



ETF MOVEMENTS

Second Quarterly Review of 2019

Thursday, May 30, 2019

Briefing – The second ETF review in 2019

FTSE Vietnam Index will announce the result of their official review on June 7th while MVIS Vietnam Index is expected to make announcement a week later on June 14th. Technically, the portfolio rebalancing for both corresponding ETFs (X-trackers FTSE Vietnam and VanEck Vectors Vietnam) will be executed on June 21st.

Based on the criteria of the ETFs, in this review we are projecting that FTSE Vietnam ETF will obtain POW and PHR as new constituents and might or might not remove HNG, while VNM will maintain the current list of constituents.

FTSE Vietnam ETF (FTSE) Forecast: 2 scenarios

The top three largest domestic securities in term of market capitalization in this review will still be VIC, VHM and VNM. They are expected to continuously place at the capped level 15% in FTSE's portfolio. POW and PHR are projected to be added as new constituents since they both have met all of the screening requirements for inclusion. HNG might or might not be removed from the index depending on its free float ratio calculation by FTSE.

- Scenario 1: HNG remains in FTSE**

In this scenario, almost 2.8M shares of HNG will be sold for rebalancing purposes. At the last closing price, this move will amount to about VND 43bn.

FTSE VN ETF	Price	Mcap	FTSE Current		Forecast			Note
			Shares	%Wgt	Shares	%Wgt	Change in Vol	
VIC	114,000	391,013	9,375,461	15.3%	9,186,938	15.0%	(188,523)	
VHM	83,500	279,684	11,858,408	14.2%	12,542,646	15.0%	684,238	
VNM	132,000	229,864	7,631,652	14.4%	7,934,174	15.0%	302,522	
HPG	32,050	68,071	18,958,368	8.7%	20,592,484	9.5%	1,634,117	
VRE	34,600	80,577	20,790,263	10.3%	18,952,717	9.4%	(1,837,546)	
MSN	87,000	101,194	8,587,831	10.7%	7,104,759	8.9%	(1,483,072)	
NVL	58,500	54,831	5,763,657	4.8%	7,134,559	6.0%	1,370,902	
VCB	67,400	249,978	5,331,473	5.1%	3,918,870	3.8%	(1,412,603)	
SSI	25,200	12,831	6,684,284	2.4%	6,185,981	2.2%	(498,303)	
POW	16,000	37,470	-	0.0%	9,295,466	2.1%	9,295,466	ADD
STB	11,800	21,283	9,858,300	1.7%	8,565,278	1.4%	(1,293,022)	
PLX	67,400	78,913	3,228,112	3.1%	1,473,404	1.4%	(1,754,708)	
ROS	30,400	17,255	2,378,471	1.0%	3,039,106	1.3%	660,635	
GEX	22,800	9,270	3,629,514	1.2%	3,941,830	1.3%	312,316	
SBT	18,000	9,453	4,374,994	1.1%	4,942,937	1.3%	567,943	
CII	23,300	5,772	2,640,634	0.9%	3,431,031	1.1%	790,397	
PVD	20,300	7,772	3,235,794	0.9%	3,711,949	1.1%	476,155	
TCH	21,000	7,419	3,153,788	0.9%	3,285,365	1.0%	131,578	
KBC	14,450	6,788	3,853,948	0.8%	4,554,591	0.9%	700,643	
PDR	24,700	8,093	2,925,131	1.0%	2,414,391	0.9%	(510,741)	
PHR	62,000	8,401	-	0.0%	872,700	0.8%	872,700	ADD
HNG	15,400	13,657	5,685,834	1.3%	2,902,417	0.6%	(2,783,417)	

Source: Bloomberg, ACBS estimated; stock price as of May 28th, 2019; unit: VND billion, except where noted.

- Scenario 2: HNG is removed from FTSE**

In this scenario, all of HNG shares will be sold for rebalancing purposes. At the last closing price, this move will amount to almost VND 88bn.

