

Market Strategy

September 2022

Improving fundamentals

VNDIRECT





- **Since the bottom in mid-July, VN-INDEX has extended its uptrend in August** and closed at 1,282.6 points (+6.3 % mtd, -14.4% ytd). We believe VN-INDEX's strong performance is driven by the following catalysts: (1) inflation tended to cool down in both the US and Vietnam, (2) market sentiment improved with the expectation that the FED will slow down the rate hike in 4Q22, (3) growth momentum is enhanced by the participation of speculative cash flows.
- **Average trading value of three bourses surged 35.7% mom** (-36.1% yoy) to VND18,560bn (HOSE: VND15,795bn/trading day, +35.6% mom; HNX: VND1,826bn/trading day, +41.9% mom; UPCOM: VND939bn/trading day, +26.5% mom). Notably, foreign investors change their position from net seller to net buyers with inflow of VND1,661bn in August.
- **Market fundamentals are improving.** We see that external situation continue to improve with inflation in the US cooling down and market expectations on Fed rate hikes having passed its peak. Domestically, Vietnam's could witness very strong GDP growth in 3Q22F. In addition, the State Bank of Vietnam (SBV) is getting closer and closer to the time of raising the cap of credit growth for commercial banks. Moreover, the Vietnam Stock Exchange will official launch T+2 trading on August 29, 2022. These external and internal factors support Vietnam's stock market outlook in September 2022.
- **Any market correction might be an opportunity to accumulate.** We concern that the Vietnam's stock market may undergo a short-term correction in Sep when the VN-INDEX approaches the resistance level of 1,300-1,330 points. However, seeing that market fundamentals are improving, we believe the correction provides an opportunity for investors to build their portfolios for 4Q22 and beyond into 2023. We expect 1,240-1,260 points to be strong support for VN-INDEX in September.
- **We have strong interest in Travel & Leisure, Industrial, Automobiles, Retail, Food & Beverage and Banking sectors:** In 3Q21, business results of some sectors such as Travel & Leisure, Industrial, Automobiles, Retail and Food & Beverage plummeted due to social distancing caused by the fourth wave of COVID-19 pandemic. We expect these sectors to perform very strongly in 3Q22 as the economy has entered "a new normal" once the pandemic is under control. In addition, we expect the SBV to raise the credit growth ceiling for some commercial banks from the end of 3Q22 and this will strongly support the stock market as well as banking stocks. Our high-conviction stocks for August include: **BCG, DXG, MBB, PNJ, SZC and VTP.**

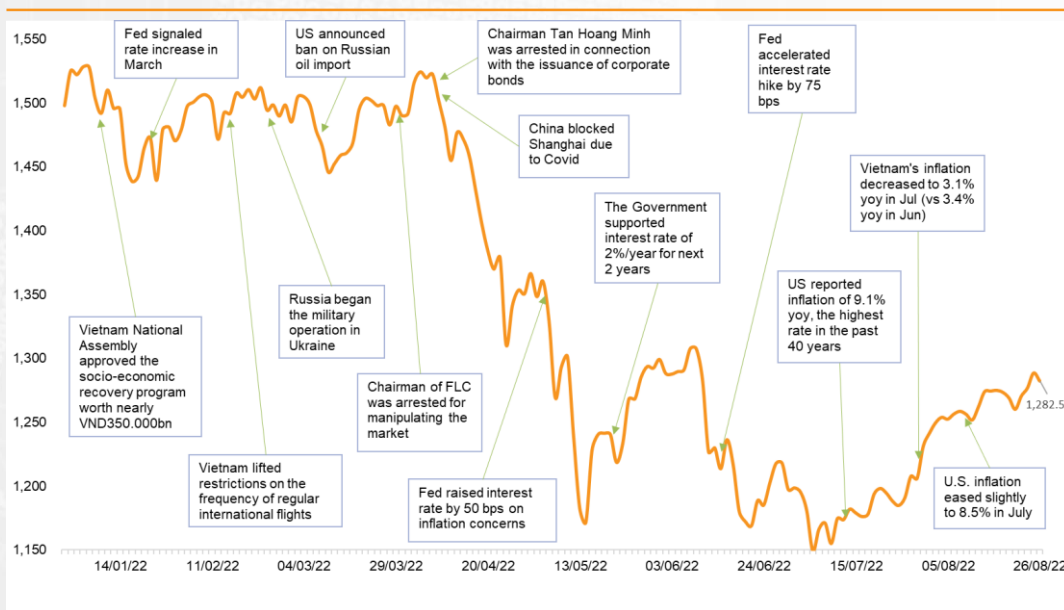
Market overview

August 2022

Market gathered momentum



VN-INDEX spending surged 6.3% in August



SOURCE: VNDIRECT RESEARCH, BLOOMBERG, data as at 26/08/2022

Since the bottom in mid-July, VN-INDEX has extended its uptrend in August and closed at 1,282.6 points (+6.3 % mtd, -14.4% ytd). We believe VN-INDEX's strong performance is driven by:

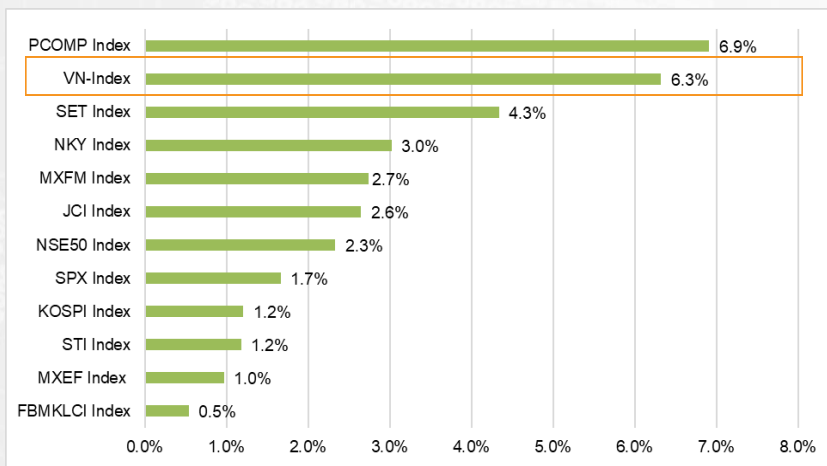
- Inflation tended to cool down in both the US and Vietnam.
- Market sentiment improved with the expectation that the FED will slow down the rate hike in 4Q22.
- Growth momentum is enhanced by the participation of speculative cash flows.

Corresponding, the HNX-INDEX and UPCOM-INDEX rose 3.8%/3.7% mtd, respectively. Since the beginning of 2022, the HNX-INDEX declined 36.8% ytd and UPCOM-INDEX also slumped 17.6% ytd.

