Market Strategy

June 2026

MARKET REACCUMULATION AHEAD OF LARGE CAPITAL INFLOWS

VNDIRECT

Market Performance: Vingroup stocks drove VN-Index to a new all-time high

- Driven by a strong rally in Vingroup-related stocks, the VN-Index maintained its positive momentum during the first half of May 2026 and reached a new all-time high. However, profit-taking pressure at elevated valuation levels, coupled with cautious investor sentiment, led to a market correction in the latter half of the month.

- Market performance in May reflected investors' cautious stance amid external uncertainties. Global inflationary pressures resurfaced as oil prices remained elevated, while stronger-than-expected US CPI data for April reinforced expectations that the Fed may keep interest rates higher for longer.

- Meanwhile, ongoing geopolitical tensions in the Middle East continued to weigh on market sentiment. Foreign investors remained net sellers, offloading more than VND14.4tn (USD549.6mn) during May 2026, further pressuring domestic investor confidence.

Market Outlook: A market reaccumulation ahead of large capital inflows

From a technical perspective combined with fund flow dynamics, we outline two scenarios for the market in June 2026:

- **Base-case consolidation scenario (70%)**: The VN-Index may consolidate within the 1,820–1,920 range during June, allowing the market to absorb profit-taking pressure and build momentum for the next upward leg. A more decisive breakout may emerge in 3Q26, supported by additional catalysts such as the return of foreign capital inflows, easing inflationary pressures, and improving liquidity conditions within the banking system.

- **Breakout scenario (30%)**: The VN-Index still has the potential to break above its historical peak as early as June if large-cap stocks continue to provide market leadership. However, this scenario is likely to lack broad-based participation, resulting in a continuation of the "index up, stocks down" phenomenon, where gains in the benchmark index do not fully reflect the performance of the majority of listed stocks.

- **Constructive medium-term outlook**: We maintain a constructive view on the market over the coming months, supported by key structural drivers including sustained economic growth backed by selectively expansionary fiscal policy, along with expectations of returning foreign inflows following Vietnam's FTSE Russell upgrade to Secondary Emerging Market status. In addition, solid corporate earnings growth should continue to underpin market performance. Under our base-case scenario, we expect the VN-Index to move toward the 1,970 level by end-2026, implying a target P/E of 14.0x, representing a discount of around 10% to the 10-year historical average to reflect uncertainty risks related to the Middle East conflict.

- **Our conviction stocks for June include NLG and VPB.**

Macro Recap

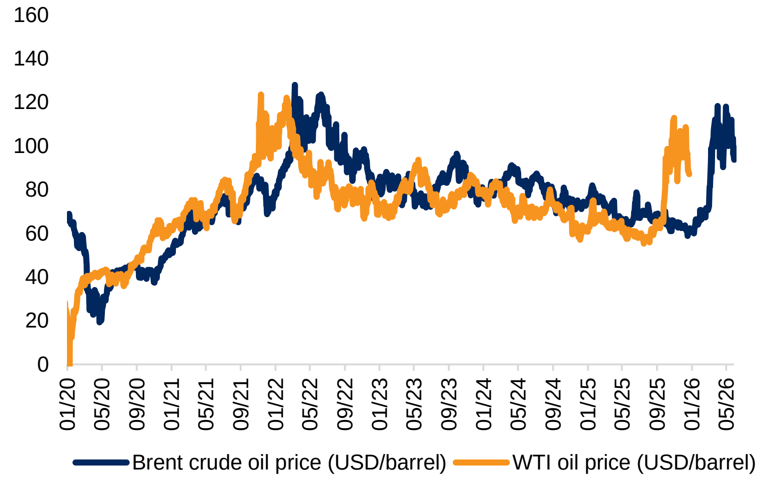
May 2026

Oil prices and the course of US-Iran negotiations

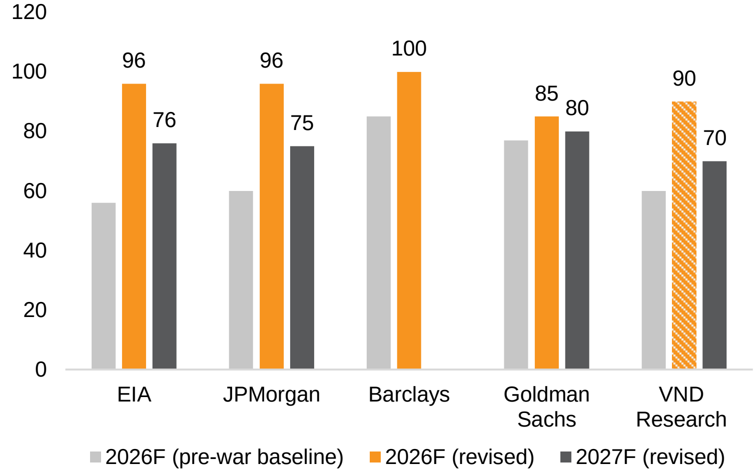
Geopolitical risks: Crude oil prices eased, risks persisted

The prolonged disruption at the Strait of Hormuz continued to outlast initial assumptions, keeping oil prices well above pre-conflict forecasts

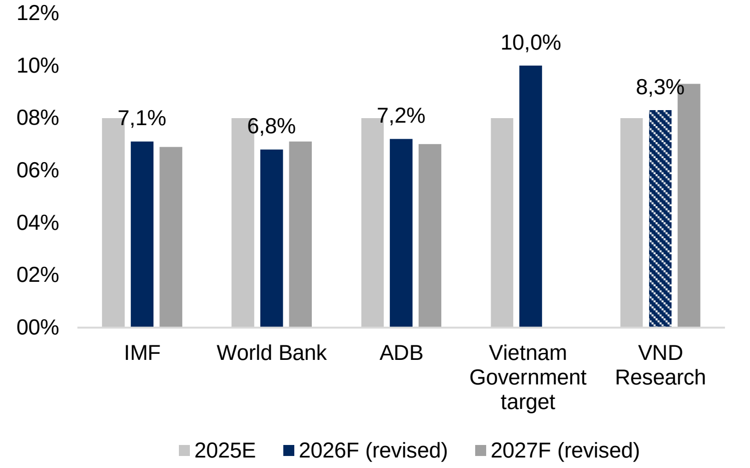
Oil prices eased modestly as US-Iran negotiations progressed



Prolonged Hormuz disruption pushed 2026 oil forecasts higher



Vietnam remained a growth bright spot, though policy room narrowed



- **Oil prices moderated in May following a sharp rally at end-April, but remained elevated overall**. As of May 27, Brent traded around USD94-96/barrel (-13% vs end-April), while WTI stood near USD91/barrel (-9% MoM). The pullback largely reflected improving prospects for negotiations aimed at easing geopolitical tensions and supporting a recovery in global oil supply.
- **However, market pricing suggested investors remained unconvinced by a rapid normalization scenario**. Positive developments in US-Iran negotiations repeatedly triggered short-term declines in oil prices, yet those moves were quickly reversed whenever fresh uncertainty emerged around the negotiation process, maritime security in the Strait of Hormuz or the timing of any meaningful supply recovery. More importantly, even under a successful agreement, supply normalization is likely to remain gradual. Goldman Sachs estimates that only around 70% of disrupted production could return within three months after Hormuz fully reopens, while Morgan Stanley expects global oil supply chains to normalize slowly due to capacity and logistics constraints across the Gulf region.
- **For Vietnam, inflation and FX pressures are likely to persist until a durable US-Iran agreement allows shipping through Hormuz to resume normally**. Should both sides reach a sustainable agreement within the next one to two months, oil prices would likely ease gradually in 2H26, reducing pressure on domestic inflation and the exchange rate. This would create more room for monetary policy flexibility and support Vietnam's growth momentum toward year-end.

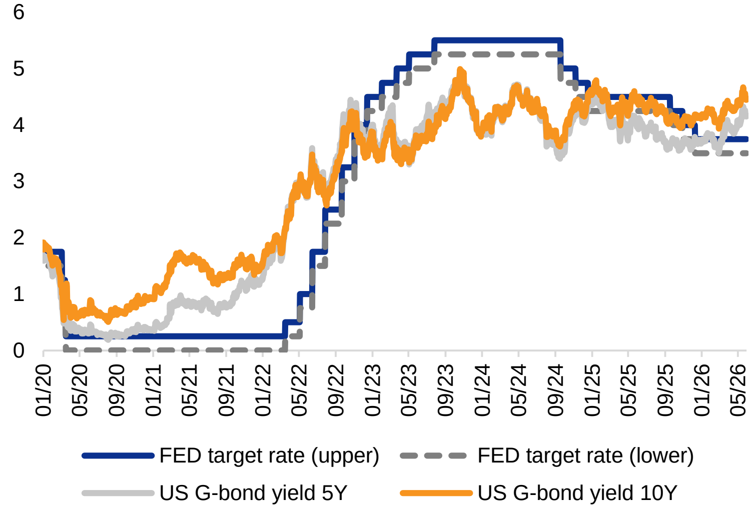
Source: BLOOMBERG, VNDIRECT RESEARCH

US: Inflation reaccelerated, Fed divisions deepened

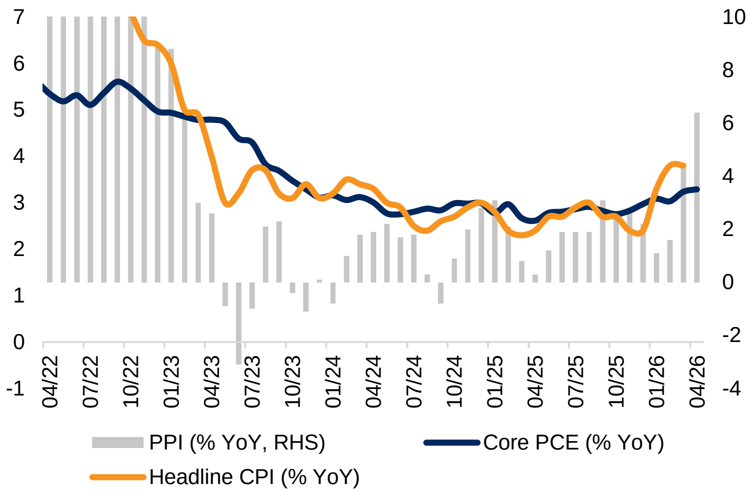
VNDIRECT
WISDOM TO SUCCESS

A more hawkish Fed rhetoric and a prolonged higher-for-longer rate environment continued to weigh on risk assets and emerging markets

