

COVERED WARRANT TRADING CHANNEL 2026

*Short-term trading opportunities, pricing mechanics
and risk-management principles
in Vietnam's covered warrant market*

PRODUCT NATURE



Covered warrants enable investors to gain exposure to movements in the underlying stock with lower upfront capital.



Returns can be amplified through embedded leverage.



Pricing depends on the underlying stock, time to expiry, liquidity, and market expectations.

INVESTMENT OPPORTUNITY



More suitable when the market has a relatively clear upward trend.



Can generate outsized performance during short- to medium-term upswings if the underlying stock and entry timing are selected well.

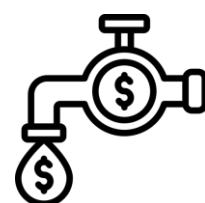


Suitable for investors seeking to capture short-term price movements and willing to accept high risk.

KEY RISKS



Time decay erodes CW value as expiry approaches.



Low liquidity can make exits less efficient.



Wrong market calls or holding too long can lead to a substantial or total loss of CW value.

APPROPRIATE APPROACH



Select the underlying stock before selecting the CW.



Prioritize liquid CWs with sufficient time to expiry.



Control position sizing, pre-define stop-loss levels, and maintain trading discipline.

Covered warrants are not suitable for every market phase; they work best when investors understand pricing mechanics, time entries well, and manage risk tightly.

Process for selecting a covered warrant and determining breakeven



STB is the ticker of Saigon Thuong Tin Commercial Joint Stock Bank, listed on HOSE.

Market cap (VND bn)	Beta	P/E	P/B	EPS (VND)
122,350.50	0.58	20.76	2.06	3,150

Metric	2022	2023	2024	2025
TOI	26,141	26,173	28,677	32,057
NPAT	5,041	7,719	10,087	5,939
ROE/ROA	13.8%/0.9%	18.3%/1.2%	20.0%/1.42%	10.3%/0.71%
NIM	3.3%	3.9%	3.7%	3.3%
CAR	9.5%	9.1%	10.1%	9.2%
NPL	1.0%	2.3%	2.4%	6.4%
CIR	41.8%	49.2%	48.8%	40.7%
LDR	90.5%	88.4%	88.7%	98.1%

STB underlying share price performance, Nov 2025–Apr 2026



CW ticker: CSTB2523

Expiry date: 04/05/2026

Conversion ratio: 8:1

Strike price: 56.87

Current STB price: 64.9

Current market price of the CW: 0.95

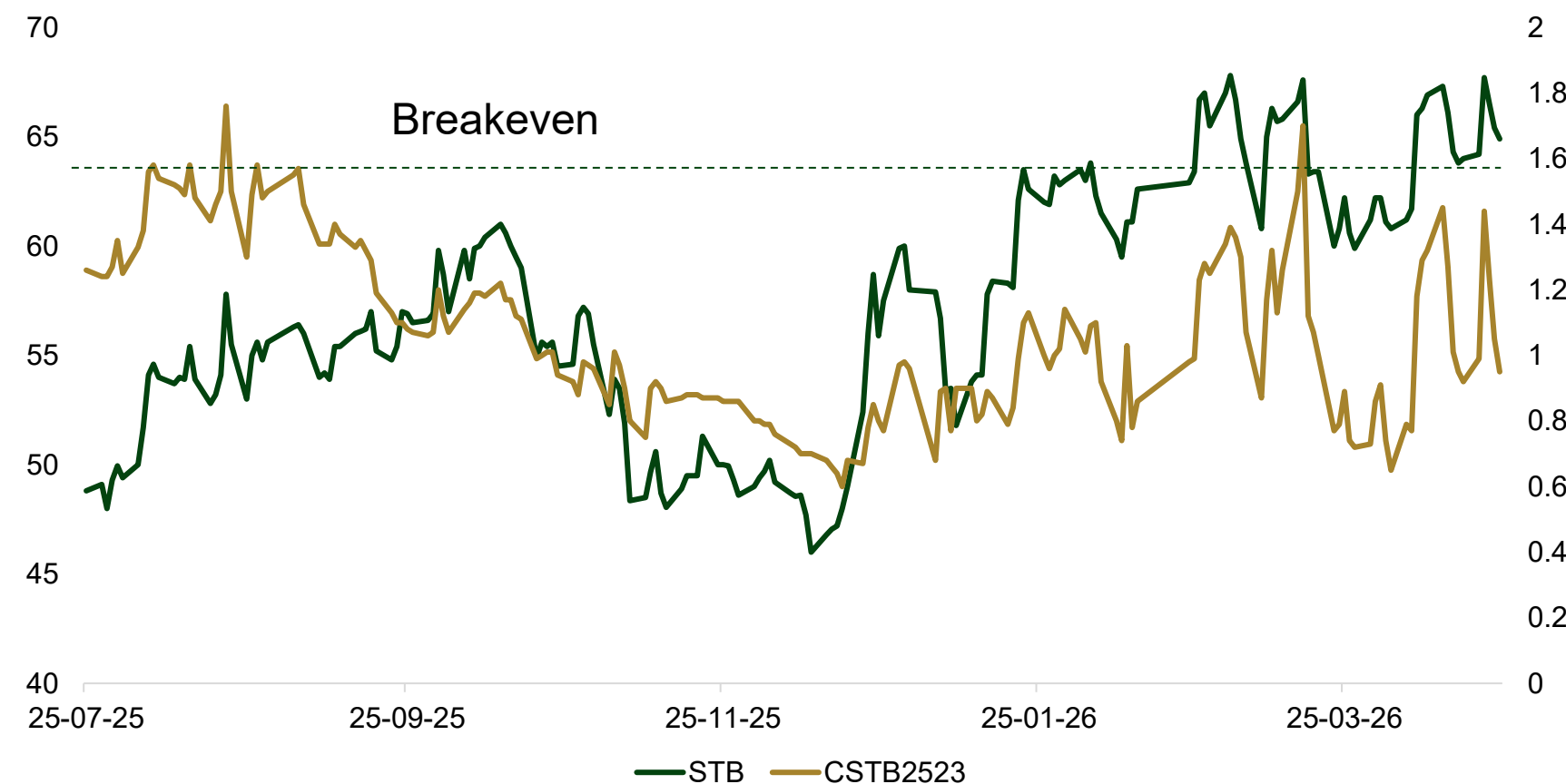
Estimated fair value of CW

Max (64.9-56.87,0)/8 + Time value

Breakeven

56.78 + 0.95 x 8 = **64.47**

If buying the CW at the current price, investors are profitable at expiry only when STB's settlement price is above the breakeven level (64.47).



When to choose the underlying stock

- Easier to manage risk; suitable for medium-to long-term holding.
- Suitable for investors following corporate growth.

When to choose covered warrants

- Low upfront capital; suitable when expecting the underlying stock to rise in the short term.
- Maximum loss is capped.
- Short-term trading tool for investors who can tolerate high volatility.

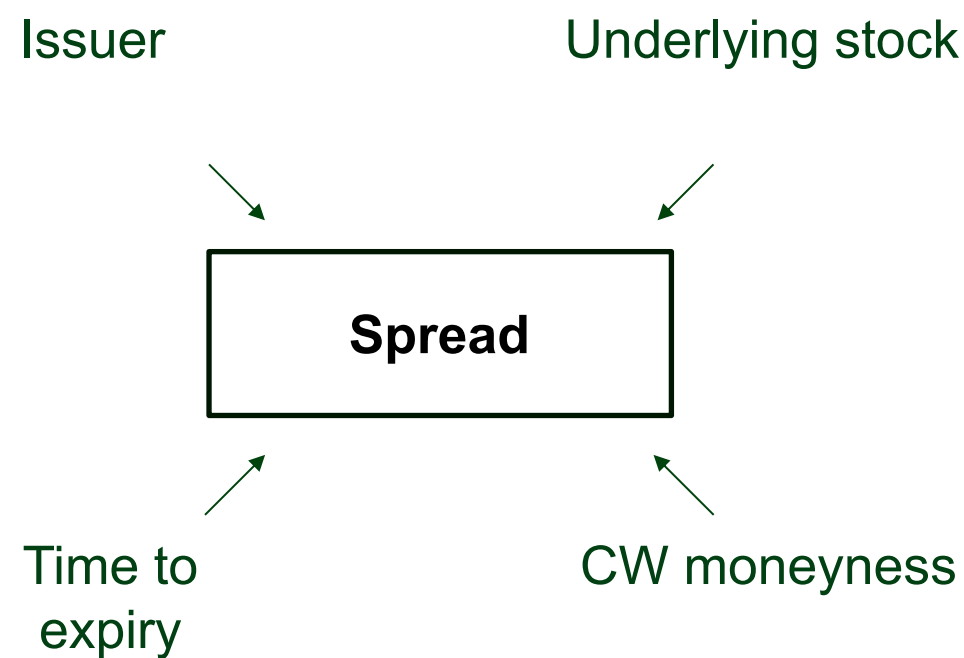
When to buy the underlying on margin

- Suitable for amplifying short-term returns, but with high volatility risk.
- Borrowing ratio and stop-loss level can be controlled.
- Subject to margin-call / forced-selling risk.

Product	Initial capital	Max Drawdown	Liquidity	Complexity
Stock	High	Medium – losses track the stock’s decline	Good if the selected underlying stock is actively traded.	Low
Covered warrant	Low	Capped – maximum loss equals CW premium paid	Low to medium – depends on supply-demand and the market maker.	Medium–High
Underlying stock on margin	Medium	High – amplified by margin ratio and forced-selling risk	Good if the selected underlying stock is actively traded.	Medium–High

CW bid-ask spread: Key drivers

Spread should not be assessed by issuer alone; it depends on each specific CW series.




Time decay accelerates as expiry nears; trading behavior shifts


- T - 30** ● **Liquidity remains relatively broad**
Many series remain actively traded, time value is still meaningful, and spreads are easier to observe.
- T - 14** ● **Liquidity starts to narrow**
Time value decays faster; money exits deep OTM series or those with low payoff probability.
- T - 2** ● **Last trading day**
Liquidity concentrates in a few series that still have a “story”, typically ITM/ATM or linked to underlying names attracting flows.


Liquidity narrows progressively as expiry approaches


From T-14 to T-2, liquidity usually shifts from broad-based to selective, focusing on CWs with higher payoff probability: liquidity does not disappear, but concentrates in higher-probability series.

