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MONDAY

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Airports Corporation of Vietnam – IPO roadshow

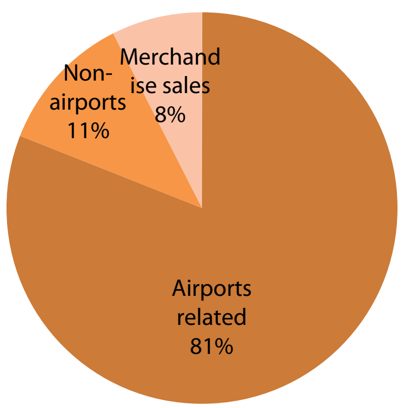
This morning, RongViet Research's analyst attended the IPO roadshow of Airports Corporation of Vietnam. Operating in such a narrow and conditional industry of aviation, the IPO of ACV has so far attracted heap of investors' attenti

on. We hereby would like to add some comments on the outlook of ACV and Vietnam aviation sector as a whole.

ACV is now the operators of the 22 airports across Vietnam with total capacity of over 69 million passengers each year, nearly two-thirds of which belong to the two biggest airports, i.e. Tan Son Nhat and Noi Bai. ACV's revenue comprises of (1) revenue from airport services, (2) revenue from non-airport services and (3) merchandise sales where airport services are core operations and account for over 80% of the Company's yearly revenue. Such services include: (1) passengers services, (2) takeoff and landing services, (3) ground handling services, (4) security scanning and screening and (5) other services; the contribution of each type of services is shown in the Graph 2.

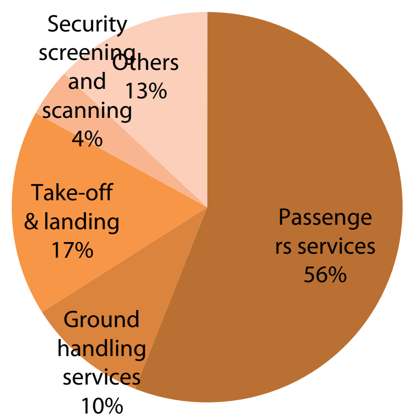
"Same old story"

Chart 02: ACV's revenue structure



Source: ACV, RongViet Research compiled

Chart 02: Major airport related services



Source: ACV, RongViet Research compiled

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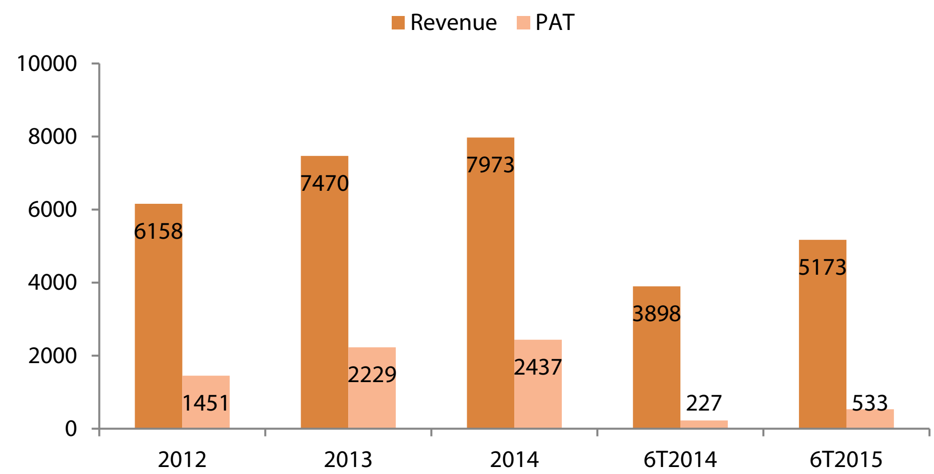
Chart 03: ACV's earnings results over the years



Source: ACV, RongViet Research compiled

Aside from steady growth from core-operation earnings, ACV possesses quite a sustainable financial status, a rare thing in capital-intensive such industries as aviation, seaport operation and marine transport. First, the Company's balance sheet shows superior liquidity, with over VND14 trillion of cash and equivalents, or VND6,200/share (post IPO) or roughly one-third of the Company's Total Asset. Second, the Debt-to-Asset ratio was just 30% as of the end of 2Q2015. More importantly, the loans taken for the investment of Noi Bai and Tan Son Nhat, which take up a large part of ACV's total debt, are mostly ODA loans with interest rate ranging from 0.2% to 1.6%/year. The repayment periods for the loans may extend up to 40 years whereas the depreciation periods of the constructions in the airports are 25 years at the maximum. The discrepancy explains ACV's ability to generate positive cash flows over the years.

