

## MARKET WRAPS

The market this week was in a bearish trend, but the bottom-fishing cash flow continued to support the market in the last sessions. VN-Index and HNX-Index closed at 953.61 (-0.49%) and 103.46 (-0.72%) respectively.

### This week key movements:

\* The majority of key stocks (21/30 tickers) corrected, especially DHG (-7%) and PNJ (-6%), which caused VN30 stocks to drop -0.91% more strongly than the general market (-0.49%). Cash flow was absorbed by small and medium cap stocks, helping these two stock groups to gain slightly to 0.38% and 0.08% respectively.

\* The number of losers continued to overwhelm on both markets. Overall market liquidity was still quite weak and below the average of one month.

\* From the sector perspective, *Hospitality* industry saw the strongest gain (+ 9.6%) thanks to the high season of tourism, and optimistic forecasts about tourism growth. This also positively contributed to the industry's positive business results in the second quarter. The follow-up was the *Computer Services* with a 4.1% increase in CMG shares, extending the positive effect on Samsung's expectations to own 25% of CMG's capital.

In contrast, *Personal products* witnessed a decrease of -3.8%, mainly due to the negative prospect of 2Q business results of PNJ. *Oil Equipments & Services* suffered from a downward pressure (-3.6%) from the world oil price plunge.

\* Foreign investors continued net buying in two consecutive weeks, with net buying value of USD 268 million.

### Next week viewpoint:

Favorable factors from the international market this week (the US stopped imposing taxes on Mexican goods, the drop of oil prices slowed down...) failed to improve the domestic investors' sentiment, inferred from the non-stop increasing selling pressure after recovering sessions with low liquidity. We believe that the risk of wobbles ahead, including the meeting between US and China at the G20 summit, the depreciation of the CNY to a sensitive level, and volatile oil prices..., are affecting the market sentiment. In addition, the negative movements of stocks belonging to leading sectors (food - beverage and banking) also undermined the general market's efforts to advance.

When the investor sentiment has not been improved, the market may face a downward trend next week. However, the results from the FED meeting next week may be promising for the market as FED is likely to release clearer signals of interest rate cuts in the coming time. Therefore, investors can still increase a part of the portfolio, especially target stocks for short-term positions at the near support area, but avoid buying at high prices and only aiming at the near resistance zones.

## KBSV RESEARCH

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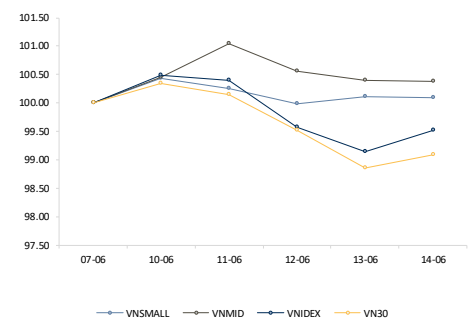
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### Market Summary

	VNIndex	HNXIndex
Close	953.61	103.46
Change (%)	-0.49%	-0.72%
Gainers/Losers	145/237	97/272
Volume (mn/session)	720.04	130.13
Value (VNDbn/session)	16,793.03	1,405.49
Change (%)	4%	-1%

Source: FinnPro, KBSV

### Market performance



Source: FinnPro, KBSV

### Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Hotels	7.50%	VNG, OCH, SGH, DAH...
Computer Services	4.10%	CMG, UNI, TST...
Paper	3.90%	DHC, HAP, CAP, VID...
Electronic Office Equipment	2.40%	ST8, SAM, ELC, SMT...
Banks	2.00%	VCB, BID, CTG, MBB...
Top 5 worst performers	Change	Major stocks in sector
Tires	-2.70%	DRC, CSM, SRC, VKC...
General Mining	-2.80%	KSB, HGM, BMC, DHM...
Pharmaceuticals	-3.30%	DHG, PME, TRA, IMP...
Oil Equipment & Services	-3.60%	PVS, PVD, PVB, PVC...
Personal Products	-3.80%	PNJ, TLG, LIX, NET...

