

MARKET WRAPS

Vietnam stock market (VN-Index) recorded a gain along with the global stock market. At the end of the week, VN-Index and HNX-Index closed at 996.57 (+0.75%) and 104.71 (-0.73%) respectively.

This week key movements

* Despite the gain, the number of losers on the HSX was still more than the gainers. The number of gainers/losers on HNX was quite balanced. Liquidity of the week decreased slightly.

* Large-cap stocks (VN30) recorded an increase of 0.86%, leading the overall market to rally this week. On the contrary, small and mid-caps dropped by -0.5% and -0.43% with concerns about Q3 business results of these 2 groups.

* By stock groups, the expectation in positive Q3 business results helped the MWG achieve a good increase this week, thereby helping the *Specialized goods distribution* industry to rise 3.6%.

* Foreign investors were still net sellers with a net selling value of VND125 billion.

Next week viewpoint:

Positive movements from the global stock market together with the recovery of oil prices created a favorable environment for the VN-Index to rebound this week and approach the resistance level of 1,000. Besides, the market is expected to continue to have strong differentiation among stock groups depending on the profit information of each specific business. We assess that banking stocks have fully reflected earnings results and have begun to show a divergence, making it difficult for this group to lead the market next week. Meanwhile, we still hold a cautious view on Q3 results of other businesses (apart from banks) and believe that this factor will hardly create strong impacts on the market.

HIGHLIGHTS OF THE WEEK

A deficit of USD370 million has been recorded in the first half of October, according to the latest data from the Vietnam Customs. This trade status has not been seen for such a long time (previously noted in the first half of July 2019).

Specifically, the total value of exported goods in the whole country was USD10.31 billion, decreasing more than 1.3% MoM; imported goods value reached USD10.68 billion, gaining 4.1% MoM. As a result, the trade balance accumulated from the start of the year to Oct 15, 2019 was at a surplus of USD6.38 billion, increasing 5% YoY.

A trade deficit in the last three months of the year is considered a cyclical factor, as businesses usually increase materials importation for production to serve buying demand at the end of the year and before the Lunar New Year.

KBSV RESEARCH

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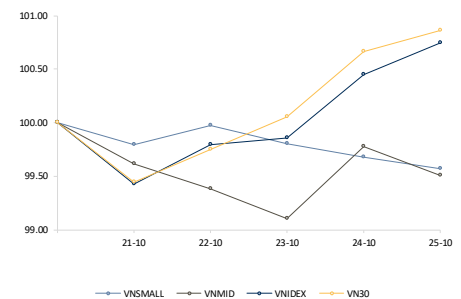
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Market Summary

| | VNIndex | HNXIndex |
|-----------------------|-----------|----------|
| Close | 996.57 | 104.71 |
| Change (%) | 0.75% | -0.73% |
| Gainers/Losers | 167/182 | 105/108 |
| Volume (mn/session) | 939.31 | 129.1 |
| Value (VNDbn/session) | 18,149.08 | 1,505.63 |
| Change (%) | -4% | -19% |

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

| Top 5 best performers | Change | Major stocks in sector |
|-------------------------------|--------|------------------------|
| Specialty Retailers | 7.50% | MWG, FRT, DGW, COM... |
| Hotels | 3.30% | VNG, OCH, SGH, DAH... |
| Travel & Tourism | 2.30% | VNS, SKG, TCT, HOT... |
| Building Materials & Fixtures | 2.20% | VCS, HT1, BMP, PTB... |
| Commodity Chemicals | 1.70% | PHR, AAA, DPR, HRC... |
| Top 5 worst performers | Change | Major stocks in sector |
| General Mining | -2.30% | KSB, HGM, BMC, DHM... |
| Tires | -2.40% | DRC, CSM, SRC, VKC... |
| Specialty Chemicals | -2.80% | DPM, DCM, DGC, CSV... |
| Furnishings | -3.80% | RAL, GDT, DQC... |
| Automobiles | -7.70% | TCH, SVC, CTF, HHS... |

