sector
Personal Products	-2.50%	PNI, TIG, LIX, NET...
Business Support Services	-2.80%	PAN, VNC, TV4, PPS...
Specialty Chemicals	-5.40%	DPM, DCM, DGC, CSV...
Tires	-5.80%	DRC, CSM, SRC, VKC...
Steel	-6.00%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

Processing and manufacturing continued to be the driving force for growth with an increase of 11.8% YoY. In the first two quarters, some secondary industries have high production indexes including refined oil (+69.1%, Nghi Son Oil Refinery project); metal production (+40.1%, Formosa factory); wood processing (+15.1%, thanks to benefits from trade war and trade agreements).

For inflation, the average CPI in the first six months climbed 2.64% YoY - the lowest in three years. Food and electricity prices are the two most influential factors affecting the overall CPI, with the overall CPI increase of 1.22% and 0.42% respectively.

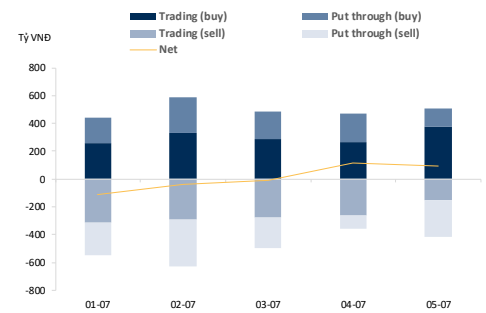
Monetary policy in the first six months of 2019 was more loosened than in the last six months of 2018, due to decreasing pressure from exchange rate and inflation. As of June 18, total means of payment increased by 6.05%, credit for the economy increased by 6.22% compared to the end of 2018, based on newly updated data from GSO. M2 growth is boosted, especially at the end of each quarter while credit growth is somewhat spread over the months.

Meanwhile, the trade balance in the first six months of 2019 is estimated to have a deficit of USD34 million, due to declining export growth in line with the general trend of the world, while import growth has increased sharply. In general, in 1H2019, electronical and agricultural exports weakened, textile, footwear and wood products grew well. Imports of raw materials and machinery soared.

In terms of exchange rate, from the beginning of the year to the end of April, VND transactions were stable with the increase of the central exchange rate higher than the increase of the average interbank and unofficial rates. However, only in a short time (first half of May), the interbank and unofficial exchange rates surged (Figure 16). In June, exchange rates were stable again. Specifically, by June 28, the central exchange rate had the highest increase, 1.06% YTD, while interbank exchange rates gained 0.54% YTD. Unofficial exchange rates inched up 0.17% YTD.

For the economic outlook in the second half of the year, we are positive that the planned economic targets will be achieved. GDP growth will stay positive, with a full-year growth rate of 6.6 - 6.8%. The average inflation rate in 2019 is likely roughly 3.5 - 4.0%, still within the target set by the government. M2 growth will inch up compared to 2018, while credit remains unchanged as last year, with 13% and 14% respectively. The trade balance will keep a surplus of about USD 1-3 billion. However, with slowing world economy and increasing risks, we lowered our forecast for export growth in 2019 to +8% YoY and import growth will be at 10 % YoY. The USD/VND exchange rate will rise about 2 - 2.5% over the end of 2018.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
PLX	297,736.21
VJC	69,142.34
E1VFN30	65,253.46
Top net sellers	Net selling value (VNDmn)
HPG	172,280.16
PDR	106,901.58
VHM	75,546.36

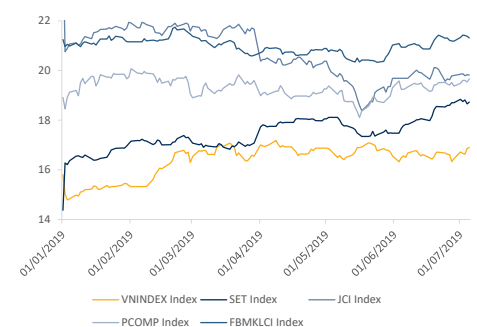
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VHM	6.654
GAS	3.462
VCB	2.309
Top 3 worst performers	Points
HPG	-0.982
HDB	-0.364
POW	-0.347