Over the past 10 years, global aviation industry has witnessed an encouraging growth rate in passenger number. Vietnam aviation industry, in particulars, has shown annual growth rate of 16.6% in passengers, more than triple the global growth figure. On that basis, ACV has too posted the CARG of 14% in revenue and 15% in PBT during 2012-2014 period. According to IATA, total number of passengers passing Vietnamese airports is projected to grow by 7.3% a year through 2034, higher than that rate of Asia Pacific of 5.7% a year.

We believe that ACV's long-term growth driver would rely upon the addition of the mega-LongThanh international airport project in the future. This airport is expected to become a key regional transit hub as the likes of Changi and HongKong international airport looking forward. The fact is services charge for international passenger flights are far higher than of domestic ones.

The IPO price of ACV share is determined to be VND11,800. Given the business growth projection in the coming 1-2 years, the share does not look really appealing. However, unlike Vietnam Airlines, ACV is a monopoly player at the time being, possessing strong operating cash-flow, having positive growth outlook especially given the Long Thanh mega project. Taking all into consideration, we believe that the IPO of ACV would be very suitable for institutional investors having long-term and positive perspective on Vietnam aviation industry.

Same old story

Markets are telling a same old story. The excitement during the early morning supported indices to positively react; after that, strong selling pressure in large-cap stocks after the lunch break brought the market back to decline position until the end of today session. VNIndex ended today with 599.99 points, eliminated all the gains from last weekend. Meanwhile, HNIndex demonstrated some positive signs when closed the session with "green" and slightly improved by 0.35 points to 81.94. Total trading volume in matching orders had less variance compared to last weekend with approximately 175.54 million shares, equivalent to VND2,442.86 billion.

VN30 kept on moving lower and capital flew to mid cap stocks. Despite strong gains in financial services stocks such as HCM, SSI, market momentum was pulled back by three giants VNM – BVH – FPT. Unexpected movements and wider divergence within VN30 group, investors once again chose mid cap stocks for their portfolios, especially which belong to construction and building materials sector like CTD, ASM and IJC.

After last week's marginal net buy position, the foreigners turn strong buyer to the tune of VND 138.75 billion. In particular, VNM (+VND 35.5 billion) and OGC (+VND 20.6 billion) were most purchased in terms of value on HSX, while the HNX counterparts were TIG (+VND 11 billion) and SCR (+VND 8.4 billion).

Over all, VNIndex did not show any progress. Speculative group still attracts the cash flow and goes against the current trend but starts to show the sign of segmentation. Meanwhile, VN30 still demonstrated the clear decline phase. Such aspects make the profitability in investment becoming harder. Therefore, we maintain the opinion of minimizing short-term trading during this time, accumulating stocks which are fundamental and have the seasonal characteristics of positive business results during end of the year or earlier next year.