Source: FinnPro, KBSV

Sector performance in the month

| Top 5 best performers | Change | Major stocks in sector |
|--------------------------|--------|------------------------|
| Soft Drinks | 6.80% | VCF, NAF, SCD, CTP... |
| Travel & Tourism | 6.70% | VNS, SKG, TCT, HOT... |
| Banks | 5.40% | VCB, BID, CTG, MBB... |
| Computer Services | 4.80% | CMG, UNI, TST... |
| Specialty Finance | 3.10% | IBC, OGC, FIT, BCG... |
| Top 5 worst performers | Change | Major stocks in sector |
| Automobiles | -4.50% | TCH, SVC, CTF, HHS... |
| Marine Transportation | -4.80% | PVT, VTO, GSP, VIP... |
| Industrial Machinery | -5.10% | REE, SRF, CTB, L10... |
| Oil Equipment & Services | -5.50% | PVS, PVD, PVB, PVC... |
| General Mining | -6.60% | KSB, HGM, BMC, DHM... |

Source: FinnPro, KBSV

The Trade Remedies Authority of Vietnam said that the US Department of Commerce (DOC) will impose a preliminary tax rate of USD 0/kg for both mandatory and voluntary defendants, and release a preliminary decision of POR15 review from August 1, 2017 to July 31, 2018, for Vietnamese pangasius and basa fish. The tax rate applied in the whole country is still USD3.29/kg, which is much lower than the final result of the previous POR14 review (USD 1.37-2.39/kg). In addition, DOC is said to release the final conclusion within 120 days since the releasing date of preliminary conclusion, which is expected to be out in Feb 2020.

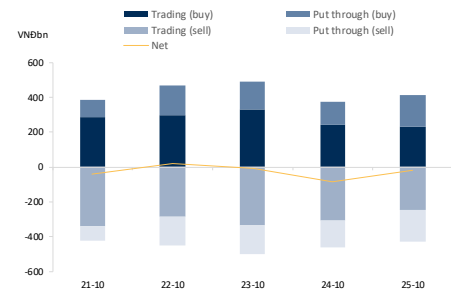
Newly registered FDI in October reached the highest level (USD1.86 billion) since the beginning of the year. For 10 months, the total value of newly registered, increased, and contributed FDI capital hit USD29.1 billion, up 10.3% over the same period. This is a good signal as the equivalent value of FDI in 2018 was high. The processing and manufacturing industry was outstanding with a total capital of USD19.8 billion, accounting for 68.1% of the total registered investment capital. Real estate and retail business ranked 2nd and 3rd respectively. FDI disbursement value in October was positive, reaching USD1.99 billion, which raised the total value of the first nine months to USD16.21 billion, up 10.74% compared to 2018.

Vietnam continues to be one of the top 10 largest overseas remittance recipients in the world, according to newly released data from the World Bank's Annual Remittances Data. Ranked at 9th place, remittances to Vietnam this year were estimated at USD16.7 billion (accounting for 6.4% of GDP), gaining slightly from USD16 billion in 2018. In the past two decades, remittances to Vietnam increased steadily from over USD1.3 billion in 2000, and only decreased in 2009 due to the impact of the global financial crisis.

Thus, in addition to the trade surplus, FDI disbursement and remittances are the two most important and regular sources of supply for the FX market. This is also one of the main reasons that the VND has maintained a stable position while DXY and USD/CNY are still high.

Today, the WB published the Ease of Doing Business in 2020 Report. According to this, of 190 economies, Vietnam achieved 69.8/100 points, ranked 70th, while it only stood at 69th last year. In this report, WB evaluates economies based on 12 criteria related to business operations. 10 criteria including Starting a business, Applying for a construction permission, Accessing electricity, Registering assets, Borrowing capital, Protecting minor investor interests, Paying taxes, International trading, Contract execution and Handling of insolvency are graded and ranked.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

| Top net buyers | Net buying value (VNDmn) |
|----------------|--------------------------|
| VNM | 61,628 |
| VJC | 57,433 |
| VCB | 53,002 |

| Top net sellers | Net selling value (VNDmn) |
|-----------------|---------------------------|
| GTN | 131,461 |
| VHM | 120,229 |
| MSN | 59,144 |

Source: Bloomberg, KBSV

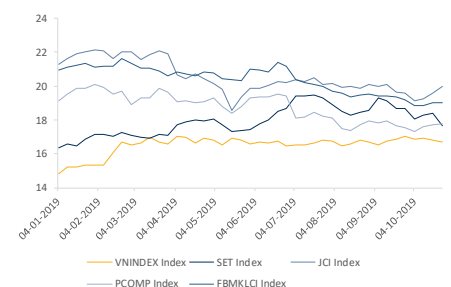
Top market movers

| Top 3 best performers | Points |
|-----------------------|--------|
| VCB | 3.275 |
| VJC | 1.09 |
| VNM | 1.03 |

| Top 3 worst performers | Points |
|------------------------|--------|
| VHM | -0.99 |
| TCB | -0.57 |
| MSN | -0.48 |

