

4Q25 stock market outlook

Harnessing domestic potential

We raise our year-end 2025 fair value target for the VN-Index to **1,814 points**, a notable upgrade from **1,530 points** in our previous report. This revision reflects the following key assumptions:

- **EPS growth of 18.6% YoY for HSX-listed companies** — up from our prior forecast of 15% — underpinned by a more constructive view on the effectiveness of the Government’s stimulus policies and a softer-than-feared impact from tariff-related issues.
- **Target P/E of 16.7x (Bloomberg methodology)**, broadly aligned with the five-year historical mean and slightly above the prevailing market multiple of 16.3x. We see valuations as well-supported by favorable macro and policy dynamics, including sustained low interest rates, resilient economic growth, accelerating M2 (mirroring robust credit activity), stronger public investment disbursement, and the local market’s upgrade from Frontier to Secondary Emerging Market status.

Two key risk factors to monitor in the year-end period include **USD/VND exchange rate volatility** and potential **US reciprocal tariffs on “transshipment” goods**. In our base-case scenario, we believe the most intense phase of exchange rate pressure has already passed. While intermittent volatility may re-emerge alongside any rebound in the US Dollar Index (DXY), overall pressures are expected to subside toward year-end. Meanwhile, we have deferred the potential realization of transshipment-related tax risks to 2026 rather than late 2025.

We continue to highlight three core investment themes for 4Q2025: **Market reclassification, public investment, and easing of legal bottlenecks**.

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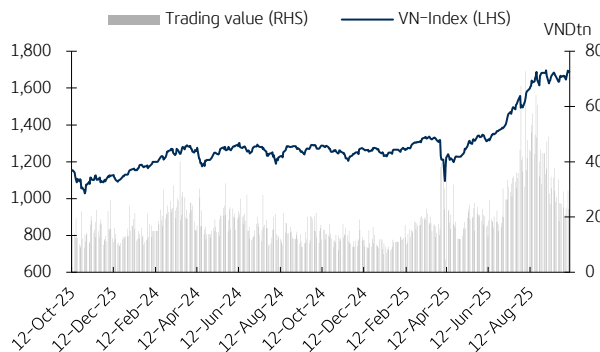
I. Stock market outlook for 4Q2025

The domestic market showed robust performance in 9M2025

Vietnam's stock market posted a robust 31% YTD gain as of end-September 2025, accompanied by a 31% YoY increase in market liquidity, moving through three distinct phases:

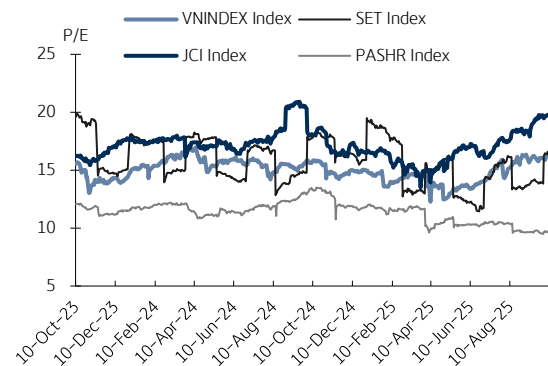
- **Phase 1:** From early 2025 to just before the announcement of US reciprocal tariffs on April 2, the VN-Index rose steadily on expectations of economic stimulus, a favorable macro environment, and solid corporate earnings results.
- **Phase 2:** The market experienced a sharp correction until the temporary suspension of reciprocal tariffs on April 9, then rebounded strongly through mid-August, driven by strong gains in the Vingroup ecosystem.
- **Phase 3:** From mid-August to end-September, the index moved sideways as investors awaited FTSE Russell's reclassification decision.

Fig 1. Vietnam – VN-Index, trading value (points, VNDtn)



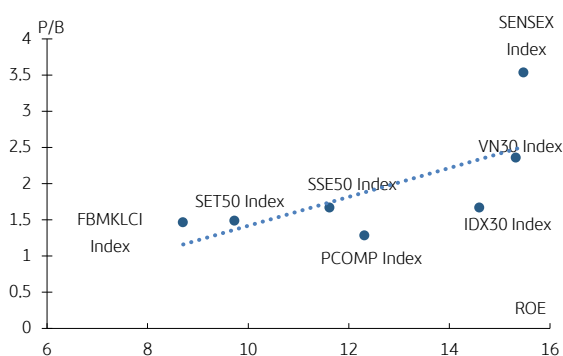
Source: Bloomberg, KB Securities Vietnam

Fig 2. ASEAN4 – P/E across markets



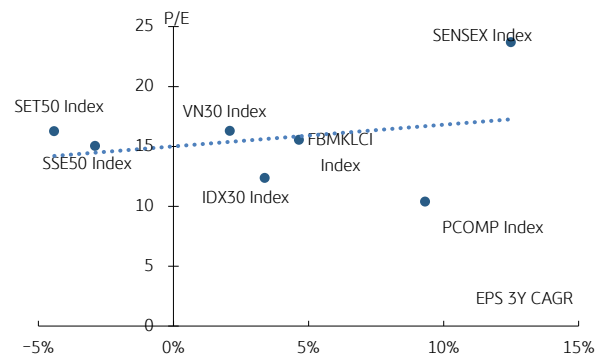
Source: Bloomberg, KB Securities Vietnam

Fig 3. Asia – P/B vs. ROE across markets



Source: Bloomberg, KB Securities Vietnam

Fig 4. Asia – P/E vs. EPS growth across markets



Source: Bloomberg, KB Securities Vietnam

Growth drivers should extend momentum into 4Q2025

Heading into 4Q, we expect the key growth catalysts that have supported the market in recent quarters to persist and strengthen.

Earnings growth among listed enterprises remains solid

We revise our market-wide EPS growth forecast to 18.6%, up from 16.7% in our [2025 Strategy Report](#). This upward revision reflects a more constructive outlook on both the macroeconomic environment and corporate business performance. Beyond the continuation of accommodative fiscal and monetary policies, we note the Government's concerted efforts to stimulate private-sector growth, focusing on industrial and financial leaders while alleviating policy and legal bottlenecks. These measures have begun to yield tangible improvements in business activity and profitability. We view this as a well-aligned strategic direction, as domestic enterprises are expected to become the primary engine of economic growth, particularly when FDI inflows have moderated amid tariff-related headwinds.

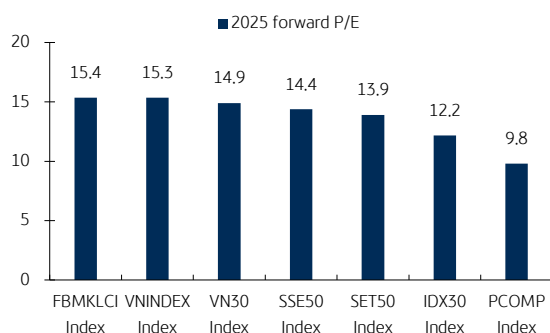
Accommodative fiscal and monetary policies remain in place to bolster economic growth

Maintaining accommodative fiscal and monetary policies will be essential to achieving the Government's ambitious GDP growth target of over 8% in 2025 and advancing toward 10% in 2026. While potential exchange rate pressures and latent inflation risks may constrain policy flexibility, interest rates are expected to remain low or only edge up slightly through year-end. This environment should continue to foster robust credit growth, estimated at around 20% YoY. In addition, accelerated public investment disbursement, ongoing support for private enterprises, and the removal of legal and administrative obstacles in the real estate sector are expected to remain the key drivers, underpinning Vietnam's stock market momentum into 4Q2025.

The global macro environment remains constructive, supported by expectations of two Fed rate cuts

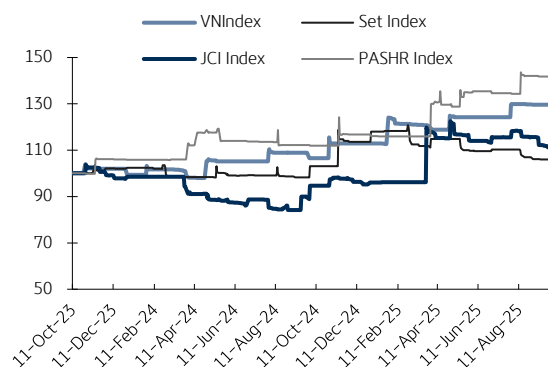
Global equity markets are expected to remain well-supported in 2H2025, underpinned by anticipated interest rate cuts from major central banks. Meanwhile, the global economy continues to recover, albeit with growth momentum moderating compared to earlier in the year. We believe the major uncertainties surrounding global trade tensions have largely subsided following the US announcement of its reciprocal tariff policy in late July 2025. This development provides a more favorable backdrop for foreign capital inflows to return to Vietnam, particularly as the country has already secured official confirmation of its upgrade to Secondary Emerging Market status by FTSE Russell, effective September 2026. We have also deferred the anticipated impact of transshipment-related tax risks to 2026, as detailed later in this report.

Fig 5. Asia – 2025 forward P/E across markets



Source: Bloomberg, KB Securities Vietnam

Fig 6. ASEAN4 – EPS trends across markets



Source: Bloomberg, KB Securities Vietnam

Our base-case forecast places the VN-Index at 1,814 points by end-2025

We forecast the VN-Index to reach 1,814 points by the end of this year, based on an estimated market-wide EPS growth of 18.6% (as discussed later in this report) and a target P/E multiple of 16.7x, which is broadly consistent with the 5-year historical average.

This valuation implies a more constructive stance compared to our [2H2025 Strategy Report](#), primarily reflecting the deferral of transshipment-related tariff risks to 1H2026. Meanwhile, domestic growth drivers remain firmly robust, supported by a low-interest-rate environment, accelerated credit expansion, and targeted policy measures aimed at resolving real estate bottlenecks, stimulating private investment, and boosting domestic consumption—all of which are aligned with the Government's GDP growth target of over 8% for 2025. Furthermore, FTSE Russell's official confirmation of Vietnam's upgrade to Secondary Emerging Market status serves as a key catalyst to enhance market valuations and attract renewed foreign capital inflows.

That said, under a scenario where transshipment concerns resurface in 4Q2025, with a 40% tariff applied to Vietnamese goods failing to meet the required localization ratio of 60–70%, the potential macroeconomic and equity market implications could be significantly more adverse. A detailed assessment will be provided should this scenario materialize.

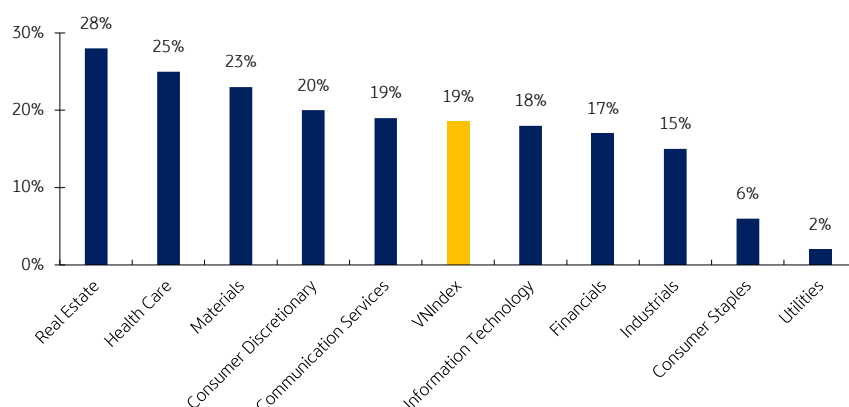
II. Business performance

2025F average EPS growth of HSX-listed companies is revised upward to 18.6% YoY (up 3.6ppts versus our previous forecast)

We revise our market-wide EPS growth forecast to 18.6% YoY, up from 15% in our previous report, reflecting a more constructive assessment of macroeconomic conditions and corporate earnings prospects. Beyond accommodative fiscal and monetary policies, we also highlight the Government's continued efforts to boost private-sector activity, notably in industrial and financial sectors, while addressing policy and legal bottlenecks to mitigate the impact of moderating FDI inflows.