Selected CWs with estimated value above market price as of April 17, 2026


			CW ticker: CMWG2511		
Time to expiry	Conversion ratio	Strike price			
31 days	5.9149	63,092			
	CW price	Estimated fair value of CW			
	4,000	4,025			


			CW ticker: CVHM2512		
Time to expiry	Conversion ratio	Strike price			
31 days	4	58,000			
	CW price	Estimated fair value of CW			
	19,050	19,425			


			CW ticker: CVHM2518		
Time to expiry	Conversion ratio	Strike price			
11 days	8	90,999			
	CW price	Estimated fair value of CW			
	4,980	5,588			


			CW ticker: CVHM2522		
Time to expiry	Conversion ratio	Strike price			
67 days	8	117,688			
	CW price	Estimated fair value of CW			
	2,110	2,252			

Selected CWs with estimated value above market price as of April 17, 2026

			CW ticker: CVHM2525		
Time to expiry	Conversion ratio	Strike price			
35 days	6	107,000			
	CW price	Estimated fair value of CW			
	4,500	4,783			

			CW ticker: CVIC2517		
Time to expiry	Conversion ratio	Strike price			
35 days	5	122,500			
	CW price	Estimated fair value of CW			
	11,030	13,080			

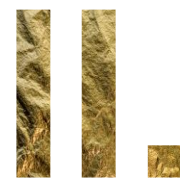
			CW ticker: CVIC2513		
Time to expiry	Conversion ratio	Strike price			
34 days	5	73,500			
	CW price	Estimated fair value of CW			
	22,830	22,880			

			CW ticker: CVPB2520		
Time to expiry	Conversion ratio	Strike price			
11 days	4	22,222			
	CW price	Estimated fair value of CW			
	1,360	1,507			

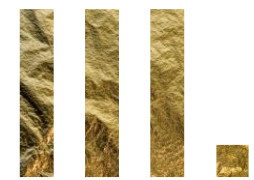
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VIETNAM COVERED WARRANT MARKET CHARACTERISTICS



KEY DRIVERS OF COVERED WARRANT PRICING



APPROACH AND RISK MANAGEMENT







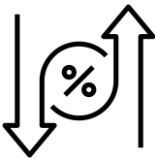


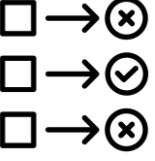
APPENDIX



1. Nature and key components of covered warrants

Covered warrants allow investors to gain exposure to underlying stock movements with lower capital outlay and higher leverage than buying shares directly, but with greater capital-loss risk.

Key components

 <p>Underlying asset Stock used to price the covered warrant (CW)</p>	 <p>Issuer Securities company issuing the CW</p>
 <p>Strike price Price used as basis for settlement entitlement</p>	 <p>CW price Premium paid by investors to own the CW</p>
 <p>Conversion ratio Number of CWs used to calculate entitlement per underlying share.</p>	 <p>Settlement method Usually cash-settled based on the difference</p>
 <p>Time to expiry Point at which the CW expires</p>	 <p>CW moneyness Indicates whether the CW is ITM, ATM, or OTM versus the strike price.</p>

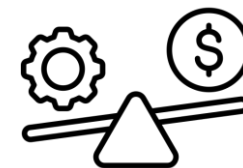
ITM: underlying price > strike; ATM: underlying price ≈ strike; OTM: underlying price < strike.

2. Characteristics of the covered warrant trading channel



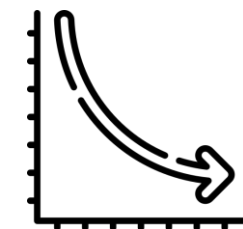
Low capital requirement

Investors only need a small capital outlay to participate in the underlying stock's price movements, instead of buying the stock outright. This makes CWs suitable for more flexible capital allocation.



High leverage

CW prices typically fluctuate more than the underlying stock. If the market moves as expected, returns can be much higher than direct stock investment; however, risk also increases accordingly.



Capped downside

The investor's maximum loss is generally capped at the premium paid for the CW. Investors do not need to add capital as with certain margin-based instruments, supporting better loss-scale control.

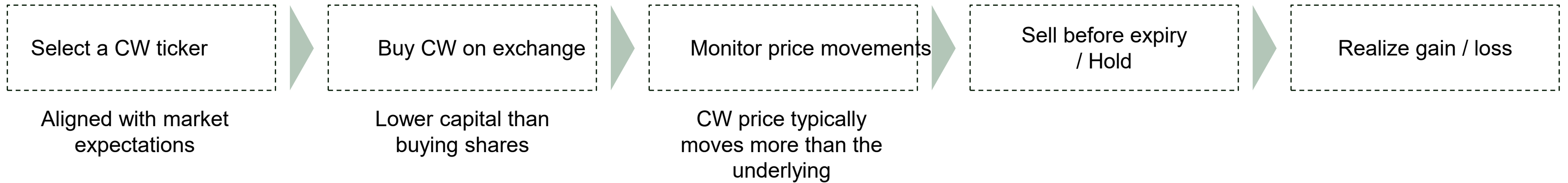
Suitable investor profile



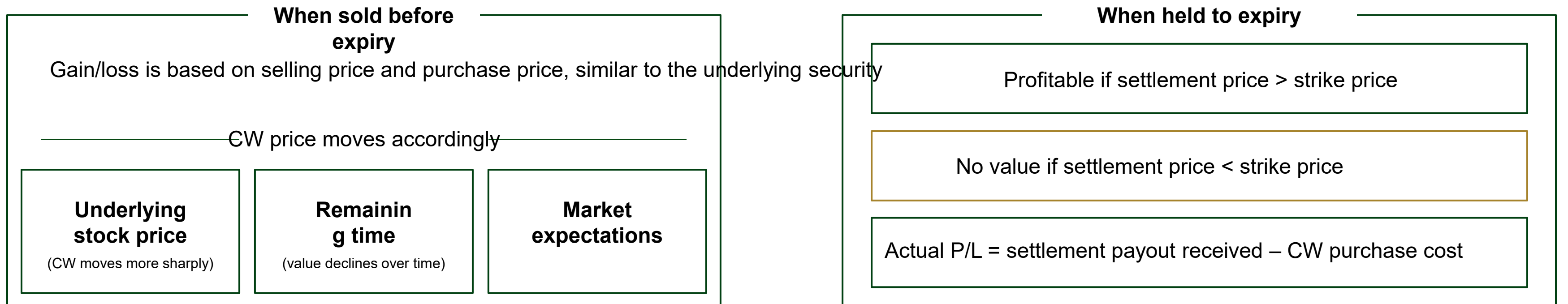
- Investors with relatively high risk tolerance
- Seeking to capture short-term movements in the underlying stock
- Limited initial capital but higher return expectations
- Accept the possibility of losing the entire CW premium
- Suitable for investors who monitor the market frequently and maintain take-profit/stop-loss discipline

3. Covered warrant mechanics

Trading process



Profit/loss mechanics



3. Covered warrant mechanics

Intrinsic value and time value

$$\text{CW price} = \text{Intrinsic value} + \text{Time value}$$

Max (0, underlying price – strike price) / conversion ratio

If underlying price > strike price → CW has intrinsic value

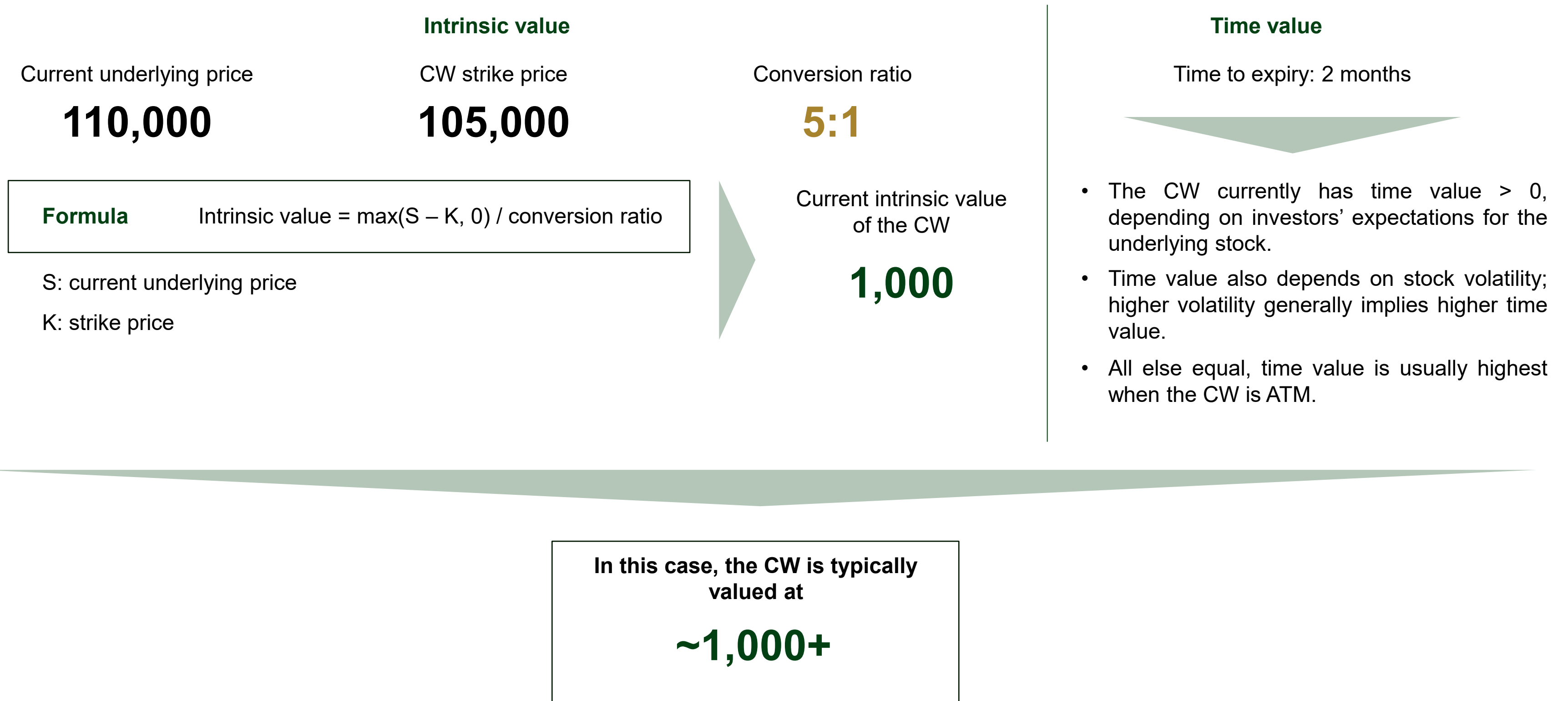
If underlying price ≤ strike price → intrinsic value = 0

- Reflects expectations for future upside
- Moves positively with remaining time to expiry: the longer the time left, the greater the time value
- Moves positively with the volatility of the underlying stock
- At expiry, time value = 0



A CW can still have value even if it is not currently profitable, as investors are paying for future upside optionality. However, this expectation value decays over time and disappears at expiry.

