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MONDAY

- **CPI in Oct, 2015: a slight increase due to seasonal factor**
- **Markets fall below 600**
- **PVD Updates: Impacts from low crude oil prices sharply reflected on the business result for Q3/2015**

CPI in Oct, 2015: a slight increase due to seasonal factor

Last week, GSO announced CPI in Oct, 2015 with a slight increase of 0.11% compared to the previous month. In 10 months of 2015, CPI increased by 0.67%, while core inflation increased by 2.12% yoy. In the past month, there is a strong gain from foodstuff (+0.34% mom) while other groups mostly unchanged. According to GSO, the increase from foodstuff price was due to seasonal factors, mainly from the rise of vegetables' prices.

In the first 10 months of 2015, the low CPI came from transport with a 12.41% decrease over the same period. On the contrary, the strongest gains were from educational and garment items, +7.27%yoy and +3.37%yoy, respectively. Based on those movements, we expect CPI in 2015 would be low, around 1-2%.

PBoC showed the increased determination to stabilize growth

On Oct, 23 2015, the People's Bank of China (PBoC) announced the newest monetary policy. Accordingly, PBoC showed the increased determination to stabilize growth by cutting its benchmark rate by 25 bps, to 4.35% for lending rate and 1.5% for deposit rate. In addition, PBoC removed the deposit rate ceiling for commercial banks, which was previously at 1.5x of the benchmark for deposit rate. It also cut RRR by 50 bps for all depository financial institutions and an additional 50 bps cut for banks with focus on SME loans.

Morgan Stanley expects the RRR cut could release about RMB700 bn liquidity to the system, ~USD110 bn. This move is largely in line with many observers' expectation, simultaneously, there are many comments that this round of cut is going to be more effective, pushing the infrastructure investment and restrain the economic slowdown in China.

"Markets fall below 600 "

Markets fall below 600

Different movements of VNM, VIC and BVH leading markets to fall below 600. While BVH and VIC made small gains with VND500/share and VND100/share respectively, VNM, which lost significantly VND2,000/share was the main factor of declining VNIndex. VIC has made its move recently due to rumors of acquiring Maximark supermarkets. On contrary, anxiety of SCIC might take years to completely divest from VNM caused investors turned profit takers. More to say, from the time SCIC announced its divesting list, VNM saw strong gain of 13%.

Liquidity remained stable with total order-matching volumes reached 130 million shares (down 2.3% compared to Firday session), equivalent to around VND2,300 billion. Foreigners were net buyers to the tune of VND56 billion.

For short-term, we think markets will fluctuate between 600 and 610. There might not be significant change in liquidity for this period due to divergence of investors' sentiment, which usually takes place after markets assault important level, such as 600. On one hand, some investors are conservative as they do not believe markets have enough catalysts to break away from 600. This group will be the profit takers. On the other hand, some investors are more optimistic and confident in buying more with the belief of a breakthrough. So far, there are so sings of new cash inflow as well as cash outflow, which we think a bright spot for current markets.

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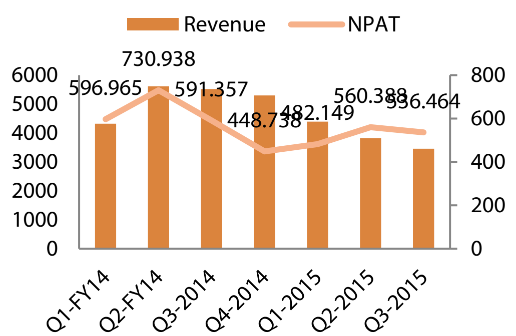
Also, there are 3 key events to watch for this week, which are FOMC meeting, economic growth data of US and BoJ policy announcement . Those events may have impact on foreign investor sentiment. Their buying activities contributed to upward trend of market recently. Therefore, those macroeconomic news would probably take some impact (either directly or indirectly) on market movement while *market is in short of supporting events for investors to make investment decisions.*

PVD Updates: Impacts from low crude oil prices sharply reflected on the business result for Q3/2015

In Q32015, revenue achieved VND 3,458 billion, declined by 10% compared to Q2/2015 and 4% yoy. Profit was estimated to be VND 536 billion, 4% decrease compared to Q2/2015 and -9.3% yoy. Remarkable aspect in Q3/2015 was the VND ~200 billion in profit transfer from Baker Hughes in 2014. If we exclude this segment, core business of PVD could only achieve VND 336 billion in revenue, dropped by 40% compared to Q2/2015 and 43% yoy. Such issue demonstrated that the effect from crude oil prices started to reflect on the business result in Q3/2015.