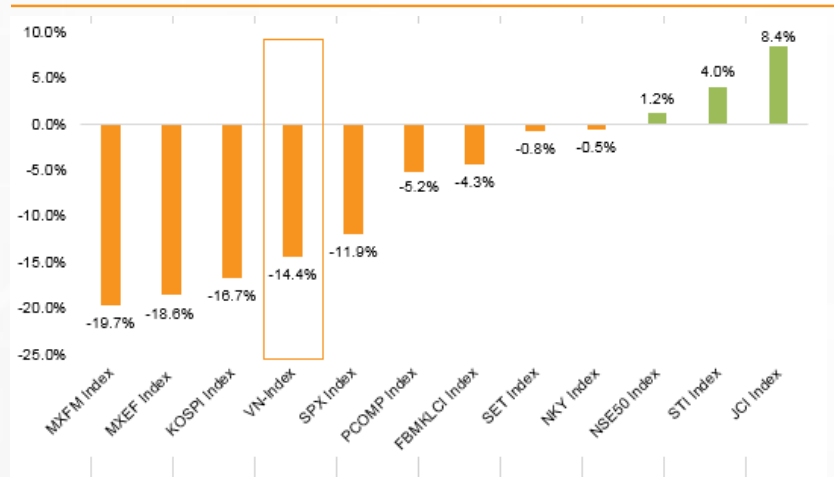


VN-INDEX had outstanding performance among peers in August

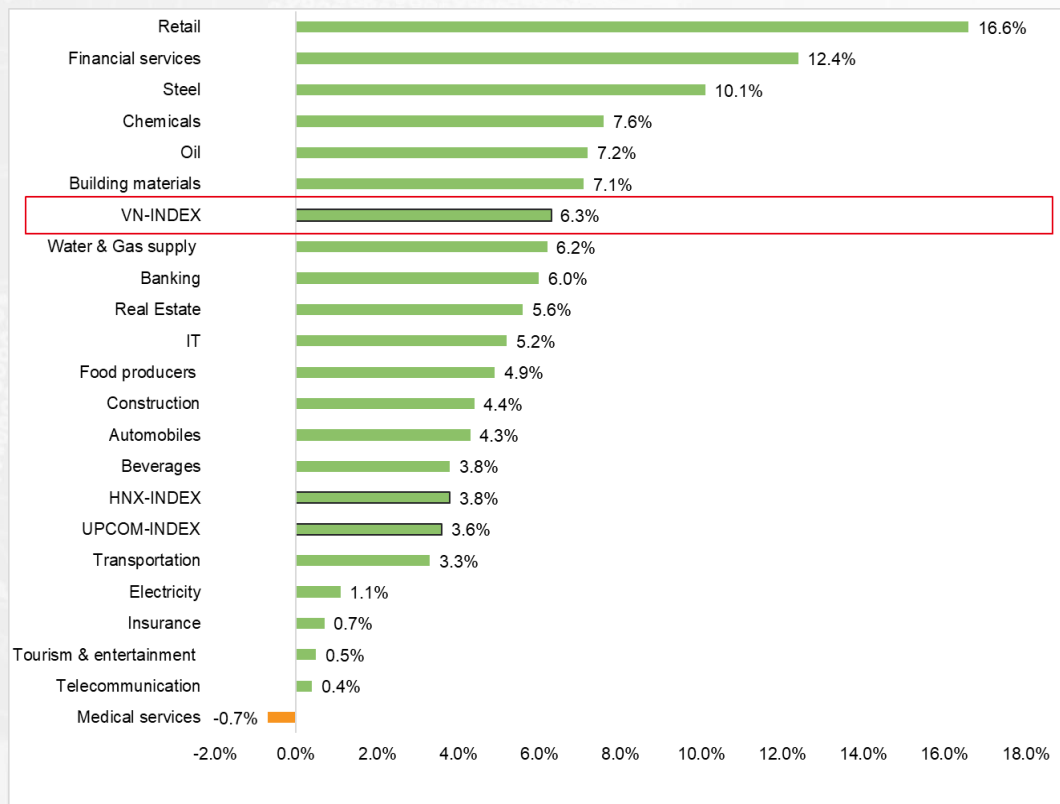
VN-INDEX performed better than most of peers in August (data as at 26/08/2022)



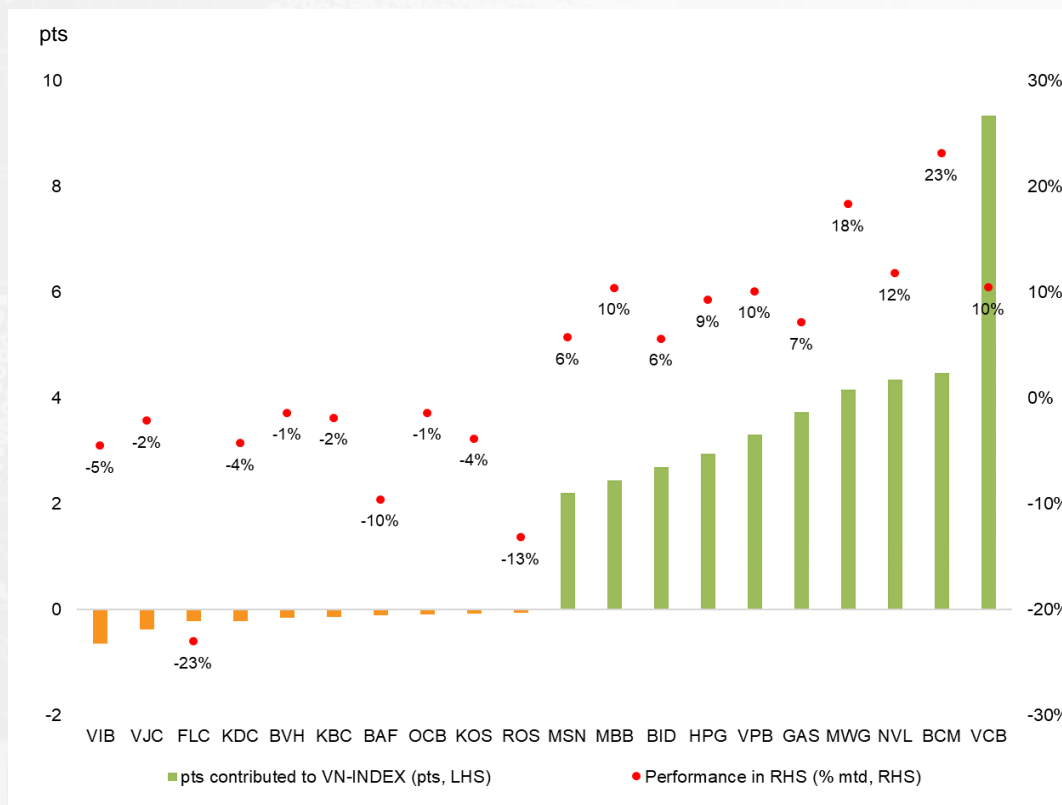
For YTD, Vietnam's ranking improved in August (data as at 26/08/2022)



- In Aug-22, all regional markets recorded gains. Vietnam (VN-Index, +6.3% mtd) saw higher performance than most of regional peers, including Malaysia (FPMKLCI, +0.5% mtd), Singapore (STI Index, +1.2% mtd), Indonesia (JCI Index, +2.6% mtd), Thailand (SET Index, +4.3% mtd) and only lower than Philippines (PCOMP, +6.9% mtd). The positive result of Vietnam's stock market, which compared to peers, was supported by (1) expectations of strong GDP growth and solid market earnings for the third quarter of 2022, and (2) the Government's effective policies to curb inflation, stabilize the macro-economy and support growth, strengthen the market's confidence.
- For year-to-date performance, VN-INDEX (-14.4% ytd) has improved in ranking when surpassing Korea (KOSPI Index, -16.7% ytd) and MSCI Emerging market Index (MXEF Index, -18.6% ytd).



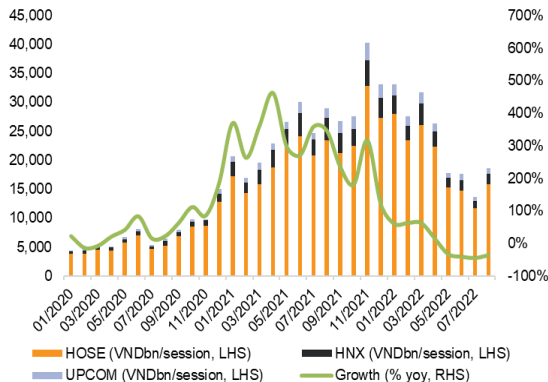
- Retail sector had the worst performance in July, however, it reversed the trend and became the sector with the strongest performance in August (+16.6% mtd) thanks to (1) higher confident in consumption as inflation cooled down, and (2) expectations for strong earning growth in 3Q22 on last year's low base.
- Following the impressive recovery in July, the Financial services sector continued to rose robustly 12.4% mtd and became the top 2 performer in August. This performance was contributed by a solid surge in liquidity and news of the trading cycle dropping to T+2.
- Other sectors that fell deeply in July such as Oil, Water & Gas, and Chemicals all witnessed a strong reacquire in August. On the contrary, only medical services saw a decline in August.



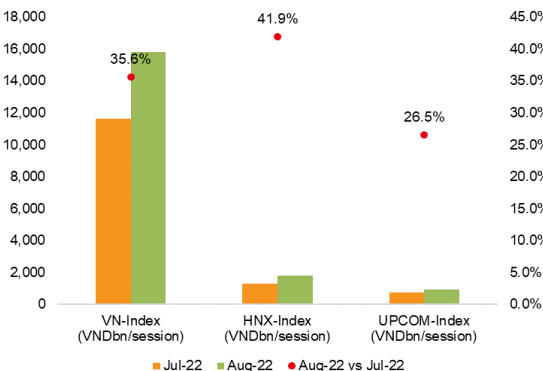
SOURCE: Bloomberg, VNDIRECT RESEARCH, data on 26/08/2022

- With the expectation of being one of the banks with the most credit room expansion, VCB (+10% mtd) lent the most support to the VN-INDEX in Aug-22, followed by BCM (+23% mtd), NVL (+12% mtd), MWG (+18% mtd) and GAS (+7% mtd). Other top 10 index movers include VPB (+10% mtd), HPG (+9% mtd), BID (+6% mtd), MBB (+10% mtd) and MSN (+6% mtd).
- On the contrary, VIB became the index's top laggard, recording a 5% decline since the beginning of August. Other laggards included VJC (-2% mtd), FLC (-23% mtd), KDC (-4% mtd), BVH (-1% mtd), KBC (-2% mtd), BAF (-10% mtd), OCB (-1% mtd), KOS (-4% mtd) and ROS (-13% mtd). Notably, ROS (FLC Faros) will be delisted from September 5 due to information disclosure violations.