4. Covered warrant valuation



5. Covered warrant example

Assumptions

Current underlying price

100,000

CW price

2,000

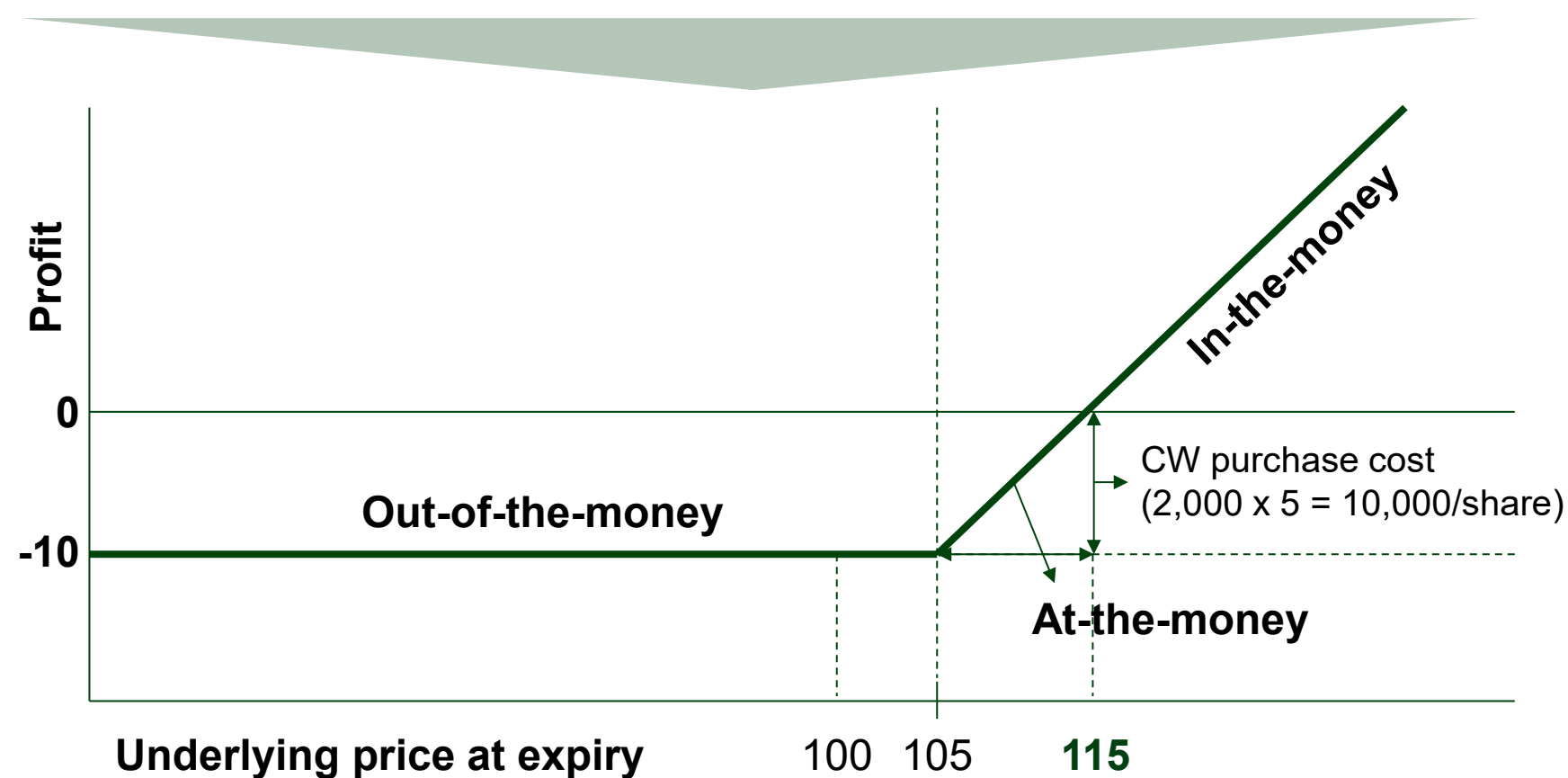
CW strike price

105,000

Conversion ratio

5:1

Time to expiry: 2 months



Scenario 1: Breakeven

Underlying price at expiry

115,000

CW settlement value

$$(115,000 - 105,000) / 5 = 2,000$$

Investors break even if buying the CW at 2,000

Scenario 2: Profitable

Underlying price at expiry

120,000

CW settlement value

$$(120,000 - 105,000) / 5 = 3,000$$

$$\text{Gain per CW: } 3,000 - 2,000 = 1,000$$

Investor gains 50% if buying the CW at 2,000

Scenario 3: Loss

Underlying price at expiry

≤ 115,000

Giá trị thanh toán của CW: ≤ 2,000

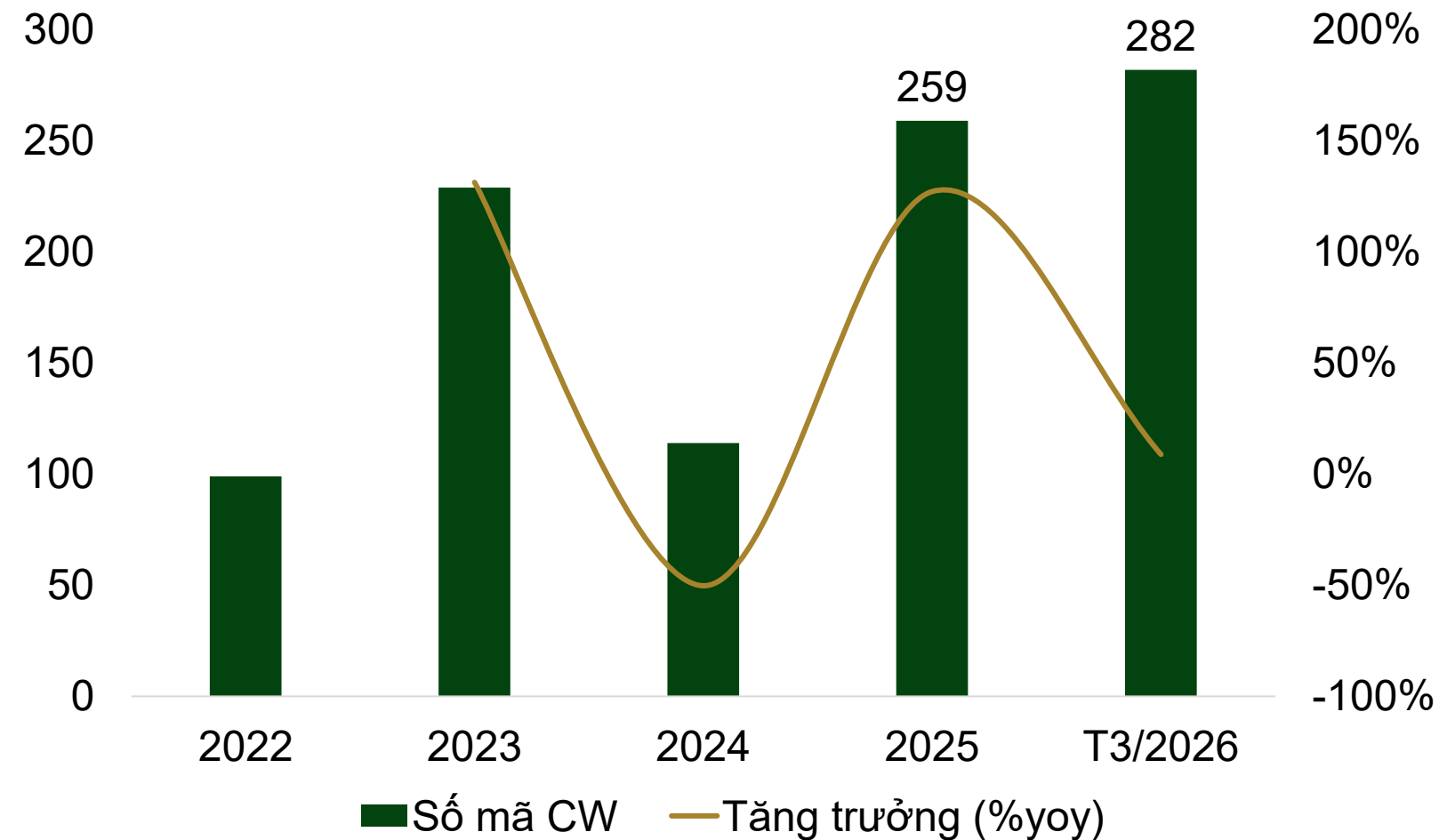
If the underlying price at expiry ≤ strike price, the CW has no settlement value and investors lose the entire premium if held to expiry.

1. Covered warrant market size

The covered warrant market on HOSE has expanded significantly, though its scale fluctuates substantially by period.

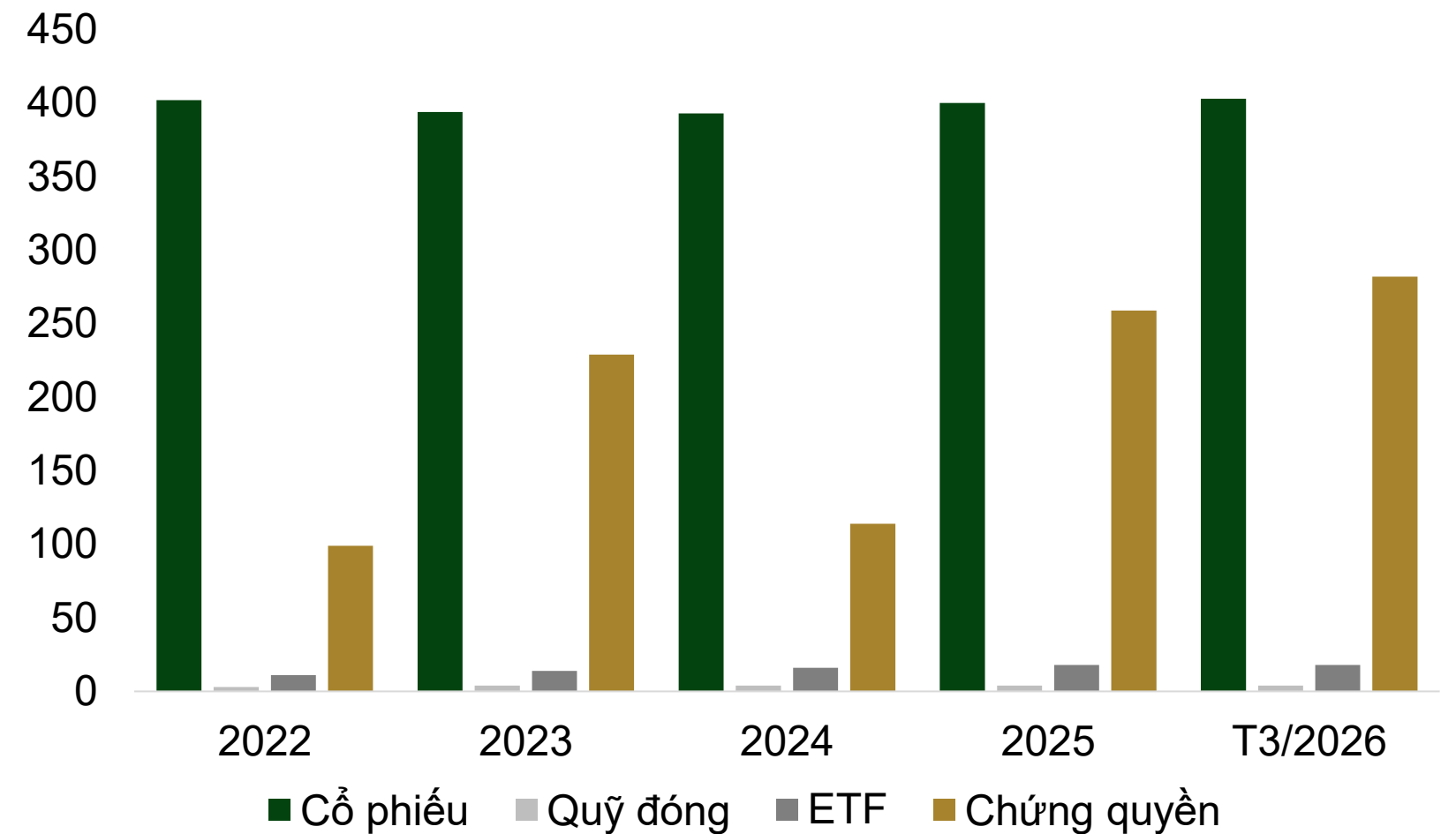
Within the listed-product mix, stocks remain dominant, but CWs have become a separate segment with meaningful scale.