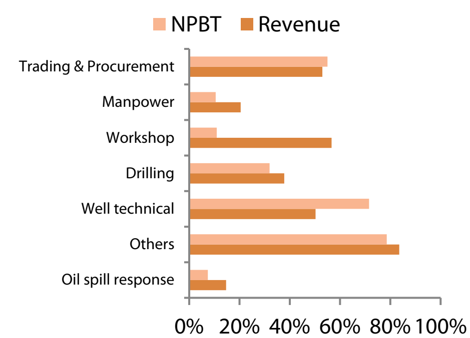
In term of drilling activities, average rig prices for Q3/2015 reached the lowest point since early 2015. Regarding PVD I, because of pegging into oil prices, the significant drop of crude oil lead to the decline in rig prices. Day rate of PVD II and PVD III were also adjusted to USD 120,000/day after finishing the previous drilling contracts. Over the last quarter, PVD II overhaul and the transportation of PVD II from Vietsovpetro to PVEP Song Hong also made impacts on PVD's business result. Furthermore, PVD V is the rig with the highest leasing price also being downward revised to USD190,000/day (-7.3% yoy). Along with the pessimistic in drilling activities, technical service segment also continued to decline. According to analyst's estimation, revenue from this segment could decrease by 15 – 20% compared to previous quarter.

Figure 1: Revenue and Profit after tax (quarterly)



Sources: PVD, RongViet Research

Figure 2: Business performance per service in 2014



Sources: PVD, RongViet Research

Business outlook 2015: nearly lost the entire growth in 2014

2014 could be the breakthrough year of PVD thanks to the intensive drilling activities. However, oil shock has created many difficulties for PVD this year. Under low crude prices, there are drilling campaigns being postponed or canceled putting the pressure on the negotiations of leasing and service prices. Currently, average leasing price for Jackup rig is about USD 120,000/day, declined by 20% yoy. The number of hired rigs in Q3 decreased to 2 rigs and during Q4/2015, there could be only 1 hired rig which significantly affects the services coming along with that.

In 2014, PVD's services achieved 20 – 50% growth rate in revenue and 10 – 80% in profit over 2013. According to our estimation, 2015 business result could return to 2013 level, equivalent to the loss of entire 2014 growth. Revenue for 2015 was estimated at VND 14,967 billion with VND 1,874 billion in profit after tax, dropped by 28.3% and 24% yoy respectively.

In a nutshell, EPS in 2015 is estimated at 4.634 dong, P/E forward is about 7.9x. At the moment, average P/E for drilling services companies is approximately 5.7x, relatively low compared to PVD. However, among the same drillers, PVD has the highest ROE (~15% for the fiscal year 2015). During the recent time, PVD's performance has been depended on oil price. In the case of $40-

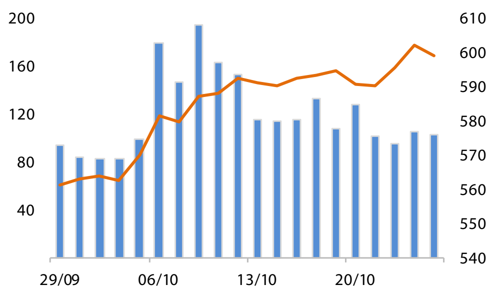
50/barrel for oil price, we rate this stock as **NEUTRAL** for **INTERMEDIATE TERM**.

