October 04th 2022

Investment Strategy November 2022

WAITING FOR A SUDDEN RAIN

Information risks and liquidity pressure in the capital market made the liquidity in the stock market has been decline session by session in October. In the short term, we believe that the above problems will not be removed. Given the limitation of cash flow, we do not expect a simultaneous increase of sectors or stocks. There will be faster and shorter rotation of cash flow among industries and stocks. We expect VNIndex to fluctuation in the range of 940 – 1050.

In such circumstance, we believe that it will be difficult for short-term investors to find profits. Therefore, we maintain a defensive portfolio with a balanced cash-to-stock ratio. For short-term investors, we believe that trading on existed stocks in their portfolio will offer them the advantage of time (T+). We think that patient investors will generate a better performance than those who try to buy in the rally session.

With a drop of more than 30% from the peak of 1500 points, VNIndex's valuation has gone to a multi-year low, therefore, we believe that investors holding cash/high cash proportion can still allocate part of the portfolio to accumulate stocks with good fundamentals for long-term horizon.

In the current circumstance, we think highly leveraged and cyclical businesses will be hit harder than the other sectors. Besides, after the pandemic, the economy continued to show a divergence in health among industries as well as companies in the same industry. As such, investors can pick stocks for your long-term portfolio based on following criteria (1) Valuation P/E, P/B lower than the 3-year average (2017 – 2019). We exclude data in 2020 – 21 to remove the impact of the "Covid" factor; (2) Are good enterprises in healthy industries and healthy enterprises in difficult industries; (3) Using low financial leverage and higher operating efficiency than interest expense; (4) High return on capital and ability to pay dividends.

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Please see penultimate page for additional important disclosure

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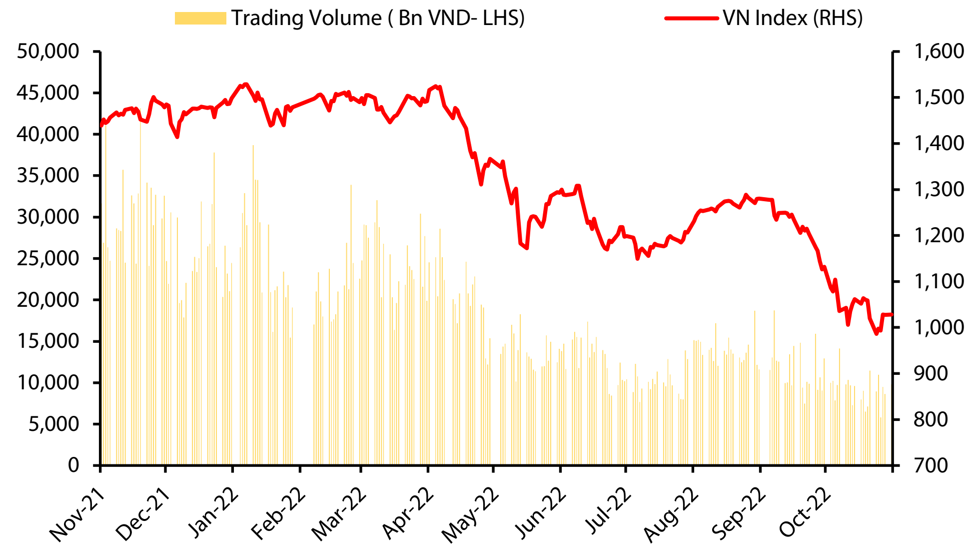
Analysis of 55 stocks of Rong Viet Research, discussion with companies and specific evaluation in the "Company Report" or "Analyst Pinboard"

STOCK MARKET IN OCTOBER: LIQUIDITY SQUEEZE

In October, liquidity continued to be the main theme of the market as it kept squeezing due to the new kick of bond issuance scandal related to Van Thinh Phat as well as quantitative tightening pressure from central banks around the world. In particular, credit risk expectation has increased since the revealing of the scandal leading to concerns about other bond issuances of other corporates in the recent years. As a sequence, redemption pressures increased impacting on financial institutions, bond issuers, as well as stock market. In the context of weak liquidity, financial institutions and bond issuers were forced to sell stocks, limit margin lending to deal with investors' withdrawals, pressure to call back bonds issued from issuers.

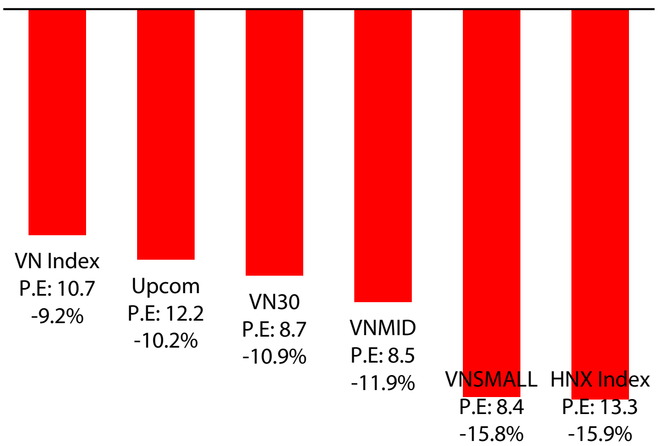
Figure 1: VN Index, November 2021 - October 2022



Source: Bloomberg, RongViet Securities

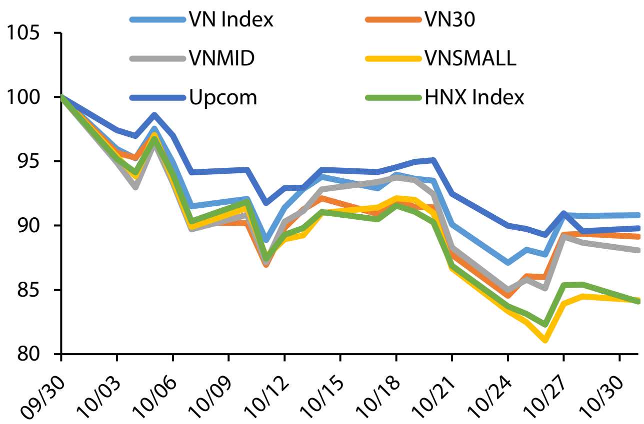
Under that extreme scenario, VN Index has another plunge as it lost 9.20% MoM to 1,027. Other sub-indices were hit even harder as VN30, VN MIDCAP and VN SMALLCAP plugged by 10.9%, 11.9% and 15.8%, respectively. Other major indices weren't much better either, with the HXN Index down 15.91% and the Upcom Index down 10.2%.

Figure 2: Vietnam Indices 's returns in October 2022



Source: Bloomberg, RongViet Securities

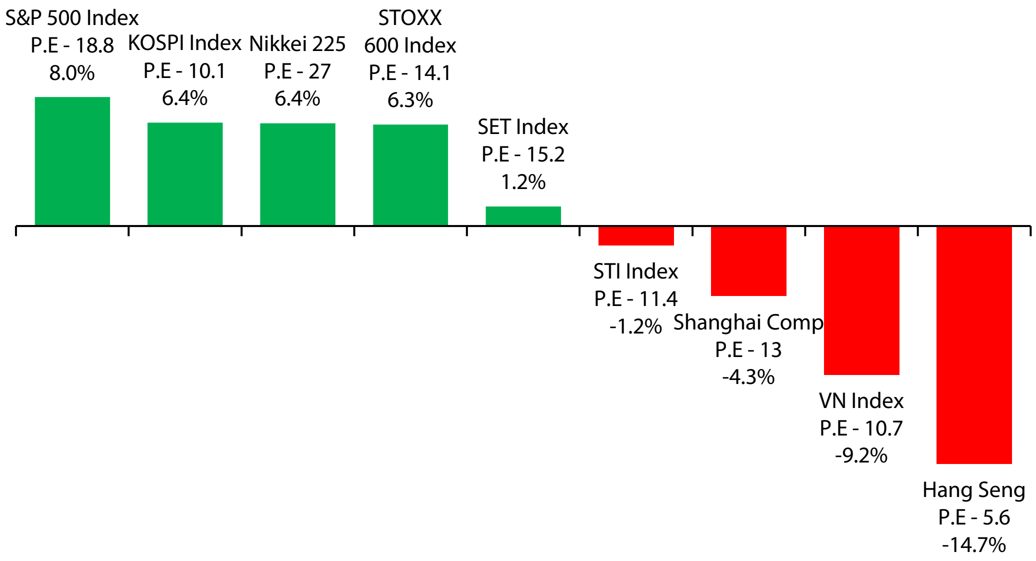
Figure 3: Vietnam indices' moves in October 2022



Source: Bloomberg, RongViet Securities

Compared to the other peers, Hang Seng (-15.9%) and VN Index (-9.2%) was the worst performers. While S&P 500 (+8.0%), KOSPI (+6.4%), Nikkei 225 (+6.4%), and STOXX 600 (6.3%) strongly recovered after the terrible September.

Figure 4: Global indices' performance in October 2022



Source: Bloomberg, RongViet Securities

Liquidity squeeze on capital market, which is mentioned above, has showed the impact on stock market. The average trading value through matching orders in Ho Chi Minh City Stock Exchange fell to VND 9,253 billion/session (or USD 385 million, -21.6% MoM).

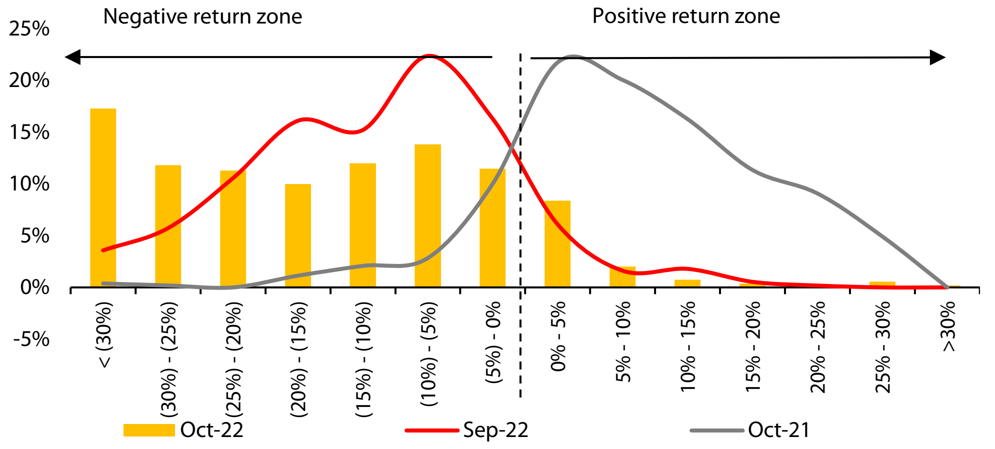
Table 1: Indices 's market daily liquidity in the last 12 months (VND billion)

	VN Index	VN30	VNMID	VNSMALL	Upcom	HNX Index
November-21	30,770	10,963	10,639	5,574	2,783	4,087
December-21	25,123	8,448	9,447	4,408	1,915	3,232
January-22	25,562	9,001	9,686	4,020	1,812	2,919
February-22	21,754	8,511	8,390	3,665	1,538	2,407
March-22	24,785	7,623	10,565	4,954	1,799	3,498
April-22	20,612	7,423	8,419	3,640	1,202	2,289
May-22	13,718	5,431	5,495	2,081	725	1,619
June-22	13,071	4,848	5,753	1,899	1,109	1,507
July-22	10,230	3,659	4,508	1,343	675	1,143
August-22	14,041	4,810	6,451	2,248	825	1,763
September-22	11,772	3,737	5,660	1,838	581	1,300
October-22	9,253	3,646	4,042	1,252	404	883

Source: Bloomberg, RongViet Securities

Another downfall in October made stocks reach new lows YTD and return distribution of broad market shift to the left more than the previous month when 90% of stocks witnessed losses and there were 40% of stocks correcting by more than 15% as showed in figure 5.

