

MARKET WRAPS

The Vietnam stock market, together with the world stock market, recorded a positive increase with optimistic investor sentiment. At the end of the week, the VN-Index and HNX-Index closed at 987.22 (1.14%) and 102.2 (1.07%) respectively.

This week key movements

* The numbers of gaining/losing stocks were balanced. The liquidity was significantly improved on the 2 exchanges.

* Considering stocks by stock groups, large-cap and mid-cap stocks led the market. In particular, large-cap stocks witnessed the strongest increase (2.16%), followed by mid-cap stocks (+1.26%). Small-cap stocks saw a contrasting trend, and went down by 0.19% this week.

* Considering stocks by sectors, *Software group* with FPT shares recorded the most positive increase. In contrast, the problems of the Blue Whale project strongly affected *Oil & Gas Equipment and Services* stocks, causing this group to fall by 3.2%.

* Foreign investors continued net-buy with the purchase value reaching up to VND 332billion. The negative point is that they net-sold in the last 2 sessions of the week.

Next week viewpoint:

Vietnam's stock market strongly rebounded due to positive domestic and international movements. Investor sentiment became positive with improved liquidity in the last sessions of the week. We believe that the market conditions have changed significantly, bringing impacts not only in the short term but also in the medium term, including (1) the US suspends tariffs on China and the two sides are still negotiating. (2) Central banks lowered interest rates to support growth (3) SBV lowered policy rates, positively affecting financial groups such as Banking and Real Estate. However, there will also be some influential factors that may cause certain wobbles to the market including FED's message after the September policy meeting and portfolio restructuring activities of the 2 ETFs - VNM and FTSE.

HIGHLIGHTS OF THE WEEK

The State Bank of Vietnam (SBV) has just issued an announcement about a cut on policy rates on September 13. From September 16, the refinancing interest rates will be lowered from 6.25% to 6%/year, the discount rate will decrease from 4.25% to 4%/year. The overnight lending interest rates in interbank electronic payment and lending to offset the shortage of capital in the SBV's clearing for banks will go down from 7.25%/ year to 7.0%/ year. The offering interest rates of valuable papers through open market operations (OMOs) will decrease from 4.75%/year to 4.5%/year. This is the first interest rate cut of the SBV's since October 2017.

KBSV RESEARCH

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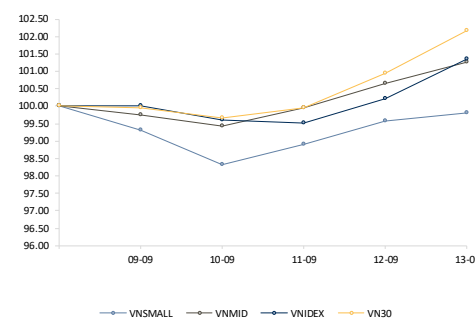
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Market Summary

	VNIndex	HNXIndex
Close	987.22	102.2
Change (%)	1.14%	1.07%
Gainers/Losers	156/197	106/113
Volume (mn/session)	795.01	137.12
Value (VNDbn/session)	18,395.42	1,929.85
Change (%)	24%	40%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Software	7.50%	FPT, SRA, VLA...
Paper	6.50%	DHC, HAP, CAP, VID...
Specialty Retailers	4.70%	MWG, FRT, DGW, COM...
Steel	4.50%	HPG, HSG, DTL, VIS...
Banks	4.20%	VCB, BID, CTG, MBB...
Top 5 worst performers	Change	Major stocks in sector
Specialty Chemicals	-2.10%	DPM, DCM, DGC, CSV...
Water	-2.30%	BWE, TDW, CLW, BTW...
Transportation Services	-2.60%	GMD, PHP, DL1, AST...
Electronic Equipment	-2.70%	GEX, LGC, THI, AME...
Oil Equipment & Services	-3.20%	PVS, PVD, PVB, PVC...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Software	10.10%	FPT, SRA, VLA...
Banks	6.70%	VCB, BID, CTG, MBB...
Tires	6.60%	DRC, CSM, SRC, VKC...
Computer Services	6.30%	CMG, UNI, TST...
Real Estate Holding & Developn	3.60%	VIC, VHM, VRE, NVL...
Top 5 worst performers	Change	Major stocks in sector
Soft Drinks	-5.00%	VCF, NAF, SCD, CTP...
Personal Products	-5.10%	PNJ, TLG, LIX, NET...
Property & Casualty Insurance	-6.90%	PVI, BIC, BMI, PGI...
Commodity Chemicals	-12.00%	PHR, AAA, DPR, HRC...
Clothing & Accessories	-13.70%	STK, TCM, TNG, FTM...