Table: Price performance for drillers' stock price and Brent oil price

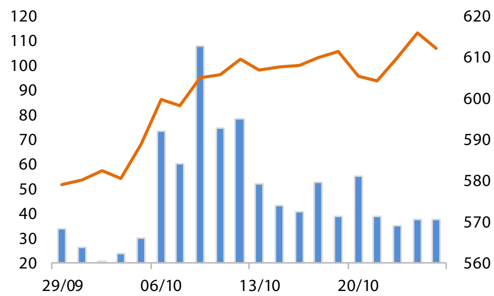
	1M	3M	6M	1Y
PVD	**6.1**	**-19.8**	**-20.8**	**-53.1**
Seadrill	26.4	-1.1	-6.5	-41.1
Transocean	30.7	2.3	-3.3	-39.1
UMW	-0.8	-25.7	-53.3	-69.4
Japan Drilling	3.4	-13.4	-31.4	-34.5
Atwood Oceanics	-20.1	-33.0	-47.0	-49.4
Pacific Drilling	27.4	-25.8	-63.3	-76.5
Ensco	19.5	-1.4	-29.1	-54.5
Diamond Offshore Drilling	17.1	-1.9	-28.2	-39.3
Brent	**0.5**	**-8.3**	**-23.6**	**-37.5**