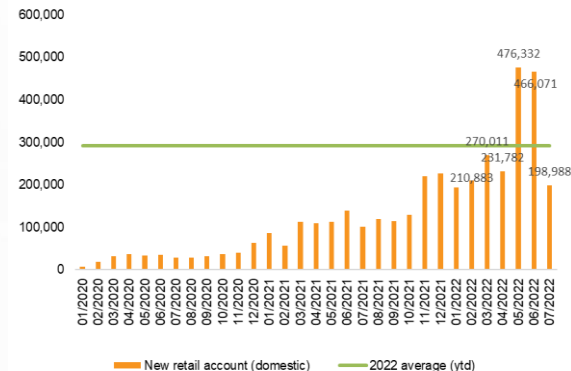
The daily average trading rose 35.7% mom in August 2022 (data on 23/08/2022)



Liquidity improved on 3 main bourses (data on 23/08/2022)

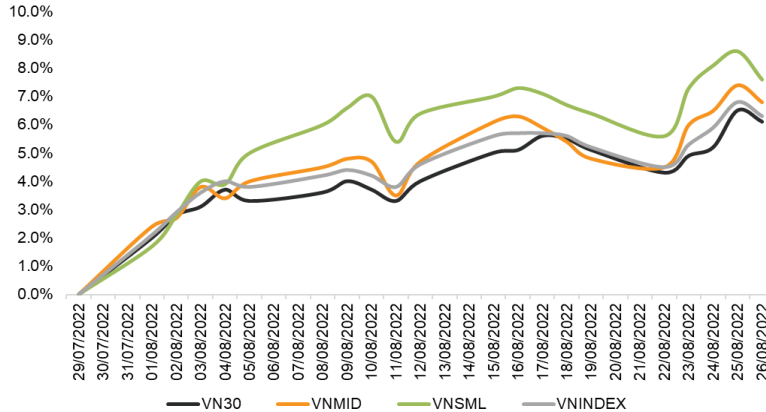


Number of new securities dropped in July

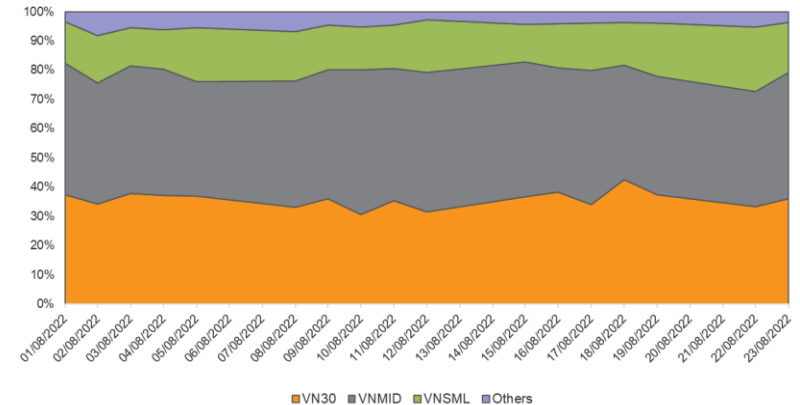


- **Average trading value of three bourses surged 35.7% mom (-36.1% yoy) to VND18,560bn** (HOSE: VND15,795bn/trading day, +35.6% mom; HNX: VND1,826bn/trading day, +41.9% mom; UPCOM: VND939bn/trading day, +26.5% mom). We believe that the recovery of liquidity was stimulated by positive macro factors including (1) The US inflation decelerated to an 8.5% annual pace in July (vs. an increase of 9.1% yoy in June), meanwhile Vietnam's inflation fell to 3.1% in July (vs 3.4% in June), (2) Market predicted that FED will slow down the policy rate hike in 4Q22 amid lower inflationary pressure, (3) Vietnam's GDP could achieve double-digit growth in 3Q22F.
- Number of new securities accounts sank to 198,988 accounts in July (-57.3% mom), the lowest level since November 2021.

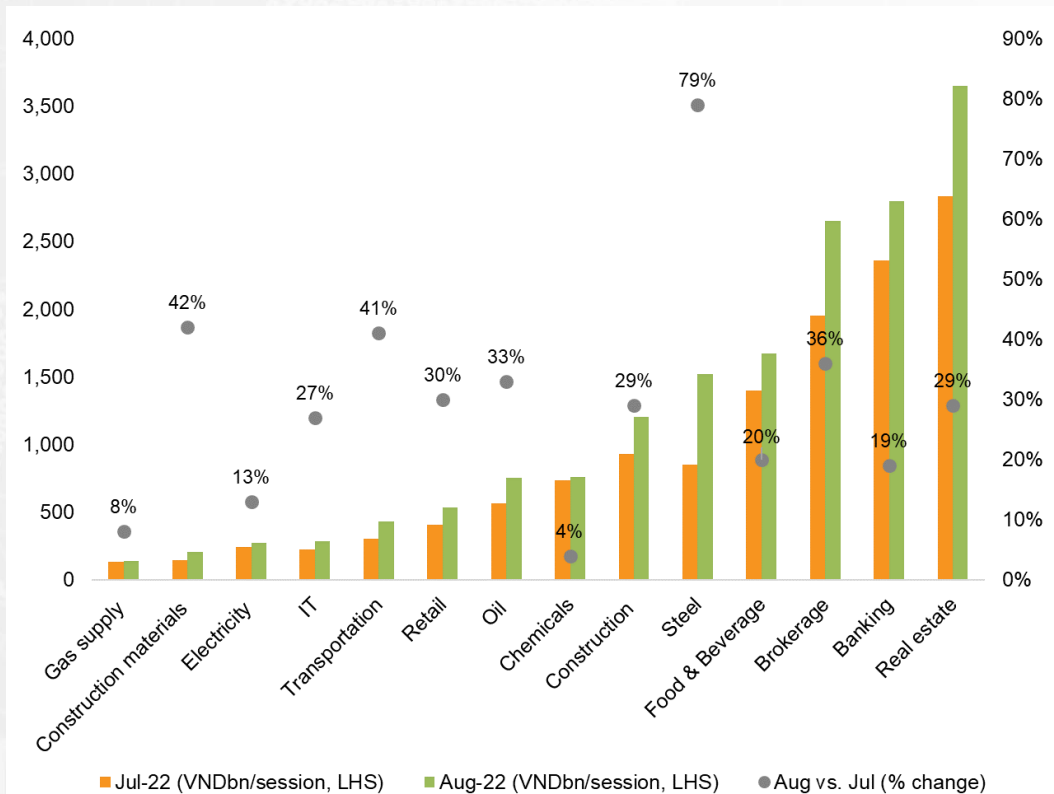
VNSML index recorded the best performance in August (% mtd) (data on 26/08/2022)



Proportion of indexes in term of daily trading value (data on 26/08/2022)

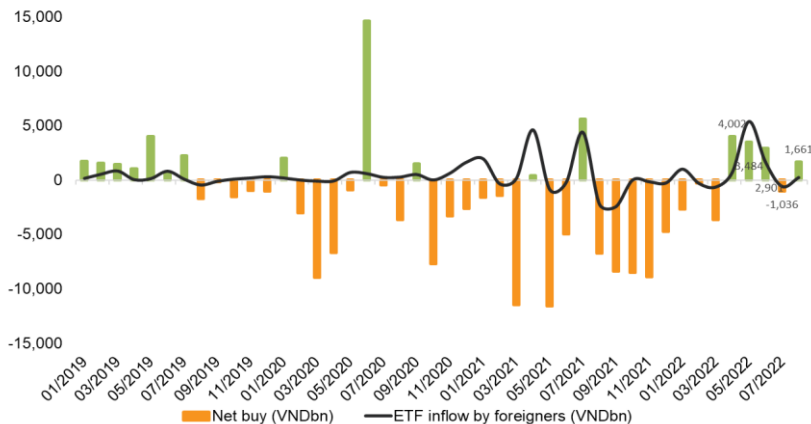


- VNSML index (small caps) gain 7.6% mtd, became the best among the capitalization groups in August. While VN30's (top 30 in term of market-cap) performance (+6.1% mtd) was slightly lower than VN-INDEX.
- The proportion of VN30 in term of trading volumes declined to 35.8% in August from 37.6% in previous month. Speculative cash flow came back in August and directed more towards small and medium-cap stocks.

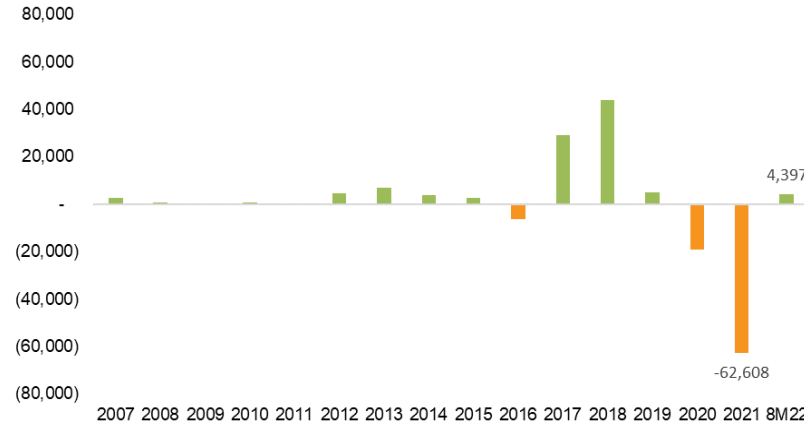


- Contrary to the previous month when liquidity decreased in most sectors, liquidity rebounded in all industry groups this month. It shows that money has begun to return to the stock market, following an improvement in market and macro fundamentals.
- Steel sector saw the most impressive increase in liquidity (+79% mom) due to it is one of the sectors with the deepest decline from beginning of this year, leading to attracting bottom-fishing cash flow from investors. Other sectors saw strong increase in liquidity include Construction materials (+42% mom), Transportation (+41% mom) and Brokerage (+36% mom).
- On the other hand, Gas supply (+8% mom) and Chemicals (+4% mom) sectors both saw the lowest liquidity growth.