Source: FinnPro, KBSV

### Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Computer Services	25.40%	CMG, UNI, TST...
Hotels	9.80%	VNG, OCH, SGH, DAH...
Brewers	9.00%	SAB, BHN, HAD, HAT...
Paper	8.80%	DHC, HAP, CAP, VID...
Electronic Equipment	8.60%	GEX, LGC, THI, AME...
Top 5 worst performers	Change	Major stocks in sector
Food Products	-5.80%	VNM, MSN, SBT, KDC...
Business Support Services	-6.00%	PAN, VNC, TV4, PPS...
Gas Distribution	-6.10%	GAS, PGD, PGS, PGC...
Steel	-7.90%	HPG, HSG, DTL, VIS...
Oil Equipment & Services	-11.80%	PVS, PVD, PVB, PVC...

Source: FinnPro, KBSV

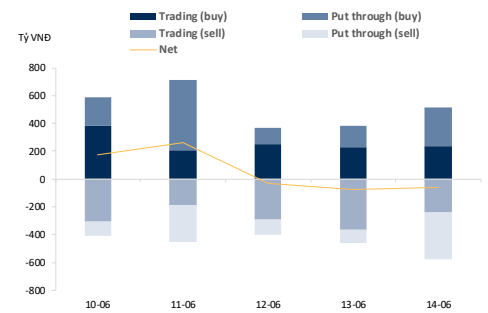
## HIGHLIGHTS OF THE WEEK

**The Amended Tax and Public Investment Law has been passed by the National Assembly of Vietnam.** This draft will help the Government to promote decentralization to local authorities; simplify administrative procedures; eliminate intermediaries; strengthen post-inspection, inspection and supervision; ensure public transparency; and prevent negative issues. Thereby, the Government expects to boost disbursement of public investments, which has currently become stagnant in some regions. According to the Ministry of Finance, the disbursement of public investment in the first five months of 2019 reached nearly VND100,000 billion, completing only nearly 29% of the plan assigned by the Government.

**Last week, MSCI published a report on market access assessment in June 2019.** Although the assessment for Vietnam remains unchanged, but MSCI has spent a large part of the assessment of emerging markets to praise the changes of Vietnam. Specifically, some of them were: The establishment of Vietnam Stock Exchange; the deployment of the Central Counter Party model for VSD; application of new trading orders; the increase in trading time and price range expansion; the efforts from Vietnam Government to finalize the legal framework to limit foreign room in areas that are not important to national security; and administrative reform to support foreign investors in accessing Vietnam's stock market. Notably, in the specific assessment of the level of liberalization of the foreign exchange market, MSCI did not emphasize Vietnam market's low liquidity as in the 2018 report.

**The ASEAN - Hong Kong Free Trade Agreement (AHKFTA) has become effective since June 11, 2019 in Singapore, Thailand, Vietnam, Laos and Myanmar.** HSBC assessed that this active agreement can serve as a strong supportive factor in expanding global free trade, and boosting Southeast Asian economy, especially in Vietnam. Thanks to AHKFTA, Vietnam expects to attract more investments from Hong Kong. In the first five months of 2019, Hong Kong ranked first among markets that have the largest investment capital in Vietnam (USD 5.08 in total), accounting for about 30.4% of total investment capital in Vietnam. According to this agreement, Vietnam will eliminate import and export tariffs on 75% of commodities listed in the tariff schedule within 10 years, and reduce tariffs on 10% commodities within 14 years.

