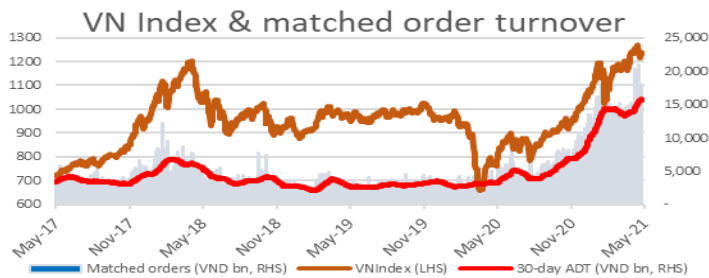


Strategy Weekly: Stay safe, and remain cautious

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Mixed signals for our short-term tactically cautious outlook, which is essentially a call on market liquidity rather than fundamental concerns. On the positive side, the market rose (marginally) under sharply higher volumes than those of the previous week. On the negative side, breadth reverted to negative, with the mainboard VNI again being pushed up by a group of large caps. Given the current pandemic resurgence, we suggest that investors remain cautious while awaiting a pullback.



Index, Flows, and FX Performance

- **VNINDEX:** 1242 (+0.2% WoW / +12.5% YTD / +55.9% YoY)
- **VHINDEX:** 280 (-0.7% WoW / +38.8% YTD / +158.4% YoY)
- **UPCOM Index:** 80.9 (+0.2% WoW / +8.6% YTD / +54.4% YoY)
- **Average daily turnover:** US\$1,050 mn (+22.1% WoW)
- **Foreigners net sold** US\$126mn of three-index constituents
- **VND:USD rate:** 23,065 (-5bp WoW / +14bp YTD / +1.50% YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
BID	40.7	-0.9%	0%	20
BVH	54.2	-5.4%	-1%	21
CTG	43.8	7.4%	9%	9
FPT	83.0	2.6%	5%	18
GAS	84.0	0.6%	0%	21
HDB	30.0	10.1%	12%	10
HPG	60.8	4.6%	19%	11
KDH	36.3	3.3%	1%	17
MBB	31.6	4.1%	8%	9
MSN	95.0	-3.1%	-4%	74
MWG	140.2	-0.5%	-1%	16
NVL	135.8	3.3%	6%	33
PDR	70.9	1.0%	1%	26
PLX	50.7	0.8%	0%	17
PNJ	95.5	-2.6%	-2%	19
POW	12.1	-1.6%	0%	12
REE	56.1	4.7%	1%	10
SBT	19.4	-3.3%	-1%	17
SSI	32.7	0.3%	0%	12
STB	24.0	0.4%	1%	16
TCB	47.1	14.8%	58%	12
TCH	21.9	0.9%	0%	9
TPB	29.1	6.2%	4%	8
VCB	97.0	-3.0%	-4%	17
VHM	97.1	-2.2%	-4%	12
VIC	132.0	0.8%	2%	60
VJC	119.5	-4.3%	-5%	53
VNM	87.0	-7.0%	-23%	19
VPB	61.5	5.1%	19%	13
VRE	31.0	-3.1%	-2%	26

Source: Bloomberg, Yuanta Vietnam. Pricing date: May 7, 2021.

VNI was sustained, but breadth was weak. The mainboard index managed a small 0.2% week-on-week gain in LCY terms, but underlying signals are mixed. On the positive side, ADT recovered by 22% from the previous week's (possibly holiday-impacted) US\$859mn to reach US\$1,050mn. However, market breadth fails to convince us that a retail investor-led rally will persist in the short term. Specifically, the VNI posted 137 gainers / 236 losers; by contrast, the VN30 posted 18 gainers / 12 losers. In other words, the index is being supported by large caps.

Banks dominated the leaderboard, as major contributors included TCB (+15% WoW), HDB (+10%), CTG (+7%), VPB (+5%), and MBB (+4%). HPG (+5%) also continued its train journey northward. According to Bloomberg's definitions, the basic materials sector has now risen 40.6% YTD, eclipsing IT's 38.3% and making it the best performing sector in Vietnam. However, financials are not far behind at +36.8% YTD.

Covid is again the main story as the secondary outbreak that hit the headlines on April 27 continues to run its course. As of the morning of May 10, the authorities have reported a total of 411 community transmissions in 26 provinces, including 155 new cases in the past 24 hours. These numbers pale in comparison to elsewhere – Vietnam's total caseload since the beginning of the epidemic is still just 3,412 – and we are confident that the authorities will once again bring the situation under control by rigorous policies on contact tracing, testing, and quarantine.

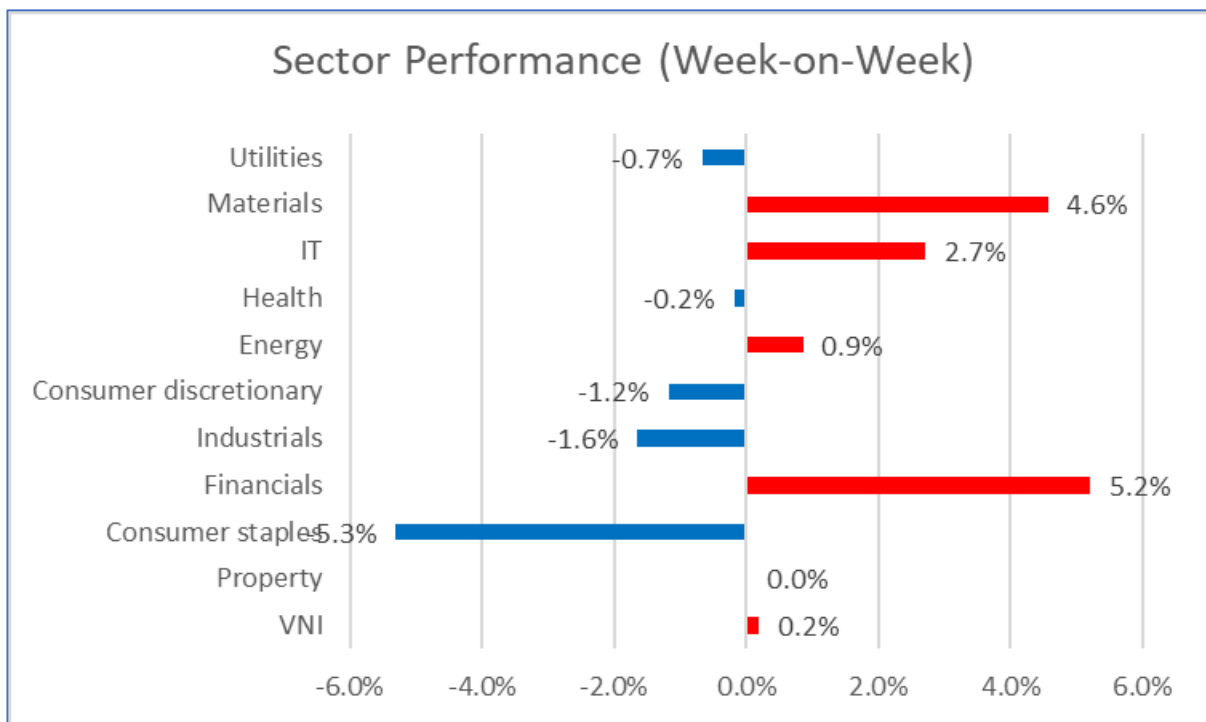
The rapid increase in new cases in the past few days could certainly impact market sentiment. Frankly, we have been surprised by how well the market has held up in recent days given the resurgence of COVID, which makes us question whether our short-term tactical caution is valid. However, we see no reason to pile in on the Vietnam market at this point, as we still expect a mild correction to occur in May/June. Again, this is meant as a short-term call on market liquidity. The VNI closed Friday at a 15.3x 2021E PER multiple, so stock valuations are broadly reasonable.

