

Market strategy

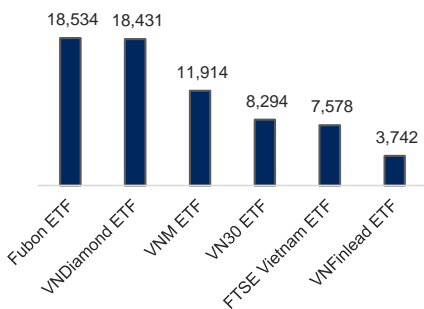
ETF Monitor

**EIB likely to be excluded from VNDiamond**

- We estimate EIB might be excluded in this Apr review since its foreign ownership ratio does not match with requirements.
- Based on our estimate, TCB, GMD and MBB might be among top buy, while ACB and PNJ are likely in top sell by DCVFM VNDiamond ETF in Apr 23.

**VNDiamond ETF is no longer the largest ETF in term of NAV**

Figure 1: Net assets value (VNDbn) of large ETFs invested in Vietnam (data as at 27 Mar 2023)



Sources: VNDIRECT RESEARCH, Bloomberg

After the fund raising in Mar 2023 of about VND1,300bn, Fubon ETF has surpassed DCVFM VNDiamond ETF to become the largest ETF in Vietnam in term of NAV. Fubon ETF will able to raise an addition fund size of about VND2,500bn in Apr 2023.

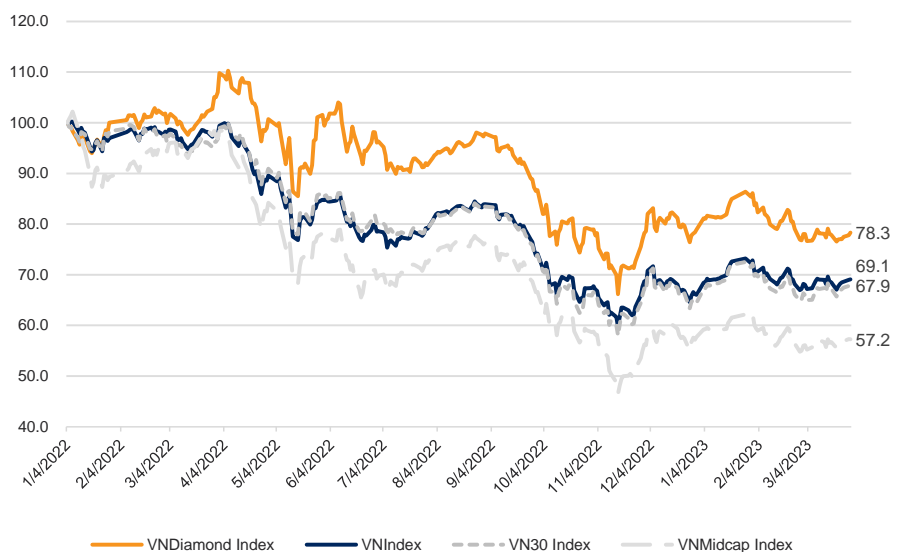
In 2023, the number of DCVFM VNDiamond ETF certificates increased by only 6% ytd, decelerating from the growth of 23% in 4Q22 as the fund flow from Thai investors into Depository Receipt of VNDiamond ETF slowed down.

In coming time, we believe the capital inflow to DCVFM VNDiamond ETF will be slowed down as DCVFM VNDiamond ETF is reaching its limit in NAV. According to ETF's charter, they can't invest more than 10% of the total outstanding shares of a single stock. Therefore, with a NAV of more than VND18,000bn, DCVFM VNDiamond may violate the above rule and can't raise more capital. For example, if 15% of the fund's NAV allocated to PNJ, equivalent to about VND2,700bn, they will hold more than 10% of PNJ's outstanding shares (with PNJ's market capitalization VND25,500bn).