FTSE VN ETF	Price	Mcap	FTSE Current		FTSE Forecast			Note
			Shares	%Wgt	Shares	%Wgt	Change in Vol	
VIC	114,000	391,013	9,375,461	15.3%	9,186,938	15.0%	(188,523)	
VHM	83,500	279,684	11,858,408	14.2%	12,542,646	15.0%	684,238	
VNM	132,000	229,864	7,631,652	14.4%	7,934,174	15.0%	302,522	
HPG	32,050	68,071	18,958,368	8.7%	20,834,993	9.6%	1,876,625	
VRE	34,600	80,577	20,790,263	10.3%	19,175,914	9.5%	(1,614,348)	
MSN	87,000	101,194	8,587,831	10.7%	7,188,428	9.0%	(1,399,403)	
NVL	58,500	54,831	5,763,657	4.8%	7,218,579	6.0%	1,454,923	
VCB	67,400	249,978	5,331,473	5.1%	3,965,021	3.8%	(1,366,452)	
SSI	25,200	12,831	6,684,284	2.4%	6,258,830	2.3%	(425,454)	
POW	16,000	37,470	-	0.0%	9,404,934	2.2%	9,404,934	ADD
STB	11,800	21,283	9,858,300	1.7%	8,666,148	1.5%	(1,192,153)	
PLX	67,400	78,913	3,228,112	3.1%	1,490,756	1.4%	(1,737,357)	
ROS	30,400	17,255	2,378,471	1.0%	3,074,896	1.3%	696,425	
GEX	22,800	9,270	3,629,514	1.2%	3,988,251	1.3%	358,737	
SBT	18,000	9,453	4,374,994	1.1%	5,001,148	1.3%	626,154	
CII	23,300	5,772	2,640,634	0.9%	3,471,437	1.2%	830,803	
PVD	20,300	7,772	3,235,794	0.9%	3,755,663	1.1%	519,869	
TCH	21,000	7,419	3,153,788	0.9%	3,324,056	1.0%	170,268	
KBC	14,450	6,788	3,853,948	0.8%	4,608,229	1.0%	754,281	
PDR	24,700	8,093	2,925,131	1.0%	2,442,824	0.9%	(482,307)	
PHR	62,000	8,401	-	0.0%	882,977	0.8%	882,977	ADD
HNG	15,400	13,657	5,685,834	1.3%	-	0.0%	(5,685,834)	REMOVE

Source: Bloomberg, ACBS estimated; stock price as of May 28th, 2019; unit: VND billion, except where noted.

In both scenarios, we can expect strong selling pressure on PLX, VRE, MSN, VCB and STB. Depending on which scenario is materialized, the cash inflow generated from decreasing positions in the above 5 constituents is approximately from VND 400bn to 421bn. On the other hand, FT is likely to increase its positions in HPG and NVL to rebalance toward the new weighting. As a result, roughly VND 132bn to 146bn will be spent on acquiring additional HPG and NVL shares.

The most remarkable moves, however, will be the inclusion of POW and PHR as new constituents. To achieve the appropriate weighting for POW and PHR, about 9.3m to 9.4m of POW shares and .9m shares of PHR will need to be acquired. These purchases will contribute roughly VND 250bn in liquidity to the market.

All in all, for the second quarterly review of 2019, we estimate an incremental increase in market liquidity of roughly VND 1,000bn will be contributed by FTSE.

VanEck Vectors Vietnam ETF (VNM) Forecast: No Change to List of Constituents

We project that VNM's current list of constituents will be kept as is in this review. We project that VNM ETF will slightly increase its positions in BVH (VND 61bn), VHM (VND 50bn), and VNM (VND 36bn). On the other hand, VNM ETF will likely reduce its positions in VCB (VND 57bn), NVL (VND 30bn), and VRE (VND 12bn) to achieve the targeted weighting.

For this quarterly review, VNM ETF is expected to generate another VND 300bn in liquidity for Vietnam stock market on the execution date.

