NOVEMBER

ADVISORY DIARY

05

THURSDAY

"Index remained positive"

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- **Indexes inched on low liquidity base**
- **Investment strategy for November**

Index remained positive thanks to VNM, BVH, FPT but market breadth was still narrow. Liquidity decreased to VND2,300 billion, including VND 300 billion. Market fluctuated with high frequency, with cash flow focusing on VNM, BVH and FPT, which pulled index to 615.18 (+4.58 points). Considerably, VNM kept its trend with an increase of VND 5,000 per share and mainly accounted for the index upward.

While people are keeping their eyes on large cap stocks, mining stocks have made their rallies for the second day. Specifically, DHM, KSA, BGM, KTB, KHB went ceiling and the rest made beautiful gains. However, due to their limited market cap, stocks in this sector did not affect the general indexes. Moreover, delving into historical movements of these stocks, we notice that the surge could only last for a very short period with extreme volatility. Hence, mining stocks would match expectation of investors who prefer short-term trading and are able to tolerate high risks.

Foreign investors continue to stand out of the stock exchanges. Today, foreign investors were in slight net-buying position with VND 28 billion. Simultaneously, we recognized that the participating rate has been relatively low in 10/2015, only reached 11%, decline from 15% rate in 9/2015. Therefore, it could be seen that the key driving force for the stock exchange is the domestic demand. The remarkable support for domestic capital flow has come from the margin "money". Because, according to outstanding margin loan from 10 securities with highest market shares in HOSE over Q3/2015, this figure has significantly increased year-over-year (more than 35%) and slightly improved compared to Q2 (4.4%). Such growth rate concentrated on securities companies that has increased there chartered capital recently.

Investment strategy for November "From short-term profit-taking to long-term investing"

Today, RongViet Research will publish monthly strategy report name "Investment Strategy November".

We favored the scenario of slow pace in both stock exchanges with slight improvement in liquidity and indices this month. Information risk could be at low level but the pessimism of foreign investors could raise the concern in domestic sentiment. As a result, the recovery in index points could be limited. Under this trend, long-term investors could accumulate blue-chips that have been discounted during the net-selling period from foreign investors.

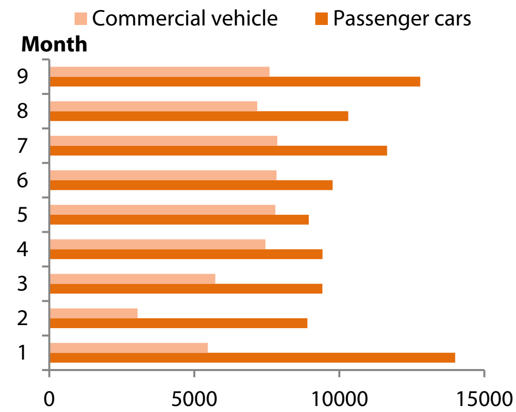
Two prospect sectors we are analyzing deeply in this month report are **logistics, port and warehouse services** (briefly presented in Advisory Diary dated 02/11/2015**)** and **automobile retail**. For today AD, we will discuss shortly about automobile retail.

Automobile industry – Positive prospects in consumption over the last quarter with the segmentation between passenger car and commercial car in 2016

** Passenger car is the vehicle used to transport people with less than 9 seats (include driver)*
** Commercial cars are heavy trucks, light trucks and buses*

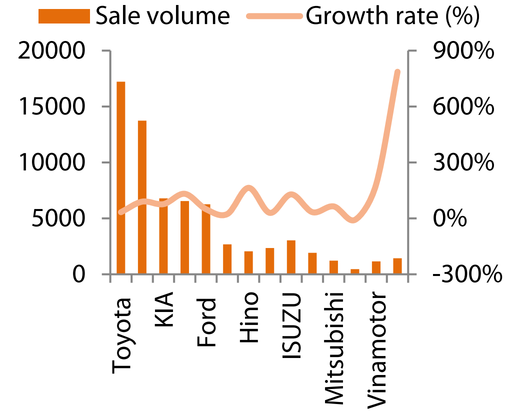
According to the statistical result by VAMA, total sale volume of automobile insdustry has reached 163,433 (+53% y-o-y; in which, passenger car and commercial vehicle reached 95,192 (+40% y-o-y) amd 59,944 (+71% y-o-y). Futhermore, based on VAMA, the top three brands in automobile market (i.e Toyota, Thaco and Kia) recorded an impressive growth rate from 33-90 y-o-y.