Source: FinnPro, KBSV

The total value of exportation of textiles, fibers, fabrics in 8 months reached USD25.67 billion, +8.64% YoY, and completed 64% of the year plan, according to Vietnam Textile and Apparel Association (Vitas). Import turnover of textile materials reached USD14.94 billion, gaining 2.27% YoY. Thus, since Q4 2018, textile and garment industry growth has shown signs of slowing down due to the impact of US - China trade war. Fiber exports to China fell sharply due to declining purchase of manufacturers. Besides, the trade war is also putting pressure on the supply of Vietnam's textile industry with textile enterprises paying higher costs to buy fabrics from China (due to the strong depreciation of CNY), while they were still under pressure of discount for export orders. Facing many risks and new orders not increasing much in the last months of the year, it is likely that the target of achieving USD40 billion of textile export turnover this year will have to be adjusted, possibly down to around USD39 billion.

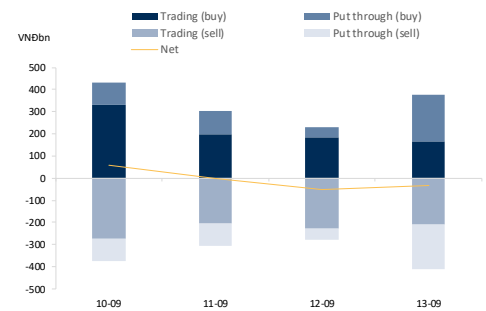
However, it is worth noting the ability to adapt to external fluctuations of the textile industry at this time. Enterprises are now flexibly changing export markets, with a focus on other markets such as the US, EU, South Korea and Japan. Especially for fiber export, when exporting to China faces difficulties, businesses now export their products to Middle East, Taiwan, South Korea, etc. In addition, the proportion of processed goods tends to decrease significantly, gradually shifted to FOB (self-control of raw materials) and begins to enter the market of making ODM goods (self-design), OBM (self-design, manufacturing and distribution).

The trade balance in August was estimated at a trade surplus of USD3.43 billion, in 8 months, Vietnam's trade balance of goods reached a surplus of USD5.37 billion.

In terms of exportation, total export turnover in August was USD25.88 billion, +8.1% YoY. Smartphones and components was still the largest export commodity group with a turnover of USD5.9 billion, +48.1% YoY, the highest ever, mainly thanks to Samsung's export activities. This is a good sign that shows Samsung Vietnam's profit in the Q3 will somewhat recover from a sharp decline of -40% in Q2. Considering in the first 8M of the year, the group of computers, electronics and components also surpassed textiles to stand firmly in second place with specific results of USD22.1 billion and USD21.8 billion, respectively. In particular, FDI enterprises almost completely dominated in smartphone and components or in terms of computers, electronics and components. In terms of market, the US market accounted for the largest proportion with a total turnover of over USD39.2 billion, accounting for nearly 23% of the country's total export turnover.

In contrast, importation growth increased more slowly, with an estimated turnover of USD22.45 billion, -2.1% YoY. In particular, the import of smartphones and components was at a high growth rate (+20.6%), showing that smartphone manufacturing next month is forecast to be quite busy.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
VJC	385,495
HPG	130,846
PLX	44,185