## Foreign investor trading



Source: Bloomberg, KBSV

## Top transactions by foreign investors

Top net buyers	Net buying value (VNDmn)
E1VFN30	250,453.18
VRE	135,234.58
SCS	95,218.08
Top net sellers	Net selling value (VNDmn)
VHM	164,428.34
VNM	158,436.23
HPG	117,189.13

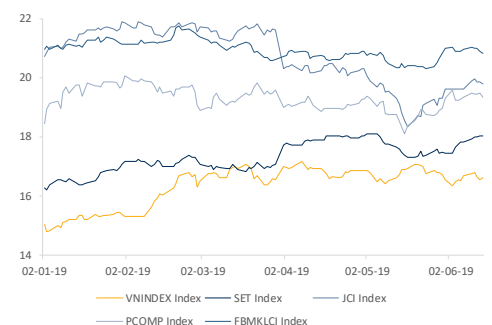
Source: Bloomberg, KBSV

## Top market movers

Top 3 best performers	Points
VCB	3.986
VPB	0.477
BID	0.459
Top 3 worst performers	Points
VHM	-2.3
VNM	-1.508
VIC	-1.498

Source: Bloomberg, KBSV

## P/E Vietnam vs region

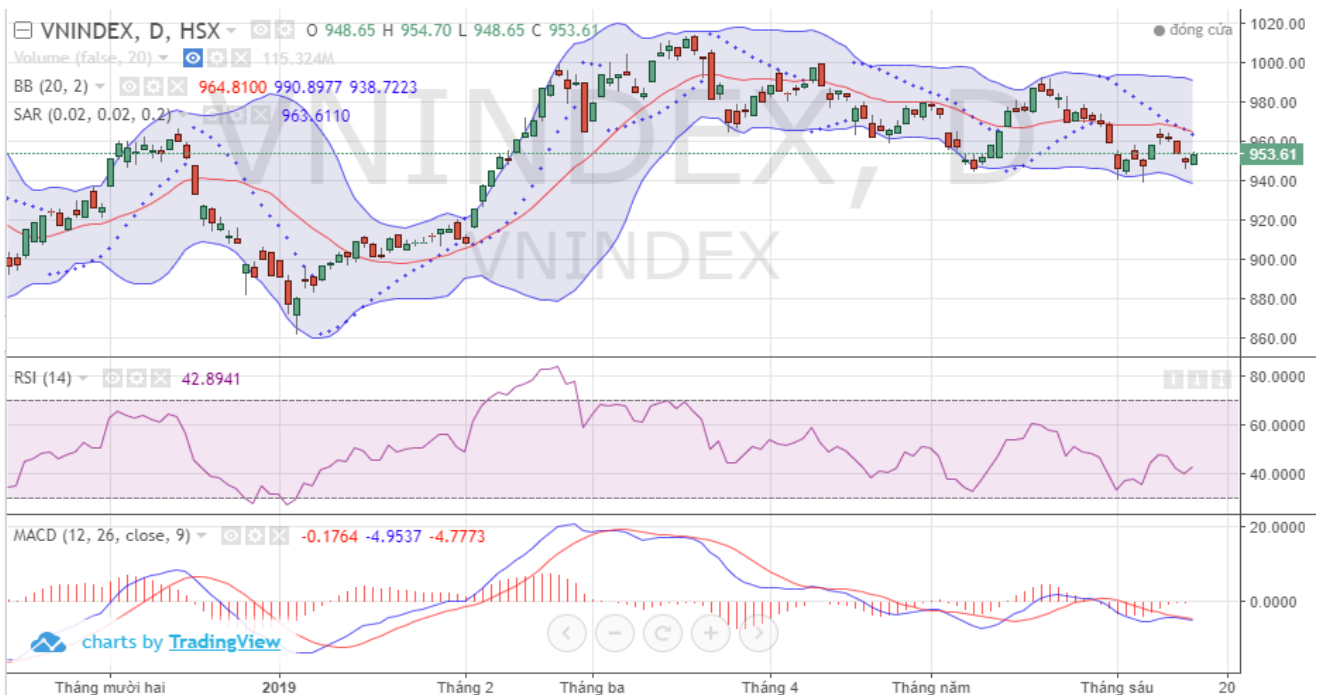
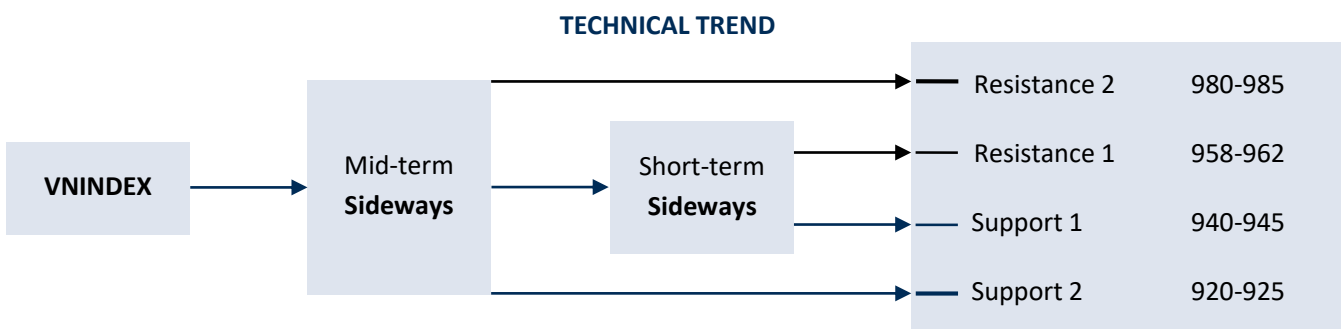


