

**Market Strategy**

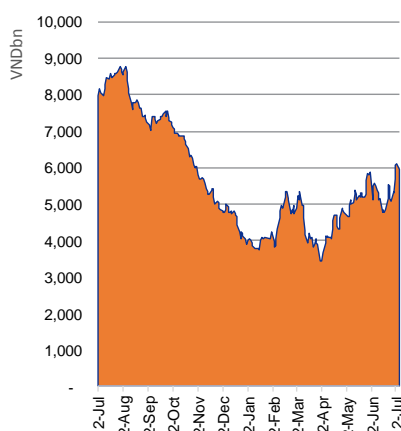
06 Jul 2020

**ETF MONITOR**

**VN30 - Time of changes**

- The Ho Chi Minh Stock Exchange (HOSE) will conduct periodic review of the HOSE-Index, including the VN30 Index, to change portfolios this month. It is expected to publish a new index basket on 20 Jul 2020, which will come into effect on 3 Aug 2020.
- We estimate CTD and BVH to be excluded from VN30, while KDH and TCH are the replacement.

**Figure 1: CTD's 1-year market capitalisation movement**



Source: Bloomberg

**CTD and BVH likely to be excluded from VN30, replaced by KDH and TCH**

CTD's price has slumped 32% since Jun 19 due mainly to issues regarding interest conflicts in the Board of Directors and its subdued construction segment. Thus, CTD's one-year average market capitalisation declined to about VND5,700bn and fell out of the VN30's filter list, which screens 40 stocks with top market capitalisation, according to our estimates.

BVH is a low free-float stock, with an actual free-float rate of around 9%. BVH joined VN30 basket after its free-float adjusted capitalisation became large enough to pass the priority float criteria of HOSE-Index. However, according to our data, BVH may be excluded in this review period as its one-year free-float adjusted capitalisation fails to pass the priority float criteria.

With CTD and BVH being excluded from VN30, KDH and TCH are the stocks eligible to be included in the VN30 basket this period, with market capitalisation standing at the 26<sup>th</sup> and 30<sup>th</sup> position, respectively, in the VN30's filter list, as per our estimates.

**Figure 2: HOSE-Index information and review criteria**

Index name	VN30	VNMidcap	VNSmallcap	VN100	VNAllshare	VNAllshare sector Indices
<b>Index type</b>	Price index / Total return index					Price index
<b>Index's manager</b>	HOSE and Index committee manage Index rules HOSE operate index calculation					
<b>Number of constituents</b>	30	70	Unlimited	100	Unlimited	Unlimited
<b>Criteria</b>						
Status	Not in special monitoring list, listed more than 6 months					
Turnover ratio	Daily turnover ratio is larger than 0.05% / 0.04% for new /current constituent)					
Freefloat ratio	Freefloat ratio is larger than 10%, exclude stock which have market capitalisation adjusted freefloat larger enough to be in priority list					
<b>Capping ratio</b>	10% for individual stock, 15% for relative group of stocks	10% for individual stock				Unlimited
<b>Review period</b>	Update data: May and Nov Update index constituents and data: Feb and Aug					

SOURCES: VND RESEARCH, HOSE-Index rules

**Analyst(s):**



**Bach Phan Nhu**

[bach.phannhu@vndirect.com.vn](mailto:bach.phannhu@vndirect.com.vn)

**ETF VFMVN30 will review portfolio based on VN30 constituents' changes**

The effective date of the new index basket is 3 Aug 2020, meaning that the ETF VFMVN30, which tracks the VN30 Index, will rebalance its portfolio on the previous trading day (31 Jul 2020).

With total AUM of over VND5.1tr, VFMVN30 will sell about 590,000 CTD shares (0.53% of the current portfolio value) and 270,000 BVH shares (0.42% of the total current portfolio value). At the same time, VFM will buy about 3m KDH shares (1.42% of the new portfolio value) and 1.7m TCH shares (0.7% of the total new portfolio). It will also conduct buying/selling activities of other stocks to adjust the stock weights in the ETF to match the new stock weights in the VN30 Index.