Number of CW tickers listed on HOSE



Source: HOSE

Structure of listed products on HOSE



Source: HOSE

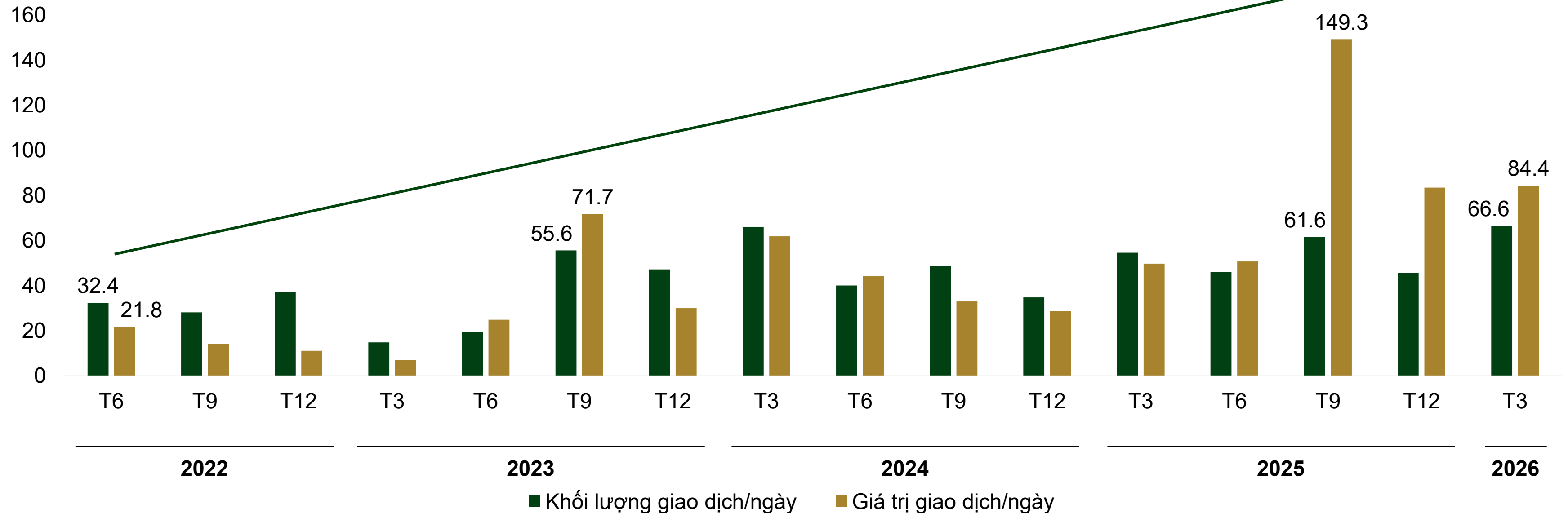
Vietnam's CW market has developed quickly, but its scale is less stable than equities, as it is directly affected by new issuance and expiries.

2. Covered warrant market liquidity

CW market liquidity fluctuates sharply across periods, reflecting high sensitivity to market sentiment and risk appetite.

CW liquidity can rise quickly in favorable markets, but is more volatile than equities, underscoring its trading-oriented nature.

Average CW trading liquidity per session, 2022–2026



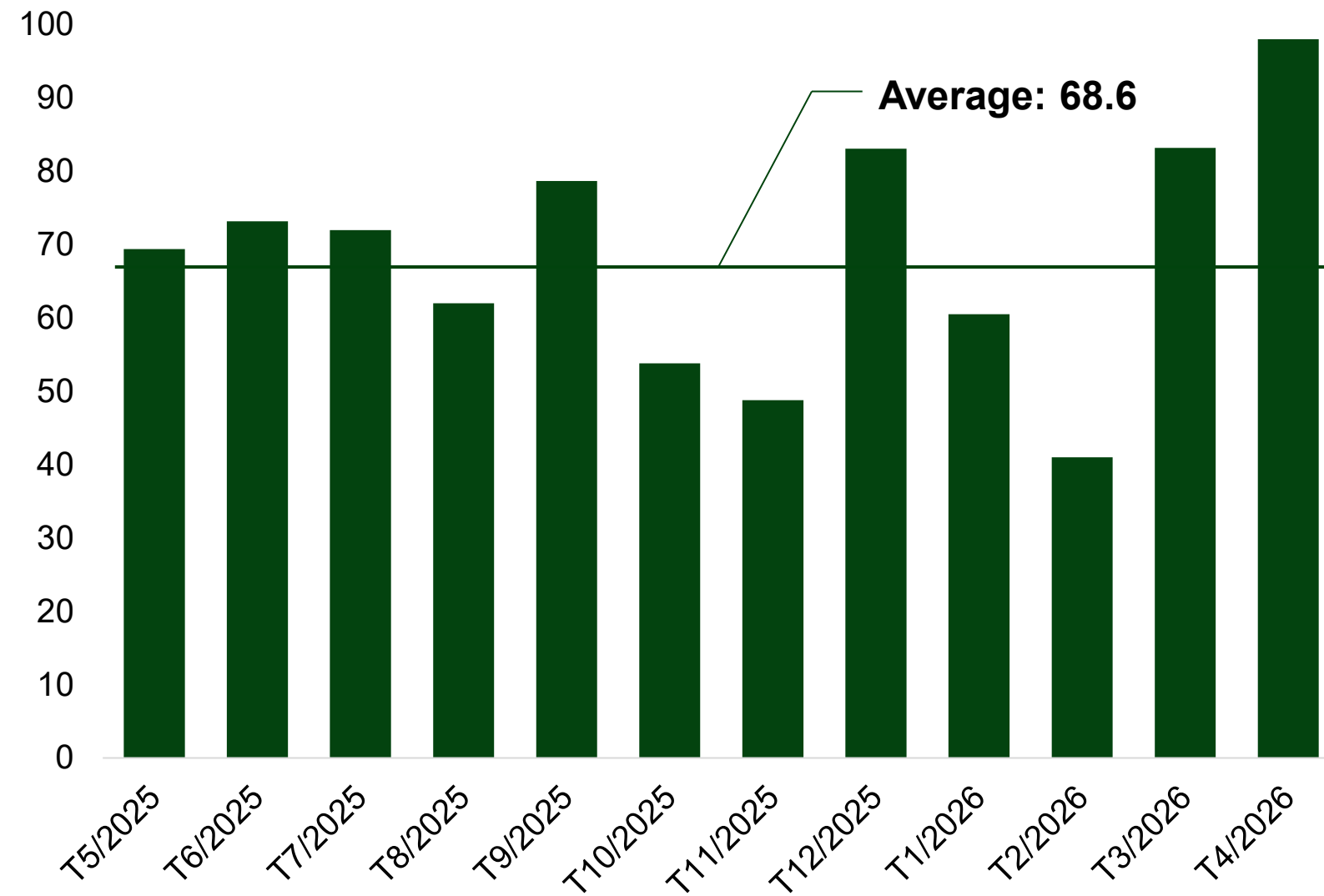
Source: HOSE

2. Covered warrant market liquidity

CW flows are not evenly distributed, but concentrate in several leading underlying stocks. The top 2 underlyings often account for over 60% of liquidity among active CWs.

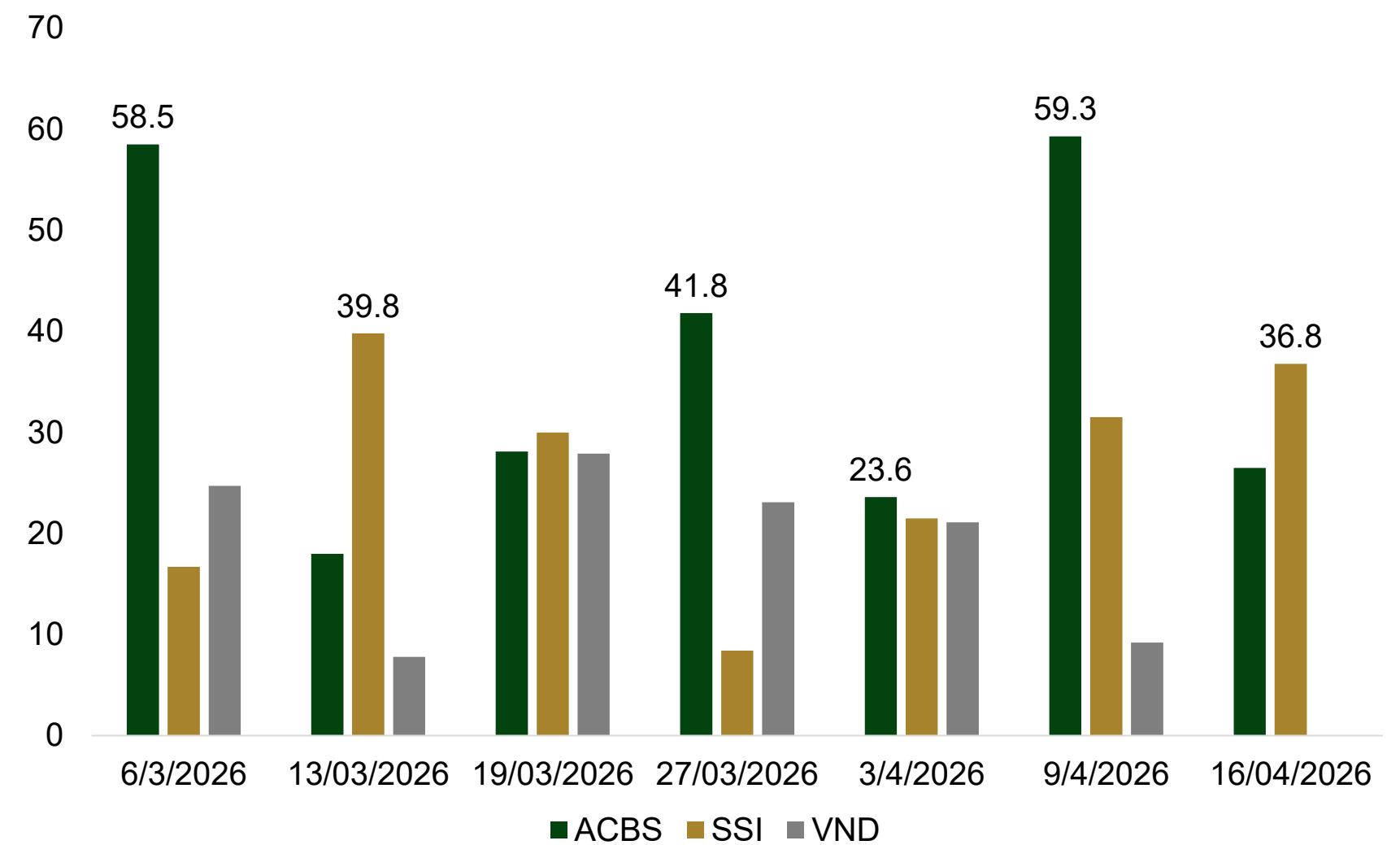
By issuer, Top 10 CW liquidity is also concentrated among core issuers. ACBS, SSI, and VND frequently appear among the leaders.

Total CW trading volume of the top 2 underlying stocks consistently accounts for a large share of market liquidity (%)



Source: ASEANSC compilation

ACBS, SSI, and VND dominated Top 10 CW liquidity during Mar–Apr 2026 (%)



Source: ASEANSC compilation

1. Underlying price movements and conversion ratio

Underlying price movement

CWs are leveraged instruments; when the underlying stock moves, CW prices typically move more sharply in percentage terms.

** Investors commit only a small amount of capital to hold CWs, so price changes can be amplified in the short term.*

Conversion ratio

The conversion ratio indicates how many CWs correspond to one underlying share, or how settlement payout is calculated at expiry.