Yuanta Vietnam Coverage Universe

Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2020E Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	3,299	13.6	BUY	35,200	38,115	8%	0.0%	8%
	BIDV	BID VN	7,088	5.2	SELL	40,650	37,300	-8%	0.0%	-8%
	HD Bank	HDB VN	2,073	5.5	BUY	30,000	31,656	6%	0.0%	6%
	MB Bank	MBB VN	3,834	22.8	BUY	31,600	34,233	8%	0.0%	8%
	Sacombank	STB VN	1,877	30.6	HOLD-Underperform	24,000	16,790	-30%	0.0%	-30%
	Vietcombank	VCB VN	15,598	7.3	BUY	97,000	114,650	18%	0.8%	19%
	Vietnam Prosperity Bank	VPB VN	6,545	17.9	HOLD-Underperform	61,500	22,500	-63%	0.0%	-63%
Brokers	HCM City Securities	HCM VN	420	5.6	BUY	31,750	26,532	-16%	4.2%	-12%
	Saigon Securities	SSI VN	916	18.2	HOLD-Outperform	32,700	18,328	-44%	1.9%	-42%
	Viet Capital Securities	VCI VN	458	3.7	HOLD-Underperform	63,800	26,449	-59%	1.3%	-57%
	VNDirect Securities	VND VN	367	7.9	HOLD-Underperform	39,500	13,150	-67%	1.8%	-65%
Energy	PV POW	POW VN	1,229	8.7	BUY	12,100	13,137	9%	2.5%	11%
	PV NT2	NT2 VN	255	0.7	SELL	20,400	19,318	-5%	7.4%	2%
	PCC1	PC1 VN	217	1.0	BUY	26,150	34,864	33%	0.0%	33%
Consumer	Masan Group	MSN VN	4,838	7.9	HOLD-Outperform	95,000	84,908	-11%	0.0%	-11%
	Phu Nhuan Jewelry	PNJ VN	941	2.1	BUY	95,500	92,197	-3%	1.9%	-2%
	Digiworld	DGW VN	222	1.6	HOLD-Outperform	119,000	31,574	-73%	1.2%	-72%
Oil & GAS	PV Drilling	PVD VN	356	8.6	HOLD-Outperform	19,500	10,429	-47%	0.0%	-47%
Property	Kinh Bac City	KBC VN	741	8.9	BUY	36,400	55,226	52%	1.4%	53%
	Khang Dien House	KDH VN	879	3.7	BUY	36,300	31,081	-14%	1.4%	-13%
	Nam Long	NLG VN	480	2.7	BUY	38,800	30,517	-21%	1.3%	-20%
	Novaland	NVL VN	6,328	9.8	HOLD-Outperform	135,800	65,073	-52%	0.0%	-52%
	Vinhomes	VHM VN	13,848	15.8	BUY	97,100	94,862	-2%	0.0%	-2%
Transport	Airports Corp Vietnam	ACV VN	6,654	0.8	HOLD-Underperform	70,500	76,400	8%	0.7%	9%
Industrials	Dohaco	DHC VN	232	1.1	BUY	95,700	97,871	2%	4.7%	7%

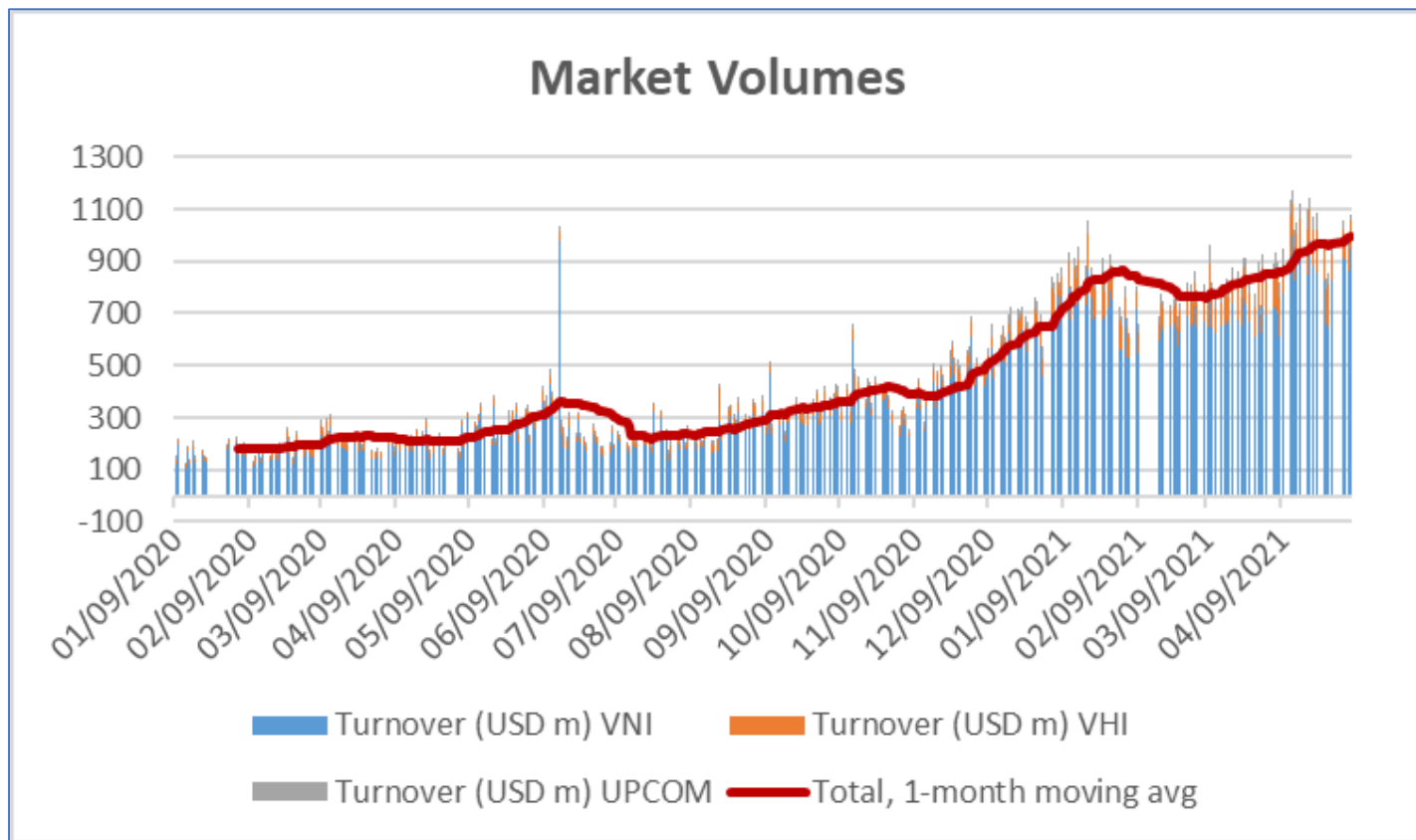
*Notes: 1) TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends. 2) 3-month ADT refers to matched orders and does not include put-through blocks. 3) Stock ratings and pricing data is as of close on May 7, 2021.

Source: Bloomberg, Yuanta Vietnam



Source: Bloomberg (May 7)

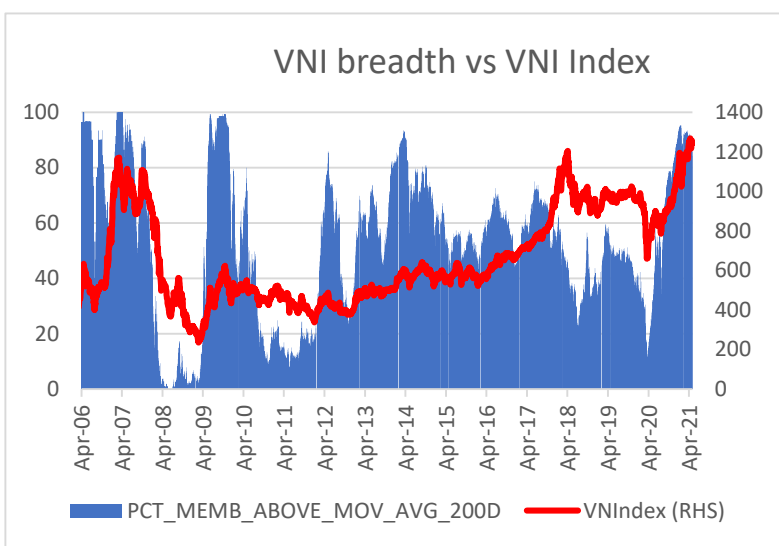
On the positive side, turnover recovered from the previous week to exceed US\$1 billion in ADT last week. This was somewhat surprising given the headlines related to COVID-10 and the fact that this market is overwhelmingly dominated by domestic individual investors who account for 82% of turnover YTD. It seems reasonable to assume that the large number of new investors who opened accounts in the past several months are likely to continue to dance while the music is playing, but we shall see how long it lasts. Certainly the declining market breadth (with a group of large caps holding up the index's marginal gain last week) does not suggest extremely sentimental positivity. The VSD has not yet posted monthly data on new account openings in April. But we expect to get this data this week, which will provide some evidence of the direction of retail investor sentiment going forward.