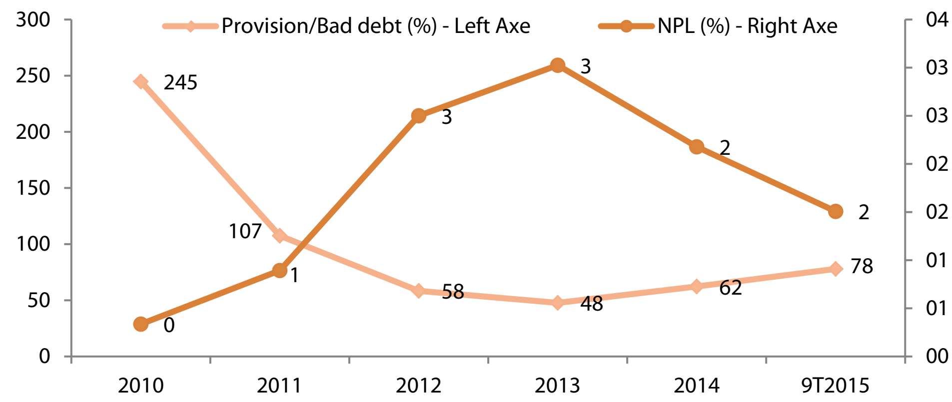
ACB: Q32015 business result update

ACB Commercial Joint stock Bank (HNX: ACB) released its Q32015 financial statement. In which, total operating earning reached VND2,005 bn (+50%, y/y). Due to high operating cost (accounted for c. 66% operating earning) and cost of provision accounted for c. 43% net operating earning, Q32015's profit-before-tax and profit-after-tax were VND360 bn and VND284 bn respectively. For nine months result, PBT reached VND1,091 bn and PAT reached VND855 bn, respectively up by 1.8% yoy and 2% yoy.

Focusing on bad debt settlement

NPL ratio recorded at 1.51%, comparatively lower than that of 2012 and 2013.

Graph: NPL ratio (%) and Provision/NPL ratio (%)



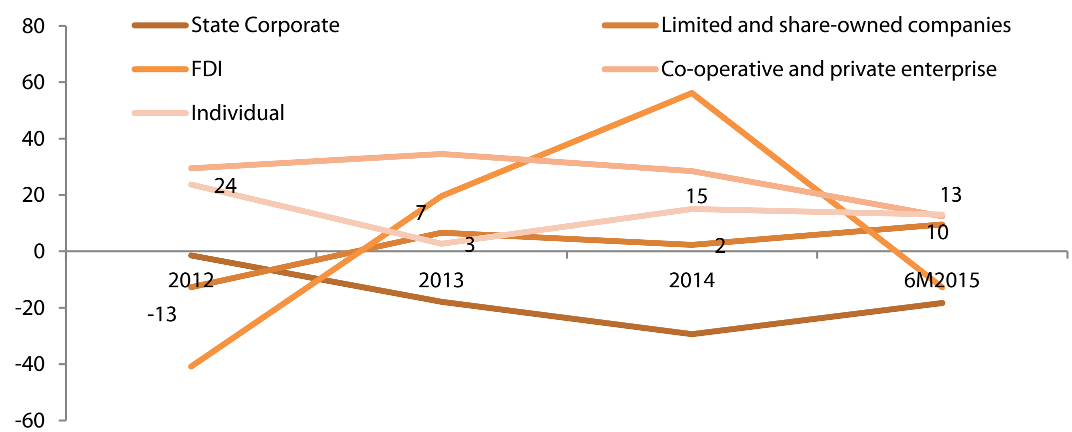
Source: RongViet Research database

Regarding to old issues caused by ACB's former member of BoD, we estimated total net debt (debt after provision) was around VND6,639 bn at the end of Q22015, included: (1) Debt incurred from Huyen Nhu and Bank A with a total amount of VND719 bn, in which Huyen Nhu must take responsibility for VND695 bn and Bank A must take the rest. In first haft of 2015, ACB used its provision budget to write off all the amount under Huyen Nhu's liability; (2) Debt referred to Bank B and C. Both banks were acquired at VND0 by SBV. The principle outstanding in Bank B was VND772 bn and will mature in Sep 2016 while Bank C's debt outstanding was VND400 bn. Bank C's debt was classified in group 4 – doubtful debt and has been made provision of 50%; (3) Debt referred Bank E (VND600 bn) was recovered by bonds guaranteed by a company in the Group 6 companies; (4) Group 6. Total net debt of the Group was VND5,407 bn (total provision is VND444 bn) and collateral is VND5,340 bn. Outstanding loans include: Loans to customers – group 2 net debt (after provision) is VND1,790 bn; Investment security hold to maturity is VND2,779 bn; Equity share and long-term investment is VND21 bn and receivables (after provision) is VND817 bn; (5) Vinalines: VND138 bn of debt was converted into equity of the subsidiary company for debt clearing purpose. About VND9 bn in debt and VND305 bn in corporate bond are categorized into group five and were fully make provision.

