

MARKET WRAPS

Due to unfavorable international movements, Vietnam stock market could no longer maintain the recovery span, with the VN-Index and HNX-Index falling by -0.85% and -0.90%, respectively.

This week key movements

* The decline of large-cap stocks (-0.89%) pulled the VN-Index down last week. The cash flow focused on mid-cap stocks, helping this group to gain 0.70%.

* Both HSX and HNX were covered in red. Liquidity before the holiday decreased and was low.

* Considering stocks by sectors, it is noticeable that the *Garment sector* was still under pressure of reduction because of difficulties in business activities. In addition, FTM shares have an extraordinary decline, which also brought negative movements to this sector.

* Foreign investors were net sellers this week with a net selling value of VND203 billion. The weekend sessions have become more positive when foreign investors turned net buyers with a small volume.

Next week viewpoint:

Contrasting moves in the world made VN-Index experience strong fluctuations this week. Investors' sentiment was more stable after there were signals showing that the two sides will resume the talks, and ease escalating tensions in the short term. The volatility of the international market may still dominate Vietnam's stock market in the coming week. Next week, investors will probably turn their attention to the Fed as monthly job reports and production data could change the possibility of a Fed rate cut during the September meeting.

HIGHLIGHTS OF THE WEEK

The CPI in August 2019 gained 0.28% over the previous month, increasing 1.87% over December 2018, and up 2.26% YoY. On average in the first 8 months of 2019, CPI climbed 2.7% over the same period in 2018, the lowest increase in the last 3 years, according to newly released figures of the GSO.

Specifically, there were 8 out of 11 commodity and service groups that have raised prices. In particular, the healthcare group saw the strongest increase – by 2.81% as the prices of medical services jumped 3.64% (raised the CPI by 0.14%). The education group is in the second position, increasing by 0.57% due to the Government's annual tuition adjustment schedule. Besides, pork prices increased 0.89% over the previous month under the impact of African swine fever, which made the overall CPI gain 0.04%. The CPI during the month was supported by the decrease in gasoline prices due to the 2 corrections of gasoline and oil prices, causing the overall CPI to fall by 0.04%.

Core inflation in August continued the uptrend, with an increase of 0.13% over the previous month, up 1.95% YoY. In the first 8M of 2019, this rate increased by 1.9% YoY.

KBSV RESEARCH

Tung Le

Market Analyst

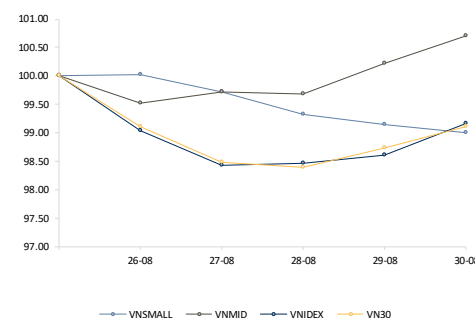
tungla@kbsec.com.vn

Market Summary

	VNIndex	HNXIndex
Close	984.06	102.32
Change (%)	-0.85%	-0.90%
Gainers/Losers	147/207	106/120
Volume (mn/session)	813.74	119.57
Value (VNDbn/session)	18,411.51	1,668.02
Change (%)	-11%	-6%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Tires	7.50%	DRC, CSM, SRC, VKC...
Soft Drinks	8.30%	VCF, NAF, SCD, CTP...
Software	7.80%	FPT, SRA, VLA...
Specialty Finance	7.10%	IBC, OGC, FIT, BCG...
Water	7.00%	BWE, TDW, CLW, BTW...
Top 5 worst performers	Change	Major stocks in sector
Business Support Services	-4.60%	PAN, VNC, TV4, PPS...
Computer Services	-5.00%	CMG, UNI, TST...
Electronic Office Equipment	-5.40%	STB, SAM, ELC, SMT...
Clothing & Accessories	-10.70%	STK, TCM, TNG, FTM...
Hotels	-14.90%	VNG, OCH, SGH, DAH...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Containers & Packaging	10428.90%	INN, SVI, MCP, SDG...
Trucking	9207.90%	TCL, VNT, VSA, TCO...
Travel & Tourism	7618.90%	VNS, SKG, TCT, HOT...
Furnishings	6513.80%	RAL, GDT, DQC...
General Mining	5535.80%	KSB, HGM, BMC, DHM...
Top 5 worst performers	Change	Major stocks in sector
Food Products	127.30%	VNM, MSN, SBT, KDC...
Software	74.40%	FPT, SRA, VLA...
Gas Distribution	69.50%	GAS, PGD, PGS, PGC...
Real Estate Holding & Developpr	26.10%	VIC, VHM, VRE, NVL...
Banks	-60.60%	VCB, BID, CTG, MBB...