Exhibit: Total sale volume of passenger car and commercial vehicle in 9M/2015



Source: RongViet Research

Exhibit: Sale volume by brand in 9M/2015



Source: RongViet Research

Positive figure from the automotive industry is simultaneously reflected in the earnings of the companies in the industry. In particular, up to September/2015, all of enterprises recorded an impressive revenue growth rate compared with the same perios last year. Moreover, 4/5 enterprises exceeded annual targets NPAT (+100%). Meanwhile, even though HAX recorded a decrease in NPAT compared with 2Q2015 but it alreasy exceeeds it annual NPAT target (+29.8%). Apart from favourable condition from the market, the following factors such as (1) Tightening truck load policy issued in 2014 and (2) low interest rate also boots sale volume of Vietnamese automobile market.

Table: Earning result of automobile companies in 3Q/2015 and 9M2015

(units: VND bn)

Stocks	3Q/2015				9M 2015			
	Revenu	+/-% yoy	NPAT	+/-% yoy	Revenue	+/-% yoy	NPAT	+/-% yoy
HAX	472.3	52	3.2	-29	1,215.2	40	18.6	87
HHS	749.6	42	81.2	110	2,793.9	228	416.8	520
HTL	472.3	129	39.7	228	1,260.8	191	102.0	343
SVC	2,721.5	35	50.4	112	6,802.3	26	120.3	102
TMT	882.2	158	40.5	187	2,832.6	240	178.7	424

Source: RongViet Research

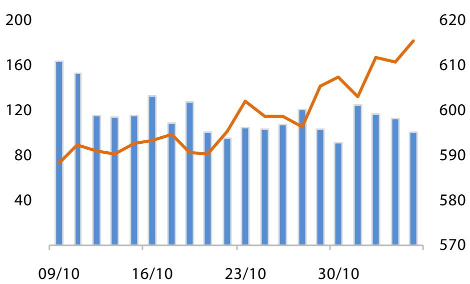
However, in long term perspective, we believe that growth may slow down for commercial vehicles compared to the big leap in 2015. The reasons are (1) the Ministry of Finance released the draft "Adjustment of tax import of trucks and specialized vehicles ", with an increase from 2% to 40% for some imported vehicles, (2) Circular tightening overload truck oversized would not have a significant impact as of in 2014 and 2015. Thus, the automobile firm whom distributes commercial vehicles such as HHS, TMT or HTL may be unable to achieve the strong revenue growth (over 100%) as in 2015. In particular, HHS is forecast most badly affected when import duties for International and Feeightliner trucks would increase from 20% to 25%.

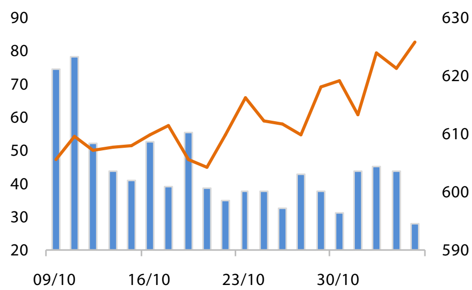
Regarding to passenger car, due to the recent adjustment for vehicle excise duty, the growth as our estimate is likely to down slightly. However, it can remain two-digit figure as (1) tariffs automobiles imported from ASEAN types will decline from the current level of 50% to 40% in 2016, and then further decrease to 0% in 2018, (2) the number of vehicles per capita of Vietnam is about 33/1000, lower than the other regional countries. Based on the analysis above, we expect that in spite of maintaining the growth, it is not “smooth road” for automobile industry to jump as this year.

