

ETF MONITOR: ROS TO BE EXCLUDED FROM FTSE VIETNAM INDEX

Hinh Dinh Quang – hinh.dinhquang@vndirect.com.vn

Figure 1: ROS' 1-year price movement (VND)



Source: Bloomberg

FTSE ETF (FTSE Vietnam Index) and V.N.M ETF (MVIS Vietnam index) will announce their results of portfolio review on 6 Mar and 13 Mar 2020, respectively. The ETFs, which are managing a combined US\$649.8m in NAV, will carry out several trading activities to rebalance the weight of stocks in their portfolios according to the newly structured indexes.

FTSE Vietnam Index: ROS to exit – No other stocks added

Based on data as at 25 Feb 2020, we reckon ROS could be removed from FTSE Vietnam Index as the stock has just fallen short of FTSE's requirement in terms of investable market cap value. Based on FTSE's rules, we estimate ROS's investable market cap at US\$86.6m, below the US\$102.2m minimum requirement. (Note that US\$102.2m is equivalent to 0.5% of total investable market cap of all FTSE Vietnam Index constituents).

On the other hand, no stock has met the requirements to be added to the FTSE Vietnam Index in this review.

Figure 2: New FTSE ETF portfolio based on our estimation (as at 25 Feb 2020)

| Ticker | Weight Before | Weight After | Buy/Sell volume (shares) | Buy/Sell value (US\$m) | ADTV (US\$m) | Buy/Sell value as % of ADTV |
|--------|---------------|--------------|--------------------------|------------------------|--------------|-----------------------------|
| VIC | 15.15% | 15.00% | (98,296) | (0.4) | 2.3 | 16.7% |
| VNM | 15.24% | 15.00% | (145,435) | (0.6) | 4.5 | 13.5% |
| VHM | 14.82% | 15.00% | 103,138 | 0.4 | 3.5 | 12.6% |
| VRE | 9.01% | 8.98% | (109,402) | (0.1) | 2.7 | 3.5% |
| HPG | 8.45% | 8.43% | (87,955) | (0.0) | 6.9 | 0.7% |
| MSN | 7.16% | 7.23% | 65,803 | 0.2 | 2.9 | 6.2% |
| VCB | 6.82% | 6.96% | 86,242 | 0.4 | 3.0 | 11.7% |
| VJC | 5.40% | 5.41% | 2,428 | 0.0 | 2.5 | 1.6% |
| NVL | 4.60% | 4.90% | 316,012 | 0.8 | 0.9 | 79.8% |
| PLX | 2.50% | 2.43% | (84,744) | (0.2) | 0.6 | 27.9% |
| TCH | 1.81% | 1.98% | 236,561 | 0.4 | 1.7 | 23.3% |
| SBT | 1.59% | 1.73% | 353,220 | 0.3 | 1.2 | 28.4% |
| SSI | 1.63% | 1.59% | (158,004) | (0.1) | 1.2 | 8.6% |
| STB | 1.63% | 1.58% | (286,394) | (0.1) | 2.5 | 5.2% |
| POW | 1.26% | 1.26% | (35,045) | (0.0) | 0.9 | 1.0% |
| KBC | 0.84% | 0.92% | 305,183 | 0.2 | 1.7 | 11.5% |
| PDR | 1.13% | 0.91% | (498,927) | (0.6) | 0.8 | 67.6% |
| PVD | 0.66% | 0.70% | 151,301 | 0.1 | 1.6 | 5.3% |
| ROS | 0.28% | 0.00% | (2,058,760) | (0.7) | 13.4 | 5.2% |

Source: FTSE ETF, VNDIRECT RESEARCH

We expect VHM, VCB, TCH, SBT and NVL to enjoy stronger net-buying value while ROS, VNM, PDR and VIC might face selling pressure from the FTSE ETF.

MVIS Vietnam Index: No in – No out

For V.N.M ETF rebalancing, no change is expected in the list of Vietnamese constituents of the MVSI Vietnam Index. We expect the country weight of Vietnam to remain at 70.54% of the index.

Figure 3: New V.N.M ETF portfolio based on our estimation (as at 25 Feb 2020)

