

MARKET WRAPS

The market has increased for 4 consecutive weeks thanks to the highlights in some key stocks, while the market witnessed a strong divergence, and the market breadth was totally negative this week. By the end of the week, VN-Index and HNX-Index closed at 993.35 (+1.1%) and 106.4(-0.6%) respectively.

This week key movements

* In terms of stock group, large-cap stocks surged and led the overall market trend (VN30 index increased 1.22%), while small and mid-cap stocks declined slightly.

* In particular, there was a sharp rise in Vingroup stocks this week (VIC, VHM, VRE). With a high market cap proportion, these three stocks added more than 9 points out of 11 points in VNIndex's gain this week. So after banking stocks led the market trend last week and showed signs of correction this week, stocks of Vingroup have replaced them and led the general market trend, although the Q2 business results of these companies have not been published yet.

* Despite the slight increase of the VNIndex, the red color still dominated on both exchanges, while the liquidity did not change significantly.

* Market breadth this week was somewhat improved with the number of gainers dominating the number of losers on the HoSE.

* In terms of sectors, *Steel and steel products* saw the sharpest growth (+7.3%), mainly from positive movements of the leading stock HPG after Q2 earnings were announced. *Electrical equipment* (+7.1%) and *Computer Services* (+7%) saw the second and third strong growth respectively this week.

* In contrast, *Hospitality* (-5%), *Water* (-3.9%) and *Securities Brokerage* (-3.3%) were the 3 biggest losers.

* Foreign investors maintained net buying status with net buying value of nearly VND500 billion, concentrating in PLX, VHM, and VCB...

Next week viewpoint:

As the market is currently at the peak of Q2 business performance reports, market moves are strongly affected by the announcements from listed companies. In particular, positive business performance of banking stocks, and high expectation about the growth of Vingroup companies have supported relevant stocks in gaining sharply in price, which was also the main supportive factor for the market to increase this week. In contrast, other stocks on the market, especially mid-small cap stocks, saw an uneventful trading week, and the number of losers dominated the market. In general, the support from banking and Vingroup stocks tended to fade away at the closing session of the week. Meanwhile, as the VNIndex had the 4th consecutive gaining week, it is expected that the profit-taking pressure will soon return on the whole market, putting the core stocks under pressure. Therefore, the VNIndex is not likely to make a breakthrough next week, unless a new strong growth driver showed up.

KBSV RESEARCH

Tung Le

Market Analyst

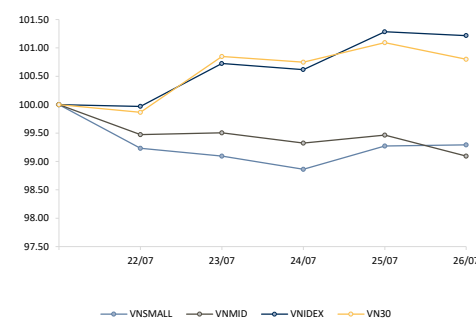
tungla@kbsec.com.vn

Market Summary

	VNIndex	HNXIndex
Close	994.29	106.4
Change (%)	1.22%	-0.63%
Gainers/Losers	117/87	66/67
Volume (mn/session)	976.87	182.53
Value (VNDbn/session)	23,563.34	2,502.59
Change (%)	6%	-11%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Steel	7.50%	HPG, HSG, DTL, VIS...
Electronic Equipment	7.10%	GEX, LGC, THI, AME...
Computer Services	7.00%	CMG, UNI, TST...
Personal Products	5.00%	PNJ, TLG, LIX, NET...
Soft Drinks	3.80%	VCF, NAF, SCD, CTP...
Top 5 worst performers	Change	Major stocks in sector
Clothing & Accessories	-2.80%	STK, TCM, TNG, FTM...
Paper	-3.10%	DHC, HAP, CAP, VID...
Investment Services	-3.30%	SSI, HCM, VCI, VND...
Water	-3.90%	BWE, TDW, CLW, BTW...
Hotels	-5.00%	VNG, OCH, SGH, DAH...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Computer Services	13.00%	CMG, UNI, TST...
Specialty Retailers	12.30%	MWG, FRT, DGW, COM...
Commodity Chemicals	8.90%	PHR, AAA, DPR, HRC...
Building Materials & Fixtures	8.10%	VCS, HT1, BMP, PTB...
Banks	6.00%	VCB, BID, CTG, MBB...
Top 5 worst performers	Change	Major stocks in sector
General Mining	-2.80%	KSB, HGM, BMC, DHM...
Oil Equipment & Services	-3.00%	PVS, PVD, PVB, PVC...
Clothing & Accessories	-3.20%	STK, TCM, TNG, FTM...
Containers & Packaging	-3.30%	INN, SVI, MCP, SDG...
Conventional Electricity	-3.80%	PPC, NT2, VSH, CHP...