Foreign investors net bought VND1,661n in August (unit: VNDbn) (data on 23/08/2022)



Foreign investors net bought VND4,397bn in 8M22 (unit: VNDbn) (data on 23/08/2022)



- Foreign investors returned to net buying territory in Aug 22 with total net buying value of VND1,661bn (at as 23/08/2022). In the context of US inflation showing signs of cooling down, Fed signaled that it might slow down the interest rate hike. This factor has supported international cash flow to return to riskier assets and markets, including Vietnam's stock market.
- For 8M22, foreign investors net bought totaling VND4,397bn, mainly due to strong net bought during April to August. This is also a time when the valuation of the Vietnam's stock market discounted significantly, thus attracting foreigners to shop on the Vietnam's stock market.



SSI, HPG and HDB were among top net bought by foreigners in August

Foreign investors' strongest net buyers in August (US\$m, data on 23/08/2022)

Ticker	Net Bought	Bought	Sell
SSI	30.3	49.4	-19.1
HPG	20.3	77.7	-57.4
HDB	18.0	24.4	-6.4
STB	16.3	30.8	-14.6
PVD	13.8	15.3	-1.5
CTG	12.0	18.9	-6.8
NVL	11.1	20.3	-9.2
VCB	9.8	38.6	-28.8
NLG	7.1	13.2	-6.1
VND	6.5	15.7	-9.2

Foreign investors' strongest net sellers in August (US\$m, data on 23/08/2022)

Ticker	Net Sold	Bought	Sell
KBC	-16.9	9.4	-26.3
BSR	-12.0	0.2	-12.3
AGG	-9.2	0.0	-9.2
DGC	-8.6	6.8	-15.4
HCM	-6.7	1.6	-8.3
VJC	-6.5	2.5	-9.0
TLG	-6.2	0.6	-6.8
VCI	-4.7	5.3	-10.0
QNS	-4.3	1.2	-5.5
KDC	-3.6	1.5	-5.1

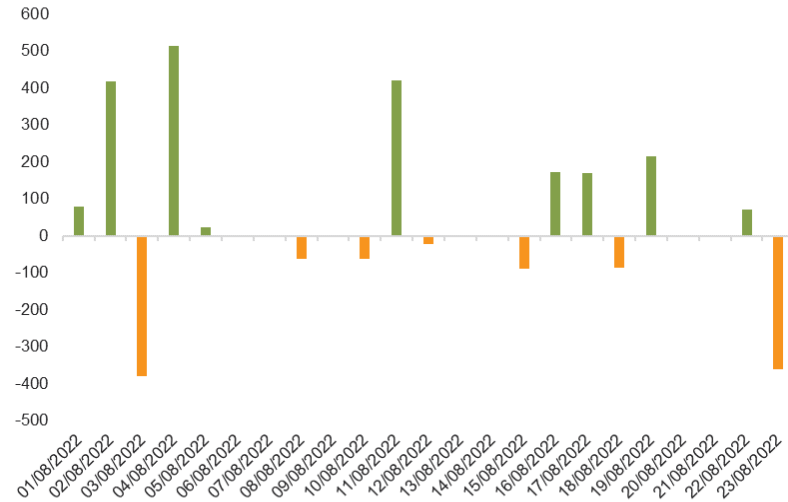
Foreign investors' strongest net buyers in 8M22 (US\$m, data on 23/08/2022)

Ticker	Net Bought	Bought	Sell
STB	131	347	-216
DGC	83	279	-196
DPM	72	200	-128
CTG	71	195	-125
NLG	62	149	-87
MWG	61	566	-505
GMD	39	121	-82
KDC	37	69	-32
GEX	36	134	-98
KBC	34	189	-154

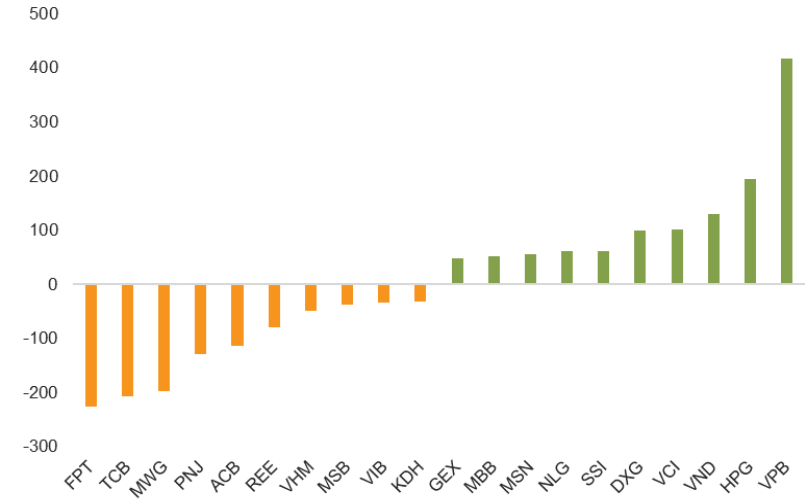
Foreign investors' strongest net sellers in 8M22 (US\$m, data on 23/08/2022)

Ticker	Net Sold	Bought	Sell
HPG	-246	528	-774
MSN	-201	372	-573
VIC	-197	258	-455
NVL	-121	117	-238
CII	-35	26	-61
VCI	-26	55	-81
SSI	-21	196	-216
VHM	-20	459	-478
HCM	-18	39	-57
DHC	-16	7	-23

Net trading value per day of proprietary trading in August (unit: VNDbn) (data on 23/08/2022)



Top net buying/selling (stocks) of proprietary trading in August (unit: VNDbn) (data on 23/08/2022)



- In August, proprietary trading accelerated net buying on HOSE with a value of VND1,024bn (+38.2% mom).
- Top net bought of proprietary trading included VPB (VND417.6bn), HPG (VND194.3bn), and VND (VND130.1bn). Meanwhile, proprietary trading sold the most in 3 stocks, which were FPT (VND-226.6bn, TCB (VND-206.8bn), and MWG (VND-196.6bn). Notably, MWG was the top net sold in two consecutive months.

Market outlook

September 2022

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VNDIRECT

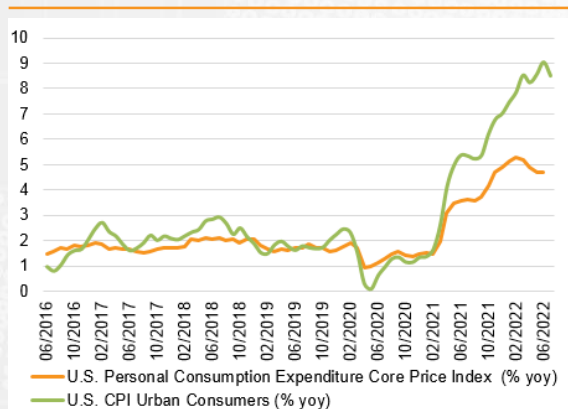
Improving fundamentals



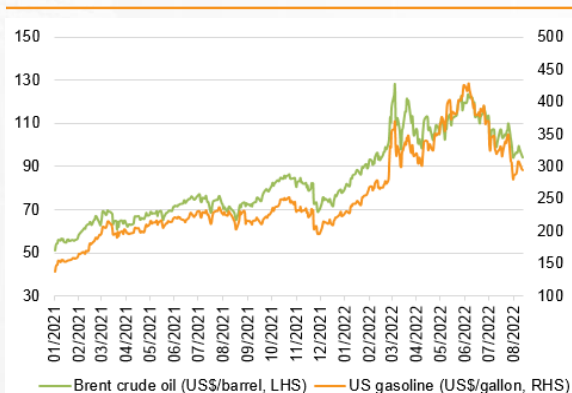


Global inflation cools down but is unlikely to fall to normal levels by the end of 2022