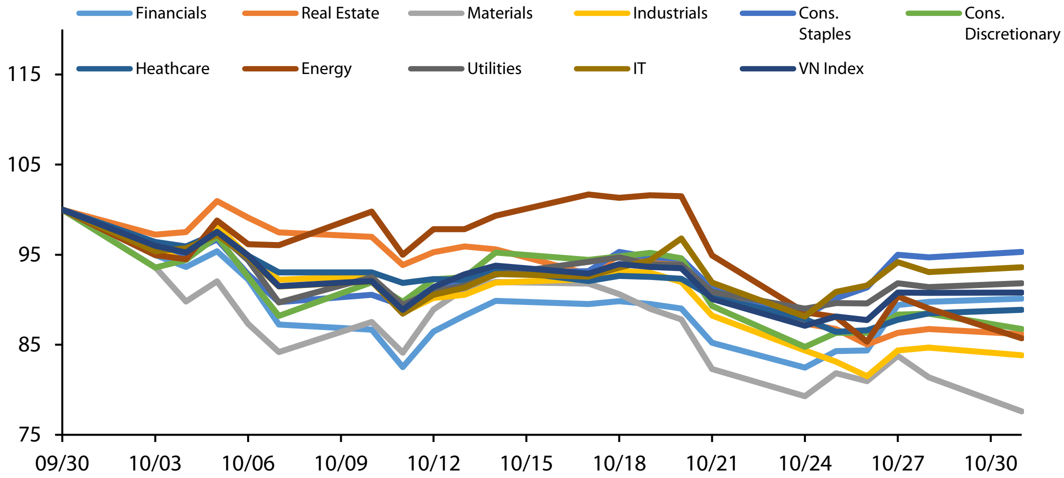
Figure 5: Stock return distribution on HSX and HNX



Source: Bloomberg, RongViet Securities

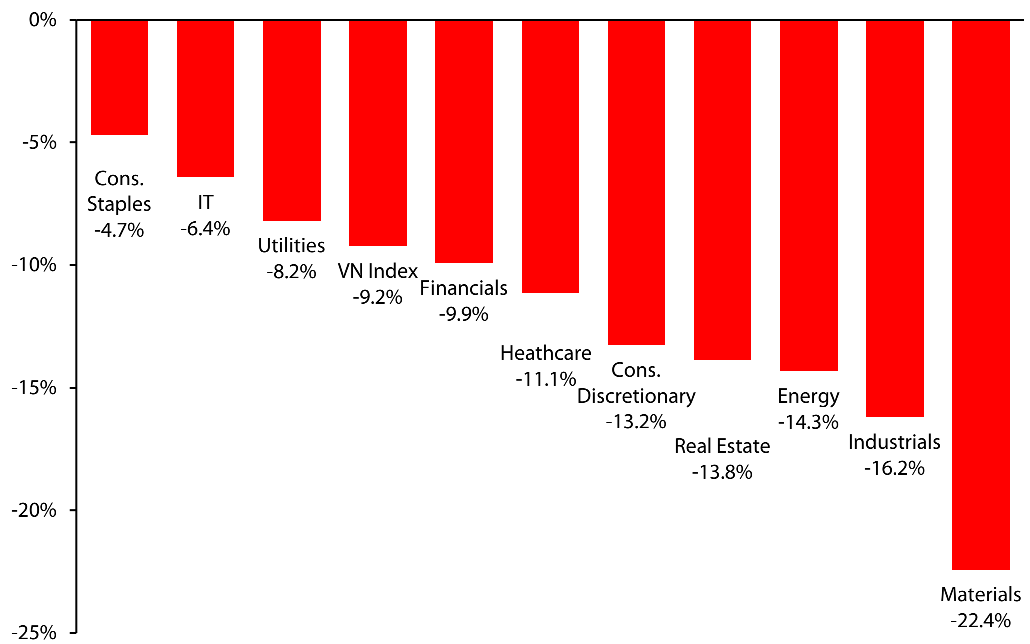
Among sectors based on GICS, all sectors continued to have another monthly loss and they corrected even harder. There were 7/10 sectors loss more than VN Index. Materials (-22.4%) was the hardest hit sector. In which, steel giant, HPG (-26.2%) took lead, and the followings were GVR (-29.3%), and HSG (-23.0%). However, Financial sector (-9.9%) contributed to the most to VN Index loss. TCB (-24.3%), VPB (-9.2%), MBB (-11.5%), and STB (-21.6%) were the major drivers of the sector.

Figure 6: Sector performance in October



Source: Bloomberg, RongViet Securities

Figure 6: Sector return in October

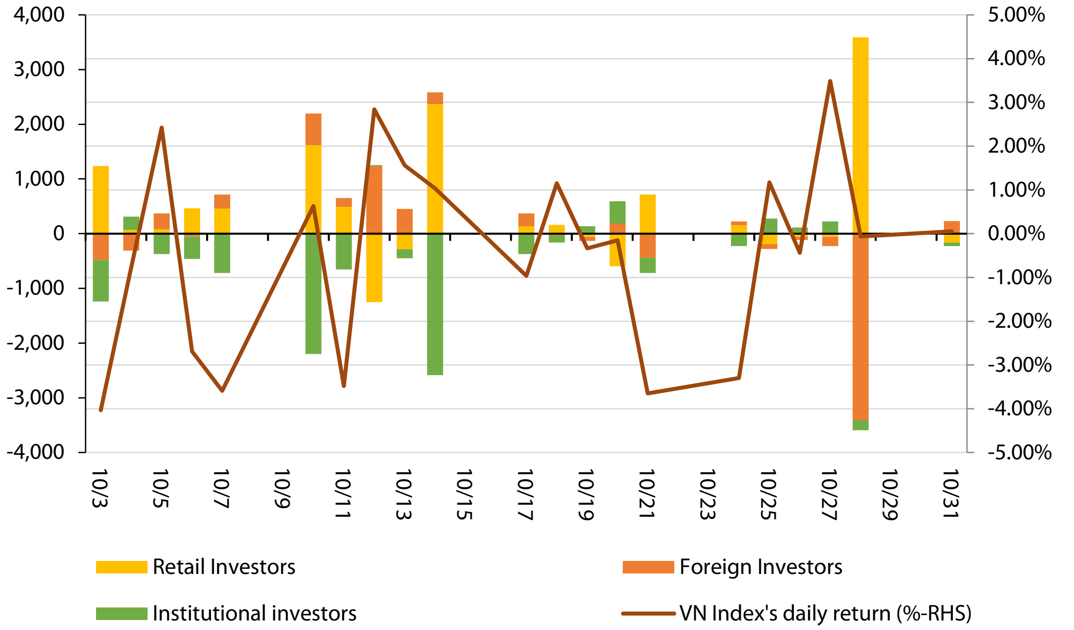


Source: Bloomberg, RongViet Securities

Trading among investors

In October, retail investors and foreigners were the parties balanced the selling pressure of institutions for most of times when market kept reaching lower as show in figure. Notably, foreign investors had an abnormal net selling session on 10/28. However, this mostly due to transaction related to EIB shares (VND 3,342 billion or USD 139 million) via put-through method.

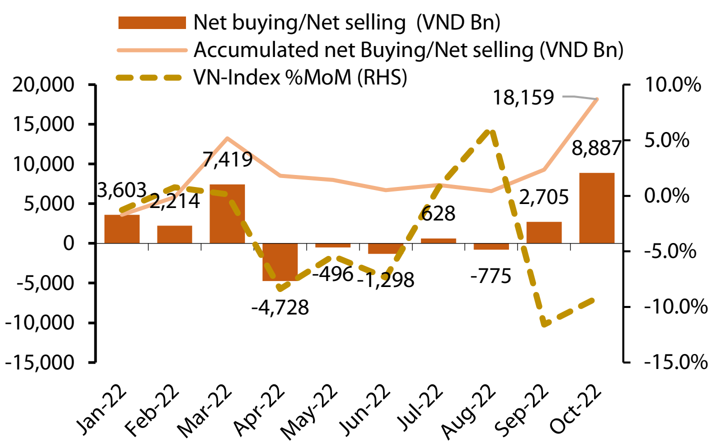
Figure 7: Daily trading among investors on HSX in October 2022 (VND billion)



Source: Fiinpro, RongViet Securities

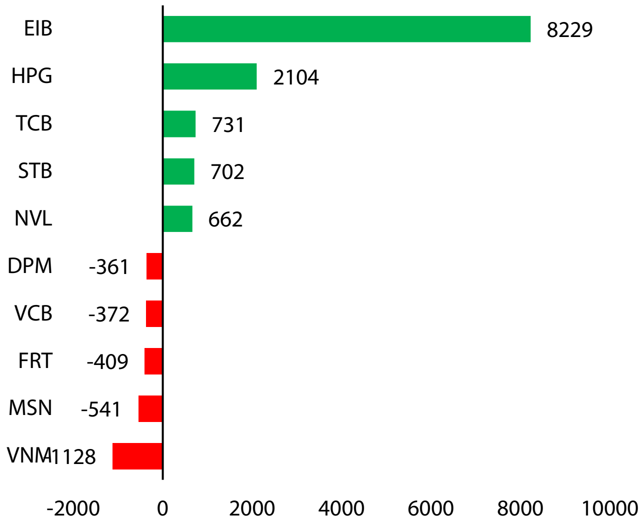
Local retail investors have the largest net buying amount of VND 8,887 billion or USD 370 million within a month since the beginning of the year. The YTD accumulated net buying position went double to VND 18,159 billion or USD 756.6 million. In addition, the top active traded stocks by local retail investors are listed in figure 9.