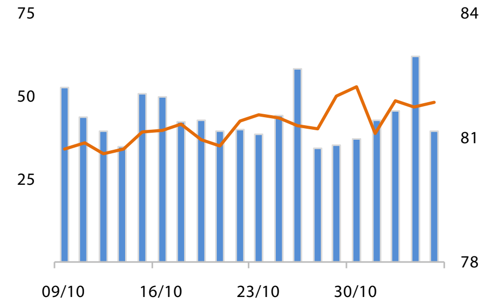
In term of outlook for Q42015, our analyst believes that automobile enterprises will record a positive earning result because Q4 is the peak season for automobile industry. In October, P/E of automobile industry once reached 11-12x, approximately to P/E of VNIndex. However, after several adjusting sessions, P/E forward of automobile industry now declined to 8x. Meanwhile, business results from automobile retail companies usually have seasonal characteristics in the last quarter due to the record of bonuses from automobile manufacturers that they distribute.

With the analysis above, we believe that the driving forces for an improvement in prices of retail companies could still exist, especially when there are high attentions about M&A deals from foreign investors. Regarding commercial car companies, the path could be "tougher" than the last two years.

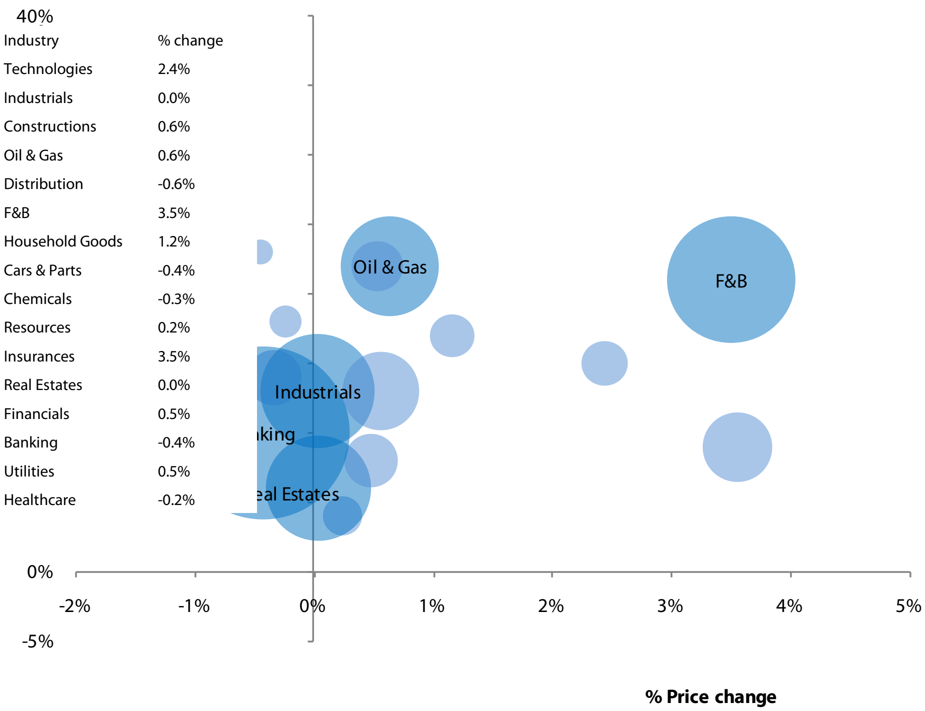
VNINDEX	0.75%	615.18	VN30	0.70%	625.71	HNXINDEX	0.15%	81.85