Fed struck a more hawkish tone, pushing Treasury yields back toward recent highs



April inflation accelerated, driven largely by the energy price shock



Markets increasingly priced in the possibility of a 25bp rate hike by end-2026

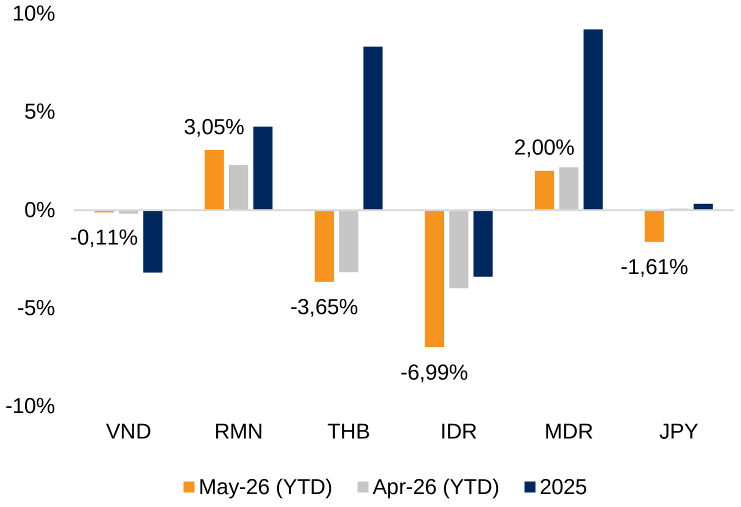
CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500
6/17/2026	0.0%	0.0%	1.2%	98.8%	0.0%	0.0%	0.0%	0.0%	0.0%
7/29/2026	0.0%	0.0%	1.1%	88.4%	10.6%	0.0%	0.0%	0.0%	0.0%
9/16/2026	0.0%	0.0%	0.8%	68.5%	28.2%	2.4%	0.0%	0.0%	0.0%
10/28/2026	0.0%	0.0%	0.7%	59.5%	33.6%	5.8%	0.3%	0.0%	0.0%
12/9/2026	0.0%	0.0%	0.5%	43.6%	40.6%	13.3%	1.8%	0.1%	0.0%
1/27/2027	0.0%	0.0%	0.4%	37.2%	41.1%	17.4%	3.5%	0.3%	0.0%
3/17/2027	0.0%	0.0%	0.3%	28.6%	40.2%	22.9%	6.8%	1.1%	0.1%
4/28/2027	0.0%	0.0%	0.3%	25.6%	38.9%	24.8%	8.5%	1.7%	0.2%
6/9/2027	0.0%	0.0%	0.5%	25.7%	38.8%	24.6%	8.4%	1.7%	0.2%
7/28/2027	0.0%	0.0%	0.8%	25.9%	38.6%	24.4%	8.4%	1.7%	0.2%
9/15/2027	0.0%	0.1%	2.7%	26.9%	37.5%	23.2%	7.8%	1.6%	0.2%
10/27/2027	0.0%	0.7%	8.8%	29.6%	33.9%	19.3%	6.3%	1.2%	0.1%
12/8/2027	0.3%	3.6%	16.1%	31.1%	28.8%	14.7%	4.5%	0.8%	0.1%

- **We expect the Fed to keep policy rates at 3.50%-3.75% through most of 2026, while a rate hike would require additional data confirmation**. This view rests on three factors: 1) inflation pressure has been driven primarily by a temporary energy shock rather than excessive domestic demand. April CPI rose 3.8% YoY and PPI increased 6.0% YoY amid surging energy prices, while core PCE is expected at around 3.3%; 2) although the April FOMC minutes delivered a more hawkish signal, reflected in an 8-4 vote split and debate over removing the easing bias, they stopped short of signaling a new tightening cycle; and 3) Kevin Warsh began his tenure as Chair amid the most divided FOMC in years, suggesting the Fed may prioritize internal consensus before making major policy shifts.
- **Against this backdrop, we expect the Fed to leave rates unchanged in June**, continue emphasizing inflation risks and maintain a hold-for-longer stance as Warsh gradually shapes the Fed's new policy framework. Risks remain tilted to the upside if: 1) oil prices stay elevated for longer as disruptions at the Strait of Hormuz extend into 3Q26; and 2) the US labor market remains resilient, and with unemployment staying low and consumer spending holding up, the Fed may maintain a hawkish stance for considerably longer.
- For Vietnam, the challenge lies less in any single Fed decision and more in the prospect of persistently elevated US Treasury yields and a stronger USD should the Fed maintain its hawkish posture through 2H26. This would likely constrain the upside potential of domestic financial markets and narrow policy flexibility going forward.

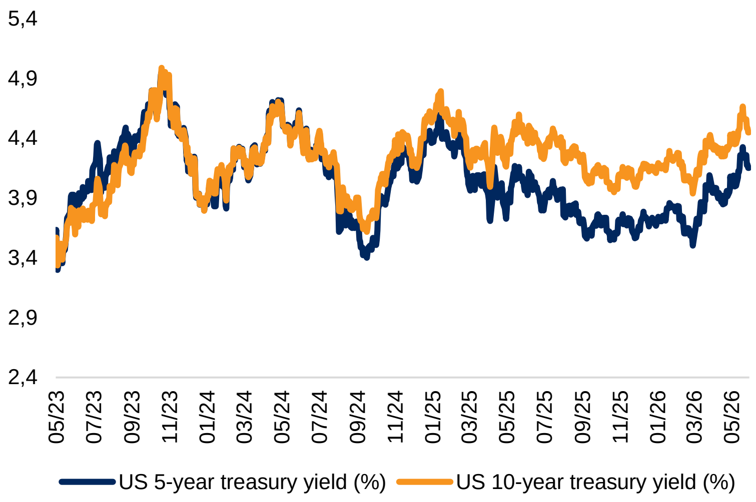
Source: CME Fed Watch, BLOOMBERG, VNDIRECT RESEARCH

Elevated US rates and the energy shock continued to drive divergence across Southeast Asian currencies

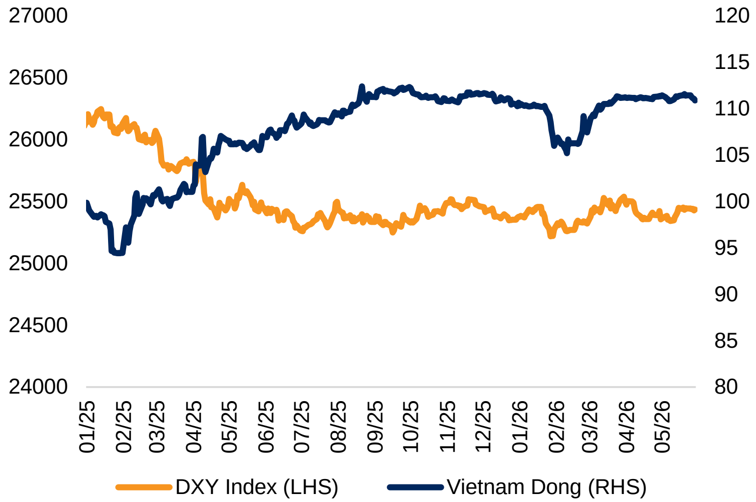
The USD was broadly stable, but regional FX pressures remained uneven



US Treasury yields rose to their highest level since February 2025



USD/VND remained relatively stable vs regional peers



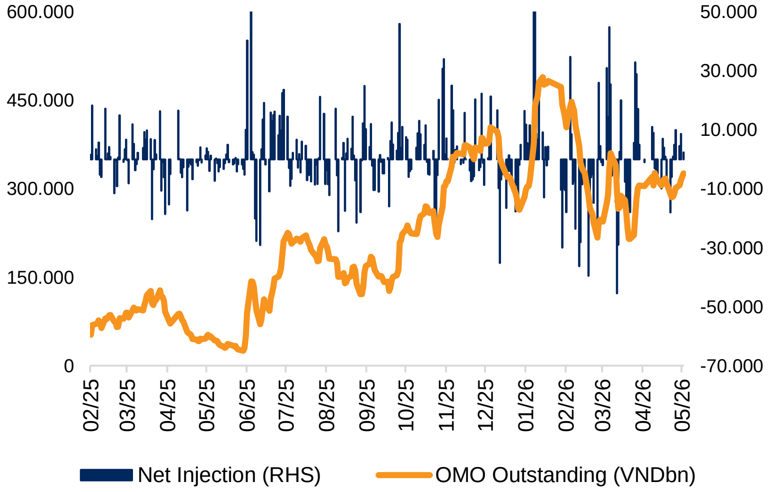
- **FX dynamics across Southeast Asia increasingly reflected the energy shock and expectations that US interest rates will remain elevated for longer**. As of May 27, the DXY traded around 99 (+1% YTD), while the Indonesian Rupiah depreciated by ~7% and the Thai Baht weakened 3.7%. In contrast, the Malaysian Ringgit appreciated 2% and the Chinese Yuan gained nearly 3%. The divergence suggests markets are increasingly differentiating economies based on their exposure to higher oil prices and global capital flows. Relative to the rest of the region, Vietnam has maintained a relatively stable exchange rate despite persistent external pressures. As of end-May, the VND had depreciated by only 0.11% YTD, significantly less than the IDR and THB despite all three economies being net energy importers. While exchange rates are influenced by multiple factors, the current energy shock also highlights the growing challenges facing FX management and monetary policy across several Southeast Asian economies. On May 20, Bank Indonesia raised its policy rate by 50bps to 5.25% in an effort to support the Rupiah.
- **In the domestic market, the interbank USD/VND rate was broadly unchanged in May, trading within a narrow range of VND26,330-26,350/USD, up just 0.04% from end-April**. Market conditions in May suggest that FX pressures have moderated following the sharp tightening seen in March, before the SBV activated its 180-day forward USD selling facility at VND26,850/USD to stabilize the market. Looking ahead, we expect USD/VND to remain within a controlled range in the near term, with full-year depreciation likely contained at around 2-3% in 2026.

