

GEX IS EXPECTED TO BE EXCLUDED FROM FTSE VIETNAM INDEX

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FTSE ETF (FTSE Vietnam Index) and V.N.M ETF (MVIS Vietnam index) will announce their results of portfolio review on this 6 Dec and 13 Dec 2019, respectively. The ETFs, which are managing a combined US\$753.7m in NAV, will carry several trading activities to rebalance the weight of stocks in their portfolios according to the newly structured indexes.

Figure 1: 1-year price movement of GEX (VND)



Source: BLOOMBERG

FTSE Vietnam Index: GEX out – No stock would be added

Based on data as at 15 Nov 2019, we expect GEX might be removed from FTSE Vietnam Index as the stock has just fallen short of FTSE's requirement in terms of trading liquidity. GEX's last 3-month average daily trading value was US\$0.4m, below the minimum requirement of US\$0.6m. (Noted that, US\$0.6m is equivalent to 20% of the average daily trading value of all existing stocks in the FTSE Vietnam Index).

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

Figure 2: New FTSE ETF portfolio based on our estimation

Ticker	Weight Before	Weight After	Buy/Sell volume (shares)	Buy/Sell value (US\$m)	ADTV (US\$m)	Buy/Sell value as % of ADTV
VIC	14.33%	15.00%	378,005	1.9	1.8	107.8%
VNM	15.09%	15.00%	(49,373)	(0.3)	5.7	4.6%
VHM	15.72%	15.00%	(504,498)	(2.1)	2.8	75.3%
VRE	9.24%	9.63%	743,020	1.1	4.2	27.0%
MSN	9.17%	8.28%	(807,888)	(2.6)	1.7	156.6%
HPG	7.03%	7.45%	1,253,429	1.2	4.4	27.9%
VCB	6.16%	6.40%	179,257	0.7	2.8	25.1%
VJC	5.44%	5.37%	(31,333)	(0.2)	3.3	5.8%
NVL	4.30%	5.07%	891,154	2.2	1.0	215.1%
PLX	2.47%	2.49%	27,112	0.1	0.8	8.8%
SSI	1.85%	1.57%	(887,289)	(0.8)	1.7	46.4%
POW	1.47%	1.50%	127,837	0.1	1.0	7.8%
STB	1.36%	1.39%	204,671	0.1	1.7	5.6%
SBT	1.04%	1.32%	1,009,197	0.8	1.0	82.9%
TCH	0.97%	1.05%	212,129	0.2	1.4	17.3%
ROS	0.76%	1.01%	683,751	0.7	23.2	3.2%
KBC	0.72%	0.83%	477,808	0.3	0.9	32.4%
PDR	0.98%	0.82%	(416,679)	(0.5)	0.8	61.3%
PVD	0.75%	0.82%	268,711	0.2	1.4	13.6%
GEX - removed	1.16%	0.00%	(3,781,300)	(3.4)	0.4	788.2%

Source: VNDIRECT RESEARCH, BLOOMBERG

We expect VIC, HPG and NVL to enjoy stronger net-buying value while GEX, MSN and VHM might experience the selling pressure from the FTSE ETF.

MVIS Vietnam Index: No in – No out

For V.N.M ETF rebalancing, there would be no change in the list of constituents Vietnamese stocks of MVISI Vietnam Index. We expect the country weight of Vietnam to rise to 72.2% post-review from 70.7% currently, thus leading to net-buying value of US\$6.8m of Vietnamese stock from V.N.M ETF post-rebalancing.

Figure 3: New V.N.M ETF portfolio based on our estimation

Ticker	Weight Before	Weight After	Buy/Sell volume (shares)	Buy/Sell value (US\$m)	ADTV (US\$m)	Buy/Sell value as % of ADTV
VIC	7.44%	8.00%	499,678	2.6	1.8	142.6%
VHM	8.44%	8.00%	(495,151)	(2.1)	2.8	73.9%
VNM	6.67%	7.00%	291,048	1.5	5.7	27.2%
VCB	6.51%	6.50%	(13,123)	(0.1)	2.8	1.8%
NVL	5.82%	6.00%	330,708	0.8	1.0	79.8%
VRE	5.40%	5.50%	312,009	0.5	4.2	11.3%
VJC	4.49%	4.39%	(75,933)	(0.5)	3.4	14.0%
MSN	4.27%	4.34%	95,696	0.3	1.7	18.5%
HPG	3.75%	3.93%	850,481	0.8	4.4	18.9%
POW	3.43%	3.49%	424,422	0.2	1.0	25.9%
BVH	3.07%	3.13%	78,721	0.2	0.6	43.4%
SBT	2.94%	3.08%	780,926	0.6	1.0	64.1%
SSI	2.46%	2.66%	1,038,420	0.9	1.7	54.3%
ROS	2.08%	2.20%	547,936	0.6	23.2	2.5%
TCH	2.11%	2.12%	20,351	0.0	1.4	1.7%
GEX	1.82%	1.84%	143,060	0.1	0.4	29.8%

Source: VNDIRECT RESEARCH, BLOOMBERG

We expect that VIC, VNM, SSI, NVL and HPG could enjoy the stronger net-buying value from the V.N.M ETF.

Figure 4: Expected buy/sell value by 2 ETFs in 4Q19 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
VIC	2.6	499,678	1.9	378,005	4.5	877,683	1.8	250%
NVL	0.8	330,708	2.2	891,154	3.1	1,221,862	1.0	295%
HPG	0.8	850,481	1.2	1,253,429	2.1	2,103,910	4.4	47%
VRE	0.5	312,009	1.1	743,020	1.6	1,055,029	4.2	38%
SBT	0.6	780,926	0.8	1,009,197	1.5	1,790,122	1.0	147%
ROS	0.6	547,936	0.7	683,751	1.3	1,231,687	23.2	6%
VNM	1.5	291,048	(0.3)	(49,373)	1.3	241,675	5.7	23%
VCB	(0.1)	(13,123)	0.7	179,257	0.6	166,134	2.8	23%
POW	0.2	424,422	0.1	127,837	0.3	552,259	1.0	34%
KBC			0.3	477,808	0.3	477,808	0.9	32%
TCH	0.0	20,351	0.2	212,129	0.3	232,479	1.4	19%
BVH	0.2	78,721			0.2	78,721	0.6	43%
PVD			0.2	268,711	0.2	268,711	1.4	14%
SSI	0.9	1,038,420	(0.8)	(887,289)	0.1	151,131	1.7	8%
STB			0.1	204,671	0.1	204,671	1.7	6%
PLX			0.1	27,112	0.1	27,112	0.8	9%
PDR			(0.5)	(416,679)	(0.5)	(416,679)	0.8	61%
VJC	(0.5)	(75,933)	(0.2)	(31,333)	(0.7)	(107,266)	3.4	20%
MSN	0.3	95,696	(2.6)	(807,888)	(2.3)	(712,192)	1.7	138%
GEX	0.1	143,060	(3.4)	(3,781,300)	(3.2)	(3,638,240)	0.4	758%
VHM	(2.1)	(495,151)	(2.1)	(504,498)	(4.2)	(999,650)	2.8	149%

Source: VNDIRECT RESEARCH

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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.

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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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