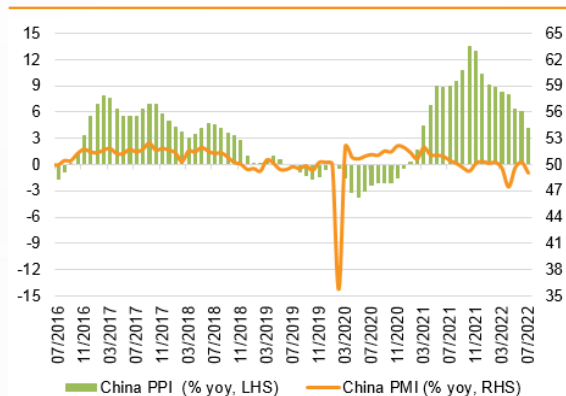
The US. inflation slowed in July



Brent crude oil price has fallen significantly from its peak in June

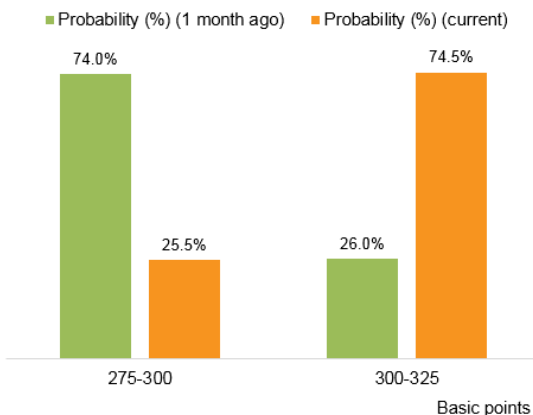


Producer price index (PPI) in China continued to cool down in July

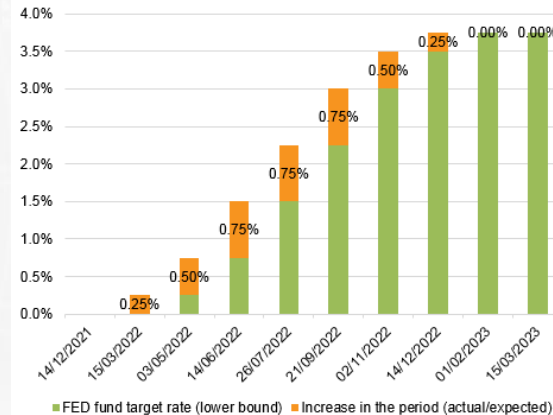


- The US. consumer-price index (CPI) stayed flat in July from a month earlier and decelerated to an 8.5% annual pace (vs. an increase of 9.1% yoy in June). Strong decline in gasoline prices (-7.7% mom) were the main reason for the cooling of inflation in July.
- China's producer price index (PPI) in July 2022 increased only 4.2% yoy, the lowest level in 17 months.
- The downtrend of commodity prices and tighter monetary policy are factors that reduce inflation expectations.
- However, we are concerned that inflation will hardly return to normal levels by the end of 2022 as the risk of supply chain disruptions remains due to (1) Russia-Ukraine conflict, (2) complicated COVID-19 pandemic situation globally and (3) China pursues a zero-COVID policy

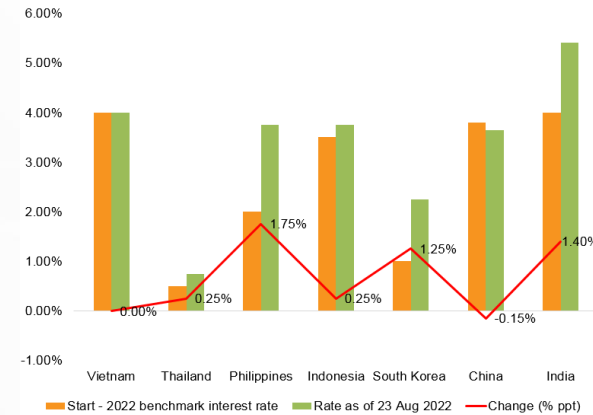
Market's predictions for the Fed funds target rate in September 2022



Market predicts that FED will slow down the policy rate hike in 4Q22 and 2023

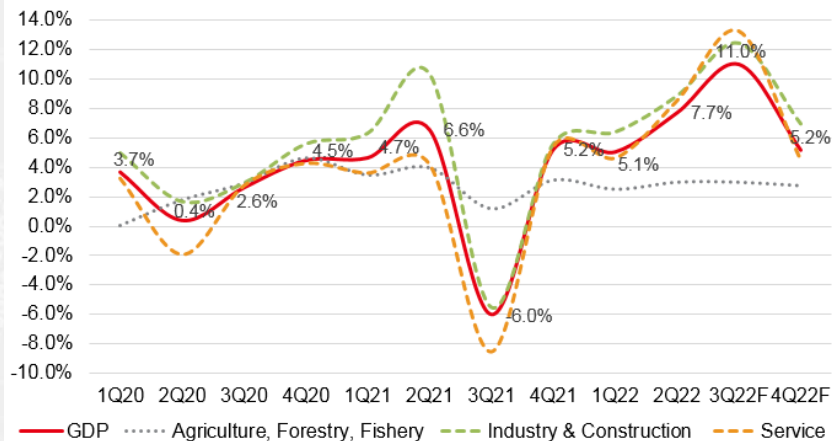


Changes in policy rates of central banks in Asia since the beginning of 2022

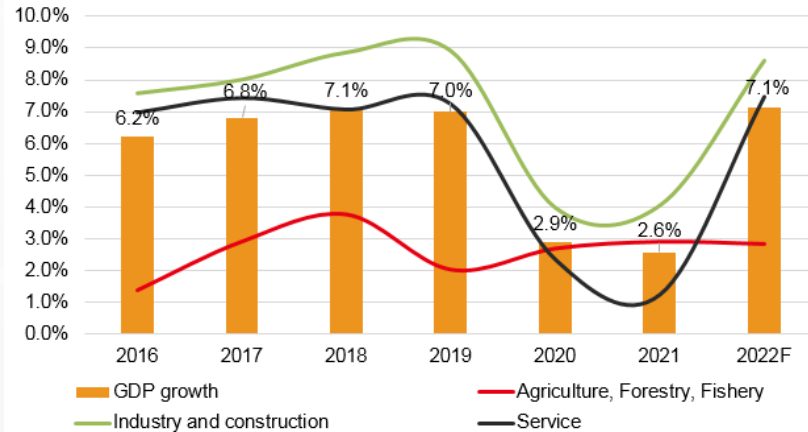


- According to CME Group, market's participants expect the Fed funds rate to be raised 75 basic points (74.5% probability) at the next meeting to be held on September 20-21, 2022.
- Market predicts that FED will slow down the policy rate hike in 4Q22. Specifically, market forecast that the Fed's fund target rate would increase by 75 points in 4Q22, down significantly from an increase of 125 basis points in 2Q22 (actual) and an increase of 150 basis points in 3Q22 (expected).
- For the first half of 2023, market forecasts that the Fed fund target rate could remain stable at 3.75-4.0%,

Vietnam's economic recovery will accelerate in the coming quarters

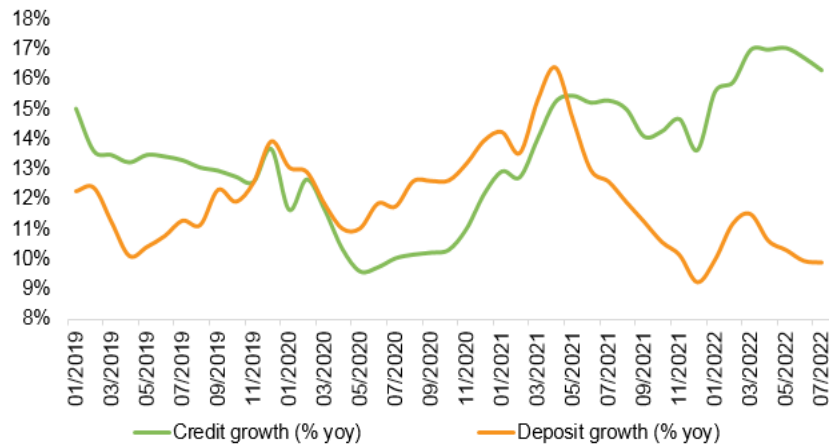


We forecast Vietnam's GDP to grow 7.1% yoy in 2022F

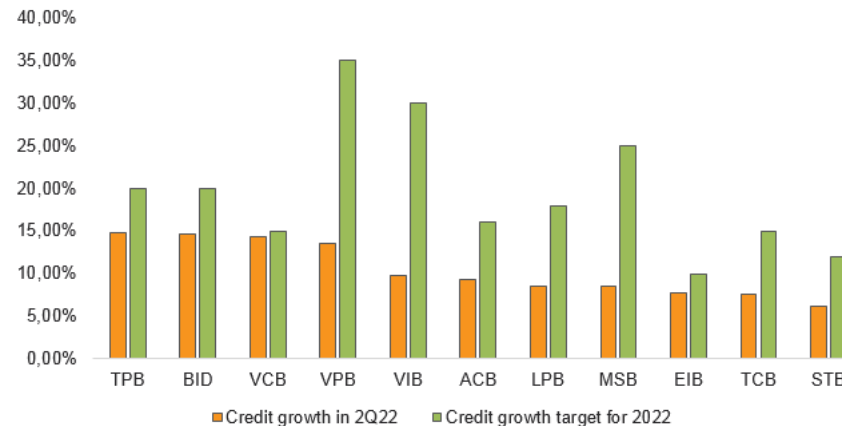


- We expect Vietnam's GDP to increase 11.0% yoy in 3Q22 (vs. -6.0% in 3Q21). This high growth is attributed to the following factors: (1) low base in 3Q21 when Vietnam's GDP dropped 6.0% yoy, (2) the strong recovery of service sector and (3) the implementation of new economic stimulus packages (2% VAT reduction, additional interest rate compensation package worth VND40,000bn, disbursing investment package for infrastructure development worth VND113,050bn,...).
- We maintain our GDP growth forecast for Vietnam in 2022 at 7.1% yoy (+/- 0.3%).
- However, Vietnam's economy could face potential risks in the coming quarters such as: (1) export slowdown due to lower external demand, higher inflationary pressure, (3) increasing interest rates.

