JUNE

17

WEDNESDAY

ADVISORY DIARY

- **Discussion about behavioral bias in the market**
- **Conservative!!!**

Discussion about behavioral bias in the market

Recently, we had the opportunity to chat and exchange information with one of our investors about "behavioral bias". This term belongs to a study behavioral psychology. Behavioral bias explores how individuals act irrationally while making or deciding any decision. These behavioral biases are in diverse forms but they have a common point which affect investor's judgement and distort their investment decisions.

The following story is a best example to demonstrate certain definition in "behavioral bias" study. Hence, we decided to tell the story in today advisory diary along with detailed analysis. Notably, the following story based more on psychological aspect rather than the classic financial analysis.

A case study about behavioral bias

Since 9th June 2015, the investor (known as A) heard the rumor that JVC violated legal procedure in JVC Binh Dinh project. Such rumor spread with fast speed in various stocks trading chat room. Thus, in that evening, A restlessly thought the action plan for tomorrow, which is included waiting for further information or sell all right at the beginning of trading session. Next day, A experienced a dramatic trading session with the exceedance of selling side over buying side. With this situation, A begun to question his decision then he asked others on forums and received various responses that advise him to sell JVC's stocks as soon as possible. However, due to regret aversion bias and believe JVC may be fluctuating for a short term, A hesitated and decided to keep this stock for a while.

"Conservative!!!"

"If the situation has only 2 options, the best one is none" – Person A rethought the decision in following days. The regret aversion bias psychology of JVC recovery makes him hold continuously the sticker. After observing the portfolio as well as listened-information put him in dilemma. Sell or Hold. Once again, behavioral bias occurred when A wanted to cut loss. The loss aversion bias psychology is a factor for A to make a decision of transferring JVC to long-term investment

At the end of last week, thanks to the official announcement of the representative of JVC, hope once again returned to JVC's investors (included A). The news spread wide and positively affect to JVC's price at the beginning of this week trading session. However, due to selling pressure from foreign investors, A and others domestic investors started to wonder. In reality, domestic investors tend to have representative bias due to their belief that foreign investors are more experienced and tend to make right decision. Anchor to foreign investors, A decided to sell stocks after a long hesitated period.

The problem is the tendency of behavioral bias also spread to other investors. Thus, the net-sell today reached ~ 4 million shares. The possibility of A's making decision is hard to happen. Sharing with us, A still have confident in fundamental factor of its business. Thus, this is the key support at the present. There is no evidence to conclude right-or-wrong person A's story. However, psychological behavior in making decision time can will probably be the valuable lesson in the future

Conservative!!!

After the slump yesterday, HSX today closed with a decrease of 1.81 point, officially was out of

