November 06th 2023

Investment Strategy November 2023

MARKET CRASH TO PROVIDE GOOD ENTRY POINT

The market in October was unable to hold the 1,100 level - the low of our previous forecasted range - after unexpected events related to VHM (foreign investors' sell-off on October 24) and the war in the Middle East (from October 7). These headwinds, along with the worse-than-expected Q3 profit of some large-cap stocks, have exacerbated the drop in the last week of October.

We see that, during this crash, market sentiment, which was already cautious after SBV started issuing T-bills at the end of September, has further weakened, seemingly due to concerns that the risks related to VIC and Israel-Hamas war may develop more negatively and pose systemic risks. The extreme caution is clearly shown through the "paradox" that despite investor deposits at securities companies at the end of Q3 continued to increase, the market liquidity fell.

We speculate that the market may have "digested" the bad news after a deep discount of 18% from the peak in September. For November, we lean towards the scenario that the market will recover as things are unlikely to get worse and based our expectations on: (1) selling pressure in stocks that hit the record low in valuation will cool down, (2) risks related to bonds VIC's international market are manageable, (3) there are no unexpected developments from the Middle East war or the Fed funds rates.

We expect the VN Index to fluctuate in the 1,000 - 1,100 range.

For the next twelve months, we realize that the global and Vietnam macro and monetary policies outlook still contain many shades of gray that should bring a cautious outlook. However, in the short term, we believe that these risks are priced in. Therefore, following a sharp decrease in October, we expect the market to recover in November. ***Some of our suggestions for November include VNM, GMD, and DCM.***

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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: THE UNEXPECTED HEADWIND

Geopolitical risks have been reactivated in the Middle East as Hamas launched an attack on Israel, causing global stock markets to endure a month of turmoil.

Furthermore, corrections stem from various factors:

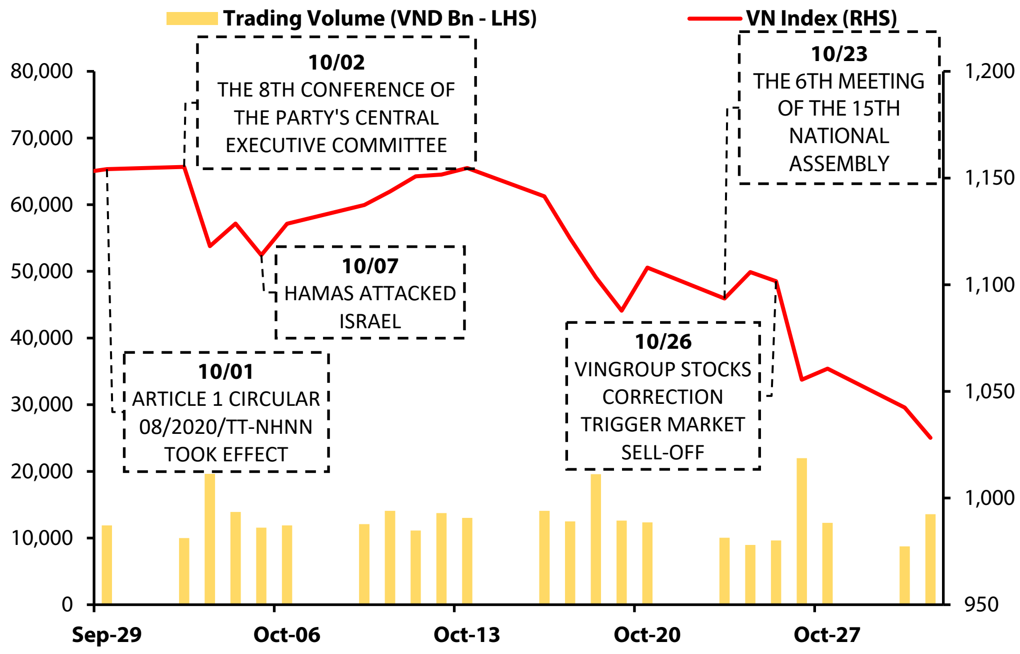
- In the United States, the yield on the 10-year US Treasury bond exceeded 5%, exerting a negative impact on the stock market. Many investors and analysts believe that the higher yields are justifiable, given the signs of a robust US economy (Q3 GDP +4.9% YoY) and its capacity to withstand higher interest rates than previously expected. Investor expectations of higher interest rates are anticipated to depress bond prices and push yields higher, as investors anticipate that the new issued bonds to fund the US government's budget will offer a higher rate.
- The economic growth of the European Union has slowed down (Q3 GDP -0.1% YoY), which has had a negative impact on the stock market sentiment, despite inflation in October (+2.9% YoY) moving closer to the long-term target. However, this demonstrates the effectiveness of the tight monetary policy implemented by the European Central Bank (ECB).
- On the other side of the hemisphere, the focus of the Japanese market is on the Bank of Japan's monetary policy. Investors are keen to know if the BOJ has room to intervene in the yield curve. However, the recent October meeting indicated that the 1% level is more of a reference point than a hard limit, suggesting that the era of loosening policies is in its late stages, unless major central banks change course promptly.
- In China, Better-than-expected macroeconomic data (Q3 GDP +4.9% YoY) did not stimulate stock market sentiment as the real estate company Country Garden once again failed to meet its offshore bond obligations, implying that issues in the Chinese real estate market remain unresolved.

New laws, including changes to the Land Law, Real Estate Business Law, and Housing Law, are currently awaiting discussion during the 6th session of the National Assembly in October. These laws are anticipated to address economic challenges.

In the interbank market, the State Bank of Vietnam (SBV) continues to net withdrawals money in the system through the issuance of bills (accumulating to a peak of VND 256 trillion). It appears that this has not had an effective impact on interbank interest rates or the exchange rate. If the outflow of foreign currency continues to exert pressure on the exchange rate, concerns about the SBV's ability to change its policy direction will increase. Additionally, the short-term capital-to-medium-term loan ratio has decreased by 30% since October 1, 2023, raising concerns about interest rate stability as credit demand increases sharply.

Notably, VIC Group's issuance of new offshore bonds with significantly higher interest rates has prompted the market to reevaluate the Vingroup stock group based on new risk levels. The plunge of the Vingroup trio (VHM, VIC, VRE) triggered risk adverse mode and selling pressure across a broad spectrum of stocks in October.

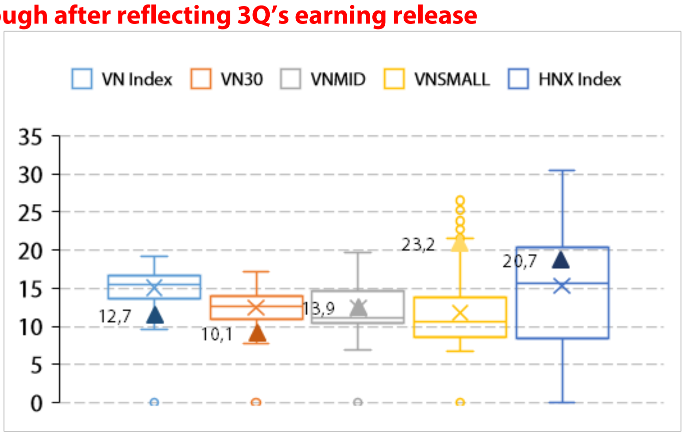
Figure 1: VN Index in October 2023



Source: Bloomberg, RongViet Securities

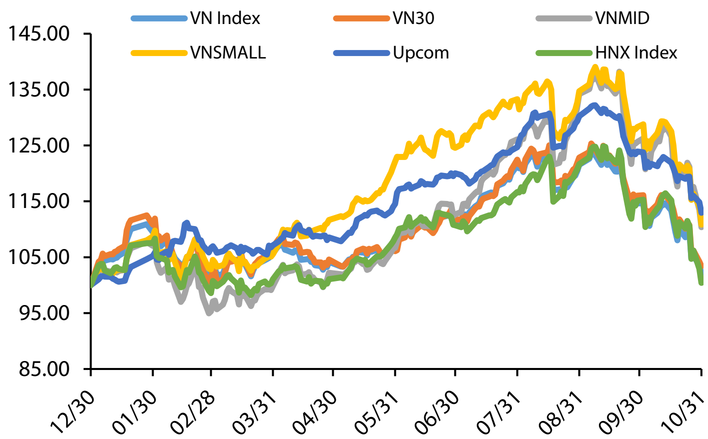
As a result, VN Index witnessed the hardest correction YTD with a decline of 10.9% MoM to close at 1,028, wiping down almost gain since the market started rallying in March. Further breakdowns, the VNDSMALL (-13.62%) got the hardest hit among the sub-indices. While VN30 declined -10.9% and VNMID fell 12.15%.

Figure 2: Vietnam Indices 's P/E distribution (2018-2023) – VN Index and VN30 fell further in the first quartile of 5-year distribution, while last 12 months earnings more likely to reach trough after reflecting 3Q's earning release



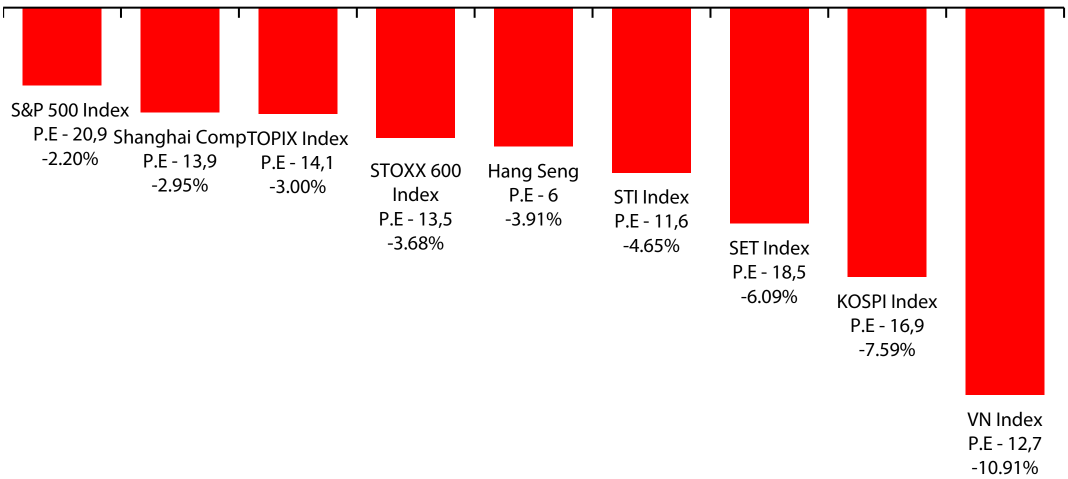
Source: Bloomberg, RongViet Securities
X: 5-year P/E average
▲: Current P/E (As of 10/31/2023)

Figure 3: Vietnam indices' moves YTD



Source: Bloomberg, RongViet Securities

Figure 4: Global indices' return in October 2023 – VN Index blended in gloomy tone with global peers.