Credit growth accelerated since the beginning of 2022



Credit growth of commercial banks



- **We expect the SBV to raise the cap of credit growth for some commercial banks from the end of 3Q22F.** However, we believe that the increase in credit quota will not be high and depends on each specific bank. The loosening of credit room will still follow the SBV's plan from the beginning of this year at 14% yoy. **Higher credit growth quota will be strong support factor for commercial banks and financial markets.**
- Deposit rates increased by 15-20 basis points in the last 2 months due to high capital demand in the context of (1) strong credit growth in 7M22, (2) regulations on short-term capital ratio for medium and long-term loans down from 37% to 34% since the beginning of Oct 2022. We believe that deposit rates could rise higher in the coming months, especially after the SBV loosens the credit growth ceiling for commercial banks.
- We see increasing probability that commodity prices downturn and containable inflation provide the headroom for SBV to stay on extended pause of policy rates hike within this year.

Market participants believe that it is necessary to relax a number of regulations in the 5th Draft Amendment to Decree 153/2020/ND-CP to facilitate the development of the corporate bond market

Effective date	Scopes of regulation affect the business activities of securities companies	Impacts
The 5th Draft Amendment of Decree 153/2020/ND-CP	"Enterprise are not allowed to issue bonds to contribute capital in any form, buy shares, buy bonds of other enterprises, or lend capital to other enterprises."	Making it impossible for many companies to issue corporate bonds to finance, lend, contribute capital, etc. -> affecting consulting activities, issuance guarantee, investment in corporate bonds, and merger consulting of securities companies.
	The draft requires the bond issuer to have the total outstanding debt of bonds from all forms at the time of issuance (including the expected issuance volume) not to exceed 3 times the equity according to the financial statements in the most recent quarter; having business results of the year immediately preceding the year of issuance with profit and no accumulated loss according to the audited financial statements...	Affecting the ability to raise capital of small and medium-sized enterprises, especially start-ups -> affecting the consulting, issuance guarantee, and bond trading activities of securities companies
	Only professional investors are allowed to buy corporate bonds. If you are an individual investors, the condition to become a professional investor is to hold and maintain an investment in public securities for 2 consecutive years with a minimum value of VND2bn. The draft also stipulates that individuals can only buy private offering bonds issued by public companies and must have collateral or payment guarantees.	Affects the ability to absorb corporate bonds issued -> affects the issuance, consulting, issuance guarantee and bond trading activities of securities companies. Only public companies can offer private placement-> eliminating most businesses from private placement activities

It should be noted that the draft amendment of Decree 153/2020/ND-CP is still receiving public comments, so the terms of the officially issued Decree may change compared to the draft. thus change real impact on the enterprises and the market.

- The Ministry of Finance is urgently collecting comments for the second time from relevant agencies on the Draft Decree amending Decree No. 153/2020/ND-CP. After that, they will submit the Draft for the Government to consider and promulgate in the near future
- In the process of commenting on the draft, many economic and financial experts suggested that a number of regulations in the draft should be relaxed to facilitate development of the corporate bond market.
- The market is looking forward to the final amendment of Decree 153 that can be issued soon to create a full legal corridor to develop a healthy and sustainable corporate bond market. The early issuance of the revised Decree 153 helps businesses re-access to the bond capital mobilization channel, an increasingly important capital mobilization channel for Vietnamese businesses.



The Vietnam Stock Exchange will officially launch T+2 trading on August 29, 2022

The shortened payment cycle will have a positive impact on investors and the stock market

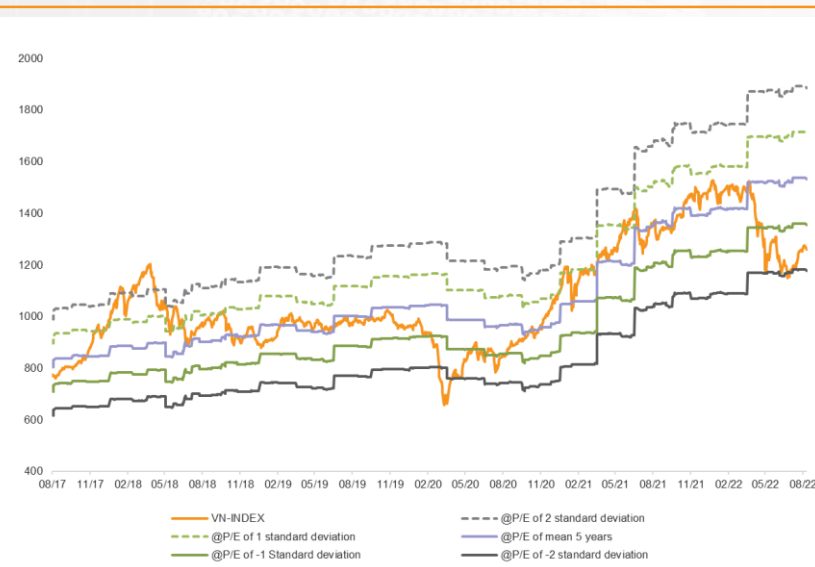
Old rules								
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday
T+0	T+1	T+2	T+3	T+1			T+2	T+3
●	●	●	●	●			●	●
Buy stocks		Stocks arrive in investor's account at 16:30	Sell stocks (T+0)	Day T+1 of the stock sale transaction			Money to investor's account at 16:30	Investors can buy new stocks (T+0)
New rules								
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday
T+0	T+1	T+2	T+1	T+2			T+1	T+2
●	●	●	●	●			●	●
Buy stocks		Stocks arrive in investor's account at 12:00	Day T+1 of the stock sale transaction	Money to investor's account at 12:00				Stocks arrive in investor's account at 12:00
		Stocks can be sold in the afternoon session (T+0)		Investors can buy new stocks in the afternoon session (T+0)				Stocks can be sold in the afternoon session (T+0)

We think the shortened payment cycle will have a positive impact on investors and the stock market

- **For investors:** shorting the payment cycle to T+2 saves transaction time, helping investors react more quickly to changes in the economy and financial markets. Thereby, investors can increase investment efficiency as well as save transaction costs
- **For the stock market:** It helps to increase market liquidity. In addition, it also helps Vietnam's stock market to gradually approach international standards and support the market to upgrade to Emerging Market status.

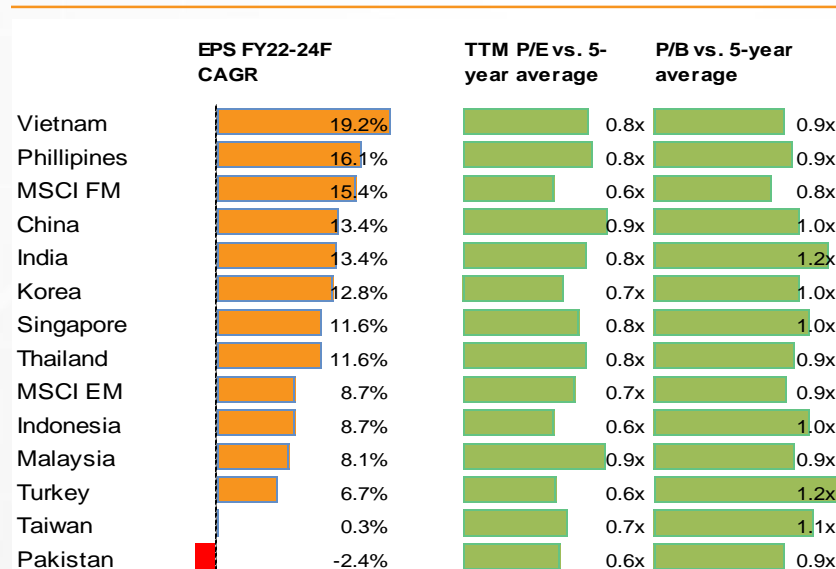
SOURCE: VNDIRECT RESEARCH

VN-INDEX is trading at a 22% discount from this year's peak



As at 26 August 2022, VN-Index was trading at 13.5x trailing 12-month P/E, which is 22% discount to the peak this year and 17% discount to the 5-year average P/E. Vietnam also stands out of EM peers with strong EPS growth over FY22-24F, which brings market valuation to 12.2x FY22F P/E and 10.4x FY23 P/E, much lower than 5-year historical average P/E of 16.4x. Weighing both catalysts and concerns above, we think the stock market valuation is very attractive for long-term investors who seek for good corporate governance companies with strong earnings growths.