Source: FinnPro, KBSV

As a result, in the first 8M of the year, the general inflation rate was higher than the core inflation, reflecting price fluctuations mainly due to increases in food, foodstuff, gas, healthcare and educational services prices. However, the basic inflation has always been on the upward trend in the past 5 months, showing that the SBV's monetary policy easing will be somewhat limited.

Contrasting moves in the world made VN-Index experience strong fluctuations this week. Investors' sentiment was more stable after there were signals showing that the two sides will resume the talks, and ease escalating tensions in the short term. The volatility of the international market may still dominate Vietnam's stock market in the coming week. Next week, investors will probably turn their attention to the Fed as monthly job reports and production data could change the possibility of a Fed rate cut during the September meeting.

The trade balance of goods in 8M was estimated at a trade surplus of USD3.4 billion, August contributed USD 1.7 billion, equivalent to the trade surplus of the previous 7M.

This result was achieved thanks to the phone and spare parts group with export value of 8M reaching USD33 billion, accounting for 19.4% of total export turnover. This achievement was mainly contributed by Samsung accelerating exports to launch a new product line in mid-August.

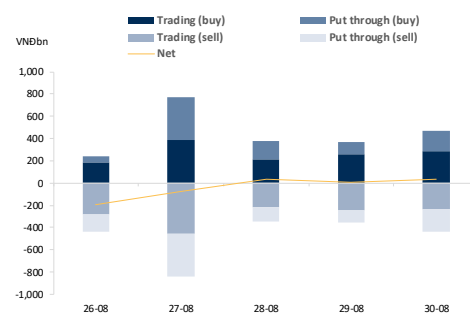
The growth rate of 8M export turnover of the domestic economic sector reached 13.9%, much higher than the growth rate of the FDI sector (4.6%); and the proportion of the domestic economic sector continued to go up, accounting for 30.6% of total export turnover (28.8% in the same period last year).

Regarding imports, the import turnover of goods in August was estimated at USD 22.8 billion, decreasing by 0.6% over the previous month but increasing by 7.5% over same period last year. In particular, domestic economic sector hit USD9.3 billion, down by 3.6%; FDI sector reached USD13.5 billion, up 1.6%. Import turnovers of some commodities decreased compared to the previous month. They were fabric and textile materials, and footwear simultaneously fell 5%; iron and steel was down by 5.4%; and automobile group was down by 15.6%.

FDI in August was stable, with total newly registered, added and contributed capital of foreign investors in this month reached USD2.41 billion, the highest level in the last 4 months. In the first 8M, FDI hit USD22.6 billion, down by 7.1% YoY. This drop stems from the two FDI projects with a very large registered capital (Hanoi smart city project worth USD4.14 billion and the project of Polypropylene production in Vung Tau valued at USD1.2 billion).