Source: BLOOMBERG, VNDIRECT RESEARCH, data as of May 27, 2026

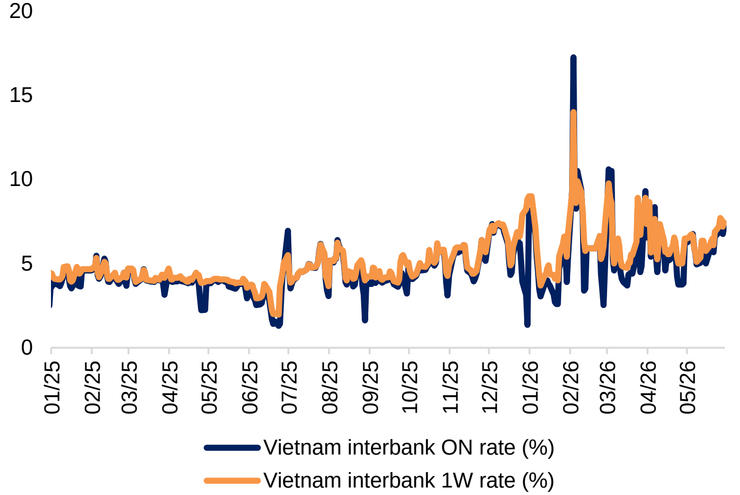
Money market: Liquidity gradually moved past its tightest phase

... while deposit rate pressures remained tilted to the upside

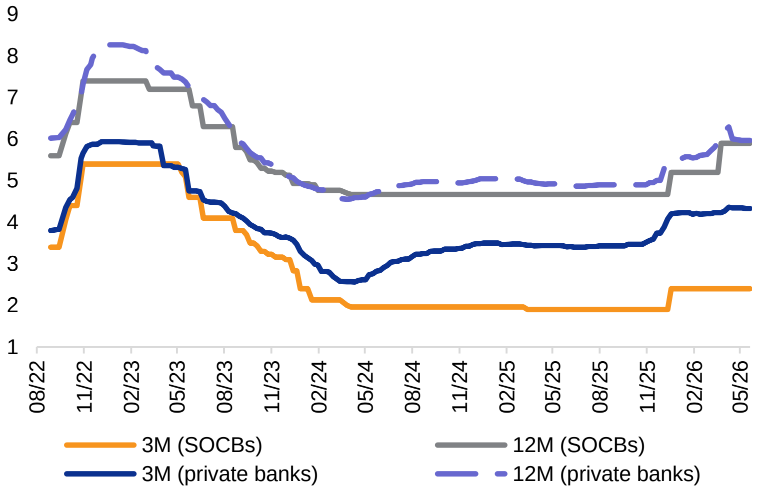
SBV withdrew liquidity in May, scaling back earlier support



Interbank rates edged higher from April levels



Upward pressure on funding costs persisted



- **In May, the SBV shifted to modest net liquidity withdrawal following sizeable injections in late April aimed at easing funding pressures and stabilizing the FX market**. After injecting more than VND90tn (USD3.4bn) on a net basis in April, the SBV adopted a more balanced liquidity stance in May, providing around VND9.7tn (USD400mn) of net liquidity during the first half of the month before withdrawing nearly VND14tn (USD500mn) in the second half. Overall, the SBV withdrew more than VND4tn (USD200mn) on a net basis during May, bringing outstanding OMO balances down to VND301tn (USD11.4bn) as of May 22.
- **Interbank rates remained above the exceptionally accommodative levels seen in late April,** when overnight rates briefly fell below 4% following the SBV's sizeable liquidity injections. During May, overnight and one-week rates traded mostly in the 5.5-6.0% range before rising to nearly 8.0% in the final week of the month, reflecting month-end funding pressures and continued strength in credit demand.
- **In the retail funding market, the SBV's push for lower deposit rates continued to face pressure from funding demand.** Although more than 30 banks lowered deposit rates following the SBV's meeting in early April, several banks began raising rates again in May as the gap between credit growth and deposit mobilization widened. As of end-April, credit growth reached 4.4% YTD and 18.3% YoY, significantly outpacing deposit growth. In response, the SBV issued Official Letter No. 4190/NHNN-CSTT, tightening rate discipline and stepping up oversight of banks raising deposit rates against policy guidance.

Source: BLOOMBERG, SBV, VNDIRECT RESEARCH, data as of May 27, 2026

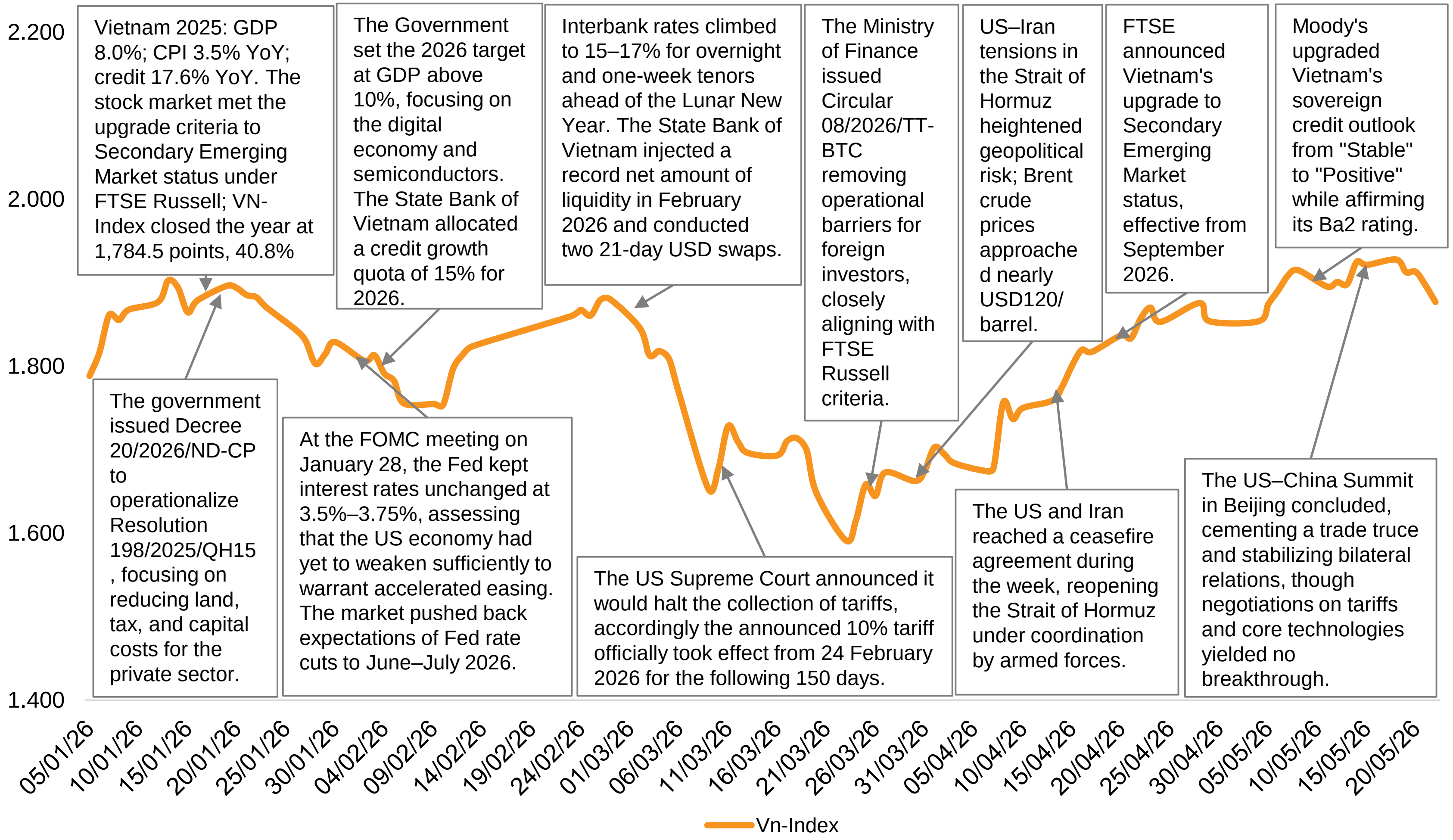
Stock Market Highlights

May 2026

VNDIRECT

Vingroup stocks drove VN-Index to a new all-time high

VN-Index rose 1.2% MoM, closing May at 1,877.13 points after consolidating in the 1,850–1,900 range.

