

MARKET WRAPS

Vietnam stock market last week outperformed major indices despite negative global events. VN-Index close at 980 (0.58%) while HNX-Index close at 102.35 (-0.43%).

This week key movements

* In term of stock groups, large-cap stocks led the increase of VN-Index, increased by 1.57%. In contrast, both medium and small-cap stocks recorded decreased, at 0.21% and 0.29% respectively.

* Balanced increase/decrease transactions on HSX. Liquidity decreased significantly.

* In terms of sectors, *Computer services* sector recorded the strongest increase (+7.5%) in the last week from the recovery of 2 stocks CMG and TST. *Industrial Machinery* followed by a surge of REE - derived from the information that foreign partners offered to buy REE at high price, at 45,000 VND / share.

* On the other hands, *Paper sector* dropped the most with the main reason coming from the drop of DHC shares. Besides, the *Clothing & Accessories sector* was still in the adjustment period after a "hot" rise in the first half of the year.

* Foreign investors remained net sellers this week due to negative information on the international market, with net selling value of up to VND 835 billion.

Next week viewpoint:

VN-Index experienced strong fluctuations in the week due to the big influence of conflicting international information. Specifically, the US delayed the time of additional 10% tax imposition on Chinese goods, and the yield curve of 2/10 years reversed. Although there was a difference with the world stock market when VN-Index increased slightly at the end of the week, we believe that this situation is not likely to last for a long time if the global stock market becomes worse. For domestic information, large-cap stocks in this week were supported by the information about VFM's plans to raise capital for 2 ETFs which almost reached the maximum. There will be no special domestic events next week. Accordingly, the movements of this index will be strongly affected by international information. Next week, the market will focus on the minutes of the Fed meeting. If the meeting minutes show a more dovish signal from the FED compared to market expectations, market sentiment may be more stable and somewhat more positive.

HIGHLIGHTS OF THE WEEK

The trade balance in July is estimated to have a trade surplus of USD43 million, the domestic economic sector had a deficit of USD 1.76 billion, and the FDI sector (including crude oil) had a trade surplus of USD1.8 billion. Generally for 7 months, Vietnam's trade balance reached a surplus of USD1.7 billion.

KBSV RESEARCH

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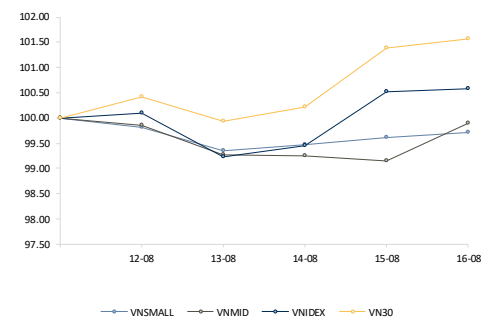
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Market Summary

	VNIndex	HNXIndex
Close	980	102.35
Change (%)	0.58%	-0.43%
Gainers/Losers	169/187	97/128
Volumne (mn/session)	882.7	141.25
Value (VNDbn/session)	20,139.83	1,872.47
Change (%)	-24%	-13%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Computer Services	7.50%	CMG, UNI, TST...
Industrial Machinery	7.50%	REE, SRF, CTB, L10...
Electronic Equipment	5.30%	GEX, LGC, THI, AME...
Software	3.60%	FPT, SRA, VLA...
Tires	3.40%	DRC, CSM, SRC, VKC...
Top 5 worst performers	Change	Major stocks in sector
Specialty Chemicals	-2.50%	DPM, DCM, DGC, CSV...
Commodity Chemicals	-2.80%	PHR, AAA, DPR, HRC...
Soft Drinks	-2.80%	VCF, NAF, SCD, CTP...
Clothing & Accessories	-4.60%	STK, TCM, TNG, FTM...
Paper	-6.00%	DHC, HAP, CAP, VID...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Computer Services	15.80%	CMG, UNI, TST...
Soft Drinks	15.30%	VCF, NAF, SCD, CTP...
Personal Products	13.60%	PNJ, TLG, LIX, NET...
Specialty Retailers	13.10%	MWG, FRT, DGW, COM...
Electronic Equipment	12.80%	GEX, LGC, THI, AME...
Top 5 worst performers	Change	Major stocks in sector
Electronic Office Equipment	-5.20%	ST8, SAM, ELC, SMT...
Paper	-9.90%	DHC, HAP, CAP, VID...
Hotels	-10.70%	VNG, OCH, SGH, DAH...
Oil Equipment & Services	-10.90%	PVS, PVD, PVB, PVC...
Clothing & Accessories	-13.00%	STK, TCM, TNG, FTM...