Source: FiinPro, Bloomberg, Yuanta Vietnam (May 7)

Market breadth was mixed. The big cap VN30 posted 18 gainers and 12 losers on the week ending May 7, which is obviously still positive but also weaker than the previous week (21 gainers vs. 9 losers). In addition, the broader VNI reversed from strongly positive breadth the prior week to strongly negative breadth last week (137 gainers / 236 losers), which we don't see as a particularly positive sign for a market that is driven primarily by domestic individuals.

As of May 6, 86% of VNI component stocks were trading at higher than their 200-day moving averages, down another 1ppt from the previous week. This ratio has been trending down since the middle of April, when it was in the low 90s (in percentage terms) and had been higher than 90% for the previous two months. The percentage of stocks trading higher than their 50-day moving averages (an inherently more volatile number) slipped to 42% last week (down from 47% the previous week).



Source: Bloomberg, Yuanta Vietnam (May 7)

VN 30 breadth

	WoW	MoM	YTD
Gainers	18	16	19
Losers	12	14	11

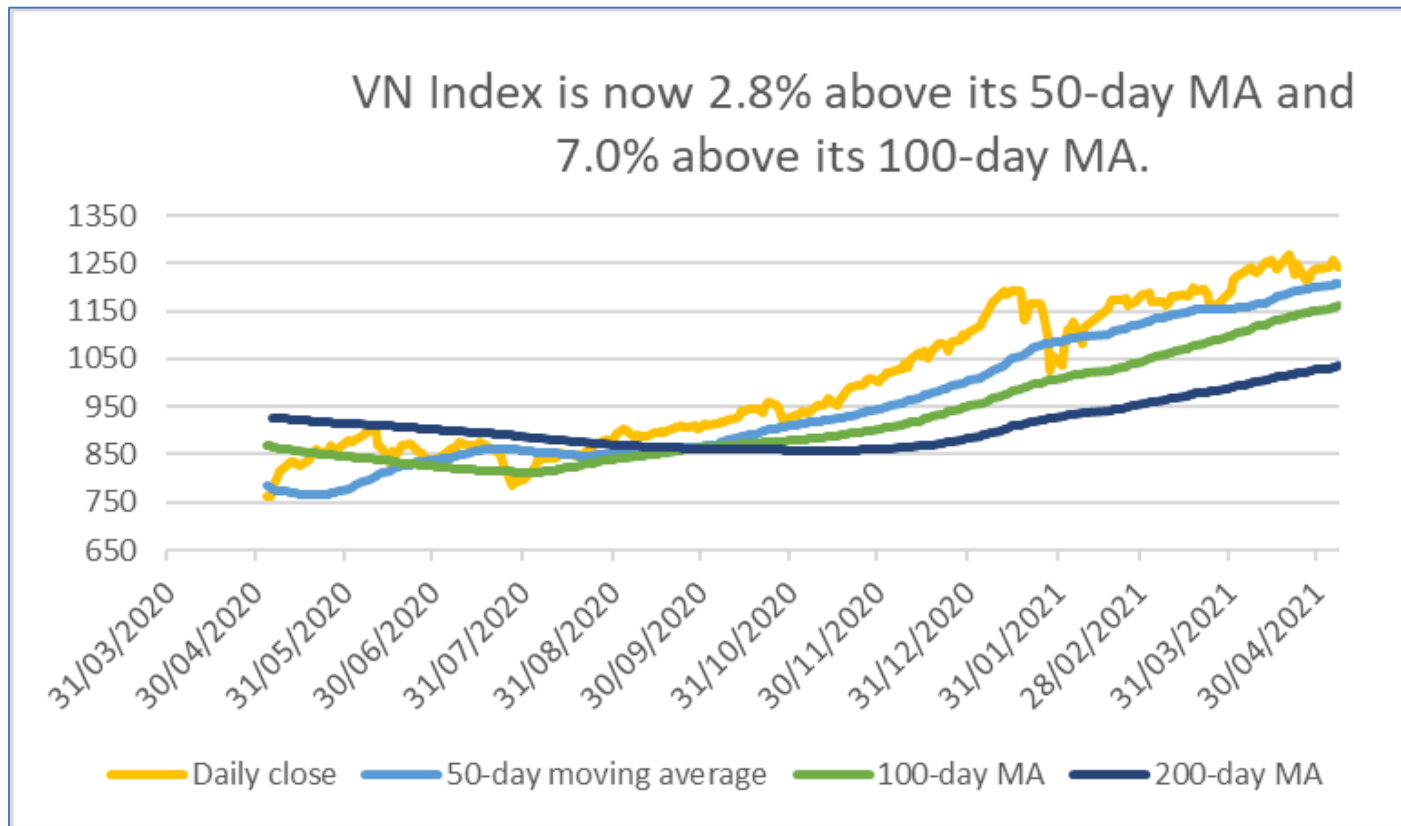
Source: Bloomberg (May 7)

VN Index breadth

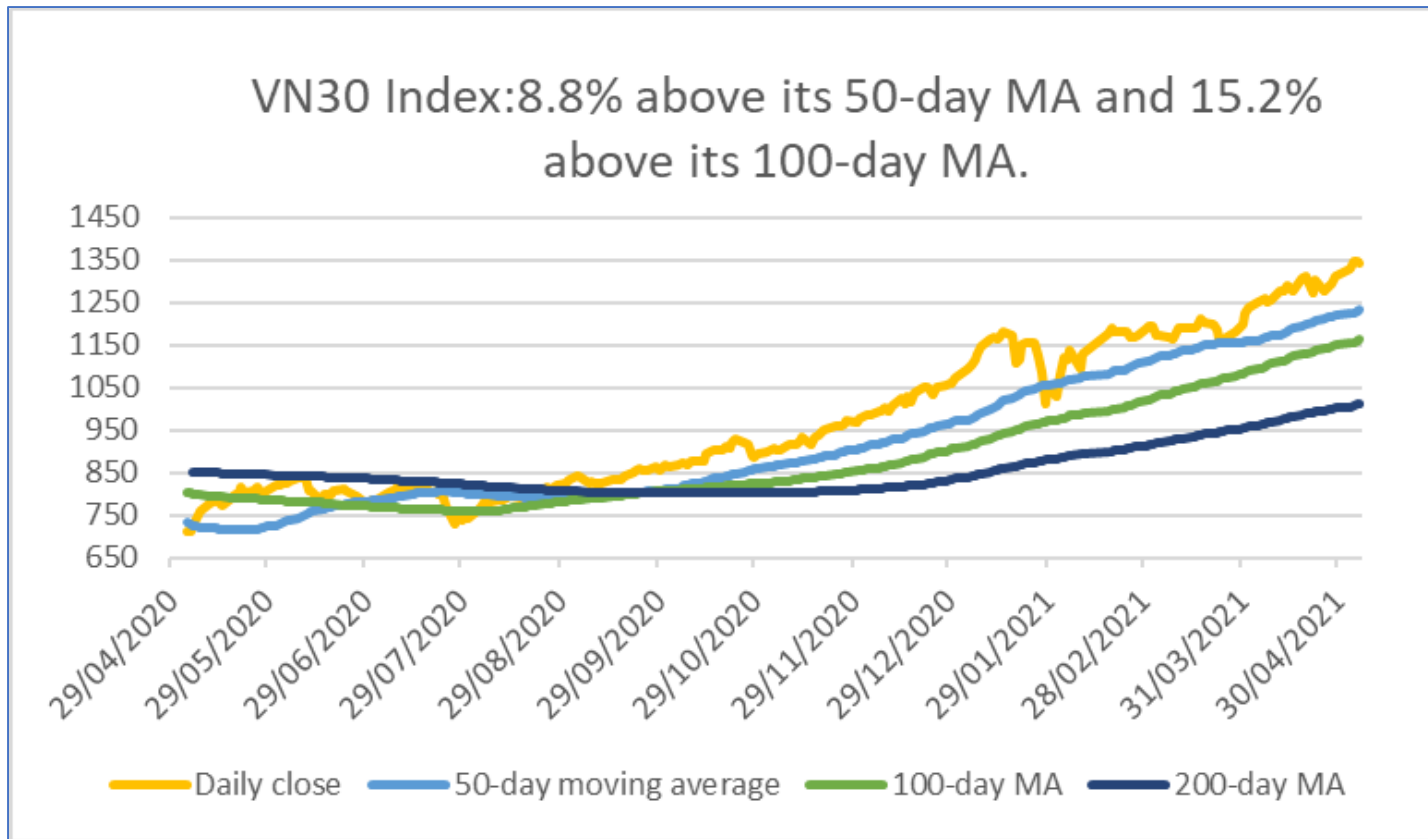
	WoW	MoM	YTD
Gainers	137	109	247
Losers	236	272	123

