

MARKET WRAPS

The market this week was in the downward trend as investors were cautious and somewhat worried before the meeting between the US and China. The highlight of this week was the unexpected drop of 1.7% on Thursday, focusing on the big core stocks on the market. VN-Index and HNX-Index closed at 949.94 (-0.97%) and 103.51 (-1.28%) respectively.

This week key movements:

* Only mid-cap stocks recorded a slight increase (+0.31%), while large and small cap stocks declined by -0.26% and -0.32% respectively. Selling pressure still increased in leading stocks of the banking sector (CTG -9%, MBB -2%, TCB -2%, VPB -2% ...) and in oil and gas stocks (GAS -8%).

* The number of losers continued to overwhelm on both markets. Market liquidity was quite weak.

* In terms of sectors' movements, the *Electrical equipment* industry saw the strongest increase of 6% thanks to the surge of LGC shares (+14%). *Farming & Fishery* and *Garment* industries increased 4.2% and 2.8% respectively. The EVFTA signed at the end of this week is expected to bring many tax benefits to these two industries.

* In contrast, the *Gas & Oil Distribution* dropped sharply by -7.4% due to the sideline information related to GAS chairman being investigated.

Next week viewpoint:

Vietnam stock market in this week was less positive than the general trend in other stocks markets in the region, while the global investor sentiment was supported by the dovish message from the FED after the FOMC in June, and expectations of US-China trade war tension to be cooled down when the leaders of the two countries meet at the G20 Summit. In addition to the concerns of domestic investors about the prospect of the US applying tariffs on imports from Vietnam, after Mr. Trump posted on Twitter, the cause of the above movement also came from the plunge of some key stocks, which caused negative impacts on the general market sentiment.

Regarding market movements next week, in general, the result of the meeting between US President Donald Trump and Chinese President Xi Jinping at the G20 Summit discussing trade tensions is a decisive factor that will affect general market fluctuations. Depending on the outcome of the meeting, investors may have different investment strategies suitable for each scenario. With a prudent viewpoint, KBSV believes that the most likely scenario is that the US will continue to impose taxes on USD300 billion Chinese goods, but the tax rate is only 10% instead of 25%.

KBSV RESEARCH

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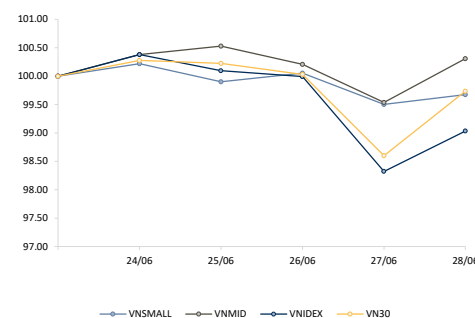
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Market Summary

	VNIndex	HNXIndex
Close	949.94	103.51
Change (%)	-0.97%	-1.28%
Gainers/Losers	145/237	96/273
Volume (mn/session)	903.65	164.9
Value (VNDbn/session)	20,134.80	2,011.17
Change (%)	-1%	25%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Sector Performance in the week		
Top 5 best performers	Change	Major stocks in sector
Electronic Equipment	7.50%	GEX, LGC, THI, AME...
Farming & Fishing	4.20%	HNG, VHC, GTN, HAG...
Clothing & Accessories	2.80%	STK, TCM, TNG, FTM...
Containers & Packaging	2.50%	INN, SVI, MCP, SDG...
Specialty Retailers	2.40%	MWG, FRT, DGW, COM...
Top 5 worst performers	Change	Major stocks in sector
Food Products	-1.60%	VNM, MSN, SBT, KDC...
Banks	-2.10%	VCB, BID, CTG, MBB...
Investment Services	-2.40%	SSI, HCM, VCI, VND...
Electrical Components & Equipmer	-2.80%	CAV, PAC, TYA, VTB...
Gas Distribution	-7.40%	GAS, PGD, PGS, PGC...