Source: FinnPro, KBSV

Exports increased sharply in July with an estimated turnover of USD 22.98 billion, +11.1% YoY. In particular, export growth in the domestic economic sector reached 26.3% YoY, much higher than the growth in the FDI sector (4.5% YoY). This was contributed by the positive export growth of textiles, footwear and wood products.

The analysis of export data showed that footwear and textiles grew by 10.8% and 12.8% YoY, while wood products increased 17.4% in July. In addition, exports of computers and electronics maintained a 2-digit increase in 5 consecutive months. The main reason is that the export growth of this sector to the US has increased continuously in the past 5 months, with the rate reaching nearly 100%. This sudden increase leaves the possibility of Chinese goods transported to Vietnam and then re-exported to the US to avoid taxes.

In contrast, import had a slower growth, with a turnover of USD22.93 billion, +7.5% YoY. Import growth of automobiles and electronics, computers and components recorded a high increase at 91.7% and 31% YoY respectively.

Ministry of Industry and Trade has just released information on adjusting gasoline prices from 15:00 on August 16. Accordingly, the prices of all petroleum products declined in this correction. Specifically, E5RON92 gasoline will decrease by VND544/liter; Gasoline RON95-III will decrease by VND514/liter; 0.05S diesel will reduce VND519/liter; Kerosene will go down VND570/liter; Mazut 180CST 3.5S will reduce by VND1,855/kg. The Ministry of Finance and the Ministry of Industry and Trade decided to keep the level of setting up the Petrol price stabilization fund for E5RON92 gasoline at VND100/liter; for RON95 and oils at VND500/liter.

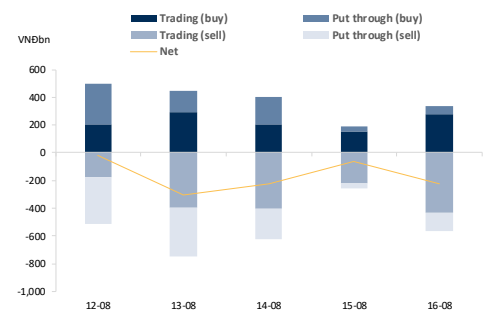
Gasoline prices fell in 2 consecutive periods (with a decrease of about VND800 - 900/liter) will partly support the CPI in August, in the context of a surge in pork prices during this period. According to our estimations, the prices of gasoline in this August CPI cycle will decrease by about 1.7%, equivalent to the general CPI of 0.08%. Pork prices increases by about 7% and will raise the overall CPI by about 0.3%. August CPI in general will keep rising.

The Ministry of Finance has proposed to increase the MFN for hot rolled steel group 72.08 to 5% instead of 0% through the Draft of the Amended and Supplemented Decree No.125 on the tariff schedule. import tariffs, preferential import tariffs, list of goods and absolute tax rates, mixed taxes and non-quota import duties.

Statistics of the General Department of Customs show that the total import value of hot rolled coils of group 72.08 in 2018 is about USD 3.09 billion, of which 88% of total import turnover is subject to MFN rates of 0% and 40% is imported from China.

Report of the Steel Association, Vietnam has produced a number of hot rolled steel products, meeting approximately 50% of demand. It is expected that by the end of this year, this figure will increase to 70% when the factories of Hoa Phat in Dung Quat, Quang Ngai and Formosa come into operation.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
MSN	44,419
PLX	33,975
VNM	26,377
Top net sellers	Net selling value (VNDmn)
VJC	284,647
HPG	193,878
E1FVFN30	95,857

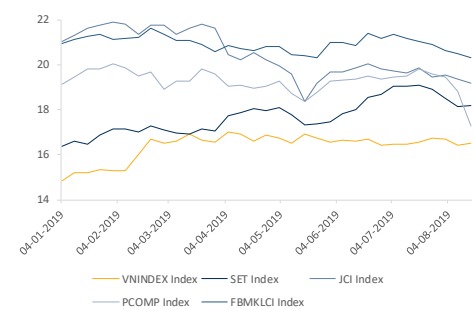
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VIC	1.78
TCB	1.76
VNM	1.60
Top 3 worst performers	Points
VCB	-0.66
VHM	-0.50
POW	-0.38