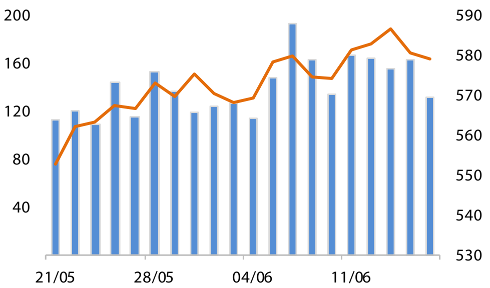
Van Banh

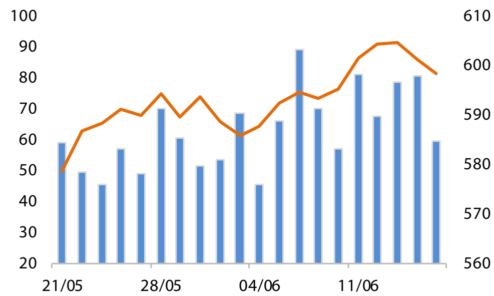
+ 84 8 6299 2006 | Ext: 324

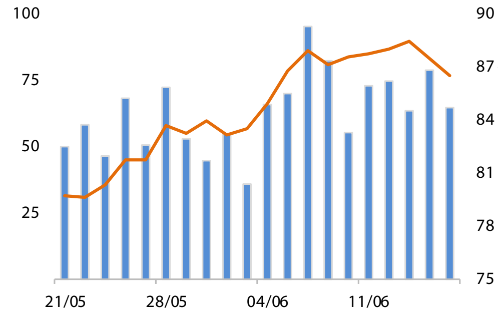
Van.btt@vdsc.com.vn

580. Meanwhile, HNX also decreased slightly by 0.62 point, ended at point 77. The downtrend experienced strongly in the morning. However, thanks to positive trade of bank and automobile sector, the bourses fell slightly in the end. In which, MBB continuously kept track of uptrend with an increase of VND 100. Throughout today session, OGC was a highlight when trading in opposite trend of the market. Particularly, OGC hit the celling price (+ VND 100) with over 8.5 million trading shares. Notably, JVC's stock has recently drawn strong attention, reached floor price in the second time in this week despite having the amendatory announcement. This information seems not to be enough to reinforce the investors' trust relating to the JVC's future. According to our analyst, the market is showing the signal of strong correction with a decrease of cash flow (liquidity only reached VND 2,300 billion), so investors should consider and reduce stock proportion.

VNINDEX	-0.26%	578.87	VN30	-0.44%	598.25	HNXINDEX	-1.04%	86.49

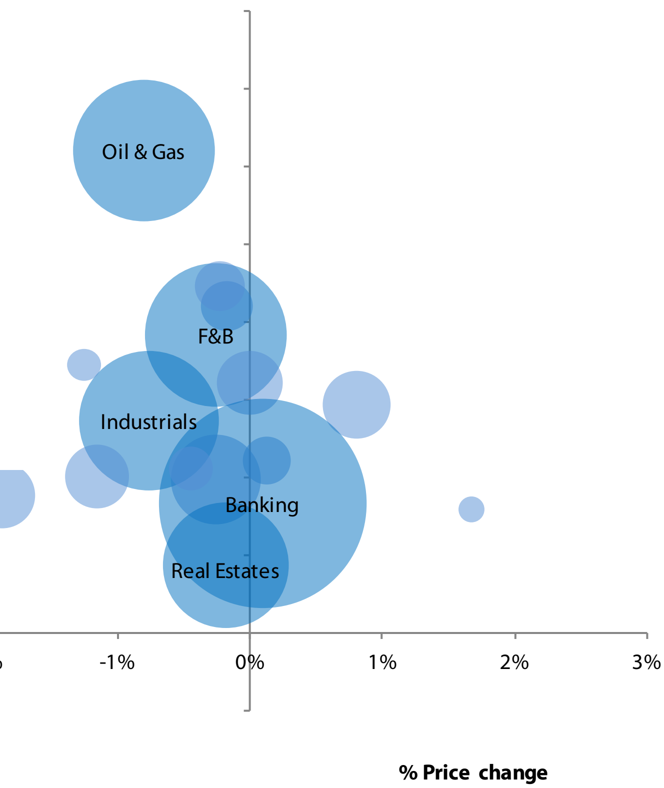




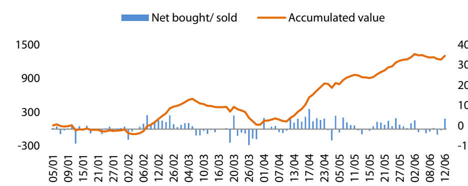


Industry Movement

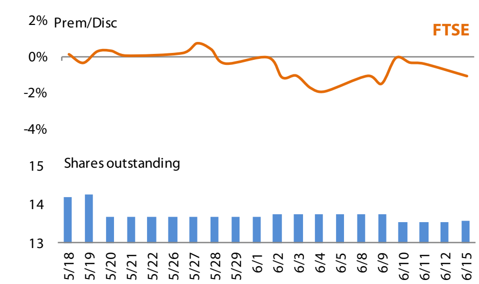
Industry	% change
Technologies	-0.2%
Industrials	-0.8%
Constructions	-0.3%
Oil & Gas	-0.8%
Distribution	1.7%
F&B	-0.3%
Household Goods	0.1%
Cars & Parts	-1.3%
Chemicals	0.0%
Resources	-0.2%
Insurances	0.8%
Real Estates	-0.2%
Financials	-1.9%
Banking	0.1%
Utilities	-1.2%
Healthcare	-0.4%