Source: Bloomberg, KBSV

P/E Vietnam vs regional market



Source: Bloomberg, KBSV

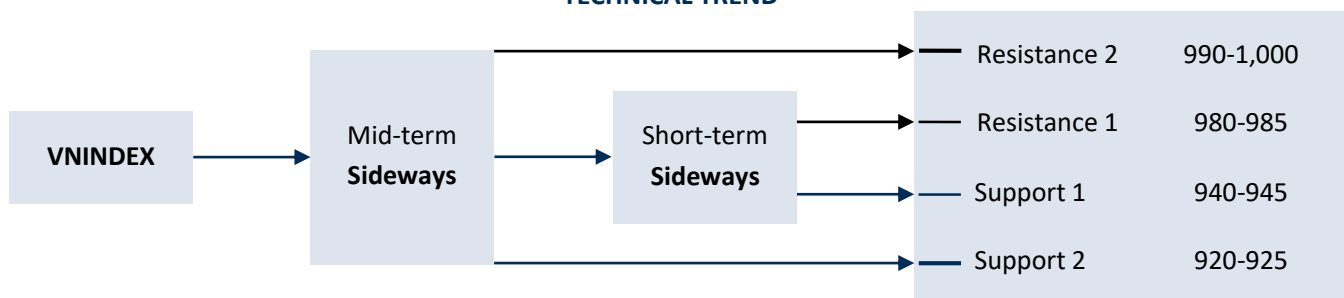
TECHNICAL ANALYSIS

VN-Index had a big jump in price, created a gap in the first sessions of the week, and bolstered the market. Closing the week, the index is currently at the strong resistance level, corresponding to the mid-term down trend line of the market from the peak of March. We believe that the pressure of supply may increase in the first few sessions of next week and bring the market some correcting sessions. However, we are positive that the VN-Index will surpass this resistance zone later because:

- (1) The index established a positive candlestick pattern on the weekly chart, confirming the trend reversal for the two previous Spining candlestick patterns.
- (2) Two consecutive bullish candlestick patterns helped the VN-Index achieve a successful double bottom pattern on the daily chart.
- (2) Tenkan line is currently cutting Kijun line according to the Ichimoku daily time frame.
- (3) The momentum indicators are moving positively (RSI surpassed 50, Stochastic gained), indicating that buyers are taking control.

Investors are recommended to wait for correcting sessions, when stock prices return to the support area, and may gradually increase the proportion of the portfolio. In addition to trend-holding positions, they can open more short-term trading positions to increase efficiency for the general portfolio.

TECHNICAL TREND



INVESTMENT PORTFOLIO RECOMMENDATIONS

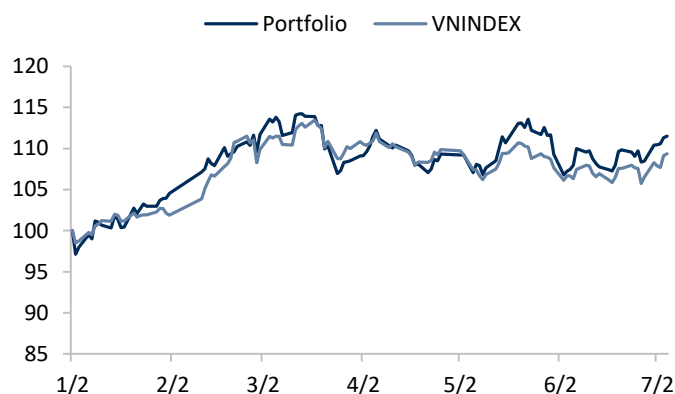
Investment Note

(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
NLG	3/6/2019	28.9	0.0%	-1.4%	<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	82.9	0.2%	13.7%	<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	64.5	0.3%	10.4%	<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	88	-8.8%	-5.3%	<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	74.5	0.0%	-1.2%	<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

					<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	21.3	0.7%	3.6%	<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	33.35	0.0%	2.0%	<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	46.6	-0.7%	23.6%	<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	27.15	0.2%	12.2%	<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	23.4	-0.4%	36.0%	<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