

POW IS EXPECTED TO BE ADDED TO THE FTSE VIETNAM INDEX AND THE MVIS VIETNAM INDEX

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FTSE Vietnam ETF (FTSE ETF) will announce the results of a rebalancing of the FTSE Vietnam Index on 7 Jun 2019 while VanEck Vectors Vietnam ETF (V.N.M ETF) will publish the conclusion of a review of the MVIS Vietnam Index (*) on 14 Jun 2019. Following this, the FTSE ETF and the V.N.M ETF, which track the FTSE Vietnam Index and the MVIS Vietnam Index, respectively, and have a combined net asset value of US\$718.6m, would require some trades to rebalance the weight of stocks in these portfolios to match the newly structured FTSE Vietnam Index and MVIS Vietnam Index.

*The MVIS Vietnam Index is run by MVIS, a subsidiary of VanEck. This index is a market cap-weighted index that tracks the performance of the largest and most liquid companies in Vietnam.

POW (PetroVietnam Power Corporation) meets all the conditions to be added to the FTSE Vietnam Index while no current component would be excluded from it.

Based on the latest data on 24 May 2019, we estimate the allocation of POW in FTSE Vietnam Index to be 1.78%, which means FTSE would buy about US\$5.3m of POW shares. Besides, FTSE ETF could raise the proportion of VNM, VHM, and MSN while reducing stakes of VRE, NVL, SSI and HNG.

Figure 1: Our expectations for FTSE ETF portfolio restructuring

Ticker	Market price (x1000VND)	Weight Before	Weight After	Buy/Sell volume (shares)	Buy/Sell value (US\$m)	ADTV (US\$m)	Buy/Sell value as % of ADTV
VIC	115.0	15.42%	15.00%	(257,256)	(1.3)	2.6	48.4%
VNM	130.5	14.25%	15.00%	403,886	2.3	4.6	48.9%
VHM	84.5	14.33%	15.00%	551,834	2.0	1.6	124.5%
MSN	87.2	10.71%	11.31%	478,453	1.8	2.5	72.0%
VRE	35.0	10.41%	9.30%	(2,210,128)	(3.3)	2.2	148.2%
HPG	32.2	8.72%	8.38%	(764,594)	(1.0)	6.8	14.9%
VCB	66.5	5.07%	4.94%	(137,709)	(0.4)	3.0	13.2%
NVL	58.2	4.80%	4.34%	(548,755)	(1.4)	1.3	109.1%
PLX	66.0	3.05%	2.85%	(203,713)	(0.6)	1.7	33.7%
SSI	25.6	2.44%	1.96%	(1,338,787)	(1.4)	2.1	70.2%
POW - added	15.7	0.00%	1.78%	7,935,939	5.3	1.7	310.6%
STB	11.8	1.66%	1.59%	(461,349)	(0.2)	2.3	10.0%
ROS	30.0	1.02%	1.40%	887,235	1.1	4.9	23.1%
SBT	17.9	1.12%	1.18%	231,819	0.2	1.3	13.2%
GEX	22.5	1.17%	1.12%	(146,532)	(0.1)	1.6	8.6%
PVD	19.7	0.91%	0.99%	270,293	0.2	1.5	14.9%
HNG	15.7	1.28%	0.84%	(1,942,845)	(1.3)	0.6	226.3%
KBC	14.1	0.78%	0.80%	104,102	0.1	1.9	3.3%
TCH	21.2	0.96%	0.79%	(540,576)	(0.5)	0.8	58.8%
PDR	24.7	1.03%	0.79%	(702,694)	(0.7)	0.8	98.6%
CII	23.3	0.88%	0.65%	(696,246)	(0.7)	1.0	68.1%

Source: FTSE ETF, VNDIRECT (Data as of 24 May)

POW and PVS (PetroVietnam Technical Services Corporation) are expected to be inducted into the MVIS Vietnam Index while DPM and NT2 may be removed.

Based on the last data on 24 May 2019, we expect that DPM and NT2 could be excluded from the MVIS Vietnam Index as the two stocks do not meet the trading value criteria. If these two are removed, the total number of components in the MVIS Vietnam Index will be reduced to 23, below the minimum requirement of 25 total components in the MVIS Vietnam Index, so at least 2 other names must be added to the list. We expect POW and PVS to be inducted into the MVIS Vietnam Index. PVS has met all the criteria for induction into the MVIS Vietnam Index. Although POW has not met the requirement of the trading time of at least 6 months since its official HOSE listing from 14 Jan 2019, we, however, still believe that POW is likely to be added to the MVIS Vietnam Index in this review, following previous precedents. In the past, NVL was added to the MVIS Vietnam Index even though it had not met the criterion of minimum listing time. Therefore, we believe minimum listing time is not a mandatory criterion.