Figure 8: Monthly net buying/selling by local retail investor on HSX



Source: Fiinpro, RongViet Securities

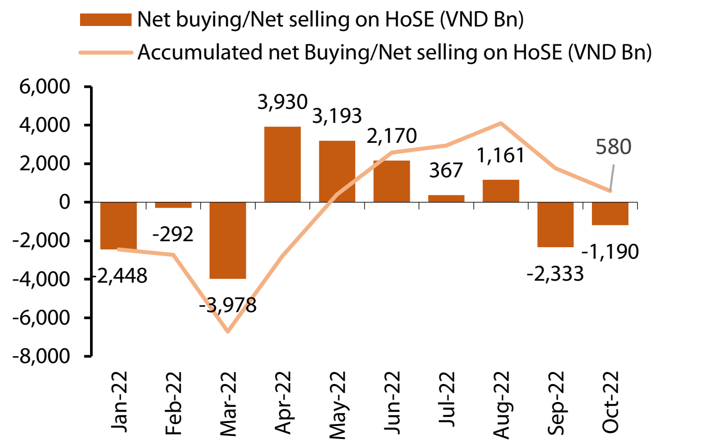
Figure 9: Top net sold/purchased stocks by local retail investor on HSX in October (Billion VND)



Source: Fiinpro, RongViet Securities

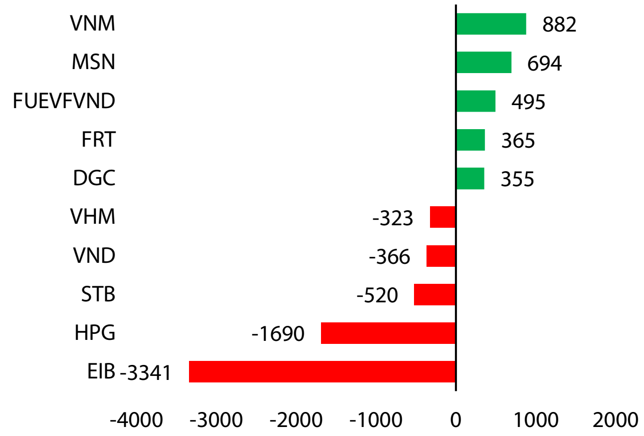
Foreign investors net sold for the second month in a row with an amount of VND 1,190 billion or USD 49.5 million. However, the number was quite bias due to EIB transaction and the YTD net position was still buying at VND 580 billion or USD 24.2 million. Banks, and basic resources stocks were the top selling sectors (Table 2). In addition, the top bought/sold stocks were showed figure 12.

Figure 10: Monthly net buying/selling by foreigners on HSX YTD



Source: Fiinpro, RongViet Securities

Figure 11: Top net sold/purchased stocks by foreigner on HSX in October (Billion VND)



Source: Fiinpro, RongViet Securities

Table 2: Foreign net trading value by sector on HOSE

Sector	Net trading value (Billion VND)	Net trading volume (thousand shares)
Food & Beverage	1,671	30,874
Chemicals	825	19,279
Financial Services	503	21,944
Retail	386	4,953
Oil & Gas	237	11,124
Personal & Household Goods	118	2,710
Travel & Leisure	98	1,746
Construction & Materials	75	3,809
Utilities	75	6,994
Insurance	30	1,267
Health Care	26	829
Technology	10	394
Media	1	42
Automobiles & Parts	0	712
Telecommunications	0	0
Real Estate	-208	-2,208
Industrial Goods & Services	-210	-15,922
Basic Resources	-1,517	-82,876
Banks	-3,303	-80,323

Source: Fiinpro, RongViet Securities

In October, foreign capital started flow back to some equity markets in Asia as showed in table 3. However, Vietnam still witnessed another month of withdrawing of USD 81 million. The position turned to outflow just in the last two session due to the EIB transaction.

The capital flow from ETFs witnessed a strong net Inflow in October from both foreign and local side. Foreign ETFs took lead in net basket creation worth USD 75.2 million, local ETFs net created baskets worth USD 2.8 million. In which, Fubon FTSE Vietnam ETF continued to take lead the foreign funds to disburse USD 54.7 million, while DCVFMVN30 ETF Fund (USD 5.9 million) led local funds.

Table 3: Foreign portfolio investment flow to equity market

Countries	Foreign Capital Flow ($ mn)		
	1M	QTD	YTD
Japan	9,930	9,930	-8,423
Indonesia	730	730	5,566
S.Korea	379	2,129	-11,008
Thailand	227	227	4,744
India	186	186	-22,367
Sri Lanka	7	7	43
Philippines	-12	-12	-1,236
Vietnam	**-81**	**-81**	**-133**
Maylaysia	-128	-128	1,466
Taiwan	-3,031	-3,031	-47,598

Source: Bloomberg, RongViet Securities
QTD: Quarter to date
YTD: Year to date

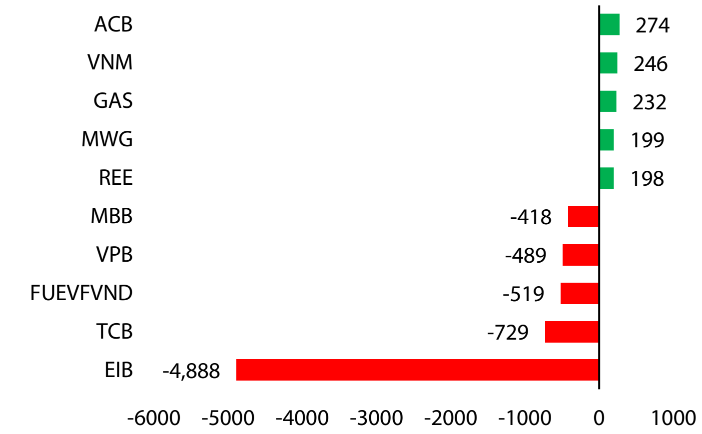
Table 4: Capital flow of ETFs

ETF Name	AUM ($mn)	Fund flow ($mn)		
		1M	3M	YTD
Total	**2,433**	**78.0**	**42.5**	**153.0**
Foreign ETFs	**1,461**	**75.2**	**42.8**	**206.3**
Fubon FTSE Vietnam ETF	496	54.7	71.2	454.5
VanEck Vectors Vietnam ETF	307	21.3	19.4	(22.6)
Asian Growth CUBS ETF	10	-	0.2	13.0
iShares MSCI Frontier and Select EM ETF	304	-	-	(49.4)
KIM KINDEX Vietnam VN30 ETF	96	-	(3.2)	(110.6)
Premia MSCI Vietnam ETF	18	-	0.5	0.8
KIM KINDEX Vietnam VN30 Future	3	-	-	(8.5)
Xtrackers FTSE Vietnam Swap ETF	227	(0.9)	30.3	(70.9)
Local ETFs	**972**	**2.8**	**(0.3)**	**(53.4)**
DCVFMVN30 ETF Fund	267	5.9	(4.6)	-
SSIAM VNX50 ETF	9	0.2	0.2	2.3
DCVFMVN Diamond ETF	567	-	-	(76.3)
SSIAM VN30 ETF	3	-	-	3.8
VinaCapital VN100 ETF	4	-	-	-
MAFN VN30 ETF	25	(0.1)	0.9	16.8
SSIAM VNFIN LEAD ETF	97	(3.2)	3.2	-

Source: Bloomberg, RongViet Securities

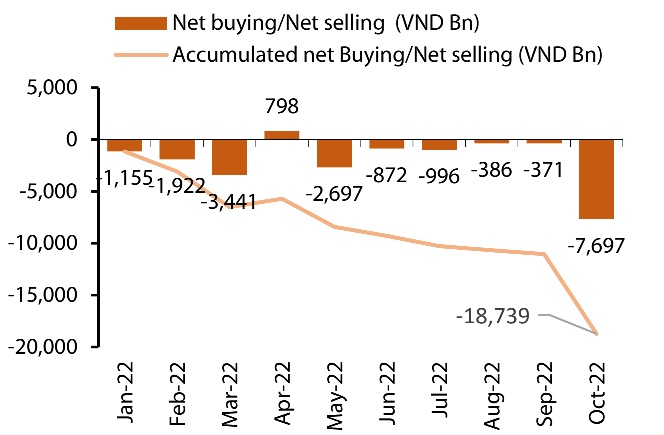
Local institutional investors aggressively net sold VND 7,697 billion or USD 320.7 million in October, which was double the record made in March. Thereby, lift the YTD accumulated net selling amount to VND 18,739 billion or USD 780.8 million. The top traded stocks by local institutional investors are shown in figure 13.

Figure 12: Top net sold/purchased stocks by local institutions on HSX in October (VND bn)



Source: Fiinpro, RongViet Securities

Figure 13: Trading activity by local institutional investors on HSX (VND bn)

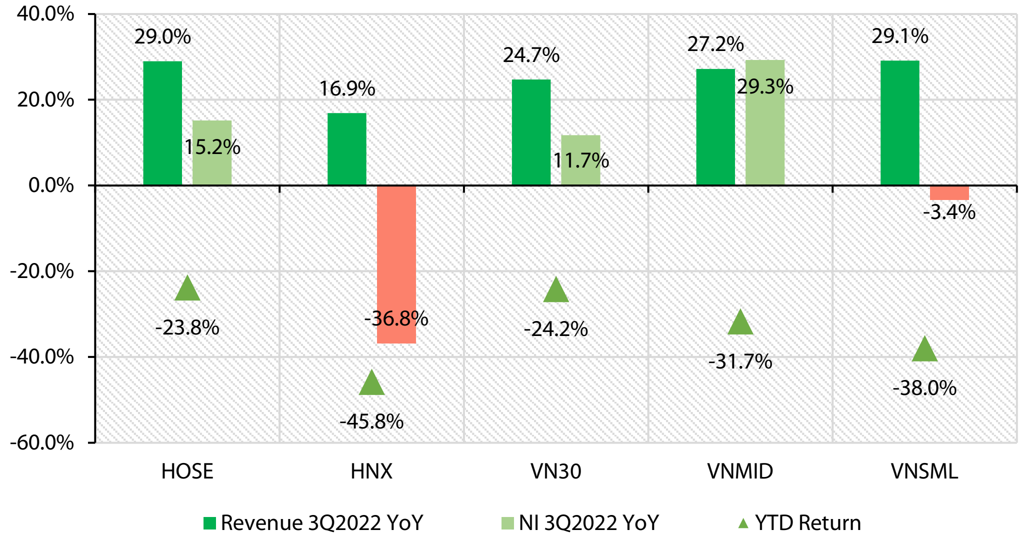


Source: Fiinpro, RongViet Securities

Third Quarter earnings summary: Banks were still stars, Basic resource stocks turned loss

Combining the available Q3 earnings of ~ enterprises from both HOSE and HNX as of 10/31/2022, we notice that Q3 results were opposite between two exchanges. Net income available to common shareholders on HOSE increased by 15.16% YoY while HXN's figure saw a plunged by 36.7% YoY. Sub- baskets of VN Index 's earning recorded a mix as VN30 and VNMIDCAP showed a robust growth at 11.7% and 29.3% while VNSMALL witnessed contractions of -3.4%.