Top net sellers	Net selling value (VNDmn)
VNM	79,586
PHR	58,879
VHM	47,681

Source: Bloomberg, KBSV

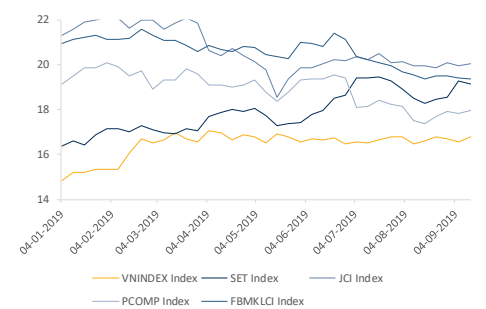
Top market movers

Top 3 best performers	Points
VCB	2.628
BID	1.21
VHM	1.09

Top 3 worst performers	Points
LGC	-0.15
HNG	-0.15
MSN	-0.10

Source: Bloomberg, KBSV

P/E Vietnam vs regional market

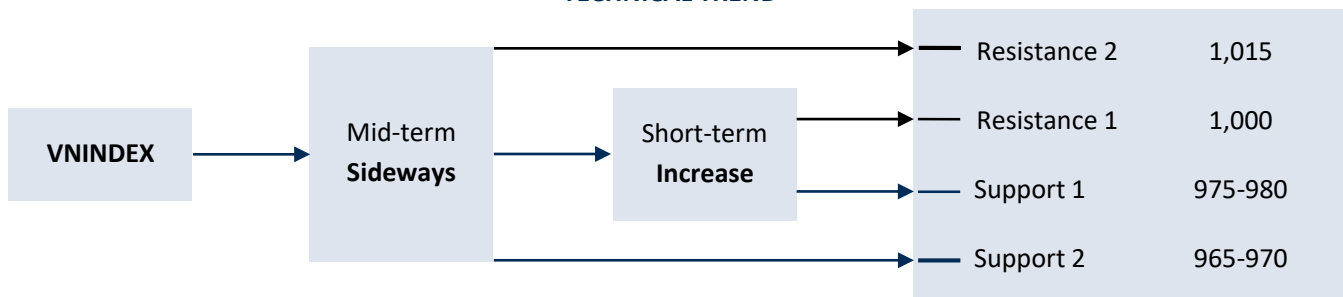


Source: Bloomberg, KBSV

TECHNICAL ANALYSIS



TECHNICAL TREND



The market ended the week by the strongest gaining session in the last 2 months, regaining all the points lost in the previous week after the SBV announced to reduce the policy rates. Apart from banking stocks which had a positive increase, some other blue-chips such as MWG, HCM, and SSI also created motivation for the market's recovery.

Technically, the VN Index quickly surpassed the resistance zone formed by the convergence of MA20 and MA50. The momentum indicator system tended to be balanced again, and supported the current uptrend, which is expected to help fill the price gap on August 26.

However, the point that we concern is that the VN Index will soon challenge a relatively strong resistance zone, where the convergence of the upper middle of the horizontal band from the end of July and the medium-term downward line from the peak of March, at the zone of 995-1,000. As the main trend in the medium-term is still sideways, this will be a big challenge for the index. Therefore, investors are recommended to take profit from a part of short-term portfolio which has disbursed in the sessions before VN Index approached this resistance area; and temporarily lower the proportion of the total portfolio to a safe level before waiting for the next signal.

INVESTMENT PORTFOLIO RECOMMENDATIONS

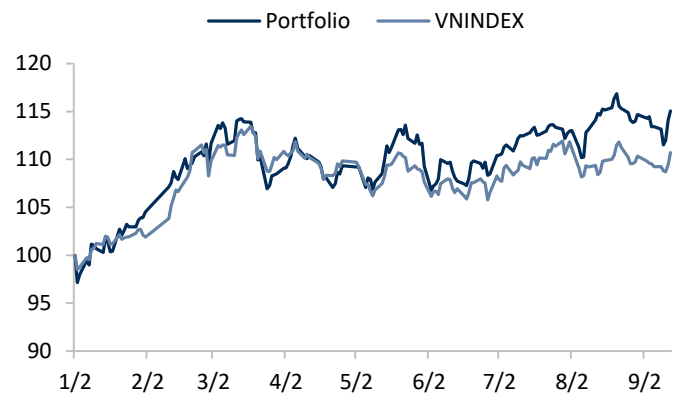
Investment Note

(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	122.4	4.8%	8.3%	<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	28.75	0.2%	6.3%	<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

					<p>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.</p> <ul style="list-style-type: none"> ▪ 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	74.3	0.5%	1.9%	<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	61.8	0.5%	5.8%	<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.
PNJ	22/03/2019	82	2.0%	8.8%	<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.

					<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	23.3	0.9%	13.4%	<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	37.1	-0.1%	13.5%	<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	56.8	0.5%	54.8%	<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	27.1	0.0%	12.0%	<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	19.5	-1.0%	13.4%	<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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