

**Market strategy**

23 Dec 2022

**ETF MONITOR**

**VN30 1H23 review: BCM likely to replace KDH**

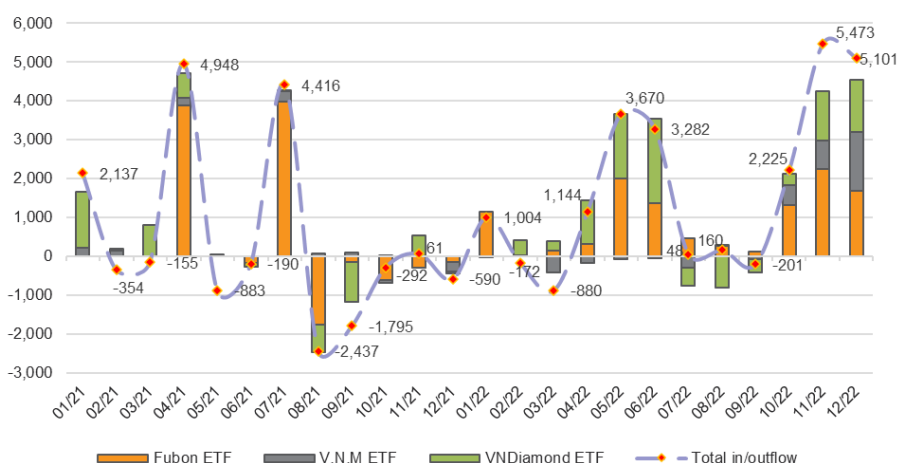
- HOSE will announce the result of VN30 index on 16 Jan 2023, which will be effective since 06 Feb 2023.
- Based on our estimate, BCM will likely be included, while KDH might be removed out of the VN30 index.

**Vietnam has enjoyed net ETFs inflow of VND12,636bn in 4Q22**

ETFs recorded a net inflow of VND12,636bn (US\$537m) into Vietnam in 4Q22, (compared to only VND6.4bn in 3Q22). Among ETFs, Fubon ETF experienced the highest inflow in 4Q22 with VND5,252bn (~41% total inflow), followed by VNDiamond ETF with VND2,890bn (~22.6% total inflow) and V.N.M ETF with VND2,762bn (~21.6% total inflow).

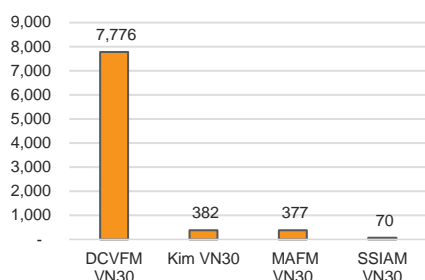
For 2022, net ETFs inflow recorded VND20,853bn (US\$880m), +4.3 times yoy, mainly thanks to the large contribution of Fubon ETF (~53.2% total inflow) and ETF VNDiamond (32.8% total inflow). We saw that ETFs inflow accounted 81% to total foreign net bought value in 2022.

**Figure 2: Fund flow of highlighted ETFs and total net in/outflow in Vietnam in 2022 (Unit: VNDbn)**



Sources: VNDIRECT RESEARCH, Bloomberg

**Figure 1: List of ETFs tracked VN30 Index by NAV (VNDbn), data as at 19 Dec 22**



Sources: VNDIRECT RESEARCH, Bloomberg

For 2023F, we expect the Fed fund rate to inch up to 5% within the 1H23F and a first gentle 25 bps cut in to be implemented in 1Q24. USD is expected to maintain its strength throughout 2023. But a combination of improving FX reserves together with FED's less hawkish stance sometime in mid-2023, would mark an end to the sharp VND drop and provide a potential reversal of about 1-2% appreciation against US\$ at end-2023 will make the Vietnam market more attractive to continue to attract capital flows from ETFs.

The strong capital inflow into ETFs invested in Vietnam, especially foreign ETFs, also shows that Vietnam market's strong correction recently has triggered foreign investors to seek growth with risk appetite. Moreover, the recent downgrade of tech-stocks has resulted a shift into traditional businesses which is the catalyst for ETFs invested in Vietnam where banks, property, power, consumer dominate market capitalization.