Source: Bloomberg, RongViet Securities

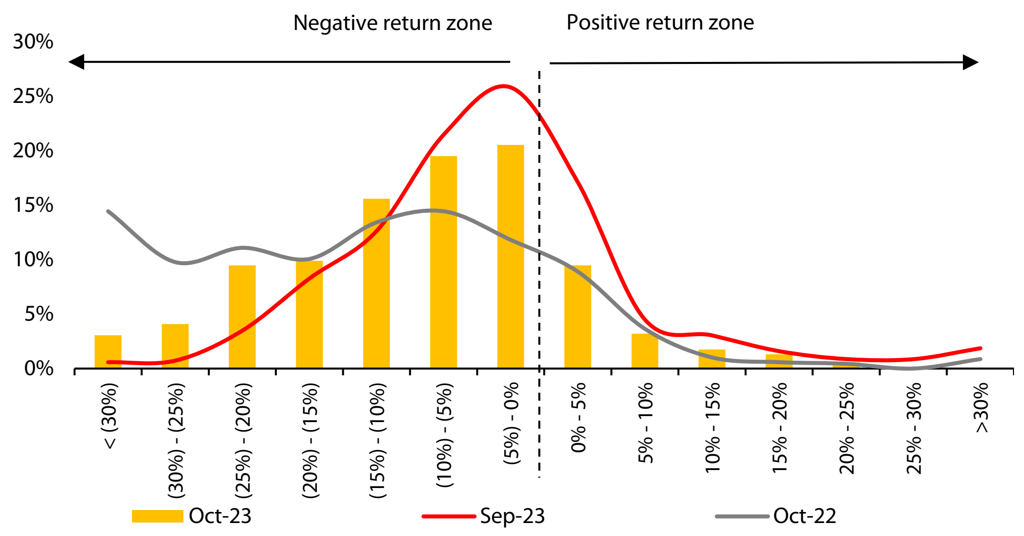
Table 1: Daily liquidity in the last 12 months (VND billion) – October's daily liquidity evaporated but was still 28% higher than 1H2023's liquidity on monthly average.

	VN Index	VN30	VNMID	VNSMALL	Upcom	HNX Index
October-23	13.009	4.734	6.547	1.372	593	1.737
September-23	21.800	8.006	10.334	2.324	993	2.147
August-23	20.394	7.783	9.280	2.184	921	2.077
July-23	16.627	6.157	7.947	2.041	809	1.625
June-23	15.110	5.378	7.233	1.975	744	1.740
May-23	10.631	3.438	5.194	1.623	562	1.490
April-23	9.764	3.502	4.573	1.459	427	1.252
March-23	7.900	3.480	3.309	933	273	828
February-23	8.520	3.570	3.519	1.175	391	1.038
January-23	8.883	3.835	3.656	1.080	391	914
December-22	11.993	5.434	4.915	1.339	407	1.254
November-22	9.850	4.647	3.947	1.056	349	842

Source: Bloomberg, RongViet Securities

83% of stocks witnessed correction, which was higher than the previous month (73%). Notably, this overall sentiment reminds us of last year's October correction with 85% of stock turning into negative territory.

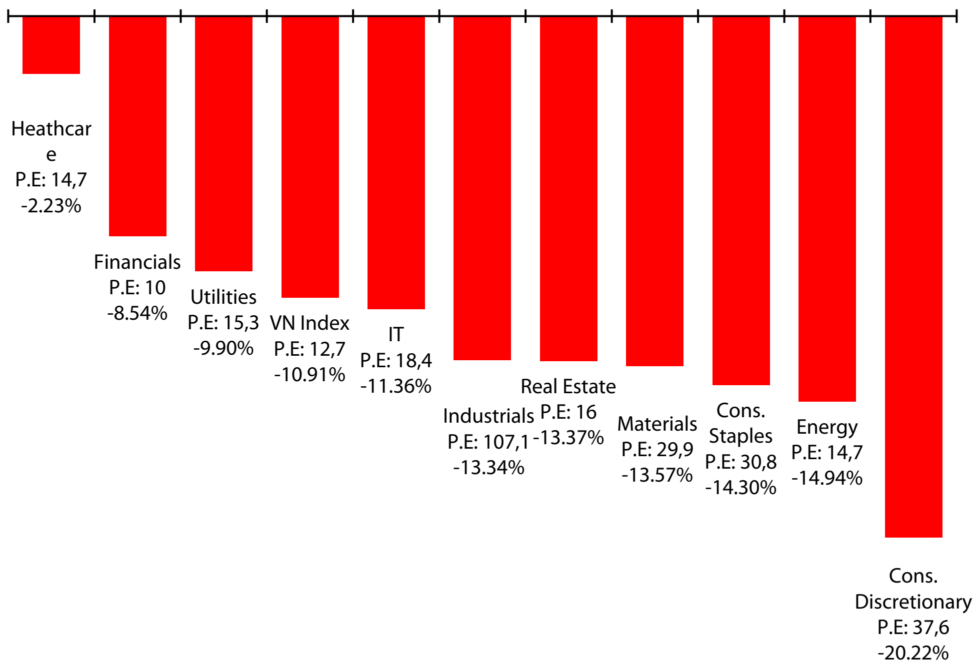
Figure 5: Stock return distribution on HSX and HNX



Source: Bloomberg, RongViet Securities

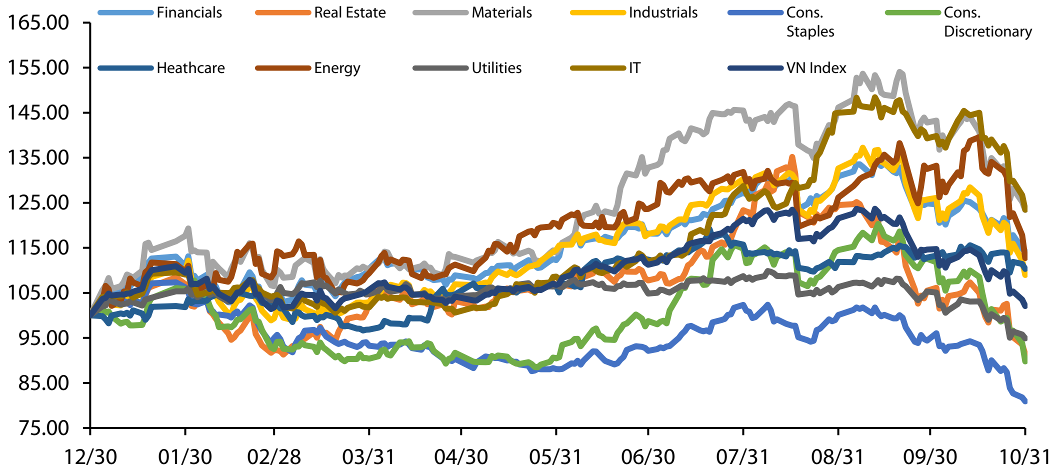
Among the GICS-based sectors, all sectors dive into red. Only three sectors including Healthcare (- 2.23%), Financials (-8.54%), Utilities (-9.9%) were less affected than VN Index (-10.9%). Consumer Discretionary (-20.2%) were the top hit. In which, MWG (-28.3%) and PNJ (-7,6%) were the top draggers.

Figure 6: Sectors return in October – Red dominated.



Source: Bloomberg, RongViet Securities

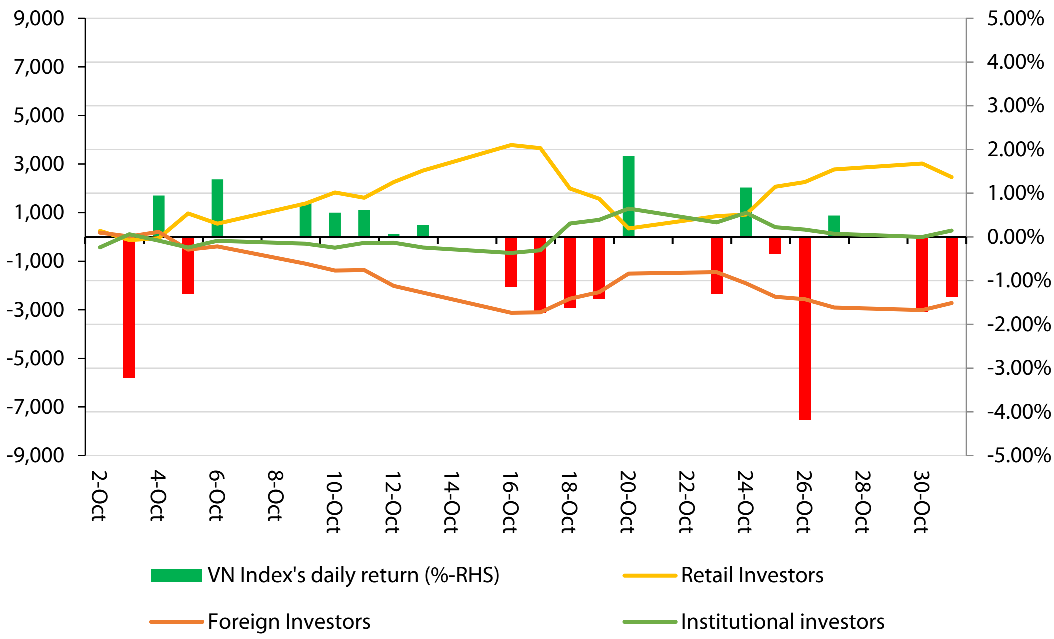
Figure 7: Sector's performances YTD



Source: Bloomberg, RongViet Securities

Trading among investors

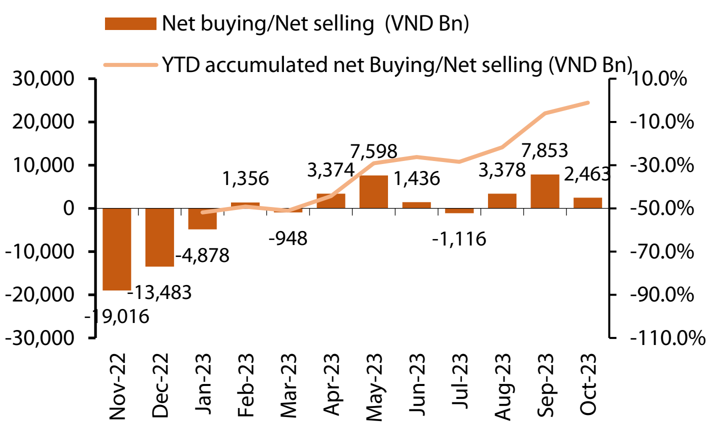
Figure 8: Accumulative net position among investors on HSX in October 2023 (VND billion) – Foreign & Local retail investors were the main players.



Source: Fiinpro, RongViet Securities

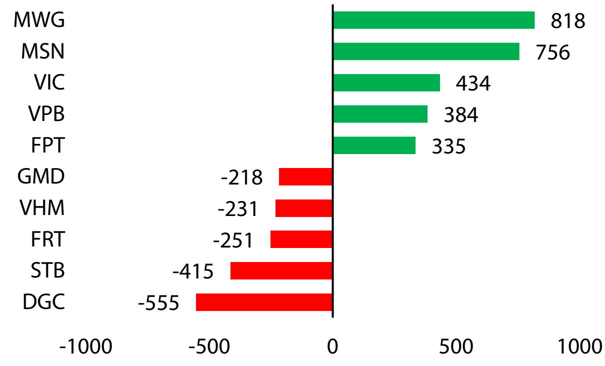
Retail investors continued to disburse to the equity market with a net amount of VND 2,463 billion (USD 100.49 million), marking the Year-to-Date (YTD) net position lift further to + VND 24,446 billion (USD 998.98 million). However, the monthly liquidity of the investors fell back in October to VND 536,804 billion (USD 21.87 billion, -30% MoM), but it was still far above 1H2023, with VND 395,081 billion (USD 16.13 billion) on average. In addition, Figure 10 provides a summary of the list of stocks that have been notably traded by local individual investors.