** A lower conversion ratio means each CW represents a larger value portion; investors should factor this into CW price assessment.*

Assume



Underlying stock: VND50,000

CW price: VND2,000

If the stock rises 10% to VND55,000

Assume

Same underlying stock and same strike price

CW A ratio

2:1

CW B ratio

5:1

Assuming a 5:1 conversion ratio -> CW price rises to VND3,000 (+50%).

CW A usually has a higher price because each CW represents a larger value portion.

Suitable when investors expect the near-term trend to move in the right direction.

2. Supply-demand, liquidity, and issuer

Supply-demand and liquidity

CW prices are also affected by market supply-demand and each series' liquidity.
** CWs with good liquidity are generally easier to trade and have tighter bid-ask spreads.*

Liquidity has a major impact on CW price movements and is one of the most important factors.

When liquidity is low, CW prices can fall/rise sharply and orders may be hard to fill -> investors may struggle to exit positions.

Good liquidity is especially important for short-term traders.

Issuer

The issuer affects CW credibility and tradability.

** Investors usually prioritize CWs issued by reputable issuers.*

Reputable securities firms with strong market-making capability usually support more stable CW trading.



Issuer reputation improves confidence and supports a better trading experience.

3. Time to expiry and expected volatility

Time to expiry

The longer the remaining time, the greater the CW's time value, as the underlying stock still has more opportunity to move favorably.

Conversely, as expiry approaches, time value decays faster and approaches zero.

Expected volatility

Expected volatility reflects the market's forecast of future fluctuations in the underlying stock.

** Higher expected volatility increases the chance of CW payoff, so CW prices typically rise.*

Assume

Same underlying stock and same strike price

CW A time to expiry

6 months

CW B time to expiry

3 months

Expected volatility rises: CW prices tend to rise.

_x000B_Expected volatility falls: CW prices may fall even if the underlying stock has not changed much.

CW A usually has a higher price because it retains more upside optionality.

The higher the expected volatility, the more expensive the CW, as the market prices in additional future payoff potential.

1. Approach to investing in covered warrants

Market conditions suitable for CWs

Clear uptrend

Suitability: HIGH

Best suited for call CWs

Higher probability of effective leverage use

Can be held short to medium term

Short technical rebound

Suitability: MEDIUM

Can be traded short term

Good margin if entry timing is right

High reversal risk

Sideways market

Suitability: LOW

Difficult to generate sustainable returns

CW prices are prone to time decay

Leverage is less effective

Downtrend

Suitability: VERY LOW

Unfavorable for call CWs

Loss risk rises quickly

Time value decays while adverse price movements emerge

Select the underlying stock before selecting the CW

Prioritize underlying stocks with good liquidity, clear trends, and supportive catalysts.

Avoid selecting CWs merely because they look cheap.

CW performance still depends primarily on the underlying stock.

Select a CW that fits the trading objective.

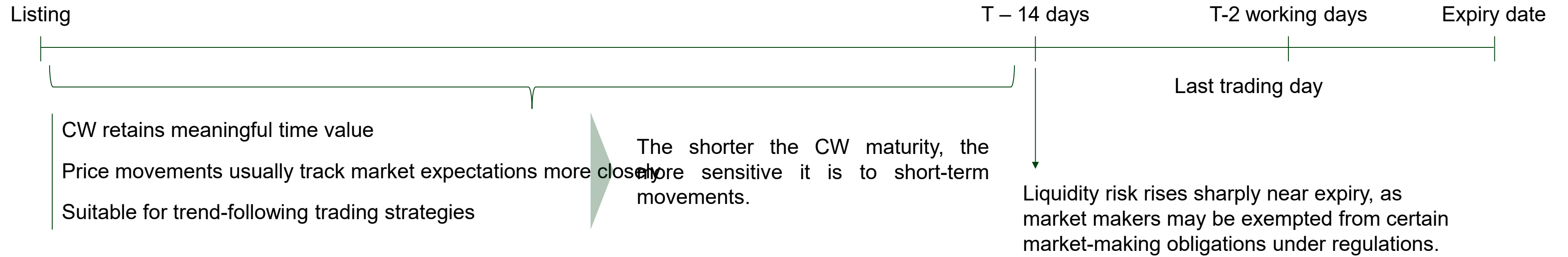
Consider time to expiry, strike price, conversion ratio, and liquidity.

Prioritize liquid series attracting flows.

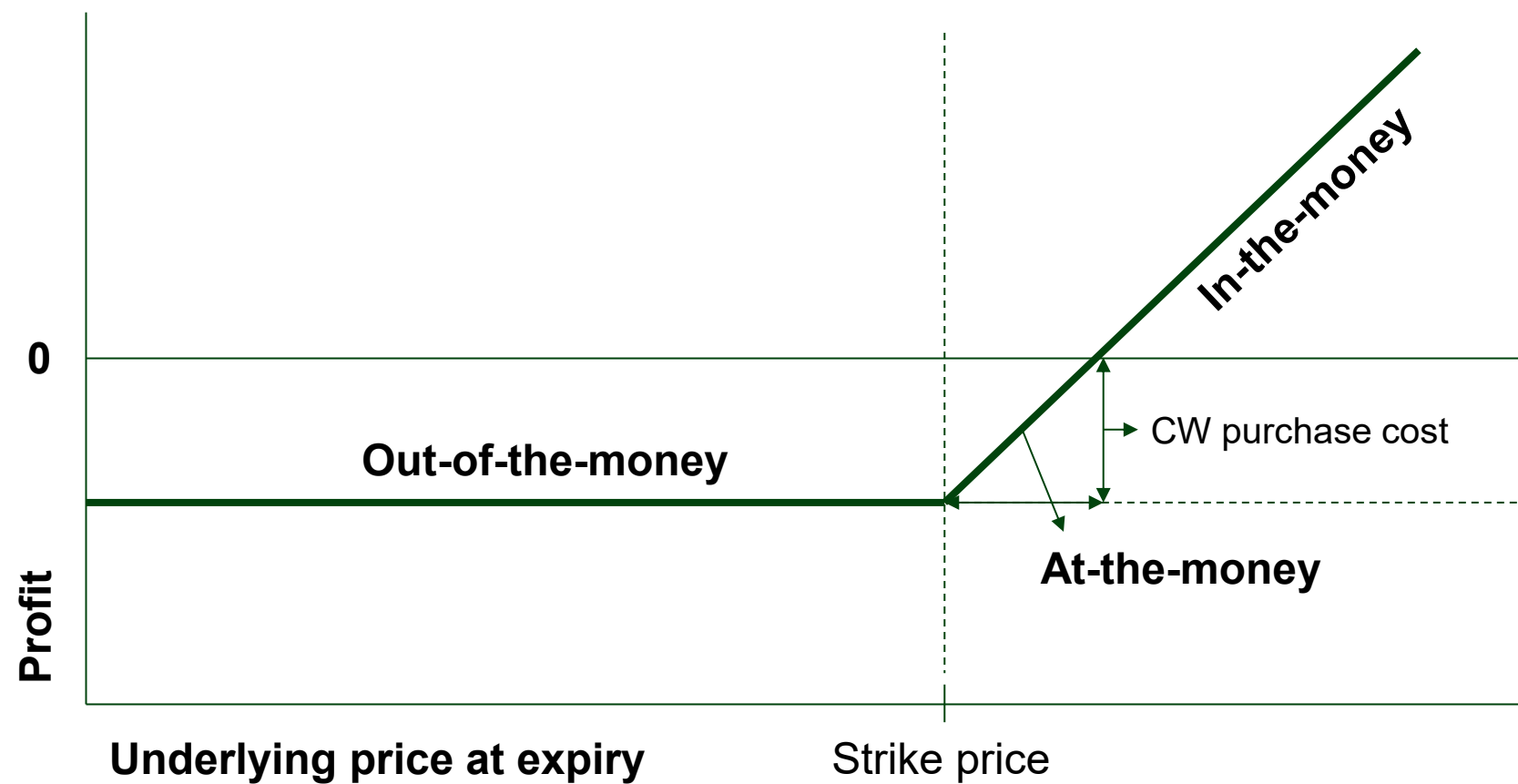
Choose CWs with sufficient time before expiry.

1. Approach to investing in covered warrants

Risk timeline when holding CWs



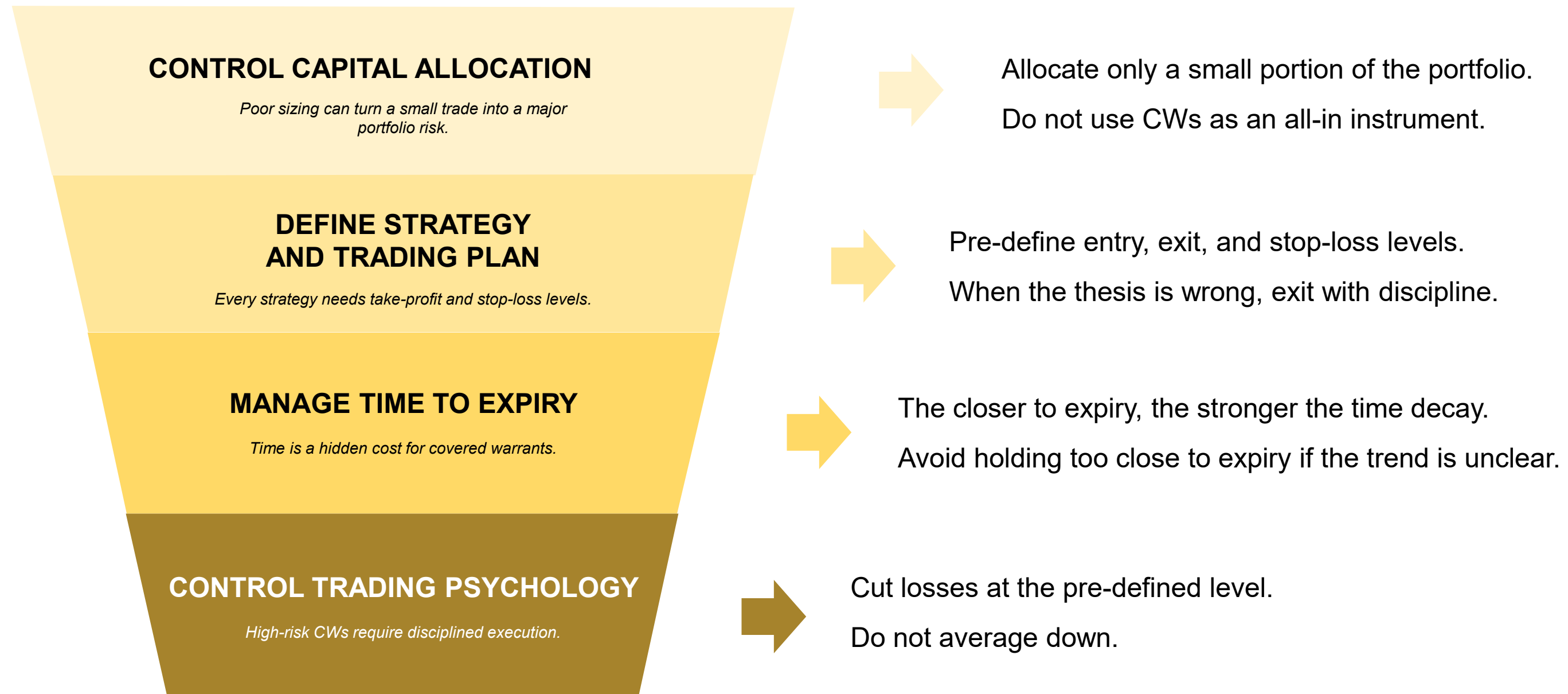
Determine CW entry point



Investors should favor ITM (underlying price > strike) and ATM (underlying price ~ strike) CWs to balance leverage and payoff probability while reducing time-value risk.