VMN ETF	Price	FF Mcap	VNM Current		VNM Forecast		Change in Vol
			Shares	%Wgt	Shares	%Wgt	
VIC	114,000	125,124	6,850,802	7.9%	6,936,660	8.0%	85,858
VNM	132,000	82,751	5,718,706	7.6%	5,990,752	8.0%	272,046
VHM	83,500	69,921	7,685,642	6.5%	8,286,609	7.0%	600,967
NVL	58,500	17,546	11,493,856	6.8%	10,983,045	6.5%	(510,811)
VCB	67,400	17,498	9,645,192	6.6%	8,799,472	6.0%	(845,720)
VRE	34,600	13,698	16,068,242	5.6%	15,712,737	5.5%	(355,505)
BVH	76,300	7,487	5,142,446	4.0%	5,936,383	4.6%	793,937
1476 TT	318,851	72,610	1,695,160	5.5%	1,395,052	4.5%	(300,108)
7730 JT	1,422,470	35,992	420,400	6.0%	312,705	4.5%	(107,695)
090460 KQ	345,361	8,482	1,155,483	4.0%	1,287,966	4.5%	132,483
105630 KP	466,385	7,835	871,305	4.1%	953,747	4.5%	82,442
SIA LN	19,989	7,310	13,658,865	2.8%	22,125,276	4.5%	8,466,411
MSN	87,000	7,084	5,003,240	4.4%	4,925,835	4.3%	(77,405)
HPG	32,050	6,126	11,746,023	3.8%	11,564,431	3.7%	(181,592)
SSI	25,200	5,261	12,828,121	3.3%	12,629,704	3.2%	(198,417)
097520 KQ	426,044	5,257	673,509	2.9%	746,488	3.2%	72,979
ROS	30,400	4,659	9,417,121	2.9%	9,271,520	2.9%	(145,601)
SBT	18,000	4,159	14,198,491	2.6%	13,978,924	2.5%	(219,567)
025320 KQ	55,396	3,575	3,965,616	2.2%	3,904,300	2.2%	(61,316)
2199 HK	19,285	3,541	11,288,000	2.2%	11,109,835	2.2%	(178,165)
TCH	21,000	3,338	9,768,730	2.1%	9,617,616	2.0%	(151,114)
GEX	22,800	3,152	8,494,080	2.0%	8,362,763	1.9%	(131,317)
STB	11,800	2,128	11,083,232	1.3%	10,911,874	1.3%	(171,358)
NT2	27,450	2,055	4,599,329	1.3%	4,528,195	1.3%	(71,134)
DPM	18,250	1,857	6,252,270	1.2%	6,155,559	1.1%	(96,711)

Source: Bloomberg, ACBS estimated; stock price as of May 28th, 2019; unit: VND billion, except where noted.

ETF WRAP-UP

To observe the broader perspective of the ETFs effects on market liquidity on the execution date, which is June 21st, we wrap up the expected movements of both ETFs as a whole. As the result of 2 possible outcomes for FTSE ETF in this quarterly review, we will also present two summary tables for the ETFs: HNG remains in FTSE and HNG is removed from FTSE.

- Scenario 1: HNG remains in FTSE

Rank	Ticker	Price, at collect date	FTSE		MVIS		Total	
			Volume	Value	Volume	Value	Volume	Value
1	SIA LN	19,989	-	-	8,466,411	169	8,466,411	169
2	POW	16,000	9,295,466	149	-	-	9,295,466	149
3	VHM	83,500	684,238	57	600,967	50	1,285,205	107
4	VNM	132,000	302,522	40	272,046	36	574,568	76
5	BVH	76,300	-	-	793,937	61	793,937	61
6	PHR	62,000	872,700	54	-	-	872,700	54
7	NVL	58,500	1,370,902	80	(510,811)	(30)	860,091	50
8	HPG	32,050	1,634,117	52	(181,592)	(6)	1,452,525	47
9	090460 KQ	345,361	-	-	132,483	46	132,483	46
10	105630 KP	466,385	-	-	82,442	38	82,442	38
11	097520 KQ	426,044	-	-	72,979	31	72,979	31
12	CII	23,300	790,397	18	-	-	790,397	18
13	ROS	30,400	660,635	20	(145,601)	(4)	515,034	16
14	KBC	14,450	700,643	10	-	-	700,643	10
15	PVD	20,300	476,155	10	-	-	476,155	10
16	SBT	18,000	567,943	10	(219,567)	(4)	348,376	6
17	GEX	22,800	312,316	7	(131,317)	(3)	181,000	4
18	TCH	21,000	131,578	3	(151,114)	(3)	(19,536)	(0)
19	DPM	18,250	-	-	(96,711)	(2)	(96,711)	(2)
20	NT2	27,450	-	-	(71,134)	(2)	(71,134)	(2)
21	025320 KQ	55,396	-	-	(61,316)	(3)	(61,316)	(3)
22	2199 HK	19,285	-	-	(178,165)	(3)	(178,165)	(3)
23	VIC	114,000	(188,523)	(21)	85,858	10	(102,665)	(12)
24	PDR	24,700	(510,741)	(13)	-	-	(510,741)	(13)
25	STB	11,800	(1,293,022)	(15)	(171,358)	(2)	(1,464,380)	(17)
26	SSI	25,200	(498,303)	(13)	(198,417)	(5)	(696,721)	(18)
27	HNG	15,400	(2,783,417)	(43)	-	-	(2,783,417)	(43)
28	VRE	34,600	(1,837,546)	(64)	(355,505)	(12)	(2,193,051)	(76)
29	1476 TT	318,851	-	-	(300,108)	(96)	(300,108)	(96)
30	PLX	67,400	(1,754,708)	(118)	-	-	(1,754,708)	(118)
31	MSN	87,000	(1,483,072)	(129)	(77,405)	(7)	(1,560,478)	(136)
32	VCB	67,400	(1,412,603)	(95)	(845,720)	(57)	(2,258,323)	(152)
33	7730 JT	1,422,470	-	-	(107,695)	(153)	(107,695)	(153)