Figure 9: Monthly net buying/selling by local retail investor on HSX



Source: Fiinpro, RongViet Securities

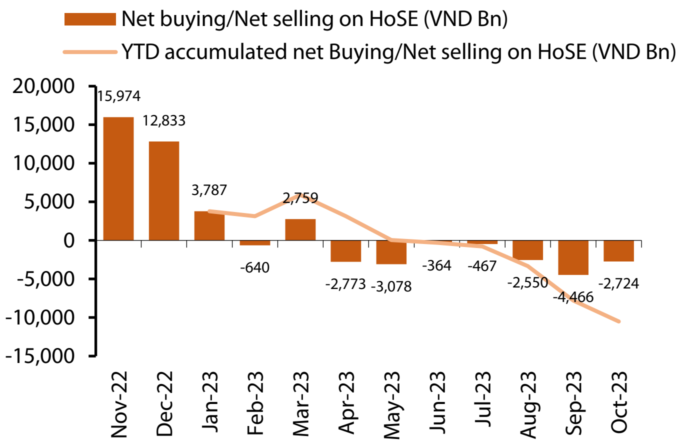
Figure 10: Top net sold/purchased stocks by local retail investor on HSX in October (VND Billion)



Source: Fiinpro, RongViet Securities

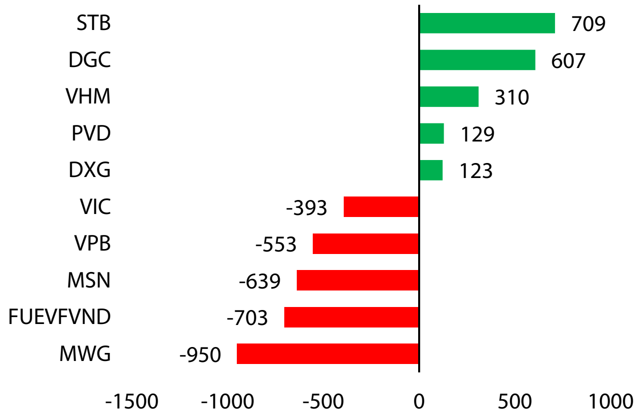
Foreign investors marked the seventh straight month net withdrawal with an amount of VND 2,724 billion (USD 111.27 million) and made their YTD net position deepen further to - VND 10,515 billion (-USD 428.57 million). Chemicals and Real Estate were their favored industries as shown in Table 2.

Figure 11: Monthly net buying/selling by foreigners on HSX YTD



Source: Fiinpro, RongViet Securities

Figure 12: Top net sold/purchased stocks by foreigner on HSX in October (Billion VND)



Source: Fiinpro, RongViet Securities

Table 2: Foreign net trading value by sectors on HOSE

Sector	Net trading value (VND Bn)	Net trading volume ('000 shares)
Chemicals	494	4.024
Real Estate	284	9.354
Industrial Goods & Services	189	6.690
Construction & Materials	156	5.844
Oil & Gas	98	4.142
Insurance	23	277
Health Care	8	223
Automobiles & Parts	5	259
Personal & Household Goods	3	335
Media	0	22
Telecommunications	0	0
Technology	-8	-259
Travel & Leisure	-13	501
Basic Resources	-106	-4,299
Utilities	-485	-23,429
Food & Beverage	-656	-8,148
Retail	-755	-17,503
Banks	-766	-55,322
Financial Services	-1,196	-52,117

Source: Fiinpro, RongViet Securities

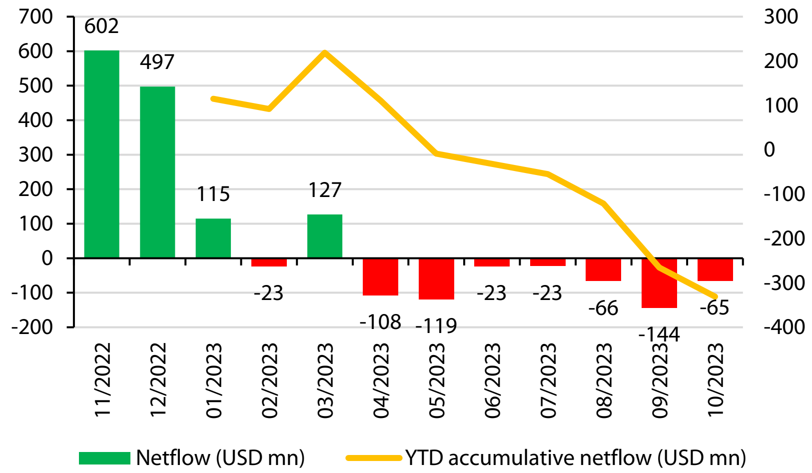
In October, Vietnam equity market witnessed another net outflow of USD 65 million from foreign capital, which deepened YTD accumulated net outflow position to – USD 266 million). In contrast, foreign fund flow through ETF channels saw a net inflow of USD 61.1 million thanks to the major contribution of Fubon ETF (USD 51 million)

Table 3: Foreign portfolio investment flow to equity market.

Countries		Foreign Capital Flow ($ mn)		
		1M	QTD	YTD
Japan	▲	19.474	19.474	30.613
Sri Lanka	▲	2	1	12
Vietnam	▼	**-65**	**-65**	**-331**
Philippines	▼	-171	-171	-900
Thailand	▼	-431	-431	-4.957
Maylaysia	▼	-461	-461	-902
Indonesia	▼	-496	-496	-806
S.Korea	▼	-2.497	-2.497	3.811
India	▼	-2.605	-2.605	12.154
Taiwan	▼	-4.957	-4.957	-7.137

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

Figure 13: Foreign capital outflow in Vietnam equity market in last 12 months.



Source: Bloomberg, RongViet Securities

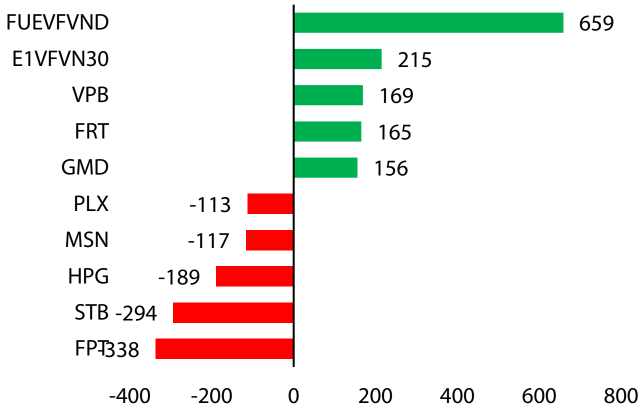
Table 4: Capital flow of ETFs - Positive signals from foreign ETFs

ETF Name	AUM ($mn)		Fund flow ($mn)				
			1M		3M		YTD
Total	**3.436**	▲	**45,0**	▼	**(29,7)**	▲	**141,2**
Foreign ETFs	**2.274**	▲	**61,1**	▲	**42,8**	▲	**206,3**
Fubon FTSE Vietnam ETF	744		51,5		(25,7)		60,7
iShares MSCI Frontier and Select EM ETF	560		9,2		(37,1)		0,5
Xtrackers FTSE Vietnam Swap ETF	305		5,5		(2,4)		66,9
KIM KINDEX Vietnam VN30 ETF	155		2,7		(34,0)		(23,8)
Asian Growth CUBS ETF	10		-		-		-
Premia MSCI Vietnam ETF	13		-		(0,9)		(0,6)
KIM KINDEX Vietnam VN30 Future	4		-		(0,8)		(0,4)
VanEck Vectors Vietnam ETF	483		(7,7)		(10,4)		82,1
Local ETFs	**1.162**	▼	**(16,1)**	▼	**(72,5)**	▼	**(65,1)**
DCVFM VNMIDCAP ETF	6		2,2		2,2		2,7
SSIAM VN30 ETF	5		0,8		0,9		1,8
SSIAM VNX50 ETF	6		0,3		0,3		(0,1)
DCVFMVN Diamond ETF	665		-		-		-
MAFN VN30 ETF	25		-		(0,5)		(1,0)
VinaCapital VN100 ETF	4		-		-		-
KIM GROWTH VN30 ETF	11		-		0,5		8,7
KIM GROWTH VNFINSELECT ETF	11		-		0,5		8,7
SSIAM VNFIN LEAD ETF	161		(9,4)		(26,7)		(28,7)
DCVFMVN30 ETF Fund	268		(10,0)		(49,6)		(57,2)

Source: Bloomberg, RongViet Securities

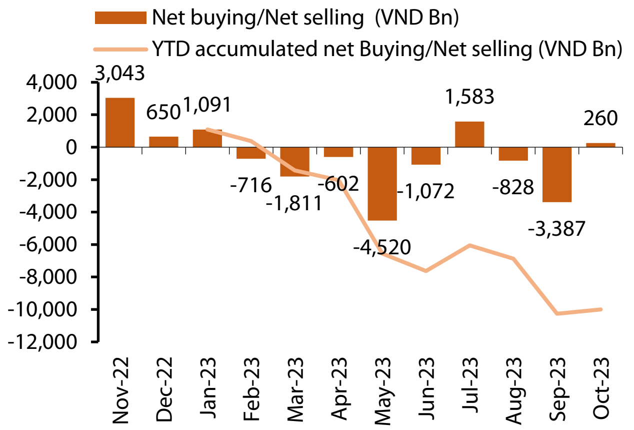
Local institutional investors reversed the course to net buy a modest amount of VND 260 billion (USD 10.61 million) in October, marking their Year-to-Date (YTD) net selling position down to VND 10,003 billion (USD 408.69 million). The stocks most traded by local institutional investors are displayed in Figure 14.

Figure 14: Top net sold/purchased stocks by local institutions on HSX in October 2023(VND bn)



Source: Fiinpro, RongViet Securities

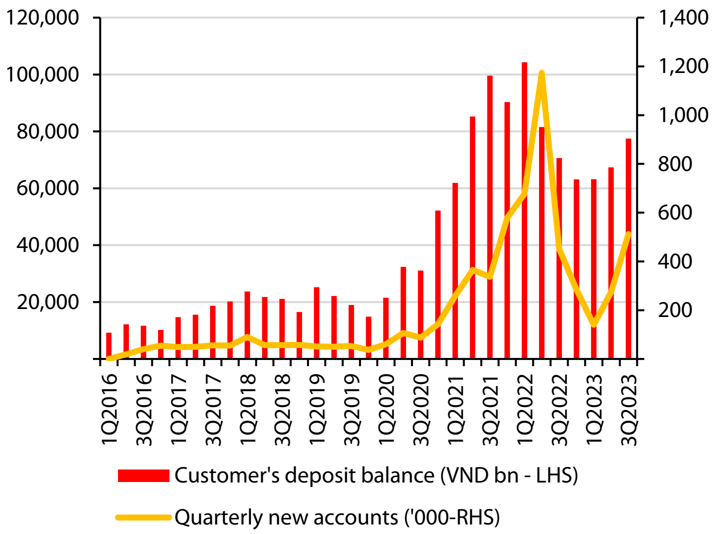
Figure 15: Trading activity by local institutional investors on HSX (VND bn)



Source: Fiinpro, RongViet Securities

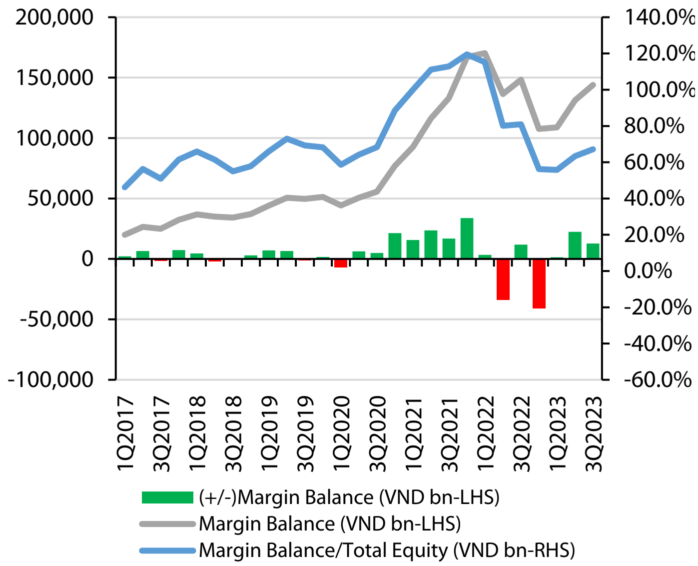
Third Quarter recap through charts – Stock market metrics stayed healthy, while earnings result was neutral.