2. Risk-management principles for covered warrants

Risk-management funnel for covered warrants



3. Common mistakes to avoid

1

Mistaking low price for low risk

A low price does not imply a good opportunity; CWs can lose value quickly even if the initial outlay is small.

2

Focusing only on the underlying while ignoring CW features

A rising stock does not guarantee a proportional CW gain; CW prices also depend on remaining time and volatility.

3

Buying illiquid CWs

Exiting may be difficult, and wide bid-ask spreads can reduce actual investment efficiency.

4

Holding too long near expiry

CW value can erode rapidly in the final phase, and investors may lose their edge even if the directional view is not entirely wrong.

5

Trading emotionally

High leverage can destabilize psychology; without a plan, investors may chase, hold losses, or take profits too early.

4. Selected CWs with underlying price above strike price (ITM)



CW ticker: CMWG2511

Time to expiry

31 days

Conversion ratio

5.9149

Strike price

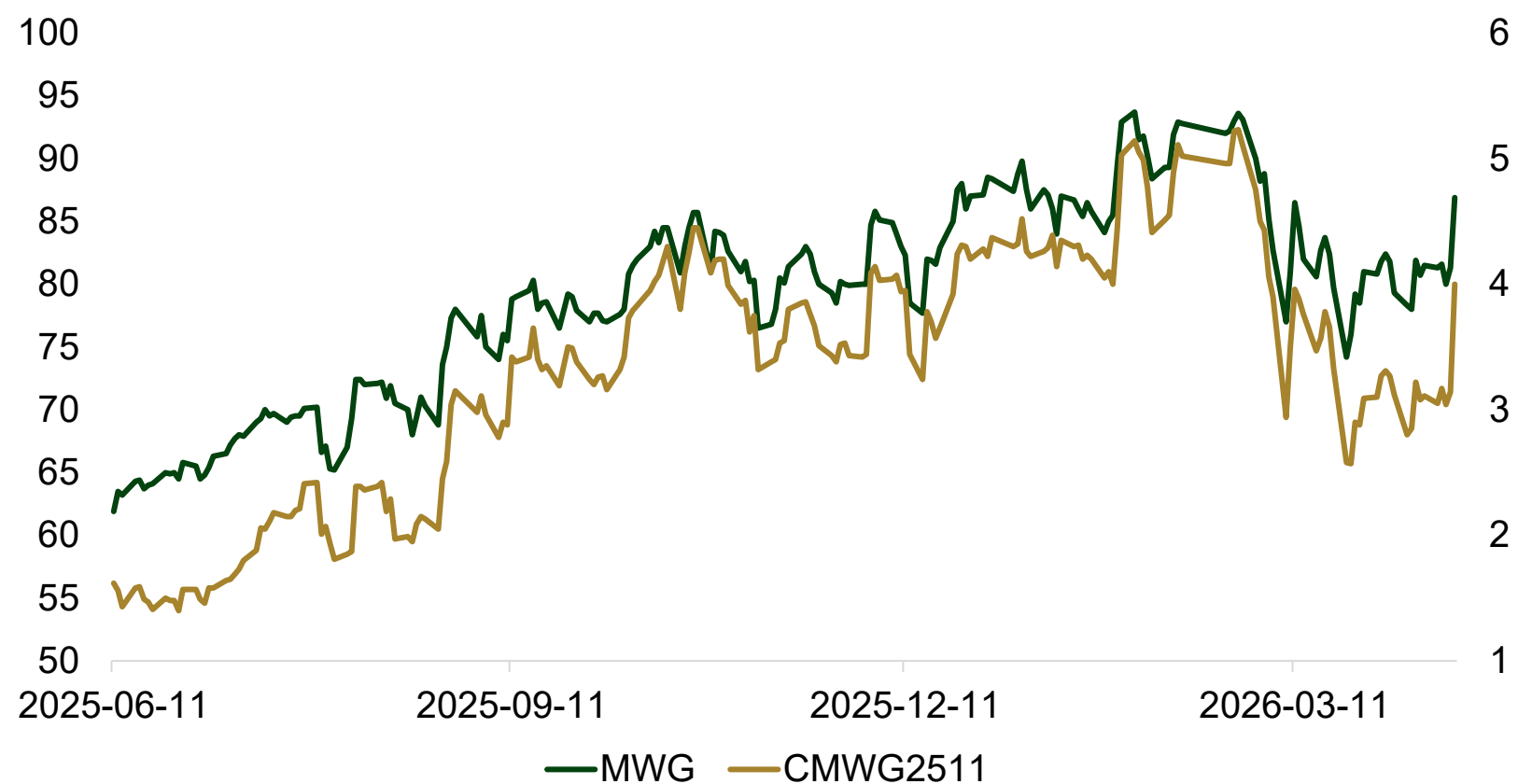
63,092

CW price

4,000

Estimated fair value of CW

4,025



CW ticker: CVHM2512

Time to expiry

31 days

Conversion ratio

4

Strike price

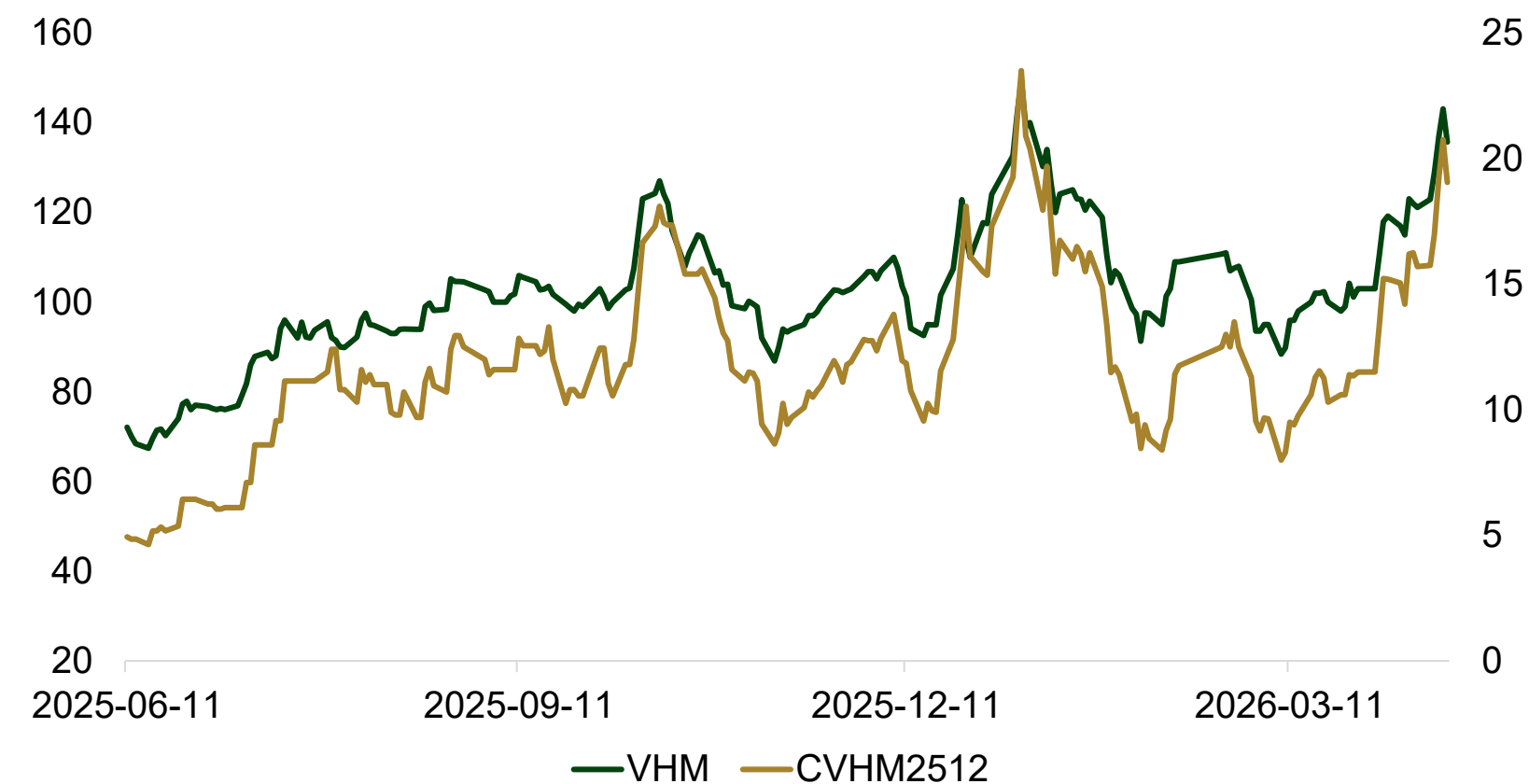
58,000

CW price

19,050

Estimated fair value of CW

19,425



4. Selected CWs with underlying price above strike price (ITM)