Our projection incorporates sector-level revisions and industry-specific drivers to provide a comprehensive market view

Fig 7. Vietnam – 2025F EPS growth across sectors



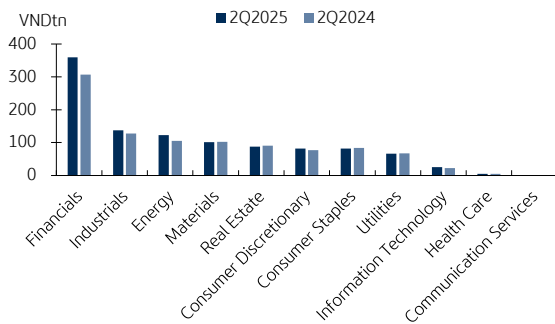
Source: Bloomberg, KB Securities Vietnam

Real estate and Materials should lead market-wide earnings growth

Based on the macroeconomic outlook, industry trends, and earnings forecasts for key market leaders, we present the following sector projections:

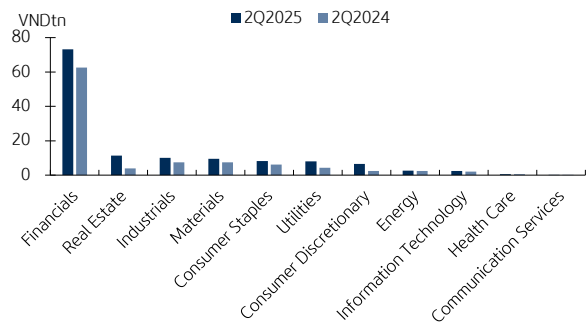
- Leading sectors:**
 Growth is expected to be driven by **Real Estate (+28%)**, **Materials (+23%)**, **Healthcare (+25%)**, and **Consumer discretionary (+20%)**—sectors most sensitive to domestic policy shifts and economic cycles. Key policy catalysts include: (1) easing legal bottlenecks and maintaining a low-interest-rate environment to facilitate real estate development; (2) accelerated public investment disbursement, which continues to spur demand for construction materials; and (3) accommodative fiscal and monetary measures aimed at supporting consumer spending on discretionary goods.
- Sectors with slower growth:**
Industrials (+15%), **Consumer staples (+6%)**, and **Utilities (+2%)** are expected to see more modest gains, reflecting exposure to global trade risks and slower FDI inflows. The consumer staples sector's defensive nature implies stable but limited upside compared with more cyclical industries.

Fig 8. Vietnam – 2Q2024–2Q2025 revenue across sectors (VNDtn)



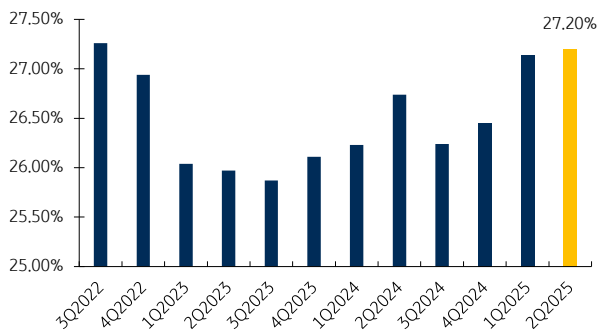
Source: Bloomberg, KB Securities Vietnam

Fig 9. Vietnam – 2Q2024–2Q2025 earnings across sectors (VNDtn)



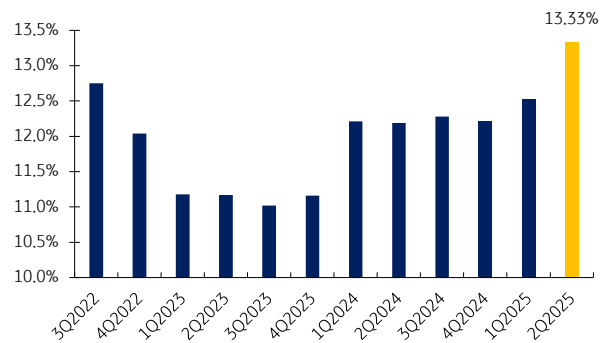
Source: Bloomberg, KB Securities Vietnam

Fig 10. Vietnam – Average net profit margin of the VN-Index (%)



Source: Bloomberg, KB Securities Vietnam

Fig 11. Vietnam – Average gross profit margin of the VN-Index (%)



Source: Bloomberg, KB Securities Vietnam

III. Macro & stock market overview

1. Global – A pause before the dawn

Policy easing supports global growth amid persistent trade and geopolitical risks

Global equity markets are expected to remain well-supported through 2H2025, driven by interest rate cuts from major central banks. Meanwhile, the global economy continues to recover, though growth momentum is moderating. According to the Organization for Economic Co-operation and Development (OECD), global GDP growth is projected at 3.2% in 2025 and 2.9% in 2026, slightly below the 3.3% recorded in 2024. We believe trade-related uncertainties have eased following the US announcement of its reciprocal tariff policy in late July 2025.

However, risks of a renewed “Trade War 2.0” persist as the US has yet to clarify the criteria for a 40% tariff on transshipment goods. In addition, geopolitical tensions—notably Russia-Ukraine and Israel-Iran—also remain key downside risks.

The Fed is expected to deliver two more rate cuts by year-end

The Fed continues to shift its policy focus toward supporting the labor market, while showing greater tolerance for moderately higher inflation. Based on recent developments and market expectations reflected in the CME Group’s FedWatch Tool, we anticipate two additional 25bps rate cuts in October and November 2025.

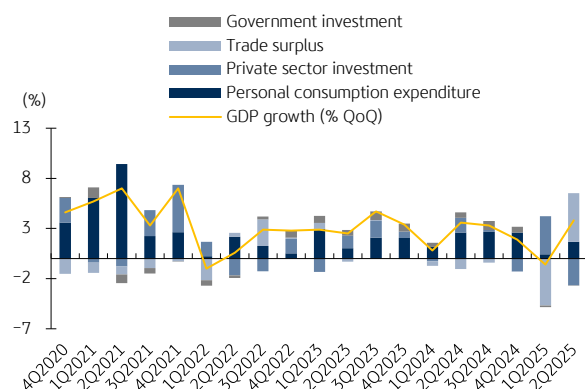
1) Labor market softening

The US unemployment rate rose to 4.3% in August, the highest level in four years. Meanwhile, nonfarm payroll growth slowed to 130,000 jobs per month in the first half of 2025 — well below the 168,000 in 2024, signaling a cooling labor market and supporting the Fed’s dovish tilt.

2) Growth momentum easing

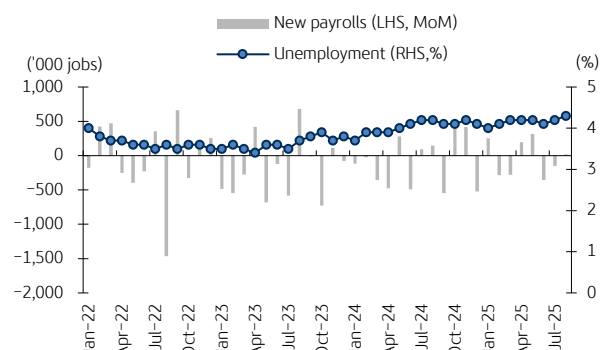
US GDP growth is set to moderate in 2H2025 and into 2026 (Figure 14), as the sharp rise in import tariffs to 16.3% by end-August 2025 from 2.2% in 2024 (Figure 15) erodes household purchasing power and dampens consumption.

Fig 12. US – GDP growth breakdown by expenditure components (%)



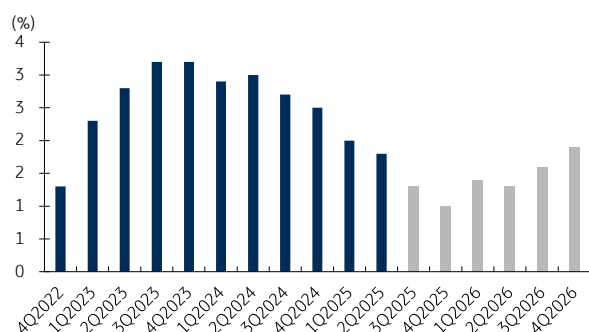
Source: US Bureau of Economic Analysis, KB Securities Vietnam

Fig 13. US – Unemployment rate, nonfarm payrolls by month (% , '000 jobs)



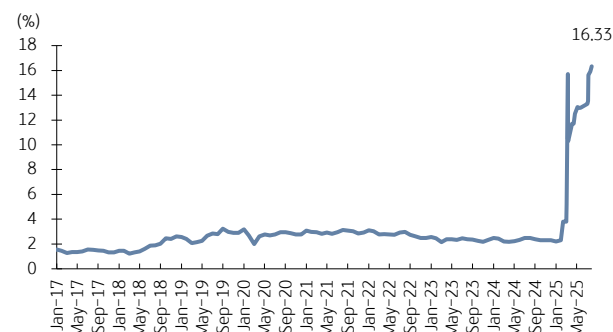
Source: Bloomberg, KB Securities Vietnam

Fig 14. US – Consensus GDP growth forecast (%)



Source: Bloomberg, KB Securities Vietnam

Fig 15. US – Average import tariff (%)



Source: US Conference Board – CB, KB Securities Vietnam

The DXY will likely extend its downtrend through end-2025

We expect the DXY to extend its downtrend through end-2025, with occasional short-term rebounds, driven by:

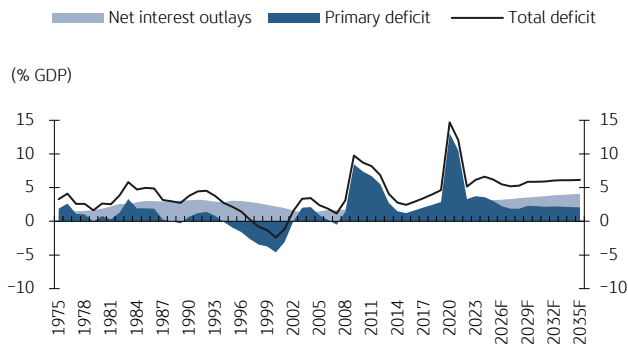
1) Rising US public debt

The Congressional Budget Office (CBO) projects the federal deficit to widen by USD2.4 trillion (0.6% of GDP) over the next decade, even after factoring in tariff revenues. The deteriorating fiscal outlook has reduced investor appetite for US Treasuries, contributing to the USD's depreciation despite higher yields.

2) Fed easing divergence

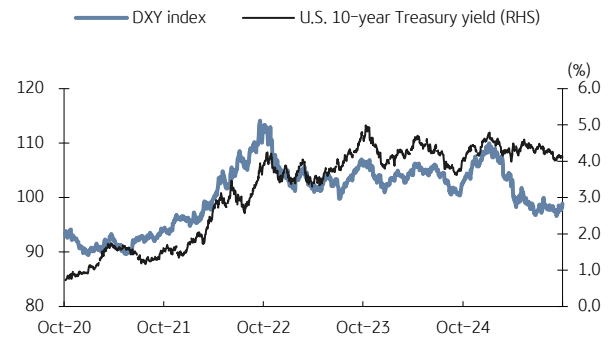
While the European Central Bank (ECB), Bank of Japan (BOJ), and People's Bank of China (PBoC) near the end of their easing cycles, the Fed is expected to continue rate cuts into late 2025–2026 amid further labor market weakness, adding downward pressure on the USD.