Figure 16: Investors' deposit balance at brokerage firms and number of new accounts by quarter – Cash balance climbed further in Q3; monthly new accounts inched up QoQ.



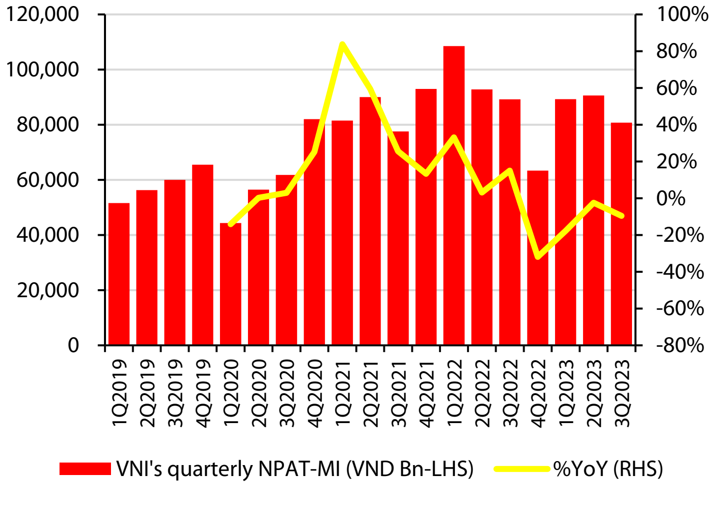
Source: VSD, Fiinpro, RongViet Securities

Figure 17: Margin loan position by quarter – Margin position on the way back to the all-time high, the margin/equity ratio is still healthy



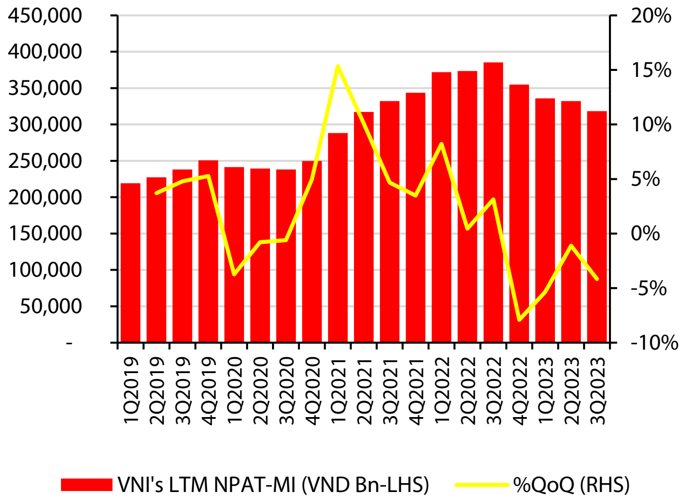
Source: Fiinpro, RongViet Securities

Figure 18: Total quarterly net income of VN Index stocks (VND bn) – a decline of 10% YoY and 11% QoQ.



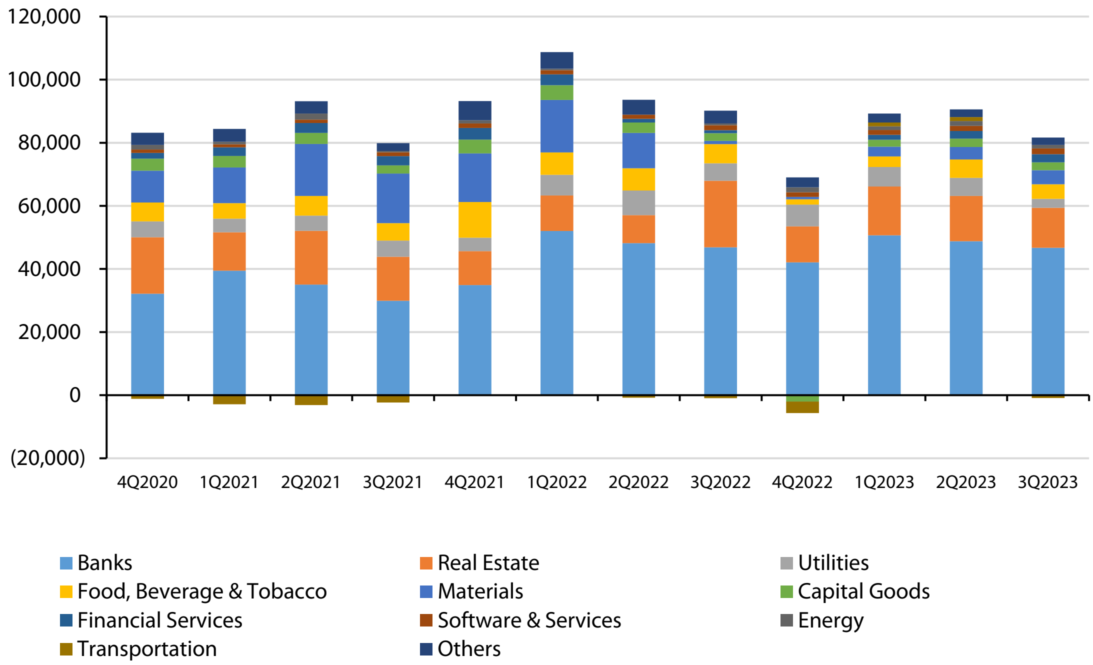
Source: Fiinpro, RongViet Securities

Figure 19: Total Last 12 months net income of VN Index stocks (VND bn)- a decline of 4% QoQ



Source: Fiinpro, RongViet Securities

Figure 20: Quarterly earnings results by sectors – Baking, Real Estate, Utilities, F&B, and Materials accounted for 88% total VN index's earnings in Q3.



Source: Bloomberg, Rong Viet Securities

The banking sector's profits declined compared to the previous quarter and remained relatively flat year-on-year. The real estate sector, while experiencing a decrease from the previous quarter, has held up reasonably well within the reviewed period (It's worth noting that VHM and VIC contribute over 90% of the sector's earnings). On the other hand, the utility sector has experienced a significant decline in profits, making a substantial contribution to the overall reduction in VN Index earnings, with GAS and PGV being the main contributors. The F&B sector, after a quarter of recovery, has also seen a notable setback. Meanwhile, the Materials sector has managed to sustain its recovery.

Table 5: Quarterly earnings Index by sectors

	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022	4Q2022	1Q2023	2Q2023	3Q2023
Banks	168	206	183	156	182	272	252	245	220	265	255	**244**
Real Estate	290	198	276	226	174	182	143	342	184	250	233	**206**
Utilities	103	88	99	105	88	135	161	114	142	127	118	**58**
F&Bs	94	78	98	87	177	111	111	95	26	53	91	**73**
Materials	317	354	517	493	483	521	351	33	24	97	124	**139**
Capital Goods	169	162	155	114	193	208	147	107	- 90	96	117	**110**
Financial Services	199	301	349	323	410	382	126	109	- 1	173	272	**286**
Software & Services	162	144	160	182	216	193	201	232	222	228	243	**276**
Energy	109	61	141	32	75	34	- 5	43	117	89	111	**83**
Transportation	- 34	- 85	- 91	- 69	- 6	- 6	- 21	- 28	- 107	34	37	**- 27**
Others	117	123	118	75	183	160	141	123	95	87	74	**70**
VNI's quarterly NPAT-MI	159	158	174	150	180	210	180	173	123	173	176	**156**

Source: Bloomberg, Rong Viet Securities

Market crash to provide good entry point.

The market in October was unable to hold the 1,100 level - the low of our previous forecasted range - after unexpected events related to VHM (foreign investors' sell-off on October 24) and the war in the Middle East (from October 7). These headwinds, along with the worse-than-expected Q3 profit of some large-cap stocks, have exacerbated the drop in the last week of October.

We see that, during this crash, market sentiment, which was already cautious after SBV started issuing T-bills at the end of September, has further weakened, seemingly due to concerns that the risks related to VIC and Israel-Hamas war may develop more negatively and pose systemic risks. The extreme caution is clearly shown through the "paradox" that despite investor deposits at securities companies at the end of Q3 continued to increase, the market liquidity fell.

We speculate that the market may have "digested" the bad news after a deep discount of 18% from the peak in September. For November, we lean towards the scenario that the market will recover as things are unlikely to get worse and based our expectations on: (1) selling pressure in stocks that hit the record low in valuation will cool down, (2) risks related to bonds VIC's international market are manageable, (3) there are no unexpected developments from the Middle East war or the Fed funds rates.

We expect the VN Index to fluctuate in the 1,000 - 1,100 range.

VIC's international bonds event caused concerns about systemic risk, but we think the risk is manageable and the historically low valuations of Vingroup stocks will provide some support.

The VHM sell-off event became the focus of the market in the last week of October, triggering the crash of the market. We believe that foreign investors' sell-off of VHM may be related to VIC's USD 500 million international bond issued in 2021 (Bond A). Bondholders of this bond have the right to exchange VHM shares at a certain exchange price, and it is likely that this right was partially exercised, after the interest payment date of October 20th, and then sold on the open market on October 24th. The remaining principal that has not been converted to VHM of Bond A will likely be repurchased for a maximum of USD 300 million with the proceeds from the USD bond that VIC will issue this November (bond D).

We note that bond A along with bonds B and C in the table below are currently being requested by bondholders to redeem ahead of maturity as of Q3/23. Thus, VIC's ability to finance these bonds (total principal of more than USD 1.5 billion) will depend greatly on the success of upcoming international bond issuances.

In the next few weeks, VIC will issue bond D on November 13 to repurchase up to USD 300mn in aggregate principal amount of existing bond A, while further ahead VHM also plans to issue another international bond with principal amount of up to USD 500 million (no later than April 2024 - coinciding with the time before the bond B's redemption period). We expect that the new interest rate terms (with such a high-risk premium) of bond D can help increase the success rate of Bond A issuance - an important event in November in our view.

