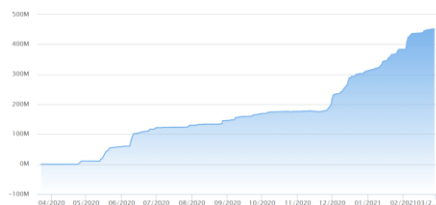


**Market strategy**

31 Mar 2021

**Figure 1: Number of fund certificates of ETF DCVFM VNDiamond from Mar 20 to Mar 21**



Source: VND Research, DCVFM

**ETF MONITOR**

**New diamonds adding in VNDiamond**

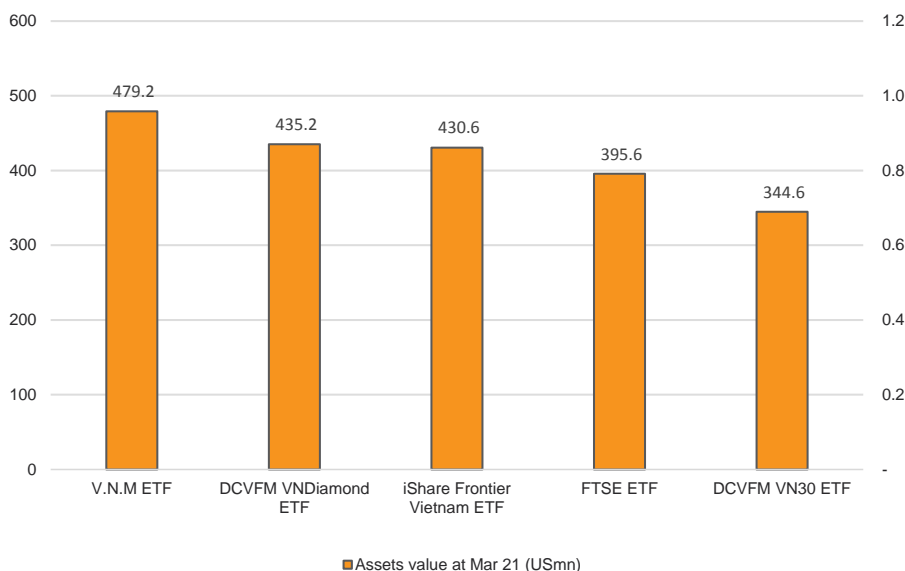
- ETF VFM VNDiamond has turned into the largest local ETF in terms of NAV and ranked 2<sup>nd</sup> position in the list of ETFs invested in Vietnam.
- We estimate ACB, VIB, MSB, EIB and TCM are likely to be new diamonds, while KDH is likely to be removed in the May 2021 review.
- Ho Chi Minh Stock Exchange (HOSE) will announce new VNDiamond basket on 19 Apr 21, with an effective date set to be 3 May 21.

**ETF DCVFM VNDiamond to be the largest local ETF in terms of NAV**

DCVFM VNDiamond ETF has proven its quality and performance since its inception (20<sup>th</sup> May), with a growth of 96.1% since inception and 15.6% YTD. With such performance, DCVFM has continuously grown in size, especially from Nov 20 to Mar 21 when the number of fund certificates has more than doubled, from about 200m to 451m, reaching a NAV of VND9,793bn, or US\$435m by end-Mar 2021.

With this figure, ETF DCVFM VNDiamond’s NAV has passed ETF DCVFM VN30’s NAV, becoming the biggest domestic ETF and ranking 2nd position in the list of ETFs invested in Vietnam, as at end-Mar 2021.

**Figure 2: NAV of top-5 ETFs invested in Vietnam, as at end-Mar 2021**



Sources: VND RESEARCH, ETF’s website

**Analyst(s):**



**Bach Phan Nhu**

[bach.phannhu@vndirect.com.vn](mailto:bach.phannhu@vndirect.com.vn)

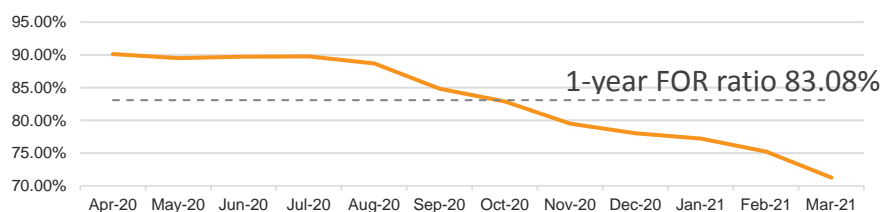
**We expect 5 new diamonds to be added in VNDiamond, while KDH to be removed in May 21 review**

HOSE will conduct a periodic review of the HOSE-Index in Apr 2021, in which constituents of the VNDiamond Index will be updated and will be announced on 19 Apr 2021. The effective date of the new index basket is 03 May 2021.

Based on our data as of 29 Mar 2021, we forecast that 4 new banks (including ACB, VIB, MSB and EIB) and TCM will be added into VNDiamond Index, while KDH will be excluded from the VNDiamond, which will increase the number of constituents in this index to 17 for the May 2021 - Nov 2021 period:

- For ACB, VIB, MSB inclusion: these are non-constituents of VNAllshare because they do not meet the requirement of listing times (6 months on HOSE), yet they meet the special requirements to be included into VNDiamond in this review, including 1) trading more than 20 days on HOSE, 2) average market capitalization larger than VND5,000bn, 3) daily trading value larger than VND15bn and 4) average 12-month foreign ownership ratio (FOR) larger than 95%.
- For EIB and TCM inclusion: these are VNAllshare's constituents and meet the VNDiamond requirements, including 1) market capitalization larger than VND2,000bn, 2) daily trading value larger than VND5bn and 3) foreign ownership ratio (FOR) larger than 95%.
- For KDH exclusion: FOR of KDH was 83.1%, lower than the FOL requirement level which is at least 90% or higher to stay in the VNDiamond Index.