Fig 16. US – Government debt (% GDP)



Source: Bloomberg, KB Securities Vietnam

Fig 17. US – DXY, 10Y treasury yield



Source: Bloomberg, KB Securities Vietnam

Table 18. Global – Consensus forecast for the DXY among institutions

Forecast time	Institution	4Q2025	1Q2026	2Q2026	3Q2026	2026	2027	2028
	Average	96.3	96.1	95.5	94.8	94.3	92.8	91.6
Oct 7, 2025	Oversea-Chinese Banking Corporation (OCBC)	96.6	96	95.5	95	94.5	92.8	91.6
Sep 24, 2025	Citigroup	98	99.9	101.8	101.3	100.9	99.5	98
Sep 16, 2025	National Australia Bank/Bank of New Zealand (NAB/BNZ)	93.3	91.8	90.5	89.6	88.9	--	--
Sep 11, 2025	Maybank Singapore	98	97.1	96.1	95.2	94.5	92	91.3
Sep 10, 2025	Australia & New Zealand Banking Group	95	94.1	93.4	92.6	91.9	--	--
Sep 5, 2025	United Overseas Bank	96.3	95.4	94.6	93.9	93	91.5	91.5
Jul 2, 2025	Mitsubishi UFJ Financial Group (MUFG)	95.1	93.5	92.7	--	--	--	--
May 21, 2025	DBS Group	97.8	96.5	--	--	92.5	--	--

Source: Bloomberg, KB Securities Vietnam

Uncertainty surrounding the transshipment tariff remains

The US reciprocal tariffs have been in effect since August 7, 2025 (Table 19), but uncertainty persists over the proposed 40% tariff on transshipment goods—aimed at curbing imports that evade rules of origin. We believe its implementation will likely be postponed for the rest of 2025 due to:

1) Economic considerations

With the average U.S. import tariff already at 16.3% and PCE inflation projected at 3.2% by end-2025, the Fed's 2018 study suggests a 5% tariff hike could shave 0.7% off GDP and add 0.4% to inflation. Given the slowing economy and weakening labor market, the U.S. is likely to delay the 40% tariff to avoid additional strain.

2) Unresolved localization requirements

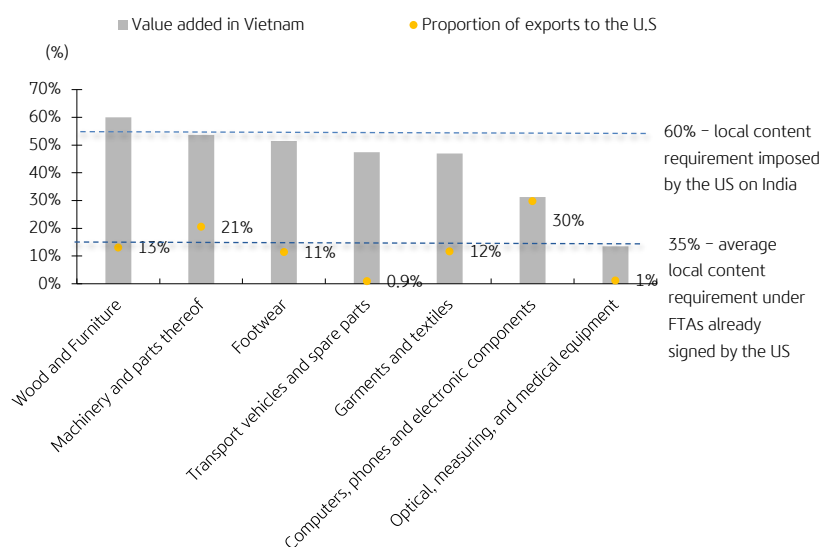
The U.S. has yet to finalize localization ratio agreements with key partners, as talks with India and Thailand—where a 60% threshold was proposed—ended without consensus.

Table 19. US – Reciprocal tariff rates by country

Country	Reciprocal tariff rate (effective Aug 7, 2025)
Brazil	10%
UK	10%
Afghanistan	15%
Angola	15%
EU	15%
Japan	15%
New Zealand	15%
South Korea	15%
Cambodia	19%
Indonesia	19%
Malaysia	19%
Pakistan	19%
Philippines	19%
Thailand	19%
Bangladesh	20%
Taiwan	20%
Vietnam	20%
India	25%
China	34%
Laos	40%
Myanmar	40%

Source: whitehouse.gov, KB Securities Vietnam

Fig 20. Vietnam – Value-added share in total exports and share of exports to the US



Source: ITC, Vietnam Input-Output Tables (GSO), OECD, KBSV

**Estimated figures may be subject to discrepancies arising from differences in product classifications across organizations and potential estimation errors in determining the import ratios allocated for domestic final consumption versus export-oriented production. The estimated margin of error is less than 5%.*

2. Vietnam – Macro stability anchoring growth

Economic growth should remain supported by public investment and retail spending

Vietnam's export turnover rose 14.5% YoY in August, though growth has slowed since April–May 2025, consistent with our earlier projection of moderation after front-loaded shipments ahead of new tariffs. Export activity is expected to remain steady toward year-end, supported by peak global holiday orders, with total import–export turnover for 2025 projected to grow 15% YoY. To achieve the Government's ambitious GDP growth target of over 8%, stronger contributions will be required from other key growth pillars—particularly public investment disbursement and domestic consumption—alongside the recovery of the real estate market. Public investment disbursement reached VND409 trillion (+50% YoY) in 8M2025, equivalent to 46% of the annual plan, reflecting strong policy commitment. Meanwhile, domestic consumption is expected to strengthen in 2H2025, driven by the Prime Minister's Directive No.179/CD–TTg to boost the domestic market, higher year-end demand, and a persistently low-interest-rate environment.

Exchange rate pressures are expected to ease toward year-end

We believe a stable macroeconomic environment is essential for achieving high GDP growth. In 3Q2025, the USD/VND rose by up to 3.7% YTD, consistent with our earlier forecast of temporary pressures outlined in the [2H2025 Macro Outlook Report](#). In response, the State Bank of Vietnam (SBV) intervened twice via 180-day forward sales totaling around USD2.9 billion in August and October, helping ease volatility. We expect stability to improve in 4Q2025, supported by anticipated Fed rate cuts (1–2 additional cuts by end-2025 and 2–3 more in 2026), stronger USD inflows during the export season, lower import demand, and higher remittances. We maintain our forecast that the USD/VND exchange rate will appreciate by no more than 4% this year.

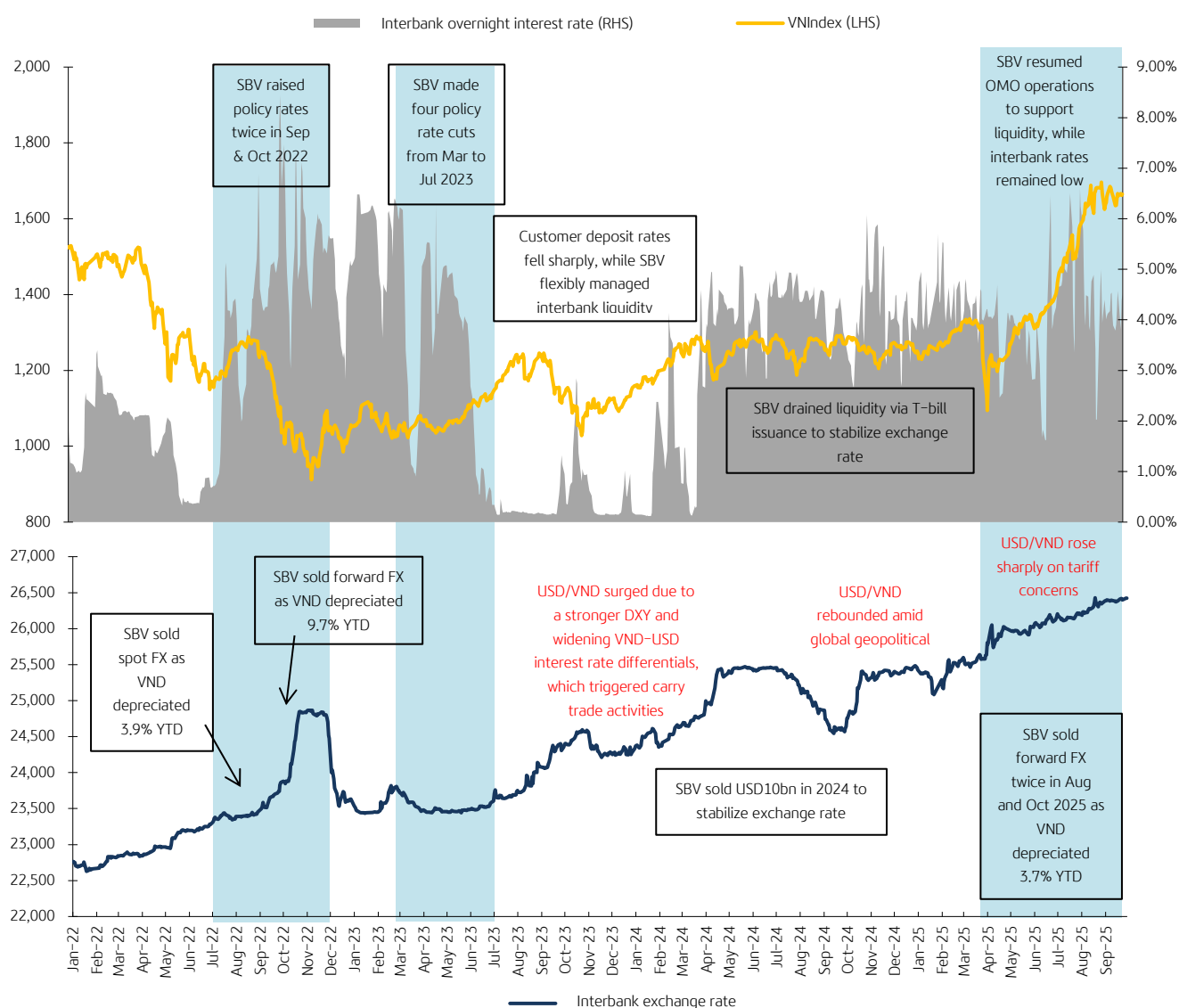
Monetary easing supports robust credit growth

Under the Government's accommodative policy stance, interest rates have remained at historically low levels. The average lending rate for new loans currently stands at 6.52%, down 0.41 percentage points from early 2024, supporting stronger credit accessibility for businesses and households. As of September 25, credit growth reached 13.4% YTD—the highest in recent years. We expect monetary easing to remain in place through end-2025, as both inflation and exchange rate pressures remain under control. Accordingly, lending rates appear to have bottomed out and will likely remain stable in 4Q2025. Lending rates have likely bottomed out and should stay stable in 4Q2025, while deposit rates face mild upward pressure amid strong year-end credit demand, particularly at smaller banks.

Favorable macroeconomic conditions will continue to underpin the market's uptrend

Overall, KBSV believes current conditions remain favorable for sustaining the market's long-term uptrend, supported by: (1) persistently low interest rates—expected to stay near current levels through end-2025—and robust credit growth driving M2 expansion; (2) a stable exchange rate underpinned by the SBV's flexible policy management, with volatility likely past its peak; and (3) additional catalysts from Vietnam's market upgrade and recovering corporate earnings. Historically, periods characterized by stable exchange rates, low interest rates, and strong M2 growth have coincided with notable equity market upswings (Figures 21–22).