CW ticker: CVHM2518

Time to expiry

11 days

Conversion ratio

8

Strike price

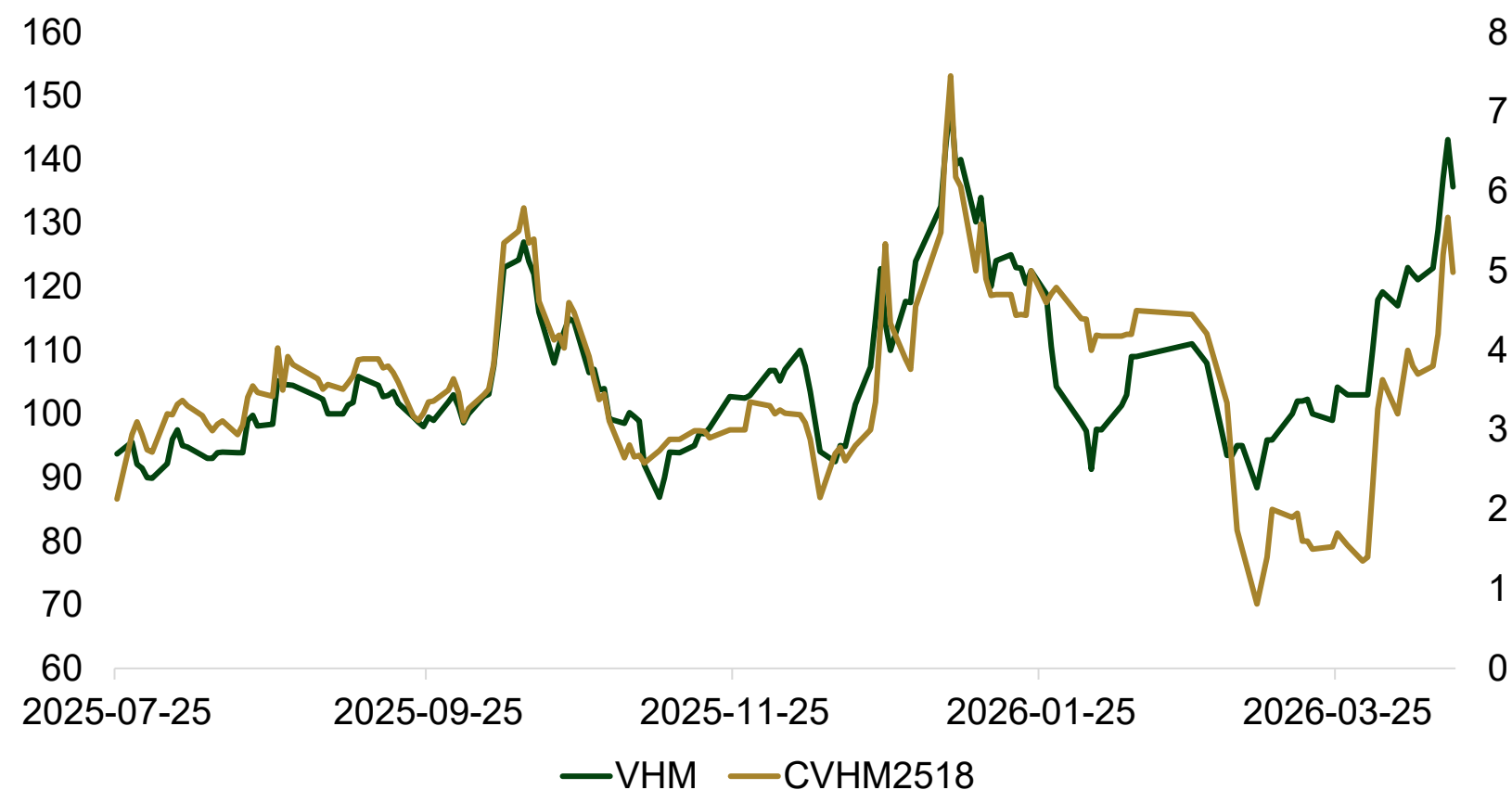
90,999

CW price

4,980

Estimated fair value of CW

5,588



CW ticker: CVHM2522

Time to expiry

67 days

Conversion ratio

8

Strike price

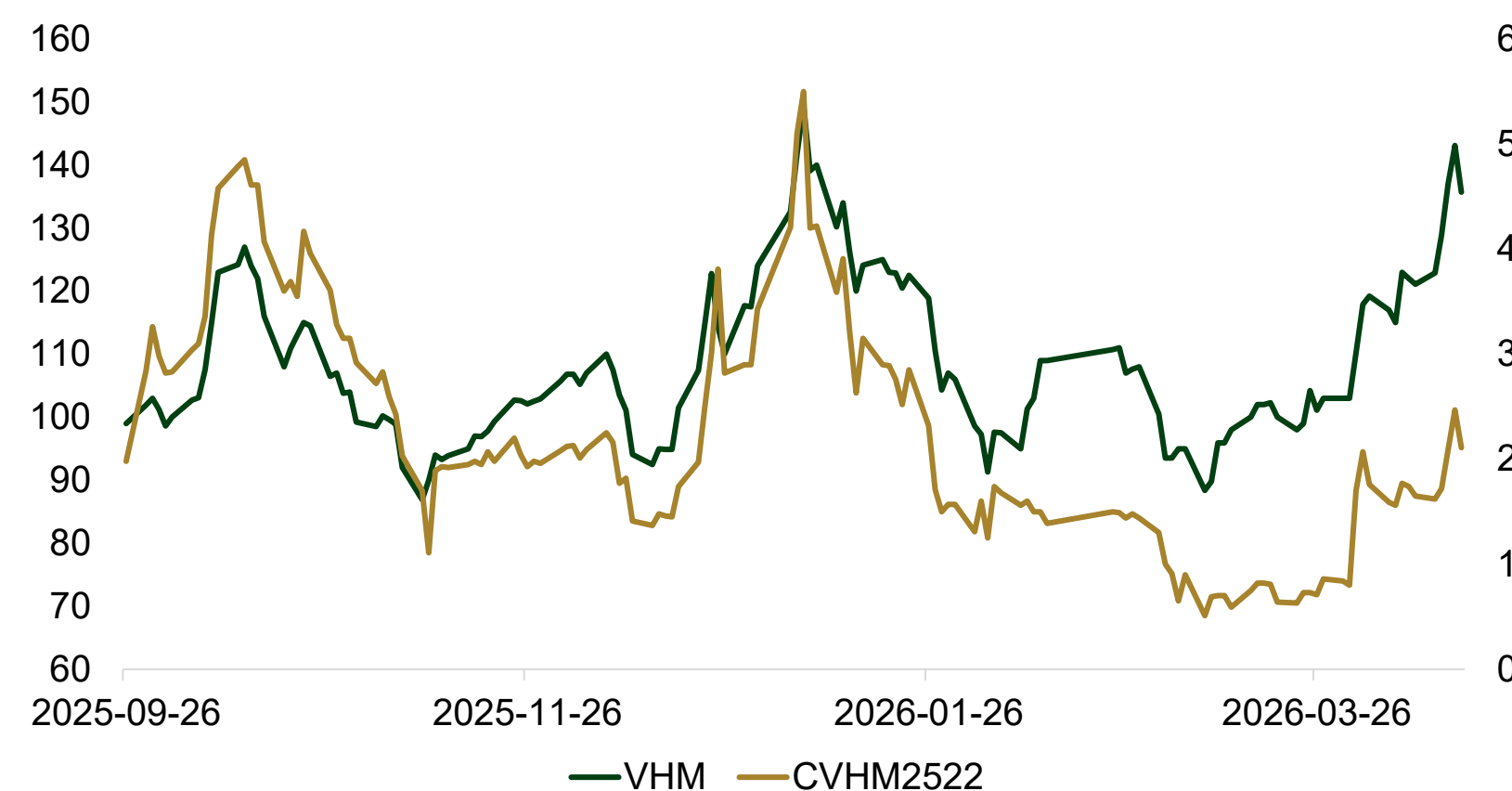
117,688

CW price

2,110

Estimated fair value of CW

2,252

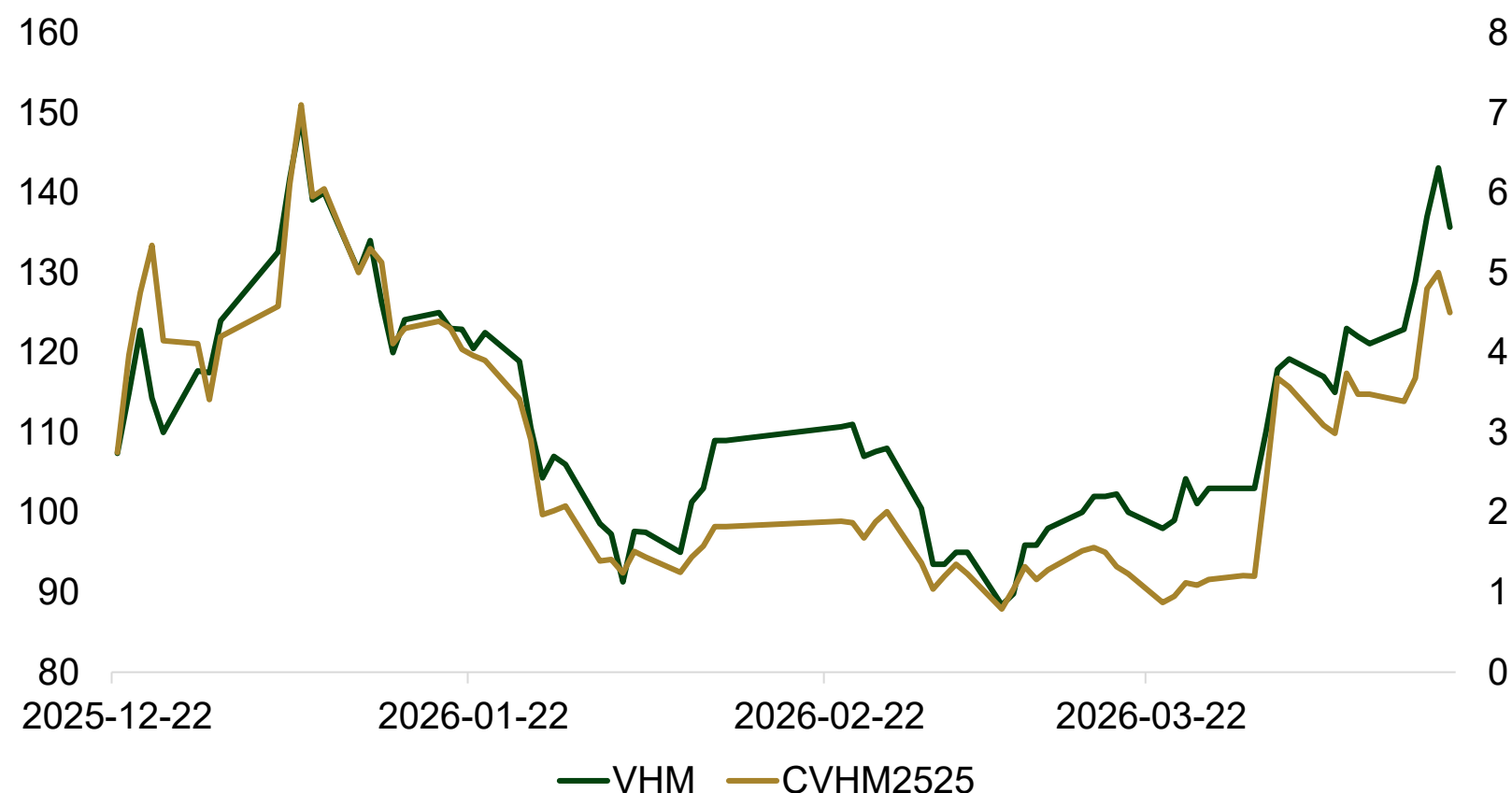


4. Selected CWs with underlying price above strike price (ITM)



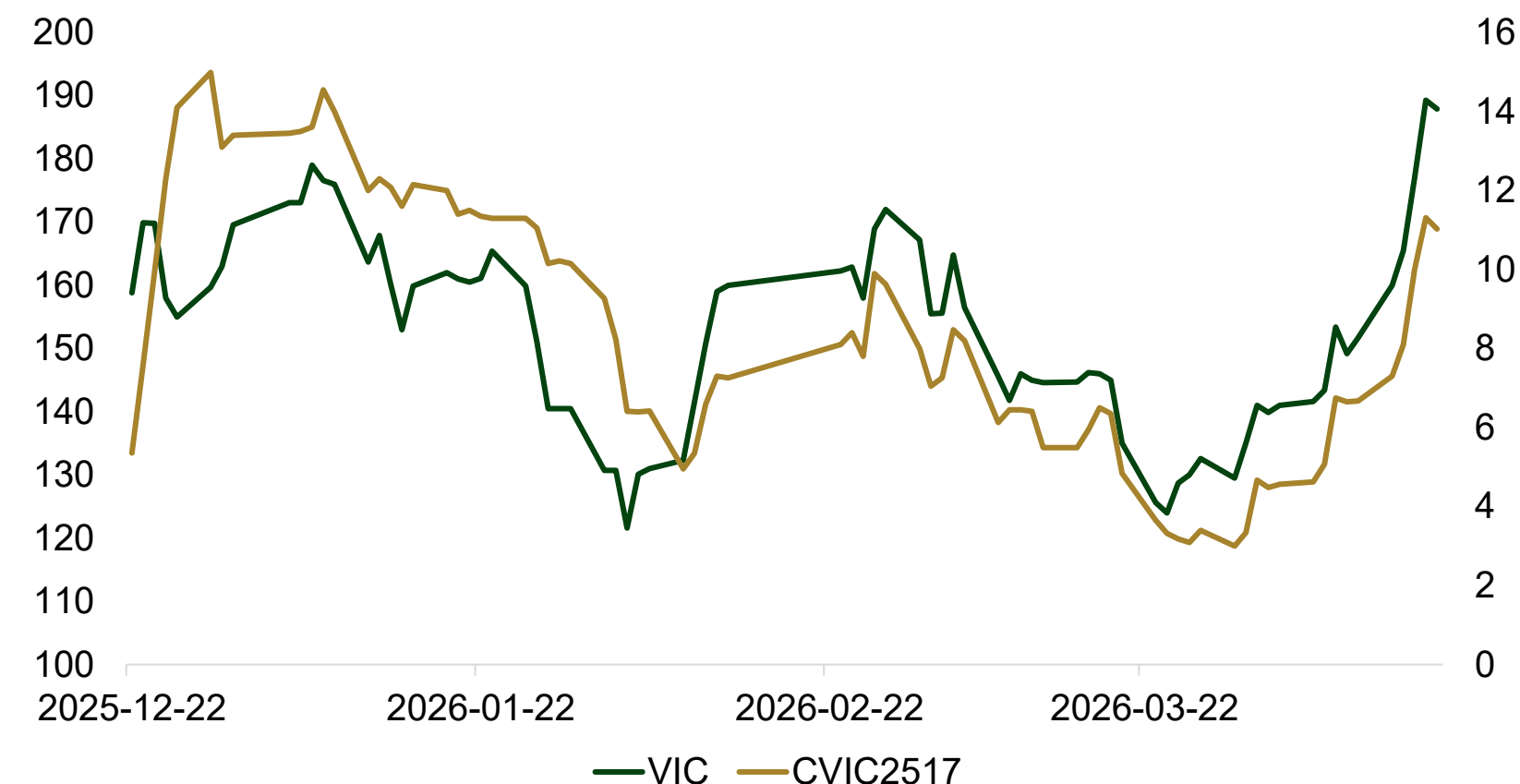
CW ticker: CVHM2525

Time to expiry	Conversion ratio	Strike price
35 days	6	107,000
CW price	Estimated fair value of CW	
4,500	4,783	



CW ticker: CVIC2517

Time to expiry	Conversion ratio	Strike price
35 days	5	122,500
CW price	Estimated fair value of CW	
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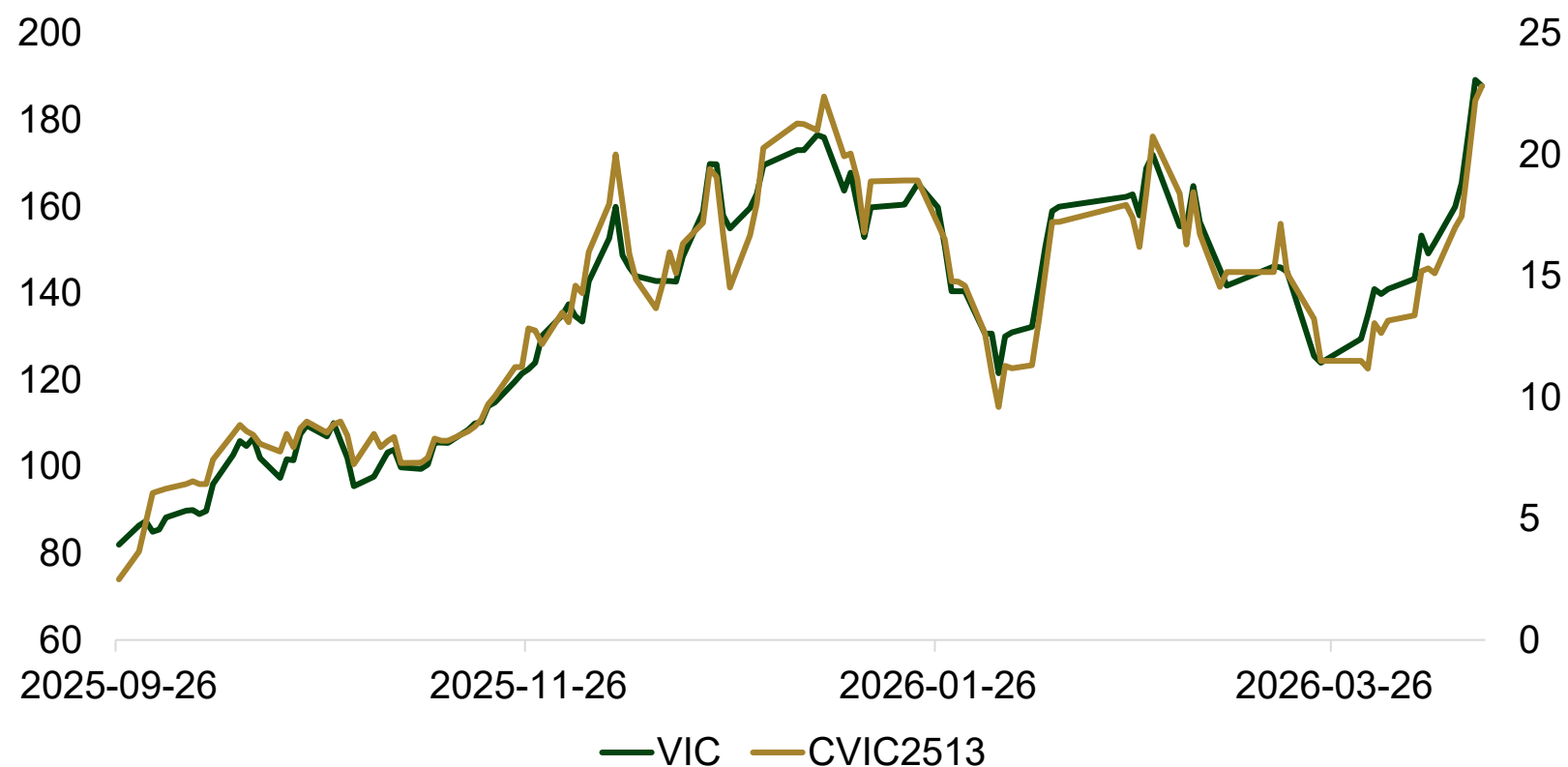


4. Selected CWs with underlying price above strike price (ITM)



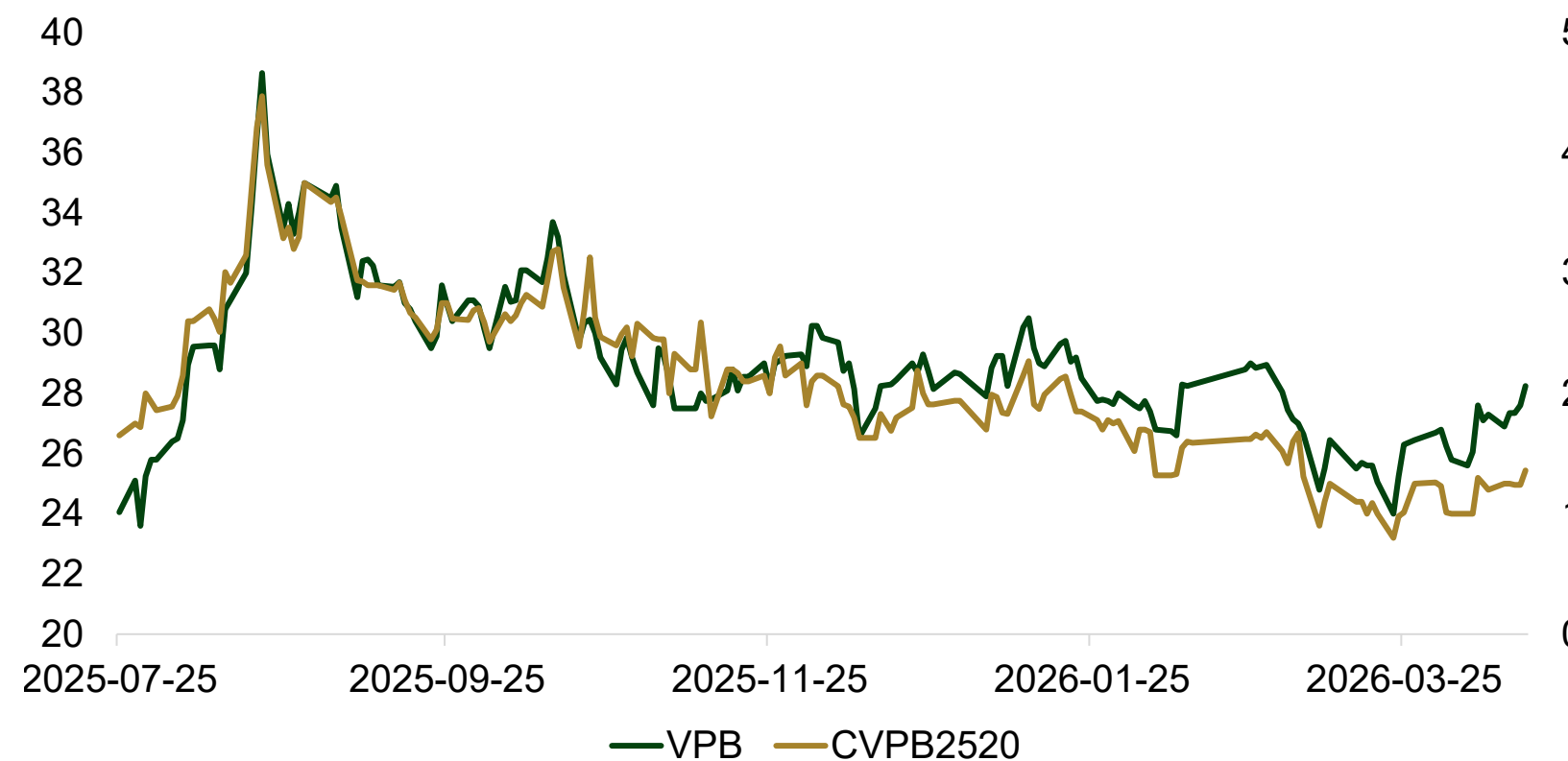
CW ticker: CVIC2513

Time to expiry	Conversion ratio	Strike price
34 days	5	73,500
CW price	Estimated fair value of CW	
22,830	22,880	



CW ticker: CVPB2520

Time to expiry	Conversion ratio	Strike price
11 days	4	22,222
CW price	Estimated fair value of CW	
1,360	1,507	



1. General terminology

STT	Term	Explanation