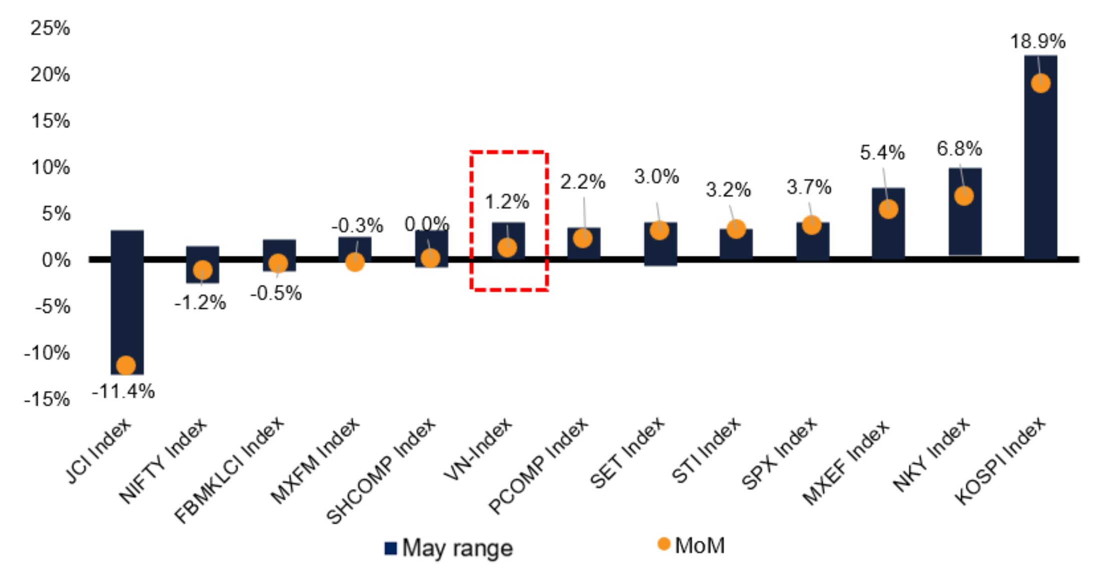


- Driven by a surge in Vingroup stocks, the VN-Index sustained positive momentum in the first half of May 2026 and set a new all-time high. However, profit-taking pressure at elevated price levels and cautious investor sentiment triggered a correction in the second half of the month. VN-Index closed May up 1.2% MoM at 1,877.13 points.
- Despite the monthly gain, May's price action reflected investor caution amid heightened external uncertainty. Global inflation pressure returned as oil prices remained elevated, with US CPI rising sharply in April. This strengthened expectations that the Fed would hold rates higher for longer than previously forecast.
- Geopolitical tensions in the Middle East remained a key risk factor to monitor. Although the US and Iran were reported to be moving closer to a deal, the risk of renewed escalation persisted, weighing on global capital flows. Against this backdrop, foreign investors recorded net selling of more than VND14.4tn (USD549.6mn) in May 2026, adding further pressure on domestic investor sentiment.

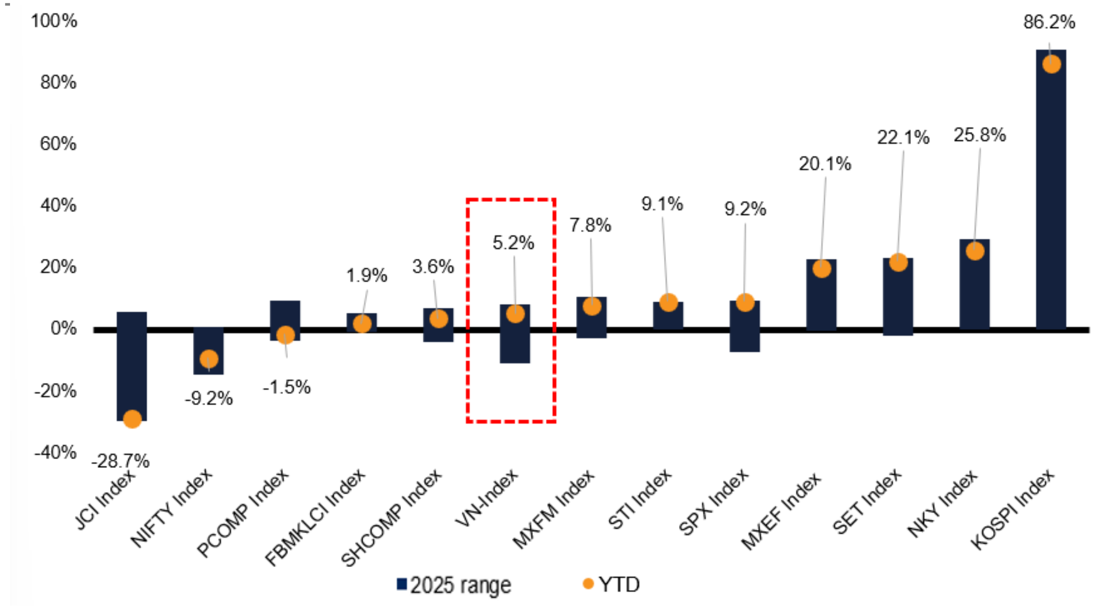
Source: Global Trade Alert (GTA), VNDIRECT RESEARCH, BLOOMBERG, data as of May 22, 2026

Stock Market Highlights — May 2026

VN-Index rose 1.2% in May, ranking eighth out of 13 tracked markets.



YTD performance improved to 5.2%, maintaining the eighth position out of 13 tracked markets.



- **In May 2026, VN-Index rose 1.2% MoM, ranking eighth out of 13 tracked markets** as DXY strengthened and expectations of Fed rate cuts faded. South Korea led with a gain of 18.9%, buoyed by the ongoing AI wave, followed by Japan at 6.8% and MSCI Emerging Markets at 5.4%. In contrast, Indonesia posted the steepest decline at 11.4%, followed by India at 1.2% and Malaysia at 0.5%. Eight of the 13 markets recorded positive returns for the month. Vietnam's 1.2% gain was driven by Vingroup stocks.
- **On a YTD basis, VN-Index gained 5.2%, ranking eighth out of 13,** ahead of China at 3.6%, Malaysia at 1.9% and the Philippines at 1.5%. South Korea continued to lead at 86.2%, followed by Japan at 25.8% and Thailand at 22.1%. At the bottom, Indonesia fell 28.7% and India declined 9.2%, both weighed down by sustained foreign outflows in a high US rate environment.

Source: VNDIRECT RESEARCH, BLOOMBERG, data as of May 22, 2026

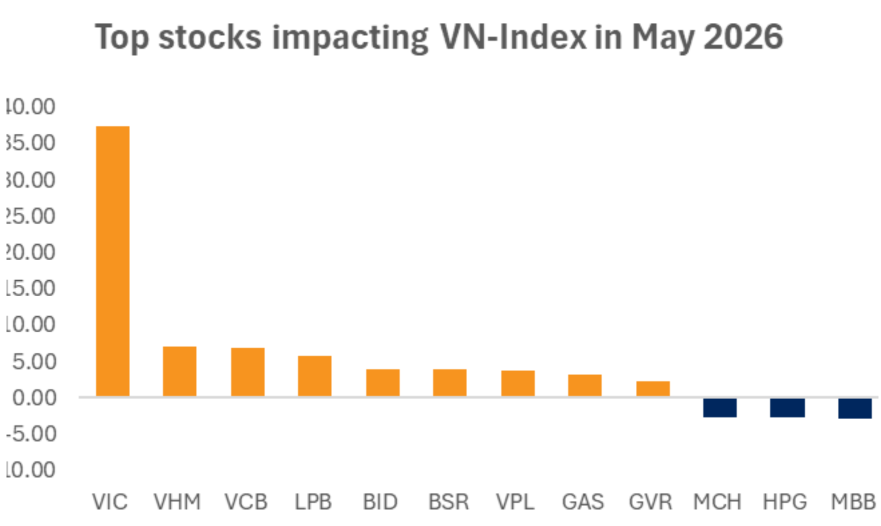
	1M (%)	3M (%)	YTD (%)	Weight (%)	EPS 2025 (% YoY)	P/E	P/E 5Y Avg	P/B	P/B 5Y Avg	ROE	Beta
Energy	16.95%	-3.20%	40.69%	4.8%	26.2%	16.17	34.99	2.49	2.41	12.8%	0.78
Banks	1.99%	-3.24%	2.91%	30.1%	14.0%	10.32	15.03	1.69	2.05	17.6%	0.95
Travel and Leisure	1.39%	0.01%	-9.18%	3.8%	64.6%	25.60	937.89	5.63	5.09	10.9%	0.92
Insurance	1.35%	-5.69%	21.03%	0.7%	35.8%	18.66	27.74	1.95	2.21	12.4%	0.87
Financial Services	1.34%	-3.34%	1.01%	5.9%	-34.3%	16.62	14.08	2.01	1.68	15.3%	0.98
Utilities	1.26%	-2.86%	3.38%	1.6%	158.6%	11.38	16.51	1.48	1.37	14.9%	0.59
Real Estate	1.09%	30.86%	21.56%	30.2%	25.6%	63.24	47.46	7.84	3.93	10.5%	1.30
Industrial Goods and Services	0.61%	2.18%	0.17%	5.5%	41.5%	15.85	15.01	2.82	2.23	18.2%	0.89
Basic Resources	0.25%	-1.87%	-0.84%	0.3%	0.0%	25.68	29.66	0.86	0.90	4.2%	0.75
Food, Beverage and Tobacco	-0.71%	-7.34%	-1.22%	8.6%	7.5%	20.41	31.86	4.33	4.60	23.0%	0.78
Technology	-0.81%	-21.66%	-19.65%	1.6%	21.4%	13.59	14.41	3.16	2.85	25.2%	0.83
Telecommunications	-0.84%	-6.13%	-6.03%	0.0%	146.2%	8.96	33.31	0.99	0.76	15.8%	0.50
Media	-0.93%	-17.06%	-17.60%	0.0%	-43.6%	30.49	30.51	0.89	2.01	4.5%	0.84
Construction and Materials	-1.66%	-5.96%	-4.26%	2.2%	42.1%	20.98	13.58	1.89	1.72	15.1%	0.81
Automobiles and Parts	-2.45%	-6.33%	-9.01%	0.1%	-70.3%	29.74	12.19	1.50	1.49	4.8%	0.59
Consumer Products and Services	-2.73%	-13.80%	0.24%	0.6%	33.2%	13.55	16.55	2.01	2.76	19.3%	0.76
Health Care	-2.76%	-8.81%	-6.34%	0.4%	4.7%	30.72	20.80	2.33	2.65	13.2%	0.49
Chemicals	-3.61%	-4.26%	8.21%	0.8%	10.3%	12.65	15.91	1.59	1.34	14.6%	0.68
Retail	-4.93%	-8.26%	-8.97%	2.5%	84.5%	17.17	38.66	2.81	2.96	20.5%	1.11
Personal Care, Drug and Grocery Stores	-4.96%	-20.39%	-14.05%	0.0%	4.5%	12.04	8.82	1.72	2.58	17.0%	0.61