Source: FinnPro, KBSV

Sector performance in the month

Sector Performance in the month		
Top 5 best performers	Change	Major stocks in sector
Electronic Office Equipment	7.90%	ST8, SAM, ELC, SMT...
Specialty Retailers	6.30%	MWG, FRT, DGW, COM...
Hotels	6.10%	VNG, OCH, SGH, DAH...
Brewers	3.80%	SAB, BHN, HAD, HAT...
Paper	3.80%	DHC, HAP, CAP, VID...
Top 5 worst performers	Change	Major stocks in sector
Oil Equipment & Services	-6.50%	PVS, PVD, PVB, PVC...
Business Support Services	-6.80%	PAN, VNC, TV4, PPS...
Specialty Chemicals	-6.90%	DPM, DCM, DGC, CSV...
Gas Distribution	-9.20%	GAS, PGD, PGS, PGC...
Tires	-11.80%	DRC, CSM, SRC, VKC...

Source: FinnPro, KBSV

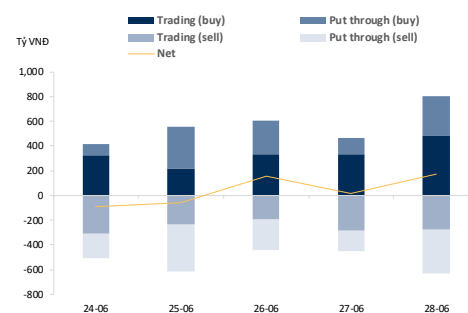
HIGHLIGHTS OF THE WEEK

GDP growth in June reached 6.76%, which was 7.05% lower than the increase in June 2018, but higher than the increases recorded in June 2011-2017. In line with the overall gain of the whole economy, agriculture - forestry - fishery growth rose 2.39%, and contributed 6% to the overall growth. The growth of industrial and construction sector climbed 8.93%, adding 51.8% to the total GDP. Service growth increased by 6.69%, adding 42.2%. Regarding the economic structure in the first six months of the year, agriculture - forestry - fishery growth accounted for 13.55% GDP. Industry and construction sector accounted for 34.2%. Service sector accounted for 42.04%; product taxes excluding product subsidies accounted for 10.21%. In terms of consumption component in GDP in the first six months of 2019, final consumption increased by 7.05% YoY. Asset accumulation increased by 7.12%. The exportation of goods and services rose 7.06%, while the importation of goods and services increased 7.98%.

Vietnam and EU will officially sign the EVFTA trade agreement on June 30, according to the announcement from the European Council and the Ministry of Industry and Trade of Vietnam. For Vietnamese exports, as soon as the Agreement comes into effect, the EU will eliminate import duties on about 85.6% of tariff lines, equivalent to 70.3% of Vietnam's export turnover. After seven years from the entry into force of the Agreement, the EU will abolish import duties on 99.2% of tariff lines, equivalent to 99.7% of Vietnam's export turnover. For the remaining 0.3% of the export turnover, the EU committed to provide Vietnam with tariff quotas with the import tax rate in the quota of 0%. For EU exports, Vietnam committed to eliminate tariffs as soon as the Agreement comes into force with 48.5% of tariff lines (accounting for 64.5% of import turnover). Then, after seven years, 91.8% of tariff lines equivalent to 97.1% of export turnover from the EU were removed by Vietnam.

According to our assessment, the traditional export sectors of Vietnam, including seafood, textiles, leather shoes and agricultural crops (coffee, sugar, vegetables ...) will be the first to benefit directly from this Agreement. In addition, some other industries such as logistics, seaport services,.. will enjoy indirect advantages. Additionally, with the support of the agreement, Vietnamese goods exported to the EU will increase competitiveness against other countries in the region.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
VJC	112,118.37
E1VFN30	75,374.77
VIC	69,687.62
Top net sellers	Net selling value (VNDmn)
SBT	220,863.33
VNM	79,412.63
YEG	64,281.44