Source: Bloomberg (May 7)

Source: Bloomberg, Yuanta Vietnam

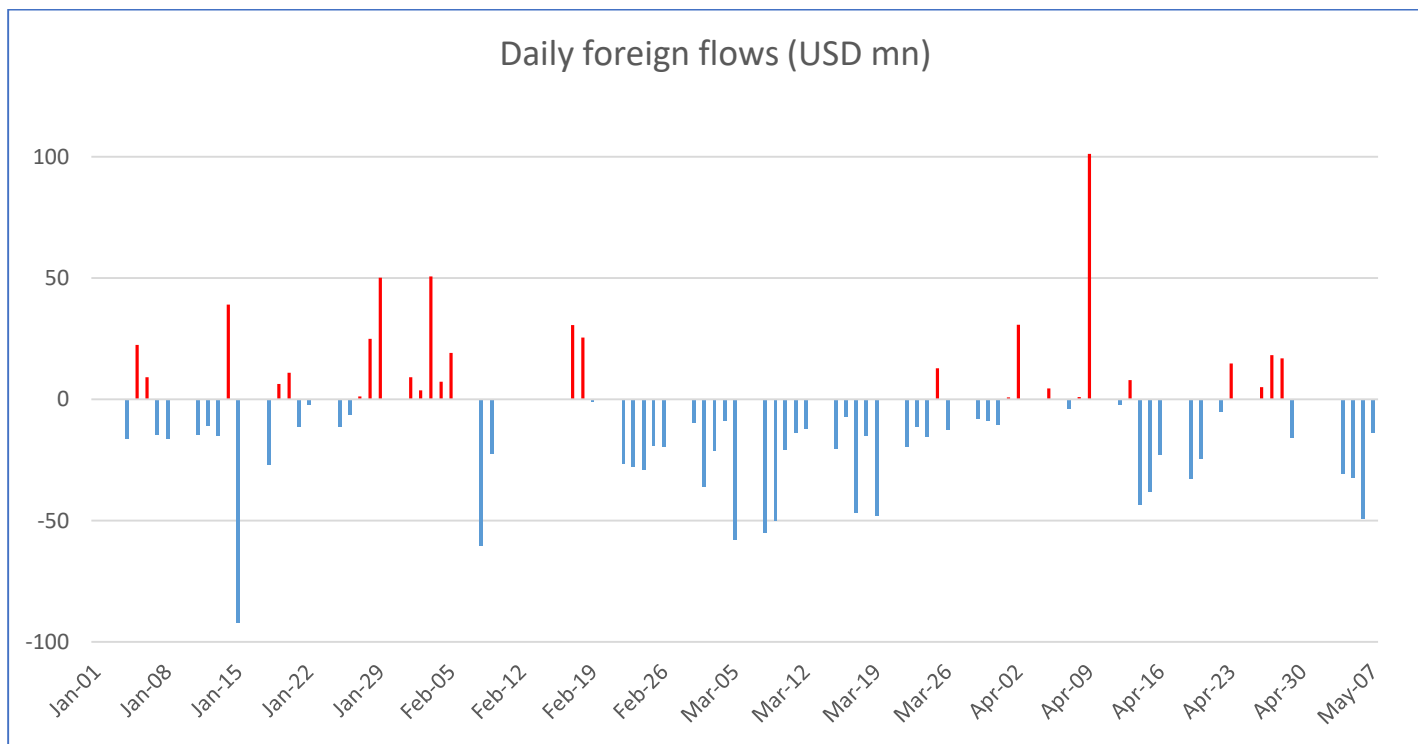


Source: Bloomberg, Yuanta Vietnam

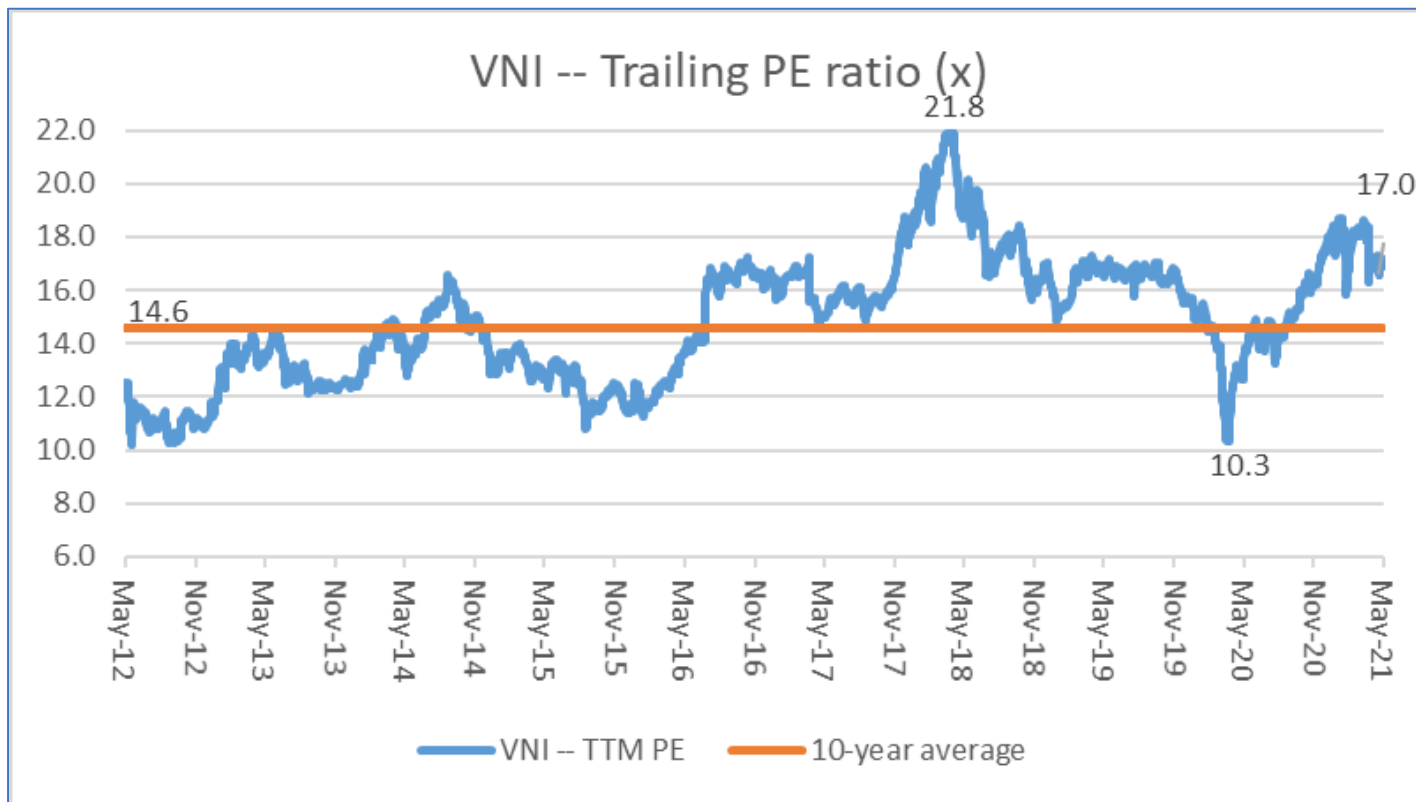


Source: Bloomberg, Yuanta Vietnam

Foreigners were net sellers last week. FINIs were net sellers on each of the four trading days of last week, which is a reversion to form after the prior week's rare net buying.