Fulfil 2015 target in credit growth, thanks to recovery of key customer groups

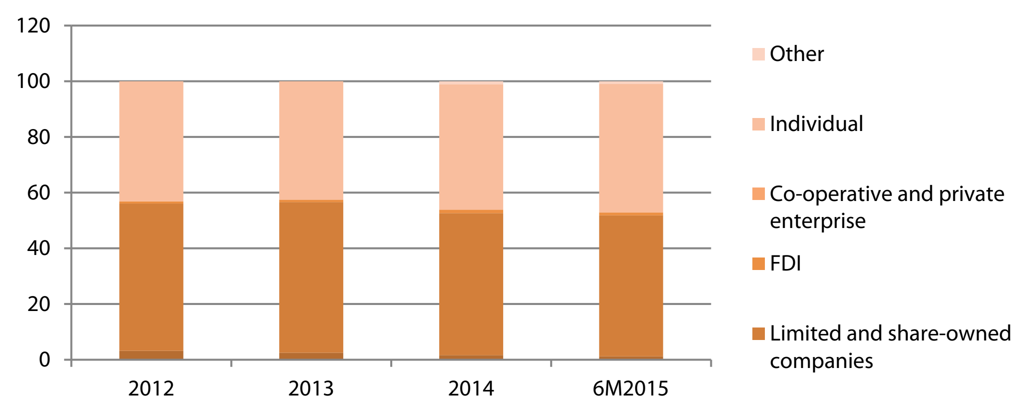
By the end of Q32015, loans to customers, which are mainly contributed by two major groups of customers: SMEs and individuals, grew by 12.8% YTD, the fastest growth since 2012. Loans outstanding in these two groups accounted for c. 97% of total outstanding loans of the bank customers. Figures updated by the end of June showed that credit in the SME group rose by 9.6% and in individual group increased by 13%.

Graph: 6M2015's credit growth in term of group of customers



Source: RongViet Research database

Graph: 6M2015's credit structure in term of group of customers



Source: RongViet Research database

Business performance improvement

Regarding business results, profit before loan loss provisions in Q32015 was VND688 bn (+ 61.4%, y/y) and reached VND1,910 bn after nine months (+10%, y/y). However, ACB has spent more than 40% of such profit for provision, causing a slight growth of profit after provision. Particularly, Q32015 provisions were around VND328 bn (+2.8x y/y), following by total 9M2015 accumulation of VND819 bn (+23% y/y). Therefore, profit before tax (after provision) reached VND360 bn (+ 5.6%, y/y) in Q32015, built up total PBT after 9M2015 to VND360 bn (+5.6% y/y).

Although there is no surge in earnings, the indicators on the performance of the bank are showing improvement. Yields and interest expenses remain in a downward trend since 2012, but larger decrease of interest expenses helped net interest spread (NIS - Net Interest Spread) increase slightly to 2.41% (9M2014: 2.19%). Net interest margin (NIM - Net Interest Margin) also faintly improved. By the end of Sept 2015, ROE and ROA reached 6.83%, and 0.46% respectively.

Table: Operating effective ratios

	9M2012	9M2013	9M2014	9M2015
ROE	8.71	8.79	6.70	6.83
ROA	0.44	0.66	0.48	0.46
NIM	2.79	2.31	2.17	2.42
Yield of interest earning assets	*9.35*	*7.89*	*6.70*	*5.95*
Interest cost	*5.78*	*5.49*	*4.51*	*3.55*
Net Interest Spread	*3.57*	*2.40*	*2.19*	*2.41*

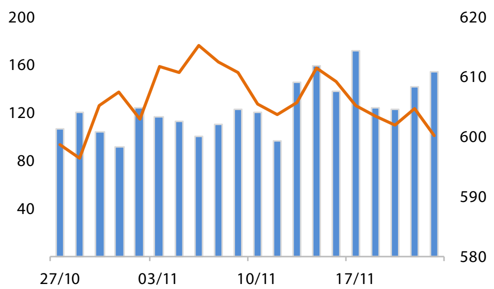
Source: RongViet Research database

Whereas banking industry are struggling with NPL provisions, growth of operating business after 9M2015 could be considered a success for ACB. Currently, the bank has fulfilled c. 83% of FY2015 plan.

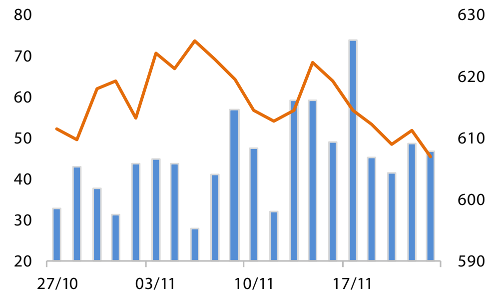
ACB is currently trading at PB 1.42x. We think this is reasonable prices for ACB with developments in the banking sector in general and in particular ACB in 2015.