1	CW (covered warrant)	Investment instrument tracking underlying stock movements with lower capital outlay
2	Underlying security	Stock used as the basis for CW valuation
3	Strike price	Price used to calculate settlement at expiry
4	Conversion ratio	Number of CWs used for value conversion
5	Intrinsic value	Positive difference between underlying price and strike price
6	Time value	Price component reflecting future expectations
7	Time decay	Time value declines as expiry approaches
8	In-the-money (ITM)	CW has intrinsic value. For call CWs, this usually means the underlying price is above the strike price.
9	At-the-money (ATM)	Underlying price is close to the strike price.
10	Out-of-the-money (OTM)	CW has no intrinsic value. For call CWs, this usually means the underlying price is below the strike price.
11	Averaging down	Buying more while losing to lower average cost. This is highly risky for CWs.
12	CW purchase cost / premium	Amount investors pay to own the CW.
13	Leverage	Profit/loss and risk fluctuate more than the underlying stock
14	Stop loss	Exit a position to limit losses
15	Capital allocation	Portion of portfolio capital allocated to CWs

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THIẾT BỊ, DỊCH VỤ VÀ PHÂN PHỐI DẦU KHÍ
VẬN TẢI

Mã CP đang được mua chủ động
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1713.83
3.54 (0.21%) -

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