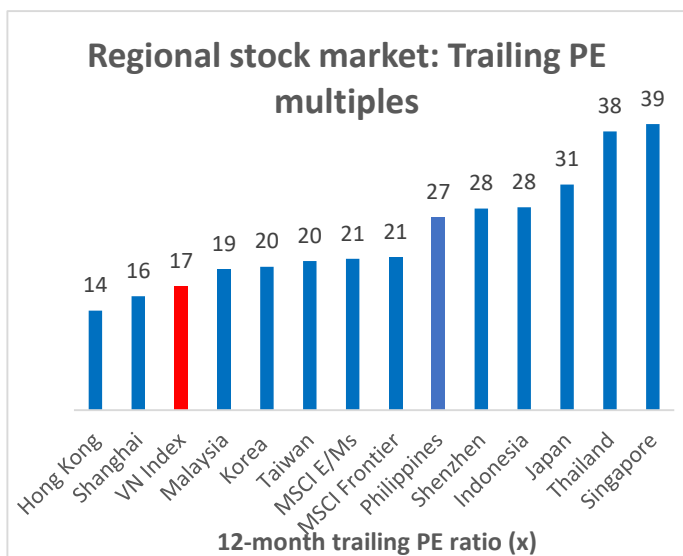
Source: FiinPro, Yuanta Vietnam (May 7)



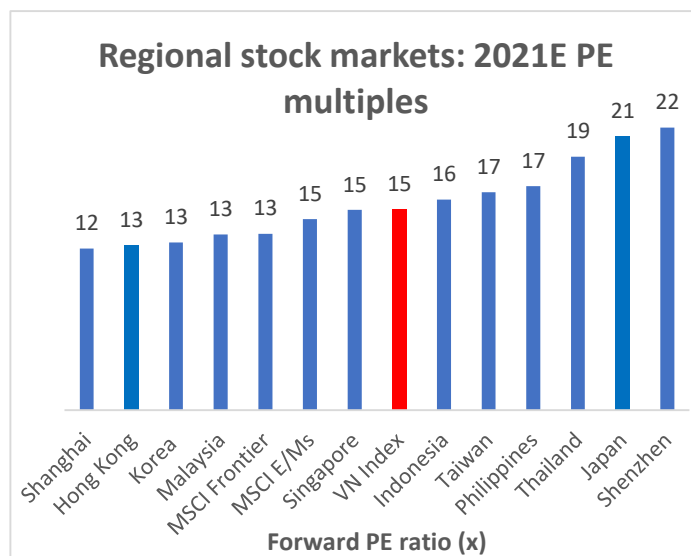
Source: Bloomberg, Yuanta Vietnam (May 7)

Vietnam stocks are cheap vs. the region on a trailing P/E basis...

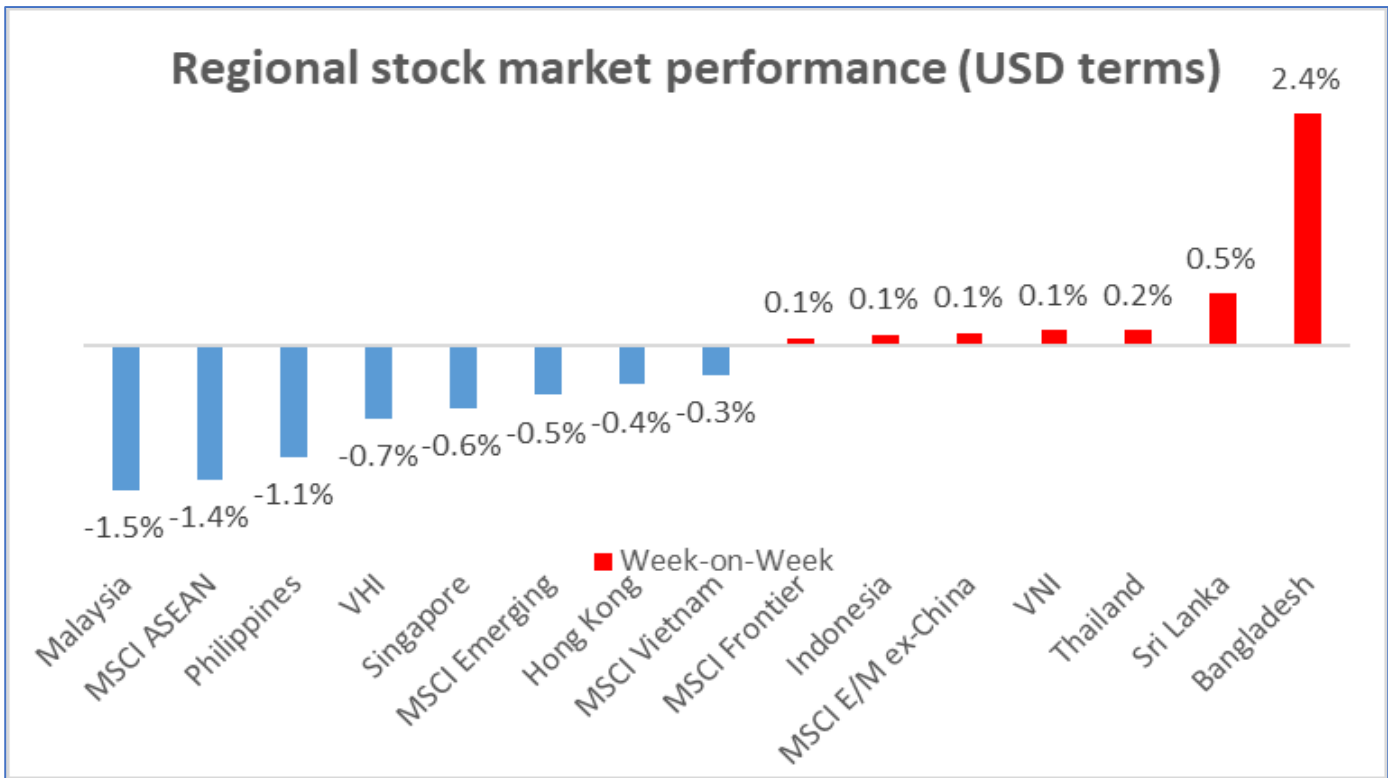
...but in the middle of the pack on forward earnings multiples.