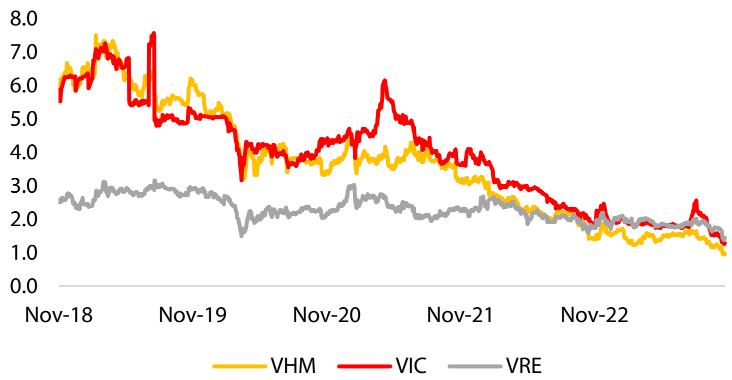
Table 6: Information on VIC's international bonds

Bonds	Principal amount (million USD)	Closing date	Maturity date	Coupon rate (% / year)	Exchangeable into shares of	Note
A	500	Apr 20, 2021	Apr 20, 2026	3%	VHM	Listed as bonds to be due in the next 12 months in Q2/2023.
B	525	May 10, 2022	May 10, 2027	4%	Vinfast	
	100	Jun 10, 2022	May 10, 2027	4%	Vinfast	
C	425	Sep 21, 2021	Sep 21, 2026	3.25%	VIC	Listed as bond to be due in the next 12 months in Q3/2023.
Total	**1,550**					
D	Maximum 325	Nov 13, 2023	Nov 13, 2028	Up to 10%*	VHM	To be issued in November 2023.

*Source: VIC, SGX, Bloomberg, RongViet Securities * Data as of November 2nd, 2023*

In terms of valuation, the valuation of Vingroup stocks has hit the 5Y low. VHM is even trading at book value, and the current P/B of VIC and VRE are 1.3x and 1.4x respectively. We expect selling pressure on these stocks to cool down, as we believe the holders of bond A have completed the sale of exchanged VHM shares. Going forward, the possibility of VIC successfully issuing new bonds in November will be catalyst for Vingroup stocks, thereby relieving negative market sentiment.

Figure 21: VHM is trading around its book value, while the P/B valuation of VIC and VRE is at its 5Yrs low.



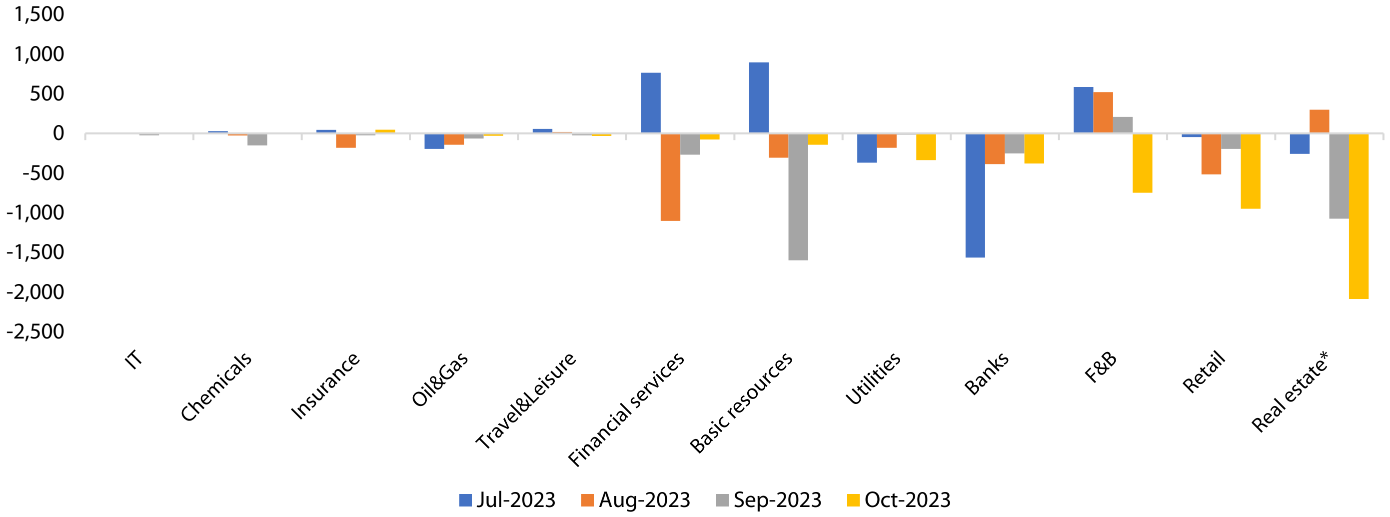
Source: Fiinpro, RongViet Securities

Selling pressure from foreign investors in large cap stocks still poses high downside risk to the market.

In the context of lower market liquidity, implying a decreasing participation rate of retail investors, the actions of foreign institution investors have gained back their influence on the market in the past two months. During this period, foreign investors net sold about USD ~330 million amid appreciating USD/VND exchange rate (c. 3%). The FX rate still shows no signs of cooling down given that the USD – VND interest rate gap is still high (c. 4%) even though SBV seems to reach its limit with the bills tool.

Foreign investors' net selling activities have focused on Real Estate, Retail (MWG), F&B (MSN, SAB), and Banking industries in the last two months. These are also industries whose Q3 business results were below expectations or had weaker balance sheets than previously. The quality of profits in the coming quarters will be more decisive in the actions of foreign investors, as well as becoming more impactful to the market trend than in the "reversing policy effect" bull in late Q2 and Q3.

Figure 22: The scale of net selling (VND billion) of foreign investors became stronger in the Real Estate, Retail, F&B industries and maintained in the Banking industry, while in the basic materials and financial services, it has decreased in size.

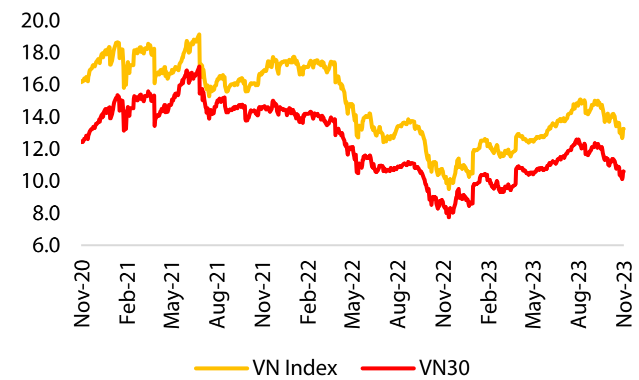


*Source: Fiinpro, RongViet Securities, *Excluding VHM's put-through purchase transaction*

We believe that the risk of a deep decline in the market will be limited by the attractive earnings yield of the stock market and the increasing trend of individual investor cash flow into the stock market.

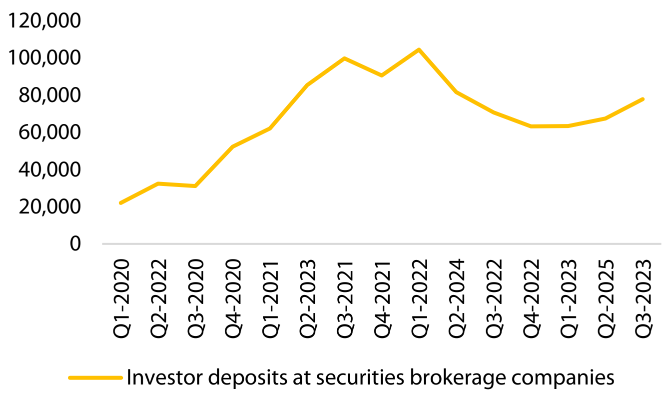
VN Index's P/E recently touched 13.3x while VN30's is only 10.6x (LTM earnings reflected Q3's earnings result as of 11/03/2023), implying 1-year earnings yield for VN Index and VN30 are 7.5% and 9.4%, respectively. In the context of 12-month savings deposit interest rates fluctuating from 5.1% - 5.5%, we believe that the stock market still retains its relative attractiveness and will attract the depositors that enjoyed high interest rates at the end of 2022 (last year's 12-month term savings at this time are about to mature). As of the end of Q3/23, the size of investor deposits at securities companies has maintained an increasing trend since the end of last year, currently reaching about VND 78 trillion, in line with our previous expectations.

Figure 23: 3-year P/E valuation of VN30 and VN Index



Source: Fiinpro, RongViet Securities

Figure 24: Scale of investor deposits at securities brokerage companies is raising as previously expected



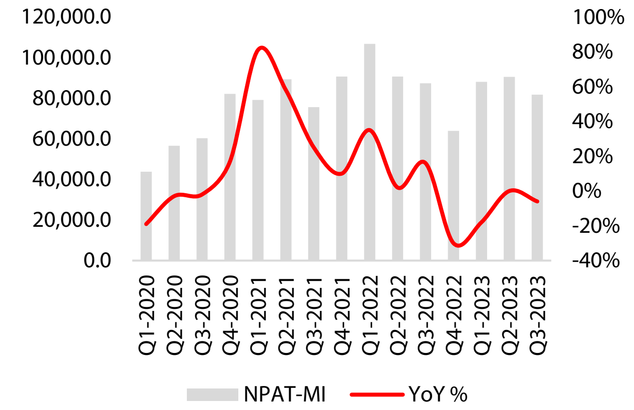
Source: Fiinpro, RongViet Securities

Profit growth in Q4/23 will likely be more positive.

In Q4/22, NPAT on HSX was about VND 64 trillion, a sharp decline compared to previous quarters due to the weakness of key industries namely Real estate, Banking, Consumer goods (F&B and seafood export), and Basic materials (Chemical and Steel), Consumer services (Tourism and Retail).

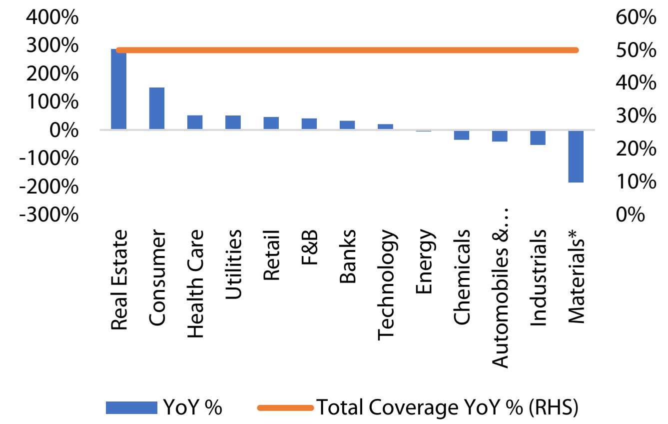
In our coverage list, the forecast Q4/23 profits of representative stocks in the Real Estate, Banking, and Consumer Goods industries indicate a growth of over 30% YoY while the Basic materials industry is profitable vs a huge loss in Q4/22. Aggregate Q4/23 NPAT projection of our coverage is expected to increase by about 50% YoY. We believe that the trend of this portfolio largely reflects the earnings trend of HSX in the coming quarter, with the total capitalization under our coverage accounting for about 55% of HSX market capitalization.

Figure 25: NPAT on HSX dropped sharply in Q4/22



Source: Fiinpro, RongViet Securities

Figure 26: Growth forecast for Q4/2023 by industry under our coverage



*Source: RongViet Securities, *Turning to profitable*

Looking forward to recovery in Q4/2023

Unsatisfactory third-quarter business results and concerns about the risk of insolvency of large enterprises have caused all gains in the early part of the year to be completely erased. Not only in the downtrend of the world stock market, Vietnam's market became the market with the worst performance.

The market PER is down to an attractive level for long-term buying. The negative third quarter business results was in line with our expectations. Meanwhile, raising concerns about the risk of corporate insolvency was attributed to the deep correction, bringing the current PER valuation of the entire market to 12.8x. There is a consensus among our analysts that business results will recover positively in the fourth quarter of 2023. And so, the decline in October brought the forware PER for the whole year 2023 to only 10.8x. This is the PER level at which if investors buy and hold for a two-year time frame, investment performance will be very high (*please refer tor ou 2023 strategy report for our statistics*).