Source: FinnPro, KBSV

HIGHLIGHTS OF THE WEEK

FDI has been seeing a positive growth with the total newly registered, added and contributed capital of foreign investors reaching USD20,219 billion, up by 53.1% over the same period in 2018. In July, it was estimated that the total capital disbursed from FDI projects hit USD1.45 billion. Processing – manufacturing, real estate, and wholesaling - retailing were the three sectors that received the largest investment capital in the first five months of 2019. In particular, China has always been the biggest investor, with the total FDI reaching USD1.79 in the first seven months. The two largest projects are all in tire manufacturing industry including Radial Tire ACTR (USD280 million) and Advance Tire Vietnam (USD 214 million).

The number of textile orders in the first six months decreased by 30%, according to the Vietnam Textile and Apparel Association (VITAS). Accordingly, the number of orders of many new businesses is only about 70% compared to the same period in 2018.

The data from VITAS also estimated that the export turnover of textile products in the 1H.2019 reached USD17.97 billion, climbing 8.61% YoY. Garment products hit USD14.02 billion, gaining 8.71%. The largest textile and garment export market of Vietnam in 1H.2019 was still the US, which brought an export value of USD7.22 billion, up 12.84% YoY and accounting for nearly half of the total value of exported garments in same period. The next are CPTPP countries with USD2.57 billion of export turnover, up 11.13%; EU with USD2.05 billion, up by 10.46%.

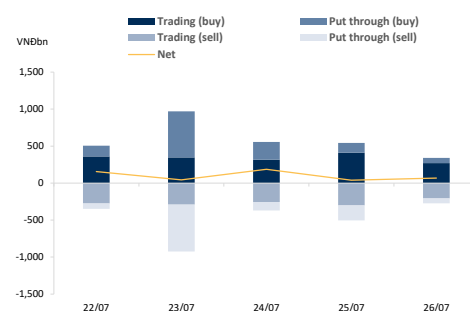
It is not easy to explain this phenomenon, because the US-China trade war will result in the shift of orders from China to Vietnam. Moreover, Vietnam has joined many new generation free trade agreements such as CPTPP and EVFTA, which may contribute to the rise of exported textile commodities.

However, it is likely that orders will move to other markets with more benefits, such as Indonesia with superior infrastructure, while the benefits from trade agreements that Vietnam has signed are only in potential form.

BIDV has announced that it will issue more than 603.3 million shares for KEB Hana Bank, equivalent to 15% of charter capital with a total value of over VND20,295 billion, equivalent to VND 33,640 per share. This is the highest valued M&A deal in the history of Vietnam's banking sector.

Previously, at the 2019 Annual General Meeting, 4 charter capital raise plans of BIDV were approved by shareholders, including offering to foreign strategic investors. The State Bank of Vietnam also allowed BIDV to increase its charter capital from VND 34,187 billion to VND 40,220 billion through a private placement for KEB Hana Bank. In 2019, BIDV set a target for consolidated EBT in 2019 to reach VND10,300 billion. Credit outstanding is expected to increase by 12%; meeting the demand for capital use, striving to grow by 11%; NPL ratio below 2%. At the end of the Q1, BIDV's EBT was VND 2,521 billion, gaining 1.4% YoY, equivalent to 24% of the business plan of the year.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
PLX	123,291
VHM	88,530
VCB	85,317
Top net sellers	Net selling value (VNDmn)
VNM	78,302
STB	60,686
HBC	36,885

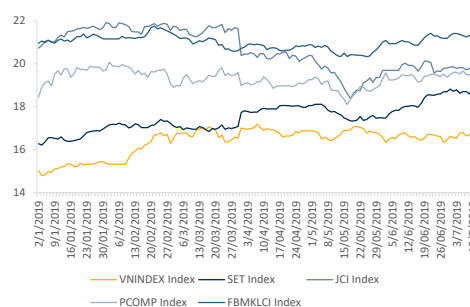
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VIC	6.036
VHM	2.971
HPG	1.592
Top 3 worst performers	Points
VNM	-1.236
CTG	-0.716
VCB	-0.549