Source: Bloomberg, KBSV

## TECHNICAL ANALYSIS

Shooting star pattern seen early this week pushed VN-Index back to the downtrend in the middle of the week. However, like the scenario last week, the bottom-fishing demand at low price areas helped VN-Index rebound in the last session with Bullish Engulfing pattern.

In general, we see that the recovery trend is not strong since VN-Index is still facing strong selling pressure in 958-965 zone, the convergence of MA (100), MA (200) and momentum indicators is still in the negative zone (RSI was under 50 and MACD was below the signal line). However, in the bearish scenario, we believe that VN-Index will soon be advocated at a strong support area around 935-940, convergence of the Fibo 50% (uptrend in 2019) and the Kijun Sen on the weekly time frame. Therefore, the risk of a sharp fall is low in the short term. Investors can still increase a part of the portfolio, especially target stocks for short-term positions at the near support area, but avoid buying at high prices and only aiming at the near resistance zones.



## INVESTMENT PORTFOLIO RECOMMENDATIONS

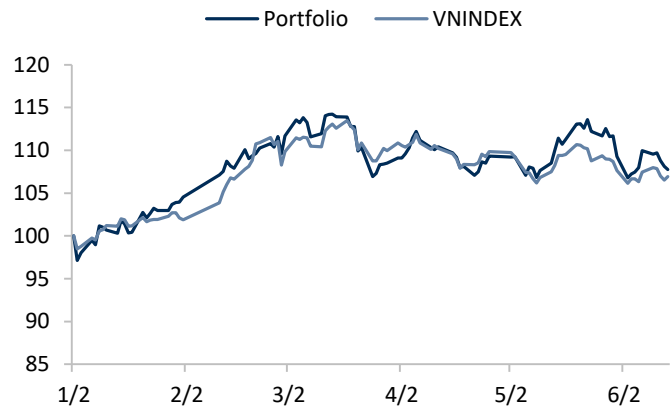
### Investment Note

(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	29.6	0.5%	1.0%	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
BVH	5/6/2019	80	0.0%	9.7%	<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> </ul>

					<ul style="list-style-type: none"> <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	61.4	-0.2%	5.1%	<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	85.3	-0.8%	-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-term growth trend of global fishery consumption amid a decrease of wild-caught supply.</li> <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	74.2	-0.7%	-1.6%	<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</li> </ul>

					<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"> <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>
MBB	18/12/2018	20.7	0.5%	0.7%	<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 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.</li> <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	31.85	-0.6%	-2.6%	<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	44.4	-0.3%	17.8%	<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</li> </ul>

					potential growth and the average P/E of other regional companies of the same industry.
GMD	22/8/2018	25.95	-0.2%	7.2%	<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>
PVS	15/8/2018	21.8	-1.8%	26.7%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>

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