In August, it is estimated that the total capital disbursed from FDI projects was USD 1.41 billion. Processing - manufacturing sector, real estate and wholesaling - retailing still absorbed the largest investment capital in the first 5M. In particular, China ranked first in terms of FDI committed to invest in new projects with the total registered capital reaching USD1.87 billion in August, +350% YoY.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
NVL	103,285
PVD	50,189
PLX	40,845
Top net sellers	Net selling value (VNDmn)
E1FVN30	84,635
VRE	74,871
HPG	65,650

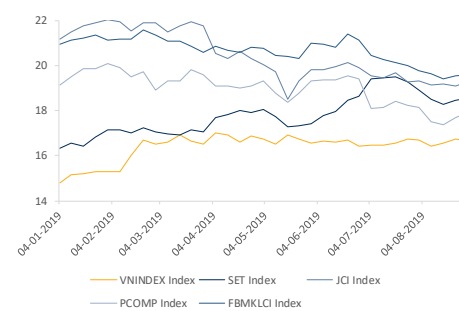
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
BID	1.211
VHM	0.79
VPB	0.36
Top 3 worst performers	Points
VCB	-1.65
VIC	-1.48
HVN	-0.99

Source: Bloomberg, KBSV

P/E Vietnam vs regional market



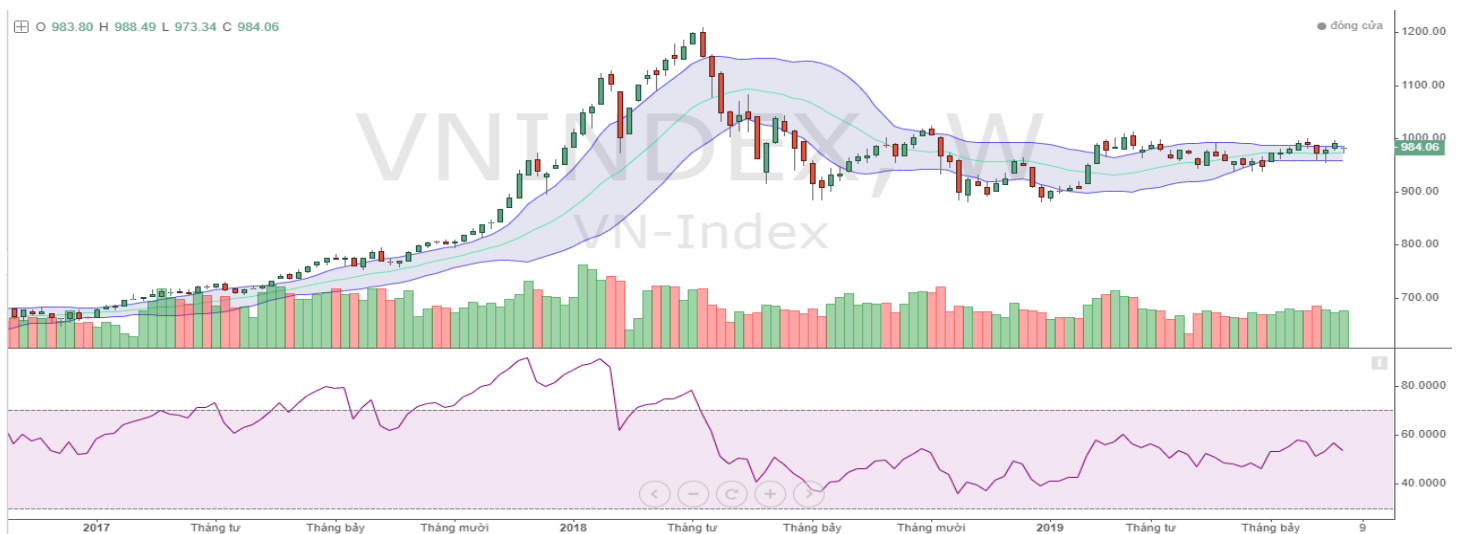
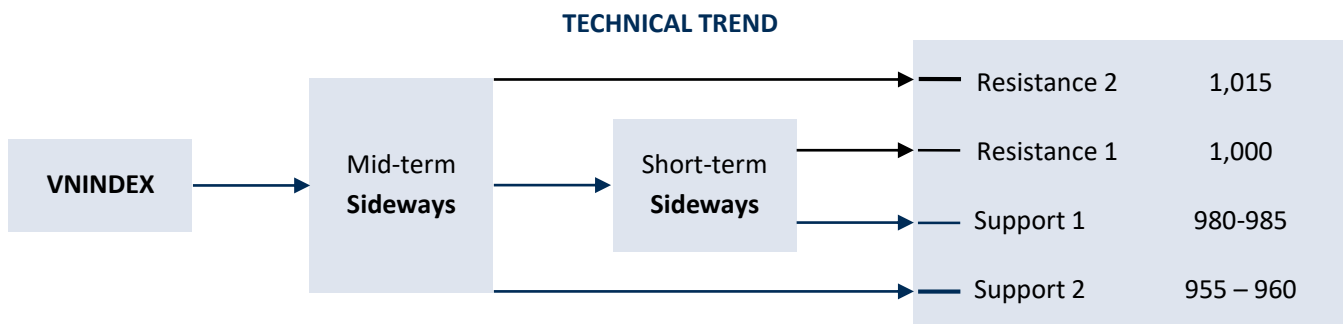
Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

