

MARKET WRAPS

Vietnam's stock market continued to maintain positive momentum this week. At the end of the week, VN-Index and HNX-Index increased by 997.84 (+0.76%) and 104.77 (+0.6%) respectively.

This week key movements

* Although VN-Index gained but the number of losers dominated the gainers. The number of gainers/losers was balanced on HNX. Liquidity was low and declined compared to the previous week.

* Large and medium-cap stocks continued to lead the market, while small-cap stocks decreased (-1.03%). Large-cap stocks increased by 1.06% this week, outperforming the general market and was followed by an increase in mid-cap stocks (+0.71%).

* *Food stocks* increased sharply this week with the lead of VNM stock thanks to the information that SCIC will likely divest at a high level. The next was *Securities brokerage sector* with expectation of positive Q3 business results of this sector.

* Foreign investors continued to be net sellers last week with a net selling value of VND236 billion.

Next week viewpoint:

Vietnam's stock market continued to record the third gaining week in a row thanks to positive developments from international markets, including the US and Japan signing a limited trade agreement and China increasing purchases of a large number of agricultural crops to create a goodwill to negotiate with the US. On the domestic market, the fact that Vietnam has not been listed in FTSE's secondary emerging market has been previously predicted, so it does not bring a negative impact on the market. With positive cooperation and efforts of the market management agencies, Vietnam will absolutely achieve its goal of upgrading next year.

Vietnam stock market in the near future will enter the Q3 business performance announcement season. With macro conditions not changing much, we think that there will be no more disturbance compared to the previous quarters. Industries with good business results, such as banking and information technology, will continue to be the highlights of the market.

HIGHLIGHTS OF THE WEEK

Vietnam continues to be on the watch list for upgrading from Frontier Markets to Secondary Emerging Markets. The FTSE notice stated that in this evaluation period, Vietnam still met 7 criteria as in the March evaluation period. However, Vietnam market met T+2/T+3 payment criteria, but continued to maintain a limited evaluation due to checking the available money before trading. As for the "Payment - Few failed transactions" criterion, FTSE kept in the "N/A" state, which requires more information to evaluate. Factors that need to be improved include registering a new account and offering solutions for trading stocks that are about to or have already reached the maximum room between domestic and foreign investors.

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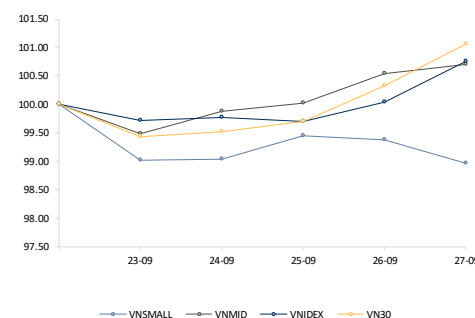
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Market Summary

	VNIndex	HNXIndex
Close	997.84	104.77
Change (%)	0.76%	0.60%
Gainers/Losers	155/205	113/108
Volume (mn/session)	840.47	150.44
Value (VNDbn/session)	19,014.39	1,886.53
Change (%)	-15%	-5%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Food Products	7.50%	VNM, MSN, SBT, KDC...
Investment Services	3.80%	SSI, HCM, VCI, VND...
Commodity Chemicals	3.60%	PHR, AAA, DPR, HRC...
Hotels	2.90%	VNG, OCH, SGH, DAH...
Pharmaceuticals	2.50%	DHG, PME, TRA, IMP...
Top 5 worst performers	Change	Major stocks in sector
Farming & Fishing	-2.20%	HNG, VHC, GTN, HAG...
General Mining	-2.60%	KSB, HGM, BMC, DHM...
Transportation Services	-2.80%	GMD, PHP, DL1, AST...
Computer Services	-2.80%	CMG, UNI, TST...
Personal Products	-3.20%	PNJ, TLG, LIX, NET...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Specialty Retailers	11.00%	MWG, FRT, DGW, COM...
Software	10.70%	FPT, SRA, VLA...
Food Products	9.40%	VNM, MSN, SBT, KDC...
Hotels	7.60%	VNG, OCH, SGH, DAH...
Industrial Machinery	7.20%	REE, SRF, CTB, L10...
Top 5 worst performers	Change	Major stocks in sector
Furnishings	-6.30%	RAL, GDT, DQC...
General Mining	-6.70%	KSB, HGM, BMC, DHM...
Commodity Chemicals	-8.30%	PHR, AAA, DPR, HRC...
Computer Services	-9.80%	CMG, UNI, TST...
Clothing & Accessories	-9.90%	STK, TCM, TNG, FTM...