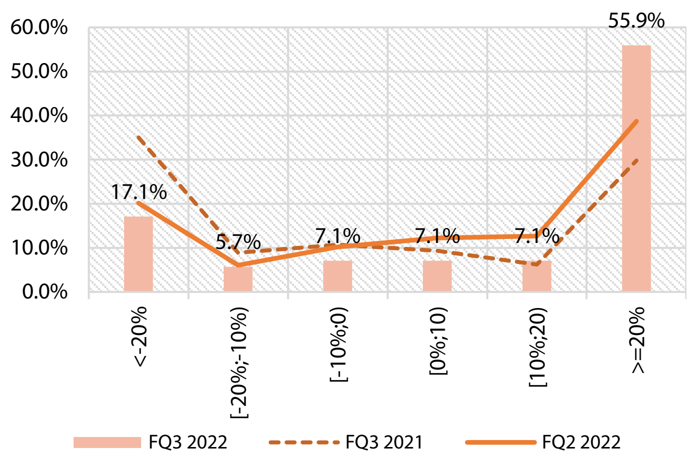
Figure 14: Earning results and stock return YTD



Source: Bloomberg, RongViet Securities
NI: Net income available to common shareholders

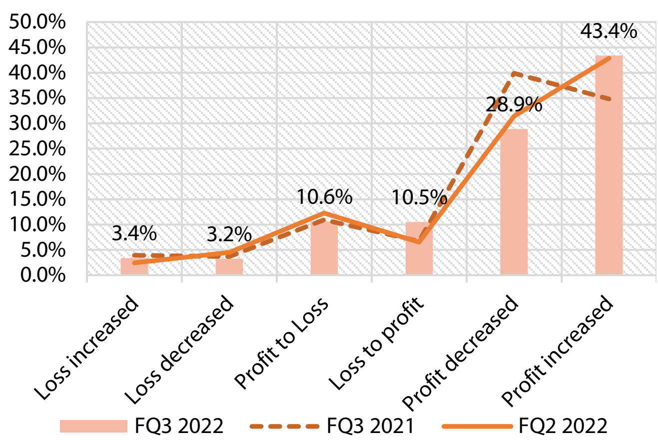
Breaking down further, majority of enterprises kept growing in revenue (70.1%) and had profits (82.7%) on both exchanges. Notably, the group having YoY revenue growth more than 20%, increase compared to last year and 2Q2022's figures. The reason is due to low based performance of 3Q2021 as Vietnam witness nationwide lockdown. In term of profit, 3Q2022 earnings 's figures were quite in line 2Q2022 and the same previous last year. However, there were more companies reporting earnings growth in 3Q2022 compared to 3Q2021 as showed in figure 16.

Figure 15: Revenue growth distribution on HOSE and HNX



Source: Bloomberg, RongViet Securities

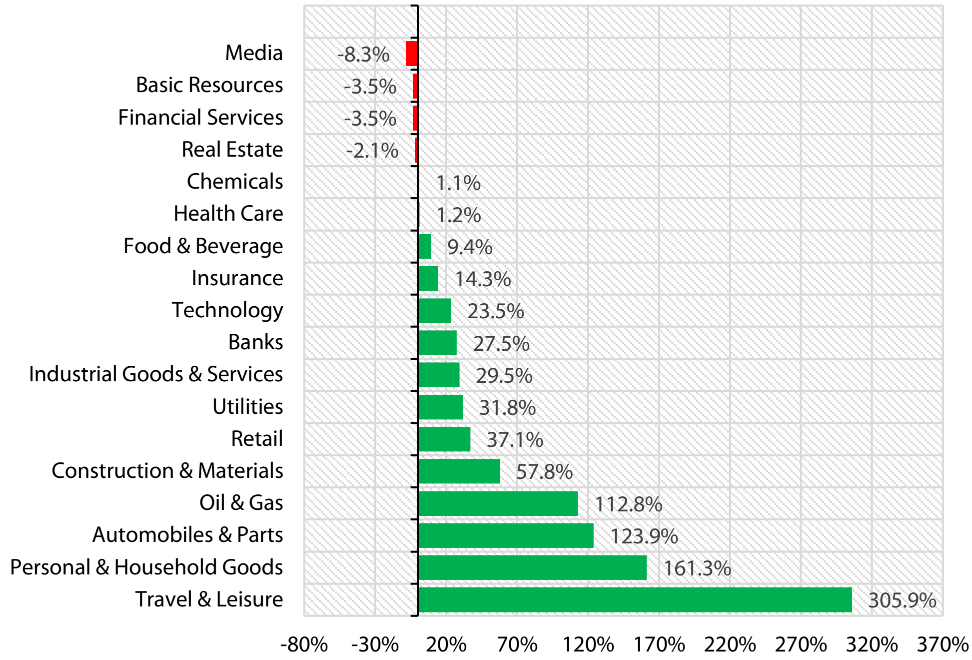
Figure 16: Earnings results distribution on HOSE and HNX



Source: Bloomberg, RongViet Securities

Over 14/18 sectors recorded revenue growth. Travel & Leisure, Personal &Household Goods and Automobiles & Parts were top performers with 3-digit growth as showed in figure 11.

Figure 11: YoY revenue change by sectors in 3Q 2022



Source: Bloomberg, Rong Viet Securities

In term of profits, 11 sectors recorded profit growth, 2 sectors turned profit and 3 sectors witnessed decreases in profit as showed in table. While the downfall of commodity prices led Basic Resources stocks' earnings turned loss. Travel & Leisure recorded revenue growth, but still in loss territory. Among profit sectors, banking sector was still the brightest star with the highest earning contribution (54.1%) and the highest earning yield on their market cap (3.3%) in 3Q2022.

Table 5: YoY earning review by sector by sectors in 3Q2022

Sectors	Profit/loss Status YoY	+/- Change YoY	Earnings yield on Mkt Cap	Net profit margin	Earnings contribution
Banks	Profit more	56.6%	3.3%	20.3%	54.1%
Industrial Goods & Services	Profit more	35.0%	2.2%	8.7%	2.7%
Real Estate	Profit more	50.7%	2.1%	29.9%	23.4%
Health Care	Profit more	61.7%	2.0%	9.5%	0.6%
Construction & Materials	Profit more	48.5%	1.6%	5.0%	2.1%
Utilities	Profit more	3.1%	1.6%	8.7%	5.7%
Technology	Profit more	23.0%	1.6%	11.0%	1.8%
Personal & Household Goods	Profit more	372.9%	1.4%	4.3%	0.8%
Food & Beverage	Profit more	6.4%	1.1%	7.1%	6.7%
Retail	Profit more	8.3%	1.0%	2.3%	1.4%
Oil & Gas	Profit more	29.9%	0.2%	0.1%	0.1%
Chemicals	Profit less	-2.0%	1.9%	10.1%	3.3%
Insurance	Profit less	-6.5%	1.1%	3.4%	0.5%
Financial Services	Profit less	-67.1%	0.8%	8.5%	0.9%
Automobiles & Parts	Turn profit	(-) -> (+)	3.2%	2.8%	0.4%
Media	Turn profit	(-) -> (+)	1.6%	5.8%	0.0%
Basic Resources	Turn loss	(+) -> (-)	-1.1%	-2.7%	-2.2%
Travel & Leisure	Loss less	-29.3%	-1.9%	-6.5%	-2.6%

Source: Bloomberg, RongViet Securities

Even though VN-INDEX's valuation is highly attractive at the moment compared to itself in the past, the bottleneck in capital flow liquidity and corporate bonds' risks are major concerns which need to be resolved, creating momentum for the market to recover.

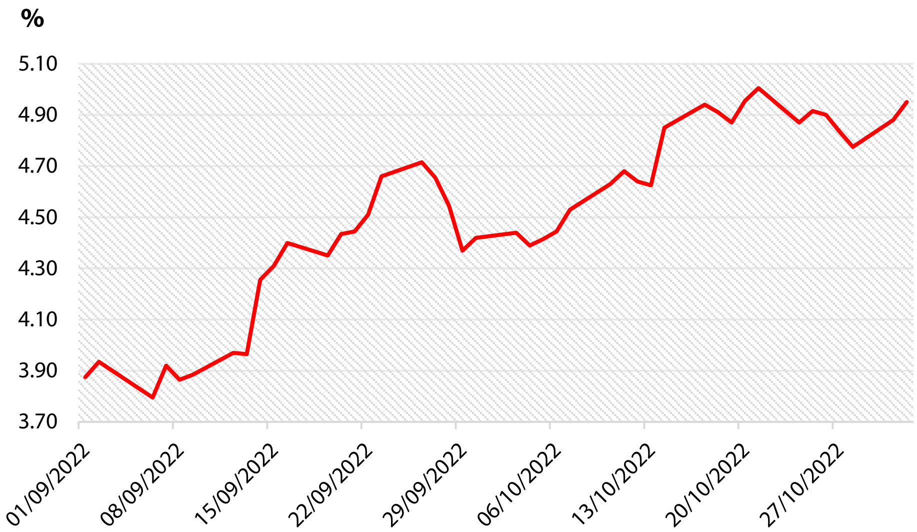
On the positive side, the corporate bond association had seminars with bond funds and securities companies and proposed several options to the Ministry of Industry and Trade. However, we believe that this issue would take a long time for the authorities to come up with final solutions. Therefore, during this period, we believe that trading activities in the market will still be quite conservative. In addition, in the last days of October, the exchange rate tended to cool down, which helped the SBV have a little room to support liquidity through the open market, relieving a part of the pressure on the market capital's illiquidity issue. However, in our opinion, this support from the SBV is still not strong enough to clear the currently congested capital flow.

In the base case, we expect VN-Index to fluctuate between 940 - 1050.

The pressure of Fed raising interest rate expected to decrease ahead

According to futures contracts data, the rate of Fed rate hike has tended to cool down since the second half of October after a rapid increase many months earlier. Interest rates hit 5.1% on October 21, 2022, then have moved sideways at 4.8%-4.9% so far. If the market maintains its expectation on this level of the Fed interest rate, this will reduce the pressure of net withdrawal of USD in countries, thereby reducing pressure on exchange rates and interest rates.

Figure 12: Fed interest rates traded in futures contracts

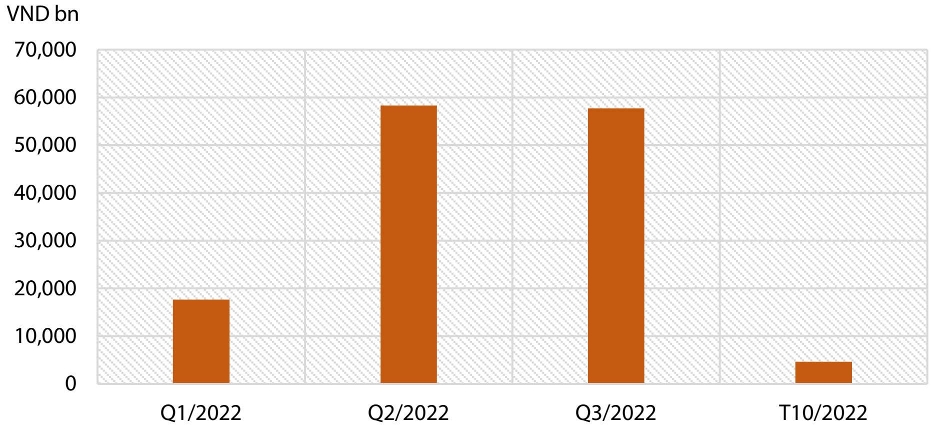


Sources: Bloomberg, RongViet Securities

Within Vietnam market, Viet Dragon believes that the liquidity of capital flows is congested, and corporate bond risks are of important issue. Although, currently, the State Bank of Vietnam and related departments have taken actions to support the market in terms of liquidity and investors' confidence, but it is still not large enough to stimulate capital flows.