Sources: Bloomberg, RongViet Research

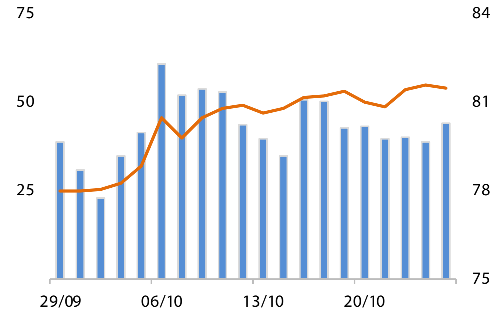
VNINDEX -0.52% **598.61**



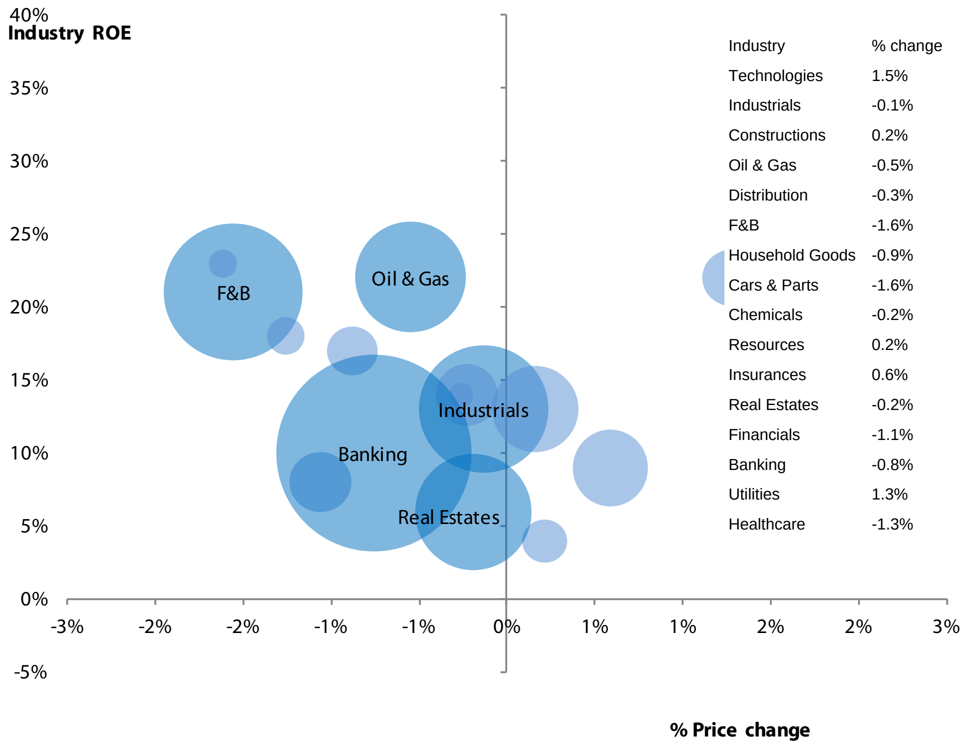
VN30 -0.63% **612.21**



HNXINDEX -0.10% **81.47**

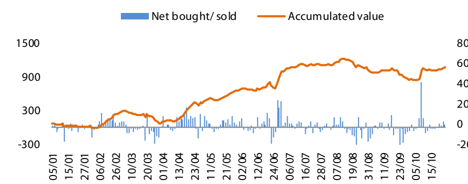


Industry Movement

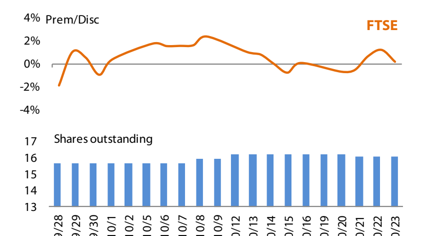


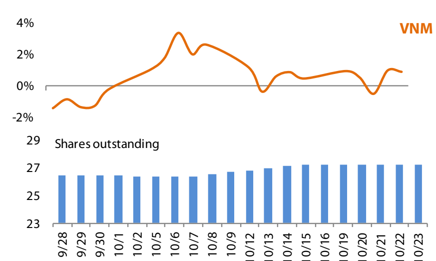
Industry	% change
Technologies	1.5%
Industrials	-0.1%
Constructions	0.2%
Oil & Gas	-0.5%
Distribution	-0.3%
F&B	-1.6%
Household Goods	-0.9%
Cars & Parts	-1.6%
Chemicals	-0.2%
Resources	0.2%
Insurances	0.6%
Real Estates	-0.2%
Financials	-1.1%
Banking	-0.8%
Utilities	1.3%
Healthcare	-1.3%

Foreign Investors Trading



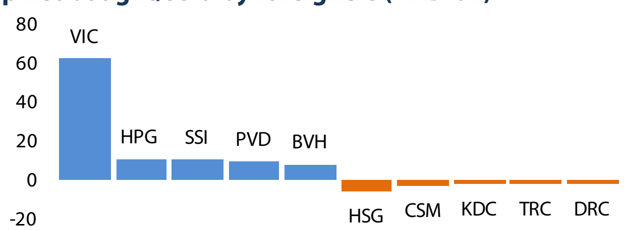
ETF



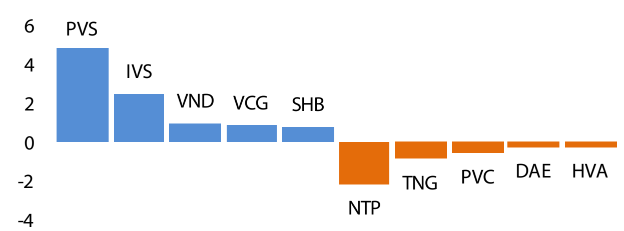


Top net bought/sold by foreigners (VND bn)

HSX



HNX



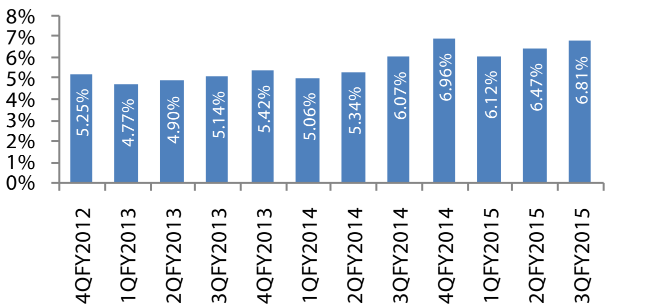
Top Active

Ticker	Price	Volume	% price change
CII	24.1	3.36	0.8%
HAG	14.5	2.81	0.0%
HHS	17.8	2.72	-2.2%
TSC	11.9	2.71	4.4%
FLC	7.0	2.67	-1.4%

Ticker	Price	Volume	% price change
TIG	11.5	4.60	-2.5%
SHB	6.9	4.52	1.5%
KLF	4.4	2.31	0.0%
HKB	13.0	1.82	-9.7%
PVI	23.0	1.37	1.3%