Source: FinnPro, KBSV

FTSE Russell appreciated the cooperation of Vietnam market regulators over the past 12 months and noted the efforts to develop and enhance the capital market. The agency said it would continue to observe this commitment. FTSE said that Vietnam will be considered to be ranked among secondary emerging market in the annual review in September next year.

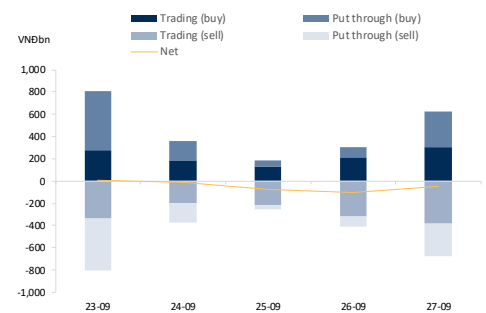
CPI in 2019 may increase from 3.3% to 3.5%, according to a report from the Government Steering Committee on Price Management. In the 3Q, the CPI increased over the last month, increased by 0.18% in July, by +0.28% in August, and is estimated to gain from 0.4% to 0.6% in September. However, the CPI growth rate in the 3Q was still lower than forecast, thereby creating more room for the management of inflation for the whole year according to the goals set by the National Assembly and the Government. According to the GSO, the average CPI in the first 9 months of 2019 compared to the same period in 2018 increased by about 2.52%. From now to the end of the year, some forecast factors affecting the price level have been stated by the Steering Committee, namely: electricity price increase in March may continue to impact on CPI for the remaining 3 months of the year; Pork prices are expected to continue to increase; risks of natural disasters, unfavorable weather... However, there are still many factors that reduce the pressure on the year-end price level as monetary policy is currently operating stably; rice prices are not expected to change much; Expected abundant supply of goods does not put pressure on price level at the end of the year.

The registered and disbursed FDI in September reached the highest level since the beginning of the year, with the total newly registered, increased, and contributed capital and shares purchased by foreign investors was up to USD3.5 billion. Generally in 9 months, registered FDI reached USD26.1 billion, up 3.1% YoY. This is a good sign as the relevant amount of FDI in 2018 was high. In particular, according to the report of Department of Economic Zones Management, Ministry of Planning and Investment, it is estimated that in 9 months of 2019, industrial parks and economic zones have attracted 397 FDI projects with a registered capital of USD10.1 billion.

In this month, the most notable project belonged to LG Display Hai Phong adjusting to increase the investment capital by USD410 million. The processing and manufacturing industry was outstanding with a total capital of USD18.09 billion, accounting for 69.1% of the total registered investment capital. Real estate business and retail business took 2nd and 3rd position respectively in terms of investment capital value.

The value of FDI disbursement in September reached USD2.26 billion, bringing the total value of the first 9 months to USD14.22 billion, an increase of 7.3% compared to that in 2018. This is an important supply of foreign currencies, helping the foreign exchange market to be stable in in the past 3 months, the CNY has fallen sharply while the USD has always been high.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
VNM	136,170
VCI	57,072
YEG	52,820
Top net sellers	Net selling value (VNDmn)
HPG	103,316
VRE	97,930
E1VFN30	68,590

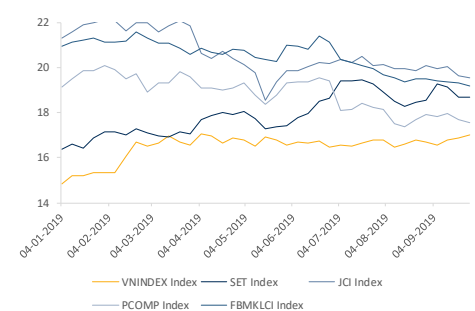
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
PDN	0.055
VNM	4.11
PHR	0.24
Top 3 worst performers	Points
AST	-0.08
BHN	-0.33
SCS	-0.07