Vietnam equity market valuation looks attractive relative to Emerging market peers





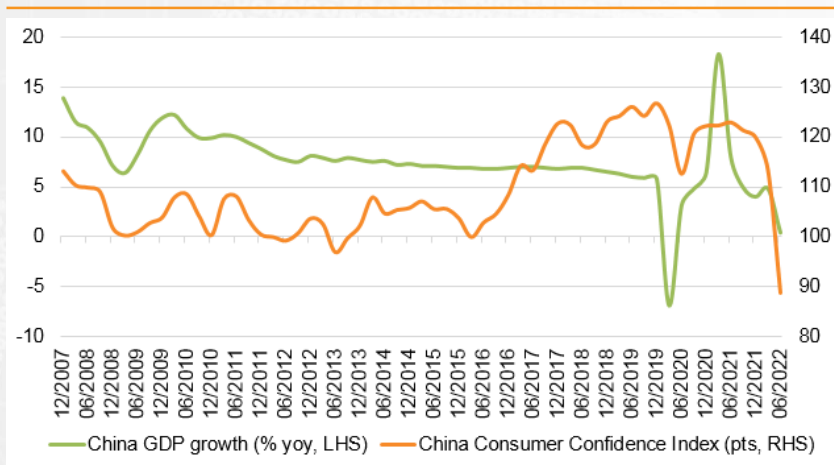
Recommendation: Market correction is an opportunity to increase the proportion of stocks



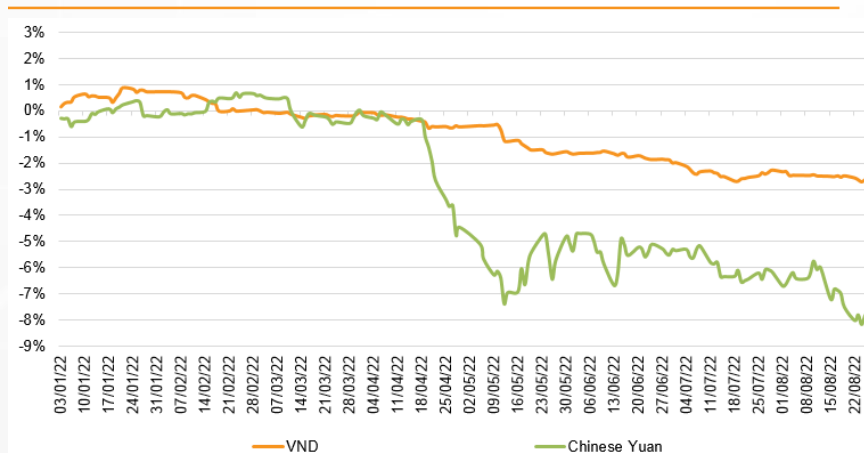
SOURCE: VNDIRECT RESEARCH

- We concern that the Vietnam's stock market may undergo a short-term correction in Sep when the VN-INDEX approaches the strong resistance level of 1,300-1,330 points. Short-term investors should actively reduce the stock proportion in their portfolio to take profit and minimize risks.
- However, seeing that market fundamentals are improving, we believe the correction provides an opportunity for investors to build their portfolios for 4Q22 and beyond into 2023. We expect 1,240-1,260 points to be strong support for VN-INDEX in September. Investors could raise the proportion of stocks if the VN-INDEX falls to the support zone.
- Downside risks to the market include: (1) risks from the Chinese economy (slowing growth, drought, power cuts), (2) higher-than-expected domestic inflation due to increasing food prices, (2) the US dollar continues to strengthen, putting more pressure on Vietnam's exchange rates, interest rates and foreign investment.

China's GDP growth slowed in the first half of 2022



Chinese Yuan dropped sharply against the U.S. dollar



- Record-high temperatures and a severe drought in west-central China have crippled hydropower generation and prompted the shutdown of many factories there. It is the latest blow to the Chinese economy, which already has sluggish consumer spending and a deeply troubled property market.
- China's economic slowdown will affect Vietnam's exports to this market. Besides, the closure of factories in China due to Zero-COVID policy or power cuts could negatively impact Vietnam's production because many Vietnamese manufacturing industries have a high proportion of input materials from China as high as textile, metallurgy, chemical, electronics.
- The CNY has fallen sharply against the US. dollar in recent months due to China's loosening of monetary policy, which also put strong pressure on the Vietnamese dong as well as on Vietnam's import and export activities.

Investment ideas

September 2022

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VNDIRECT

Heading towards 3Q22 business results



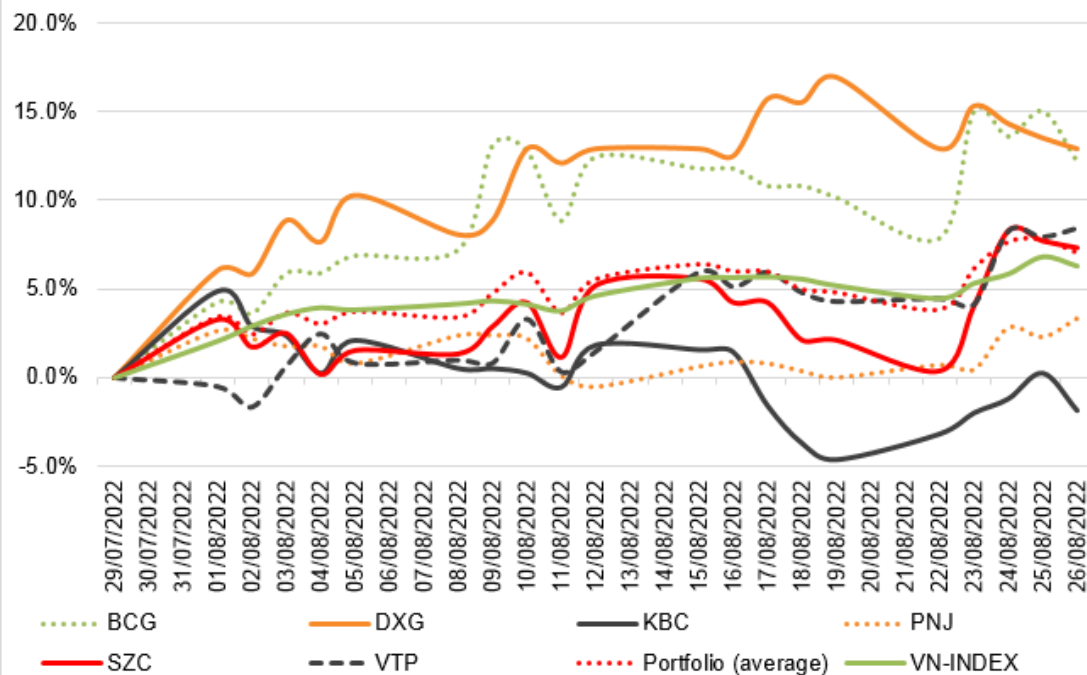
	3Q21 net profit growth	4Q21 net profit growth	1Q22 net profit growth	2Q22 net profit growth	1H22 net profit growth	FY21 NP growth
Market	19.1%	13.7%	36.9%	14.2%	24.6%	41.1%
Industrial Metals	174.9%	36.0%	1.8%	-66.9%	-39.5%	168.4%
Support Services	166.6%	22.1%	77.9%	75.8%	76.5%	103.1%
Financial Services	110.3%	16.7%	33.9%	-93.0%	-43.0%	176.0%
Chemicals	101.7%	60.1%	304.4%	138.7%	208.4%	80.4%
Electricity	62.2%	35.8%	64.9%	16.6%	38.4%	7.7%
Insurance	33.1%	-1.7%	7.5%	-35.5%	-13.4%	20.6%
Technology	16.9%	49.6%	58.8%	38.2%	47.9%	25.6%
Banks	15.7%	7.7%	31.7%	39.8%	35.4%	31.3%
Utilities	8.3%	21.9%	51.8%	88.7%	71.2%	14.7%
Forestry & Paper	6.9%	21.1%	-11.7%	8.4%	-3.4%	29.7%
Food Producers	6.0%	04.7%	46.7%	-9.0%	14.6%	37.5%
Real Estate	5.1%	37.0%	-1.4%	-28.7%	-17.2%	10.8%
Health Care	4.7%	17.7%	24.1%	-0.1%	10.6%	6.5%
Personal & Household Goods	-8.0%	38.9%	25.8%	3.4%	13.3%	57.4%
Industrial Transportation	-8.9%	71.4%	32.7%	115.6%	77.1%	72.4%
Oil & Gas	-21.2%	44.8%	7.5%	172.9%	100.5% (*)	
Mining	-26.5%	95.7%	204.5%	-8.5%	34.3%	98.1%
Travel & Leisure	-29.9%	30.9%	-49.9%	-40.1%	-46.5%	18.6%
Industrial	-40.0%	-7.2%	17.1%	-14.4%	-0.5%	-2.8%
Construction & Materials	-48.3%	21.3%	33.0%	37.2%	35.3%	4.9%
Retail	-48.4%	78.0%	25.0%	11.2%	18.9%	29.8%
Automobiles & Parts	-53.8%	4.6%	4.1%	1.3%	2.6%	0.9%
Telecommunications	-60.8%	27.1% **		51.2%	265.6%	-69.5%
Beverages	-65.9%	17.0%	22.1%	58.4%	41.9%	-24.6%

(*) Recorded losses in 2021

(**) Recorded losses in 2Q20

- In 3Q21, business results of some sectors such as Travel & Leisure, Industrial, Automobiles, Retail and Food & Beverage plummeted due to social distancing caused by the fourth wave of COVID-19 pandemic (details in the table on the left). We expect these sectors to deliver robust earnings growth in 3Q22 on low base 3Q21.
- In addition, we expect the SBV to raise the credit growth ceiling for some commercial banks from the end of 3Q22 and this will strongly support the stock market as well as banking stocks.