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Figure 3: Feb 2023's HOSE-Index review calendar



Source: HOSE

**VN30 Index 1H23 review: BCM likely to replace KDH**

HOSE will announce the result of VN30 index on 16 Jan 2023, which will be effective since 06 Feb 2023. We expect BCM likely to be included into VN30 basket, while KDH to be removed out of the VN30 index.

Based on our estimate, BCM has a freefloat of above 3% to make average freefloat adjusted marketcap in 2022 above VND2,500bn which will meet requirements of VN30 index in this review period. Once, BCM is included in the VN30 basket, KDH, the smallest in term of 2022 average freefloat adjusted marketcap (~VND24,468bn) will be excluded in this review.

*\*Freefloat will be recalculated by HOSE with updated ownership data on 31 Dec 2022. If BCM's new freefloat is lower than our estimate (below 3%), BCM will not meet the freefloat adjusted marketcap requirement. Thus, in this scenario, the VN30 portfolio might not change and there no significant buy/sell adjustment in this review.*

ETFs tracking the VN30 Index, with current total net asset value of VND8,605bn (including ETF DCFVM VN30, ETF SSIAM VN30, ETF FUEMAV30 and ETF KIM Growth VN30), will rebalance its portfolio on 03 Feb 2023. We estimate, during this review, 294,420 shares of BCM might be bought and 3.8m shares of KDH will be offloaded.

Top bought stocks in term of value include: FPT, VPB and BCM with value of VND30.4bn, VND24.6bn and VND23.4bn. Top sold stocks in term of value include KDH and GAS, with value of VND102.4bn and VND14.5bn.

Figure 4: New VN30 portfolio and ETFs adjustment based on our estimation (data as at 19 Dec 2022)

Stock	Current weight (%)	Current value (VNDbn)	Current shares	New weight (%)	New value (VNDbn)	New shares	Net weight change (% pts)	Net buy/sell value (VNDbn)	Net buy/sell shares	Median daily trading value in Dec 22 (VNDbn)	Estimated transaction days
FPT	6.86%	590.3	7,706,460	7.21%	620.7	8,102,850	0.35%	30.36	396,390	92.2	0.33
VPB	7.73%	665.2	37,057,350	8.02%	689.8	38,427,620	0.29%	24.60	1,370,270	470.6	0.05
BCM	0.00%	-	-	0.27%	23.3	294,420	0.27%	23.35	294,420	8.0	2.93
SAB	0.98%	84.3	481,890	1.24%	106.7	609,980	0.26%	22.42	128,090	43.5	0.52
VHM	5.12%	440.6	9,140,760	5.33%	458.6	9,513,890	0.21%	17.98	373,130	209.1	0.09
HPG	6.27%	539.5	26,977,200	6.48%	557.5	27,873,380	0.21%	17.92	896,180	672.4	0.03
MWG	5.01%	431.1	9,143,570	5.22%	448.8	9,518,380	0.21%	17.67	374,810	135.7	0.13
VIC	5.37%	462.1	8,178,720	5.53%	475.8	8,421,140	0.16%	13.70	242,420	185.8	0.07
STB	4.13%	355.4	15,865,780	4.27%	367.3	16,396,120	0.14%	11.88	530,340	566.2	0.02
MBB	4.52%	389.0	21,196,380	4.66%	400.6	21,830,200	0.14%	11.63	633,820	238.3	0.05
VCB	3.99%	343.3	4,335,180	4.12%	354.5	4,476,220	0.13%	11.17	141,040	123.8	0.09
MSN	5.85%	503.4	5,298,980	5.95%	511.9	5,387,910	0.10%	8.45	88,930	110.7	0.08
TPB	1.89%	162.6	7,228,350	1.99%	171.0	7,598,720	0.10%	8.33	370,370	277.7	0.03
BVH	0.27%	23.2	482,040	0.37%	31.5	652,720	0.10%	8.23	170,680	38.4	0.21
TCB	6.54%	562.8	19,240,280	6.62%	569.4	19,467,980	0.08%	6.66	227,700	229.7	0.03
VIB	2.32%	199.6	9,621,200	2.39%	206.0	9,928,970	0.07%	6.39	307,770	117.4	0.05
ACB	6.49%	558.5	24,548,370	6.56%	564.2	24,799,650	0.07%	5.72	251,280	85.9	0.07
SSI	2.06%	177.3	8,647,150	2.12%	182.6	8,906,900	0.06%	5.32	259,750	511.4	0.01
PLX	0.34%	29.3	962,430	0.39%	33.7	1,107,110	0.05%	4.40	144,680	28.2	0.16
NVL	1.37%	117.9	6,736,620	1.41%	121.3	6,931,780	0.04%	3.42	195,160	972.6	0.00
POW	0.50%	43.0	3,876,210	0.53%	45.8	4,128,280	0.03%	2.80	252,070	93.9	0.03
VNM	6.46%	555.9	7,219,400	6.47%	557.2	7,235,930	0.01%	1.27	16,530	198.7	0.01
HDB	3.01%	259.0	14,928,850	3.02%	260.3	15,001,030	0.01%	1.25	72,180	62.6	0.02
CTG	2.00%	172.1	6,246,950	2.01%	172.8	6,271,290	0.01%	0.67	24,340	124.9	0.01
PDR	0.39%	33.6	2,431,900	0.39%	33.3	2,412,030	0.00%	(0.27)	(19,870)	270.9	0.00
GVR	0.26%	22.4	1,462,320	0.25%	21.6	1,411,820	-0.01%	(0.77)	(50,500)	41.6	0.02
VJC	3.11%	267.6	2,406,670	3.04%	261.5	2,351,390	-0.07%	(6.15)	(55,280)	59.3	0.10
VRE	2.44%	210.0	7,691,070	2.36%	203.5	7,453,510	-0.08%	(6.49)	(237,560)	79.2	0.08
BID	0.87%	74.9	1,929,510	0.78%	67.3	1,733,390	-0.09%	(7.61)	(196,120)	67.4	0.11
GAS	1.18%	101.5	965,220	1.01%	87.0	827,030	-0.17%	(14.54)	(138,190)	46.4	0.31
KDH	1.19%	102.4	3,835,270	-	-	-	-1.19%	(102.40)	(3,835,270)	99.4	1.03