Source: Bloomberg, KBSV

P/E Vietnam vs regional market

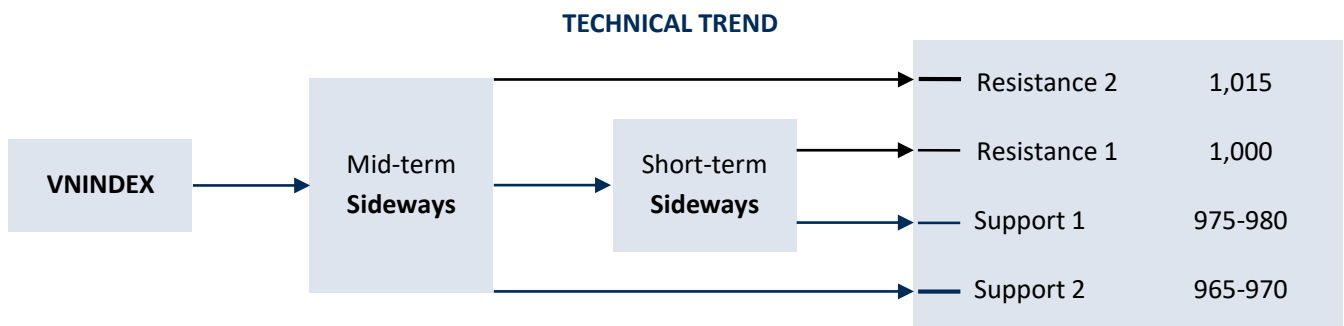


Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

The market ended the week with 4/5 gaining sessions, bringing the VN Index close to the psychological level of 1,000 points with surging liquidity. The strongest and most positive highlight was securities stocks such as HCM, SSI and VNM's unexpected breakthrough. The rest of the market in general only increased slightly and was still dominated by the wave of divergence with a fairly balanced market breadth over the sessions.

Technically, the VN30 Index continued its uptrend but VN Index was still temporarily in the medium-term sideways trend as ADX was still low. However, after a positive rally at the end of the week, this index has approached quite close to the psychological level of 1,000 points and is also the point of contact with the medium-term trend line from October 2018. According to our observations, some leading stocks have successfully made a breakthrough, surpassing the medium-term downtrend lines since the peak of April 2018. In addition, this has been the 6th time since April 2019 VN Index challenged this resistance area after a long accumulation period. Therefore, we expect the index to successfully break through this resistance area next week with the next expected target set at the resistance zone of 1,025-1,035 points. In the scenario that VN Index overcomes the resistance, investors are recommended to wait for short corrections, around the close support area of the target stocks to accumulate and gradually increase their holding proportion.



INVESTMENT PORTFOLIO RECOMMENDATIONS

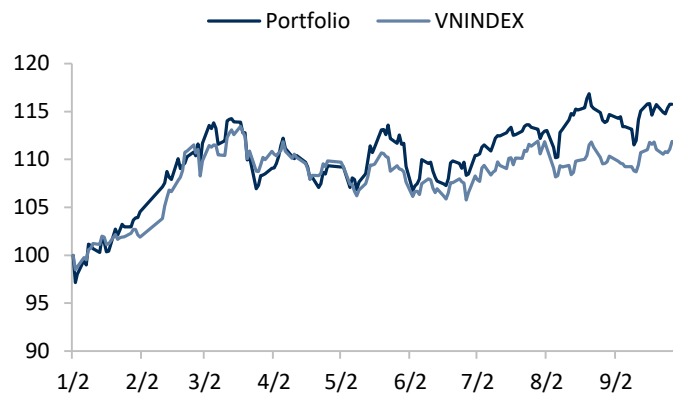
Investment Note

(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	128	1.6%	13.3%	<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	27.95	-1.9%	3.3%	<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

					<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	73.3	1.4%	0.5%	<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	60.5	-0.2%	3.6%	<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	81.1	0.5%	7.6%	<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	22.7	0.4%	11.8%	<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	39	-1.6%	19.3%	<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	58.5	1.4%	59.4%	<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	-0.7%	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	19.6	1.0%	14.0%	<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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