The market will be trading better in the last two months of the year. For the next twelve months, we realize that the global and Vietnam macro and monetary policies outlook still contain many shades of gray that should bring a cautious outlook. However, in the short-term, we believe that these risks are priced in. Therefore, following a sharp decrease in October, we expect the market to recover in November. Investors can flexibly trade on their favorite stocks.

Some of our suggestions for November include **VNM, GMD**, and **DCM**.

Ticker	Target price (VND)	Cur. PER (x)	PE fwd 2023 (x)	Considerable buying area (VND)	Comment
VNM	87,600	17.6	18.2	66 - 68	VNM recorded net revenue and NPATMI at VND 15,637 billion (+2.9% QoQ; -2.8%YoY) and VND 2,492 billion (+13.3% QoQ; +8.4% YoY) in the Q3 2023. Compared to our forecast, actual revenue was 7% lower yet actual profit was 2.4% higher, due to lower than estimated selling expenses. Because the actual results are not much different from the forecast, we keep the forecast for Vinamilk's business results for FY2023 unchanged. We expect domestic revenue in Q4 2023 to record a new milestone owing to 1) Vinamilk strongly deploying its sales campaign since August 2023, 2) consumers' tendency to prioritize mid-range price products (Vinamilk's main product line), and 3) shopping season at the end of the year will be higher than in the first quarters of the year. Along with the argument that the company has locked milk powder prices at a lower level than the same period last year, profit margins are expected to continue to improve in Q4 2023. Accordingly, we forecast that the revenue and NPATMI in Q4 2023 will reach VND 18,118 billion (+15.9% QoQ; +20.2% YoY) and VND 2,534 billion (+1,7% QoQ, +35.6% YoY). This is VNM's highest quarterly profit since Q4 2021 - the time when it started to be affected by rising milk powder prices. For the FY2023, revenue and NPATMI will reach VND 62,868 billion (+4.9%YoY) and VND 9,081 billion (+7% YoY), respectively. The corresponding EPS is VND 3,910.
GMD	76,700	8.4	8.6	58 - 60	GMD announced that revenue and NPATMI for Q3 2023 at VND 998 billion (+1% YoY and +9% QoQ) and VND 254 billion (+4.2% YoY), respectively. Seaport activities grew owing to the improving output over the same period and compared to the previous quarter. Logistic activities grew slowly due to no longer having the low base effect of Q3-FY22. The company still has two ships for lease until the end of 2023 and into 2024. For Q4-FY23, we expect GMD's container throughput to increase slightly compared to Q3-FY23 due to (1) increased trade demand in Q4-FY23, and (2) more than one service route of the Cosco-OOCL joint venture will add more goods to Nam Dinh Vu port. In addition, Gemalink (GML)'s output is expected to reach 260 thousand TEUs (+26% YoY, +2% QoQ). Improved output will help GML reach breakeven in the last quarter of the year. GMD's revenue and NPAT are estimated to reach VND 1,060 billion (-1% YoY, +6% QoQ) and VND 319 billion (+28% QoQ, +69% YoY), respectively in Q4.

					Last but not least, we expect the draft amendment to Circular 54/2018/TT-BGTVT allowing to increase container handling service rates will be approved in Q4/2023 and take effect from the beginning of 2024. This event If this happens, the gross profit margin of the Southern port sector and Gemalink (GML) will clearly improve. Accordingly, with increased loading and unloading service fees (maximum 20%), GML's profit margin can improve and help this port escape the mixed profit/loss situation like in 2023. Accordingly, revenue and NPAT from main business activities in 2024 can grow by 8% YoY and 36% YoY, respectively.
DCM	35,700	9.8	14.4	26.8 – 27.8	Although business results dropped sharply in Q3 2023, we expect DCM's NPAT to recover in Q4 2023, owing to (1) the urea plant will be fully depreciated in September 2023, and (2) Input gas price will slightly decrease. Specifically, owing to the reduced depreciation costs, Q4 2023 NPAT is expected to increase by nearly VND 340 billion. Besides, we expect the input gas price in 2023 to be around USD 9.3 per mmBTU, so with the reported gas price of USD 9.5 per mmBTU in 9M2023, we estimate the reported gas price in Q4 2023 will be at 8.7 USD/MMBTU. Gross profit margin will accordingly improve from 6% in Q3 2023 to 28% in Q4 2023. We estimate Q4's NPAT to reach more than VND 600billion. FY2023 NPAT will be VND 1,220 billion, corresponding EPS is VND 2,075. Besides, with cash and equivalent of approximately VND 10,000 billion by Q3 2023 and positive operating cash flow, we estimate DCM can maintain cash dividends of over VND 2,000 per share for 2023 - 24.

In October, our monthly recommended stocks including QNS, PVD, NKG, and KDH fell into the buy zone. It is recommended to invest in these stocks with expectations of third quarter business results (QNS, PVD, and NKG), and positive sales prospects (KDH). Accordingly, the performance of QNS, PVD, and KDH is quite consistent with our expectations. On the contrary, business results at NKG were less positive than expected. Therefore, we recommend that investors continue to hold QNS, PVD, and KDH until the target price is reached, and consider reducing the proportion of NKG shares during recovery periods in these stocks.

Ticker	MC (VND bn)	3M ave. matching value (VND mn)	Cur. PER (x)	Cur. PBR (x)	TTM ROE (%)	Closed price as of Oct 3rd	Closed price as of Nov 2nd	Target price	Cash dividend (VND)	October 2023				November 2023 (k. VND)	
										Bought price	Bought date	Ave. bought price	Unrealized gain (%)	Recomm. Buy Zone	Recomm. Sell zone
NKG	5,029	189,612	-19.6	0.9	-4.8	18,550	19,100	21,000	0	17,000	18/10	17,000	12.4	16,5-17,5	20-21
PVD	14,258	143,908	32.9	1.0	3.1	24,550	25,650	30,900	0	23,000	31/10	23,000	11.5	23,5 - 24,5	27 - 28
KDH	23,979	52,373	30.6	1.8	6.4	28,700	30,000	35,700	0	27,500	6/10	27,500	9.1	27 - 28,5	31 - 32
OCB	27,124	38,020	6.0	1.0	16.9	13,000	13,200	15,900	0	12,200	19/10	12,200	8.2	12,5-13	13 - 13,5
VCB	497,429	107,217	14.8	3.1	22.7	86,300	89,000	98,600	0	83,000	20/10	83,000	7.2	82-84	88-90
QNS	16,256	54,235	8.3	2.1	0.3	47,950	45,543	52,800	3,000	43,000	31/10	43,000	5.9	43 - 45	48 - 50
ACB	86,614	168,199	5.8	1.3	23.8	21,600	22,300	29,000	0	21,100	26/10	21,100	5.7	20,5 - 21	22 - 23
BID	210,688	58,013	10.7	1.8	18.4	41,550	41,650	54,200	0	40,000	8/10	40,000	4.1	39,5 - 41.0	44 - 46
MBB	92,289	178,372	4.1	1.1	23.4	18,050	17,700	22,600	0	17,100	31/10	17,100	3.5	16,5 - 17.2	18 - 18,5
CTG	135,762	177,664	7.5	1.1	0.2	29,100	28,250	36,000	0	27,400	1/11	27,400	3.1	26 - 27	29,5 - 30,5
VPB	161,059	342,842	13.3	1.5	10.2	21,000	20,300	23,000	0	19,800	26/10	19,800	2.5	19 - 20	21,5 - 22,5
TCB	103,231	166,574	6.0	0.8	14.4	32,500	29,350	38,000	0	29,500	26/10	29,500	-0.5	28 - 29	31 - 32
HPG	146,823	686,082	78.5	1.5	1.9	24,800	25,250	24,600	0	23,000	26/10	23,000	9.8	22 - 23	25 - 26
NLG	12,444	88,014	19.7	1.4	7.0	32,700	32,400	37,500	500	30,000	1/11	30,000	8.0	30 - 32	35 - 37
FPT	113,027	230,769	18.5	4.8	26.7	92,200	89,000	109,300	2,000	83,500	1/11	83,500	6.6	83 - 85	92 - 95
NTC	4,406	1,845	15.8	4.7	33.6	184,619	183,588	256,000	6,000	174,000	28/10	174,000	5.5	174-178	199-205
VNM	148,178	209,354	17.6	4.8	26.8	74,000	70,900	87,600	3,850	70,000	24/10	70,000	1.3	66 - 68	73 - 75
GEG	4,368	16,934	47.5	1.2	2.4	14,750	12,800	15,200	400	13,000	19/10	13,000	-1.5	11.5 - 12.5	14 - 15
PNJ	24,206	43,594	13.4	2.6	19.8	76,686	73,800	88,000	2,000	75,000	18/10	75,000	-1.6	72 - 74	78 - 80
SIP	9,636	0	11.3	2.8	26.3	59,500	53,000	84,000	2,000	54,000	19/10	54,000	-1.9	49 - 52	57 - 60
FMC	2,815	3,085	10.4	1.5	14.2	49,600	43,050	53,000	2,000	44,000	26/10	44,000	-2.2	41 - 42	46 - 47,5
KBC	21,877	303,781	15.1	1.2	8.4	30,250	28,500	40,000	0	29,200	19/10	29,200	-2.4	27 - 28	30 - 32
PC1	7,112	106,369	28.1	1.4	5.0	29,200	26,300	28,300	0	27,000	24/10	27,000	-2.6	24 - 25	28 - 29
LHG	1,428	8,490	10.4	0.9	9.0	31,000	28,550	50,000	1,900	29,600	19/10	29,600	-3.5	26.5 - 27.5	30 - 31
REE	22,315	40,682	9.3	1.3	14.9	62,000	54,600	74,000	1,000	59,500	20/10	59,500	-8.2	50 - 52	58 - 60
MSN	89,714	153,322	109.6	3.4	3.1	74,000	62,700	95,700	0	69,000	19/10	69,000	-9.1	57 - 59	67 - 69

STK	2,409	1,538	24.4	1.5	6.3	32,050	25,600	31,700	0	30,000	18/10	30,000	-14.7	24.5 - 25.5	29 - 30
MWG	54,115	394,324	77.8	2.3	3.0	49,000	37,000	57,600	500	44,000	18/10	44,000	-15.9	36.5 - 37.5	43 - 44
DBD	4,378	5,017	15.1	3.1	20.9	57,100	58,500	65,800	2,000					54 - 56	60 - 62

Source: RongViet Securities

At the beginning of October, some stocks recommended for the last six-month portfolio reached sell prices (for short-term trading). If investors trade according to our recommendation, the average profit is 8.6%.