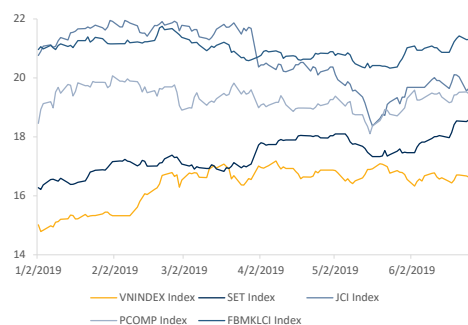
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VIC	1.193
VHM	0.976
VJC	0.772
Top 3 worst performers	Points
GAS	-4.55
CTG	-2.102
PLX	-1.346

Source: Bloomberg, KBSV

P/E Vietnam vs regional market



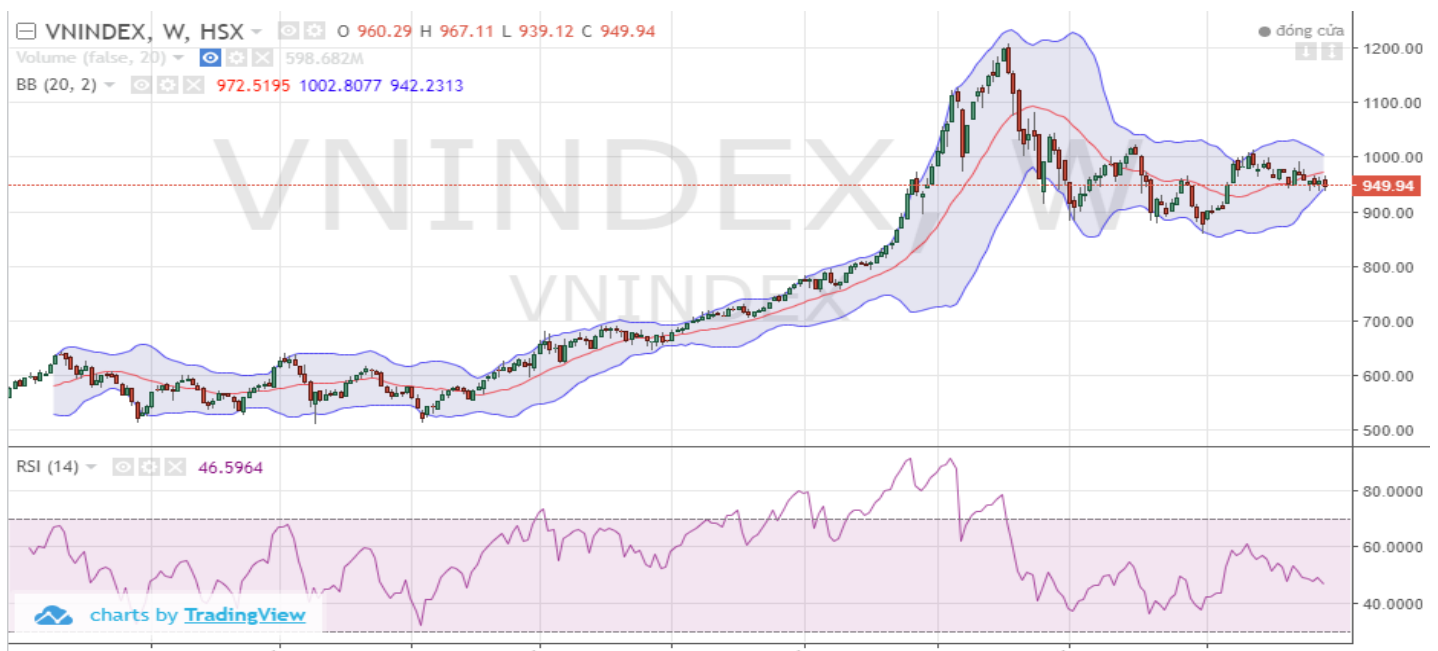
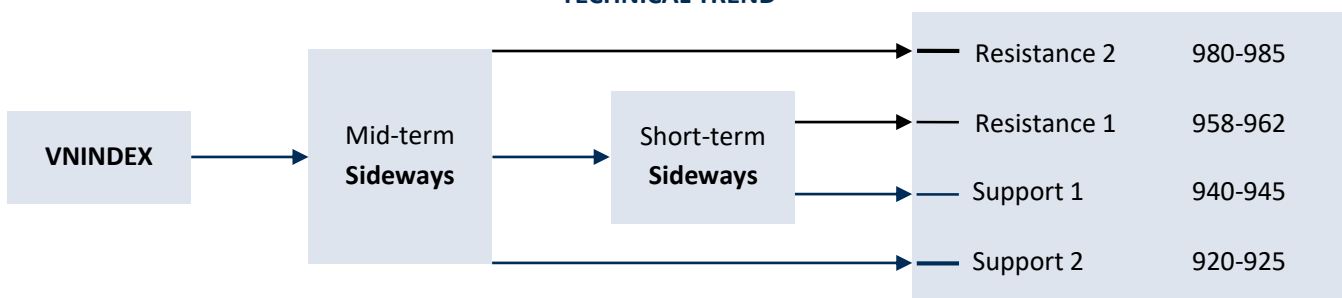
Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