VN-Index experienced a volatile trading week with a plunge in the first 2 sessions of the week before recovering towards the end of the week. Thus, after the correction affected by the resistance area of the weekly frame, which was noted in the previous weekly report, the indexes have established an equilibrium again with RSI, Stochastics momentum indicators fluctuating in the neutral zone. From a broader view, the VN-Index was in a sideways drift in a range of 940 - 1,000 since February, which caused the Bollinger band on the weekly frame to narrow, and signaled the possibility of coming strong fluctuations.

The noticeable point is that, from the bottom of April, VNINDEX has maintained a short-term uptrend. This creates an opportunity for the index to break the upper bound (1,000 points), which is somewhat more likely to happen than the possibility to break the lower bound.

Investors are recommended to continue buying a part of short-term positions for the target stocks that have returned to the short-term support areas.



INVESTMENT PORTFOLIO RECOMMENDATIONS

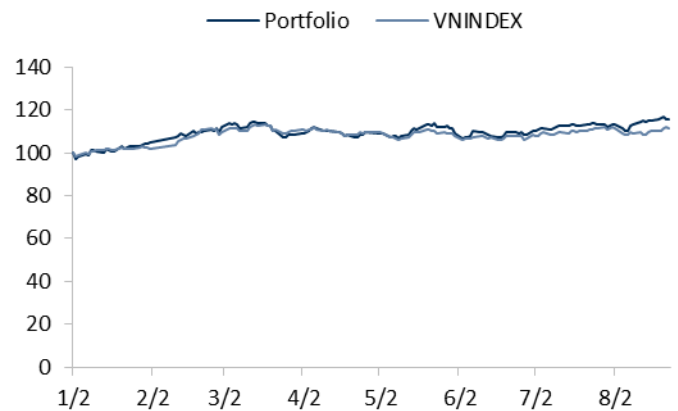
Investment Note

(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	116.5	-0.9%	3.1%	<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	30.85	-0.6%	5.3%	<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	78.5	-0.3%	7.7%	<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	-1.0%	6.2%	<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	82.8	-0.8%	9.8%	<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	22.65	0.4%	10.2%	<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	36.3	-1.1%	11.0%	<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	54.4	2.6%	48.2%	<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	28.2	0.2%	16.5%	<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	21	-0.9%	22.1%	<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.

DISCLAIMER

This report has been prepared for informational purposes only, and does not constitute an offer or solicitation of a contract for trading. Opinions in this report reflect professional judgment at this date based on information and data obtained from sources KBSV considers reliable. However, KBSV does not guarantee that the information and data are accurate or complete, and, therefore, this report is subject to change without prior notice. Individual investments should be made based on each client's own judgment and we expressly disclaim all liabilities for any investment decisions and any results thereof. This report is a copyrighted material of KBSV and, thus, it may not be reproduced, distributed, or modified without the prior consent of KB Securities. This report is not prepared for academic purposes and any third party wishing to quote from it for academic publications should receive the prior consent of KBSV.

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