**Figure 3: New VFMVN30 portfolio based on our estimation (data as at 06 Jul 2020)**

Stock	Current weight (6/7/2020)	New weight (Estimate)	Net buy/sell volume (Shares)	Net buy/sell value (VNDbn)	Average daily trading value (VNDbn)	Transaction days (Estimated)	Note
VNM	10.66%	10.00%	-297,777	-33.98	195.34	0.17	
VIC	7.12%	7.74%	355,850	32.10	128.59	0.25	
TCB	7.44%	7.45%	24,719	0.49	86.23	0.01	
HPG	7.52%	7.44%	-157,029	-4.32	272.12	0.02	
VPB	6.00%	5.84%	-375,339	-7.99	145.17	0.06	
VCB	5.61%	5.49%	-76,306	-6.33	111.41	0.06	
VHM	5.02%	5.32%	200,976	15.64	493.30	0.03	
FPT	4.78%	4.79%	16,545	0.77	107.35	0.01	
VJC	4.67%	4.74%	32,300	3.49	47.16	0.07	
MSN	4.43%	4.24%	-173,913	-9.95	164.17	0.06	
MBB	4.03%	4.02%	-22,365	-0.38	123.10	0.00	
MWG	3.97%	3.98%	8,304	0.68	125.72	0.01	
NVL	3.51%	3.50%	-12,082	-0.75	105.69	0.01	
STB	3.27%	3.25%	-105,494	-1.16	134.58	0.01	
EIB*	1.36%	2.93%	4,534,278	80.94	76.41	1.06	
HDB	2.90%	2.81%	-181,180	-4.71	35.01	0.13	
CTG	2.74%	2.69%	-120,466	-2.69	134.73	0.02	
VRE	1.87%	1.93%	121,922	3.23	94.82	0.03	
SAB	1.99%	1.85%	-39,739	-6.95	26.47	0.26	
PNJ	1.74%	1.73%	-7,526	-0.44	64.59	0.01	
KDH	0.00%	1.43%	3,060,552	73.45	26.27	2.80	Newly included, market capitalisation's rank is 26 of 40 in VN30's filter list
GAS	1.12%	1.11%	-10,296	-0.72	55.00	0.01	
BID	1.04%	1.02%	-24,707	-0.97	55.08	0.02	
SSI	0.90%	0.89%	-21,185	-0.32	68.59	0.00	
PLX	0.80%	0.80%	-1,365	-0.06	57.90	0.00	
REE	0.82%	0.80%	-39,203	-1.24	18.48	0.07	
POW	0.75%	0.76%	58,207	0.56	60.73	0.01	
TCH	0.00%	0.69%	1,695,170	35.68	38.07	0.94	Newly included, market capitalisation's rank is 30 of 40 in VN30's filter list
SBT	0.61%	0.61%	7,737	0.11	40.16	0.00	
ROS	0.14%	0.14%	20,116	0.06	72.00	0.00	
BVH	0.53%	0.00%	-586,753	-27.28	41.65	0.66	Excluded, freefloat < 10%, Market capitalisation adjusted freefloat is not high enough to pass the priority criteria
CTD	0.42%	0.00%	-270,604	-21.62	29.41	0.74	Excluded, market capitalisation's rank is out of VN30's filter list

\*VFM may not buy EIB with the proportion of the index and keep the current weight.

Source: VNDIRECT RESEARCH

## DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

### 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.

#### Hien Tran Khanh – Deputy Head of Research

Email: [hien.trankhanh@vndirect.com.vn](mailto:hien.trankhanh@vndirect.com.vn)

#### Bach Phan Nhu – Analyst

Email: [bach.phannhu@vndirect.com.vn](mailto:bach.phannhu@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](mailto:research@vndirect.com.vn)

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