Table 7: Return of short-term trading portfolio

Ticker	MC (VND bn)	3M ave. matching value (VND mn)	PBR (x)	PER (x)	Date of buying	Buying price (VND)	Date of selling	Selling price (VND)	Return
Realized return on April 2023 (*)									12.8%
Realized return on May 2023 (*)									11.1%
Realized return on June 2023 (*)									12.8%
Realized return on November 2023 (*)									8.6%
VCB	*497,429*	*107,217*	*3.1*	*14.8*	*19/9*	*86,000*	*2/11*	*89,000*	*3,5%*
ACB	*86,614*	*168,199*	*1.3*	*5.8*	*28/9*	*21,800*	*10/10*	*22,500*	*3,2%*
VPB	*161,059*	*342,842*	*1.5*	*13.3*	*25/9*	*20,500*	*18/10*	*22,800*	*11,2%*
NTC	*4,406*	*1,845*	*4.7*	*15.8*	*26/9*	*177,300*	*20/10*	*210,000*	*18,4%*
GEG	*4,368*	*16,934*	*1.2*	*47.5*	*26/9*	*13,700*	*10/10*	*15,000*	*9,5%*
SIP	*9,636*	*0*	*2.8*	*11.3*	*26/9*	*59,600*	*12/10*	*63,000*	*5,7%*

Source: Rong Viet Securities | Price as of Nov 2rd, 2023 | The recommended monthly performance is a simple average of the investment performance of stocks that realized their profits during the month. In October, investors following RV's recommendation are assumed to have realized profits in stocks of ACB, VCB, NTC, GEG, and SIP.

HIGHLIGHT STOCKS

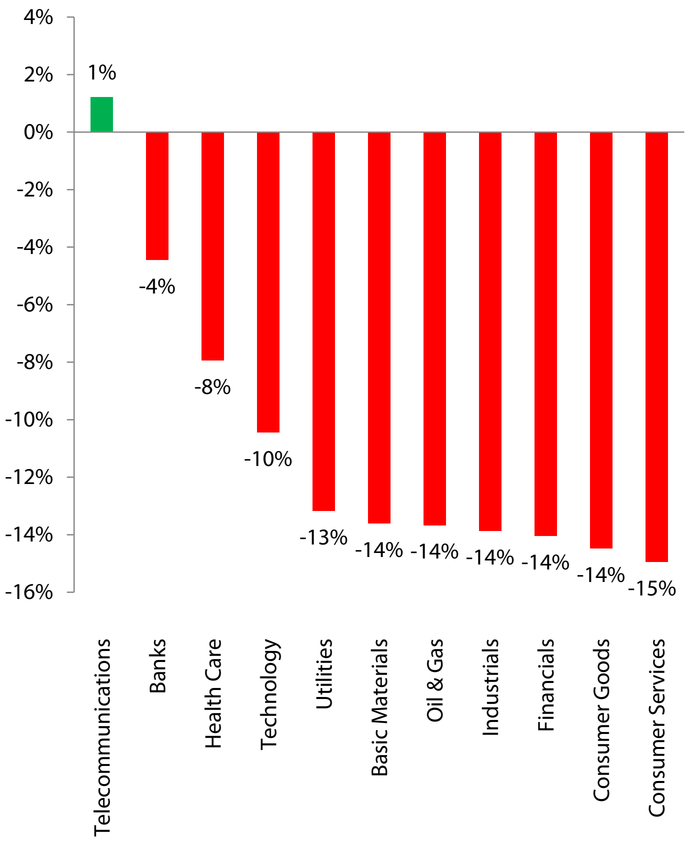
Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return	Rating	2022		2023F		2024F		P/E		P/B	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	2023F (x)	2024F (x)	Cur. (x)				
LHG	HOSE	58	50,000	28,550	82%	Buy	-19.5	-31.7	26.6	66.7	13.9	18.1	4.2	3.6	0.9	6.7	49.6	345.1	29.0
SIP	HOSE	392	84,000	53,000	62%	Buy	0.0	0.0	12.5	-4.2	5.2	15.1	5.8	5.1	2.8	3.8	3.6	0.0	48.7
MWG	HOSE	2,200	57,600	37,000	57%	Buy	8.5	-16.3	-14.5	-72.2	15.7	248.6	47.5	13.6	2.3	1.4	-29.3	16,625.1	1.8
MSN	HOSE	3,647	95,700	62,700	53%	Buy	-14.0	-58.3	2.8	-65.6	3.7	83.6	72.7	39.6	3.4	0.0	-31.2	8,931.5	19.8
KBC	HOSE	889	40,000	28,500	47%	Buy	-77.5	97.8	849.4	164.9	28.3	48.5	5.3	3.6	1.2	7.0	53.0	12,454.7	27.8
NTC	UPCOM	179	256,000	183,588	43%	Buy	-1.0	-12.9	-15.0	-8.1	149.1	18.4	18.7	15.8	4.7	3.3	33.0	75.0	45.7
ACV	UPCOM	6,215	96,600	70,231	38%	Buy	191.1	801.8	38.4	2.0	27.6	38.4	21.0	15.2	3.1	0.0	-5.5	211.8	45.3
REE	HOSE	907	74,000	54,600	37%	Buy	61.3	45.0	-4.7	-14.6	13.1	14.0	9.6	8.9	1.3	1.8	-21.0	1,750.0	0.0
HAX	HOSE	52	18,300	13,800	36%	Buy	22.0	49.5	-2.2	-4.8	2.7	7.0	5.2	4.9	1.2	3.6	-16.4	676.2	35.0
NT2	HOSE	276	29,400	23,600	35%	Buy	42.9	36.6	-14.2	-42.8	28.3	46.9	13.6	9.3	1.7	10.6	-4.5	767.4	34.3
TCB	HOSE	4,196	39,500	29,350	35%	Buy	10.3	11.6	-3.0	-10.8	23.9	38.7	5.8	4.2	0.8	0.0	9.9	11,808.3	0.1
VSC	HOSE	137	32,000	25,200	31%	Buy	6.1	-10.2	-1.7	-56.4	4.6	52.6	22.3	14.6	1.2	4.0	-22.7	2,854.4	46.2
DPM	HOSE	491	36,200	30,850	30%	Buy	45.7	79.2	-25.7	-79.8	1.7	89.5	10.8	5.7	1.1	13.0	-21.2	6,085.2	38.1
BID	HOSE	8,565	54,200	41,650	30%	Buy	11.4	72.6	9.9	20.1	14.9	31.5	10.8	8.2	1.8	0.0	17.5	2,395.9	12.8
ACB	HOSE	3,521	29,000	22,300	30%	Buy	22.2	42.5	13.2	17.6	15.5	17.3	5.4	4.6	1.3	0.0	15.2	9,591.2	0.0
HND	UPCOM	274	16,500	13,478	30%	Buy	16.4	25.3	6.3	-21.2	6.8	59.6	15.2	9.5	1.1	7.4	-0.2	13.1	49.0
VNM	HOSE	6,023	87,600	70,900	29%	Buy	-1.6	-19.1	4.3	6.0	5.0	11.5	18.2	16.4	4.8	5.4	-7.7	9,110.8	44.8
FMC	HOSE	114	53,000	43,050	28%	Buy	9.7	15.2	-14.0	-0.8	17.5	28.9	9.3	7.2	1.5	4.6	19.7	126.7	19.4
MBB	HOSE	3,752	22,600	17,700	28%	Buy	23.4	37.7	10.0	17.5	16.2	16.8	4.2	3.6	1.1	0.0	12.7	8,012.9	0.0
PPC	HOSE	167	15,600	12,850	28%	Buy	36.4	259.4	18.4	-5.3	9.3	16.4	9.8	8.4	0.8	6.2	-10.6	95.4	36.3
CTG	HOSE	5,519	36,000	28,250	27%	Buy	21.5	20.0	10.1	25.4	15.8	24.4	7.3	5.8	1.1	0.0	12.1	7,691.5	2.8
SCS	HOSE	243	74,300	63,400	27%	Buy	1.4	14.6	-12.7	-20.4	9.9	11.1	13.4	11.9	4.5	9.5	-5.0	109.3	20.3
IMP	HOSE	168	74,000	59,000	25%	Buy	29.8	23.7	27.5	62.9	14.0	16.7	12.8	10.9	2.1	0.0	14.6	45.4	25.4
FPT	HOSE	4,595	109,300	89,000	25%	Buy	23.4	22.1	22.0	19.9	20.1	23.6	17.8	14.4	4.8	2.2	33.1	12,666.8	0.0
CMG	HOSE	272	54,800	44,450	25%	Buy	30.1	27.4	17.3	19.0	20.2	31.0	18.1	13.8	2.6	1.3	13.0	499.0	7.5
STK	HOSE	98	31,700	25,600	24%	Buy	3.5	-13.7	-22.7	-44.2	70.2	121.5	16.1	8.1	1.5	0.0	0.6	68.7	83.2
QNS	UPCOM	661	52,800	45,543	23%	Buy	12.6	2.5	20.3	52.6	6.3	-4.8	7.1	7.5	2.1	6.6	10.8	2,223.4	32.6
GMD	HOSE	790	76,600	63,500	23%	Buy	22.1	62.5	-1.1	146.8	7.5	-47.4	8.6	16.3	2.3	1.9	37.8	4,295.0	0.7
PNJ	HOSE	984	88,000	73,800	22%	Buy	73.3	75.6	-5.9	-0.8	12.1	17.2	13.5	12.7	2.6	2.7	-3.1	2,377.5	0.0
GEG	HOSE	178	15,200	12,800	22%	Buy	51.6	15.9	15.9	-18.3	-7.9	88.4	20.0	10.0	1.2	3.1	-0.9	739.6	4.2
PVD	HOSE	580	30,900	25,650	20%	Buy	35.9	-604.0	-6.1	N/A	14.6	50.4	31.3	20.8	1.0	0.0	52.5	5,861.7	26.6
OCB	HOSE	1,103	15,900	13,200	20%	Buy	-4.3	-20.3	15.4	24.9	21.2	24.1	4.3	3.4	1.0	0.0	36.2	1,974.5	0.7
TNG	HNX	86	21,700	18,700	20%	Buy	24.5	25.8	5.7	-0.7	2.7	21.4	7.0	6.2	1.2	4.3	21.5	2,055.5	30.2
KDH	HOSE	975	35,700	30,000	19%	Accumulate	-22.1	-10.2	-9.0	2.0	67.8	32.4	21.4	21.2	1.8	0.0	38.0	2,200.9	10.7
MSH	HOSE	110	40,700	36,100	18%	Accumulate	16.3	-23.7	-9.7	1.9	13.9	23.5	7.6	6.2	1.5	5.5	0.2	396.8	44.5
VHC	HOSE	503	77,500	67,500	18%	Accumulate	46.0	80.0	-24.8	-32.5	16.2	23.3	9.3	7.5	1.5	3.0	-10.6	3,120.8	68.3
NLG	HOSE	506	37,500	32,400	17%	Accumulate	-16.6	-48.1	5.4	3.0	114.4	84.8	22.6	11.8	1.4	1.5	36.3	3,740.8	8.4
DBD	HOSE	178	65,800	58,500	16%	Accumulate	-0.2	29.0	12.6	21.4	9.5	9.5	14.8	13.5	3.1	3.4	59.1	325.1	87.4

Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return	Rating	2022		2023F		2024F		P/E		P/B	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	2023F (x)	2024F (x)	Cur. (x)				
PHR	HOSE	248	49,000	45,000	16%	Accumulate	-12.2	85.7	-1.4	-47.0	-0.8	-30.6	13.0	18.7	1.7	6.7	21.0	919.6	32.5
VPB	HOSE	6,547	23,000	20,300	13%	Accumulate	30.5	55.1	-11.1	-34.0	25.2	45.4	12.4	9.2	1.5	0.0	15.1	17,013.5	1.3
VCB	HOSE	20,221	98,600	89,000	11%	Accumulate	20.0	36.4	8.8	15.4	16.1	16.7	14.5	12.4	3.1	0.0	38.3	4,781.0	6.4
PVT	HOSE	320	26,800	24,350	10%	Accumulate	21.3	30.6	0.1	13.5	9.7	-3.9	8.6	8.9	1.1	0.0	34.9	4,791.7	37.7
NKG	HOSE	204	21,000	19,100	10%	Accumulate	-18.1	-103.0	-20.8	N/A	10.3	39.6	17.5	12.5	0.9	0.0	38.8	7,724.6	40.3
HDG	HOSE	334	29,100	26,900	8%	Accumulate	-3.6	2.2	-16.3	-18.4	13.5	21.6	8.6	7.0	1.4	0.0	9.0	2,321.3	26.3
PC1	HOSE	289	28,300	26,300	8%	Accumulate	-15.2	-35.3	7.3	1.6	7.9	27.3	16.8	13.2	1.4	0.0	34.4	4,339.8	43.9
BFC	HOSE	46	19,200	19,650	5%	Accumulate	10.8	-35.0	-9.9	-22.2	-14.0	45.0	11.2	7.8	1.1	7.6	24.8	249.2	48.4
HDB	HOSE	2,069	18,500	17,600	5%	Accumulate	31.1	28.0	8.6	5.2	42.5	78.2	6.4	3.5	1.2	0.0	26.0	7,106.6	2.0
HAH	HOSE	133	32,300	30,950	4%	Neutral	63.9	86.1	-19.6	-50.4	-4.6	-69.5	8.5	28.0	1.3	0.0	24.1	4,760.2	44.2
DPR	HOSE	109	29,000	30,900	4%	Neutral	0.4	-44.4	-12.9	-21.5	-4.1	-31.0	7.1	10.2	1.1	9.7	14.3	454.0	47.3
DRC	HOSE	108	21,500	22,400	2%	Neutral	11.9	6.1	1.2	-35.2	1.6	18.0	14.2	12.0	1.5	6.3	4.4	521.3	36.5
HSG	HOSE	473	19,200	18,900	2%	Neutral	2.0	-94.1	-36.1	N/A	6.1	N/A	-35.1	30.4	1.1	0.0	56.5	9,931.4	28.2
HPG	HOSE	5,968	24,600	25,250	-3%	Neutral	-5.5	-75.4	-25.1	-14.3	29.0	93.3	21.5	11.1	1.5	0.0	59.7	28,715.3	24.0
TCM	HOSE	157	37,700	41,700	-8%	Reduce	22.7	96.0	-4.0	-12.3	7.4	16.3	15.5	13.3	2.0	1.2	7.1	1,332.5	1.2
PVS	HNX	682	27,800	35,100	-19%	Reduce	15.6	28.5	20.2	2.8	14.0	29.2	23.5	18.2	1.3	2.0	60.2	10,744.6	27.5
FRT	HOSE	514	66,600	92,800	-28%	Sell	34.1	-12.0	6.9	N/A	21.7	N/A	0.0	33.2	7.4	0.0	26.4	3,384.7	12.8

Source: RongViet Securities; Closed price as of November 03rd 2023.

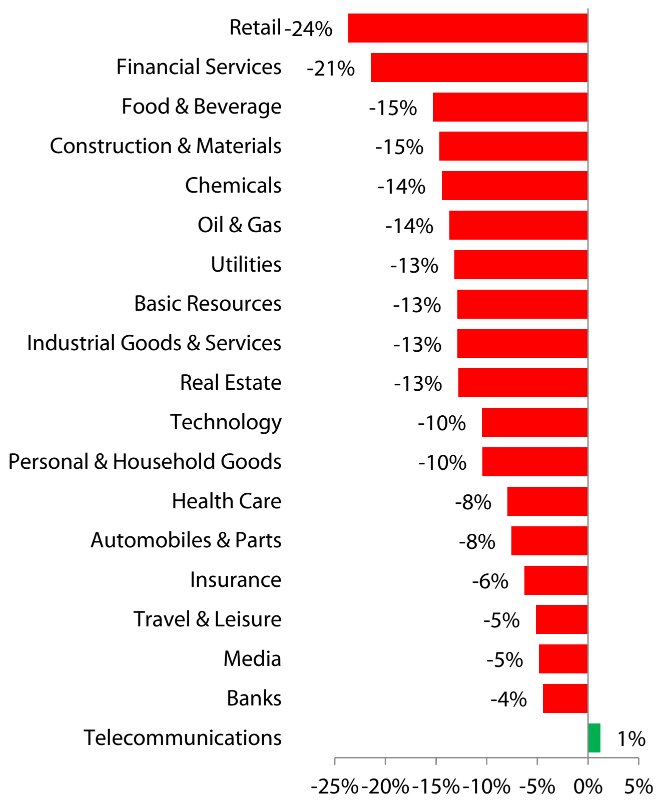
INDUSTRY INDEX

Level 1 industry movement



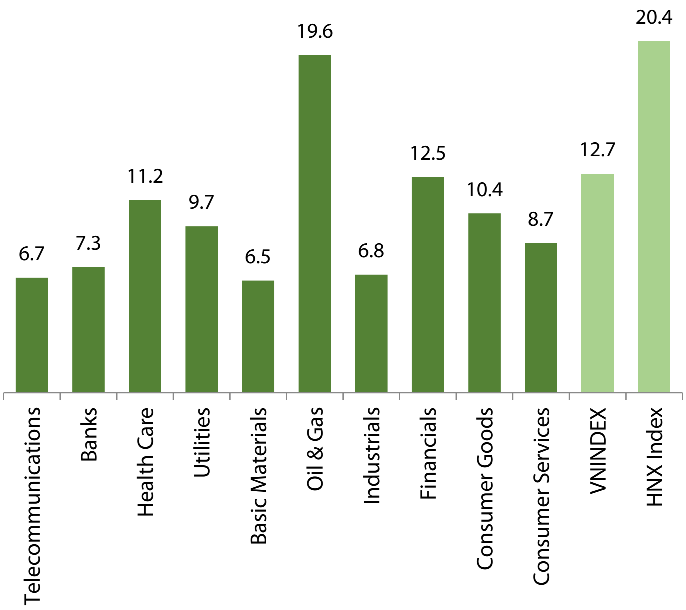
Source: Bloomberg, RongViet Securities

Level 2 industry movement



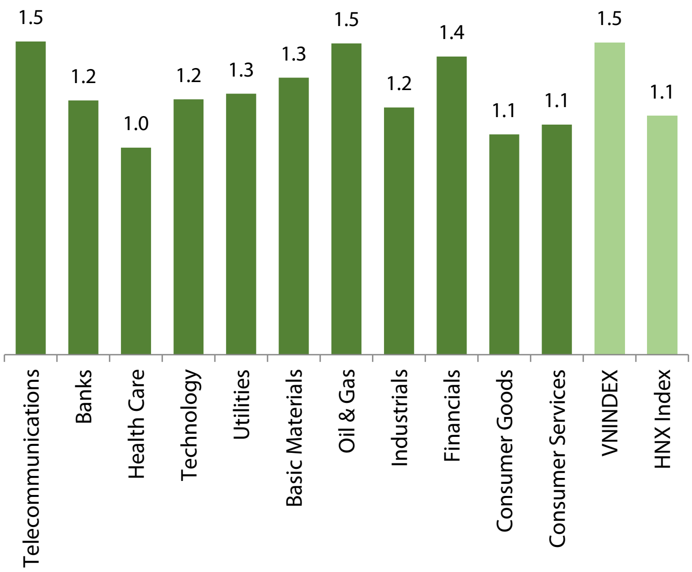
Source: Bloomberg, RongViet Securities

Industry PE comparison



Source: Bloomberg, RongViet Securities.

Industry PB comparison



Source: Bloomberg, RongViet Securities

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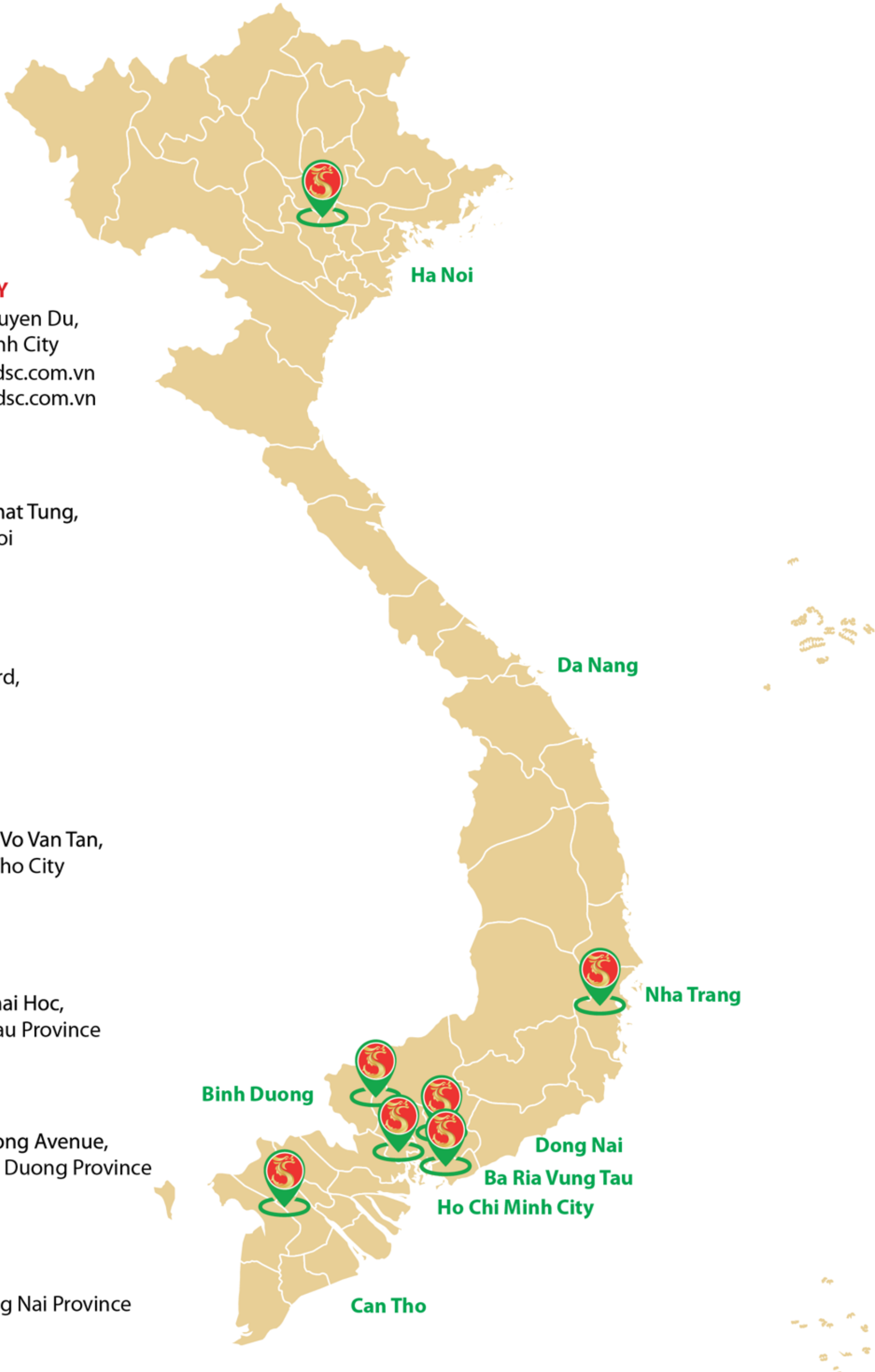

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