- **Sector performance in May 2026 was sharply divergent, with only nine of 20 sectors recording gains**. Energy led with a 17.0% advance, supported by elevated Brent crude prices despite a pullback toward month-end. Banking followed at 2.0%, then Travel and Leisure at 1.4%, Insurance at 1.4% and Financial Services at 1.3%. On the downside, Personal Care fell 5.0%, Retail dropped 4.9% and Chemicals declined 3.6%, reflecting profit-taking that spread into the consumer and materials segments.
- **May's price action showed money flows turning cautious and stock selection increasingly theme-driven**. Energy emerged as the sole sector leader, supported by oil price momentum and global demand, while high-beta sectors such as Real Estate and Banking recorded limited gains in the absence of fresh valuation catalysts. This suggested the market entered a phase of selective accumulation, with capital favoring sectors offering reasonable valuations and growth stories independent of the global macro cycle, against a backdrop of still-tight liquidity.

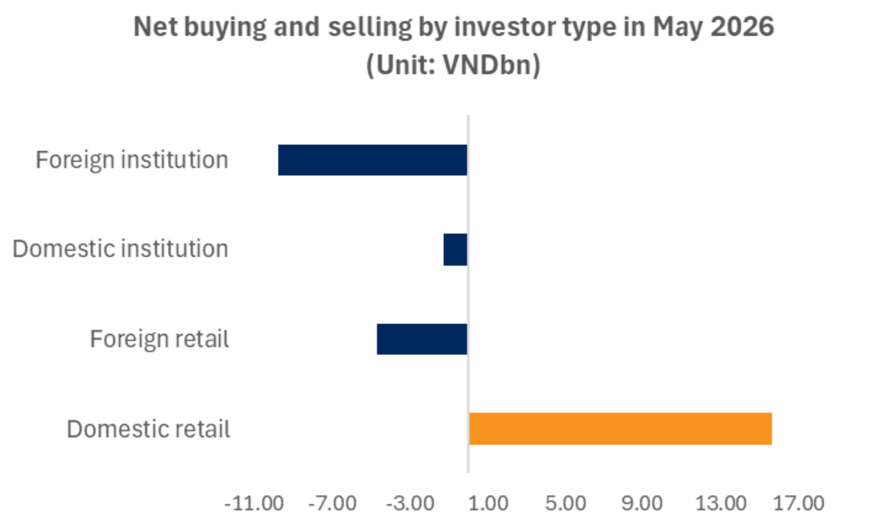
Source: VNDIRECT RESEARCH, BLOOMBERG, data as of May 22, 2026

Flows diverge: Energy leads the market while foreign investors continue net selling

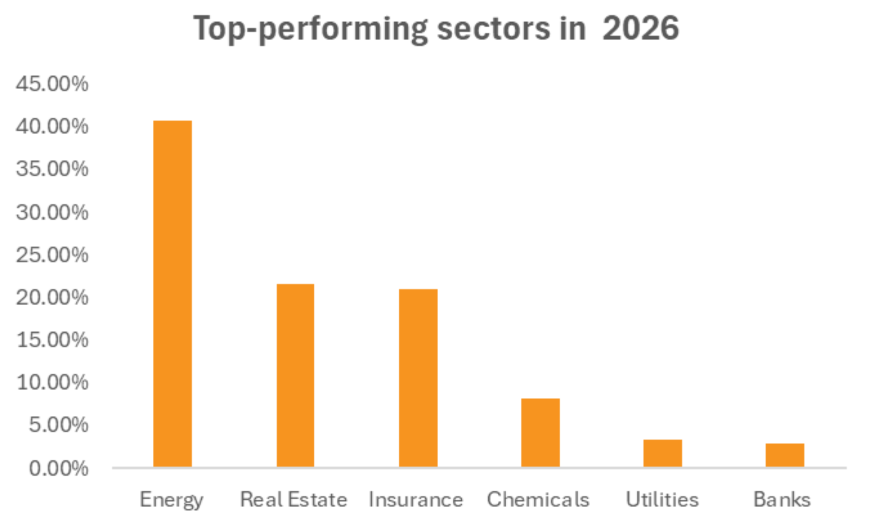
VIC led positive contributions to VN-Index in May 2026 (+37.3 points), followed by VHM, VCB and LPB at smaller magnitudes. On the other side, MBB, HPG and MCH were the three largest negative contributors to the index.



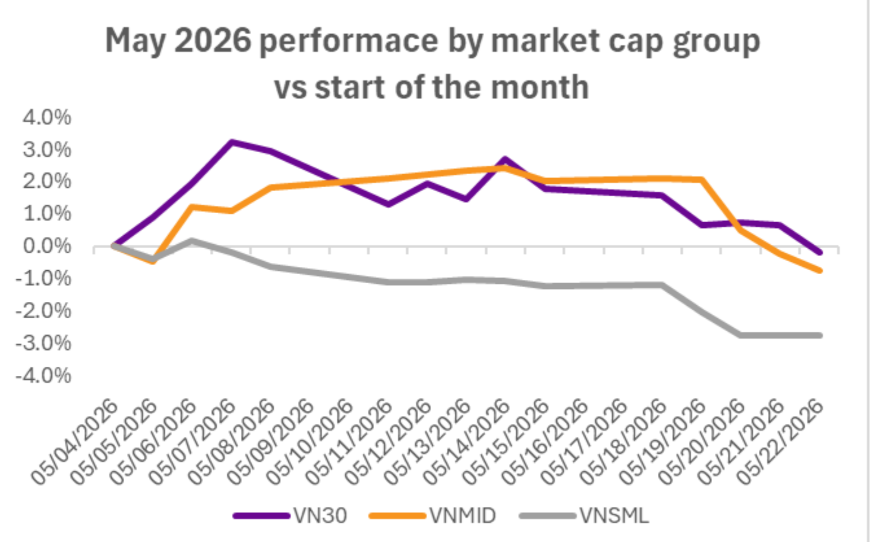
In May 2026, foreign institutions recorded the largest net selling at VND9.8tn (USD371.3mn), followed by foreign retail at VND4.7tn (USD178.1mn) and domestic institutions at VND1.6tn (USD61.4mn). Notably, three of four investor groups recorded net selling in May, reflecting caution spreading broadly across the market.



On a YTD basis, the six best-performing sectors were Energy (+40.7%), Real Estate (+21.6%), Insurance (+21.0%), Chemicals (+8.2%), Utilities (+3.4%) and Banking (+2.9%).



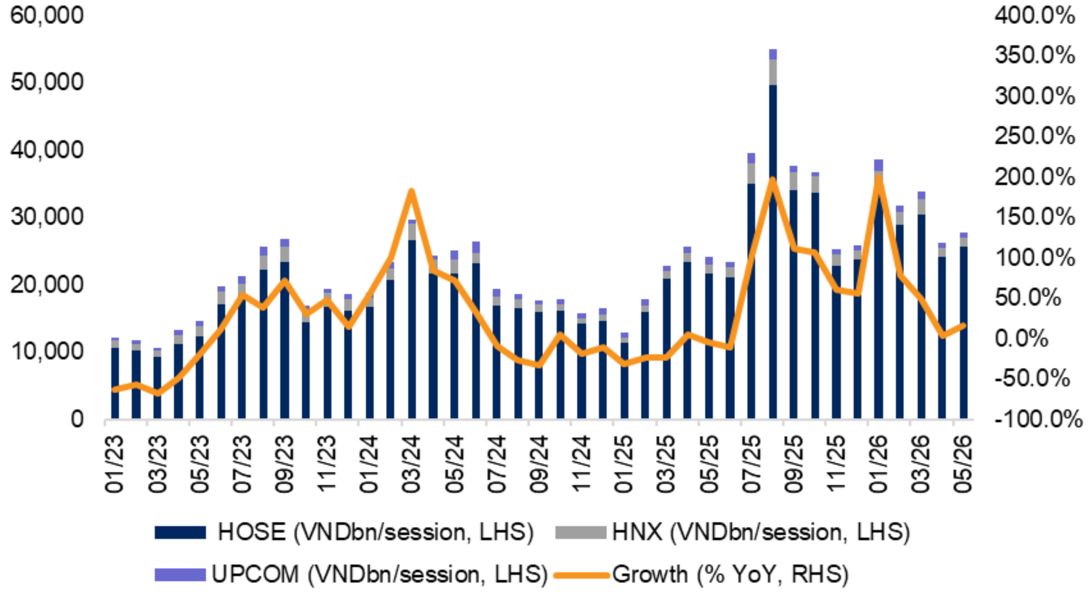
VN30 fell 0.2% in May 2026, outperforming VNMID (-0.8%) and VNSML (-2.7%). This divergence reflected profit-taking in large caps after the 8.6% gain in April, while small and mid-caps faced deeper pressure as US inflation uncertainty and the Fed's firm rate hold limited new foreign inflows.



