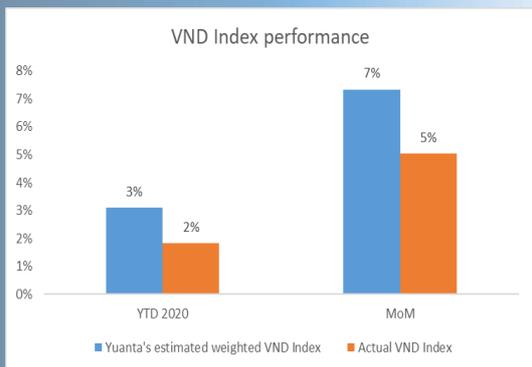


Vietnam Strategy

20 January 2020



What's new?

- ▶ Our estimated VND Index (introduced Dec 20) has outperformed the broader VNINDEX by 3ppt YTD and 7ppt MoM.
- ▶ But returns on the actual VND Index have been slightly less, likely due to differences in weightings.
- ▶ Leaders: CTG, VPB, MBB, PNJ, MWB.
- ▶ Laggards: GMD, CTD, DXG, KDH, and FPT.

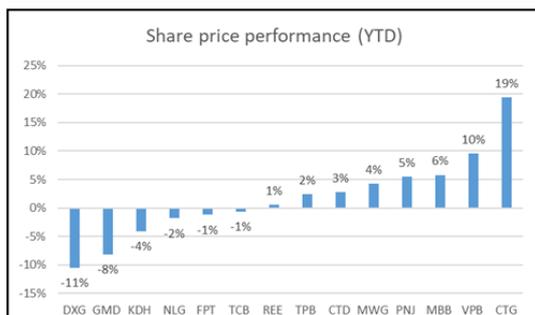
Market outlook

- ▶ We expect a seasonal rally following the Tet holidays to be boosted by the launch (in Feb?) of the VN Diamond ("full-FOL") ETF.
- ▶ Liquidity impact of ETF launch should be highest for TPB, CTD, GMD, TCB, and KDH.
- ▶ A relatively cautious outlook for the rest of 2020. Our yearend VNIndex target dart lands on 1000 points.

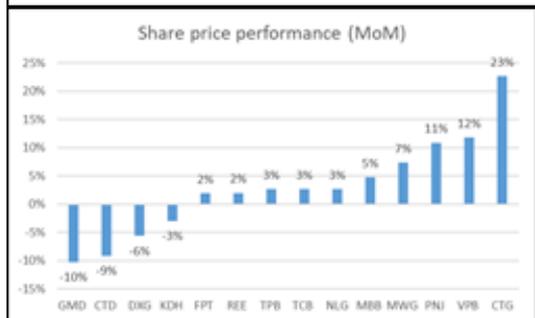


Diamonds back in style in 1Q20E

VN Diamond Index constituents have outperformed the broader market. Based on our estimated VN Diamond Index weightings discussed in our [Dec strategy note](#), the stocks have outperformed the broader VNIindex by 3ppt YTD and 7ppt MoM. The actual VND Index (source: FiinPro) has also outperformed the VNI but has lagged our version by 1ppt YTD and 2ppt MoM. The difference is likely due to our constituent weighting estimates and the actual weightings.



The VN Diamond Index of full-FOL and nearly full-FOL stocks was officially announced by HOSE in Nov 2019. However, the prospective VN Diamond ETF's manager, VietFund Management, is waiting for regulatory approval from the SSC. Market hopes for a January launch of this product proved to be overly optimistic given the early Tet holidays. However, we still think the product could be launched in February.



We believe the ETF will be attractive for foreign investors seeking exposure to its (mostly) high-quality full-FOL constituents. Of course, foreign institutions may not flock to buy a Vietnam-domiciled ETF, but the product should be attractive to foreign retail, including HNWI's. We thus believe that our estimated \$50-\$100 million in early potential inflows is reasonable. Based on our weighting estimates and recent ADT, the liquidity impact should be strongest for TPB, CTD, GMD, TCB, & KDH.

Domestic investors should continue buying these names (again) in opportunistic (and early) celebration of the ETF's launch. Also, we suspect that fund managers who hold these full-FOL names can look forward to solid performance results in 1Q20.

Foreign investors are not totally locked out of the Diamond Index constituents in the run-up to the ETF's launch. Not all of the index components are at full-FOL. According to FIINPro data, five of the stocks have at least some FOL room. KDH ([BUY](#) -- 4.5% FOL room), DXG (3.5%), CTD (1.7%), CTG (0.33%), and NLG ([BUY](#) -- 0.33%)

Rat Rally Ahead? We continue to believe the market should rally following the upcoming Tet holidays. This expectation is in part due to the frequent seasonal phenomenon of liquidity flows. However, this year we also expect extra liquidity for the VN Diamond constituents, both from local punters getting in front of the launch, and later from the ETF itself. We are cautious on the remainder of 2020E, but we are optimistic (along with the consensus, and for many of the same reasons) about 2021E.

Source: Bloomberg, FIINPro, Yuanta Vietnam

Matthew Smith, CFA

Head of Research

+84 28 3622 6868 ext. 3815

matthew.smith@yuanta.com.vn

<http://yuanta.com.vn>

Bloomberg code: YUTA

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

Global Disclaimer

© 2019 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Quang Vo

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3872)

quang.vo@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

Institutional Sales

Huy Nguyen

Head of Institutional sales

Tel: +84 28 3622 6868 (3808)

Huy.nguyen@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (3845)

binh.truong@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (3874)

tanh.tran@yuanta.com.vn

Duyen Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3890)

duyen.nguyen@yuanta.com.vn