Source: VNDIRECT RESEARCH

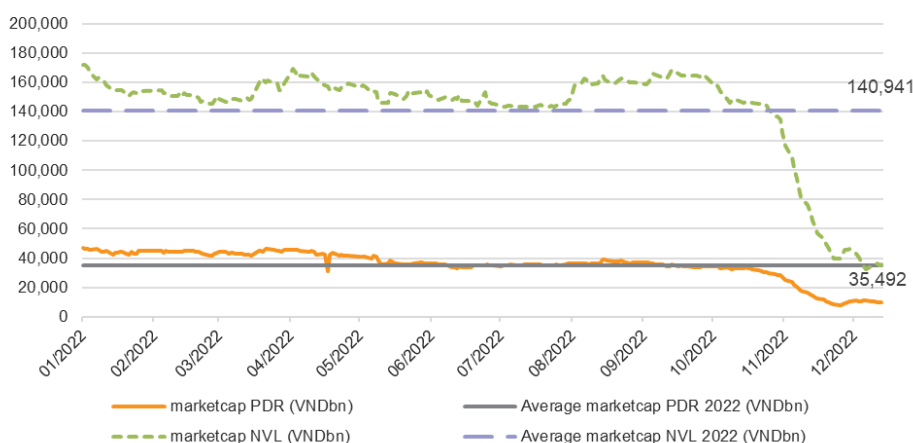
**2H23 review: PDR might be replaced by SSB**

With the impact of the bond market recently, NVL and PDR stocks price corrected sharply, down 81% ytd and 80% ytd respectively. This caused the market cap of these stocks to plummet to only VND35,491bn and VND9,738bn, ranking 29th and 61st in the market on 19 Dec 2022.

Thus, we estimate that the average capitalization of PDR in the 2H23 review will not be enough to stay in the top-40 and will be excluded from VN30 Index. The removal of PDR from the VN30 will let SSB - the largest marketcap stock among eligible but not belong to VN30 Index – to be VN30’s constituent in 2H23 review.

In addition, if the market capitalization of NVL continuously declines and falls out of the top-40, NVL will also face the risk of being excluded from the VN30 in the subsequent review periods.

**Figure 5: Marketcap of NVL and PDR in 2022**



SOURCES: VNDIRECT RESEARCH, Bloomberg

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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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