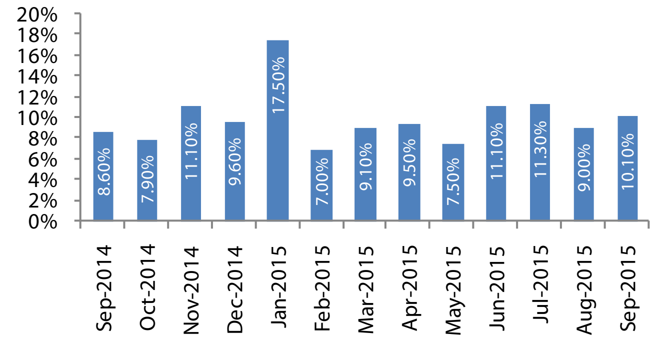
MACRO WATCH

Graph 1: GDP Growth



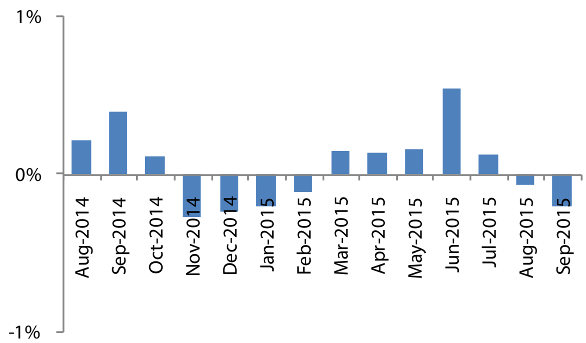
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



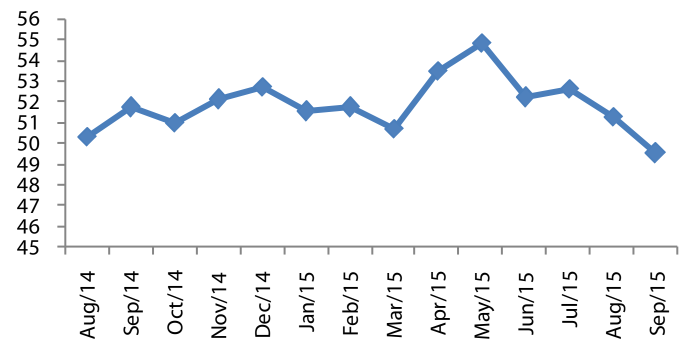
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



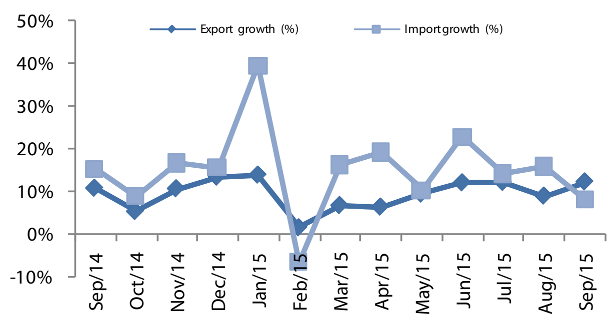
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



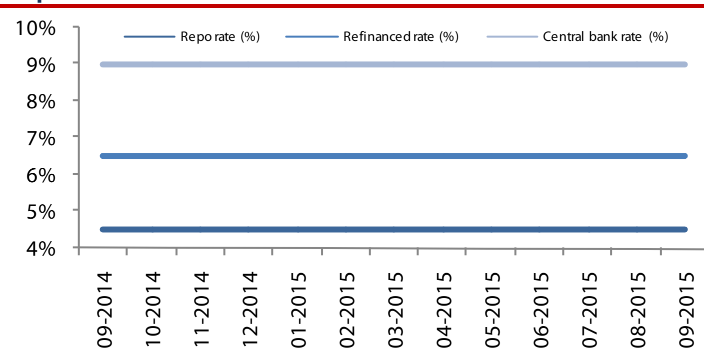
Sources: GSO. Rongviet Securities database

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
CHP- Off season advantages	Sep, 30th 2015	Buy - Intermediate	23,600
PXS - Invest to strengthen construction capacity	Sept, 4th 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept, 3rd 2015	Accumulate - Intermediate	20,800
PET - Tracking the progress of Thanh Da land plot transfer	Aug, 20th 2015	Stable	N/a
VNC - Embrace the new wave of international commerce	Aug, 14th 2015	Neutral – Long term	28,900

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	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	16/10/2015	0.2% - 1%	0.5%-1.5%	23,599	23,545	0.23%
VF4	16/10/2015	0.2% - 1%	0%-1.5%	10,558	10,511	0.45%
VFA	16/10/2015	0.2% - 1%	0%-1.5%	7,488	7,457	0.42%
VFB	16/10/2015	0.3% - 0.6%	0%-1%	12,409	12,391	0.14%
ENF	09/10/2015	0% - 3%	0%	11,842	11,582	2.24%
MBVF	08/09/2015	1%	0%-1%	10,696	10,574	1.15%
MBBF	07/09/2015	0%-0.5%	0%-1%	12,395	12,383	0.10%

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