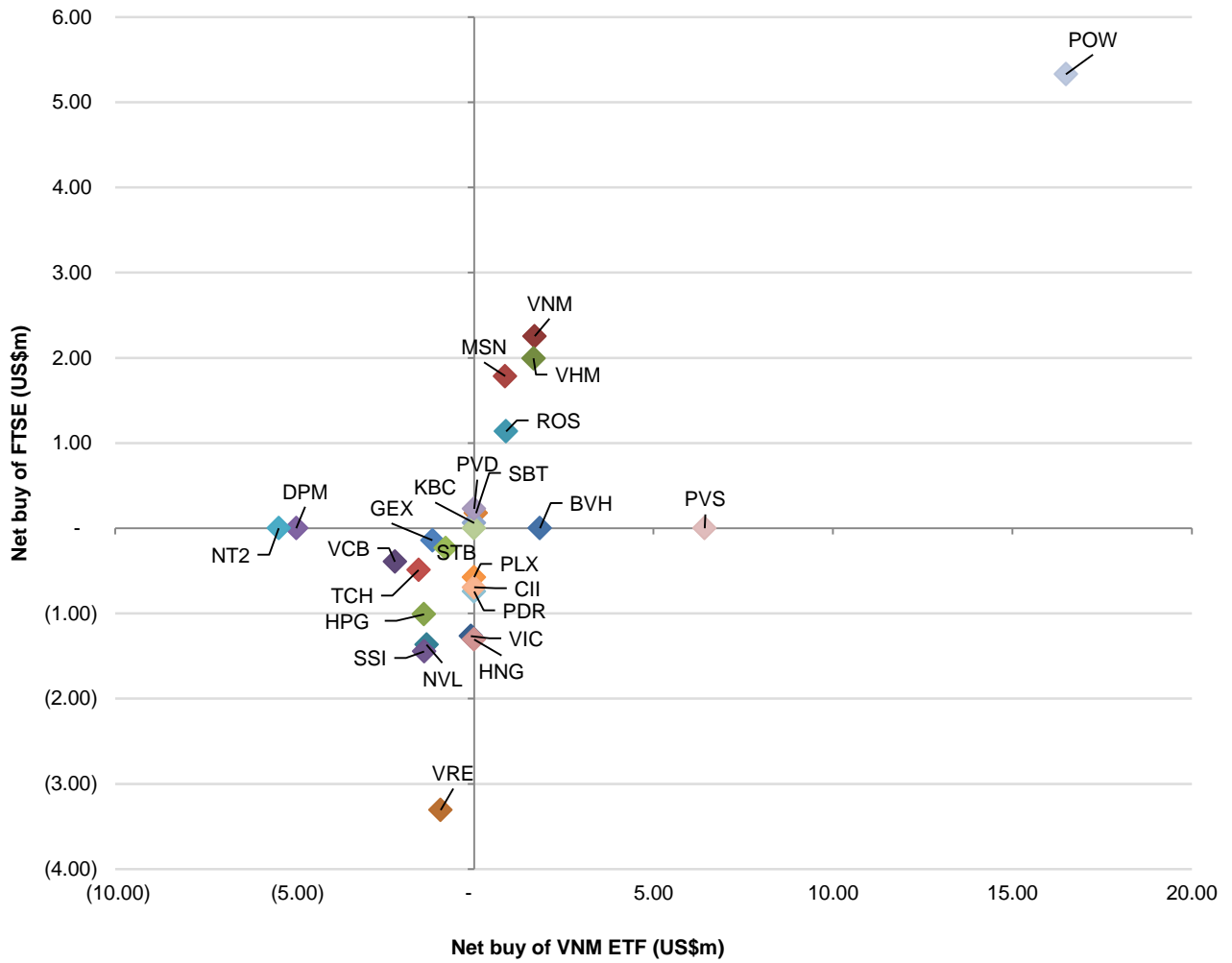
The total proportion of Vietnamese stocks in the post-review MVIS Vietnam Index is expected to increase to 72.53% from 70.28% currently. We expect POW, PVS, BVH, VNM and VHM could see the highest net buying from the V.N.M ETF, while NT2, DPM, VCB, TCH, HPG and SSI might experience the strongest selling pressure from the V.N.M ETF.

Figure 2: Our expectations for V.N.M ETF portfolio restructuring

Ticker	Market price (x1000VND)	Weight Before	Weight After	Buy/Sell volume (shares)	Buy/Sell value (US\$m)	ADTV (US\$m)	Buy/Sell value as % of ADTV
VIC	115.0	8.02%	8.00%	(18,451)	(0.1)	2.6	3.5%
VNM	130.5	7.60%	8.00%	302,845	1.7	4.6	36.7%
VHM	84.5	6.60%	7.00%	460,086	1.7	1.6	103.7%
NVL	58.2	6.82%	6.50%	(531,576)	(1.3)	1.3	105.7%
VCB	66.5	6.53%	6.00%	(773,261)	(2.2)	3.0	74.5%
VRE	35.0	5.72%	5.50%	(624,546)	(0.9)	2.2	41.9%
MSN	87.2	4.44%	4.64%	233,247	0.9	2.5	35.0%
BVH	77.2	4.04%	4.47%	556,516	1.8	0.3	585.8%
POW - added	15.7	0.00%	3.93%	24,590,436	16.5	1.7	962.5%
HPG	32.1	3.84%	3.51%	(1,015,356)	(1.4)	6.8	20.6%
ROS	30.0	2.88%	3.09%	697,982	0.9	4.9	18.2%
SSI	25.5	3.33%	3.00%	(1,276,497)	(1.4)	2.1	67.6%
SBT	17.9	2.59%	2.60%	70,947	0.1	1.3	4.0%
TCH	21.2	2.11%	1.74%	(1,708,844)	(1.5)	0.8	185.8%
GEX	22.5	1.95%	1.67%	(1,207,467)	(1.2)	1.6	71.1%
PVS - added	23.8	0.00%	1.53%	6,321,571	6.4	2.9	220.6%
STB	11.8	1.33%	1.14%	(1,570,486)	(0.8)	2.3	34.1%
DPM - removed	18.5	1.18%	0.00%	(6,252,270)	(5.0)	0.6	887.2%
NT2 - removed	27.7	1.30%	0.00%	(4,599,329)	(5.4)	0.3	1899.2%

Source: V.N.M ETF, VNDIRECT (Data as of 24 May)

Figure 3: Expected net-buying value by 2 ETFs in 2Q19F rebalancing



Source: VNDIRECT

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information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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RECOMMENDATION FRAMEWORK

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.

Country Ratings

Definition:

- Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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