Source: Bloomberg, KBSV

P/E Vietnam vs regional market

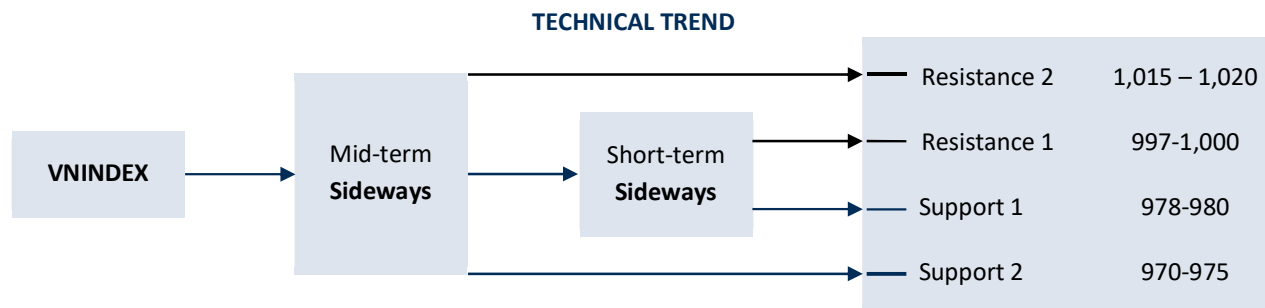


Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

With 4 consecutive gaining sessions during the week, VN-Index once again is facing an opportunity to challenge the resistance level of 1,000. Technical signals including RSI, MFI and MACD fluctuated slightly around the average while VN-Index moved within Bollinger Band of the daily and weekly frames which are moving sideways in a narrow band. In addition, we observed that the main indices on the US stock market have been influenced by the sideways band since the beginning of July, and are challenging the upper band.

With such a neutral environment, we believe that the opportunity to break-out successfully for the market is quite equal. Investors are recommended to only make buying orders at low prices during the correction span of the target stocks, to raise the portfolio proportion to the noticeable support areas; and avoid pushing the proportion to a high level too soon. Even in a positive case, VN-Index can successfully break out of the sideways band, the market will still see a correction soon, making the accumulation stocks safer.



INVESTMENT PORTFOLIO RECOMMENDATIONS

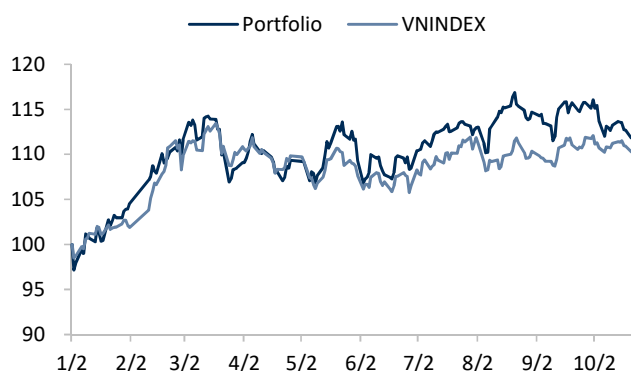
Investment Note

(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 |
|--------|------------------------|---------------|---------------|----------------------|--|
| MSN | 10/11/2019 | 74.6 | -1.1% | -3.1% | <ul style="list-style-type: none"> MEATDeli's fresh meat business has been positive since Masan launched this product at the end of 2018, reflecting positive prospects for Masan MEATLife (MML). Masan is expected to promote meat distribution in the near future, including the penetration into HCMC market in September 2019. Food and beverage segments, as well as profits shared from Techcombank are expected to continue rising at a 2-digit growth. Tungsten prices are showing signs of recovery after a long losing span, which is expected to support MSR's production and business activities. |
| MWG | 9/8/2019 | 127.9 | 1.2% | 13.2% | <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 |

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| | | | | | 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 | 28.6 | -0.2% | 5.7% | <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 | 71.5 | 1.1% | -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. |
| PNJ | 22/03/2019 | 83.2 | -0.4% | 10.3% | <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. |

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| | | | | | <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 | 23.2 | 1.1% | 14.3% | <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 | 1.2% | 13.1% | <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 | 58 | 0.9% | 58.0% | <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. |

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|-----|-----------|------|------|-------|---|
| GMD | 22/8/2018 | 27.4 | 0.9% | 13.2% | <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 | 18.8 | 3.3% | 9.3% | <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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