Source: Bloomberg, ACBS estimated; stock price as of May 28th, 2019; unit: VND billion, except where noted.

- Scenario 2: HNG is removed from FTSE

Rank	Ticker	Price, at collect date	FTSE		MVIS		Total	
			Volume	Value	Volume	Value	Volume	Value
1	SIA LN	19,989	-	-	8,466,411	169	8,466,411	169
2	POW	16,000	9,404,934	150	-	-	9,404,934	150
3	VHM	83,500	684,238	57	600,967	50	1,285,205	107
4	VNM	132,000	302,522	40	272,046	36	574,568	76
5	BVH	76,300	-	-	793,937	61	793,937	61
6	NVL	58,500	1,454,923	85	(510,811)	(30)	944,111	55
7	PHR	62,000	882,977	55	-	-	882,977	55
8	HPG	32,050	1,876,625	60	(181,592)	(6)	1,695,034	54
9	090460 KQ	345,361	-	-	132,483	46	132,483	46
10	105630 KP	466,385	-	-	82,442	38	82,442	38
11	097520 KQ	426,044	-	-	72,979	31	72,979	31
12	CII	23,300	830,803	19	-	-	830,803	19
13	ROS	30,400	696,425	21	(145,601)	(4)	550,825	17
14	KBC	14,450	754,281	11	-	-	754,281	11
15	PVD	20,300	519,869	11	-	-	519,869	11
16	SBT	18,000	626,154	11	(219,567)	(4)	406,586	7
17	GEX	22,800	358,737	8	(131,317)	(3)	227,421	5
18	TCH	21,000	170,268	4	(151,114)	(3)	19,154	0
19	DPM	18,250	-	-	(96,711)	(2)	(96,711)	(2)
20	NT2	27,450	-	-	(71,134)	(2)	(71,134)	(2)
21	025320 KQ	55,396	-	-	(61,316)	(3)	(61,316)	(3)
22	2199 HK	19,285	-	-	(178,165)	(3)	(178,165)	(3)
23	VIC	114,000	(188,523)	(21)	85,858	10	(102,665)	(12)
24	PDR	24,700	(482,307)	(12)	-	-	(482,307)	(12)
25	SSI	25,200	(425,454)	(11)	(198,417)	(5)	(623,871)	(16)
26	STB	11,800	(1,192,153)	(14)	(171,358)	(2)	(1,363,511)	(16)
27	VRE	34,600	(1,614,348)	(56)	(355,505)	(12)	(1,969,853)	(68)
28	HNG	15,400	(5,685,834)	(88)	-	-	(5,685,834)	(88)
29	1476 TT	318,851	-	-	(300,108)	(96)	(300,108)	(96)
30	PLX	67,400	(1,737,357)	(117)	-	-	(1,737,357)	(117)
31	MSN	87,000	(1,399,403)	(122)	(77,405)	(7)	(1,476,808)	(128)
32	VCB	67,400	(1,366,452)	(92)	(845,720)	(57)	(2,212,172)	(149)
33	7730 JT	1,422,470	-	-	(107,695)	(153)	(107,695)	(153)

Source: Bloomberg, ACBS estimated; stock price as of May 28th, 2019; unit: VND billion, except where noted.

Note: Above are our estimation of portfolio changes based on securities' historical trading data for FTSE and MVIS Indexes. Actual result by ETF management bodies may vary from our estimation due to differences in variables, data collection, fund managers' objective decision, etc.

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BUY: where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

HOLD: where we believe it will be -15% to 15%.

SELL: where we believe it will be lower than -15%.

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