

MARKET WRAPS

Negative movements on the world market pushed VN-Index and HNX-Index down 1.69% and 0.88% respectively.

This week key movements

Major developments in the week:

* In terms of stock groups, large-cap stocks declined the most this week, which was the main reason made the market decline. In contrast, small and medium-cap stocks recorded a slight increase, at 0.5% and 0.59% respectively.

* Notably, the cash flow in this week showed a certain flexibility with alternating movements flowing into sectors with different stories such as industrial park real estate, sea port, residential real estate, closed room stock groups..., in the context of profit-taking pressure showed signs of increasing in the stocks that have increased sharply in the previous weeks.

* Balanced increase/decrease transactions on both exchanges. Liquidity improved positively.

* In terms of sectors, the surge in price of VCF stocks made the *Beverage* sector recorded an impressive increase of 15.3%. The reason comes from the shocking Vinacafe Bien Hoa (VCF) with dividends of 2018 up to 240%. With the *Specialized goods distribution* sector, MWG shares continued to soar with a series of consecutive increases during the past few weeks. Investors put a great expectation on VFM's ability to issue ETF for stocks reaching the maximum room like MWG. Trade tensions also made *Warehousing, logistics and maintenance* sectors benefit from the shift of trade from China to Vietnam.

* In contrast, world oil prices dropped, causing the *Oil & Gas Distribution* sector to correct by 4.2% this week. Surprisingly, *Garment* sector declined, while this sector benefited from escalating trade tensions.

* Foreign investors turned to net sellers this week with negative movements on the world market. Net selling volume is estimated at VND 977 billion.

Next week viewpoint:

The negative movements of the CNY, and the US - China trade tensions not showing signs of easing, resulted in negative trading sessions on the market this week, and pushed the VN-Index back to the familiar area of 965-975. The wave of Q2 business result announcement has ended, and of investor sentiment gradually became more prudent. Market risks will still increase next week due to unpredictable movements from the international market, while domestic information will generally be quiet. Investors are recommended to follow the movements of the CNY exchange rate and movements from the US to be flexible in trading. We believe that the market sentiment will still be negative in the next week, but partly eased thanks to the expectation that Fed will continue to lower interest rates in September. Besides, the decline of the general market in the recent 2 weeks has partly reduced the pressure of profit-taking after the 4 consecutive gaining weeks in July.

KBSV RESEARCH

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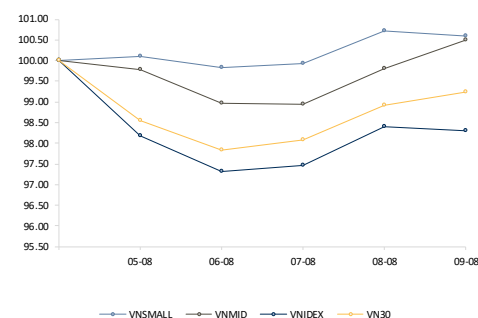
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Market Summary

	VNIndex	HNXIndex
Close	974.34	102.79
Change (%)	-1.69%	-0.88%
Gainers/Losers	169/189	116/107
Volume (mn/session)	1030.47	156.27
Value (VNDbn/session)	26,415.80	2,151.56
Change (%)	23%	9%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Soft Drinks	7.50%	VCF, NAF, SCD, CTP...
Specialty Retailers	6.60%	MWG, FRT, DGW, COM...
Transportation Services	6.00%	GMD, PHP, DL1, AST...
Tires	4.90%	DRC, CSM, SRC, VKC...
Software	4.70%	FPT, SRA, VLA...
Top 5 worst performers	Change	Major stocks in sector
Food Products	-2.80%	VNM, MSN, SBT, KDC...
Oil Equipment & Services	-3.00%	PVS, PVD, PVB, PVC...
Clothing & Accessories	-3.60%	STK, TCM, TNG, FTM...
Gas Distribution	-4.20%	GAS, PGD, PGS, PGC...
Electronic Office Equipment	-4.80%	ST8, SAM, ELC, SMT...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Specialty Retailers	17.20%	MWG, FRT, DGW, COM...
Soft Drinks	13.90%	VCF, NAF, SCD, CTP...
Commodity Chemicals	13.20%	PHR, AAA, DPR, HRC...
Electronic Equipment	13.20%	GEX, LGC, THI, AME...
Personal Products	12.50%	PNJ, TLG, LIX, NET...
Top 5 worst performers	Change	Major stocks in sector
Electronic Office Equipment	-6.60%	ST8, SAM, ELC, SMT...
Investment Services	-6.70%	SSI, HCM, VCI, VND...
Oil Equipment & Services	-8.00%	PVS, PVD, PVB, PVC...
Hotels	-8.10%	VNG, OCH, SGH, DAH...
Clothing & Accessories	-10.40%	STK, TCM, TNG, FTM...