Fig 21. Vietnam – VN-Index vs. interbank overnight interest rate, interbank exchange rate, and SBV's policy actions

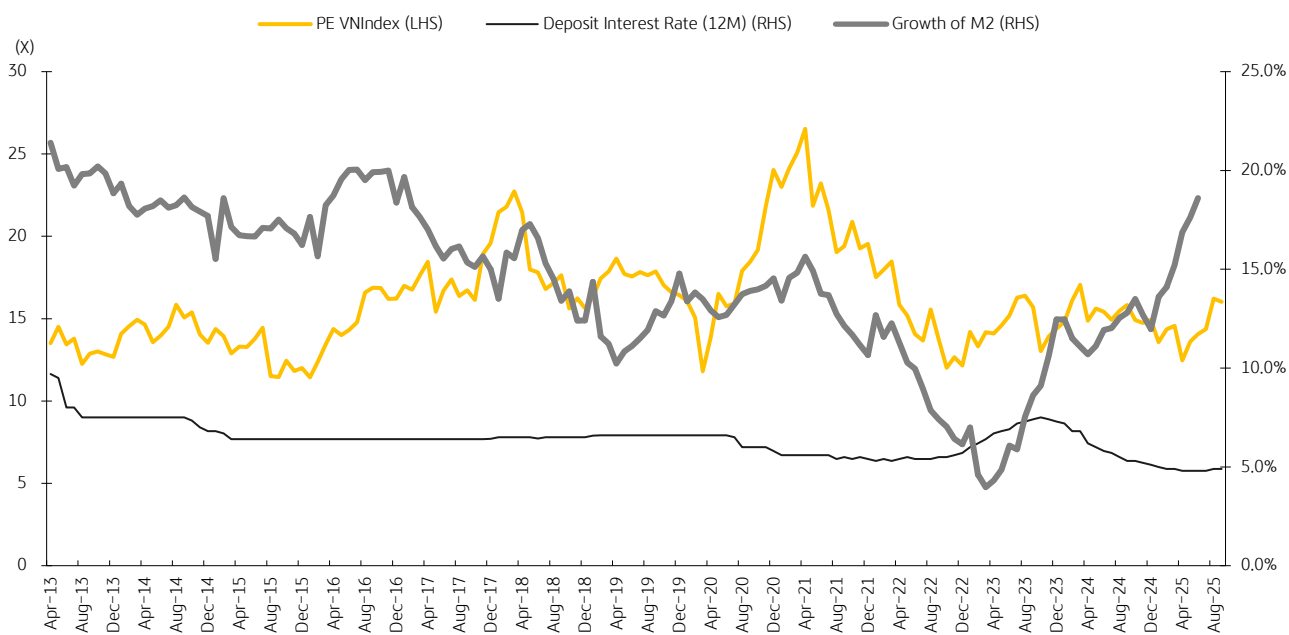


Source: Source: Bloomberg, Fiiipro, KB Securities Vietnam

Note:

Highlighted areas: The market tends to rise when the exchange rate is stable and deposit rates are low; conversely, it becomes more sensitive during periods of sharp exchange rate increases.

Fig 22. Vietnam – VN-Index P/E vs. 12M deposit rate and M2 growth



Source: Bloomberg, Fiiipro, KB Securities Vietnam

IV. Investment themes

Investment theme	Beneficiary sectors	Top picks
Market reclassification	Securities	VCI, HCM, SSI
Public investment	Infrastructure development, Building materials, Power, Power construction	GEG, REE, PC1, TV2, VCG, HHV, VLB, HPG
Easing of legal bottlenecks	Real estate, Construction	VHM, KDH, NLG, DXG, HDG

We highlight three key investment themes expected to lead the market in 4Q2025: **market reclassification, public investment, easing of legal bottlenecks**. These themes are expected to serve as major catalysts for the broader market, particularly for sectors positioned to benefit directly from them.

1. Market reclassification

Vietnam's market upgrade is set to unlock strong foreign inflows

Vietnam's FTSE upgrade to Secondary Emerging Market status is expected to be a strong catalyst for foreign capital inflows, particularly from global index-tracking funds. FTSE Emerging All Cap Index-tracking funds collectively manage over USD100 billion in assets, while the index's total market capitalization stands at around USD9.4 trillion. Vietnam's inclusion in the FTSE Secondary Emerging Market Index will attract passive inflows from ETFs and institutional mandates benchmarked to broader indices such as FTSE All-World and FTSE Emerging (FTSE EM). We estimate passive inflows of USD0.7–1.0 billion, based on Vietnam's projected index weight of 0.5–0.8%, comparable to the Philippines and Kuwait.

Active funds typically reposition ahead of passive rebalancing flows. According to FTSE Russell, actively managed funds collectively oversee assets several times larger than passive ones, thus exerting a greater impact on index performance. Based on this ratio, active inflows could reach USD2.5–7.5 billion, assuming proportional allocation by index weight. In practice, active inflows tend to enter the market earlier and are more selective, as funds increase Vietnam exposure ahead of the official upgrade to capture potential re-rating gains. Historically, countries on the watchlist have attracted sizable speculative inflows—Saudi Arabia saw strong capital inflows during 2018–2019 before joining major EM indices, while Kuwait recorded over USD700 million in net purchases in 2H2018 prior to its MSCI upgrade.

Table 23. Vietnam – Projected capital inflows into Vietnam's stock market

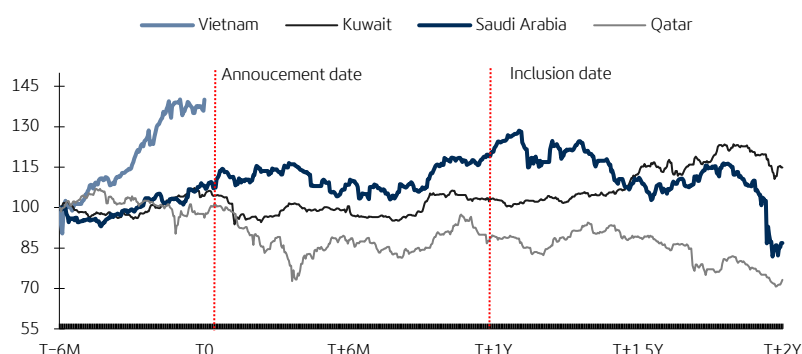
Passive fund inflows		
(USDbn)	Bull case	Base case
By KBSV	1.00	0.7
By other financial institutions	1.75	1
Active fund inflows		
(USDbn)	Bull case	Base case
By other financial institutions	7.45	2.2

Source: KB Securities Vietnam

Vietnam outperforms peers ahead of official market upgrade

Saudi Arabia's stock market rose 15% from the announcement of its reclassification to the first phase of capital inflows. Given its large market size, FTSE implemented the upgrade in six phases. In contrast, Qatar's performance was more muted, partly due to low oil prices at the time, which weighed on its economy. Meanwhile, Vietnam has outperformed thanks to a favorable macroeconomic backdrop, gaining nearly 40% over the past six months following a sharp pullback in early April—an even stronger rally than seen in markets previously upgraded by MSCI. Historically, most markets have posted notable gains between the announcement and official inclusion dates.

Fig 24. Global – Performance of benchmark indices before and after announcement and inclusion dates



Source: KB Securities Vietnam

Vietnam's FTSE upgrade will shape short-term market dynamics

Vietnam's stock market may face short-term rebalancing-driven net selling pressure following the upgrade announcement, driven by exit mandates by frontier market-tracking funds required to divest their holdings. Passive fund rules require these funds to divest stocks of countries removed from the Frontier Market Index they track. However, these temporary outflows are expected to be quickly offset by larger passive and active inflows from funds benchmarked to Emerging Market indices, which typically begin positioning before and after the official reclassification.

VN30 stocks are poised to benefit the most from the upgrade

Accordingly, large-cap leaders meeting capitalization and liquidity criteria—such as VCB, MSN, VNM, HPG, VIC, VHM, and SSI—are likely candidates for index inclusion. Stocks with solid growth prospects and available foreign room may also attract active funds, while brokerages like SSI, HCM, and VCI stand to gain from higher trading volumes and brokerage fees amid rising foreign participation.

Table 25. Vietnam – Stocks eligible for inclusion in the FTSE Emerging Index

Ticker	Free float	Available foreign room	Market cap (USDbn)
VCB	11%	26.2%	20.0
VIC	30%	85.9%	16.5
VHM	25%	78.8%	14.0
HPG	55%	53.6%	7.6
VNM	40%	51.5%	4.8
MSN	55%	74.5%	4.1
LPB	95%	83.2%	3.8
STB	100%	33.1%	3.5

Source: KB Securities Vietnam

2. Public investment

Public investment disbursement is higher YoY but still behind schedule

According to the Ministry of Finance, cumulative public investment disbursement reached VND318.6 trillion as of end-July 2025, equivalent to 33% of the annual plan, and was estimated at VND409.2 trillion (39.9%) by end-August (Figure 27). Several major road connectivity projects with large total investment values have commenced, with progress broadly in line with government directives (Table 28). Although disbursed value in the first seven months exceeded last year's level, it remains well below the annual target, indicating that disbursement must accelerate sharply in the remaining months to meet the Government's goal.

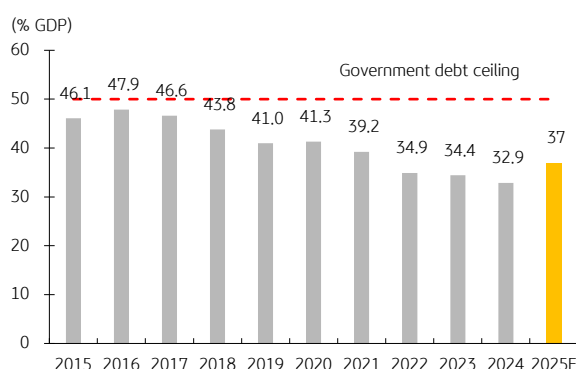
The push to accelerate public investment will remain an inevitable trend in the medium to long term

Amid signs of a slowing FDI inflows due to tariff-related headwinds, the economy requires new growth drivers. Public investment has emerged as a key pillar — directly stimulating aggregate demand while indirectly enhancing competitiveness through upgrades to transport, energy, and logistics infrastructure. Reflecting this strategic priority, the Prime Minister's Notice No. 493/TB-VPCP dated September 18, 2025 reaffirmed public investment as one of the three core pillars of economic growth.

From a fiscal standpoint, Vietnam still has ample room for expansion, with the government debt-to-GDP ratio projected at 36–37% by end-2025, well below the 50% ceiling set by the National Assembly (Figure 26). This allows for further increases in public investment spending while maintaining medium-term debt sustainability.

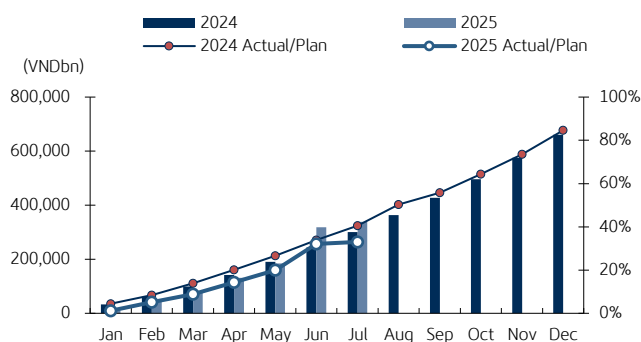
With ongoing improvements in administrative processes and implementation efficiency, public investment disbursement is expected to accelerate and remain a key growth driver in the medium term.

Fig 26. Vietnam – Government debt (% GDP)



Source: Bloomberg, KB Securities Vietnam

Fig 27. Vietnam – 2024–2025 public investment disbursement



Source: Ministry of Finance, KB Securities Vietnam

Note: The disbursement cutoff date is set at the end of January of the following year.

Table 28. Vietnam – Updates on key public investment projects

No.	Project	Total investment	Progress
1	Expansion of HCMC – Long Thanh – Dau Giay Expressway	VND14,300 bn	Construction commenced concurrently on 19 Aug 2025. In 4Q2025, focus will be on road-widening works (from 4 to 8–10 lanes) and on building the Long Thanh Bridge.
2	Dau Giay – Tan Phu Expressway	VND8,981 bn	Construction started on 19 Aug 2025. Dong Nai Province aims to complete site clearance by Oct 2025.
3	Component Project 3 – Ring Road No.4, Hanoi Capital Region	VND56,293 bn	Construction began on 6 Sep 2025. In 4Q2025, contractors will focus on immediate post-commencement construction activities, particularly site preparation and foundation works, to ensure continuous project implementation.
4	Tan Phu – Bao Loc Expressway Bao Loc – Lien Khuong Expressway	Tan Phu – Bao Loc: VND17,200 bn Bao Loc – Lien Khuong: VND17,700 bn	Tan Phu – Bao Loc: Land clearance has achieved significant progress, reaching around 85% as of June 2025. Bao Loc – Lien Khuong: Construction began 29 Sep 2025 but is currently facing land-clearance bottlenecks. In 4Q2025, priority will be given to resolving key site-clearance issues and initiating construction.
5	HCMC – Moc Bai Expressway	VND19,617 bn	HCMC and Tay Ninh Province are expediting land clearance. HCMC aims to complete its section's land acquisition by Oct–Nov 2025. However, overall progress remains behind schedule.