The market experienced a volatile week with a plunge in the middle of the week before reversing to rebound in the end. This movement helped to form a spinning candle pattern on the weekly time frame chart of the indexes, indicating that the correlation between supply and demand is still temporarily balanced at the current price range. The negative point is that the VN-Index has failed twice in the attempt to increase above MA (100), Kijun Sen line on the daily time frame and Tenkan Sen weekly time frame. On the contrary, the positive point is that VN-Index still maintains its sideways trend since the beginning of June and reacted to the lower boundary of the Bollinger bands on the weekly time frame. Thus, we believe that the probability of increasing/decreasing next week is quite balanced and will be decided by the results of the G20 meeting this weekend. Noticeably, in the bearish scenario, we expect VN-Index will soon be supported at the strong support zone around 935, where the upward trend from the beginning of 2016 and Kijun Sen on the weekly frame converge.

In addition, a remarkable issue from the medium-term perspective is the weekly Bollinger Bands are gradually narrowing, with the smallest amplitude since mid-2017, and VN-Index is now touching the lower boundary of this range. This created two scenarios, one is that the market will have to recover around 935, and if it fails in this support area, VN-Index will face the risk of a tumble with a speed increasing over time. We are currently more positive about the recovery scenario because the slope of the three downward slopes from the peak of April 2018 is getting more flattened. Therefore, investors can still accumulate stocks, combined with quick trading strategy when the index returns to strong support zones. However, if losing the support around 935, the technical picture will change and the stop loss level should be complied.

TECHNICAL TREND



INVESTMENT PORTFOLIO RECOMMENDATIONS

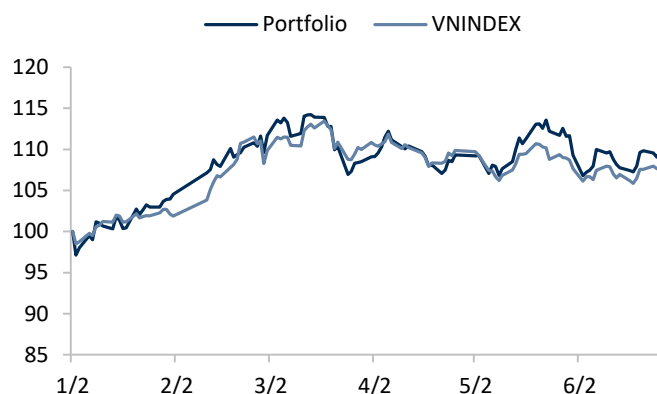
Investment Note

(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	29.1	1.0%	-0.7%	<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	80.8	-0.1%	10.8%	<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

					<p>liabilities and increase book value, helping to reduce the reported PB ratio.</p> <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	59.5	-3.9%	1.9%	<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	0.0%	-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	73	1.4%	-3.2%	<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.

					<ul style="list-style-type: none"> 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. 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	20.9	1.5%	1.7%	<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	31.75	0.3%	-2.9%	<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	45.5	0.2%	20.7%	<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.

					<ul style="list-style-type: none"> 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	26	0.0%	7.4%	<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	0.9%	33.7%	<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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