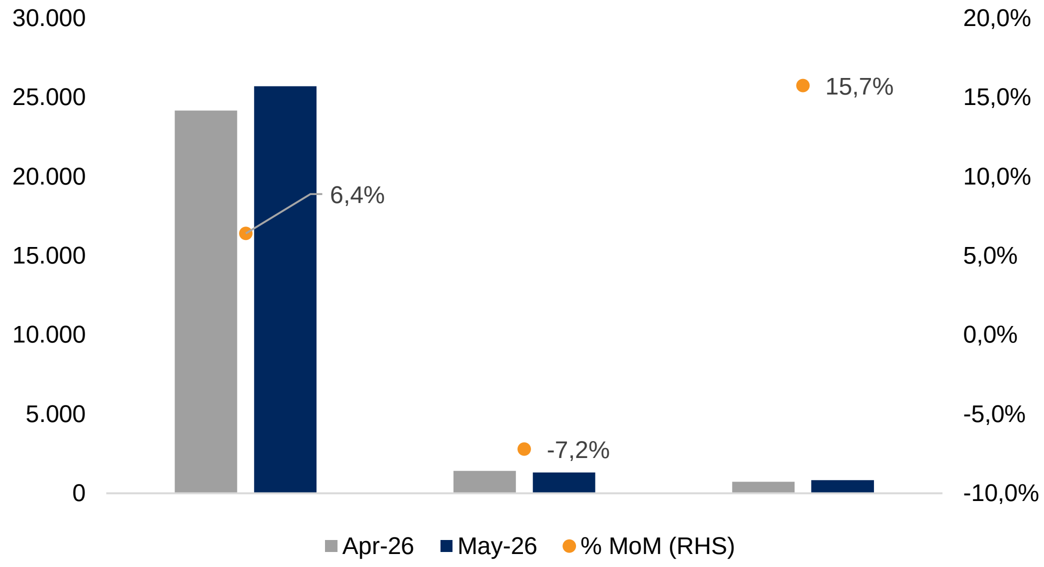
Source: VNDIRECT RESEARCH, BLOOMBERG, data as of May 22, 2026

May 2026 liquidity recovered modestly as money flows returned to HoSE, while HNX continued to weaken

Average daily trading value in May 2026 was VND27.8tn (USD1.06bn), up 5.9% MoM



Flows concentrated in the HoSE and UPCoM, while HNX continued to lose capital

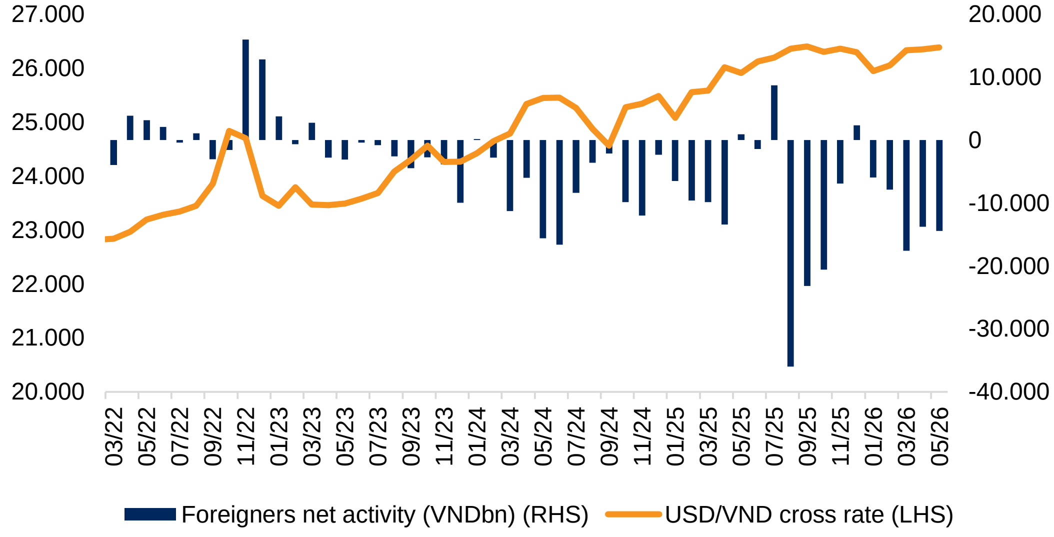


- **Market-wide average daily trading value in May 2026 reached VND27.8tn (USD1.06bn) per session**, up 5.9% MoM from VND26.3tn (USD1bn) in April 2026, consistent with VN-Index consolidating around the 1,850–1,900 level. By exchange, HoSE averaged VND25.7tn (USD981.3mn) per session, up 6.4% MoM; UPCoM averaged VND826bn (USD31.5mn) per session, up 15.7%; while HNX fell to VND1.3tn (USD49.6mn) per session, down 7.2%. Improved liquidity on HoSE reflected continued capital preference for large-caps during the accumulation phase, while HNX declined for a second consecutive month as short-term speculative flows exited small-cap stocks.
- **The modest improvement in liquidity vs April is a positive signal, indicating that money flows gradually returned to the market after a period of sharp decline**. However, the current liquidity level remains well below the March 2026 average of VND33.9tn (USD1.3bn) per session, and is insufficient to confirm a break above the 1,910 resistance zone. June liquidity trends will be the key factor to watch: if average daily trading value continues to rise in tandem across all three exchanges, this would confirm that capital is ready for a medium-term rally ahead of the FTSE upgrade in September 2026.

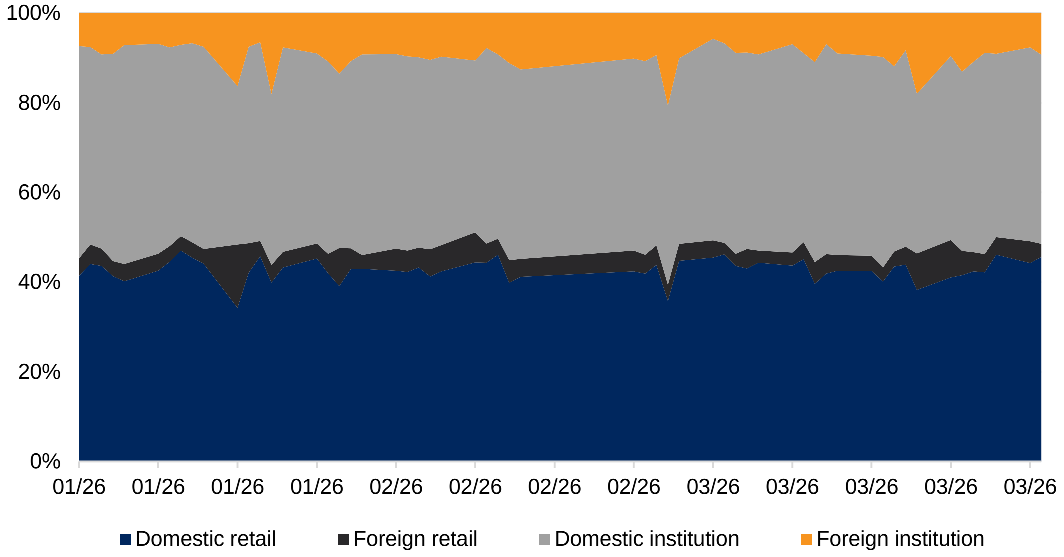
Source: VNDIRECT RESEARCH, BLOOMBERG, data as of May 22, 2026

Foreign investors recorded net selling for the fifth consecutive month in May 2026, with the pace edging higher

Foreign investors recorded net sales of VND14.4tn (USD549.6mn) in May 2026, up slightly MoM



Domestic retail was the sole net buyer, absorbing selling from the other three groups



- **Foreign investors sold a net VND14.4tn (USD549.6mn) in May 2026**, up 4.9% from VND13.7tn (USD524.8mn) in April 2026, marking the fifth consecutive month of net selling since the start of 2026. The pace of outflows failed to narrow as expected following the FTSE upgrade announcement, reflecting: (1) continued USD/VND pressure from DXY movements, U.S. Treasury yield trends and a more hawkish Fed tone; (2) elevated U.S. inflation data for April, pushing back expectations of Fed rate cuts and keeping foreign capital on the sidelines; and (3) sustained profit-taking in large-caps that had rallied strongly in April.
- **The May 2026 flow structure shifted notably from April**: domestic individuals were the sole net buyers at VND15.6tn (USD598.4mn), absorbing selling from all three other groups, foreign institutions at VND9.77tn (USD373mn), foreign individuals at VND4.66tn (USD178mn) and domestic institutions at VND1.24tn (USD47.4mn). The shift of domestic institutions from net buyers in April to net sellers in May indicated that profit-taking spread to funds and proprietary desks of securities companies. Domestic individuals maintained a transaction share of ~44–45%, continuing to serve as the primary liquidity anchor while the market awaits passive foreign capital deployment from September 2026.