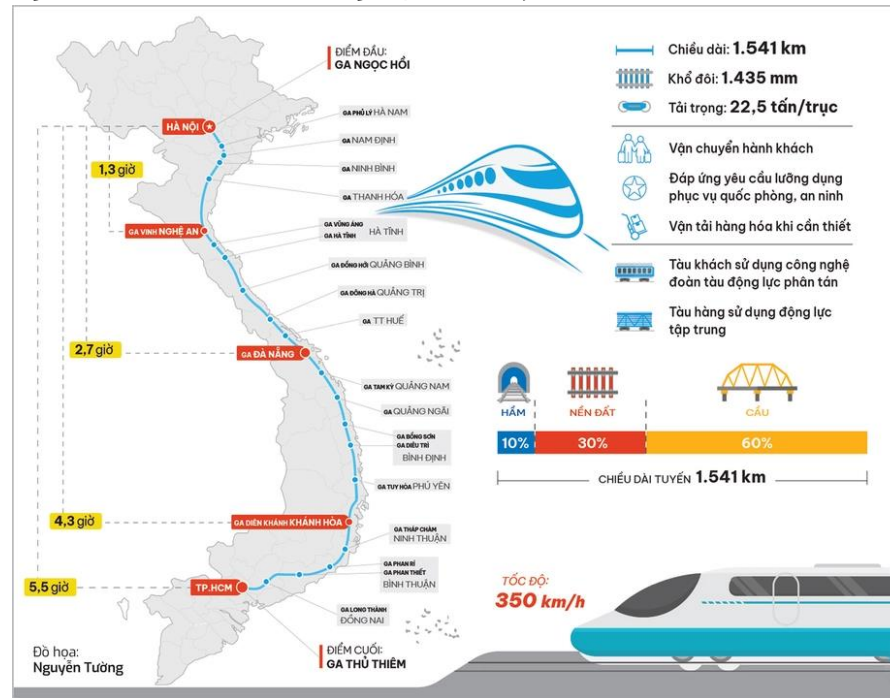
Source: KB Securities Vietnam

Large-scale infrastructure megaprojects should drive long-term growth

Beyond the ongoing road connectivity projects, several large-scale national infrastructure megaprojects—including the North–South high-speed railway, ring roads in Hanoi and Ho Chi Minh City (HCMC), and nuclear power plants—are expected to generate significant spillover effects and serve as key pillars of economic growth. In particular, the North–South high-speed railway, with a total investment of USD 67 billion, represents a strategic step toward transforming Vietnam's transport infrastructure and enhancing the national competitiveness.

- **Total investment:** VND1.71 quadrillion (USD 67 billion).
- **Investment modality:** The Government has approved the inclusion of the public-private partnership (PPP) model alongside traditional public investment and will determine the final approach and investor selection accordingly.
- **Target completion:** Substantial completion targeted by 2035.
- **Scale:** The railway will span 1,541 km across 20 provinces, featuring 23 passenger stations and 5 freight stations. It will also be designed to accommodate defense and cargo transport needs when required.
- **Expected groundbreaking:** Late 2026.

Fig 29. Vietnam – North-South high-speed railway



Source: Ministry of Transport Portal, KB Securities Vietnam

The North-South high-speed railway is expected to stimulate wide-ranging economic activity across multiple sectors

According to the Ministry of Planning and Investment, during the construction phase, the North-South high-speed railway project could add 0.97 percentage point to annual GDP growth. The pre-feasibility study estimates construction-related expenditures at around VND846 trillion, underscoring its substantial scale and economic spillover potential. At this stage, demand for construction materials—including stone, sand, cement, and steel—will surge to develop critical infrastructure such as bridges, tunnels, roadbeds, and stations. The project will also mobilize hundreds of thousands of workers, generating substantial employment and stimulating overall economic activity.

Public investment-related companies stand to gain

We remain upbeat about sectors that directly participate in or indirectly supply to public investment projects. Specifically:

- **Infrastructure development & power construction:** With the Government accelerating project execution, KBSV maintains a positive view on contractors such as VCG, LCG, HHV, and PC1.
- **Power:** The ongoing removal of regulatory bottlenecks for power projects—particularly in renewable energy—alongside efforts to diversify generation sources and modernize the national transmission grid, will act as key catalysts for companies including GEG, REE, PC1, and TV2.
- **Building materials:** Producers such as HPG, VLB, PLC, and HT1 are expected to benefit from rising demand as large-scale public investment projects progress. Notably, prices of key materials—cement, stone, and steel—have increased in recent months, reflecting stronger demand. Coupled with the recovery in real estate, KBSV expects the sector's outlook to remain favorable in the near term.

3. Easing of legal bottlenecks

Legal reforms are poised to unlock growth and spur broad-based sectoral gains

With an ambitious GDP growth target of 8.3–8.5% in 2025 and a goal of achieving double-digit growth in subsequent years, the Government is focusing not only on strengthening infrastructure investment and improving workforce quality, but also on removing legal and regulatory bottlenecks—a key priority expected to create positive spillover effects across related sectors. In the upcoming October session, the National Assembly will consider around 47 draft laws and one draft resolution, while the Government and relevant ministries are expected to issue a large number of implementation documents to ensure the synchronized enforcement of newly enacted legislation. We believe several areas will be prioritized for review and reform, including the public investment, real estate, financial, and energy sectors. If approved and effectively implemented, these measures could deliver meaningful benefits across the economy. In our [2H2025 Strategy Report](#), KBSV highlighted the policy direction aimed at promoting domestic enterprise development. Therefore, in this report, KBSV focuses on recent legal developments that could materially influence corporate outlooks.

Easing legal bottlenecks should revitalize the real estate market and related sectors

The real estate sector has recently benefited from a series of legal reforms aimed at unlocking resources and promoting sustainable growth, given its crucial role and strong spillover effects on the economy. Notably, key draft documents, including the Draft Law amending and supplementing a number of articles of the Land Law and the Draft Resolution on mechanisms and policies to remove obstacles to the implementation of the Land Law (Table 30)—seek to address short-term bottlenecks while ensuring long-term stability. These reforms are expected to accelerate project approvals and revive stalled developments, benefiting leading developers with large landbanks such as VHM, NLG, KDH, TCH, and DXG. The sector's recovery should also indirectly support construction, building materials, and banking industries.

The power and financial sectors are expected to benefit from positive impacts arising from recent legal reforms

The power sector is advancing with the Draft Resolution on Mechanisms and Policies to Remove Obstacles and Promote National Energy Development for 2026–2030, which is expected to catalyze meaningful industry changes and enhance the outlook for power-related equities. Meanwhile, the financial sector, particularly banking and securities, has seen a wave of reforms, including codifying Resolution 42 on non-performing loan (NPL) handling, Circular 14 revising capital adequacy ratio (CAR) calculations to explore the removal of credit growth caps, and broader measures to upgrade Vietnam's market classification. Details of these policies and related investment opportunities are discussed in our [2H2025 Strategy Report](#).

Table 30. Vietnam – Legal and regulatory updates in the real estate sector

Content	Draft Law amending and supplementing a number of articles of the Land Law	Draft Resolution on mechanisms and policies to remove obstacles to the implementation of the Land Law	Notes
Effective date and scope	Amends and supplements specific provisions of the Land Law No. 31/2024/QH15, effective from January 1, 2026.	Provides special mechanisms and policies designed to address challenges and bottlenecks in the enforcement of the Land Law. In cases of discrepancies between this Resolution and existing regulations, the provisions of this Resolution shall prevail. Effective from January 1, 2026.	Apply flexible and provisional solutions without the need to amend the entire Law.
Land use master plans and land use plans	Land use master plans are to be formulated simultaneously across all administrative levels. Regulations on commune-level land use master plans and land use plans remain under consideration, with two proposed options: to retain or to remove them.	The five-year land use plans (2026–2030) of centrally governed cities, the district-level land use master plans and annual land use plans, and the commune-level land use master plans will not be prepared; instead, commune-level five-year land use plans will be formulated.	Streamline the planning system by focusing on commune-level land use plans as the direct management tool instead of maintaining multiple planning levels.
Land recovery	Additional cases of land recovery for socio-economic development are introduced, including free trade zone projects, international financial centers, and logistics hubs. Allow the recovery of the remaining land area if the investor has successfully reached an agreement on more than 75% of the total area or with more than 75% of land users. As a principle, the compensation, support, and resettlement plan must be approved and resettlement arrangements completed before land recovery is carried out.	Additional cases of land recovery are introduced, such as emergency public investment projects and land reserved for payment in build-transfer (BT) projects. Two options are proposed for determining the agreement threshold that allows recovery of the remaining land area: (1) over 75% of both total area and number of land users, or (2) over 85% of both total area and number of land users. The general principle remains unchanged; however, exceptions are added to permit land recovery before completion of resettlement arrangements in specific cases, such as nationally significant infrastructure projects, emergency public investment projects, on-site resettlement projects, or when a majority of affected residents agree.	Expected to accelerate land recovery and site clearance processes. Provide greater flexibility for urgent projects, accelerating implementation progress by allowing land recovery and resettlement procedures to be carried out concurrently in certain cases.
Land prices and the basis for determining financial obligations	Determine land prices, land rental, and land use fees based on the land price table and specific land price adjustment coefficients. Land valuation principles encompass various factors, including safeguarding the State's regulatory role, with valuation outcomes considered for reference purposes only.	Reaffirm the basis for calculation derived from the land price table and the land price adjustment coefficient. Supplement the principle that land valuation must reflect market conditions and ensure a harmonious balance of interests among the State, citizens, and investors.	Emphasize market-based principles and the harmonization of interests , reflecting a clear orientation toward resolving real-world conflicts in land valuation.
Land allocation and land lease	Land users are allowed to choose between paying land rent in a lump sum or annually. Additional cases are introduced where land allocation or lease may be conducted without auction.	Reiterate the right of land users to choose between one-off or annual land rental payments. Authorize competent authorities to decide on the allocation or lease of rice land and forest land without requiring approval from the provincial People's Council. Add additional cases where land allocation or lease is exempt from auction, such as land used for payment in build-transfer (BT) contracts.	Simplify administrative procedures by removing the step of seeking approval from the People's Council, thereby shortening project implementation timelines, particularly for projects involving rice land and forest land.
Rights of land users	Economic organizations and individuals are permitted to sell assets attached to leased land (with annual rental payment) if all legal conditions are met.	Provide more detailed and specific provisions on the conditions for selling assets attached to leased land with annual rent payment — for example, assets must have valid construction permits or be lawfully established, and must not violate the approved land-use purpose.	
Land parcel separation and consolidation	General principles are established for land parcel separation and consolidation, requiring that each plot must have access to public roads; when land is reserved for access paths, no change in land-use purpose is required.	Clarify and supplement several regulations, such as: when changing the land-use purpose for part of a parcel, subdivision is not mandatory; and land consolidation must involve plots with the same use purpose, except for special cases involving residential land.	
Role and authority of commune-level People's Committees	Several provisions are amended to replace the term "district-level" with "commune-level", thereby enhancing the role of commune authorities in procedures such as land recovery decisions, land allocation, land lease, issuance of land use right certificates in certain cases, and dispute resolution.	Continue to emphasize the role of commune-level authorities, particularly in formulating commune-level land use plans , which serve as a central legal basis for land management activities.	Strengthen decentralization and delegation of authority to commune-level governments , enhancing the effectiveness of local land management.