For FY2016, ACB should be ready for a break out thanks to (1) stronger balance sheet resulting from having actively resolved issues caused by violations of former member of BoD and (2) credit growth contributed by tradional customers, who are SMEs and individuals.

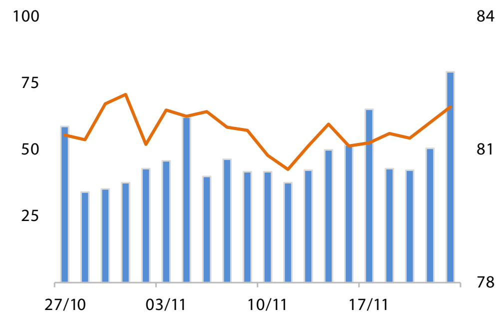
VNINDEX	-0.74%	599.99



VN30	-0.69%	606.93

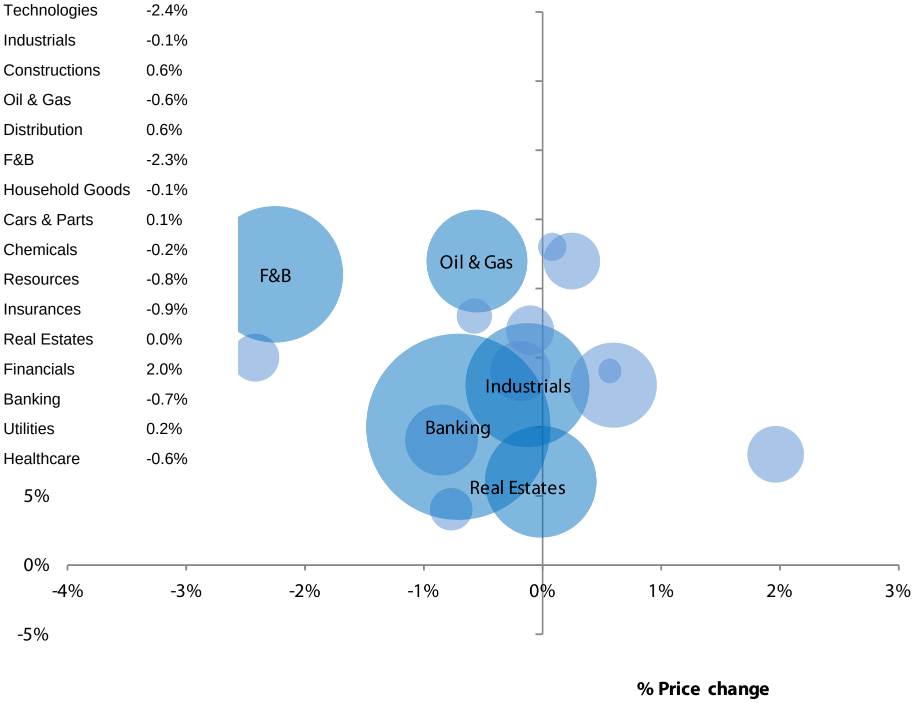


HNXINDEX	0.43%	81.94

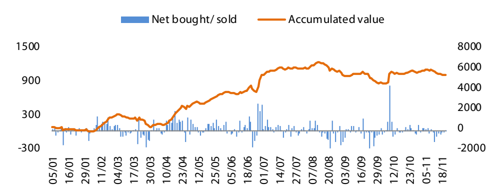


Industry Movement

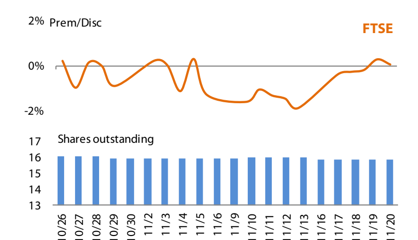
Industry	% change
Technologies	-2.4%
Industrials	-0.1%
Constructions	0.6%
Oil & Gas	-0.6%
Distribution	0.6%
F&B	-2.3%
Household Goods	-0.1%
Cars & Parts	0.1%
Chemicals	-0.2%
Resources	-0.8%
Insurances	-0.9%
Real Estates	0.0%
Financials	2.0%
Banking	-0.7%
Utilities	0.2%
Healthcare	-0.6%