Source: Bloomberg, Yuanta Vietnam

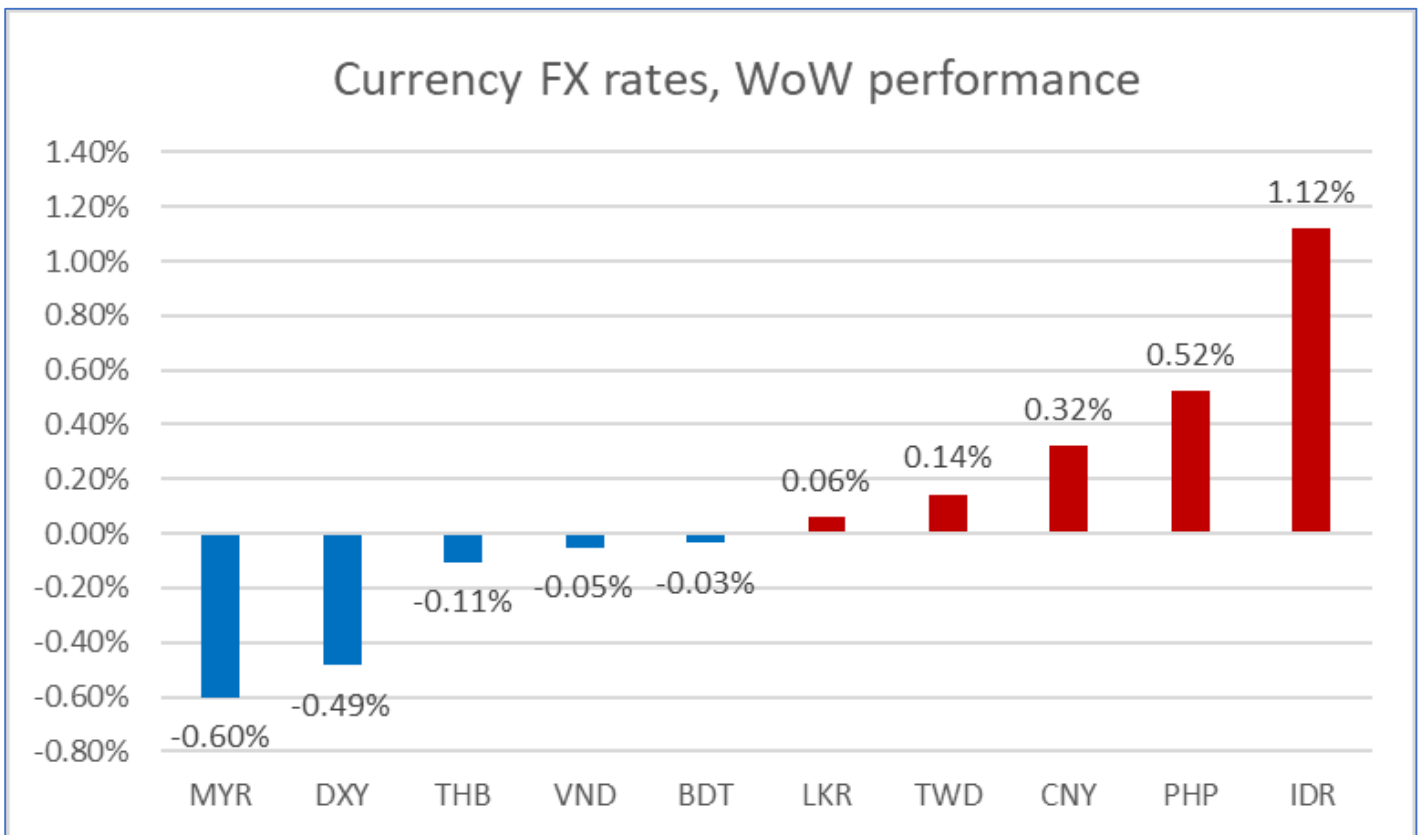


Source: Bloomberg (2021E consensus PE), Yuanta Vietnam



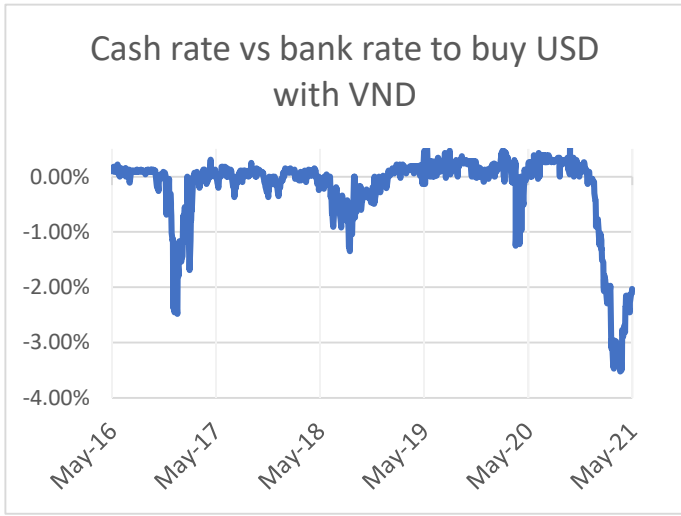
Source: Bloomberg, Yuanta Vietnam (May 7)

Regional currencies: VND retains its low-volatility characteristics vs peers



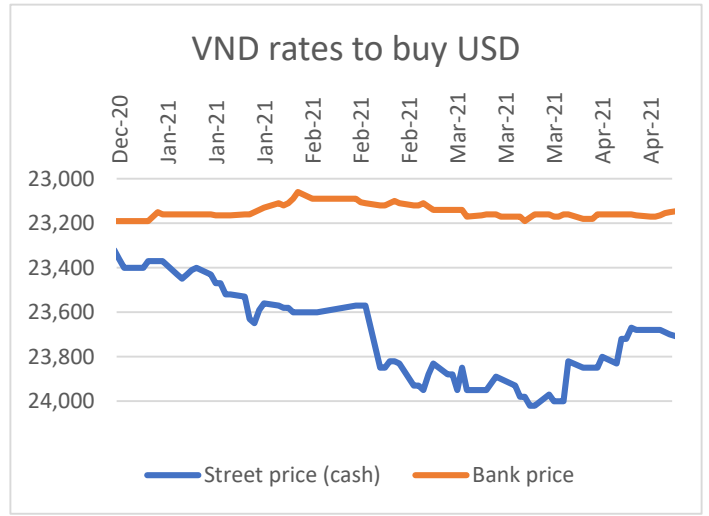
Source: Bloomberg (May 7)

Grey market US dollar cash premium has fallen to 2.1% from 3.5% in March.



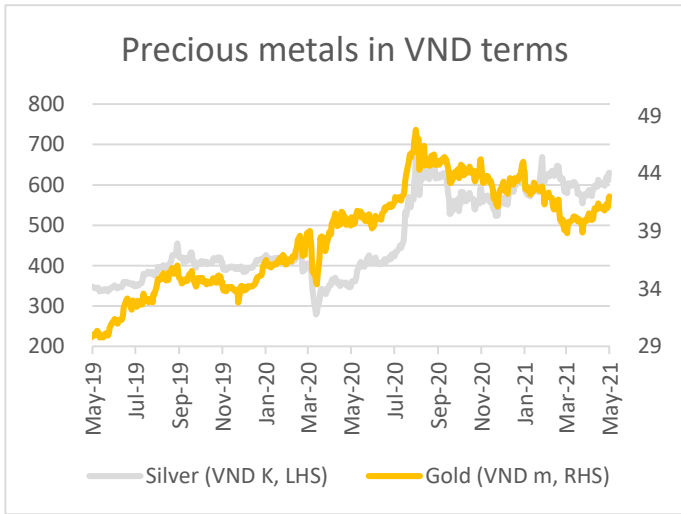
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

... the premium for USD cash may remain relatively high given gold pricing.