Source: FinnPro, KBSV

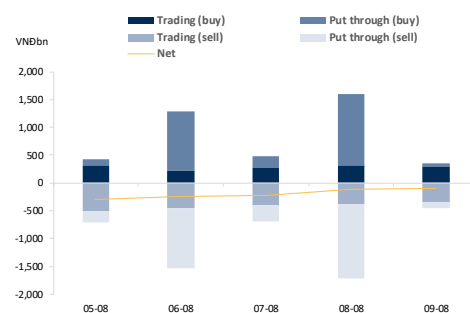
HIGHLIGHTS OF THE WEEK

The divestment of state-owned capital among enterprises in the first six months of 2019 has just been released by the Ministry of Finance. Accordingly, a modest amount of VND2,092 billion has been divested, and VND3,831 billion was gained. By the end of Q2/2019, only 6 enterprises had authorized equitization plans. Thus, accumulated from 2016, there are only 35 out of 127 companies supposed to be equitized successfully equitized, completing 28% of the plan. Regarding the divestment under Decision No.1232/QD-TTg of the Prime Minister, only 9 enterprises out of 62 enterprises on the list have made divestments with a value of VND 759 billion, gaining VND1,657 billion. In particular, the Ministry of Construction divested of Viglacera Corporation with a book value of VND 690 billion, gaining VND 1,587 billion. Regarding the divestment of Corporations, Groups, and SOEs under the Restructuring Scheme, in the 1H of 2019, VND1,333 billion was divested, and VND 2,174 billion was achieved, of which Viettel has divested VND 1,290 billion of Vietnam Construction and Import-Export Corporation, gaining VND 2,002 billion; SCIC divested from 5 enterprises with a book value of VND36 billion, gaining VND166 billion.

MSCI has announced a periodic portfolio structure report for the 3Q of 2019 for the MSCI Frontier Markets Index basket. After the restructuring, the number of shares in the MSCI Frontier Markets Index will be 96, including 11 stocks from Vietnam (VIC, MSN, VCB, HPG, STB, BVH, GAS, BID, VNM, SAB, and POW). Thus, the number of Vietnamese shares in the portfolio remains unchanged. The new portfolio will come into effect from the August 28, 2019 session. On July 31, 2019, the Kuwaiti market accounted for the largest share in the MSCI Frontier Markets Index with 32.49%, while the Vietnam market ranked second with a proportion of 17.92%. Among the top 10 stocks with the largest weight in the basket, there are 3 stocks from Vietnam including VIC of Vingroup (4.01%), VNM of Vinamilk (3.1%) and VHM of Vinhomes (2.44%).

In the newly published report, MSCI estimated the proportion of Vietnamese stocks in the MSCI Frontier Markets Index will increase to 25.2% and the number of stocks will rise by 16 as Kuwait is upgraded to an 'Emerging Market' in 2020. This can help to attract hundreds of millions of dollars to be poured into Vietnam market.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
VIC	50,598
BID	41,819
TDM	36,218

Top net sellers	Net selling value (VNDmn)
VIC	252,896
E1VFN30	195,363
HPG	119,886