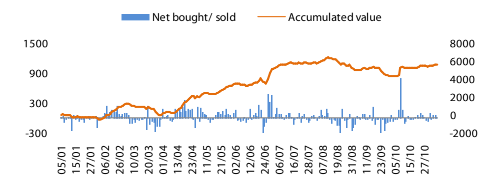


Industry Movement

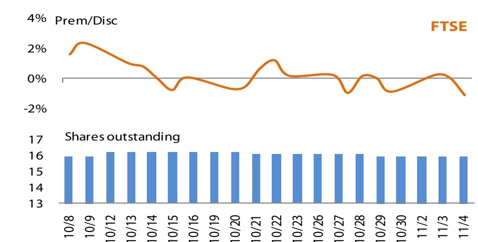


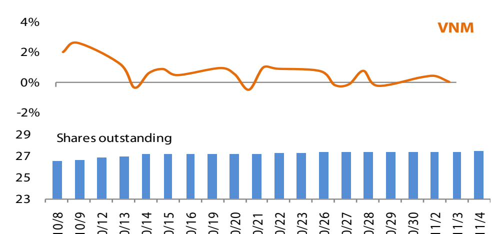
Industry	% change
Technologies	2.4%
Industrials	0.0%
Constructions	0.6%
Oil & Gas	0.6%
Distribution	-0.6%
F&B	3.5%
Household Goods	1.2%
Cars & Parts	-0.4%
Chemicals	-0.3%
Resources	0.2%
Insurances	3.5%
Real Estates	0.0%
Financials	0.5%
Banking	-0.4%
Utilities	0.5%
Healthcare	-0.2%

Foreign Investors Trading



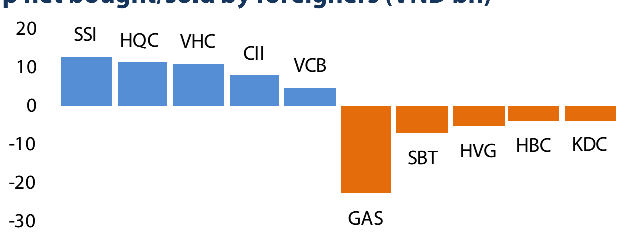
ETF



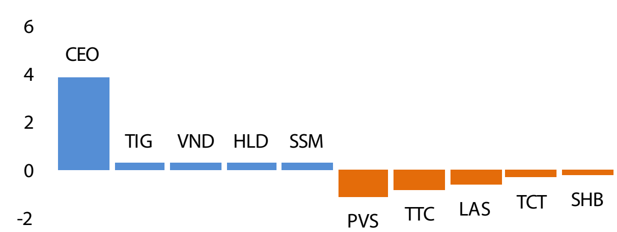


Top net bought/sold by foreigners (VND bn)

HSX



HNX



Top Active

Ticker	Price	Volume	% price change
DLG	9.2	6.51	0.0%
HQC	6.7	5.40	4.7%
HAG	14.7	4.70	6.5%
PPI	7.4	3.07	-1.3%
FPT	53.5	2.73	2.9%

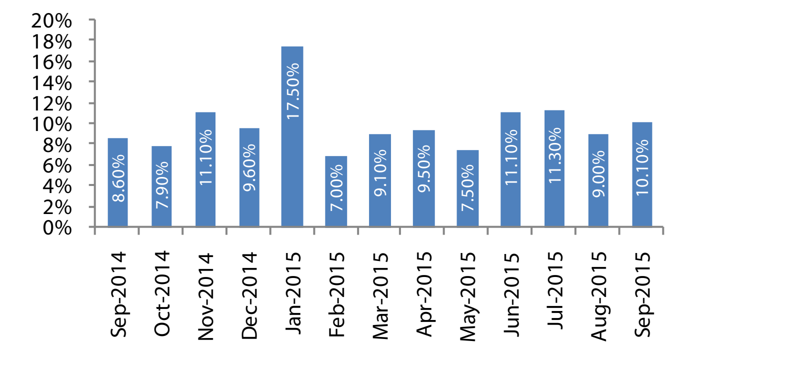
Ticker	Price	Volume	% price change
TIG	10.9	1.76	-1.8%
PVX	3.0	1.63	-3.2%
KLF	4.3	1.40	0.0%
SCR	8.1	1.34	-1.2%
SHS	7.3	1.21	1.4%

MACRO WATCH

Graph 1: GDP Growth

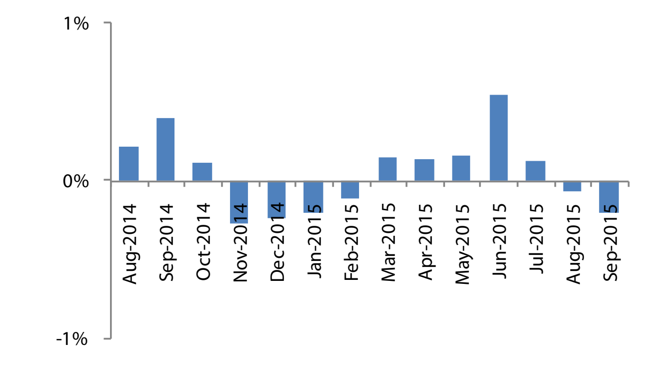
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