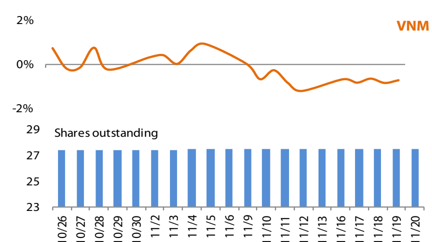


Foreign Investors Trading



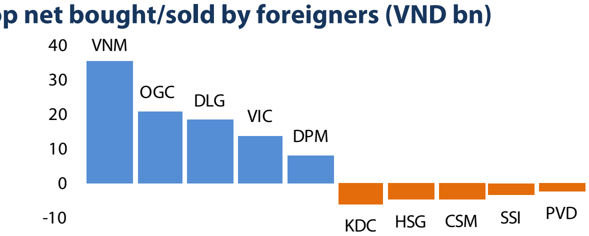
ETF



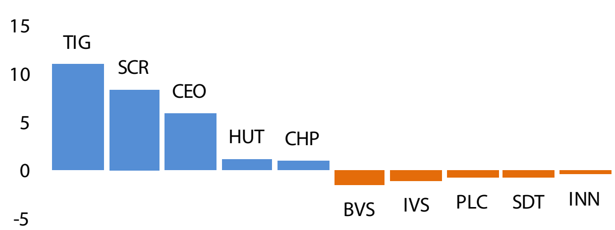


Top net bought/sold by foreigners (VND bn)

HSX



HNX



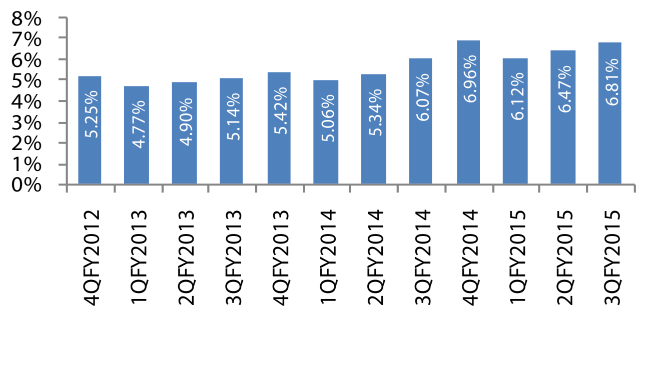
Top Active

Ticker	Price	Volume	% price change
OGC	3.9	24.99	5.4%
FLC	9.1	14.52	3.4%
DLG	9.1	7.06	0.0%
HHS	17.5	6.46	4.8%
SBT	18.4	6.10	4.5%

Ticker	Price	Volume	% price change
SCR	8.7	7.15	2.4%
KLF	4.7	3.96	0.0%
TIG	10.8	2.96	0.0%
HUT	12.4	2.70	7.8%
VIX	7.9	2.62	3.9%

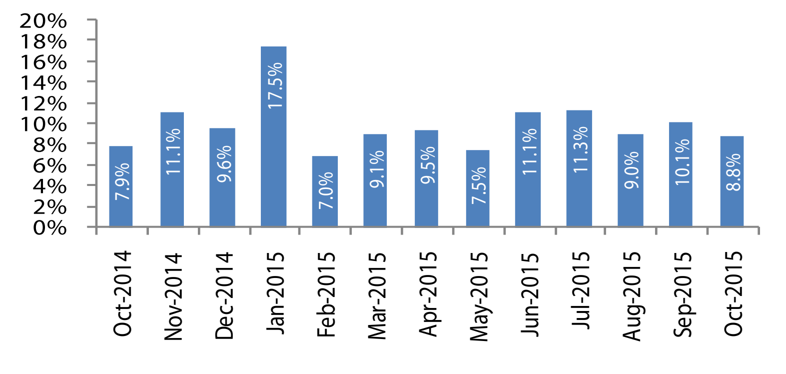
MACRO WATCH

Graph 1: GDP Growth



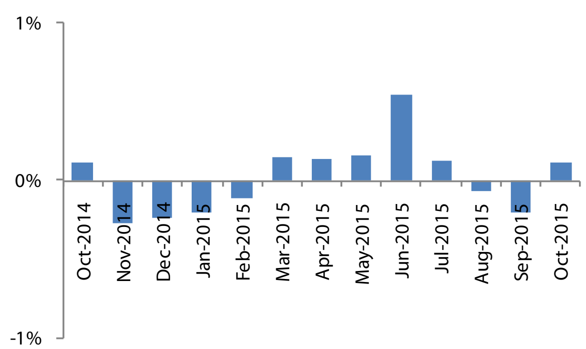
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