Source: Bloomberg, KBSV

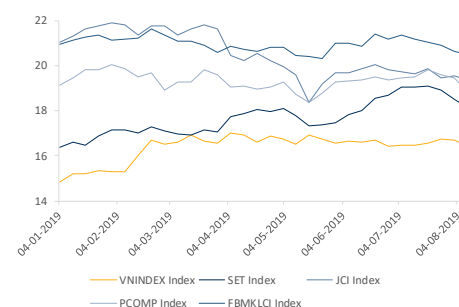
Top market movers

Top 3 best performers	Points
MWG	1.035
HPG	0.53
FPT	0.461

Top 3 worst performers	Points
VHM	-5.133
GAS	-2.658
VIC	-2.275

Source: Bloomberg, KBSV

P/E Vietnam vs regional market



Source: Bloomberg, KBSV

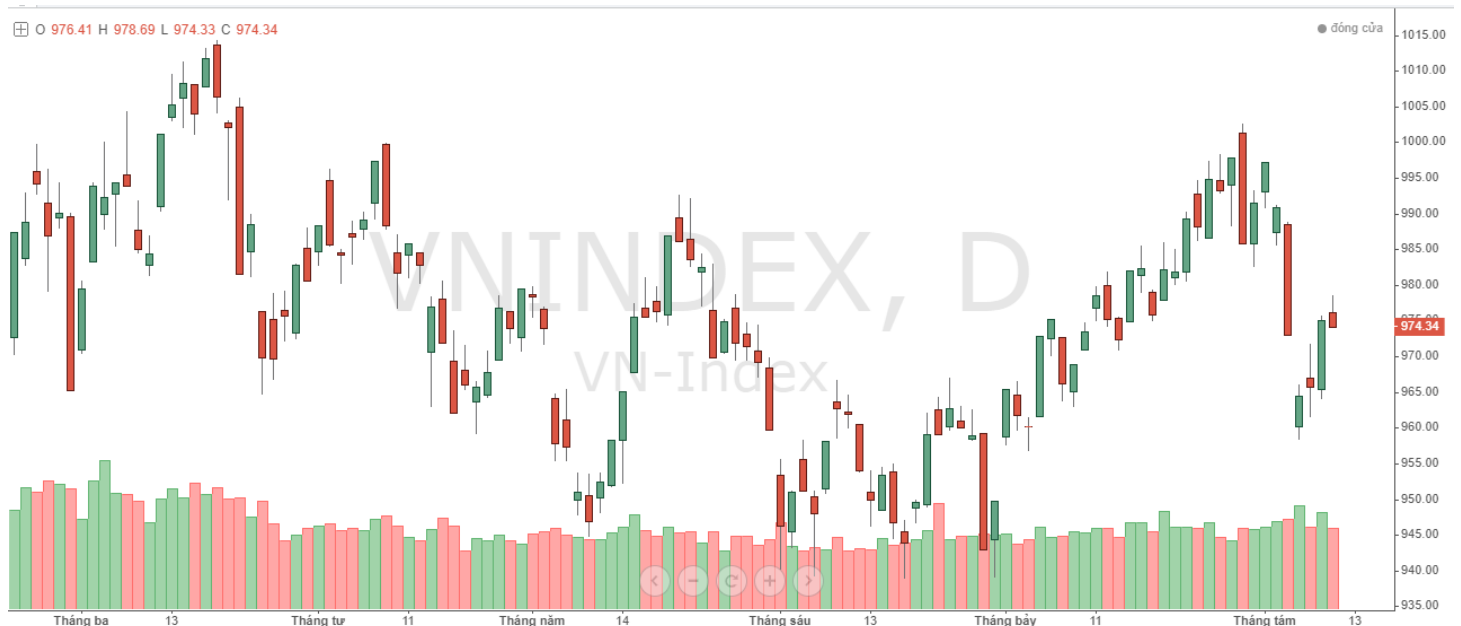
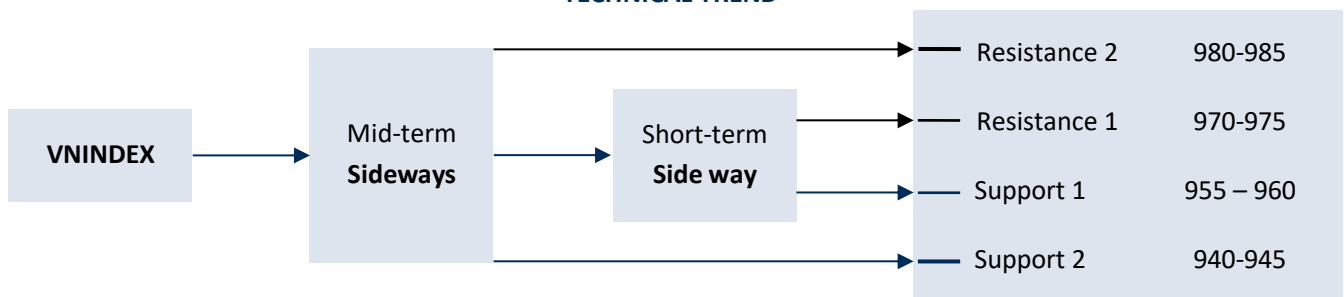
TECHNICAL ANALYSIS