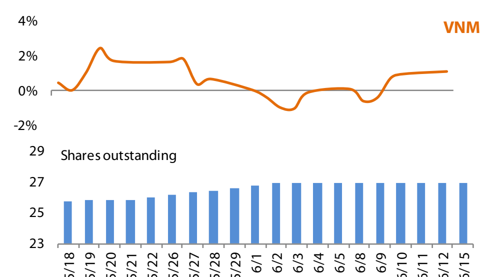


Foreign Investors Trading



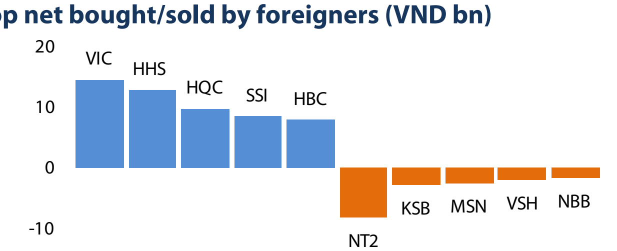
ETF



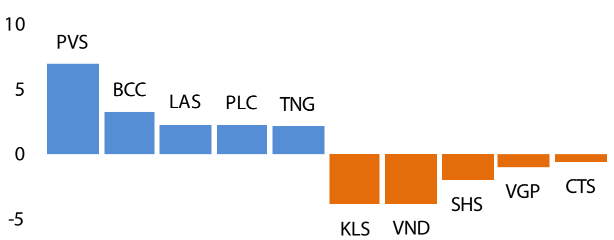


Top net bought/sold by foreigners (VND bn)

HSX



HNX



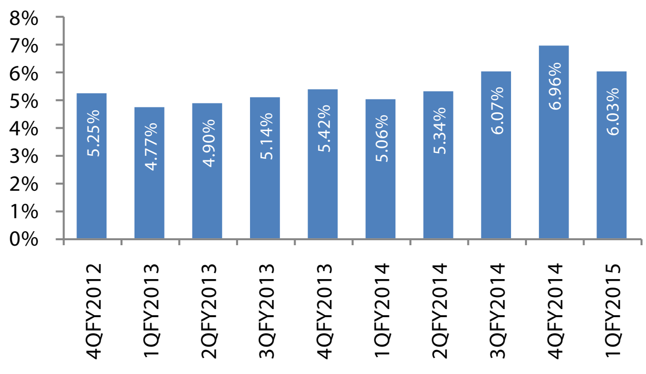
Top Active

Ticker	Price	Volume	% price change
FLC	9.0	19.94	-1.1%
OGC	2.7	8.54	3.8%
HQC	6.0	6.77	1.7%
MBB	15.2	4.88	0.7%
HAI	9.4	3.63	-2.1%

Ticker	Price	Volume	% price change
FIT	13.8	6.72	-8.6%
KLF	7.2	5.84	-4.0%
SCR	8.2	5.38	1.2%
VND	13.3	2.90	-0.7%
PVX	4.1	2.48	0.0%