MAFM VNDIAMOND ETF, the second ETF tracking on VNDiamond index, managed by Mirae Asset Fund Management Company Limit has been launched in Feb 2023. We expect the new ETF will attract more investment inflows from Korea investors in near future.

Since 2022, VNDiamond is still outperforming other indexes, as only decreased 21.7%, compared to VNIndex (-30.9%) and VN30 Index (-32.1%) and VNMidcap(-47.3%).

Figure 2: Indexes performance from 2022-2023 (rebased to 100 points in 1/4/2022)



Sources: VNDIRECT RESEARCH, Bloomberg

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### ETF VNDiamond review: We estimate EIB to be excluded from VNDiamond

HOSE will conduct a periodic review of the VNDiamond index in Apr 2023 with the changes to the index composition. The results will be announced on 17 Apr 2023 and effective on 4 May 2023.

Based on data as of 27 Mar 2023, we estimate EIB will be excluded from VNDiamond in this review as their failed foreign ownership ratio requirement to stay in VNDiamond. In addition, even though DHC and KDH have also failed foreign ownership ratio but they are still stay in VNDiamond as VNDiamond require at least 8 non-Banking stocks in basket.

We estimate VNDiamond ETF will strongly buy TCB (~VND544bn), GMD (~VND483bn) and MBB (~VND232bn). On the other hand, ACB and PNJ will be sold strongly with a value of VND456bn and VND413bn.

Based on the last 10 trading days data, top stocks that will experience the longest trading days of foreign ETFs in this review include: GMD (22.4 days); PNJ (20.3 days) and OCB (15.7 days).

**Figure 3: New VNDiamond portfolio and ETFs adjustment based on our estimation (data as at 27 Mar 2023)**

	New weight (%)	New value (VNDbn)	Number of new shares	% Change (% pts)	Value change (VNDbn)	Volume change (Shares)	trading volume in last 10 days	Estimated trading days
TCB	11.2%	2,062.42	74,860,871	3.0%	544.5	19,763,223	2,650,500	7.46
GMD	8.0%	1,466.94	28,484,320	2.6%	483.8	9,393,650	419,790	22.38
MBB	7.3%	1,349.76	74,986,473	1.3%	232.4	12,913,051	7,613,190	1.70
MWG	15.0%	2,756.55	70,500,000	1.1%	194.8	4,982,000	1,936,650	2.57
NLG	1.2%	221.76	8,713,448	0.6%	115.2	4,525,369	1,319,280	3.43
CTG	1.8%	334.02	11,557,708	0.4%	71.2	2,464,590	1,756,740	1.40
TPB	3.2%	587.42	26,884,064	0.3%	60.0	2,745,853	4,162,920	0.66
KDH	2.1%	385.17	14,399,036	0.3%	52.6	1,964,505	975,980	2.01
DHC	0.4%	80.87	2,026,728	0.3%	47.8	1,197,691	102,850	11.65
REE	7.5%	1,370.06	20,147,996	0.1%	15.7	230,571	156,460	1.47
VIB	2.9%	526.44	24,890,745	-0.2%	(34.1)	(1,610,366)	4,464,660	0.36
OCB	1.3%	236.34	14,958,536	-0.4%	(65.0)	(4,116,325)	262,370	15.69
EIB	0.0%	-	-	-0.6%	(112.1)	(5,899,984)	2,759,080	2.14
FPT	15.0%	2,756.55	34,804,924	-0.7%	(132.3)	(1,670,636)	637,850	2.62
MSB	1.7%	317.56	26,029,629	-0.9%	(165.8)	(13,586,363)	1,167,760	11.63
VPB	5.8%	1,073.58	51,122,746	-1.1%	(196.3)	(9,346,335)	25,250,270	0.37
PNJ	10.8%	1,988.30	25,556,503	-2.3%	(413.6)	(5,315,913)	262,450	20.25
ACB	4.7%	863.27	35,307,513	-2.5%	(456.2)	(18,658,483)	3,101,720	6.02

Sources: VNDIRECT RESEARCH

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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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