Source: Draft Resolutions, KB Securities Vietnam

V. KBSV model portfolio

Ticker	Target price	Closing price (Sep 30, 2025)	Expected return	2025F P/E	2025F NPAT growth	Investment catalysts	Link to reports
HPG	35,300	28,150	25%	12.4	20.5%	- 2025/2026 consumption output is expected to increase by 30%/25% thanks to the recovery of real estate, the promotion of public investment, and the approval of anti-dumping duties. - Steel prices should gradually enter a new growth cycle while input costs remain low, which will significantly improve gross profit margins. - Phase 2 of Dung Quat 2 should come into operation from 4Q25 with two large blast furnaces to optimize production costs, and the rail steel plant will be operational from 1Q27, which will boost output and revenue.	HPG
MWG	90,100	77,700	16%	20.4	51.7%	- After reaching 1,770 stores by the end of 2024, BHX continues to open a new network to the Central region and neighboring provinces of Ho Chi Minh City, possibly reaching 600-800 stores in 2025, far exceeding the plan of the BoD. - The ICT & CE chain continues to pursue promotion and discount strategies to strengthen its market presence. - EraBlue is expected to rapidly scale its network after reaching breakeven, aiming for 500 stores by 2027, up from the current 115.	MWG
CTD	99,000	78,100	27%	17.6	-2.0%	- Backlog at the end of 1Q FY26 reached VND45,000 - 50,000 billion thanks to the contribution from the public investment segment, estimated revenue increases 20%/9% in FY26/FY27. - Management determined the medium-term target to optimize profit margin with supply chain optimization and Unicons restructuring, expecting GPM to reach 3.4%/3.6% in FY26/FY27. - Emerald68 may start handover from 3Q26, estimated to contribute VND377 billion in profit to CTD in FY27-FY28.	CTD
MSN	104,700	81,000	29%	39.1	56.9%	- Tightened invoice and tax regulations help improve the competitiveness of modern retail. - MSR reduced losses thanks to tungsten price increasing to USD600/mtu. The price is expected to be maintained if the trade war remains tense. - WCM expands strongly, opening 500/400 net stores in 2025/2026, with EBIT increasing sharply to VND483/684 billion (+344%/42% YoY). - MCH expects IPO and possible capital sale in 2026.	MSN
NLG	49,000	40,200	22%	21.9	38.0%	- Southgate project (opening the Pearl & Solaria rise subdivision) is the main driver for NLG's sales growth. - NLG expects to complete the legal process of Izumi City project and open for sale in the second half of 2025. - Legal process at NLG's key projects has made many important strides, creating the premise for launches in the near future.	NLG
KDH	39,600	33,800	17%	32.7	29.2%	- KDH launched the Gladia project in Thu Duc (in cooperation with Keppel). Estimated sales in 2025/2026 are VND4,975 billion (+7x YoY)/VND5,811 billion (+21% YoY). - Projects in the portfolio that will be deployed have prime locations, with recent legal progress that will ensure sales in the coming years, including: the Solina (16.4ha) in HCM; Tan Tao Residential Area (330ha) in Binh Tan, HCM; and Phong Phu 2 (130ha) in HCM.	KDH
ACB	32,500	25,500	27%	6.9	12.8%	- Credit growth is forecast to reach 17-18%/year in the period 2025-2027. The driving force comes from (1) increasing the proportion of loans to large enterprises, (2) better recovery of retail loans (to individuals and SMEs). - NIM begins to improve, expected to be flat for the rest of 2025 and recover from 2026. - The bank should maintain good performance in asset quality, expected to improve debt recovery when the amended Law on Credit Institutions on Resolution 42 officially takes effect from October 2025.	ACB
MBB	33,900	26,200	29%	7.5	24.8%	- MBB achieved positive credit growth, ranked at the top of the industry (over 20% for 2025) thanks to (1) even growth of segments and (2) handling underperforming bank (which helps MBB have a higher credit limit). - Asset quality improves thanks to (1) large customer groups whose legal issues are being helped by Government's orientation and (2) the bank's more cautious view with new loan disbursement. - Short-term support factors include 1) the participation in digital asset trading exchange and (2) expansion of foreign room to 49%.	MBB

VI. Sector outlook

Banking

Credit strongly increasing towards year-end

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2025 credit growth may beat the target, increasing 20% YoY

As of September 29, 2025, system-wide credit rose 13.4% YTD (vs 6.3% last year, x2 YoY), touching five-year highs. The main force came from the rise in corporate lending amid real estate recovery, while retail sales showed a smaller increase and were mostly home loans. We expect this trend to continue, but the retail segment may perform better towards 2025-end. The macro environment is favorable for 20% credit target, assuming (1) interest rates continue to move sideways around the current low; (2) the land market is more vibrant with more supply; (3) credit demand from retail customers positively rebounds; and (4) the government promotes public investment and gives soft loans to SMEs (Resolution 68).

NIM is poised to decelerate before rebounding next year

We believe that yields on earning assets will have more room to improve as (1) credit growth usually accelerates at the end of the year; (2) the proportion of medium and long-term loans increase; (3) the recovery in real estate and retail markets become clearer; and (4) debt recovery is positive. On the contrary, cost of funds may rise owing to larger proportion of mobilization from valuable papers and a modest correction in deposit interest rates. This two-way impact may undermine adverse impacts on NIM, so it is likely to remain flat or witness slight contractions in the remaining months of the year.

Asset quality has improved compared to the beginning of the year but still needs monitoring in the long term

NPL ratio of 27 banks dropped 10bps QoQ to 2% while special mention plummeted in most banks. The legislation of Resolution 42 from October 2025 is expected to raise customers' awareness of debt repayment, support debt recovery, and help improve asset quality in the coming time. However, the thin buffer is narrowing the flexibility in provisioning. KBSV believes that banks will need more time to post clearer advancements in asset quality, while long-term risks prevail amid strong credit growth in high-risk areas.

Investors should wait for attractive price range to increase proportion

The P/B valuation of the banking industry is currently at 1.75x, equivalent to the five-year average (1.7x), reflecting the vibrant market liquidity and strong business performance that has attracted investor cash flow. The long-term outlook of the entire industry is still bright, strengthened by growth stories of each bank (IPO of subsidiaries, capital increase, and development of digital currencies). Therefore, investors can consider increasing proportion during corrections, taking advantage of the long-term uptrend of the market. Our top picks include **Military Bank (MBB)**, **VPBank (VPB)**, **Techcombank (TCB)**, **Asia Commercial Bank (ACB)**, and **VietinBank (CTG)**.

Positive maintain

Recommendations	
VCB	BUY
Price target	VND70,800
CTG	NEUTRAL
Price target	VND52,100
BID	NEUTRAL
Price target	VND48,100
TCB	NEUTRAL
Price target	VND43,400
VPB	NEUTRAL
Price target	VND31,800
ACB	BUY
Price target	VND32,500
MBB	BUY
Price target	VND33,900
VIB	BUY
Price target	VND25,500

Securities

Medium-term force coming from market upgrade

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1H25 business performance of securities companies under our coverage logged strong YoY improvements

In 1H25, the total operating profit of the 35 securities companies with the largest equity capital hit VND26,074 billion (+18.2% YoY), and NPAT reached VND13,989 billion (+13.3% YoY). The bounceback in 1H25 earnings was attributable to the strong growth momentum of the general market after the subdued 2024.

Margin lending and investment are growth drivers

Margin lending and investment led the growth with operating profits reaching VND10,748 billion (+23.1% YoY) and VND12,441 billion (+23.9% YoY) respectively in 1H25 as the market witnessed favorable developments in price and liquidity. Meanwhile, the contribution from brokerage segment was less positive, with gross profit falling 40.3% YoY to VND1,055 billion as securities companies cut transaction fees to attract customers under competitive pressure.

KBSV maintains expectations for a positive market performance in terms of price and liquidity in the medium term

Our positive view was based on: (1) Market valuation currently in a reasonable range and (2) the SBV's easing monetary policy and stably low interest rates. Notably, (3) Vietnam stock market has been decided to be upgraded according to FTSE Russell's assessment in September 2025 and will officially be added to the FTSE emerging market basket on September 21, 2026, which should lure back foreign capital inflows.

Securities companies are forecast to post strong business results in 3Q25 but may stagnate in the last quarter of the year

KBSV assesses that the business results of securities companies in 3Q will be successful thanks to the strong market growth and high liquidity. However, corrections may occur in 4Q after the market has somewhat reflected the market upgrade catalyst while existing pressure from exchange rate issues and reciprocal tariffs begins to hit the economy.

There is still room for price rallies in the medium and long term

KBSV believes that securities businesses still have room for price increases, assuming the stock market has a good increase in both price and liquidity in 2025 – 2026, supported by good effects from the market reclassification. Investors can wait for markets corrections to buy stocks with advantages of institutional customers, strong resources, and attractive valuations such as **SSI Securities (SSI)**, **Vietcap Securities (VCI)**, and **Ho Chi Minh Securities (HCM)**.

Positive

 maintain

Industrial real estate

Continues to rebound

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The number of apartments launched in 2Q25 in Hanoi grew while the HCMC market remained quiet despite shrinking absorption rates in both markets. According to CBRE, the supply of newly launched apartments in Hanoi reached 6,846 units (+75% QoQ, from eight projects), and the number of units sold touched 5,810 units (+31% QoQ, -27% YoY), bringing the total number of units sold in 1H25 to 9,130 units. The average absorption rate of new projects was 60% (lower than 70% in 1H24). The HCMC market was quieter with 1,400 new units (-16% YoY), the lowest level since 2015. The average absorption rate came in at 74% (down from 86% in 1H24). The average selling price (ASP) in the Hanoi market climbed to VND79 million/m² (+6% QoQ, +33% YoY), almost equal to the price of the HCM market at VND82 million/m² (+7% QoQ, +29% YoY).

The supply of townhouses/villas in Hanoi & HCMC has recovered slowly. There were 2,500 units in Hanoi in the first half of the year, and the number of units sold hit 2,566 units, higher than 1H24 but 50% lower than 2H24's figures. The HCMC market recorded a slight increase in 2Q25 with 74 units opened for sale (+27.5% QoQ) thanks to a project in Nha Be District, while the supply of new projects in the city center was low. The ASP continued its uptrend with the primary price in Hanoi market reaching VND230 million/m² (+1.5%QoQ). The price in HCMC slightly reduced to VND303 million/m² (-2%QoQ) as new projects are far from the center, and the surrounding areas have not yet developed.

The real estate market is expected to continue to recover, given (1) the supply rebounds thanks to the government's efforts to remove obstacles for real estate projects, simplify legal procedures, and support social housing. (2) Interest rates for home loans remain low, investors offer many new preferential sales policies, and banks become more flexible in lending. (3) The real estate investment demand will benefit from accelerated public investment, which helps build infrastructure with large projects, traffic axes connecting the center of Hanoi and HCMC with neighboring areas and provinces.

We observe that many real estate stocks are currently trading at 2025 forward P/B equal to or lower than their five-year historical means. Considering the general positive outlook of the industry and the seasonal factor at the end of the year, when project sales are ramped up, investors can consider real estate stocks when the prices decrease and pick businesses with good prospects, large clean land banks, full legal documents, and safe financial structures. Notable investment opportunities are **Vinhomes (VHM)**, **Khang Dien House (KDH)**, **Nam Long Investment (NLG)**, and **Dat Xanh Group (DXG)**.