| Ticker | Weight Before | Weight After | Buy/Sell volume (shares) | Buy/Sell value (US\$m) | ADTV (US\$m) | Buy/Sell value as % of ADTV |
|--------|---------------|--------------|--------------------------|------------------------|--------------|-----------------------------|
| VIC | 8.07% | 8.00% | (31,913) | (0.1) | 2.3 | 6.5% |
| VHM | 7.97% | 8.00% | 66,931 | 0.2 | 3.5 | 6.9% |
| VNM | 6.82% | 7.00% | 179,055 | 0.8 | 4.4 | 18.6% |
| VCB | 7.16% | 6.50% | (1,137,143) | (4.2) | 3.0 | 140.1% |
| NVL | 6.30% | 6.00% | (473,972) | (1.1) | 0.9 | 116.1% |
| VRE | 4.98% | 5.50% | 1,711,945 | 2.1 | 2.7 | 79.9% |
| VJC | 3.89% | 4.23% | 260,218 | 1.4 | 2.5 | 57.3% |
| HPG | 3.94% | 3.78% | (599,486) | (0.6) | 6.9 | 8.6% |
| SBT | 4.03% | 3.72% | (1,224,295) | (1.1) | 1.2 | 96.2% |
| TCH | 3.57% | 3.68% | 281,871 | 0.5 | 1.7 | 27.2% |
| MSN | 3.10% | 3.60% | 950,342 | 2.1 | 2.8 | 72.6% |
| POW | 2.68% | 2.72% | 527,217 | 0.2 | 0.9 | 24.2% |
| BVH | 3.16% | 2.66% | (628,953) | (2.0) | 0.5 | 361.8% |
| SSI | 2.08% | 2.26% | 1,080,843 | 0.8 | 1.2 | 63.3% |
| GEX | 1.74% | 1.74% | 21,507 | 0.0 | 0.5 | 3.7% |
| ROS | 1.05% | 1.17% | 1,486,836 | 0.5 | 13.3 | 3.7% |

Source: V.N.M ETF, VNDIRECT RESEARCH

We expect VRE, VNM, VJC and MSN to enjoy a stronger net-buying value from the V.N.M ETF, while VCB, SBT, NVL and BVH might experience the selling pressure from the FTSE ETF.

Figure 4: Expected buy/sell value by the two ETFs in 1Q20F rebalancing

| Ticker | V.N.M ETF Buy/Sell value (US\$m) | V.N.M ETF Buy/Sell volume (shares) | FTSE ETF Buy/Sell value (US\$m) | FTSE ETF Buy/Sell volume (shares) | Total Buy/Sell value (US\$m) | Total Buy/Sell volume (shares) | ADTV (US\$m) | Buy/Sell value as % of ADTV |
|--------|----------------------------------|------------------------------------|---------------------------------|-----------------------------------|------------------------------|--------------------------------|--------------|-----------------------------|
| MSN | 2.1 | 950,342 | 0.2 | 65,803 | 2.2 | 1,016,145 | 2.8 | 78.8% |
| VRE | 2.1 | 1,711,945 | (0.1) | (109,402) | 2.0 | 1,602,543 | 2.7 | 76.3% |
| VJC | 1.4 | 260,218 | 0.0 | 2,428 | 1.5 | 262,646 | 2.5 | 58.8% |
| TCH | 0.5 | 281,871 | 0.4 | 236,561 | 0.9 | 518,432 | 1.7 | 50.6% |
| VHM | 0.2 | 66,931 | 0.4 | 103,138 | 0.7 | 170,069 | 3.5 | 19.5% |
| SSI | 0.8 | 1,080,843 | (0.1) | (158,004) | 0.7 | 922,839 | 1.2 | 54.7% |
| VNM | 0.8 | 179,055 | (0.6) | (145,435) | 0.2 | 33,620 | 4.4 | 5.0% |
| POW | 0.2 | 527,217 | (0.0) | (35,045) | 0.2 | 492,172 | 0.9 | 23.2% |
| KBC | - | - | 0.2 | 305,183 | 0.2 | 305,183 | 1.7 | 11.5% |
| PVD | - | - | 0.1 | 151,301 | 0.1 | 151,301 | 1.6 | 5.3% |
| GEX | 0.0 | 21,507 | - | - | 0.0 | 21,507 | 0.5 | 3.7% |
| STB | - | - | (0.1) | (286,394) | (0.1) | (286,394) | 2.5 | 5.2% |
| PLX | - | - | (0.2) | (84,744) | (0.2) | (84,744) | 0.6 | 27.9% |
| ROS | 0.5 | 1,486,836 | (0.7) | (2,058,760) | (0.2) | (571,925) | 13.3 | 1.5% |
| NVL | (1.1) | (473,972) | 0.8 | 316,012 | (0.3) | (157,960) | 0.9 | 35.9% |
| VIC | (0.1) | (31,913) | (0.4) | (98,296) | (0.5) | (130,209) | 2.3 | 23.3% |
| PDR | - | - | (0.6) | (498,927) | (0.6) | (498,927) | 0.8 | 67.6% |
| HPG | (0.6) | (599,486) | (0.0) | (87,955) | (0.6) | (687,441) | 6.9 | 9.3% |
| SBT | (1.1) | (1,224,295) | 0.3 | 353,220 | (0.8) | (871,074) | 1.2 | 67.7% |
| BVH | (2.0) | (628,953) | - | - | (2.0) | (628,953) | 0.5 | 361.8% |
| VCB | (4.2) | (1,137,143) | 0.4 | 86,242 | (3.8) | (1,050,901) | 3.0 | 128.3% |

Source: VNDIRECT RESEARCH

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Stock Ratings

Definition:

| | |
|--------|---|
| Add | The stock's total return is expected to reach 15% or higher over the next 12 months. |
| Hold | The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below negative 10% over the next 12 months. |

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

| | |
|-------------|--|
| Overweight | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation. |
| Neutral | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation. |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

Hinh Dinh Quang – Senior Analyst

Email: hinh.dinhquang@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>