Source: VNDIRECT RESEARCH, BLOOMBERG, data as of May 22, 2026

Key events to watch in June 2026

Date	Country	Event	Expected Impact
June 3, 2026	Vietnam	May and five-month socioeconomic report	May data will be a key input for assessing whether the economy sustained growth momentum in line with the ambitious 2026 GDP target. If IIP and export growth remain positive, market sentiment would be supported, particularly for manufacturing, industrial park and logistics stocks. Conversely, a rise in inflation pressure or a wider trade deficit could shift monetary policy expectations in a more cautious direction, weighing on VN-Index.
June 5, 2026	US	May 2026 non-farm payrolls and unemployment rate	The labor data will reflect the health of the U.S. economy and serve as a key input for the Fed's assessment of its monetary policy path. A resilient labor market would support a cautious stance on rate cuts. A softer reading, on the other hand, could reinforce expectations of policy easing, supporting capital flows into emerging markets.
June 10, 2026	US	May 2026 CPI	U.S. inflation data will remain a critical variable for Fed policy expectations. A high CPI print could prompt the Fed to hold rates elevated for longer, adding pressure to the USD/VND exchange rate and global capital flows. If inflation cools, markets would price in earlier Fed easing, providing positive support to investor sentiment.
June 18, 2026	US	June 2026 FOMC Meeting	The FOMC outcome and forward guidance on the Fed's rate path could significantly affect the USD/VND exchange rate, domestic interest rate levels and global capital flow trends. A more dovish tone from the Fed would be a positive catalyst for emerging markets, while a prolonged hawkish stance could add pressure to the exchange rate and weigh on investor sentiment.
June 2026	Global	Progress on US–Iran ceasefire negotiations in Islamabad	The trajectory of U.S.–Iran talks will directly affect geopolitical risk in the Middle East and global oil price volatility. A deal would ease tensions, reducing pressure on oil prices and global inflation. If negotiations stall or fail, rising geopolitical risk could push oil prices and the DXY higher, adding pressure to exchange rates and capital flows in emerging markets.

Source: VNDIRECT RESEARCH, BLOOMBERG, GSO

Market Outlook

June 2026

The market reaccumulation ahead of large capital inflows

Market valuation has reverted to its 10-year average

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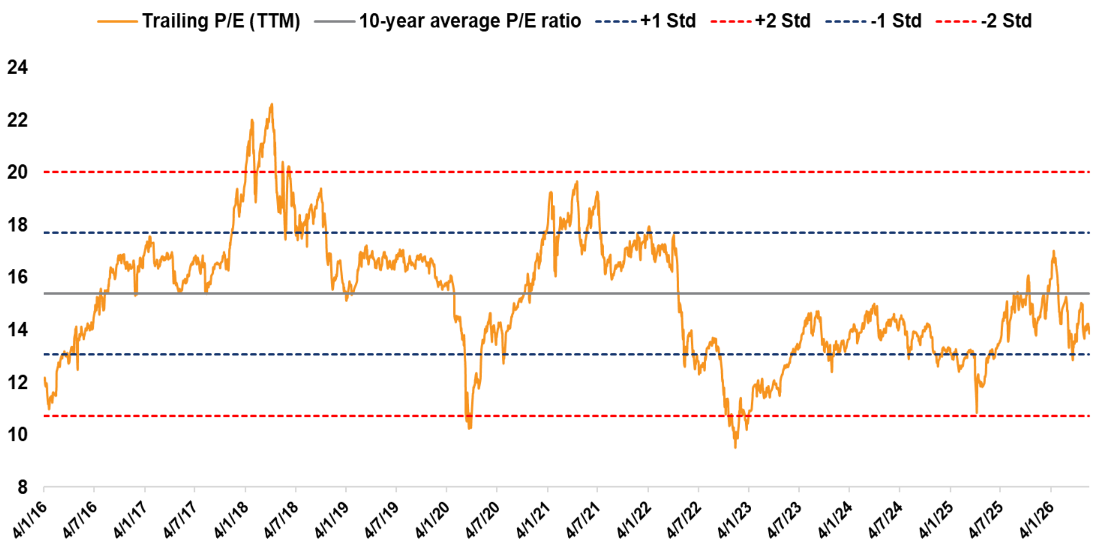
The VN-Index's 12-month trailing P/E is 13.86x, which is lower than its 10-year average P/E

The VN-Index's trailing P/E has declined back to its 10-year average level



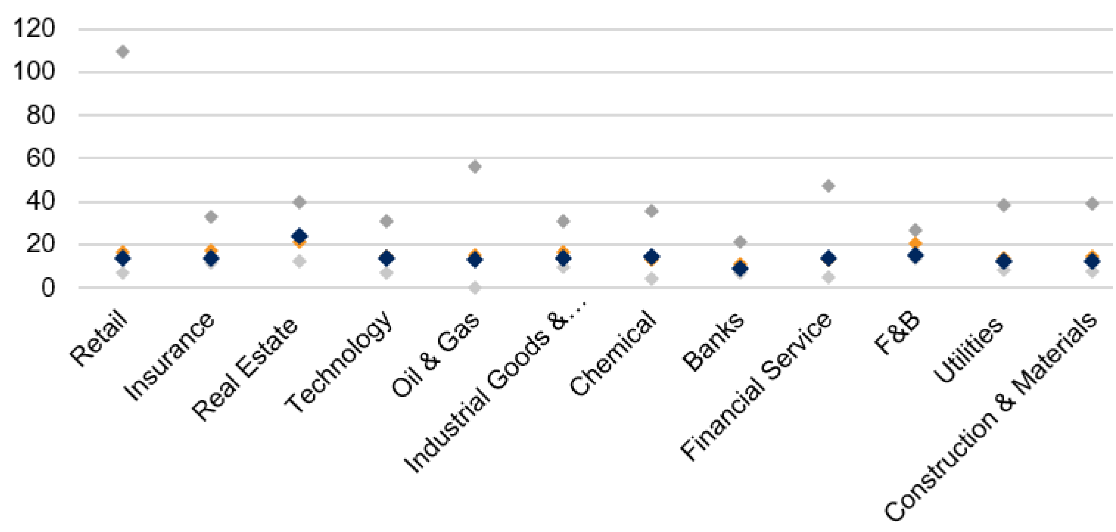
VN-Index valuation is attractive compared with other markets (data as of May 22, 2026)

	TTM P/E	Current P/B	TTM P/E vs 10-year average	P/B vs 10-year average
Taiwan	28.80	4.05	1.6x	2.1x
S&P500	27.45	5.69	1.2x	1.6x
India	24.57	3.21	0.8x	1.0x
Japan	23.42	2.95	0.8x	1.0x
Korea	21.37	2.24	1.0x	1.8x
Morocco	19.73	3.79	0.6x	1.4x
China	19.61	1.59	1.3x	1.0x
MSCI EM	18.29	2.47	1.2x	1.5x
Turkey	17.71	1.26	2.0x	1.1x
Singapore	17.05	1.62	1.1x	1.3x
Malaysia	16.07	1.60	1.0x	1.0x
Indonesia	14.53	1.63	0.7x	0.7x
Vietnam	**13.86**	**2.14**	**0.9x**	**1.0x**
MSCI FM	12.11	1.93	0.9x	1.1x
Egypt	9.95	2.61	0.9x	1.4x
Philippines	9.12	1.24	0.5x	0.6x
Pakistan	8.39	1.42	0.8x	0.8x

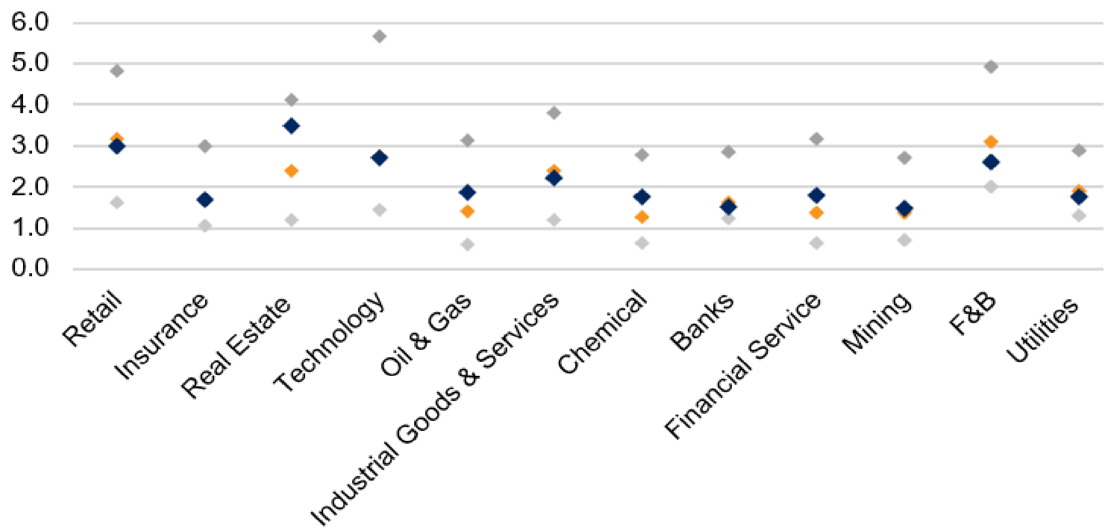
- The VN-Index's trailing 12-month P/E declined to 13.86x, below the 10-year average of 15.4x, supported by strong earnings growth among listed companies in 1Q26. Notably, excluding Vingroup-related stocks such as VIC, VHM, VRE, and VPL, the VN-Index's trailing 12-month P/E would fall further to around 11.4x. While not yet in a clearly "attractive" zone, the current level is being supported by expectations of a market upgrade and a continued positive earnings growth outlook in 2026.