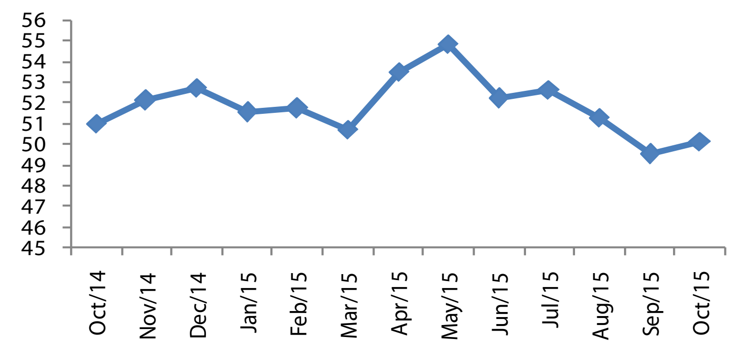
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



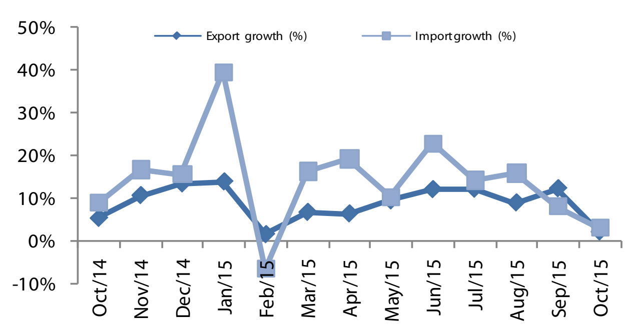
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



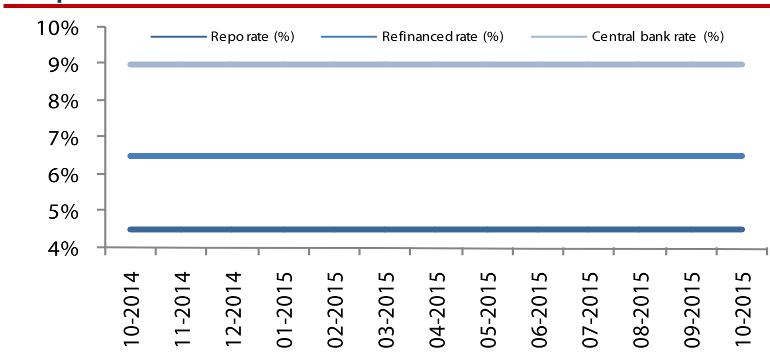
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
DRC - Expecting on replacement segment.	November 13th, 2015	Accumulate – Long term	52,000
NKG- Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
DMC - Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000
HSG - New investments: The engine of growth	October 29th, 2015	Accumulate – Long term	52,500
KSB - Rock-solid foothold in the construction stone	October 28th, 2015	Buy – Intermediate term	38,400

Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	03/11/2015	0% - 0.75%	0% - 2.5%	12,058	12,047	0.09%
VEOF	03/11/2015	0% - 0.75%	0% - 2.5%	10,674	10,488	1.77%
VF1	11/11/2015	0.2% - 1%	0.5%-1.5%	24,055	24,092	-0.15%
VF4	11/11/2015	0.2% - 1%	0%-1.5%	10,886	10,869	-0.02%
VFA	05/11/2015	0.2% - 1%	0%-1.5%	7,517	7,461	0.76%
VFB	05/11/2015	0.3% - 0.6%	0%-1%	12,490	12,409	0.66%
ENF	06/11/2015	0% - 3%	0%	12,233	12,170	0.52%
MBVF	05/11/2015	1%	0%-1%	10,974	10,991	-0.15%
MBBF	04/11/2015	0%-0.5%	0%-1%	12,489	12,438	0.41%

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