According to VBMA's statistics, as of October 21, there has been VND 142,458 billion of corporate bonds bought back before maturity, accounting for about 11.8% of outstanding corporate bonds at the end of 2021. This has reduced the remaining debt due in 2023 and 2024, which is estimated at 350 and 370 trillion dong, respectively.

Figure 13: Value of corporate bonds repurchase before maturity



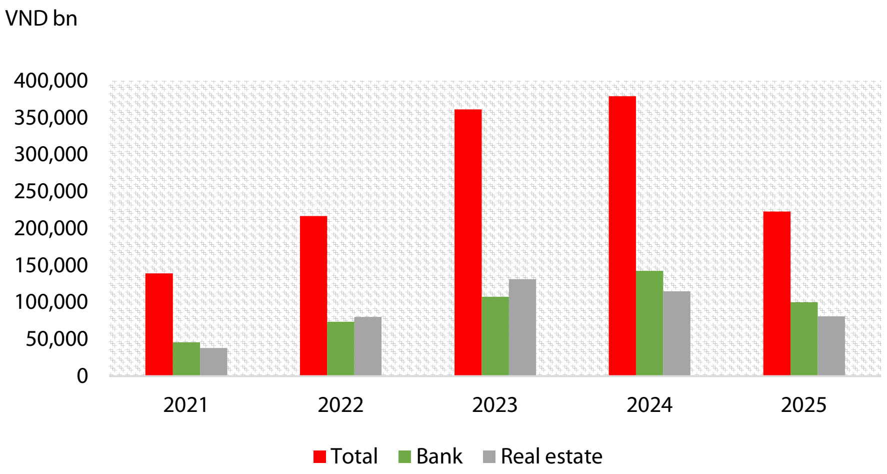
Sources: VBMA, RongViet Securities

From 1/10 to 21/10/2022

Although the value of corporate bonds re-purchased has tended to increase from June 2022 onwards, in our opinion, the pressure to mature bonds in 2023 is still quite large. Total maturity in 2023 is estimated at 350 trillion dong, equivalent to about 1/4 of the credit growth's banking system in 2022 (assuming that 2022 credit growth is around 14%). Although the banking sector accounts for 30% of the bond maturity value, we believe that there is a high possibility that they can still be re-issued; however, the absorption will be limited due to high interest rates and liquidity issue.

From a narrower perspective, we focus on real estate sector which is under a tremendous pressure recently. In 2023, it is estimated that about 130 trillion VND of bonds issued by real estate firms will mature, accounting for about 36% of the proportion of the maturity value in 2023, equivalent to 9% of increasing in credit growth to the market in 2022. We believe that the ability to reverse the debt of these enterprises is quite low since investors holding mainly are individuals, who are greatly restricted from Decree 65/2022, besides the limitation in getting access to bank loans while cash flow from sales activities is facing many difficulties in the context of rising interest rates and tightened credit. Therefore, we see some notable risks of bad debt and increasing interest rates of the market from the possibility of maturity of corporate bonds of real estate companies in the upcoming.

Figure 14: Corporate bond maturity value

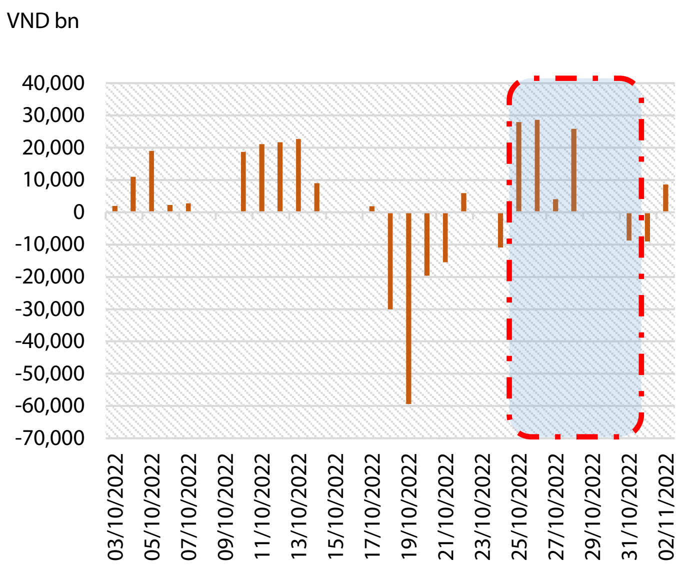


Sources: VBMA, HNX, RongViet Securities

On the positive side, the corporate bond association had seminars with bond funds and securities companies and proposed several options to the Ministry of Industry and Trade. However, we believe that this issue would take a long time for the authorities to come up with final solutions. Therefore, during this period, we believe that trading activities in the stock market will still be quite conservative.

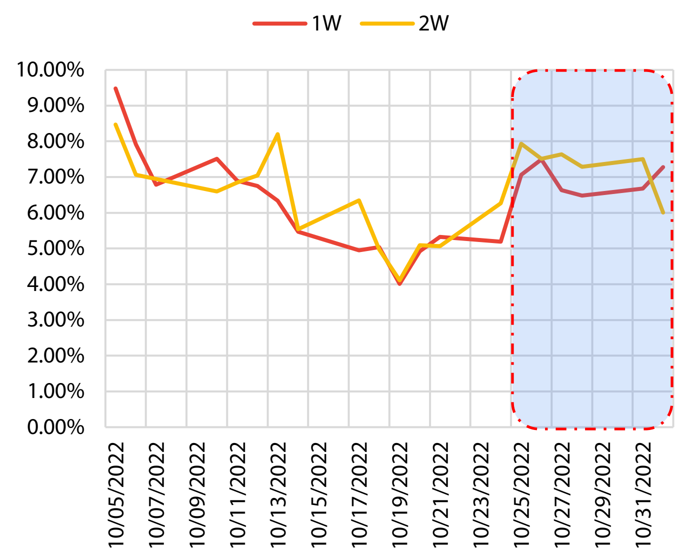
On the other hand, on the basis that the exchange rate has eased in the last week of October, the State Bank has taken action to support liquidity through the open market operations, about VND 77,699 billion was injected into the market from October 25 to 31. (Figure 15). However, in our opinion, this support from SBV is still not strong enough to clear the currently congested capital flow in the market as interbank interest rates are still high (Figure 16), securities companies participating in bond distribution activities have actively lowered the margin lending rate to increase liquidity, corporate bonds did not record new issuance in October (Figure 17).

Figure 15: Supply of money injected through OMO



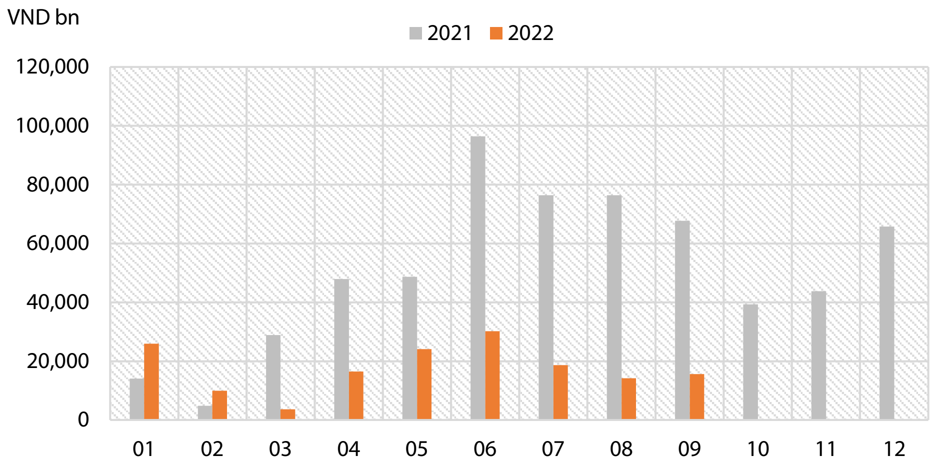
Sources: SBV, RongViet Securities

Figure 16: Interbank interest rates



Sources: SBV, RongViet Securities

Figure 17: Total value of corporate bond issued



Sources: VBMA, RongViet Securities

The growth of net profit in 4Q2022 of covered companies are forecasted to decrease slightly compared to 3Q2022.

Table 6: Outlook for business results by sector group 4Q2022

	3y ave PE	Trailing PE	3y ave PB	Trailing PB	3Q2022 YoY	4Q2022 YoY	4Q2022 QoQ	Stocks
Consumer Goods	0,0	13,9	4,7	3,5	-6%	-49%	25%	ANV, DRC, FMC, HAX, MSH, MSN, PNJ, STK, TCM, VHC, VNM
Oil & Gas	0,0	0,0	0,6	0,6	-150%	48%	+	PVD
Logistics	12,9	8,6	1,5	1,2	92%	0%	-16%	GMD, HAH, PVT, VSC
Banks	13,2	7,7	2,1	1,4	52%	31%	3%	ACB, BID, CTG, HDB, MBB, OCB, TCB, VCB, VPB
Financials	13,6	10,0	2,1	1,1	-47%	-48%	19%	HDG, KDH, NLG, PGI
Basic Materials	8,7	4,5	1,8	0,9	-109%	-78%	383%	BFC, BMP, DPM, HPG, NKG, PHR, DPR
Health Care	21,1	14,8	2,4	2,1	52%	18%	25%	DBD, IMP
Consumer Services	15,4	14,2	4,1	3,3	20%	4%	88%	FRT, MWG, SCS
Technology	16,5	15,8	3,5	3,4	29%	31%	17%	FPT
Utilities	11,1	10,2	1,5	1,2	67%	-15%	2%	GEG, HND, NT2, PC1, PPC, REE
Industrial park	16,5	6,1	1,6	0,8	+	132%	-17%	KBC, LHG
Coverage list	**13,6**	**8,5**	**2,4**	**1,6**	**4%**	**-6%**	**14%**	

Sources: RongViet Securities

** The data is estimated based on Rong Viet Securities' watchlist including 49 listed companies.*

Overall, according to our estimates, overall growth in 4Q2022 is forecast at -6% yoy, down -10% from +4% growth in 3Q2022. More specifically:

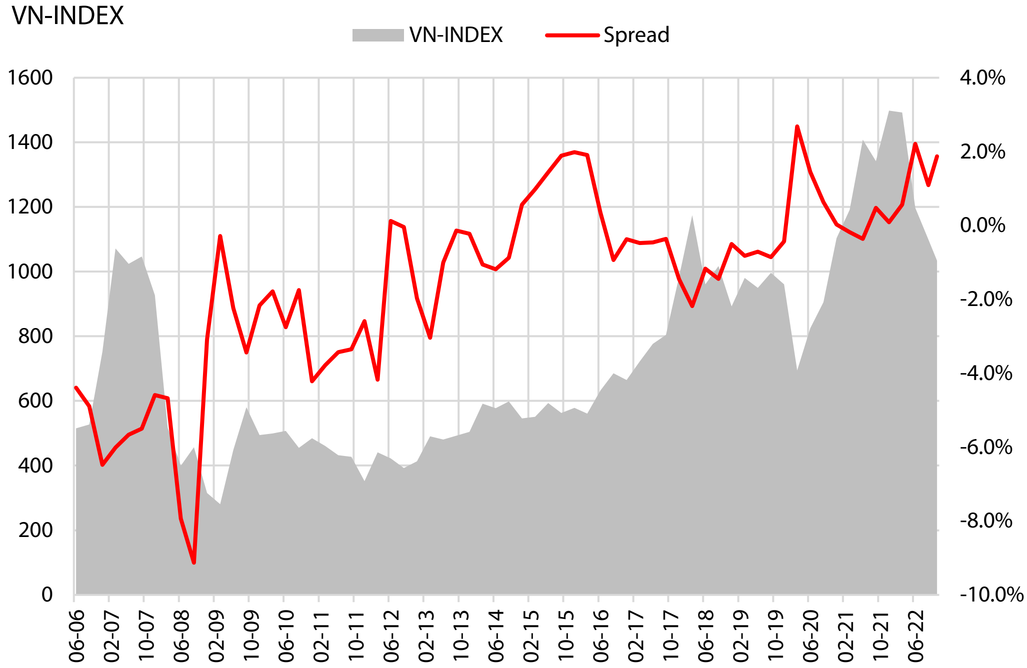
We forecast oil and gas, banking, healthcare, technology, and industrial real estate sectors to record positive profit growth in 4Q2022 compared to the same period in 2021.

On the other hand, the financial and basic materials industries are forecasted to witness a decline in profits compared to 4Q2021. The logistics industry growth is forecasted to have a decrease compared to the previous quarter.

Market valuation is at an attractive level in the long term. However, lack of incentive for improving in the short term

VN-INDEX's E/P performance (total NPATMI/ total capitalization) up to date (November 2, 2022) is estimated at 9.8%, which is 1.9% higher than the deposit interest rate. At the same time, the current spread is also quite attractive (high) compared to historical data. We believe that the market is attractive for long-term buy and hold investment strategy. However, in short term, the market is still facing many difficulties due to capital illiquidity and information risk.

Figure 18: Comparison of E/P and VCB's deposit rate in the period 2006-2022



Sources: Fiinpro, RongViet Securities
Spread = E/P trailing – VCB's deposit rate. The higher in the spread is, the more attractive the market is

Factors	Ratings	Comments
The pressure of Fed raising interest rate is expected to decrease in the near future.	+	According to futures contracts trading data, Fed rate hike has tended to cool down since the second half of October after a rapid increase many months earlier. If the Fed interest rate is expected to peak around 5.1%, it will reduce the pressure of USD net withdrawal in countries, thereby reducing pressure on exchange rates and interest rates.
Information about the possibility of China re-opening its economy	+	The reopening of the Chinese economy is expected to boost production, business, import and export activities of many enterprises, leading to growth prospects in the coming years.
Vietnam macro-economic indicators in October & Q4		Manufacturing PMI in October was recorded at 50.6 points, down 1.9 points compared to September due to a decrease in orders. GDP growth for the whole year reached target and inflation was under control. We forecast GDP growth in Q4 at around 6.3-6.7%, GDP growth in 2022 is estimated at 8.1-8.2%. Overall inflation in 2022 is estimated at 3.6-3.8%, still lower than the Government's target of 4%.
Corporate bond issues and market illiquidity issues	--	Although, currently, SBV and related departments have taken actions to support the market in terms of liquidity and investors' confidence, but it is still not enough to stimulate capital flows. High-value corporate bond maturity risk in 2023.
Growth forecast of listed companies covered by RongViet securities will be less positive in 4Q2022	-	The growth prospect in net profit of listed companies is forecasted to decrease significantly in Q4/2022, creating not enough momentum for the market in short term.

Waiting for a sudden rain

Information risks and liquidity pressure in the capital market made the liquidity in the stock market has been decline session by session in October. In the short term, we believe that the above problems will not be removed. Given the limitation of cash flow, we do not expect a simultaneous increase of sectors or stocks. There will be faster and shorter rotation of cash flow among industries and stocks. In such circumstance, we believe that it will be difficult for short-term investors to find profits. Therefore, we maintain a defensive portfolio with a balanced cash-to-stock ratio.

For short-term investors, we believe that trading on existed stocks in their porfolio will offer them the advantage of time (T+). We think that patient investors will generate a better performance thant those who try to buy in the rally session. The four stocks in our October portfolio that offer very good performance against the VNIndex were BMP, FRT, CTG and VNM. Even so, the sharp drop in MWG and DRC made our monthly recommendation portfolio's performance lower than VNIndex's performance. Therefore, we restructured our short-term portfolio by adding PHR and PC1, and excluding PVD, DBD, ACV, PVT and TNG. We also recommend investors to realize profits in FRT, CTG and NT2.

Ticker	TP (VND)	PER	PBR	Commentation
PHR	59,800	7.6	1.6	• We expect that PHR can record an additional VND 400 Bn (or USD 16 mn) in compensation from the handover of land to VSIP, making the 4Q2022 NPAT to be estimated at ~ VND 414 Bn (or USD 16.6 mn), equivalent to a growth of 74.5% over the same period last year. • In Q4, the company plans to pay cash dividend for the remaining amount of 2021 and the first dividend of 2022 with total rate of 40% per par value. The cash dividend yield is c. 10% at the closing price on November 3, 2022.
PC1	28,400	10.3	1.0	• Heavy FX loss in 2022 will lay the foundation for growth in 2023. Notably, most of the financial expenses in 2022 are unrealized losses while the power revenue stream is based on USD, hence part of those expenses will be compensated in the future. Earnings in 2023 are forecasted to triple to that in 2022. • The stock has recently discounted steeper than the market correction while the value changed less than its stock due to interest rates and exchange rates. The company's earnings in 4Q22 might continue to be hurt by those factors, yet the bright outlook is coming in 2023. Our target price is adjusted to VND 28.400, reflecting the higher WACC and lower earnings hit by interest rates, offering an upside of 49% compared to the closing price as of Nov 3rd.

Monthly recommendation's performance

Stock	Previous month performance	Performance since adding	Add since	TP (VND)	Cash div (VND)	Expected total return	Recommendation
MWG	-19.5%	-19.5%	Oct, 2022	88,600	1,500	88%	Hold • Recently, MWG's stock price was influenced by Q3 2022 earnings growth that was lower than market expectations as the company continued to record other expenses related to the restructuring BHX chain and inaccurate information related to MWG's bond investment. • We believe that the bad news is most likely already reflected in the stock price, which is currently in oversold position. We expect business results in the coming months to be more positive thanks to the strong sales of iPhone 14 and BHX no longer records restructuring expenses.
BMP	19.9%	7.5%	Aug, 2022	81,100	6,550	40%	Hold for mid- and long-term investment
VNM	10.3%	6.5%	Aug, 2022	85,100	4,000	14%	Hold for mid- and long-term investment
VCB	4.2%	-0.5%	Jul, 2022	80,900	0	10%	Hold for mid- and long-term investment
QNS	-2.2%	-12.3%	Apr, 2022	50,300	3,000	24%	Hold for mid- and long-term investment
DRC	-12.2%	-19.5%	Aug, 2022	34,700	1,200	55%	Hold for mid- and long-term investment
FRT	13.6%	13.6%	Oct, 2022	88,000	1,000	15%	Realized profit
CTG	11.1%	-16.4%	Aug, 2022	27,400	0	14%	Realized profit
NT2	-0.6%	14.3%	Apr, 2022	29,200	1,000	18%	Realized profit
PVD	-6.2%	-18.4%	Sep, 2022	23,000	0	33%	Excluding
DBD	-3.7%	-3.7%	Oct, 2022	52,200	0	35%	Excluding
ACV	-4.0%	-4.0%	Oct, 2022	100,400	0	36%	Excluding
PVT	-4.1%	-30.3%	Apr, 2022	23,800	500	39%	Excluding
TNG	-4.6%	-4.6%	Oct, 2022	23,500	500	47%	Excluding
VNINDEX	6.1%	-32.0%	Feb, 2022				
VN30	5.6%	-34.0%	Feb 2022				

Source: Bloomberg, RongViet Securities

As analyzed in the market outlook part, we believe that Vietnam's stock market is still facing many challenges in the short run. With a drop of more than 30% from the peak of 1500 points, VNIndex's valuation has gone to a multi-year low, therefore, we believe that investors holding cash/high cash proportion can still allocate part of the portfolio to accumulate stocks with good fundamentals.

In the current circumstance, we think highly leveraged and cyclical businesses will be hit harder than the other sectors. Besides, after the pandemic, the economy continued to show a divergence in health among industries as well as companies in the same industry. Therefore, we have restructured our medium and long-term portfolio. The stocks selected for our new theorical portfolio (Table 7) are those that meet some/or all of the following criteria: (1) Valuation P/E, P/B lower than the 3-year average (2017 – 2019). We exclude data in 2020 – 21 to remove the impact of the "Covid" factor; (2) Are good enterprises in healthy industries and healthy enterprises in difficult industries; (3) Using low financial leverage and higher operating efficiency than interest expense; (4) High return on capital and ability to pay dividends.