Source: Bloomberg, KBSV

P/E Vietnam vs regional market

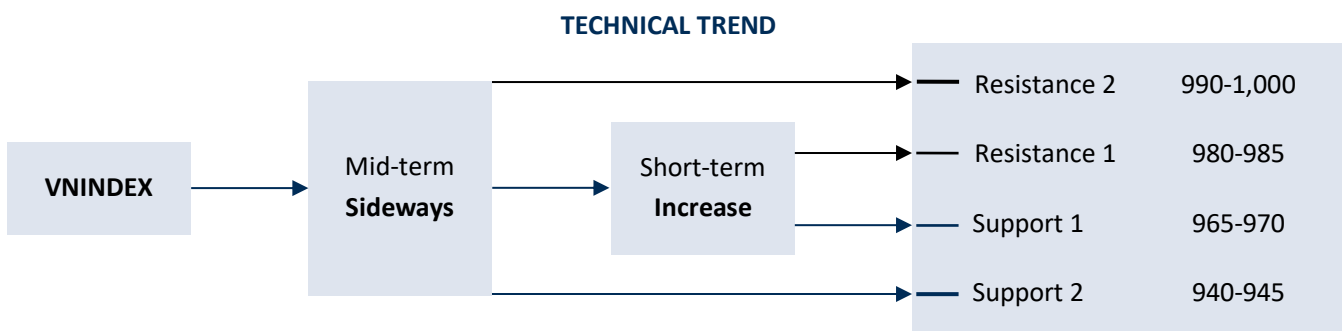


Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

After successfully "breaking out" to form a short-term uptrend last week, the market continued to have a positive trading week with skyrocketing sessions, continuously setting new peaks although there were only 2 gaining sessions out of 5 sessions. The momentum of the trend reappeared when the ADX set a new peak. However, the highlight during the week is that the market trend depended on a few leading stocks, with the cash flow mainly concentrated in VIC, VHM, VCB... This made a difference in the DI system, when -DI kept falling but +DI was flat and did not exceed the nearest peak of DI. As a result, the selling pressure at high price range in the overall market was still high and can create unexpected strong losing sessions in case of negative information or unexpected plunges in the key stocks.

Considering the above risks, and the VN-Index staying at the resistance range of 990-995 as noted in the previous report, investors are recommended to sell stocks that are approaching the resistance/ target price zone, and reduce the portfolio proportion to a safe level.



INVESTMENT PORTFOLIO RECOMMENDATIONS

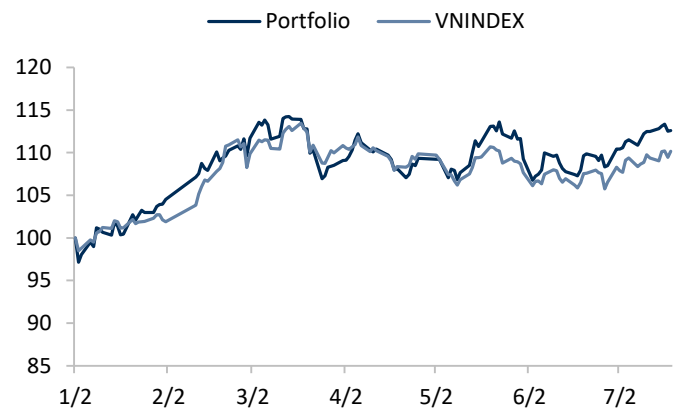
Investment Note

(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	29.4	1.4%	0.3%	<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 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	84.5	-1.5%	15.9%	<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.

					<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	64.1	-0.2%	9.8%	<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.
VHC	18/04/2019	91	-0.9%	-2.0%	<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	74	1.0%	-1.9%	<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

					<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"> ▪ 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	22.2	0.0%	8.0%	<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	33.05	-0.8%	1.1%	<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	48.2	3.0%	27.9%	<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	26.85	0.2%	11.0%	<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	22.9	-1.7%	33.1%	<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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KB SECURITIES VIETNAM (KBSV)

Head Office

Level G, 2&7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam.
Tel: (+84) 24 7303 5333 - Fax: (+84) 24 3776 5928

Hanoi Branch

Level 1, VP Tower, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 3776 5929 - Fax: (+84) 24 3822 3131

Saigon Branch

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 - Fax: (+84) 28 3910 1611

Ho Chi Minh Branch

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 - Fax: (+84) 28 3914 1969

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 - Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 - Ext: 2276

Hotmail: ccc@kbsec.com.vn

Website: www.kbsec.com.vn