**Figure 3: Foreign ownership ratio of KDH from Mar 20 to Mar 21 (%)**



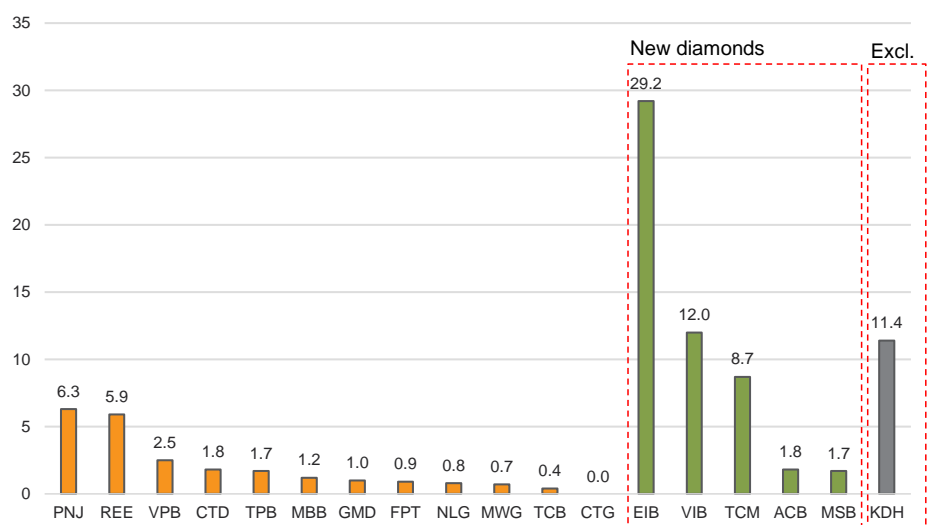
Sources: VND RESEARCH, Fiiipro

The FOR ratio is calculated by the percentage of shares owned by foreigner investors / Foreigner ownership limit (%).

We forecast that ETF DCVFM VNDiamond will buy 15.6m ACB shares, 10.4m EIB shares, 9.6m MSB shares, 7.3m VIB shares and 1.7m TCM shares in this review to match the inclusion of these 5 stocks into VNDiamond index. On the other side, DCVFM will sell around 18.8m KDH shares in this review to apply this change of index constituents.

Besides, ETF DCVFM VNDiamond will also conduct buy/sell actions to rebalance its portfolio, under which MBB and VPB stock has the largest number of shares sold by DCVFM (18.5m shares of MBB and 10m shares of VPB) while REE has the largest number of shares bought by DCVFM (3.9m shares).

**Figure 4: Estimated trading days of ETF VNDiamond's constituents in May 21 review**



Sources: VND RESEARCH, DCVFM

**Figure 5: New DCVFM VNDiamond portfolio based on our estimation (data as at 29 Mar 2021)**

Stock	Current weight (29/03/21)	New weight (Estimate)	Net buy / sell value (VNDbn)	Net buy / sell volume (shares)	Median trading volume (Mar 21 - Shares)	Estimated trading days	Note
FPT	16.47%	15.00%	-143.8	-1,853,223	2,084,800	0.89	
MWG	14.46%	15.00%	52.8	406,058	625,000	0.65	
PNJ	8.59%	10.50%	186.7	2,195,996	347,500	6.32	
TCB	10.79%	8.91%	-184.3	-4,660,220	10,554,500	0.44	
VPB	11.92%	7.36%	-446.2	-10,027,025	3,984,700	2.52	
REE	4.12%	6.34%	217.0	3,996,076	672,400	5.94	
GMD	4.67%	5.40%	71.7	2,173,012	2,298,300	0.95	
ACB	0.00%	5.28%	516.3	15,643,906	8,819,900	1.77	New diamond
CTG	4.85%	4.85%	0.3	7,337	10,315,800	0.00	
MBB	10.13%	4.78%	-523.9	-18,544,412	15,628,700	1.19	
NLG	2.99%	3.36%	36.1	1,037,335	1,344,100	0.77	
VIB	0.00%	3.28%	320.9	7,301,078	609,600	11.98	New diamond
CTD	1.49%	2.49%	98.2	1,336,344	727,400	1.84	
MSB	0.00%	2.14%	209.2	9,660,995	5,598,100	1.73	New diamond
EIB	0.00%	2.01%	196.2	10,378,262	355,500	29.19	New diamond
TCM	0.00%	1.91%	186.7	1,744,483	201,200	8.67	New diamond
TPB	3.60%	1.41%	-214.4	-7,822,830	4,699,200	1.66	
KDH	5.84%	0.00%	-571.3	-18,793,658	1,651,900	11.38	To be excluded

Sources: VNDIRECT RESEARCH, DCVFM, Fiinpro

## DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

RECOMMENDATION FRAMEWORK	
<b>Stock Ratings</b>	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.
<i>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.</i>	
<b>Sector Ratings</b>	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.

### Hien Tran Khanh – Deputy Head of Research

Email: [hien.trankhanh@vndirect.com.vn](mailto:hien.trankhanh@vndirect.com.vn)

### Bach Phan Nhu – Analyst

Email: [bach.phannhu@vndirect.com.vn](mailto:bach.phannhu@vndirect.com.vn)

### VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: [research@vndirect.com.vn](mailto:research@vndirect.com.vn)

Website: <https://vndirect.com.vn>