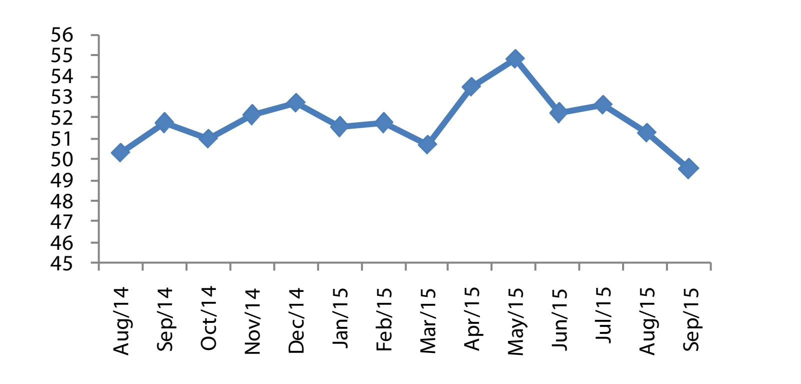
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



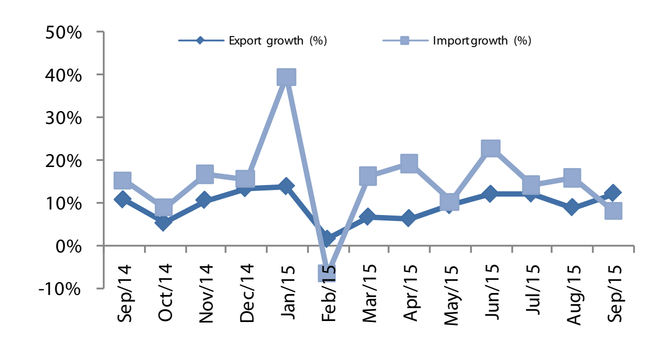
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



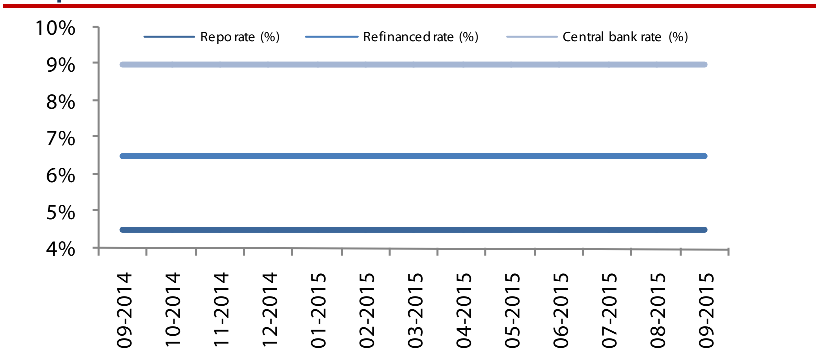
Sources: GSO. Rongviet Securities database

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
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
HHS - Riding on a rough road	October 28th, 2015	Neutral – Short term	20,100
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900

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	20/10/2015	0% - 0.75%	0% - 2.5%	12,030	11,946	0.70%
VEOF	20/10/2015	0% - 0.75%	0% - 2.5%	10,558	10,473	0.81%
VF1	28/10/2015	0.2% - 1%	0.5%-1.5%	23,992	23,909	0.34%
VF4	28/10/2015	0.2% - 1%	0%-1.5%	10,788	10,747	0.38%
VFA	22/10/2015	0.2% - 1%	0%-1.5%	7,438	7,488	-0.67%
VFB	22/10/2015	0.3% - 0.6%	0%-1%	12,421	12,409	0.10%
ENF	23/10/2015	0% - 3%	0%	11,963	11,943	0.17%
MBVF	22/10/2015	1%	0%-1%	11,000	10,965	0.32%
MBBF	28/10/2015	0%-0.5%	0%-1%	12,438	12,445	-0.06%

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