Positive maintain

Recommendations

KDH	BUY
Price target	VND49,000

NLG	BUY
Price target	VND39,600

Industrial real estate

Reasonable valuation for long-term prospects

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The area of industrial park land handed over in 2Q25 showed a sharp decrease, especially in the Southern region. According to CRBE, the area handed over in the North and the South in 1H25 reached 260ha and 55ha respectively (+13%/-79% YoY), of which the increase in the North was mainly recorded in 1Q with 195ha (or 75% of the total area handed over in 1H25). The occupancy rate remained high, reaching 80.4% in the North and 89% in the South due to limited supply (+340ha in the North/ no new supply in the South). The average industrial park rent recorded a steady increase in both regions, reaching USD138 (+2.9% YoY) and USD179/m²/leasing term (+3.4% YoY) respectively.

Registered FDI inflows in the manufacturing-processing industry in 2Q25 saw a steep fall and touched USD5.2 billion (-22% YoY/-21% QoQ), reflecting the risks in Trade war 2.0. However, the positive growth of FDI capital inflows into real estate has offset the decline in the industrial sector. Registered FDI into real estate came in at USD2.8 billion (x2 YoY) with large projects such as Lodgis Hospitality Holdings, Phuong Trach Tower, and Ganmuda Land. In general, 2Q25 registered FDI was USD10.54 billion (+17% YoY), and disbursed FDI hit USD6.76 billion (+8.86% YoY).

We still believe that FDI capital inflows in 2H25-2026, especially in the industrial/technology sector with low localization rate, will be hit by the US 40% tax rate on transshipped goods through Vietnam. Projects of Samsung, LG, Luxshare, and Goetek, have signed MOUs since 2024, but there is still no specific plan. In the long term, we expect Vietnam to continue to attract FDI inflows, including businesses targeting the US market, because: (1) the new reciprocal tax rate does not create a large competitive gap with major peer countries; (2) Vietnam has advantages in low-cost labor, political stability, and many FTAs; and (3) FDI enterprises will expand production stages in Vietnam for better localization and tax rates (20%). However, in the long term, growth momentum may slow down compared to 2018-2024 period (China +1 trend) since FDI enterprises targeting the US will have to carefully consider the supply capacity of domestic enterprises before expanding production in Vietnam.

In 2H25, we maintain the view that the land handover progress of industrial park developers will still be affected by Trade war 2.0. However, the risk has been partly reflected in stock prices, while the long-term prospects of luring back FDI capital still exist. Therefore, long-term investors can consider buying stocks such as Sai Gon VRG Investment (SIP), Vietnam Rubber Group (GVR), and Phuoc Hoa Rubber (PHR) as they own large land banks and low valuations (with respective PBR trading at 2.8x/2.0x/1.9x, below the five-year averages).

Neutral change

Recommendations

GVR	BUY
Price target	VND34,500
SIP	BUY
Price target	VND71,300
KBC	NEUTRAL
Price target	VND40,000

Logistics

Clouded by tax uncertainties

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Port throughput in the last months of the year will unlikely be as high as in the first half of the year (574 million tons of cargo in 1H25, +15% YoY) amid clearer impacts from Trump's reciprocal tariffs but is expected to remain positive until the end of the year, assuming that (1) the number of signed orders until the end of 2025 is stable, and the PMI has returned to the level above 50 since July. (2) Domestic demand should remain strong when the government prioritizes achieving the GDP target of over 8.5% this year. In the medium term, the impacts of the duties will be fully assessed after the official regulations on the localization rate are issued. In addition, the proposal to adjust the port service rate framework is being appraised after being approved, which may expand the room for price increases for deep-water ports, partly offsetting the decline in shipments from the US.

Global container freight spot rates have marked the 15th straight week of decline (the last week of September recorded an average rate of USD1,761/40ft, -56% YTD) due to concerns about oversupply as the number of new ships delivered far outnumbered the demolished. In 4Q, freight rates may experience big changes due to the looming tariff decisions. However, charter rates for small ships are likely to stay high due to (1) shipping lines preferring chartering ships to buying new ones to ensure initiative amidst market uncertainties and (2) large shipping lines tending to build new large vessels and increasing demand for small ships to collect and return cargo at regional ports. Vessel providers that have a stable network of charter partners like Hai An Transport & Stevedoring (HAH) will benefit from ship chartering during this period.

Airlines may be less affected by tariffs than port operators and maritime shippers. In 8M25, international arrivals to Vietnam came in at 14 million (+22% YoY), which should remain as the main growth driver for the industry thanks to new visa policies and international direct flights. The operation of Tan Son Nhat Terminal T3 from 2Q has helped improve operational capacity and bolstered ground, passenger, and commercial service businesses (Airports Corporation - ACV and Taseco Air - AST). For the cargo service group, orders are abundant until the end of the year, but the outlook from 2026 needs further monitoring until the official regulations on transshipment are passed.

We keep our neutral view on the logistics sector in 4Q25 with the main risk from the US's reciprocal tariffs and global vessel oversupply. However, businesses with their own stories (expanding capacity, reducing dependence on the US, owning a stable fleet for chartering, or directly benefiting from foreign passenger growth) such as **Gemadept (GMD)**, **HAH**, **ACV**, and **SCS Cargo (SCS)** are worth-considering medium/long-term investment choices. Investors should wait for clearer policies or more attractive price ranges before buying.

Neutral maintain

Recommendations

GMD	BUY
Price target	VND79,800
ACV	BUY
Price target	VND72,500
SCS	BUY
Price target	VND71,000

Construction

Opportunities amid public disbursement waves

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Residential construction is rebounding along with the real estate. In 1H25, the market recorded 58 projects with a scale of 16,627 units/plots (+29% QoQ) newly licensed. We expect the construction sector to further benefit from the recovering housing projects, underpinned by (1) low interest rates for home loans and (2) the government's efforts to remove legal obstacles and improve supply. However, there will be bruising competition among contractors as they trade profit margins for competitiveness and cash flow.

Industrial construction demand may slow down in the short term due to tariff-hit FDI inflows until 2026. Newly registered FDI in July and August was USD2.6/2.1 billion (-8%/-18% YoY), some projects have signed MOUs but there is still no specific implementation plan, limiting the new backlog. However, we still assess the long-term outlook as positive thanks to Vietnam's competitive advantages of cost, favorable geopolitical position, and FTA network, although the FDI attraction may slow down compared to the previous period.

The public investment disbursement rate has improved strongly in 2H25, creating momentum to maintain growth in the last quarter of the year for infrastructure construction enterprises. 8M25 disbursement rate hit 46.3% of the full-year plan (vs 40.4% in 8M24), clearly reflecting the Government's determination to promote disbursement. Key projects such as the North-South Expressway Phase 2, Long Thanh International Airport and many other BOT projects continue to bring abundant backlog to contractors. In addition, the revised PPP Law (effective from July 1, 2025) and financial support policies for 11 key BOT projects will help boost cash flow and lower financial risks for infrastructure enterprises. In addition, the revised National Power Development Plan 8, which has been effective since 2Q25, will ensure long-term growth for power construction and installation companies, especially in transmission and renewable energy.

We hold a positive rating for residential construction and infrastructure stocks, based on residential real estate recovery and strong public investment. In contrast, the industrial sector is likely to enter a slower phase due to concerns over the US tariff policies. Since early this year, housing construction stock prices have recovered but been much lower than the 2021-2022 peaks, implying cautious sentiment ahead of a new cycle. Meanwhile, public investment stocks have posted strong rallies since the beginning of the year, bringing valuations close to the historical peak. Investors should prioritize corrections for disbursement as there is currently not much room for price increase. Note-worthy stocks include **Deo Ca Traffic Infrastructure (HHV)**, **VINACONEX (VCG)**, **Coteccons (CTD)**, and **PC1 Group (PC1)**.

Positive maintain

Recommendations

PC1	BUY
Price target	VND32,000
BUY	
Price target	VND99,000

Steel

Expecting a new growth cycle for steel prices

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Domestic demand is expected to continue to be a bright spot in 2026 – 2027

Total steel sales output in 8M25 came in at 19 million tons (up 18% YoY) as domestic consumption surged +48% YoY thanks to the recovery of the real estate market and accelerated disbursement and implementation of public projects. On the contrary, under the impact of trade protectionism, export output in 8M25 plunged 42% YoY. Domestic construction steel and HRC consumption gained 34%/17% YoY, respectively. Meanwhile, HRC and galvanized steel export output sharply fell 65%/45% YoY. KBSV maintains its forecast that the real estate and public investment sectors will lead steel demand with (1) the supply of apartments in Hanoi and HCMC estimated to increase by 8%/2% YoY in 2026/2027 (according to CBRE) and (2) the Government's promotion of key public investment projects.

Steel prices have shown signs of recovery, boosted by supply

The policy against aggressive price war in China aims at (1) cutting crude steel output and blast furnaces using old, outdated technology to promote green production and (2) controlling price competition among producers. We expect the above policy will help China reach the goal of cutting crude steel capacity (by 50 million tons, or 4% of total output in 2024), thereby improving GPM for producers. Since the beginning of 3Q25, when this country announced the policy, the ASP of HRC/galvanized steel/iron ore in China has climbed 7%/4%/12% respectively. We expect steel prices to gradually enter a new growth cycle thanks to capacity cut-supported supply. However, the growth rate will be relatively slow amid gloomy Chinese real estate market (reflecting consumption demand).

Steel stocks have fair valuation but mixed outlook

Steel stock prices under KBSV's coverage have increased by an average of 28% in the past three months, reflecting the prospect of improved GPMs in the short term after price adjustments by manufacturers. At the current price range, we believe that stock prices have fully reflected the risks from the adverse effects from anti-dumping measures on the export output of manufacturers. The growth drivers for steel enterprises in the coming time are (1) increased production capacity, (2) competitiveness in the domestic market, and (3) expectations that steel prices will gradually enter a new growth cycle, driven by higher demand. Investors can consider buying stocks during market corrections. Some notable tickers include Hoa Phat Group (HPG), Hoa Sen Group (HSG), and Nam Kim Steel (NKG).

Neutral change

Recommendations	
HPG	BUY
Price target	VND35,300
HSG	NEUTRAL
Price target	VND18,000
NKG	NEUTRAL
Price target	VND16,500

Plastic pipe

Hoping for stable PVC resin prices in 2026

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Consumption demand rebounds amid increasing competition for market share

The sales output of plastic pipes in 2Q25 was estimated at 102,000 tons (+14% YoY), and the total consumption in 1H25 of the whole industry is 188,000 tons (+21% YoY). The key driver was the recovery of housing construction activities, with the number of newly licensed projects reaching 48 projects in 1H25 (vs 38 projects in 1H24). KBSV raised its forecast for 2025 steel sales output to 402,000 tons (+20% YoY) and estimated 2026 consumption output to reach 434,000 tons (+8% YoY) based on expectations about stronger real estate supply in 2026–2027. Currently, Tien Phong Plastic (NTP) and Binh Minh Plastics (BMP) are the two leaders in terms of market share (roughly 65%).

Input costs stay low, expected to maintain high GPMs in 2026

PVC resin prices in China in 3Q25 slipped 12% YoY but inched up 2% QoQ, mainly fluctuating within a narrow range due to the lack of consumption demand recovery signs. We still believe that the GPM of plastic pipe manufacturers will remain high in the next 12 months thanks to input costs remaining low compared to the same period last year. The major growth drivers include (1) the real estate market in China has not shown signs of recovery; and (2) oil prices are forecast to fluctuate in the range of USD65–66/barrel in 2026 (Bloomberg statistics). In the context of recovering consumption demand, manufacturers can share part of the increased cost burden to buyers to cushion profit margins. In the base case, KBSV believes that PVC resin prices will increase again from late 2026 alongside industrial production activities in China.

Valuation in the high zone, stock prices will be sensitive to PVC resin price fluctuations

Currently, BMP and NTP are both trading at P/B of their five-year averages +2Std, reflecting the expectation of recording the highest business results ever thanks to high profit margins. We believe that the potential for profit growth in 2026–2027 will heavily depend on the price movements of PVC resin. Investors can consider these stocks during market corrections but need to pay attention to the safety margin when the stock valuation is already high compared to history, and input costs are forecast to recover from the end of 2026. **BMP** is a favorite stock of KBSV thanks to its optimal core business activities and an estimated cash dividend yield of 9–10% in 2025–2026.