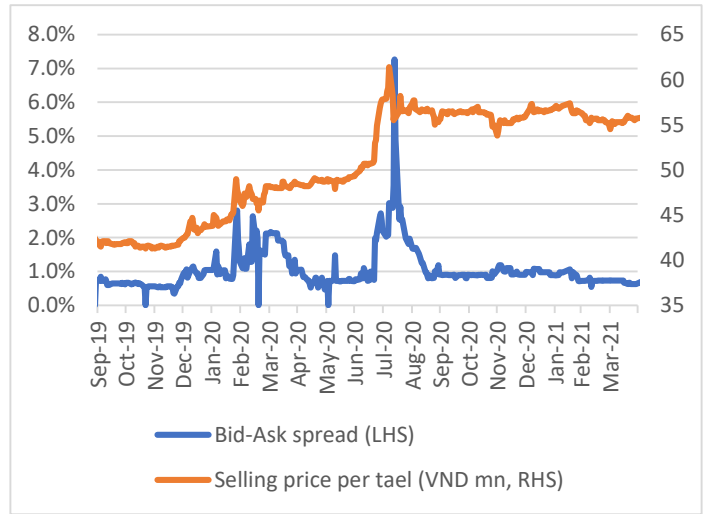
Source: FiinPro, Yuanta Vietnam

International gold (and silver) prices have been recovering...



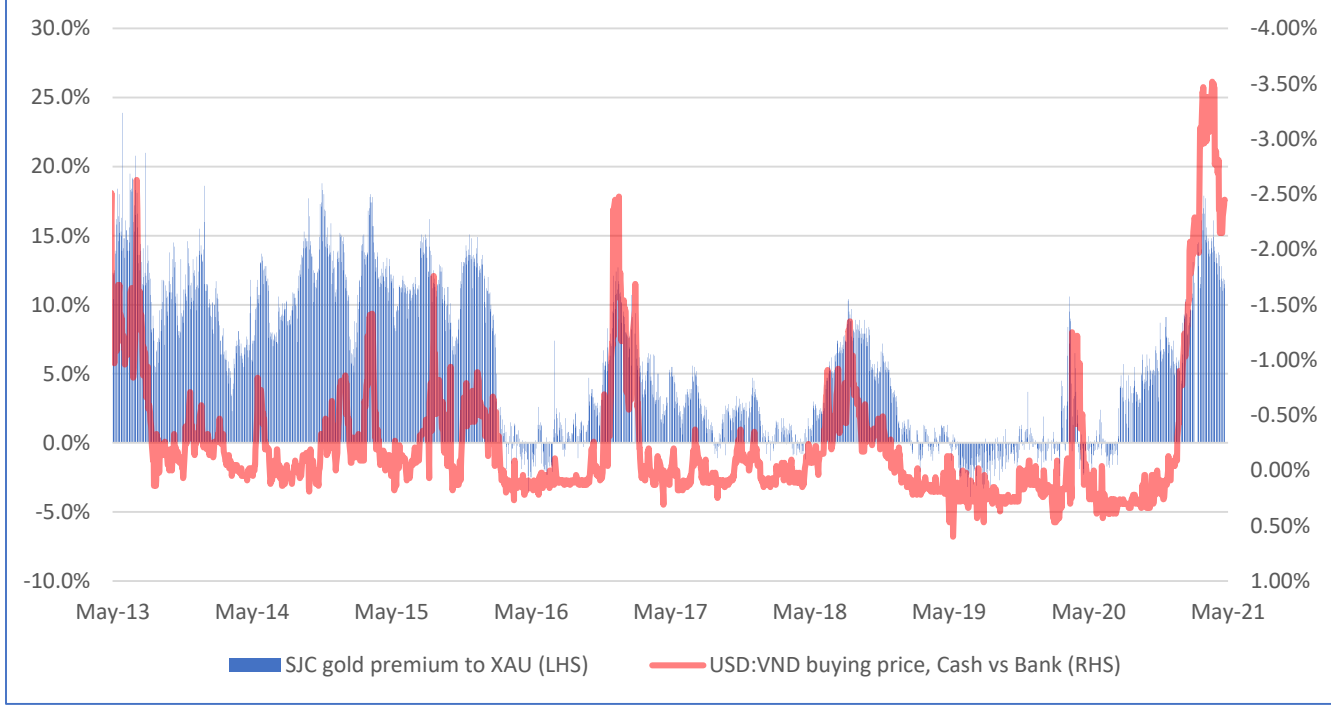
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

... leading to a decline in the SJC gold premium to below 10%.

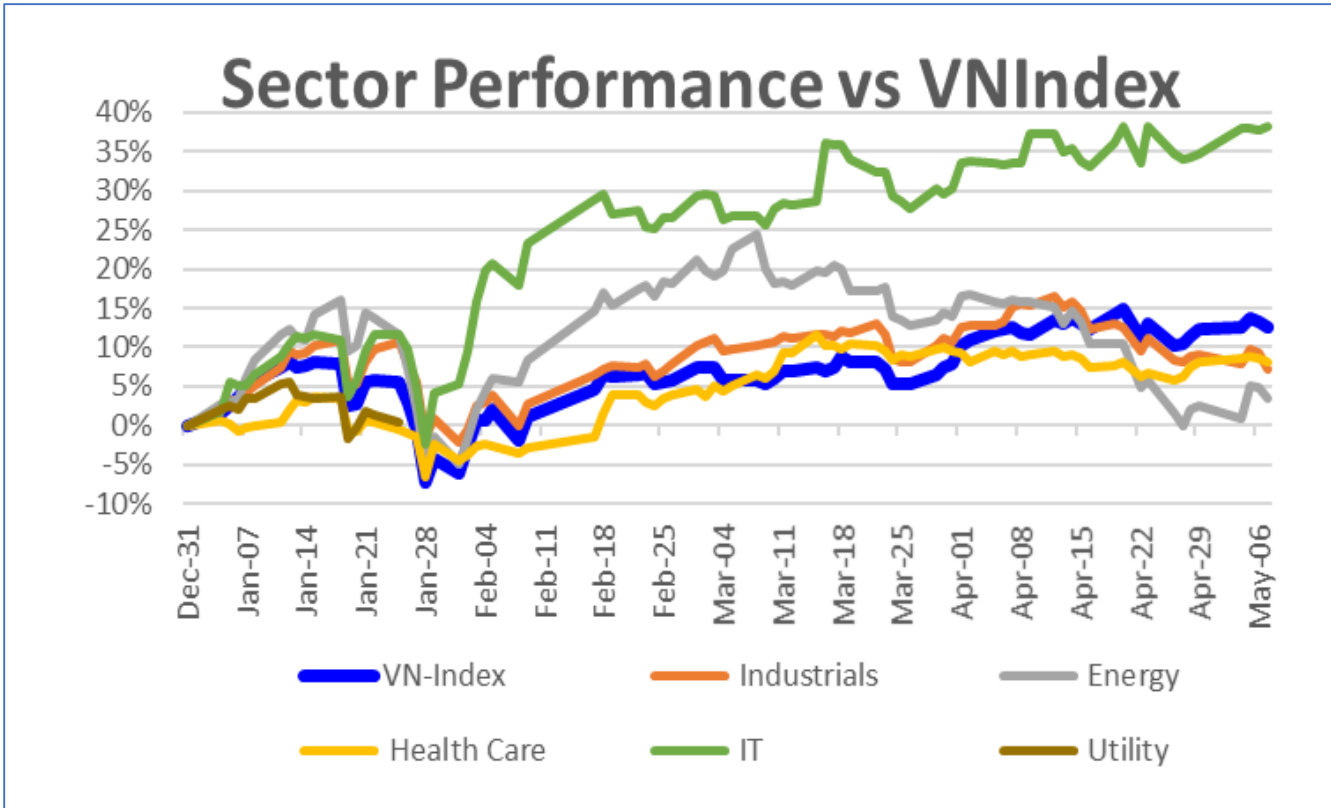
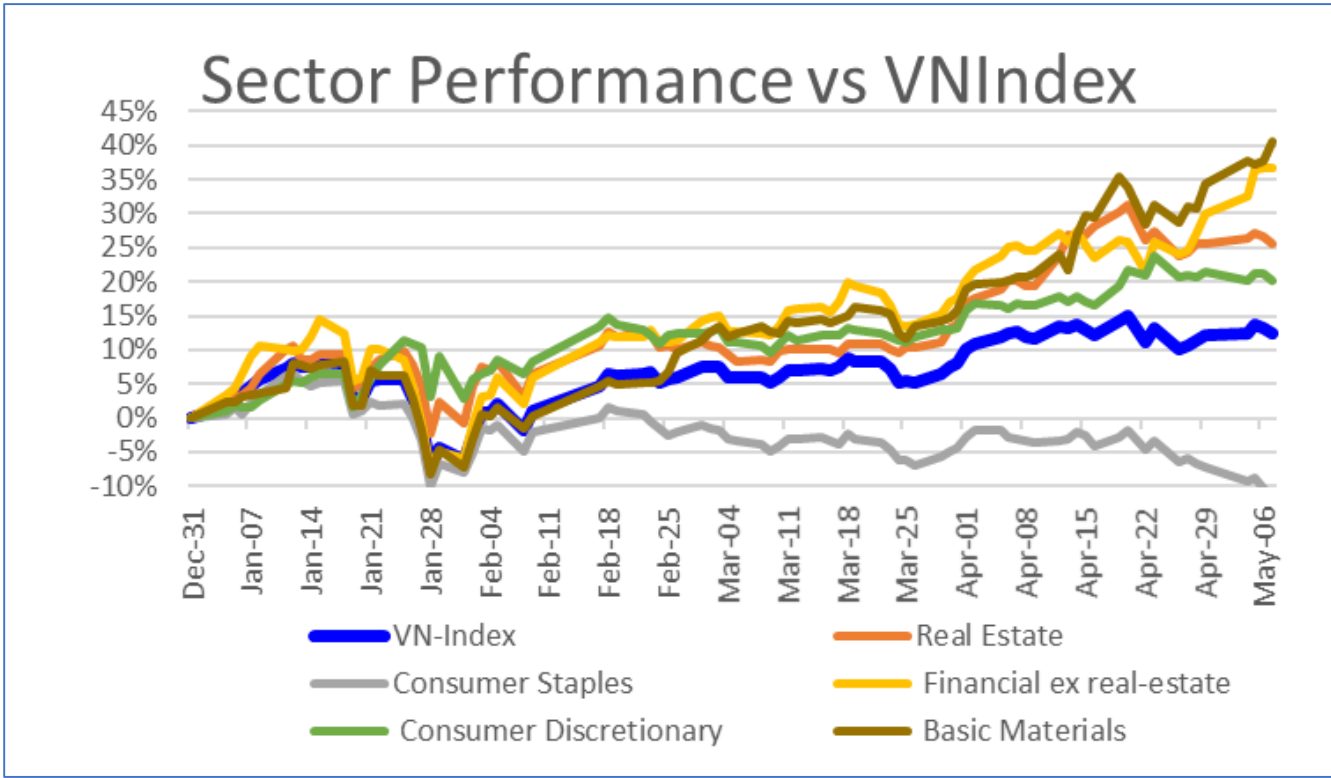