VN-Index experienced a volatile trading week with a slump in the first two sessions before recovering towards the end of the week. In general, this recovery effort is remarkable as it helped the indices create candlestick patterns doji on the weekly time frame. However, this signal is not convincing enough, and we see some signals to be closely followed next week:

- After being penetrated, the support at 975-978 mentioned in last week's note, now acts as a resistance for the current recovery and in the last session, VN-Index started to face the pressure of correction here.
- It can be seen from the Fibonacci thresholds of the downward trend from April 2018 that VN-Index failed to surpass the 50% threshold and currently does not surpass the 38.2% level.
- RSI and MACD indicators were neutral but tended to decrease.

However, with the movement in the narrow Bollinger Band on the weekly time frame, the VN-Index was still in a sideways drift, and barely fluctuate strongly in both directions. Investors are recommended to take advantage of recovery sessions to temporarily close short-term trading positions at good prices. They should only buy-back partially when the market corrects down to remarkable support levels, first level around 955 and second level around 940-945 – the convergence of the lower boundary of Bollinger band 2SD (weekly time) and the trendline from bottom 2016.

TECHNICAL TREND



INVESTMENT PORTFOLIO RECOMMENDATIONS

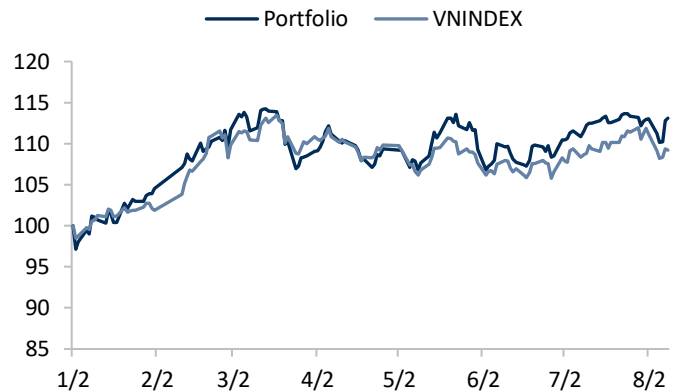
Investment Note

(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
MWG	9/8/2019	115.9	2.6%	2.6%	<ul style="list-style-type: none"> MWG has found a suitable direction and a right development strategy. MWG has also succeeded in finding the development strategy for BHX and the revenue optimization plan for the DMX and Mobile World stores, and developed new business fields such as watches and glasses. Food and consumer goods retail chain recorded an impressive revenue growth of 206% YoY for 6 months of 2019 with an average revenue per store reaching VND 1.5 billion per month. This year, BHX aims to expand its network, increase revenue per store, improve gross profit margin and breakeven at stores and distribution centers by the end of the year. In the long term, Bach Hoa Xanh (BHX) aims to account for 10-15% market share of the food retail market estimated at USD50-70 billion by raising the number of stores to 8,000 - 12,000 stores nationwide. Currently, BHX chain is concentrated in HCMC and neighboring provinces with 600 stores and. BHX is expected to have 800-900 stores by the end of 2019.
NLG	3/6/2019	31.6	3.3%	7.8%	<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.

					<ul style="list-style-type: none"> ▪ 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	-2.4%	7.0%	<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. ▪ 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	62.2	0.0%	6.5%	<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.
PNJ	22/03/2019	84.2	-0.5%	11.7%	<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

					<p>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	21.45	-0.7%	4.4%	<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	34.4	1.2%	5.2%	<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	51.1	1.6%	35.5%	<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	27.7	-1.1%	14.5%	<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	20.8	-1.0%	20.9%	<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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