Sources: BLOOMBERG, FIINPRO, VNDIRECT RESEARCH, May 22, 2026

HoSE sector TTM P/E relative to the 10-year median and historical valuation range (x)



HoSE sector P/B relative to the 10-year median and historical valuation range (x)



- Valuations across sectors on HoSE are currently showing clear divergence when compared with their respective 10-year median levels. Accordingly, the current TTM P/E of most sectors remains below the 10-year median TTM P/E, suggesting that valuations are not excessively stretched despite the gradual recovery in earnings growth. Meanwhile, the P/B ratios of many sectors have returned to levels approaching their 10-year median, indicating that the market has partly priced in recovery expectations into stock prices. Nevertheless, there remains room for further re-rating should earnings growth continue to improve in the coming quarters.

Sources: BLOOMBERG, FIINPRO, VNDIRECT RESEARCH, May 22, 2026

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2026E VN-Index P/E and P/B based on market-wide earnings growth assumptions for 2026

	Present May 22, 2026	Forward P/E and P/B of the VN-Index for 2026 based on market earnings growth			
		14%	15%	16%	17%
P/E (x)	13.86	13.27	13.11	12.95	12.80
P/B (x)	2.14	2.05	2.02	2.00	1.98
VN-Index (pts)	**1,877.13**				

VN-Index valuation matrix based on P/E multiples and market earnings growth in 2026

		The market earnings growth in 2026 (% YoY)			
		12%	**14%**	**16%**	**18%**
VN-Index P/E in 2026	**12.0x**	1,657	1,686	1,716	1,745
	13.0x	1,795	1,827	1,859	1,891
	14.0x	1,933	1,967	2,002	2,036
	15.0x	2,071	2,108	2,145	2,182
	15.4x*	2,126	2,164	2,202	2,240
	16.0x	2,209	2,248	2,288	2,327
	17.0x	2,347	2,389	2,431	2,473

* 10-Year Average P/E of the VN-Index

- In June 2026, Vietnam's stock market may continue to face correction pressure and heightened volatility amid rising inflationary risks as oil prices remain elevated, while geopolitical tensions in the Middle East have yet to show clear signs of easing. Accordingly, the VN-Index is likely to enter a consolidation phase to absorb profit-taking pressure and wait for stronger confirmation from supportive factors such as easing inflation, improving banking system liquidity, and the return of large-scale capital inflows into the market.
- Against this backdrop, investors should maintain a flexible trading strategy, prioritize risk management, and avoid chasing stocks during sharp rallies. Disbursement opportunities may be considered if the VN-Index corrects toward the support zone around 1,830 points (+/- 10 points), with a focus on fundamentally strong stocks featuring high liquidity and the ability to attract inflows from ETF funds as well as institutional investors.

Source: BLOOMBERG, FIIN PRO, VNDIRECT RESEARCH

Breakout above 1,910 points lacks conviction; VN-Index may return to a consolidation phase within the 1,760–1,860 point range in June 2026

VN-Index daily chart

Sources: VNDIRECT RESEARCH

- Following the rally in early May, the VN-Index is facing profit-taking pressure at new highs, prompting a retest of the key support and consolidation zone around **1,860 points (±30 points)**. While the index remains resilient, market liquidity has yet to fully confirm the uptrend, as trading value has not increased in line with the market's gains. Market breadth also remains narrow, with the rally driven primarily by a handful of large-cap stocks, particularly those related to Vingroup.
- From a technical perspective combined with capital flow dynamics, we present two scenarios for May 2026:
- **Consolidation scenario (70% probability):** The VN-Index may consolidate within the 1,820–1,920 range during June, allowing the market to absorb profit-taking pressure and build momentum for the next upward leg. A more decisive breakout may emerge in 3Q26, supported by additional catalysts such as the return of foreign capital inflows, easing inflationary pressures, and improving liquidity conditions within the banking system.
- **Breakout scenario (30% probability):** The VN-Index still has the potential to break above its historical peak as early as June if large-cap stocks continue to provide market leadership. However, this scenario is likely to lack broad-based participation, resulting in a continuation of the "index up, stocks down" phenomenon, where gains in the benchmark index do not fully reflect the performance of the majority of listed stocks.

Conviction stocks

June 2026

Carefully select investment opportunities

Top Pick

NLG

Ticker information:

Price MoM (%)	-4.5%
Price YoY (%)	-18.0%
Target price (VND/Share)	38,000
Upside	43.7%
Dividend Yeild	1.9%
Market cap (USDmn)	493
3M ADTV (USDmn)	3.6
Foreign Room	39.9%

Financial summary	2025A	2026F	2027F	2028F
Revenue growth	-21.6%	-8.9%	3.1%	21.7%
NPAT-MI growth	36.9%	11.4%	37.4%	54.3%
Gross profit margin	41.8%	46.4%	47.2%	46.0%
Net profit margin	16.8%	20.6%	26.5%	33.6%
P/E (x)	19.5	17.0	12.4	8.0
P/B (x)	1.0	0.9	0.9	0.8
ROAE	3.6%	4.0%	4.9%	6.5%
Net D/E	-21%	-15%	6%	10%

Investment thesis

Robust presales outlook underpinned by multiple new launches

NLG achieved record-high presales of VND11.9tn (USD459mn, +128% YoY) in 2025. The momentum extended into 4M26, with presales reaching VND3.5tn (USD133.1mn, +36% YoY) despite the seasonal Tet slowdown and softer homebuyer sentiment amid a rising interest rate environment. Key contributors include Izumi, Southgate, Elyse Island and the new launch of Sol Garden. Given a mid-range focused project portfolio and a relatively healthy customer base, we forecast FY26–28 presales to grow at a CAGR of 11.7% off a high 2025 base, with these three key projects expected to contribute ~60% of total presales over the period.

Well-positioned to overcome current macro backdrop

NLG’s strategic focus on the mid-range segment, which primarily caters to end-user demand, coupled with its competitive pricing underpinned by a low-cost land bank, positions NLG well to sustain resilient absorption, in our view. In addition, NLG benefits from a relatively healthy customer base, with low debt leverage purchases, which help mitigate sensitivity to tightening credit conditions. Combined with its net cash position at end-2025, we believe the company is well-equipped to navigate a less supportive macro backdrop while maintaining sales momentum.

Strong backlog to support earnings growth in FY27-28

We think the current challenging environment will gradually ease toward the end of 2026, which will favor NLG’s current backlog, as the handover peak will land mostly in FY27-28. Supported by solid construction progress, we expect key projects such as Izumi and Elyse Island to emerge as major earnings drivers as they enter the handover phase over FY27–28. We estimate these projects could contribute ~25% of NLG’s earnings during this period.

Strong fundamentals at a steep discount

NLG is trading at 1.1x FY25 P/B and 1.0x FY26F P/B, well below its five-year average of 1.6x and the current sector average of 1.2x. We believe this represents an attractive entry point to accumulate a high-quality developer, underpinned by record presales, proven execution capability, and resilience to navigate near-term volatility.

Top Pick

Ticker information:

			2024	2025	2026	2027
Target Price	VND37,100	Net profit growth YoY	82.1%	53.0%	28.0%	27.0%
Upside	37.1%	Credit growth (YoY)	22.4%	36.2%	36.0%	36.0%
Dividend Yield	0%	NIM	5.9%	5.6%	5.4%	5.8%
TSR	37.1%	CASA ratio	13.7%	13.7%	14.0%	14.0%
Market Cap (USDmn)	8.483	NPL ratio	4.3%	3.3%	2.9%	2.5%
3M ADTV (USDmn)	16.8	LLR	54.3%	55.4%	59.4%	67.2%
Available Foreign Room value (USDmn)	461	ROAE	11.1%	14.9%	16.5%	18.2%

Investment thesis

Strong credit growth drives increased profit

We forecast VPB's net profit to grow by 30% in 2026, driven primarily by robust credit growth across key segments, including mortgage lending, consumer finance, and margin lending. However, we expect NIM to decline slightly to 5.4% from 5.6% in 2025, reflecting rising funding costs as the bank balances competitive lending rates with its strategy to sustain strong credit expansion.

Ecosystem synergies support income diversification

We project non-interest income to increase by 20% in 2026, supported by stronger fee income and investment banking activities, alongside rising contributions from ecosystem subsidiaries such as OPES, VPBankS, and FE Credit. In addition, VPB's broad ecosystem and strong capital base position the bank to expand into emerging business areas such as digital assets, blockchain-related services, and gold trading, further diversifying its revenue mix over the medium term.

Relaxation of foreign ownership limits could support valuation re-rating

Following its participation in the restructuring of GPBank, VPB may benefit from a higher foreign ownership cap. This could enable the bank to raise additional capital from existing strategic shareholder SMBC or other foreign investors, strengthening capital buffers to support future credit growth. Although detailed plans have yet to be announced, we believe these developments could act as positive catalysts for the bank's valuation re-rating.

Advantages from Sumitomo Mitsui Banking Corporation (SMBC) strategic partnership

VPB gains strong access to large-scale syndicated loans and offshore funding channels through its strategic partnership with SMBC. We view this as a key driver supporting medium- to long-term credit expansion, while also helping VPB strengthen its capital structure, ease liquidity pressures, and progress toward Basel III compliance.

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