SOURCE: FIINPRO, VNDIRECT RESEARCH



SOURCE: BLOOMBERG, VNDIRECT RESEARCH

- The list of recommended stocks in August has an average return of 7.1% in the period August 01 to August 26, higher than the 6.3% increase of VN-INDEX in the same period.
- The 4 stocks that outperformed VN-INDEX were DXG (+12.9% mtd) and BCG (+12.2% mtd), VTP (+8.4% mtd) and SZC (+7.4% mtd).
- 1 stocks that recorded lower gain than VN-INDEX were PNJ (+3.3% mtd).
- The only stock declined in this period was KBC (-1.9% mtd).



High conviction investment ideas for September 2022 (data on 26/08/2022)

Stock picks	Investment thesis	1-year Target price (VND/share)	Upside (%)
BCG	We like BCG for both short and long term with strong net profit CAGR of 45.7% in FY22-24F, regarding to: (1) Large amount of property handover from overlapping projects. We expect BCG will hand over parts of Hoi An D'Or project and Malibu Hoi An in FY22F, bringing revenue of VND4,897bn (55.4% of total revenue), while project deliveries can record a revenue of VND5,233bn (+6.9% yoy) in FY23F. (2) Renewable energy is the foundation for long-term growth. We forecast that BCG's power revenue will reach VND1,786bn (accounting for 20.2% of total revenue) in FY22F and VND3,791bn (accounting for 32.7%) in FY23F.	21,200	39.2%
DXG	We have a positive view on DXG short term and long term by: (1) leading position nationwide in brokerage market with 33% market share (DXS) in FY21. The prospect of DXG's brokerage segment is still bright, DXS has set a target of FY22F revenue of VND8,400bn (+94% yoy), FY22F net profit of VND1,250bn (+132% yoy); (2) potential land bank in HCMC, especially Gem Riverside (launch in 3Q22), which will contribute VND9,155bn in FY24-26F EBT, we appreciate the real demand for DXG's inner-city projects in HCMC, we expect the absorption rate to be high at launching time. Contributing to DXG's main revenue growth in 2022 comes from projects such as St Moritz, Opal Boulevard, Gem Sky World...	36,700	31.1%
MBB	We like MBB for: 1) It is high possibility that MBB is among a few banks, which would be granted higher credit growth for FY22F thanks to high CAR, low NPL and the bank could receive a weak institution this year. We forecast loan growth reaches 20% this year, 2) The bank's solid asset quality with considerable provision source, securing its bottom-line pristine. At end 2Q22, the bank maintained in top 6 banks with lowest non-performing loan (NPL) ratio and top 3 banks highest loan loss reserve (LLR), 3) We expect the bank to sustain the strong earnings growth of 28.5%/20.1% yoy in FY22-23F base on 20%/17.5% yoy loan growth and stable NIM of 5.0%.	34,000	44.1%



High conviction investment ideas for September 2022 (data on 26/08/2022)

Stock picks	Investment thesis	1-year Target price (VND/share)	Upside (%)
PNJ	We like PNJ for: (1) PNJ is dominating jewelry market share with statistical jewelry market share of more than 50% with a strong mid- to high-end customer base that is less affected by inflation (2) In 1H22, PNJ keeps shining with a strong growth of 48% yoy to VND1,088bn, much beyond our expectation (3) For long-term run, we expect PNJ's strategies to develop more attractive concepts, make more effective advertising campaign, co-operate with global brands to become "Multi Branded Stores" and increase digitization will support PNJ's net profit to maintain 2 digits growth.	140,700	20.0%
SZC	We like SZC with FY22-24F outlook following by: (1) SZC is well-positioned to capture the growing demand for industrial property in the South. SZC has sizeable land bank (more than 600ha) among listed IP companies in Ba Ria-Vung Tau (BR-VT) and we see a strong increase in BR-VT's rental price (around 20% yoy); (2) SZC's residential property business is ripe for the picking in FY22-24F with its first phase - Sonadezi Huu Phuoc (40.5ha) launches since Jul 2022.	81,100	49.0%
VTP	VTP's business result is expected to strongly recover since 2H22F thanks to (1) the expansion strategy during the pandemic has shown positive results with strong growth of delivery volume in 1H22, and (2) fuel price may cool down from 2H22F which will help improve VTP's gross margin. VTP's NP may increase 69.5% yoy in FY22F and increase 30.8% yoy in FY23F. Besides, the HSX listing plan is also a strong near-term catalyst in 2022.	95,300	47.0%



Ticker	Close price	Adjusted target price	Dividend yield	Upside	Recommendation	Latest report
VHM	60,300	115,000	2.50%	93.20%	ADD	Link
HPG	23,500	44,500	2.10%	91.50%	ADD	Link
PHP	16,900	29,200	3.30%	76.10%	ADD	Link
MCH	95,100	157,200	4.20%	69.50%	ADD	Link
FMC	51,600	80,300	3.80%	59.50%	ADD	Link
TCB	39,500	62,300	0.00%	57.70%	ADD	Link
SZC	55,500	81,100	2.90%	49.00%	ADD	Link
VTP	65,900	95,300	2.30%	47.00%	ADD	Link
MBB	23,600	34,000	0.00%	44.10%	ADD	Link
POW	14,250	20,400	0.30%	43.50%	ADD	Link
AST	60,000	85,700	0.00%	42.80%	ADD	Link
PTB	67,300	93,700	2.20%	41.40%	ADD	Link
VPB	31,600	44,400	0.00%	40.50%	ADD	Link
KBC	37,000	51,600	0.00%	39.50%	ADD	Link

Ticker	Close price	Adjusted target price	Dividend yield	Upside	Recommendation	Latest report
BCG	15,800	21,200	5.10%	39.20%	ADD	Link
NT2	25,600	33,000	8.20%	37.10%	ADD	Link
HDB	26,300	35,900	0.00%	36.50%	ADD	Link
FPT	87,200	116,800	2.30%	36.24%	ADD	Link
TPB	28,400	38,500	0.00%	35.60%	ADD	Link
VIB	25,400	34,400	0.00%	35.40%	ADD	Link
ACB	24,800	33,400	0.00%	34.70%	ADD	Link
ACG	66,300	88,800	0.60%	34.60%	ADD	Link
LPB	15,800	21,200	0.00%	34.20%	ADD	Link
GAS	115,200	150,700	3.30%	34.10%	ADD	Link
MSH	44,100	55,000	7.90%	32.60%	HOLD	Link
VRE	28,850	37,800	0.00%	31.00%	ADD	Link
SCS	84,800	104,900	6.40%	30.10%	ADD	Link
PLX	43,500	54,900	3.70%	29.90%	ADD	Link

Ticker	Close price	Adjusted target price	Dividend yield	Upside	Recommendation	Latest report
GMD	52,000	64,400	5.30%	29.20%	ADD	Link
CRE	16,300	20,000	6.10%	28.80%	ADD	Link
PVS	27,000	33,900	3.00%	28.50%	ADD	Link
NLG	44,350	56,000	1.70%	28.00%	ADD	Link
CTG	28,450	36,200	0.00%	27.20%	ADD	Link
ACV	90,500	114,000	0.00%	26.00%	ADD	Link
PVD	20,100	25,300	0.00%	25.90%	ADD	Link
PVT	21,700	26,300	4.50%	25.70%	ADD	Link
STK	43,500	52,800	3.70%	25.10%	HOLD	Link
MWG	72,200	90,100	0.20%	25.00%	ADD	Link
KDH	38,350	47,700	0.00%	24.40%	ADD	Link
MML	59,800	73,400	0.00%	22.70%	HOLD	Link
PNJ	117,800	140,700	0.60%	20.00%	ADD	Link
VHC	89,800	105,600	2.30%	19.90%	ADD	Link

Ticker	Close price	Adjusted target price	Dividend yield	Upside	Recommendation	Latest report
PHR	69,400	78,100	5.80%	18.30%	ADD	Link
VNM	76,900	85,400	5.40%	16.50%	ADD	Link
VCB	82,500	95,600	0.00%	15.90%	ADD	Link
DGC	96,500	107,400	1.80%	13.10%	ADD	Link
FCN	15,200	16,500	2.00%	10.50%	HOLD	Link
KDC	66,900	70,900	3.30%	9.30%	HOLD	Link
VJC	123,000	132,000	0.00%	7.30%	HOLD	Link
NVL	83,300	89,000	0.00%	6.80%	ADD	Link
REE	83,500	85,500	0.40%	2.80%	ADD	Link



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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.


Country Ratings


Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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