Source: Bloomberg, KBSV

P/E Vietnam vs regional market



Source: Bloomberg, KBSV

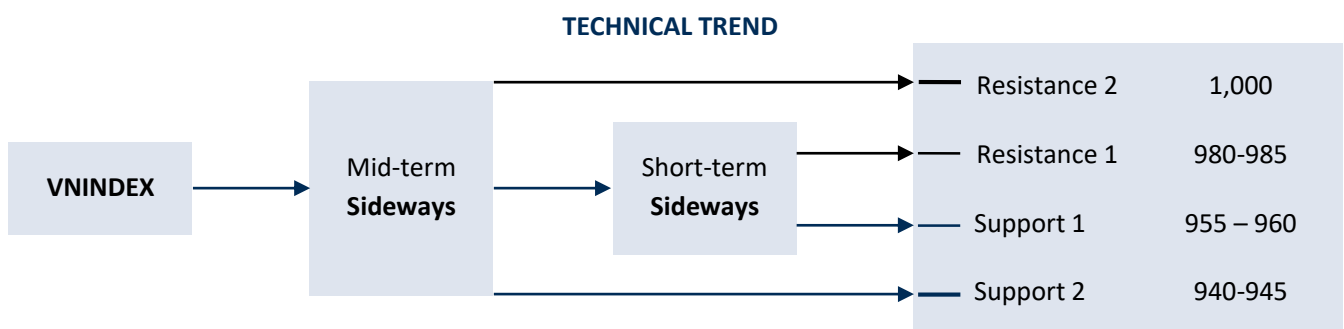
TECHNICAL ANALYSIS

VN-Index witnessed an active trading week, which could be considered as a sideways drift, but the amplitude was very large. Especially on Thursday (August 15), the market reversed and skyrocketed while the world market plunged due to adverse impacts from the US market and the Dow Jones fell more than 800 points. Cash flow mainly focused on stocks of VN30 basket and only spread to other stocks in the last session of the week. The technical status of the VN Index was balanced and there was not much change compared to the previous week, but hides more potential risks due to:

* After creating a new bottom in the session, VN Index strongly rebounded, but did not surpass the short-term technical resistance of 972-980 and the nearest MA20. VN Index has also continuously crossed the MA50 in the past 2 weeks.

* The gap -DI/+DI narrowed and both indicators failed to break the previous peak of the opponent. ADX was flat and low. Thus, the momentum indicator system continues to be in equilibrium, though -DI is still above +DI with negative meaning.

Two consecutive strong declining sessions on August 05 and 06, 2019 still put a negative pressure on the short-term trend despite efforts of the market to increase this week. The sideways drift on the trading market can quickly turn into a driving force to break the mid-term sideways trend in case of negative information. In addition, the cash flow cannot spread widely, making the diversification lack stability when the gap between trading results of the stock groups is widening. Investors are recommended to limit short-term trading activities, only maintain a part of the portfolio with better-than-average stocks in the diversification process and target stocks for the medium-term position when the market goes back to the remarkable support areas around 940-945.



INVESTMENT PORTFOLIO RECOMMENDATIONS

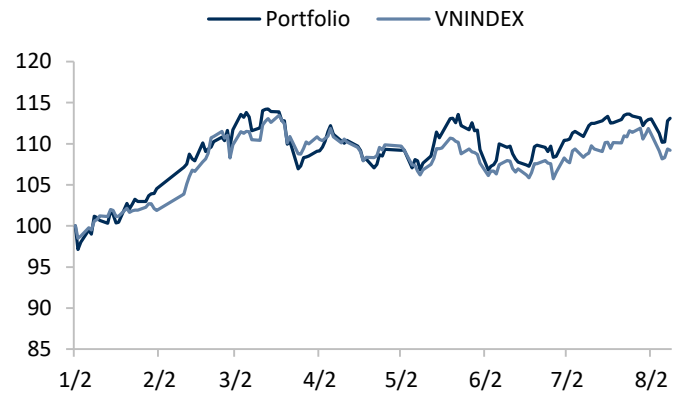
Investment Note

(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. 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	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 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	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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