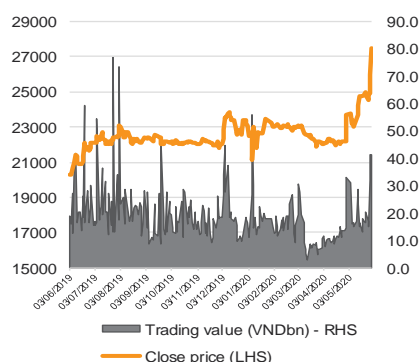


**Market strategy**

04 Jun 2020

**Figure 1: PDR' 1-year price and trading value (VND)**



Source: Bloomberg

**ETF MONITOR 2Q20**

**PDR to be removed from FTSE Vietnam Index**

- FTSE ETF (FTSE Vietnam Index) and V.N.M ETF (MVIS Vietnam index) will announce their results of portfolio review on 5 Jun and 12 Jun 2020, respectively
- The two ETFs, which are managing NAV of US\$326.5bn (V.N.M ETF) and US\$224.9bn (FTSE VN ETF), will rebalance their weight of constituents according to the newly structured indexes.

**FTSE Vietnam Index: PDR to move out – No other stocks added**

Based on data as at 29 May 2020, PDR is likely to be removed from FTSE Vietnam Index due to the liquidity criteria. PDR's average daily traded value in the last three months was only VND14.9bn, below the minimum requirement to stay in the FTSE Vietnam Index, which is about VND15.3bn (equivalent to 20% of the average daily traded value of the current FTSE VN basket).

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 (data as at 29 May 2020)**

Stock	Current weight (29/5)	New estimated weight	Net buy / sell volume	Net buy / sell value (VNDbn)	Average trading value 3 months (VNDbn)	Estimated transaction days
VIC	13.81%	15.00%	640,136	62.09	82.92	0.75
VNM	16.47%	15.00%	-666,985	-76.70	164.83	0.47
VHM	13.86%	15.00%	776,556	59.48	117.61	0.51
HPG	10.13%	10.70%	1,085,478	29.74	205.81	0.14
MSN	9.05%	9.30%	208,051	13.04	107.73	0.12
VRE	8.25%	8.80%	1,043,582	28.70	82.95	0.35
VCB	6.81%	7.10%	177,605	15.13	102.79	0.15
NVL	4.93%	5.10%	165,185	8.87	43.13	0.21
VJC	4.90%	5.00%	46,176	5.22	42.42	0.12
PLX	2.35%	2.30%	-56,532	-2.61	41.08	0.06
SSI	1.77%	1.80%	105,768	1.57	51.69	0.03
STB	1.53%	1.60%	354,615	3.65	115.29	0.03
POW	1.35%	1.40%	254,532	2.61	48.99	0.05
TCH	1.00%	1.10%	246,128	5.22	32.88	0.16
KBC	0.81%	0.90%	334,243	4.70	34.36	0.14
SBT	1.10%	0.70%	-1,400,782	-20.87	35.31	0.59
PVD	0.58%	0.60%	98,451	1.04	55.59	0.02
PDR	1.30%	0.00%	-2,466,649	-67.83	14.95	4.54

Sources: FTSE ETF, VNDIRECT RESEARCH

We expect VIC and VHM to enjoy stronger net-buying value, while VNM and PLX might face selling pressure from the FTSE ETF.

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### MVIS Vietnam Index: No change

For V.N.M ETF rebalancing, no change is expected in the constituent list of Vietnamese stocks in the MVIS Vietnam Index. We expect the country weight of Vietnam to remain at 70.2% of the index.

Figure 3: New V.N.M ETF portfolio based on our estimation (data as at 29 May 2020)

Stock	Current weight (29/5)	New estimated weight	Net buy / sell volume	Net buy / sell value (VNDbn)	Average trading value 3 months (VNDbn)	Estimated transaction days
VNM	7.53%	8.00%	309,579	35.60	164.83	0.22
VIC	7.52%	8.00%	374,835	36.36	82.92	0.44
VHM	7.45%	7.00%	-444,995	-34.09	117.61	0.29
VCB	6.76%	6.50%	-231,156	-19.69	102.79	0.19
NVL	5.71%	6.00%	409,067	21.97	43.13	0.51
VRE	5.47%	5.50%	82,634	2.27	82.95	0.03
HPG	5.21%	5.00%	-580,550	-15.91	205.81	0.08
VJC	4.89%	4.50%	-261,431	-29.54	42.42	0.70
MSN	4.21%	4.50%	350,350	21.97	107.73	0.20
POW	3.10%	3.20%	739,005	7.57	48.99	0.15
SSI	2.64%	3.00%	1,842,519	27.27	51.69	0.53
SBT	2.49%	2.60%	559,213	8.33	35.31	0.24
TCH	2.16%	2.30%	500,223	10.60	32.88	0.32
BVH	2.08%	2.20%	181,977	9.09	33.16	0.27
GEX	1.87%	1.90%	130,226	2.27	30.63	0.07

Sources: V.N.M ETF, VNDIRECT RESEARCH

We expect VNM, VIC and SSI to enjoy a stronger net-buying value from the V.N.M ETF, while VHM and VJC might experience selling pressure from the FTSE ETF.

Figure 4: Expected buy/sell value by the two ETFs in 2Q20F rebalancing

Stock	FTSE ETF Net buy / sell volume	FTSE ETF Net buy / sell value (VNDbn)	V.N.M ETF Net buy / sell volume	V.N.M ETF Net buy / sell value (VNDbn)	Total net buy/sell volume	Total net buy/sell value (VNDbn)	Average trading value 3 months (VNDbn)	Estimated transaction days
VIC	640,136	62.09	374,835	36.36	1,014,971	98.45	82.92	1.19
MSN	208,051	13.04	350,350	21.97	558,401	35.01	107.73	0.32
VRE	1,043,582	28.70	82,634	2.27	1,126,216	30.97	82.95	0.37
NVL	165,185	8.87	409,067	21.97	574,252	30.84	43.13	0.72
SSI	105,768	1.57	1,842,519	27.27	1,948,287	28.84	51.69	0.56
VHM	776,556	59.48	(444,995)	(34.09)	331,561	25.39	117.61	0.22
TCH	246,128	5.22	500,223	10.60	746,351	15.82	32.88	0.48
HPG	1,085,478	29.74	(580,550)	(15.91)	504,928	13.83	205.81	0.07
POW	254,532	2.61	739,005	7.57	993,537	10.18	48.99	0.21
BVH	-	-	181,977	9.09	181,977	9.09	33.16	0.27
KBC	334,243	4.70	-	-	334,243	4.70	34.36	0.14
STB	354,615	3.65	-	-	354,615	3.65	115.29	0.03
GEX	-	-	130,226	2.27	130,226	2.27	30.63	0.07
PVD	98,451	1.04	-	-	98,451	1.04	55.59	0.02
PLX	(56,532)	(2.61)	-	-	(56,532)	(2.61)	41.08	0.06
VCB	177,605	15.13	(231,156)	(19.69)	(53,551)	(4.56)	102.79	0.04
SBT	(1,400,782)	(20.87)	559,213	8.33	(841,569)	(12.54)	35.31	0.36
VJC	46,176	5.22	(261,431)	(29.54)	(215,255)	(24.32)	42.42	0.57
VNM	(666,985)	(76.70)	309,579	35.60	(357,406)	(41.10)	164.83	0.25
PDR	(2,466,649)	(67.83)	-	-	(2,466,649)	(67.83)	14.95	4.54

Source: VNDIRECT RESEARCH

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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.

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