Table 7: Performance of the medium - long term recommendation portfolio

Ticker	Performance since adding	Weight	TP (VND)	Cash div.	MP (VND) @03/11/2022	Expected total return
VNM	8.8%	9.7%	85,100	4,000	80,000	11%
BMP	0.0%	8.9%	81,100	6,550	61,500	43%
VCB	-5.2%	8.5%	80,900	0	73,000	11%
NT2	-8.6%	8.2%	29,200	1,000	23,950	26%
HND	-11.9%	7.8%	20,500	1,000	14,011	53%
PVT	-12.2%	7.8%	23,800	500	17,200	41%
PNJ	-12.8%	7.8%	136,000	2,000	102,000	35%
CTG	-17.8%	7.3%	27,400	0	23,600	16%
MBB	-20.1%	7.1%	23,500	0	17,650	33%
DRC	-20.2%	7.1%	34,700	1,200	22,900	57%
TCB	-33.0%	6.0%	29,900	0	25,850	16%
PHR	-39.7%	5.4%	59,800	4,000	41,000	56%
LHG	-49.7%	4.5%	50,700	1,900	18,500	184%
KBC	-55.2%	4.0%	33,400	0	17,700	89%
Total	**-19.8%**	**100%**				**41%**

Source: RongViet Securities

Table: Our new theorical porfolio

Ticker	Weight	Market price @Nov 2	GMT (VND)	Cash dividend next 12 months	Cur. PBR (x)	Ave. PBR in 2017-19 (x)	Cur. diluted PER (x)	Ave. PER in 2017-19 (x)	ROE (%)	ROA (%)	EBIT margin (%)	Debt to Equity ratio (x)
ACB	9.0	21,800	29,200	0	1.3	1.4	5.8	8.3	26.4	2.5	0.0	0.0
BMP	9.0	62,700	81,100	6,550	2.0	2.1	9.1	11.7	23.0	19.1	14.0	0.02
DRC	8.5	23,100	34,700	1,200	1.5	1.8	8.7	15.7	17.5	9.4	8.2	0.44
KBC	6.5	17,900	33,400	0	0.8	1.0	5.5	9.8	0.0	0.0	28.8	0.37
KDH	8.5	23,000	37,300	0	1.4	1.5	11.7	13.6	12.6	7.7	52.3	0.62
LHG	8.5	18,800	36,200	1,900	0.6	0.8	4.8	5.9	13.3	6.7	34.1	0.10
PHR	8.5	41,000	59,800	4,000	1.6	1.9	7.9	10.5	20.9	11.7	16.2	0.10
PNJ	9.0	101,100	136,000	2,000	3.0	4.4	13.2	17.3	23.7	15.8	7.4	0.21
QNS	8.5	42,853	50,300	3,000	2.2	2.4	12.5	10.7	0.0	0.0	16.7	0.17
VCB	12.0	73,600	80,900	0	2.7	4.2	13.2	25.3	22.0	1.7	0.0	0.0
VNM	12.0	78,300	85,100	4,000	5.3	5.0	18.5	12.4	25.0	16.7	16.7	0.28

Source: RongViet Securities

HIGHLIGHT STOCKS

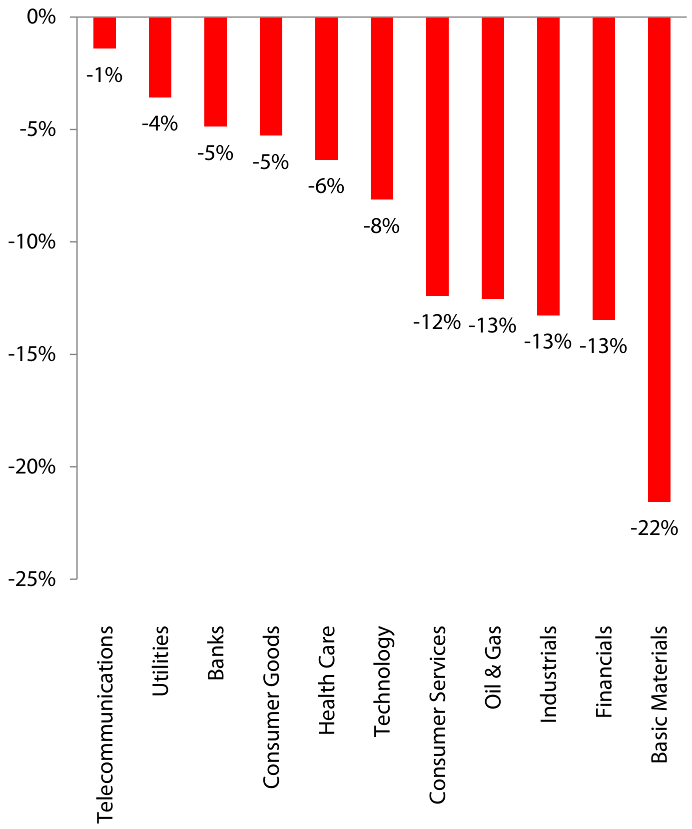
Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	2021		2022F		2023F		PER 2022F (x)	PER 2023F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
					+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)							
LHG	HOSE	41	36,400	18,500	21.5	48.5	0.7	-23.0	8.1	47.1	4.3	2.9	0.6	10.3	-63.1	807	36.4
NLG	HOSE	389	27,000	23,300	134.8	28.3	-15.4	-77.1	87.8	428.6	36.4	6.9	1.0	4.3	-54.5	3,803	10.7
NKG	HOSE	154	25,200	12,900	143.7	653.3	-14.2	-69.4	-3.3	34.5	4.8	4.0	0.6	0.0	-68.2	9,536	41.2
KBC	HOSE	599	33,400	17,700	100.3	198.7	-30.7	288.4	139.2	-21.3	4.5	5.7	0.8	0.0	-50.8	9,756	32.2
MWG	HOSE	3,064	88,600	49,500	13.3	25.0	13.0	11.2	16.3	46.3	13.3	9.2	3.0	3.0	-22.6	11,599	0.0
HAH	HOSE	104	59,300	34,450	64.1	222.1	31.0	93.4	-5.2	-16.6	2.9	3.5	1.1	2.9	-27.3	3,867	36.4
ELC	HOSE	25	13,600	8,530	-17.8	0.5	37.8	19.7	6.8	10.8	10.7	9.6	0.6	7.0	-65.3	212	45.2
HPG	HOSE	3,893	24,900	15,200	66.1	156.6	-5.0	-47.5	10.9	22.6	5.2	4.2	0.9	0.0	-63.9	24,866	29.7
BFC	HOSE	41	25,800	17,000	42.2	64.5	14.0	-9.9	-9.4	-18.2	5.4	6.7	0.9	11.8	-45.2	270	45.6
KDH	HOSE	719	37,300	23,050	-17.4	4.3	-25.7	20.0	18.4	-6.0	11.8	12.1	1.4	0.0	-46.3	2,852	20.1
DRC	HOSE	120	34,700	22,900	20.1	13.4	17.5	5.2	15.9	17.6	9.9	8.4	1.5	5.2	-27.0	874	41.5
PHR	HOSE	242	59,800	41,000	19.0	-49.8	-31.0	90.2	34.4	-20.6	7.6	7.1	1.6	9.8	-31.1	1,858	37.4
HND	UPCOM	310	20,500	14,011	-16.9	-69.5	21.3	69.4	5.4	34.4	9.9	7.4	1.1	7.1	-19.3	19	49.0
PC1	HOSE	222	28,400	19,200	47.4	36.8	-25.2	-72.3	25.2	225.2	26.2	8.1	1.0	0.0	-35.4	2,595	45.1
TNG	HNX	75	23,500	16,300	0.0	0.0	18.6	35.2	-4.9	-11.1	6.0	6.8	1.0	3.1	-41.3	1,925	-4.6
FMC	HOSE	103	50,000	35,500	17.8	18.1	17.1	22.6	4.0	9.2	7.1	6.5	1.3	5.6	-25.8	200	18.9
IMP	HOSE	157	79,000	54,000	-7.5	-9.8	18.6	18.5	35.0	44.6	17.6	12.1	2.0	0.0	-26.4	11	-0.9
GEG	HOSE	184	18,200	12,600	-7.5	9.4	53.2	9.8	2.5	21.6	12.9	10.6	1.2	0.0	-32.2	961	14.8
STK	HOSE	98	38,500	27,400	15.7	94.2	8.0	-9.5	11.1	1.2	8.9	8.9	1.5	3.6	-47.1	24	87.6
BMP	HOSE	224	81,100	61,500	-2.8	-59.0	16.5	194.5	10.8	18.1	8.8	7.4	2.0	10.7	11.2	189	14.6
HAX	HOSE	49	26,500	19,100	-0.3	28.2	8.9	74.9	10.3	9.3	4.0	4.2	1.3	2.6	-3.1	904	34.2
PVT	HOSE	247	23,800	17,200	-0.2	-0.5	15.0	33.3	-3.9	-10.0	7.1	8.7	1.0	2.9	-27.8	2,018	34.3
FPT	HOSE	3,540	102,500	74,100	19.5	22.5	19.0	31.8	19.9	18.7	14.3	12.0	4.1	2.7	-5.5	5,825	0.0
ACB	HNX	3,211	29,200	21,350	29.7	25.0	19.6	50.9	17.9	10.2	5.0	4.6	1.3	0.0	-21.2	3,998	0.0
ACV	UPCOM	7,006	100,400	74,000	-38.4	-90.8	141.8	556.6	32.6	19.2	29.6	24.8	3.8	0.0	-13.1	268	45.2
PNJ	HOSE	1,085	136,000	102,000	12.0	-3.4	63.1	66.5	6.5	7.9	14.4	14.3	3.0	2.0	0.1	2,946	0.0
DBD	HOSE	127	52,200	38,750	24.0	19.8	-5.7	16.8	15.5	22.9	13.5	13.2	2.2	0.0	2.2	276	92.5
MSH	HOSE	122	45,700	37,300	24.5	90.8	20.9	-17.5	-1.0	-0.8	7.9	8.0	1.6	10.7	-33.3	247	43.6
MBB	HOSE	3,539	23,500	17,650	35.0	53.7	20.9	48.4	17.6	15.5	4.0	3.4	1.1	0.0	-27.3	10,693	0.0
PVD	HOSE	419	23,000	17,350	-23.7	-89.6	40.1	N/A	9.1	N/A	-271.1	23.2	0.7	0.0	-18.5	9,330	34.5
MSN	HOSE	5,029	112,800	85,400	14.8	593.9	-3.5	-45.6	11.9	13.4	16.2	9.7	4.5	0.0	-28.9	6,722	19.4
GMD	HOSE	601	61,100	47,300	23.1	65.4	19.9	76.8	6.6	7.4	13.2	12.3	1.9	2.5	-4.2	2,157	1.2
ANV	HOSE	160	35,400	28,100	1.6	-36.7	46.2	451.2	-2.9	-20.4	5.0	6.3	1.3	3.6	-12.6	2,499	45.7
PPC	HOSE	201	18,100	14,050	-51.0	-71.5	45.2	41.5	23.8	117.4	14.6	6.7	0.9	0.0	-37.0	81	35.9
SCS	HOSE	299	91,900	72,700	21.1	21.6	10.4	12.4	11.8	13.5	12.1	10.5	4.5	0.0	-1.1	110	20.4
NT2	HOSE	323	29,200	23,950	1.1	-14.6	29.1	54.9	12.6	11.6	8.6	7.7	1.7	4.2	13.3	2,002	34.8
QNS	UPCOM	667	50,300	42,403	13.0	17.9	13.3	2.0	12.1	14.9	10.2	8.9	2.2	7.1	-10.8	940	30.1
DPR	HOSE	105	65,800	55,200	6.7	152.0	5.1	0.7	-7.7	-12.7	8.0	9.6	1.0	5.4	-29.4	465	-2.5
REE	HOSE	1,164	90,700	75,300	3.0	13.9	37.3	25.4	13.6	5.2	11.5	11.0	1.8	0.0	21.1	3,220	0.0
HDG	HOSE	321	35,900	30,450	-23.2	11.3	-0.7	36.4	-11.2	-6.3	5.8	6.7	1.4	0.0	-29.0	4,008	33.7

Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	2021		2022F		2023F		PER 2022F (x)	PER 2023F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
					+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)							
VHC	HOSE	570	83,000	72,500	28.7	56.2	49.3	98.4	-9.7	-21.9	6.2	7.9	1.7	2.8	25.6	2,651	71.3
FRT	HOSE	400	88,000	76,600	53.4	1,695.1	27.6	27.8	21.9	27.0	16.0	12.6	4.8	1.3	119.3	6,845	26.2
CTG	HOSE	5,030	27,400	23,600	17.4	3.0	15.2	52.5	12.3	10.6	7.5	6.8	1.1	0.0	-26.7	4,830	3.2
TCB	HOSE	3,865	29,900	25,850	37.1	46.4	20.6	25.5	18.5	18.0	4.0	3.4	0.8	0.0	-51.9	11,762	0.0
VNM	HOSE	7,137	85,100	80,000	2.2	-5.1	2.6	-4.7	6.6	7.4	18.5	17.2	5.3	5.0	-4.6	7,602	44.5
VCB	HOSE	15,190	80,900	73,000	15.7	18.8	16.3	34.8	13.8	12.2	11.8	11.2	2.7	0.0	-4.5	4,192	6.4
DPM	HOSE	704	40,700	42,000	64.7	349.6	39.6	78.2	-22.2	-46.5	3.0	5.6	1.3	11.9	1.6	6,762	32.6
VSC	HOSE	184	36,000	34,700	12.0	45.7	4.0	15.5	4.3	6.9	10.4	9.7	1.5	2.9	-4.2	2,066	44.2
PGI	HOSE	138	24,800	26,800	1.3	101.2	3.0	-26.1	13.8	15.4	9.3	7.4	1.8	4.5	13.1	23	79.4
PVS	HNX	473	20,700	22,200	-29.5	-3.5	16.6	10.1	-4.3	-1.2	17.8	18.0	0.9	3.2	-21.4	9,270	37.1
TCM	HOSE	156	39,500	44,000	1.9	-48.2	18.7	86.6	-1.0	-13.9	15.1	17.5	1.9	1.1	-34.3	1,407	2.7
HDB	HOSE	1,804	Under review	16,000	21.6	42.5	31.3	37.3	30.2	36.4	4.0	2.9	1.2	0.0	-26.5	3,998	3.5
VPB	HOSE	5,123	Under review	17,500	13.5	13.4	31.6	69.9	22.3	18.3	7.1	6.6	1.2	0.0	-31.6	15,152	-0.1
OCB	HOSE	851	Under review	13,800	11.3	24.6	-2.0	-9.9	22.2	28.3	5.0	4.0	0.8	0.0	-52.1	1,336	0.5
BID	HOSE	7,434	Under review	33,000	24.7	48.1	12.5	54.1	9.5	14.1	12.8	12.0	1.8	0.3	-3.1	2,278	13.1

Source: RongViet Securities; As of Nov 3rd, 2022.

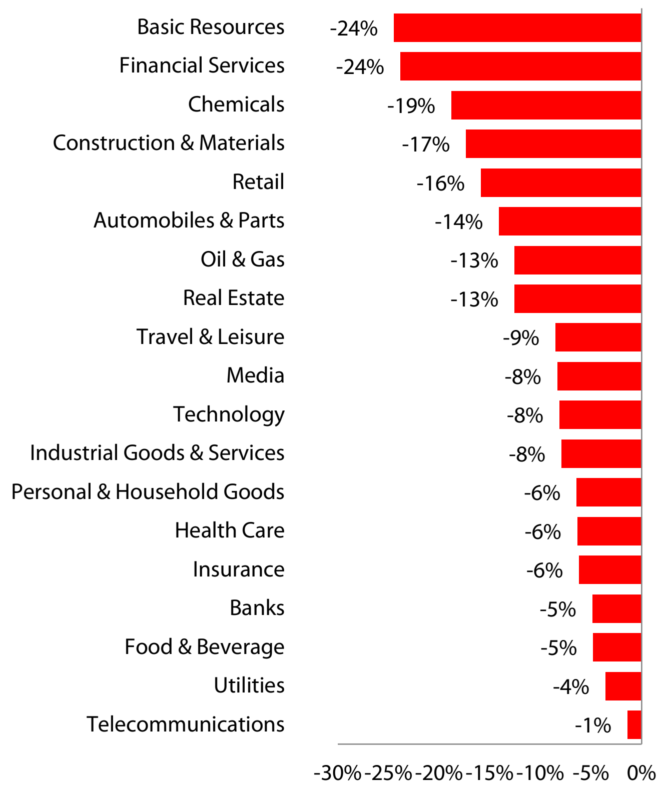
INDUSTRY INDEX

Level 1 industry movement



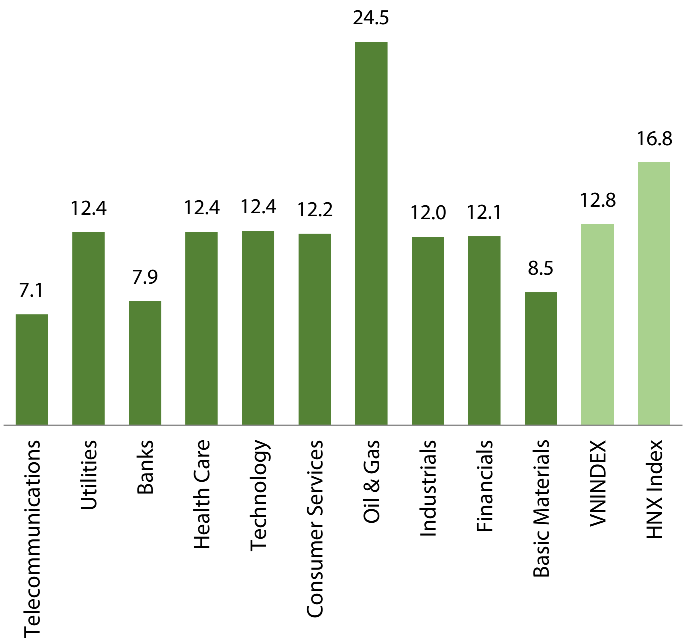
Source: Bloomberg, RongViet Securities

Level 2 industry movement



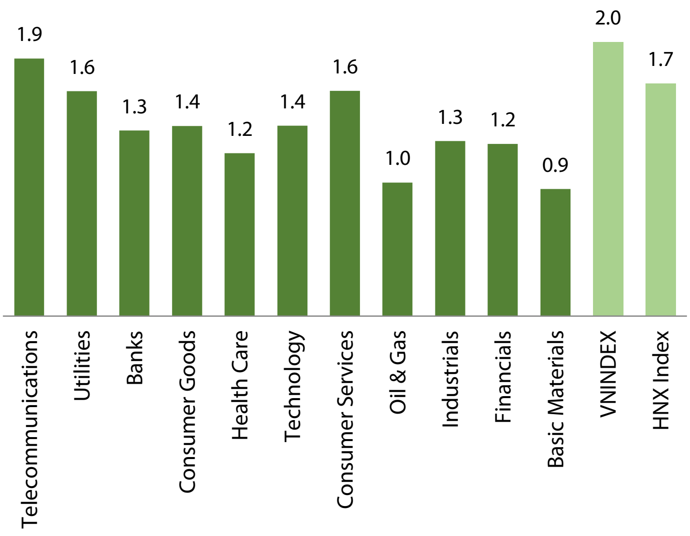
Source: Bloomberg, RongViet Securities

Industry PE comparison



Source: Bloomberg, RongViet Securities.

Industry PB comparison



Source: Bloomberg, RongViet Securities

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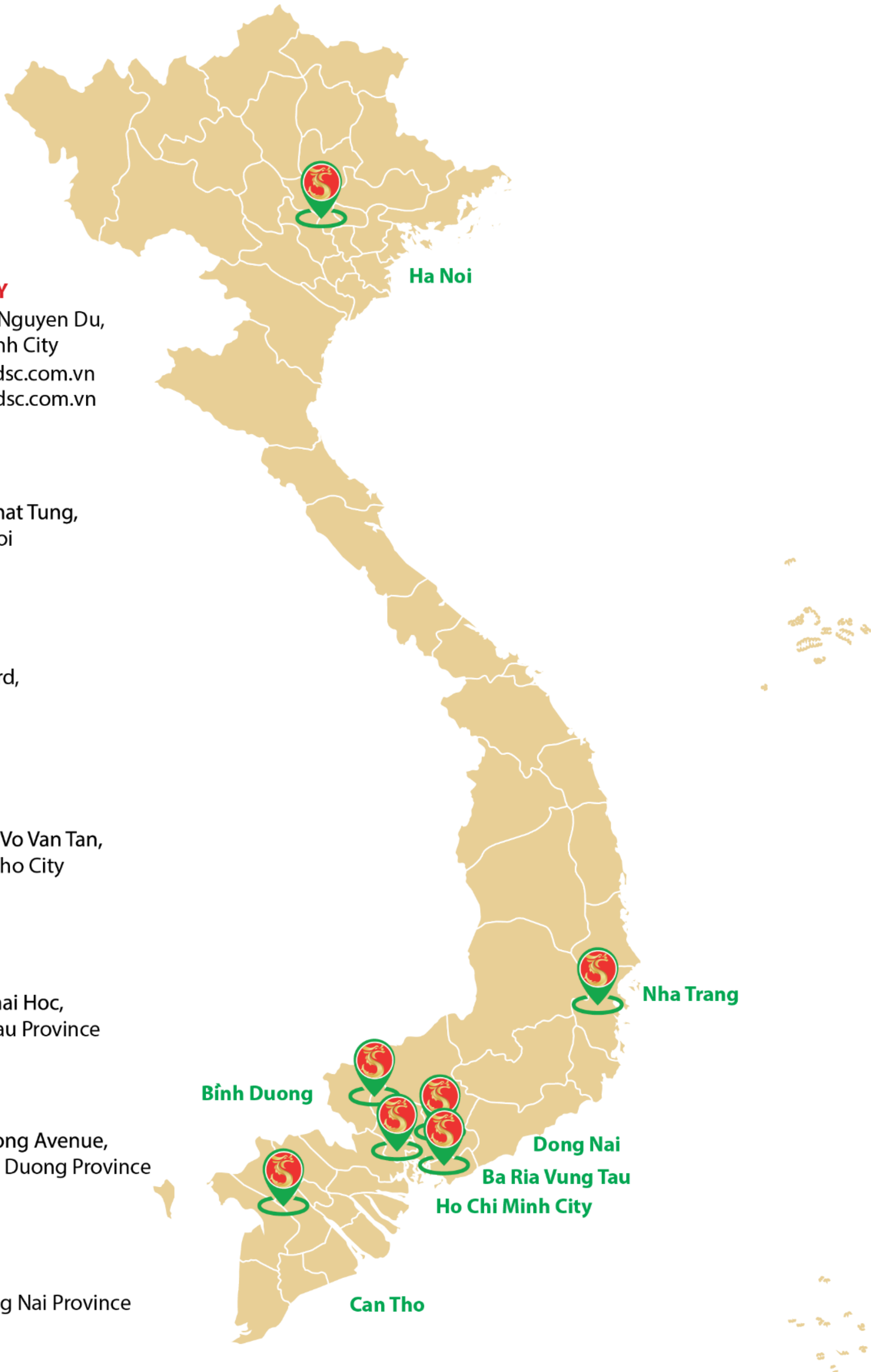

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