Source: FiinPro, Yuanta Vietnam

The premium to purchase USD cash tends to spike when the gold premium exceeds 10%.



Sector performance YTD: Financials and basic materials remain the leaders, while property took a break last week.



Source: Bloomberg (May 7)

Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E
Banks	ACB VN	9.7	10.0	8.3	18.1	(3.3)	20.3	0.5	n/a	0.4	2.1	2.1	1.7	24.2	24.0	22.8	1.7	1.8	1.9
	BID VN	22.8	19.6	16.1	9.1	16.5	21.4	2.5	1.2	0.8	2.1	2.0	1.9	10.5	10.9	12.4	0.5	0.5	0.6
	HDB VN	13.4	11.2	9.0	(26.4)	19.4	24.7	n/a	0.6	0.4	1.5	2.1	1.7	19.3	18.8	19.2	1.6	1.5	1.5
	MBB VN	11.5	10.6	8.0	14.1	8.5	31.2	0.8	1.2	0.3	1.9	1.8	1.5	19.8	18.4	20.1	1.9	1.8	2.1
	STB VN	21.4	19.4	14.5	43.3	10.5	34.3	0.5	1.9	0.4	1.6	1.5	1.4	7.9	8.0	9.8	0.5	0.5	0.6
	VCB VN	21.6	21.8	16.6	34.8	(0.6)	31.4	0.6	n/a	0.5	4.4	3.8	3.2	23.2	18.8	21.0	1.4	1.3	1.5
	VPB VN	18.2	21.2	16.4	11.6	(13.9)	28.8	1.6	n/a	0.6	3.6	3.0	2.6	21.5	15.5	17.0	2.4	1.8	2.1
Brokers	HCM VN	21.7	21.7	13.5	(49.0)	(0.3)	61.2	n/a	n/a	0.2	2.2	2.2	2.0	11.7	11.0	17.1	6.2	5.9	8.8
	SSI VN	21.3	23.1	16.6	(32.5)	(8.0)	39.4	n/a	n/a	0.4	2.0	1.9	1.8	9.8	8.7	11.4	3.6	2.9	3.5
	VCI VN	15.3	22.8	17.7	(16.3)	(32.6)	28.4	n/a	n/a	0.6	2.6	2.4	2.2	18.0	11.1	13.0	9.9	5.9	6.8
	VND VN	22.7	35.5	22.3	(4.3)	(36.1)	59.5	n/a	n/a	0.4	2.5	2.5	2.3	12.3	7.4	11.2	3.3	1.9	2.7
Energy	PVD VN	43.5	163.6	(193.3)	(4.0)	(73.4)	(184.6)	n/a	n/a	n/a	0.6	0.6	0.6	17.1	0.4	(0.3)	0.9	0.2	(0.2)
	NT2 VN	7.9	9.6	12.8	(2.7)	(17.1)	(25.3)	n/a	n/a	n/a	1.4	1.4	1.6	14.8	7.4	15.9	9.2	9.0	7.4
	PC1 VN	11.7	8.7	9.8	(32.1)	34.7	(11.3)	n/a	0.3	n/a	1.1	0.9	0.8	10.2	11.9	9.0	4.8	5.3	3.6
Consumer	MSN VN	19.9	22.0	17.9	4.8	(9.6)	22.9	4.2	n/a	0.8	3.2	2.8	2.4	17.3	13.5	14.5	8.4	7.0	8.0
	PNJ VN	22.5	24.5	17.9	(20.2)	(8.2)	36.8	n/a	n/a	0.5	3.6	3.1	2.6	28.7	25.9	20.3	17.8	16.0	13.2
	DGW VN	35.1	28.5	26.2	24.5	23.3	8.5	1.4	1.2	3.1	5.7	5.1	4.6	17.1	18.9	18.4	6.1	7.1	7.1
Oil & GAS	POW VN	14.4	12.6	11.7	(18.0)	14.1	7.5	n/a	0.9	1.6	0.8	0.9	0.8	6.8	7.4	7.6	3.9	4.5	4.5
Property	KBC VN	12.8	11.8	9.2	23.0	(54.0)	400.0	2.6	n/a	0.3	2.2	1.9	1.6	10.0	3.0	20.0	6.0	1.0	9.0
	KDH VN	24.5	17.9	16.2	(15.8)	37.0	10.6	n/a	0.5	1.5	2.6	2.3	2.1	11.9	14.5	14.2	7.5	8.9	9.4
	NLG VN	8.7	13.4	16.5	27.0	(35.0)	(19.0)	0.3	n/a	n/a	2.0	1.9	2.0	18.0	13.0	12.0	10.0	7.0	6.0
	NVL VN	51.4	41.6	39.0	(23.3)	23.8	6.6	n/a	1.7	5.9	6.2	6.2	6.2	10.2	11.2	11.1	3.1	3.4	3.3
	VHM VN	17.7	13.9	10.4	20.4	27.1	33.5	0.9	0.5	0.3	1.5	1.1	0.8	30.0	28.7	28.5	11.6	11.9	12.7
Transportation	ACV VN	24.8	22.9	17.8	5.0	8.3	28.8	5.0	2.7	0.6	4.3	3.7	3.1	20.7	18.8	20.2	12.1	11.4	11.3

Stock ratings and pricing data is as of close on May 7, 2021.

Source: Bloomberg, Yuanta Vietnam



Appendix A: Important Disclosures

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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.

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