Neutral change

Recommendations

BMP	BUY
Price target	VND146,200

Retail

Mixed outlook for each business

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Total retail sales of goods and service revenue in 8M25 grew 9.4% YoY

It is estimated that total retail sales of goods and consumer service revenue in August rose 10.6% YoY. 8M25 revenue alone increased 9.4% YoY. Of that, retail sales of goods were projected at VND3,495.8 trillion, accounting for 76.3% of the total and increasing by 8.1% YoY; revenue from accommodation and catering services was calculated at VND552.4 trillion, or 12.1% of the total and growing 14.7% YoY.

Business performance of retailers has maintained impressive growth

Total sales of major retail chains such as Mobileworld (MWG), FPT Digital Retail (FRT), Digiworld (DGW), and Masan Group (MSN) hit VND145,278 billion (+9.2% YoY). Accumulated in 8M25, MWG's net revenue rose 13.5% YoY, completing 70% of its full-year target with the main contribution from the ICT and BHX segments. FRT achieved a surge in revenue and earnings compared to the same period a year earlier thanks to Long Chau's profitability. Non-ICT&CE segments helped DGW maintain a double-digit growth rate. For MSN, MCH reported a 15% YoY decrease in revenue, resulting from the short-term impact from tightening tax regulations on the general trade channel, while WCM continued to expand quickly during the period and brought positive profit margins.

The outlook of retail industry in 2025 is positive

The outlook for the retail industry from now until the end of 2025 is bright, not only thanks to the easing monetary policy that helps reduce consumer borrowing costs, but also from direct fiscal stimulus measures such as the policy of reducing VAT (VAT) to 8% for a number of goods and services, which directly pushed people's spending power. Furthermore, the competitive environment is becoming healthier for genuine retail chains. For example, tightening management and requiring electronic invoices for each transaction under Decree 123 is expected to help improve the market transparency.

Growth prospects are mixed

We recommend BUY for **MWG** and NEUTRAL for **DGW** and **FRT**, based on the potential for price increase compared to the target price in their latest reports. Accordingly, MWG's valuation is relatively attractive with the expansion prospect from the BHX chain and the ability to ensure profits of the ICT&CE chain. Meanwhile, DGW and FRT may face short-term obstacles as core business slows down compared to expectations.

Positive maintain

Recommendations	
MWG	BUY
Price target	VND90,100
FRT	NEUTRAL
Price target	VND129,900
DGW	NEUTRAL
Price target	VND 46,000

Food & beverage

Steady domestic consumption

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Tightening regulations on lump-sum taxation and reforming the traditional retail and distribution system have affected the consumer sector in the short term. In 2Q, the government introduced a series of policies to reform the business environment, such as (1) tightening regulations on invoices to increase the actual tax paid by small retailers; (2) strengthening propaganda and preventing smuggled, counterfeit and poor-quality goods; and (3) planning to reduce makeshift markets and increase consumption at modern retail channels.

F&B businesses reported mixed business results in 2Q. Vinamilk (VNM) recorded a modest increase in revenue (+0.4% YoY) on better import demand from agents after the disruption in 1Q. In contrast, the sales of Masan Consumer (MCH) experienced a steel fall (-15% YoY) due to the impact of the above-mentioned regulatory changes and restructuring of distribution channels. High live-weight hog prices pushed the prices of Masan MeatLife's (MML) branded products, bringing total revenue up 37% YoY. Quang Ngai Sugar (QNS) recorded sales of soy milk and sugar +5%/-10% YoY (excluding changes in accounting method) respectively amid the recovery in demand for soy milk but fierce competition in the sugar market.

The growth prospects for leading enterprises are bright. Domestic consumption will continue to be supported by policies such as 2% VAT reduction, proposed increase in "family deduction rate", prevention of illicit and counterfeit products. MSN and VNM expect to record a recovery in business results in the second half of the year as the distribution channel restructuring has nearly finished. In addition, both enterprises have invested heavily in product development and modern distribution channels to benefit from the current shift. In contrast, we forecast QNS's sugar consumption volume to decline in the short term with selling prices dropping 20% YoY due to oversupply and the trend of consumers reducing sugar consumption.

Valuation is already in a reasonable range. We recommend NEUTRAL for the industry outlook as the valuation of most businesses quite matches the prospects. Investors can consider MSN during market corrections with the expectation of the increasingly clear shift to modern retail, along with the strong growth and recovery of branded products in the system of this business.

Neutral maintain

Recommendations	
VNM	NEUTRAL
Price target	VND65,800
MSN	BUY
Price target	VND104,700

Livestock & fisheries

Risks from export markets

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Tariffs boosted fishery exports in 2Q25. In the quarter, shrimp and pangasius export turnover hit USD1.14 billion (+20% YoY) and USD544 million (+7% YoY), respectively. Pangasius exports to the US gained 12% YoY due to front loading before the tariff deadline, while exports to China and the EU recorded a 3% decline in each market. Export sales in July–August of both products recorded a decline after importers had stocked up (–14%/–10% YoY for shrimp and pangasius in the US market). However, businesses have quickly diversified their markets to China and the EU, helping total export revenue of these two products increase by 9.3%/14% in the first two months of 3Q. The growth in pangasius exports was mainly attributable to output as the average selling price (ASP) remained stable at around USD2.8/kg, supported by lower transportation costs and a weak VND exchange rate. In contrast, the ASP of white-leg shrimp rose 5–11% YoY in most markets on stable demand.

The complicated swine diseases have caused the ASP to be low. In 8M25, the African swine fever epidemic caused more than 100,000 pigs to die in 33/34 provinces and cities. Heavy rains and increased risk of infection caused farms to sell off, making the price of liveweight hogs plunge from VND78,000/kg to VND55,000/kg. On the demand side, the epidemic also makes consumers apprehensive and reduces pork consumption, weighing on farm pork prices.

Pork consumption is expected to improve towards the year-end holidays, while fishery exports may cool down. Commercial pork output is projected to be scarce at the end of the year due to slow repopulation and the complexity of the epidemic. With a closed value chain, pig output of affiliated enterprises is expected to be more stable, bringing good growth in case pork prices recover. Regarding fishery exports, we forecast that pangasius exports will cool down in terms of output and sales due to import demand reflected in 2Q and early 3Q. In contrast, shrimp output and ASP should be stable as it is a globally popular product, and businesses are diversifying export markets.

The valuation was discounted to an attractive level. PB valuations of **Vinh Hoan Corporation (VHC)** and **Dabaco (DBC)** are currently 1.26x and 1.38x, respectively, 30%/8% lower than the five-year averages, reflecting the industry's unattractive short-term outlook. Investors can consider (1) investing in DBC with the expectation of a recovery in pork prices in the second half of the year and (2) VHC in the context of attractive valuation for a business with a closed value chain and leading market share in major markets such as the US and EU.

Neutral maintain

Recommendations

DBC	BUY
Price target	VND35,100
VHC	BUY
Price target	VND64,800

Information technology

Service diversification brightens long-term outlook

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IT revenue decelerates. In 1H25, the total revenue growth of the technology industry is estimated at 21%, lower than the 27% in 1H24 and completing 54% of the 2025 revenue plan. The whole industry earned VND158 trillion in profit, rising 20% YoY and reaching 57% of the objective. The double-digit growth in revenue was achieved with only a 4% increase in the workforce, reflecting the improvement of labor productivity per capita.

Revenue growth of listed companies has obviously decreased. In 2Q25, revenue of listed IT enterprises grew by a mere of 5%, slower than the growth of the whole industry. GPM has been improved considerably thanks to enhanced efficiency and optimized costs, reaching 34.6% (+0.9ppts YoY). NPAT reached VND2,893 billion, gaining 20% YoY but still lower than the 39% growth rate of 1Q.

Positive growth is maintained thanks to the diversification of services.

Unstable global trade will affect the decision of businesses to cut non-urgent spending, specifically investment in IT. Canals revised the forecast for global IT spending in 2025 to 7% YoY (compared to the previous 8.3%), with the momentum maintained coming from some essential IT service segments (including management and monitoring services) with contract periods of five-seven years. Vietnamese businesses have the potential to become suitable partners thanks to their (i) abundant human resources and accessible costs, (ii) reputation and capacity built through large contracts. FPT Corporation (FPT) is currently a pioneer in signing large contracts in this field, with the largest contract worth USD225 million, equivalent to 4% of FPT's annual overseas revenue.

Improved profit margins help increase core profits. We believe that the ability to improve profit margins through improving work efficiency and optimizing costs will continue to be maintained by businesses because: (i) Limiting recruitment helps save personnel costs; and (ii) lower pressure of competition for human resources between companies may raise the commitment of employees and limit recruitment costs.

Stock valuation is appropriate for accumulation. The stock prices of businesses are at a P/E of 18x (lower than the five-year historical mean of 19x), reflecting a less optimistic outlook. However, with an impressive 47% YoY growth in new contracts achieved in July – August 2025, FPT showed the advantage of diversified services to help businesses overcome difficulties. Therefore, we maintain our buy recommendation for **FPT**.

Neutral maintain

Recommendations

FPT	BUY
Price target	VND123,100

Power

Thriving with investment promotion policies

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Electricity consumption decelerated due to the industrial sector. In 8M25, electricity output growth slowed down, reaching 214.5 billion kWh (3.1% YoY) and only equal to 57% of the whole-year forecast due to the gloomy production situation with five out of eight months of PMI below 50 and the remaining months slightly above 50 points. Electricity sales in the North continued to lead the country in terms of growth rate, touching 70.7 billion kWh (+5.6% YoY), while the South (including HCMC) almost remained flat at 84 billion kWh.

The favorable cycle of hydropower ended, and thermal power will increase capacity. From 2026, the demand should increase with production activities and El Nino, coal-fired power plants will be prioritized to offset the decline in hydropower and gas-fired thermal power. For gas-fired power, plants using gas in the Southeast (including Phu My 1, NT2) and using imported LNG (NT3, NT4) will be prioritized to meet the region's electricity load.

The investment promotion will brighten the prospects of the power sector and the LNG power group. In 9M25, the sector has witnessed many legal solutions, promising to be a springboard for investment in new projects. Resolution 72 allows EVN to raise PPA prices to compensate for losses of VND44,000 billion and future exchange rate-related costs, helping to improve finances, attract private capital, and ramp up power projects according to the revised National Power Development Plan 8. LNG power, which should be a mainstay contributing up to 10.7% of total power generation capacity by 2030, will be facilitated. The draft resolution to difficulties in national energy development recently announced a supportive mechanism for LNG projects, scheduled for operation before January 1, 2031, includes: (i) Long-term minimum contract output must not lower than 75% of the average output of gas-fired power projects; and (ii) the application period of the minimum output level is no more than 10 years from the operational date.

Power stocks have lucrative return prospects thanks to the favorable investment promotion mechanism. P/B valuations are mixed, with the gas-fired and renewable power groups trading at the average five-year average +1Std. In contrast, the coal-fired power is less attractive, reflected in a lower-than-average valuation. We believe that despite the high valuation of the gas-fired power plants, the profit potential is still attractive with the driving force from the favorable investment environment, typically **PV Power (POW)** with the NT3&4 projects benefiting from the mechanism of increasing contracted output. In addition, the power infrastructure construction and materials group (**GELEX Group – GEX** and **PC1 Group – PC1**) will be supported by EVN's strong investment.

Positive change

Recommendations	
POW	NEUTRAL
Price target	VND17,200
GEG	BUY
Price target	VND18,600
REE	NEUTRAL
Price target	VND68,800

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Investment ratings & definitions**Investment Ratings for Stocks**

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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