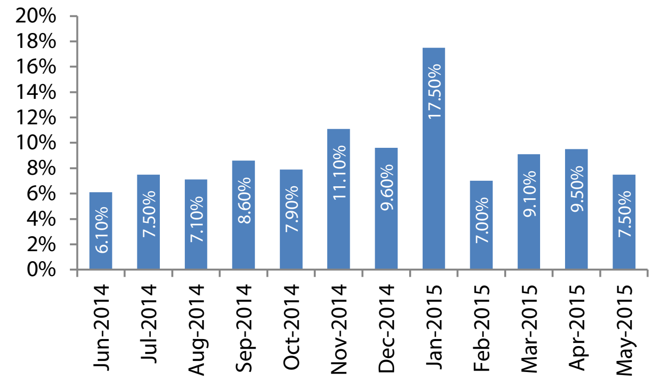
MACRO WATCH

Graph 1: GDP Growth



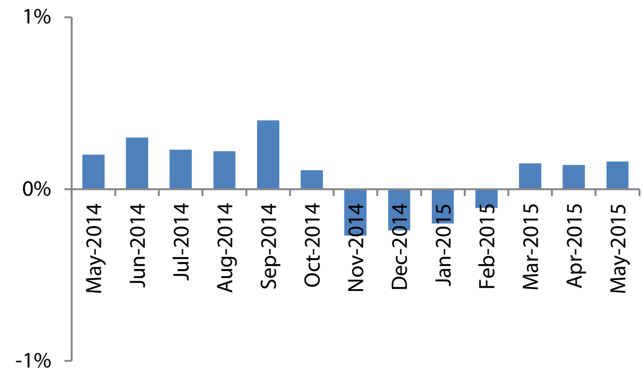
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



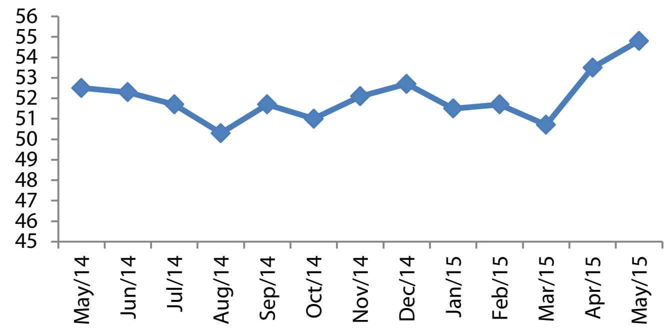
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



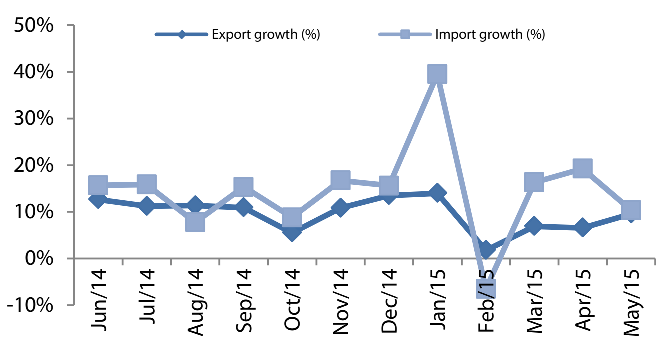
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



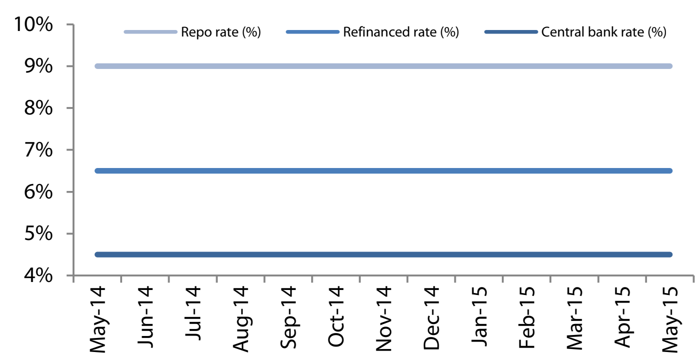
Sources: GSO. Rongviet Securities database

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
MWG - Optimistic business outlook in 2015	May 25th, 2015	Buy – Intermediate term	101,000
FPT - Positive recovery in the technology business	May 12th, 2015	Accumulate – Long term	60,900
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7th, 2015		30,800
VPH - Emerging from its lowest	May 5th, 2015	Buy – Intermediate term	15,300

Please find more information at http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 355

truc.dtt@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 328

Hoang.nh@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 323

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 326

Tuan.hm@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 326

Kien.nt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 319

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 319

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 321

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 324

Van.btt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 325

Thien.bv@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 325

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 324

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 323

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 321

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T +84 8 6299 2006
- F +84 8 6291 7986
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T +84 4 6288 2006
- F +84 4 6288 2008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T +84 058 3820 006
- F +84 058 3820 008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T +84 0710 381 7578
- F +84 0710 381 7789
- E info@vdsc.com.vn
- W www.vdsc.com.vn